City of Marion, Illinois

Financial Statements

April 30, 2018

ATLAS CPAs & Advisors LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Commissioners
City of Marion
Marion, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Marion, Ilinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and pension information on pages 6 - 15 and 77 - 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marion, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City of Marion, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marion, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marion, Illinois' internal control over financial reporting and compliance.

ATLAS CPAs & advisors LLC

ATLAS CPAs & Advisors LLC
Marion, Illinois
November 30, 2018

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Commissioners
City of Marion
Marion, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Marion, Illinois' basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Marion, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marion, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marion, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marion, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATLAS CPAs & Advisors LLC

ATLAS CPAs & Advisors LLC
Marion, Illinois
November 30, 2018

CITY OF MARION, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2018

The City of Marion's (the "City") discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 16).

USING THIS ANNUAL REPORT

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Government-Wide Financial Statements
The government-wide financial statements (see pages 16-17) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 17) is focused on both the gross and net cost of various activities (including governmental, business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the City's basic services, including police, fire, public works, culture and recreation and administration. Shared state sales tax, home rule sales tax, utility taxes, hotel taxes and shared state income tax finance most of these services. The Business-type Activities reflect private sector type operations (Water and Wastewater) where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements
Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

The Governmental Major Fund (see pages 18 and 20) presentation is presented on a sources and uses of liquid resources basis. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses associated therewith.

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police Pension and Firefighters Pension Funds). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Proprietary Fund Financial Statements (see pages 22-23) are the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 19 and 21). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into Governmental Activities column (in the Governmental-wide statements).

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 76 of this report.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide benefits to its employees and budget to actual information for the General Fund and major Special Revenue Funds. Required supplementary information can be found on pages 77 through 85 of this report.

Infrastructure Assets
Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation.

The City has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed.

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Position:

Table 1
Statement of Net Position
As of April 30, 2018
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	$ 30,396	$ 33,081	$ 3,609	$ 4,507	$ 34,005	$ 37,588
Capital Assets	98,718	96,972	30,101	28,986	128,819	125,958
Total Assets	$ 129,114	$ 130,053	$ 33,710	$ 33,493	$ 162,824	$ 163,546
Deferred Outflows of Resources	$ 1,639	$ 2,193	$ 272	$ 361	$ 1,911	$ 2,554
Current Liabilities	$ 6,612	$ 6,920	$ 2,120	$ 2,347	$ 8,732	$ 9,267
Noncurrent Liabilities	52,859	59,768	10,143	10,991	63,002	70,759
Total Liabilities	$ 59,471	$ 66,688	$ 12,263	$ 13,338	$ 71,734	$ 80,026
Deferred Inflows of Resources	$ 12,919	$ 9,278	$ 763	$ 68	$ 13,682	$ 9,346
Net Position:						
Invested in Capital Assets, Net of Related Debt	$ 70,354	$ 64,803	$ 20,587	$ 19,021	$ 90,941	$ 83,824
Restricted	3,254	5,808	538	909	3,792	6,717
Nonspendable	1	1	-	-	1	1
Unrestricted	(15,246)	(14,332)	(169)	518	(15,415)	(13,814)
Total Net Position	$ 58,363	$ 56,280	$ 20,956	$ 20,448	$ 79,319	$ 76,728

For more detailed information see the Statement of Net Position (page 16).

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation:

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase invested in capital assets and an increase in related new debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

Current year impacts

The City's combined net position (which is the City's bottom line) increased from $76.73 million to $ 79.32 million for a total increase of $2.59 million net position. Of this increase, governmental activities increased by $2.08 million and business–type activities increased by $508 thousand. Governmental total assets decreased by $939 thousand. Current and other assets had a net decrease by $ 2.685 million. Cash and investments had a net decrease of $3.501 million with the remaining current and other assets having a net increase of $816 thousand. The decrease in cash and investments were due to a $603 thousand refund to the County for Special Service Area taxes collected in prior years which were returned to the County due to a sale in error. The City hopes to recoup this money. Due to the close out of the City's revolving loan fund, the City transferred $1.652 million to the State of Illinois. The City is eligible to receive this money back if the City qualifies for a qualifying grant project. See Special item footnote and Subsequent Events footnote for more information on these two cash disbursements. TIF Districts and Motor Fuel Tax cash decreased by a total of $1.908 million due to payments for capital projects which in turn explains the net increase in capital assets of $1.746 million. Deferred outflows of resources had a net decrease of $554 thousand due to deferred amounts related to net pension liability. Noncurrent liabilities had a net decrease of $6.909 million due to reduction of long-term debt of $4.51 million and a $3.25 million reduction in net pension liability. Deferred inflows of resources had a net increase of $3.641 million due to an increase in deferred amounts related to net pension liability of $3.196 million. Business-type activities total assets increased by $217 thousand. The net reduction of $1.075 million in business-type activities total liabilities was a result of long-term debt payments net of any debt proceeds and a reduction in net pension liability. Deferred inflows of resources increased due to amounts related to net pension liability.

Changes in Net Position

The following table represents the condensed statement of Changes in Net Position:

Table 2
Changes in Net Position
For the Fiscal Year Ended April 30, 2018
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues:						
Charges for services	$ 3.433	$ 3,243	$ 7,175	$ 6,924	$ 10,608	$ 10,167
Operating grants and Contributions	889	703	-	-	889	703
Capital grants and Contributions	639	467	-	-	639	467
General revenues:						
Property taxes	7,881	7,476	-	-	7,881	7,476
Sales Tax (shared and Home rule)	15,061	13,903	-	-	15,061	13,903
Other taxes	5,365	5,467	-	-	5,365	5,467
Other	252	87	(55)	13	197	100
Total Revenues	$ 33,520	$ 31,346	$ 7,120	$ 6,937	$ 40,640	$ 38,283
EXPENSES:						
General government	$ 2,989	$ 2,905	$ -	$ -	$ 2,989	$ 2,905
Public health and safety	11,354	11,010	-	-	11,354	11,010
Streets, alleys & cemeteries	4,405	4,732	-	-	4,405	4,732
Culture and recreation	5,221	4,954	-	-	5,221	4,954
Development	3,000	3,850	-	-	3,000	3,850
Interest expense	1,522	1,792	-	-	1,522	1,792
Unallocated depreciation	1,183	1,321	-	-	1,183	1,321
Water	-	-	3,569	3,483	3,569	3,483
Sewer	-	-	3,218	3,316	3,218	3,316
Total Expenses	$ 29,674	$ 30,564	$ 6,787	$ 6,799	$ 36,461	$ 37,363
Excess before Transfers and Special Item	$ 3,846	$ 782	$ 333	$ 138	$ 4,179	$ 920
Special item	(1,652)	-	-	-	(1,652)	-
Transfers	(175)	(1,774)	175	1,774	-	-
Change in Net Position	$ 2,019	$ (992)	$ 508	$ 1,912	$ 2,527	$ 920
Net Position, May 1	$ 56,280	$ 57,272	$ 20,448	$ 18,536	$ 76,728	$ 75,808
Prior period adjustment	64	-	-	-	64	-
Net Position as restated	$ 56,344	$ 57,272	$ 20,448	$ 18,536	$ 76,792	$ 75,808
Net Position, April 30	$ 58,363	$ 56,280	$ 20,956	$ 20,448	$ 79,319	$ 76,728

Normal Impacts

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, and sales tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in City Approved Rates – while certain rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fees, building fees, home rule sales tax, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment Income – the City's investment portfolio is managed using a short-term average maturity and the market condition may cause investment income to fluctuate less than alternative longer term options.

Expenses:

Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 55.02 % of the City's total operating expenses.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

Governmental Activities

Revenue:

The City's largest of revenues is sales tax which was 44.93% of total Governmental Activities revenue. The second largest source of revenue is property taxes at 23.51 % of total Governmental Activities revenue. Tax Increment Financing districts (TIF) generated $5.978 million or 75.21% of the property tax. The property tax generated by the TIF districts must be used for development or other eligible costs within the TIF districts. Total revenues excluding special item and transfers increased by $2.17 million. The largest increase was sales tax. The City passed a 0.25% increase in home rule tax. The City received the first receipts containing that increase in October, 2017. See analysis of Table 1 for the explanation of the special item.

Expenses:

Total expenses decreased by $890 thousand over the prior year. The largest decrease was in development costs due to decreases in payments to developers. Development costs consists mainly of payments to developers within the TIF districts including administrative costs. Gross payroll for the City as a whole, for the current year was approximately 32% of total expenditures. The City contributes to three different defined benefit pension plans which are the Illinois Municipal Retirement Fund, Police Pension Fund and the Firefighters Pension Fund. See the Notes to Financial Statements for a detailed analysis of the various pension funds.

Business-type Activities

Revenues:

Charges for services were up by $251 thousand. Most of the increase was due to a 3% overall increase which went into effect May 1, 2017.

Expenses:

Total expenses decreased by $12 thousand over the prior year. The Water Department had a $86 thousand increase and the Sewer Department had a decrease of $98 thousand. The largest increase in the Water Department was due to bond issue costs of $64 thousand. The largest decrease In the Sewer Department was $143 thousand in engineering fees due to the near completion of the GIS mapping.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2018, the governmental funds (as presented on the balance sheet on page 18) reported a fund balance of $17.53 million which is a 17.16% decrease from the beginning of the year ($21.16 million). 31.33% of the decrease was in the TIF Redevelopment Fund. The decrease in the TIF redevelopment Fund was due to capital outlays due to several public infrastructure projects in the TIF districts. 58.71% of the decrease was in the Non-Major funds. The decrease was due to the South Market Street improvement which was paid with motor fuel tax funds and the closing of the business revolving loan fund. Of the total fund balance of $ 17.53 million, $4.45 million is unassigned general fund types indicating availability for the continuing City services. The $ 5.32 million in committed funds represents cash reserves which are set aside for emergency situations.

General Fund Budgetary Highlights

The City passes a Budget Ordinance as the means to provide legal authority to allocate funds to specific spending activities. Transfers between line items within a department do not required Council Approval. If required, the City passes budget revisions to approve the spending of funds which were not anticipated. The Budget Ordinance is on the cash basis of accounting.

The general fund budget was amended for $327 thousand in net decreases.

Table 3
Budget Compared to Actual
For the Fiscal Year Ended April 30, 2018
(in thousands)

General Fund	Original Budget	Amended Budget	Actual
Expenditures			
General government	$ 3,018	$ 3,281	$ 3,218
Public health and safety	10,702	10,175	10,132
Streets, alleys & Cemeteries	3,264	3,198	3,092
Cultural and recreation	1,528	1,521	1,543
Development	607	607	589
Debt Service	435	435	427
Capital Outlay	737	747	761
Total	$ 20,291	$ 19,964	$ 19,762

Capital Assets

At the end of Fiscal year 2018, the City's Governmental Funds had invested $98.7 million, net of depreciation (see Notes to Financial Statements #5) in a variety of capital assets and infrastructure as reflected in the following schedule.

Table 4
Governmental Funds
Change in Capital Assets
(in thousands)

	Balance April 30, 2017	Net Additions/ Deletions	Balance April 30, 2018
Non-depreciable Assets			
Land	$ 27,312	$ 369	$ 27,681
Construction in Progress	720	(98)	622
Other Capital Assets			
Infrastructure	67,125	2,532	69,657
Parking Lot Improvements	308	171	479
Buildings	38,025	1,238	39,263
Machinery and Equipment	4,878	161	5,039
Vehicles	5,254	256	5,510
Software	135	11	146
Land Improvements	414	-	414
Less Accumulated Depreciation on Other Capital Assets	(47,199)	(2,894)	(50,093)
Totals	$ 96,972	$ 1,746	$ 98,718

The increase in vehicles was the purchase of two fire trucks.

Debt Outstanding

The City of Marion has an Aa3 rating with Moody's Ratings Service. As a home rule authority, the City does not have a legal debt limit. As of April 30, 2018, the City had total long-term debt and loans payable of $45.02 million. The schedule below does not include liabilities owed for accrued vacation, pension and other post-employment benefits which are detailed on the Statement of Net Position on page 16 and further explained in the Notes to the Financial Statements.

Table 5
Changes in Long-Term Debt
(in thousands)

	Balance April 30, 2017	Net Additions/ Deletions	Balance April 30, 2018
Governmental Activities			
General Obligation Debt	$ 24,636	$ (2,132)	$ 22,504
Other Contractual Liabilities	15,641	(2,640)	13,001
Governmental Activities Total	$ 40,277	$ (4,772)	35,505
Business Activities			
General Obligation Debt	$ 6,142	$ (603)	$ 5,539
Other Contractual Liabilities	3,824	152	3,976
Business Activities Total	$ 9,966	$ (451)	$ 9,515
Total Long-Term Debt	$ 50,243	$ (5,223)	$ 45,020

The City during the year incurred bank loans and capital leases in the amount of $952 thousand. The Water Department issued a general obligation refunding Series 2017 bond in the amount of $2,295,000.00. See Note 6 of Notes to Financial Statements for additional detail.

Economic Factors

Economic factors continued on a positive pace as shown by unemployment numbers, increasing single-family home and commercial building permits, and increasing consumer spending.

Unemployment over the fiscal year was a low of 4.1 % in April 2018, and a high of 5.4 % in August 2017. The 12-month unemployment average for the fiscal year was 4.8 %, which is a slight decrease over the previous fiscal year.

Commercial building permits decreased somewhat with 22 permits, totaling $12,405,871.00 while, previous year was 29 permits totaling $22,213,864. Thirty-five new home permits were issued, which was an increase of six permits compared to the previous year and there were 12 apartment/duplex building permits. A total of 106 building permits were issued in the fiscal year which includes homes, apartments, additions, and commercial buildings which is an increase of 28% more than permits in the previous year whereas, the total dollars invested in these buildings was $ 21,721,906 compared to previous year total of $ 30,533,241.

This year showed modest economic growth in consumer spending, as measured by retail sales tax which increased over the previous fiscal year and continues a positive trend.

Most notable commercial project in this fiscal year were Panda Express, Starbucks, Strip Mall with 8 future stores, Casey's General Store opened another location, Office building for financial services.

The City continues to be optimistic about economic activity, not only by ongoing interest in new commercial sites, but also by current business expansions. Most notable business expansions were to name a few Black Diamond RV, Kroger, expansion of an existing strip mall with the building of two more stores, an accounting office expansion, and Floorscapes moved to a new, larger rehabbed location. There were two public projects, the City rehabbed its current Fire Station, and the Veterans Administration hospital did a $5 million expansion.

FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steve Hale, City Treasurer, City of Marion, 1102 Tower Square, Marion, IL 62959.

City of Marion, Illinois
Statement of Net Position
April 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 10,265,326.01	$ 2,217,031.31	$ 12,482,357.32
Restricted cash	254,911.95	559,575.89	814,487.84
Investments	3,421,761.29	-	3,421,761.29
Restricted investments	65,176.10	-	65,176.10
Receivables, net			
Property taxes	8,699,588.60	-	8,699,588.60
Other taxes	431,550.40	-	431,550.40
Sales taxes	3,596,940.91	-	3,596,940.91
Accrued interest	215,521.32	-	215,521.32
Accounts receivable	139,452.53	559,017.75	698,470.28
Grant receivable	15,850.39	-	15,850.39
Loans receivable	933,599.33	-	933,599.33
Bonds receivable	1,948,333.39	-	1,948,333.39
Due from other governments	407,952.24	-	407,952.24
Inventories	-	273,109.35	273,109.35
Capital assets, non-depreciable	28,303,258.26	4,811,813.62	33,115,071.88
Capital assets, net of accumulated depreciation	70,414,311.64	25,289,663.71	95,703,975.35
Total Assets	$ 129,113,534.36	$ 33,710,211.63	$ 162,823,745.99
Deferred Outflow of Resources			
Deferred amounts related to net pension liability	$ 1,419,747.11	$ 271,936.55	$ 1,691,683.66
Unamortized loss on refunding	219,022.89	0.00	219,022.89
Total Deferred Outflow of Resources	$ 1,638,770.00	$ 271,936.55	$ 1,910,706.55
Liabilities			
Accounts payable	$ 756,248.43	$ 306,237.48	$ 1,062,485.91
Accrued payroll	449,726.38	65,065.85	514,792.23
Accrued payroll related expenses	34,556.74	-	34,556.74
Accrued interest payable	29,182.39	21,336.87	50,519.26
Accrued vacation payable	438,784.90	82,034.00	520,818.90
Due to other funds	(11,183.80)	11,183.80	-
Customer deposits	-	631,237.72	631,237.72
Other liabilities	162,909.04	-	162,909.04
Long-term liabilities			
Due within one year	4,751,435.85	1,002,692.32	5,754,128.17
Due in more than one year	30,753,338.71	8,512,184.36	39,265,523.07
Net OPEB obligation	8,597,452.00	1,376,393.00	9,973,845.00
Net pension liability	13,508,350.00	254,780.00	13,763,130.00
Total Liabilities	$ 59,470,800.64	$ 12,263,145.40	$ 71,733,946.04
Deferred Inflow of Resources			
Deferred amounts related to net pension liability	$ 4,143,537.00	$ 763,005.00	$ 4,906,542.00
Unavailable revenue	8,775,305.50	-	8,775,305.50
Total Deferred Inflows of Resources	$ 12,918,842.50	$ 763,005.00	$ 13,681,847.50
Net Position			
Invested in capital assets, net of related debt	$ 70,354,132.85	$ 20,586,600.65	$ 90,940,733.50
Restricted for:			
Donor restricted expenditures	116,545.08	-	116,545.08
Public safety expenditures	157,227.89	-	157,227.89
Debt service	1,623,036.71	538,239.02	2,161,275.73
Cemetery	21,604.40	-	21,604.40
Maintenance of roadways	966,398.61	-	966,398.61
Tourism and recreation	368,937.34	-	368,937.34
Nonspendable	1,000.00	-	1,000.00
Unrestricted	(15,246,221.66)	(168,841.89)	(15,415,063.55)
Total Net Position	$ 58,362,661.22	$ 20,955,997.78	$ 79,318,659.00

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Activities
For the Year Ended April 30, 2018

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities							
General government	$ 2,988,731.07	$ 343,010.83	$ 216,876.93	$ 224,409.94	$ (2,204,433.37)		$ (2,204,433.37)
Public health and safety	11,354,491.27	305,638.96	86,701.00	14,624.05	(10,947,527.26)		(10,947,527.26)
Streets, alleys and cemeteries	4,405,272.95	94,045.84	496,224.07	399,586.42	(3,415,416.62)		(3,415,416.62)
Culture and recreation	5,220,521.13	2,657,088.60	89,449.78	-	(2,473,982.75)		(2,473,982.75)
Development	2,999,672.29	33,207.67	-	-	(2,966,464.62)		(2,966,464.62)
Interest expense	1,522,066.22	-	-	-	(1,522,066.22)		(1,522,066.22)
Unallocated depreciation expense	1,183,040.01	-	-	-	(1,183,040.01)		(1,183,040.01)
Total Governmental Activities	$ 29,673,794.94	$ 3,432,991.90	$ 889,251.78	$ 638,620.41	$ (24,712,930.85)		$ (24,712,930.85)
Business-Type Activities							
Water	$ 3,568,810.27	$ 3,825,170.14	$ -	$ -		$ 256,359.87	$ 256,359.87
Sewer	3,218,667.97	3,350,002.29	-	-		131,334.32	131,334.32
Total Business-Type Activities	$ 6,787,478.24	$ 7,175,172.43	$ -	$ -		$ 387,694.19	$ 387,694.19
Totals	$ 36,461,273.18	$ 10,608,164.33	$ 889,251.78	$ 638,620.41	$ (24,712,930.85)	$ 387,694.19	$ (24,325,236.66)
General Revenues							
Taxes							
Property taxes					$ 7,880,709.66	$ -	$ 7,880,709.66
Sales taxes					15,061,271.59	-	15,061,271.59
Other taxes and franchise fees					3,775,798.35	-	3,775,798.35
Intergovernmental					1,588,864.77	-	1,588,864.77
Investment income					130,971.54	26,131.45	157,102.99
Miscellaneous					121,493.19	12,259.50	133,752.69
Loss on disposal of assets					-	(93,458.31)	(93,458.31)
Special Item - close out of revolving loan fund					(1,652,165.44)	-	(1,652,165.44)
Transfers					(175,465.23)	175,465.23	-
Total General Revenues, Transfers and Special Items					$ 26,731,478.43	$ 120,397.87	$ 26,851,876.30
Change in Net Position					$ 2,018,547.58	$ 508,092.06	$ 2,526,639.64
Net Position - Beginning of Year					$ 56,279,950.36	$ 20,447,905.72	$ 76,727,856.08
Prior Period Adjustment					64,163.28	-	64,163.28
Net Position - As Restated					$ 56,344,113.64	$ 20,447,905.72	$ 76,792,019.36
Net Position - End of Year					$ 58,362,661.22	$ 20,955,997.78	$ 79,318,659.00

See accompanying notes to financial statements.

City of Marion, Illinois
Governmental Funds
Balance Sheet
April 30, 2018

	General Fund	TIF Redevelopment Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 2,281,748.23	$ 4,835,741.27	$ 1,652,219.10	$ 1,385,244.26	$ 10,154,952.86
Restricted cash and cash equivalents	99,781.63	-	-	155,130.32	254,911.95
Investments	3,421,761.29	-	-	-	3,421,761.29
Restricted investments	65,176.10	-	-	-	65,176.10
Property taxes receivable	1,831,119.48	6,369,173.00	365,950.10	133,346.02	8,699,588.60
Sales taxes receivable	3,596,940.91	-	-	-	3,596,940.91
Other taxes receivable	328,814.88	-	-	102,735.52	431,550.40
Accrued interest receivable	15,523.59	-	-	-	15,523.59
Grant receivable	15,850.39	-	-	-	15,850.39
Loans receivable	933,599.33	-	-	-	933,599.33
Due from other funds	-	-	-	172,819.86	172,819.86
Due from other governments	366,234.68	-	-	41,717.56	407,952.24
Accounts receivable	139,452.53	-	-	-	139,452.53
Total Assets	$ 13,096,003.04	$ 11,204,914.27	$ 2,018,169.20	$ 1,990,993.54	$ 28,310,080.05
Liabilities, Deferred Inflow of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 321,755.30	$ 354,099.22	$ -	$ 80,393.91	$ 756,248.43
Due to other funds	158,662.98	6,359.50	-	-	165,022.48
Accrued payroll	384,466.34	-	-	65,260.04	449,726.38
Accrued vacation payable	419,643.23	-	-	19,141.67	438,784.90
Accrued payroll related expenses	34,556.74	-	-	-	34,556.74
Other liabilities	49,080.63	-	-	131,652.71	180,733.34
Total Liabilities	$ 1,368,165.22	$ 360,458.72	$ -	$ 296,448.33	$ 2,025,072.27
Deferred Inflow of Resources					
Unavailable revenue	$ 1,749,015.91	$ 6,369,173.00	$ 365,950.10	$ 273,342.59	$ 8,757,481.60
Fund Balances					
Nonspendable	$ -	$ -	$ -	$ 1,000.00	$ 1,000.00
Restricted	211,369.59	4,475,282.55	1,652,219.10	1,420,202.62	7,759,073.86
Assigned	97.07	-	-	-	97.07
Committed	5,317,947.31	-	-	-	5,317,947.31
Unassigned	4,449,407.94	-	-	-	4,449,407.94
Total Fund Balances	$ 9,978,821.91	$ 4,475,282.55	$ 1,652,219.10	$ 1,421,202.62	$ 17,527,526.18
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 13,096,003.04	$ 11,204,914.27	$ 2,018,169.20	$ 1,990,993.54	$ 28,310,080.05

See accompanying notes to financial statements.

City of Marion, Illinois
Reconciliation of the Governmental Fund Balances to the Governmental Activities in the Statement of Net Position
April 30, 2018

Total Fund Balances of Governmental Funds	$	17,527,526.18
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental activities of the governmental funds.		98,717,569.90
Interest payable is recorded in the Statement of Activities when incurred; these costs are recorded in governmental funds as expense when paid.		(29,182.39)
The assets and liabilities of the health reimbursement fund are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		113,759.97
Long-term liabilities, including bonds, unamortized loss, and notes payable are not due and payable in the current period and therefore, are not reported in the governmental funds.		(35,285,751.67)
Long-term bonds receivable and the related accrued interest receivable are not due and receivable in the current period and therefore, are not reported in the governmental funds.		2,148,331.12
Deferred inflows and outflows of resources related to pensions are not reported in governmental funds.		(2,723,789.89)
Net Pension Liability and Net OPEB obligation are not reported in the governmental funds.		(22,105,802.00)
Net Position of Governmental Activities	$	58,362,661.22

See accompanying notes to financial statements.

City of Marion, Illinois
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	General Fund	TIF Redevelopment Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Property taxes	$ 1,634,439.77	$ 5,977,889.36	$ 69,583.34	$ 266,048.23	$ 7,947,960.70
Sales tax	15,061,271.59	-	-	-	15,061,271.59
Grant revenue	515,631.34	399,586.42	-	-	915,217.76
Licenses and permits	177,894.64	-	-	-	177,894.64
Intergovernmental revenue	1,588,864.77	-	-	452,449.07	2,041,313.84
Service charges and fees	605,334.33	-	10,007.56	2,284,189.24	2,899,531.13
Other taxes and franchise fees	2,172,417.21	-	-	1,855,266.83	4,027,684.04
Investment income	53,403.03	55,180.02	-	12,380.93	120,963.98
Miscellaneous revenue	316,025.39	-	-	63,177.41	379,202.80
Restricted donations	53,362.50	-	-	-	53,362.50
Total Revenues	$ 22,178,644.57	$ 6,432,655.80	$ 79,590.90	$ 4,933,511.71	$ 33,624,402.98
Expenditures					
General government	$ 3,116,284.07	$ -	$ -	$ -	$ 3,116,284.07
Public health and safety	10,201,198.65	-	-	88,469.95	10,289,668.60
Streets, alleys and cemeteries	3,170,597.87	120,863.70	-	686,394.92	3,977,856.49
Culture and recreation	1,550,882.51	-	-	2,611,440.44	4,162,322.95
Capital outlay	923,208.29	3,228,012.11	-	738,800.88	4,890,021.28
Development	589,159.00	2,402,867.82	-	7,420.47	2,999,447.29
Debt service	426,790.22	708,181.80	4,313,902.92	475,420.66	5,924,295.60
Total Expenditures	$ 19,978,120.61	$ 6,459,925.43	$ 4,313,902.92	$ 4,607,947.32	$ 35,359,896.28
Excess (Deficiency) of Revenues Over Expenditures	$ 2,200,523.96	$ (27,269.63)	$ (4,234,312.02)	$ 325,564.39	$ (1,735,493.30)
Other Financing Sources (Uses)					
Transfers in (out)	$ (829,989.29)	$ (1,111,793.89)	$ 4,429,305.39	$ (2,464,963.44)	$ 22,558.77
Proceeds from long-term debt	268,663.29	-	-	-	268,663.29
Total Other Financing Sources (Uses)	$ (561,326.00)	$ (1,111,793.89)	$ 4,429,305.39	$ (2,464,963.44)	$ 291,222.06
Special Items					
Special item -close out of revolving loan fund	$ (1,652,165.44)	$ -	$ -	$ -	$ (1,652,165.44)
Special item - payment to county for property taxes	-	-	(603,044.58)	-	(603,044.58)
Total Special Items	$ (1,652,165.44)	$ -	$ (603,044.58)	$ -	$ (2,255,210.02)
Net Change in Fund Balances	$ (12,967.48)	$ (1,139,063.52)	$ (408,051.21)	$ (2,139,399.05)	$ (3,699,481.26)
Fund Balances - Beginning of Year	$ 9,927,626.11	$ 5,614,346.07	$ 2,060,270.31	$ 3,560,601.67	$ 21,162,844.16
Prior period adjustment	64,163.28	-	-	-	64,163.28
Fund Balances - As Restated	$ 9,991,789.39	$ 5,614,346.07	$ 2,060,270.31	$ 3,560,601.67	$ 21,227,007.44
Fund Balances - End of Year	$ 9,978,821.91	$ 4,475,282.55	$ 1,652,219.10	$ 1,421,202.62	$ 17,527,526.18

See accompanying notes to financial statements.

City of Marion, Illinois
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ (3,699,481.26)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities.		
Depreciation expense	$ (2,911,664.72)	
Capital assets transferred to other funds	(198,024.00)	
Capital asset purchases, capitalized	4,890,021.28	1,780,332.56
The effect of various transactions involving capital assets (sales, trade-ins, and contributions) is to increase (decrease) net assets.		(34,846.46)
The net effect of transactions involving the loan receivable on the Special Service Area.		544,456.12
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
OPEB obligations	$ (853,987.00)	
Net pension liability	(469,560.71)	(1,323,547.71)
The issuance of long-term debt (bonds,loans,leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Repayment of long-term debt	$ 4,963,251.78	
Interest	6,601.77	
Amortization of bond premium	78,377.51	
Deferred amount on refunding	(31,465.11)	
Amortization of bond discount	(534.29)	
Issuance of long-term debt	(268,663.29)	4,747,568.37
The Health Reimbursement fund is used by management to charge the costs of health insurance reimbursements to individual funds. The net revenue (expense) is reported with governmental activities.		4,066.39
Change in Net Position of Governmental Activities		$ 2,018,548.01

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Net Position
April 30, 2018

	Enterprise Funds			Governmental Activities Internal Service
	Water Department	Sewer Department	Total Business-Type Activities	Health Reimbursement Fund
Assets				
Current Assets				
Cash and cash equivalents	$ 1,674,484.84	$ 542,546.47	$ 2,217,031.31	$ 110,373.18
Accounts receivable, net	278,613.24	280,404.51	559,017.75	-
Inventories	183,499.35	89,610.00	273,109.35	-
Restricted Assets				
Restricted cash and cash equivalents	287,993.22	271,582.67	559,575.89	-
Total Current Assets	$ 2,424,590.65	$ 1,184,143.65	$ 3,608,734.30	$ 110,373.18
Non-Current Assets				
Capital assets, non-depreciable	4,743,714.92	68,098.70	4,811,813.62	-
Capital assets, net of accumulated depreciation	9,298,908.40	15,990,755.31	25,289,663.71	-
Total Assets	$ 16,467,213.97	$ 17,242,997.66	$ 33,710,211.63	$ 110,373.18
Deferred Outflow of Resources				
Deferred amounts related to net pension liability	$ 126,233.11	$ 145,703.44	$ 271,936.55	$ -
Liabilities				
Current Liabilities				
Accounts payable	$ 207,114.31	$ 99,123.17	$ 306,237.48	$ -
Accrued payroll	29,497.78	35,568.07	65,065.85	-
Accrued interest payable	6,147.16	15,189.71	21,336.87	-
Accrued vacation payable	34,121.59	47,912.41	82,034.00	-
Due to other funds	4,588.77	3,208.61	7,797.38	
Bonds payable, current	214,913.95	510,413.07	725,327.02	-
Notes payable, current	65,000.86	212,364.44	277,365.30	-
Total Current Liabilities	$ 561,384.42	$ 923,779.48	$ 1,485,163.90	$ -
Non-current liabilities				
Customer deposits	$ 631,237.72	$ -	$ 631,237.72	$ -
Bonds payable, long-term	2,133,788.95	2,679,668.63	4,813,457.58	-
Notes payable, long-term	747,978.87	2,950,747.91	3,698,726.78	-
Net pension liability	116,571.00	138,209.00	254,780.00	-
Net OPEB liability	622,911.00	753,482.00	1,376,393.00	-
Total Non-Current Liabilities	$ 4,252,487.54	$ 6,522,107.54	$ 10,774,595.08	$ -
Total Liabilities	$ 4,813,871.96	$ 7,445,887.02	$ 12,259,758.98	$ -
Deferred Inflows of Resources				
Deferred amounts related to net pension liability	$ 356,382.00	$ 406,623.00	$ 763,005.00	$ -
Net Position				
Invested in capital assets, net of related debt	$ 10,880,940.69	$ 9,705,659.96	$ 20,586,600.65	$ -
Restricted by ordinance	281,846.06	256,392.96	538,239.02	-
Unassigned	260,406.37	(425,861.84)	(165,455.47)	110,373.18
Total Net Position	$ 11,423,193.12	$ 9,536,191.08	$ 20,959,384.20	$ 110,373.18
The net position reported for enterprise in the statement of net position is different because:				
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds.			(3,386.42)	
			$ 20,955,997.78	

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2018

	Enterprise Funds			Governmental Activities Internal Service
	Water Department	Sewer Department	Total Business-Type Activities	Health Reimbursement Fund
Operating Revenues				
Service charges and fees	$ 3,786,403.00	$ 3,350,002.29	$ 7,136,405.29	$ 399,676.27
Miscellaneous	17,253.12	3,306.02	20,559.14	-
Total Operating Revenues	$ 3,803,656.12	$ 3,353,308.31	$ 7,156,964.43	$ 399,676.27
Operating Expenses				
Personnel services	$ 934,079.49	$ 1,140,643.55	$ 2,074,723.04	$ -
Contractual services	62,184.92	39,205.31	101,390.23	-
Utilities	82,109.22	298,043.81	380,153.03	-
Repairs and maintenance	70,277.61	248,200.19	318,477.80	-
Other supplies and expenses	172,203.00	320,604.02	492,807.02	-
Insurance claims and expenses	319,293.82	380,178.18	699,472.00	395,228.08
Water purchases	1,388,151.99	-	1,388,151.99	-
Depreciation	392,302.83	661,463.87	1,053,766.70	-
Total Operating Expenses	$ 3,420,602.88	$ 3,088,338.93	$ 6,508,941.81	$ 395,228.08
Operating Income (Loss)	$ 383,053.24	$ 264,969.38	$ 648,022.62	$ 4,448.19
Non-Operating Revenues (Expenses)				
Interest income	$ 19,420.10	$ 6,711.35	$ 26,131.45	$ 471.36
Bond issue costs	(63,702.90)	-	(63,702.90)	-
Rental income, net	30,467.14	-	30,467.14	-
Bond premium amortization	2,014.39	29,779.47	31,793.86	-
Interest expense	(86,880.47)	(160,600.52)	(247,480.99)	-
Gain (loss) on sale of capital assets	(80,947.43)	(12,510.88)	(93,458.31)	-
Total Non-Operating Revenues (Expenses)	$ (179,629.17)	$ (136,620.58)	$ (316,249.75)	$ 471.36
Income (Loss) Before Transfers	$ 203,424.07	$ 128,348.80	$ 331,772.87	$ 4,919.55
Transfers in (out)	(11,279.38)	186,744.61	175,465.23	-
Change in Net Position	$ 192,144.69	$ 315,093.41	$ 507,238.10	$ 4,919.55
Net Position - Beginning of Year	11,231,048.43	9,221,097.67		105,453.63
Net Position - End of Year	$ 11,423,193.12	$ 9,536,191.08		$ 110,373.18
Amounts reported for enterprise activities are different because:				
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.			853.64	
			$ 508,091.74	

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2018

	Enterprise Funds			Governmental Activities Internal Service
	Water Department	Sewer Department	Total Business-Type Activities	Health Reimbursement Fund
Cash Flows from Operating Activities				
Receipts from customers	$ 3,789,469.88	$ 3,317,115.17	$ 7,106,585.05	$ 399,676.27
Payments to employees	(709,389.08)	(855,831.12)	(1,565,220.20)	-
Payments to suppliers of goods and services	(2,258,261.64)	(1,482,408.69)	(3,740,670.33)	(395,228.08)
Net Cash Provided (Used) by Operating Activities	$ 821,819.16	$ 978,875.36	$ 1,800,694.52	$ 4,448.19
Cash Flows From Noncapital Financing Activities				
Net operating transfers	$ (5,535.85)	$ 188,898.46	$ 183,362.61	$ -
Net Cash Provided (Used) by Noncapital Financing Activities	$ (5,535.85)	$ 188,898.46	$ 183,362.61	$ -
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	$ 7,555.71	$ -	$ 7,555.71	$ -
Interest paid on capital debt	(34,144.39)	(161,542.27)	(195,686.66)	-
Bond issue costs	(63,702.90)	-	(63,702.90)	-
Purchase of capital assets	(1,016,371.62)	(1,254,177.03)	(2,270,548.65)	-
Principal paid on capital debt	(2,770,762.33)	(679,188.93)	(3,449,951.26)	-
Proceeds from long-term debt	2,326,149.14	650,650.00	2,976,799.14	-
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (1,551,276.39)	$ (1,444,258.23)	$ (2,995,534.62)	$ -
Cash Flows from Investing Activities				
Interest on investments	$ 19,420.10	$ 6,711.35	$ 26,131.45	$ 471.36
Rental income, net	30,467.14	-	30,467.14	-
Net Cash Provided (Used) by Investing Activities	$ 49,887.24	$ 6,711.35	$ 56,598.59	$ 471.36
Increase (Decrease) in Cash and Cash Equivalents	$ (685,105.84)	$ (269,773.06)	$ (954,878.90)	$ 4,919.55
Cash and Cash Equivalents at Beginning of Year	2,647,583.90	1,083,902.20	3,731,486.10	105,453.63
Cash and Cash Equivalents at End of Year	$ 1,962,478.06	$ 814,129.14	$ 2,776,607.20	$ 110,373.18
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 383,053.24	$ 264,969.38	$ 648,022.62	$ 4,448.19
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	$ 392,302.83	$ 661,463.87	$ 1,053,766.70	$ -
Bad debts	8,051.07	6,078.00	14,129.07	-
(Increase) decrease in accounts receivable	(22,237.31)	(42,271.14)	(64,508.45)	-
(Increase) decrease in inventories	(11,952.40)	5,825.00	(6,127.40)	-
(Increase) decrease in deferred pension	365,863.36	416,984.14	782,847.50	-
Increase (decrease) in customer deposits	11,610.28	-	11,610.28	-
Increase (decrease) in accounts payable	(44,859.80)	(66,064.17)	(110,923.97)	-
Increase (decrease) in accrued payroll	4,930.89	4,956.28	9,887.17	-
Increase (decrease) in other liabilities	28,349.00	60,798.00	89,147.00	-
Increase (decrease) in net pension liability	(293,292.00)	(333,864.00)	(627,156.00)	-
Total Adjustments	$ 438,765.92	$ 713,905.98	$ 1,152,671.90	$ -
Net Cash Provided (Used) by Operating Activities	$ 821,819.16	$ 978,875.36	$ 1,800,694.52	$ 4,448.19

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Fiduciary Net Position
April 30, 2018

	Pension Trust Funds
Assets	
Cash and cash equivalents	$ 259,978.55
Accrued interest receivable	51,487.50
Receivable from sale of investments	150.92
Investments -	
U.S. Government and agency obligations	3,494,108.73
Corporate bonds	3,113,141.00
Insurance company contracts	810,911.65
Mutual funds	6,174,815.03
Stocks	2,319,771.08
State and local obligations	773,737.45
Other fixed income securities	47,075.70
Exchange traded funds	6,902,157.45
Total Assets	$ 23,947,335.06
Liabilities	
Accounts payable	$ -
Total Liabilities	$ -
Net Position	
Held in trust for pension benefits	$ 23,947,335.06

See accompanying notes to financial statements.

City of Marion, Illinois
Pension Trust Funds
Statement of Changes in Plan Net Position
For the Year Ended April 30, 2018

Additions		
Contributions		
Employer	$	1,653,582.62
Plan members		348,078.41
Miscellaneous Revenue		122.43
Total Contributions	$	2,001,783.46
Investment Income		
Net appreciation (depreciation) in fair value of investments	$	986,051.78
Interest and dividends		558,723.93
Investment expense		(56,330.62)
Net Investment Income	$	1,488,445.09
Total Additions	$	3,490,228.55
Deductions		
Benefits	$	1,435,067.08
Refunds of contributions		24,811.60
Administrative expense		41,121.55
Total Deductions	$	1,501,000.23
Net Increase	$	1,989,228.32
Net Position -		
Beginning of Year		21,958,106.74
End of Year	$	23,947,335.06

See accompanying notes to financial statements.

City of Marion, Illinois
Notes to Financial Statements
April 30, 2018

Note 1. Summary of Significant Accounting Policies

The City's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

A. Reporting Entity

The City of Marion was created in 1841 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, fire protection, street maintenance, recreation, and general administrative services.

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises oversight responsibility.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity or as a component unit. The criteria include, but are not limited to, whether the City exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements to its governmental activities. The City also has business-type activities and proprietary funds on which to apply the pronouncements. The significant accounting policies established in GAAP and used by the City are described below.

B. Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City's government-wide activities include both governmental and business-type activities.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Interfund receivables/payables resulting from short-term interfund loans are eliminated in the government-wide Statement of Net Position. The City's net position is reported in four parts - invested in capital assets, net of related debt; restricted net assets; non-spendable; and unrestricted. The City first utilizes restricted resources to finance qualifying activities. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The following fund types are used by the City:

GOVERNMENTAL FUND TYPES - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund Types - The General Fund and the Semi-Autonomous Departments (Cultural and Civic Center, Senior Citizens Council, Boyton Street Community Center, and Carnegie Library Funds) are the general operating funds of the City. They are used to account for all financial resources devoted to financing the general services that the City performs for its citizens, except those required to be accounted for in another fund.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. The City's special revenue funds are the Tax Increment Financing Redevelopment Fund, the Road and Bridge Fund, the Motor Fuel Tax Fund, the Gas Tax Fund, Foreign Fire Insurance Fund, Business Improvement Fund, the Pavilion Fund, the HUB Recreation Center Fund, the Special Revenues - Police Fund, and Goddard Chapel Restoration Fund.

Debt Service Fund - This fund is established for the purpose of accumulating resources for the payment of long-term debt including capital lease obligations, principal and interest other than those payable from Enterprise Funds.

Capital Projects Fund - This fund is established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds). The City does not currently have a capital projects fund.

PROPRIETARY FUND TYPES - These funds account for operations that are organized to be self-supporting through user charges. The fund included in this category is the Enterprise Fund.

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund – These funds are established to account for services and commodities furnished by a department of the City to other departments within the City.

Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

FIDUCIARY FUND TYPES - These funds account for assets held by the City as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Pension Trust Funds - These funds were established to provide pension benefits for City police and fire employees. The principal revenue source for this fund is employer and employee contributions. The financial statements presented for these funds, the Statement of Plan Net Position and Statement of Changes in Plan Net Position, are not consistent with conventional basic financial statements.

Agency Funds - This fund is custodial in nature and does not present results of operations or have a measurement focus. The agency fund is accounted for using the modified accrual basis of accounting. The City does not currently have an agency fund.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund	Brief Description
Major Governmental:	
General Fund Types	Accounts for financial resources devoted to financing the general services that the City performs for its citizens.
Tax Increment Financing Redevelopment Fund	Accounts for revenues and expenditures of providing tax incentives related to the development, redevelopment, and rehabilitation of real property within the TIF districts.
Debt Service Fund:	
Debt Service Fund	Accounts for the payment of long-term debt principal, interest and related costs.
Major Proprietary:	
Water	Accounts for activities related to providing water service to the citizens of the City.
Sewer	Accounts for activities related to providing sewer service to the citizens of the City.
Non-major Governmental:	
Permanent:	
Throgmorton Endowment Fund	Accounts for the revenues and expenditures to maintain the Throgmorton gravesite.

Fund	Brief Description
Special Revenue Funds:	
Road and Bridge Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Motor Fuel Tax Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Gas Tax Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Business Improvement Fund	Accounts for revenues and expenditures of promoting economic development through providing low interest loans to businesses in the City.
Foreign Fire Insurance Fund	Accounts for revenues received from the Illinois Municipal League and the corresponding expenditures of that money. The money can be used for the maintenance, use, and benefit of the fire department.
Special Revenues - Police Fund	Accounts for the revenues received from 911 fees, DUI fees, vehicle impound fees, and drug enforcement income. The money can be used for the benefit of the police department.
Pavilion Fund	Accounts for revenues and expenditures of the City's event center.
HUB Recreation Center Fund	Accounts for revenues and expenditures of the City's recreation center.
Goddard Chapel Restoration Fund	Accounts for revenues and expenditures of maintaining Goddard Chapel.
Non-Major Proprietary:	
Internal Service	Accounts for reimbursements to City employees and certain retirees to cover medical claims for deductibles over $500.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The accrual basis of accounting is also utilized by the proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The accrual basis of accounting is followed for presentation of assets of the Pension Trust Funds. Liabilities pertaining to benefits payable or refunds payable are presented on the modified accrual basis, with remaining liabilities presented on the accrual basis of accounting.

Modified Accrual

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable" and "available." Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be "available" as they are collected within 60 days of the end of the current fiscal period except for sales tax and telecommunication taxes which are 90 days. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Taxes (excluding property taxes), licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when paid.

D. Annual Budget Ordinance

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: salaries and benefits, services and charges, supplies, capital outlay, debt service. For each fund, total fund expenditures may not legally exceed the budgeted amounts. All unexpended budgetary items lapse at the end of each fiscal year.

E. Cash and Cash Equivalents

Cash includes cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty.

Cash equivalents include short term, highly liquid investments with original maturities of 90 days or less. For purposes of proprietary fund statement of cash flows presentation, cash and cash equivalents totaled $2,886,980.38 at April 30, 2018.

Separate bank accounts are not maintained for all City funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

F. Investments

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Bad debts of the General Fund are accounted for by the allowance reserve method in recognizing bad debt expense. This method better matches the cost of operating the fund with revenues of the fund and is consistent with generally accepted accounting principles.

H. Inventory

Inventory is valued at cost using the first-in, first-out method, and consists of expendable supplies held for consumption for governmental funds and the proprietary funds. Reported inventories of governmental funds are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

I. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

J. Restricted Assets

Enterprise funds and debt service funds are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Carnegie Library, Senior Citizens, Boyton Street, and Civic Center are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for donor-designated purchases.

K. Capital Assets

The City is required to spread the cost of its capital assets over the assets' useful lives. These capital assets include land, buildings, and related equipment. The depreciation expense amounts charged to each of the functions are in the statement of activities.

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets.

Capital assets purchased or acquired with an original cost of $5,000.00 or more are reported at historical or estimated historical cost, including all ancillary charges necessary to place the asset in its intended location and condition for use. Infrastructure projects with a cost of $100,000.00 or more are also reported at historical cost. Donated capital assets requires measurement at acquisition value (an entry price). Additions, improvements and other capital outlays that exceed $15,000.00 for building improvements, $10,000.00 for land improvements, $50,000.00 for water and sewer line improvements, and $10,000.00 for software, and which significantly extend the useful life of an asset are capitalized. Depreciation on all assets is calculated using the straight-line method. The estimated useful lives of assets are based on local government suggested basis, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years. The following estimated useful lives are used for depreciation purposes:

Infrastructure	15-40 years
Buildings and improvements	15-50 years
Furniture and equipment	5-20 years

Property, plant and equipment acquired for proprietary funds is capitalized in the respective fund to which it applies.

Property, plant and equipment is stated at cost. Assets acquired by gift or bequest are recorded at their acquisition value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation applied to the cost of each class of property, plant and equipment. Estimated useful lives, in years, for depreciable assets of the Water and Sewer departments are as follows:

Buildings and grounds	15-75 years
Improvements	15-75 years
Machinery and equipment	5-15 years
Water and sewer lines	50-75 years

L. Compensated Absences

For the City as a whole, benefit pay is accrued for benefits earned but not taken at April 30, 2018. Unused vacation time cannot be carried over to subsequent years with the exception of the Police Department.

Police Department officers may carryover up to 40 hours of vacation to the first two months of the next year or six months of the next year if preapproved vacation has been cancelled by the employer. The City allows employees to accumulate unused sick leave to a maximum of 1,920 hours, for all except police officers and firefighters which is 1200 hours. Sick leave will be paid upon illness while in the employment of the City. This sick leave program also includes an annual buy-back provision upon the meeting of certain requirements, and is not paid upon termination. As of April 30, 2018, the liability for sick leave is $2,494,124.88.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in four components:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net assets that do not meet the definition of "restricted", "invested in capital asset, net of related debt", or "nonspendable".

d. Nonspendable – Consists of assets that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually to be maintained intact.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned.

O. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount on refunding is recognized as a deferred outflow, but the related expense will be amortized to future periods. Additionally, the City has deferred outflows related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable/unearned property taxes in this category. The City also reports deferred inflows related to pensions.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

The City and Pension Funds categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices on active markets for identical assets. Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

Permitted Deposits and Investments – The City's investment policy allows for deposits and investments in interest-bearing savings accounts, certificates of deposits, any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, Bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States, bond, note indentures or similar obligations held by an agency of the United States, State of Illinois Public Treasurer's Investment Pool and the Illinois Metropolitan Investment Fund (IMET).

The pension trust fund's investment policies allows for the same investments as the City plus investments in general and separate accounts that are managed by life insurance companies with certain restrictions, corporate bonds with certain restrictions, common stocks listed on a national securities exchange or board of trade, and mutual funds which meet certain restrictions.

A. Deposits

Reconciliation

A reconciliation of cash and investments as shown in this footnote to the statement of net position and statement of fiduciary net position as follows:

Cash on Hand	$ 8,052.00
Carrying Amount of Deposits	10,862,039.76
Carrying Amount of Investments	29,809,387.43
	$ 40,679,479.19

Cash and Cash Equivalents	$ 13,556,823.71
Investments	27,122,655.48
	$ 40,679,479.19

Custodial Credit Risk Related to Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned to it. The City's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be protected using one of two methods. The first method is a) collateralization with securities eligible for City investment or any other high-quality, interest bearing security, b) the second method is using an irrevocable letter of credit issued by the Federal Home Loan Bank of Chicago. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

At April 30, 2018, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit, was $10,862,039.79 (excludes $8,052.00 in cash on hand held at the City). The bank balance was $10,814,544.01. As of April 30, 2018, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

During the year ended April 30, 2018, the depository banks used by the City had pledged $1,993,692.94 in federal securities by U.S. Bank to secure the City's deposits in excess of the amounts insured by the FDIC. The pledged securities are held by the pledging financial institutions' trust department or agent but not in the City's name.

The City also had a $8,400,000.00 irrevocable letter of credit issued by the Federal Home Loan Bank to cover deposits held by First Southern Bank.

B. Investments

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

The Illinois Investment Fund (IMET) is a nonprofit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. IMET is not registered with the SEC as an investment company. The IMET Convenience Fund is not rated. Investments are valued at the fund's share price, the price for which the investment could be sold.

As of April 30, 2018, the City, including pension trust funds, had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1-5	6-10	More Than 10	Moody's Rating
Mutual funds	$ 6,174,815.03	$ 6,174,815.03	$ -	$ -	$ -	N/A
Common stocks	2,446,588.93	2,446,588.93	-	-	-	N/A
Municipal bonds	1,393,737.45	620,000.00	182,353.50	275,430.40	315,953.55	AA3-A2
Federal National Mortgage Association	494,844.24	-	136,899.00	-	357,945.24	AAA
Federal Home Loan Mortgage Corp.	118,104.96	-	-	49,113.00	68,991.96	
United States Treasury	2,881,159.53	299,569.50	1,770,709.63	810,880.40	-	N/A
Insurance contracts - Fixed	810,911.65	-	148,890.26	662,021.39	-	N/A
Illinois Funds Money Market	5,072,731.22	5,072,731.22	-	-	-	N/A
Corporate Bonds	3,113,141.00	259,057.25	1,661,559.30	1,192,524.45	-	AAA-BAA3
Exchange traded funds	6,902,157.45	6,902,157.45	-	-	-	N/A
Other fixed income securities	47,075.70	-	-	47,075.70	-	AA2
IMET	354,120.23	354,120.23	-	-	-	N/A
Total	$29,808,387.39	$22,129,039.61	$ 3,900,411.69	$ 3,037,045.34	$ 742,890.75	

All of the investments listed above, except for Illinois Funds Money Market and IMET, are valued using Level 1 inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City's pension trust funds' investments include the following investments that are highly sensitive to interest rate fluctuations:

Highly Sensitive Investments	Fair Value at Year End
Federal agency securities. Some of these securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	$612,949.20

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City minimizes its exposure to credit risk by limiting its investments to the safest types of securities; by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers which the City will do business; and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, exchange-traded funds, external investment pools and investments issued or guaranteed by the U.S. government. The investment policy of the City contains a 50% limitation on the amount that can be invested in any one issuer, with the exception of U.S. Treasuries and the Illinois Public Treasurers Investment Pool.

At April 30, 2018, the general fund's investments representing greater than five percent of their portfolio were the Memorial Park District Bonds. At April 30, 2018, the Police Pension Funds investments representing greater than five percent of their portfolio was annuities issued by the Protective Life Insurance Company.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City had no foreign currency risk as of April 30, 2018.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments, other than the following provision for investments: a list will be maintained of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness who maintain an office in the State of Illinois. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). The policy also states that, at the request of the City, the firms performing investment services for the City shall provide their most current audited financial statements and or their most current Consolidated Report of Condition (call report) for review. At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name
- Investments which are secured by an irrevocable letter of credit with the FHLB of Chicago

Note 3. Restricted Assets

Governmental Funds

	Permanent Fund	Pavilion Fund	HUB Recreation Center	General	Senior Citizens Council	Marion Carnegie Library	Boyton Street Community Center	Special Revenues Police Fund
Cash	$ 1,875.45	$ 25,042.81	$ 110,381.11	$ 95,797.03	$ -	$ 2,689.86	$ 1,294.74	$ 17,830.95
Certificates of deposit	-	-	-	-	10,125.76	55,050.34	-	-
Total	$ 1,875.45	$ 25,042.81	$ 110,381.11	$ 95,797.03	$ 10,125.76	$ 57,740.20	$ 1,294.74	$ 17,830.95

Restricted assets of the HUB Center represent an escrow account for hotel tax refunds.

Restricted assets of the General Fund represent restricted grant monies which are restricted as to the type of expenditures allowed.

Restricted assets of the Library and Senior Citizens Council represent donations received in which the principal and sometimes the earnings of these assets are restricted as to the type of expenditures allowed.

Restricted assets of the Boyton Street Community Center Fund represent a scholarship fund in which these assets are restricted as to the type of expenditures allowed.

Restricted assets of the permanent fund is for the upkeep of the Barnett and Throgmorton grave lots in the Rose Hill Cemetery.

Restricted assets of the Pavilion Fund are for debt service.

Restricted assets of the Special Revenues Police fund represent an escrow account for drug money.

Enterprise Funds

	Water Department	Sewer Department
Cash	$287,993.22	$ 271,582.67

Restricted assets of the Water and Sewer Departments are for debt service and capital improvements.

Note 4. Receivables and Allowance

Property Tax Revenues

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the County Collector, the property taxes are not "available" to finance current year expenditures. For those funds on the modified accrual basis, the current year tax levy is recorded as property taxes receivable and unearned revenue under deferred inflow of resources.

The following are the taxes extended and collected, and assessed valuations for the calendar years 2015, 2016, and 2017:

	2015 Taxes Payable in 2016	2016 Taxes Payable in 2017	2017 Taxes Payable in 2018
Taxes Extended			
Real and personal	$ 1,539,947	$ 1,797,752	
Total Taxes Extended	$ 1,539,947	$ 1,797,752	$ 1,831,119
Add - Current and back taxes and interest	$ 4,309	$ 2,463	
Forfeited taxes redeemed after settlement	-	1,371	
Taxes collected not extended			
- Special Service debt service	371,475	69,583	
- Road and Bridge	125,934	126,822	
- Tax Increment Financing	5,807,907	5,977,889	
Total Additions	$ 6,309,625	$ 6,178,128	
Total	$ 7,849,572	$ 7,975,880	
Deduct - Errors and corrections	$ 578	$ 4,140	
Forfeits	288	6,656	
Prior years abatement refund	1,966	14,482	
Amounts due from Trustee Program	773	2,641	
Total Deductions	$ 3,605	$ 27,919	
Income from Taxes	$ 7,845,967	$ 7,947,961	
Assessed Valuation:			
Corporate	$ 307,166,097	$ 316,182,759	$ 318,971,464
Tax increment financing	79,262,508	83,112,334	85,530,058
Special service area	1,384,407	1,407,600	1,407,600

The City's property tax is levied each year on all taxable real property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and were payable in two installments on July 14, 2017 and September 14, 2017. The City receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2016 and prior tax levies.

The following are the tax rate limits permitted and the actual rates levied per $100.00 of assessed valuation:

Tax Rates	Limit	2015	2016	2017
Recreation		.04557	.04427	.04389
Police Pension	No Limit	.27672	.31627	.31894
Fire Pension	No Limit	.17905	.20804	.21124
Total		.50134	.56858	.57407

Extensions	2015	2016	2017
Recreation	$ 139,976	$ 139,974	$ 139,996
Bonds and interest	-	-	-
Police Pension	849,990	999,991	1,017,328
Fire Pension	549,981	657,787	673,795
	$ 1,539,947	$ 1,797,752	$ 1,831,119

The Road and Bridge Fund taxes received are a pro-rata portion of such taxes collected by Williamson County, Illinois, and are not extended separately for the City of Marion, Illinois.

The Tax Increment Financing taxes received are calculated based on the increase in the assessed valuation of the property located within the TIF district.

Allowance for Uncollectible Amounts

The allowance for doubtful accounts is analyzed as follows for the general fund loans receivable:

Balance at April 30, 2017	$ 50,000.00
Add - Bad debt expense	-
- Recoveries	-
Less - Charge-offs	-
Balance at April 30, 2018	$ 50,000.00

The allowance for doubtful accounts was 5.08% of loans receivable at April 30, 2018.

Note 5. Capital Assets

The following is a summary of changes in the capital assets for the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 27,311,802.87	$ 398,761.99	$ (29,620.04)	$ 27,680,944.82
Construction in progress and deposits	719,964.42	3,731,945.08	(3,829,596.06)	622,313.44
Total Capital Assets Not Being Depreciated	$ 28,031,767.29	$ 4,130,707.07	$ (3,859,216.10)	$ 28,303,258.26
Capital assets being depreciated:				
Land improvements	$ 414,180.27	$ -	$ -	$ 414,180.27
Parking lot improvements	308,021.97	171,445.01	-	479,466.98
Office equipment	559,891.64	-	-	559,891.64
Fixed mechanical equipment	1,556,098.82	74,565.00	(11,836.57)	1,618,827.25
Major movable equipment	2,762,517.95	107,297.56	(9,977.00)	2,859,838.51
Vehicles	5,254,049.57	256,096.35	-	5,510,145.92
Railroad improvements	610,952.83	-	-	610,952.83
IL Centre Mall	19,157,896.55	-	-	19,157,896.55
Buildings	38,024,520.97	1,238,513.76	-	39,263,034.73
Streets	36,550,844.62	1,305,843.23	-	37,856,687.85
Bridges	946,385.55	-	-	946,385.55

	Beginning Balance	Increases	Decreases	Ending Balance
Storm sewers	$ 2,910,921.74	$ 45,440.00	$ -	$ 2,956,361.74
Sidewalks	1,635,165.54	811,256.72	-	2,446,422.26
Flood control projects	5,050,468.66	-	-	5,050,468.66
Street lights	262,499.06	369,090.85	-	631,589.91
Software	134,630.50	10,929.29	-	145,559.79
Total Capital Assets Being Depreciated	$116,139,046.24	$ 4,390,477.77	$ (21,813.57)	$120,507,710.44
Less accumulated depreciation for:				
Land improvements	$ 164,997.10	$ 24,928.53	$ -	$ 189,925.63
Parking lot improvements	110,862.79	16,882.22	-	127,745.01
Office equipment	329,110.16	39,673.97	-	368,784.13
Fixed mechanical equipment	805,525.09	117,904.07	(7,018.65)	916,410.51
Major movable equipment	1,609,129.34	241,373.48	(9,977.00)	1,840,525.82
Vehicles	2,887,585.75	345,803.67	-	3,233,389.42
Railroad improvements	413,665.96	15,273.82	-	428,939.78
IL Centre Mall	19,157,896.55	-	-	19,157,896.55
Buildings	7,689,644.51	933,392.37	-	8,623,036.88
Streets	10,695,775.87	881,446.45	-	11,577,222.32
Bridges	453,575.58	23,659.64	-	477,235.22
Storm sewers	760,313.80	75,251.49	-	835,565.29
Sidewalks	200,450.35	69,666.97	-	270,117.32
Flood control projects	1,710,275.98	101,009.37	-	1,811,285.35
Street lights	88,284.00	16,522.84	-	104,806.84
Software	121,636.90	8,875.83	-	130,512.73
Total Accumulated Depreciation	$ 47,198,729.73	$ 2,911,664.72	$ (16,995.65)	$ 50,093,398.80
Total Capital Assets Being Depreciated, Net	$ 68,940,316.51	$ 1,478,813.05	$ (4,817.92)	$ 70,414,311.64
Governmental Activities Capital Assets, Net	$ 96,972,083.80	$ 5,609,520.12	$ (3,864,034.02)	$ 98,717,569.90

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 83,044.30
Public health and safety	455,011.01
Streets, alleys and cemeteries	237,511.89
Cultural and recreation	953,057.51
Unallocated	1,183,040.01
Total Governmental Activities Depreciation Expense	$ 2,911,664.72

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 3,495,767.95	$ -	$ -	$ 3,495,767.95
Construction in progress	892,039.37	2,186,269.46	(1,762,263.16)	1,316,045.67
Total Capital Assets Not Being Depreciated	$ 4,387,807.32	$ 2,186,269.46	$ (1,762,263.16)	$ 4,811,813.62
Capital assets being depreciated:				
Land improvements	$ 65,504.78	$ -	$ -	$ 65,504.78
Structures	2,982,864.50	-	-	2,982,864.50
Buildings	17,967,377.57	387,153.15	-	18,354,530.72
Fixed equipment	2,072,193.09	282,927.21	(8,008.08)	2,347,112.22
Equipment and machinery	1,267,498.92	-	(29,897.00)	1,237,601.92
Trucks and tractors	1,326,337.76	32,681.13	-	1,359,018.89
Transmission and distribution systems	14,072,388.59	1,143,780.86	(406,110.78)	14,810,058.67
Lift stations	1,135,870.41	-	-	1,135,870.41
Total Capital Assets Being Depreciated	$ 40,890,035.62	$ 1,846,542.35	$ (444,015.86)	$ 42,292,562.11

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Land improvements	$ 22,340.50	$ 3,111.79	$ -	$ 25,452.29
Structures	787,119.77	52,427.64	-	839,547.41
Buildings	7,336,129.87	451,898.88	-	7,788,028.75
Fixed equipment	1,666,182.27	70,462.23	(8,008.08)	1,728,636.42
Equipment and machinery	821,357.26	63,512.94	(17,386.12)	867,484.08
Trucks and tractors	804,241.58	80,064.93	-	884,306.51
Transmission and distribution systems	4,244,743.29	289,116.20	(317,607.64)	4,216,251.85
Lift stations	610,019.00	43,172.09	-	653,191.09
Total Accumulated Depreciation	$ 16,292,133.54	$ 1,053,766.70	$ (343,001.84)	$ 17,002,898.40
Total Capital Assets Being Depreciated, Net	$ 24,597,902.08	$ 792,775.65	$ (101,014.02)	$ 25,289,663.71
Business-Type Activities Capital Assets, Net	$ 28,985,709.40	$ 2,979,045.11	$ (1,863,277.18)	$ 30,101,477.33

Business-Type activities:	
Water	$ 392,302.83
Sewer	661,463.87
Total Business-Type Activities Depreciation Expense	$ 1,053,766.70

Note 6. Legal Debt Margin and Long-Term Debt

Legal Debt Margin

The City of Marion is a home rule municipality. Under the Illinois Compiled Statutes, a home rule government may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the City of Marion has no legal debt limitation.

Changes in Long-Term Debt for Governmental Activities

The following is a summary of long-term transactions of the City's governmental activities for the fiscal year ended April 30, 2018:

	Beginning Balance May 1, 2017	Increases	Decreases	Ending Balance April 30, 2018	Amounts Due Within One Year
General Obligation Bonds-					
Pavilion Bonds, Series 2011	$ 1,130,984.19	$ -	$ 189,226.64	$ 941,757.55	$ 196,837.92
GO Bonds, Series 2014	4,055,000.00	-	270,000.00	3,785,000.00	270,000.00
GO Bonds, Series 2013	6,360,000.00	-	1,205,000.00	5,155,000.00	1,245,000.00
GO Bonds, Series 2012	9,720,000.00	-	-	9,720,000.00	-
GO Bonds, Series 2007	885,000.00	-	75,000.00	810,000.00	80,000.00
GO Bonds, Series 2011A	1,665,000.00	-	315,000.00	1,350,000.00	320,000.00
Subtotal	$ 23,815,984.19	$ -	$ 2,054,226.64	$ 21,761,757.55	$ 2,111,837.92
Add - Premium on bonds	825,898.29	-	78,377.51	747,520.78	80,194.49
Less - Discount on bonds	(6,304.68)		(534.29)	(5,770.39)	(569.91)
Total Bonds Payable	$ 24,635,577.80	$ -	$ 2,132,069.86	$ 22,503,507.94	$ 2,191,462.50
Other Liabilities -					
Capital Lease Payable	$ 859,590.24	$ 211,532.56	$ 250,028.51	$ 821,094.29	$ 159,706.21
Notes Payable	14,782,038.23	58,219.24	2,660,085.14	12,180,172.33	2,400,267.14
Accrued Vacation	420,707.44	18,077.46	-	438,784.90	438,784.90
Net OPEB Liability	7,743,465.00	853,987.00	-	8,597,452.00	-
Net Pension Liability	16,758,390.00	-	3,250,040.00	13,508,350.00	-
Total Other Liabilities	$ 40,564,190.91	$ 1,141,816.26	$ 6,160,153.65	$ 35,545,853.52	$ 2,998,758.25
Total Long-Term Debt	$ 65,199,768.71	$ 1,141,816.26	$ 8,292,224.28	$ 58,049,361.46	$ 5,190,220.75

For governmental activities the General Fund makes payments on the accrued vacation, OPEB obligation and net pension liability.

General Obligation Bonds payable at April 30, 2018, are comprised of the following individual issues:

General Obligation -	
The City issued $3,115,000.00 General Obligation Refunding Bonds, Series 2011A, to pay off prior Special Service Area Bonds, dated May 19, 2011, due in annual principal installments ranging from $275,000.00 to $355,000.00 through January 1, 2022; interest rate is variable from 2.25% to 3.80%.	$ 1,350,000.00
The City issued $2,200,000.00 Refunding Revenue Bonds, Series 2011, to refund prior pavilion bonds, dated June 21, 2011, due in monthly installments of $19,208.26 through October 21, 2022; interest rate is fixed at 3.95%	941,757.55
The City issued $4,520,000.00 General Obligation Bonds, Series 2014, for capital projects, dated December 23, 2014, due in annual principal installments ranging from $200,000.00 to $850,000.00 from November 1, 2015 through November 1, 2026; interest rate is variable from 2.00% to 4.00%	3,785,000.00
The City issued $9,720,000.00 General Obligation Bonds, Series 2012, for capital projects, dated December 20, 2012, due in annual principal installments ranging from $420,000.00 to $1,345,000.00 from November 1, 2012 through November 1, 2032; interest rate is variable from 1.75% to 3.50%	9,720,000.00
The City issued $9,730,000.00 General Obligation Bonds, Series 2013, for capital projects, dated December 27, 2013, due in annual principal installments ranging from $110,000.00 to $1,335,000.00 from November 1, 2014 through November 1, 2025; interest rate is variable from 2.00% to 3.15%	5,155,000.00
The City issued $1,385,000.00 General Obligation Bonds, Series 2007, for TIF projects, dated October 1, 2007, due in annual principal installments ranging from $5,000.00 to $125,000.00 through October 15, 2025; interest rate is variable from 5.00% to 6.30%	810,000.00
General Obligation Bonds Payable	$21,761,757.55
Add - Premium on bonds	747,520.78
Less - Discount on bonds	(5,770.39)
	$22,503,507.94

As of April 30, 2018, $1,652,219.10 is available in Debt Service Funds to service General Obligation Bonds.

Debt service requirements to maturity for bonds payable are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 2,111,837.92	$ 655,193.70	$ 2,767,031.62
2020	2,189,755.32	579,657.55	2,769,412.87
2021	2,272,991.21	500,947.91	2,773,939.12
2022	2,346,558.37	431,458.25	2,778,016.62
2023	1,925,614.73	371,607.88	2,297,222.61
2024	1,865,000.00	323,360.00	2,188,360.00
2025	1,915,000.00	272,700.00	2,187,700.00
2026	1,550,000.00	220,932.50	1,770,932.50
2027	1,475,000.00	170,975.00	1,645,975.00
2028	640,000.00	122,912.50	762,912.50
2029	655,000.00	107,872.50	762,872.50
2030	670,000.00	91,825.00	761,825.00
2031	690,000.00	75,075.00	765,075.00
2032	715,000.00	50,925.00	765,925.00
2033	740,000.00	25,900.00	765,900.00
	$21,761,757.55	$4,001,342.79	$25,763,100.34

Notes payable at April 30, 2018 are comprised of the following individual notes:

A.	2.10% note payable to Midland States Bank for police cars in monthly installments of $4,142.74 beginning January 11, 2016 through September 11, 2018.	$ 20,634.64
B.	2.94% note payable to First Southern Bank for police radios in monthly installments of $1,636.00 beginning January 30, 2018 through December 30, 2020.	50,291.07
C.	1.99% note payable to First Southern Bank for police cameras in monthly installments of $3,940.40 beginning June 6, 2016 through May 6, 2019.	50,334.58
D.	1.99% note payable to First Southern Bank for police cars in monthly installments of $1,793.13 beginning September 15, 2016 through August 15, 2019.	28,001.05
E.	1.98% note payable to Peoples National Bank for dump truck in monthly installments of $952.43 beginning August 21, 2015 through July 21, 2020.	25,111.88
F.	2.50% note payable to Midland States Bank for tandom truck & plow in monthly installments $1,945.05 beginning October 17, 2014 through September 17, 2019.	32,348.34

G.	1.99% note payable to First Southern Bank for street dept. truck in monthly installments of $767.20 beginning September 15, 2016 through August 15, 2019.	12,124.70
H.	1.99% note payable to First Southern Bank for Dodge 5500 dump truck in monthly installments of $1,918.33 beginning January 30, 2017 through December 30, 2019	37,706.04
I.	2.50% note payable to Midland States Bank for construction of Heartland Street in monthly installments of $7,105.06 beginning February 5, 2015 through January 5, 2020.	138,988.85
J.	1.99% note payable to First Southern Bank for animal control truck in monthly installments of $655.76 beginning September 15, 2016 through August 15, 2019.	10,356.36
K.	1.99% note payable to First Southern Bank for safety vehicle in monthly installments of $801.98 beginning September 15, 2016 through August 15, 2019.	12,659.45
L.	1.595% note payable to Midland States Bank for Pavilion parking lot in annual installments of $84,302.24 beginning August 25, 2015 through August 25, 2018.	82,978.99
M.	0.00% note payable to Illinois Dept. of Transportation for engineering services for Morgan Street Overpass in monthly installments of $2,500.00 through April 27, 2014 and then changing to annual installments of $90,000.00 through April 27, 2025.	630,000.00
N.	0.00% note payable to Illinois Dept. of Transportation for single point interchange ramps in monthly installments of $50,000.00 through October 12, 2015 and then changing to annual installments or $618,181.82 through October 12, 2025.	5,563,636.38
O.	1.700% note payable to Chase to refund General Obligation Refunding Bonds Series-2005, dated September 15, 2005 for annual installments from $698,000.00 to $1,406,000.00 beginning September 15, 2016 through September 15, 2021.	5,485,000.00
Total		$ 12,180,172.33

Debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 2,400,267.82	$ 90,195.20	$ 2,490,463.02
2020	2,197,860.33	60,724.60	2,258,584.93
2021	2,106,953.24	35,810.26	2,142,763.50
2022	2,114,181.82	11,951.00	2,126,132.82
2023	708,181.84	-	708,181.84
2024 - 2027	2,652,727.28	-	2,652,727.28
	$12,180,172.33	$ 198,681.06	$12,378,853.39

Leases payable at April 30, 2018 are comprised of the following individual leases:

A.	2.125% lease payable to U.S. Bancorp for Ford F250 in monthly installments of $635.39 beginning November 1, 2017 through October 1, 2022.	$ 32,114.02
B.	1.853% lease payable to Government Leasing & Finance for 2016 International truck in monthly installments of $2,008.28 beginning January 15, 2016 through December 15, 2020.	62,655.78
C.	2.125% lease payable to U.S. Bancorp for 2017 International truck in monthly installments of $3,098.60 beginning November 1, 2017 through October 1, 2022.	156,618.51
D.	4.80% lease payable to Farmers State Bank for HUB fitness equipment in semi-annual installments of $19,650.55 beginning May 1, 2015 through November 1, 2019.	56,231.26
E.	2.366% lease payable to Government Leasing for 2 fire trucks in monthly installments of $5,821.08 beginning May 18, 2016 through May 18, 2026.	513,474.72
Total Leases Payable		$ 821,094.23

Debt service requirements to maturity for leases payable are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 159,706.72	$ 18,354.58	$ 178,061.30
2020	144,567.01	13,863.74	158,430.75
2021	120,097.13	10,629.95	130,727.08
2022	106,527.08	8,133.76	114,660.84
2023	82,682.54	5,840.37	88,522.91
2024 - 2027	207,513.75	7,865.64	215,379.39
	$ 821,094.23	$ 64,688.04	$ 885,782.27

Changes in Long-Term Debt for Business Type Activities

The following is a summary of the City's business-type activities for the fiscal year ended April 30, 2018:

	Beginning Balance May 1, 2017	Increases	Decreases	Ending Balance April 30, 2018	Amounts Due Within One Year
General Obligation Bonds -					
GO Bonds, Series 2008	$ 2,450,000.00	$ -	$ 2,450,000.00	$ -	$ -
GO Bonds, Series 2014	3,470,000.00	-	470,000.00	3,000,000.00	480,000.00
GO Refunding Bonds Series 2017	-	2,295,000.00	-	2,295,000.00	210,000.00
Subtotal	$ 5,920,000.00	$ 2,295,000.00	$ 2,920,000.00	$ 5,295,000.00	$ 690,000.00
Add - Premium on bonds	221,875.56	53,702.90	31,793.86	243,784.60	35,327.02
Total Bonds Payable	$ 6,141,875.56	$ 2,348,702.90	$ 2,951,793.86	$ 5,538,784.60	$ 725,327.02
Other Liabilities -					
Lease Payable	$ -	$ 31,149.15	$ 3,465.60	$ 27,683.55	$ 6,041.79
Note Payable	3,824,244.19	650,650.00	526,485.66	3,948,408.53	271,323.51
Accrued vacation	78,940.75	3,093.25	-	82,034.00	82,034.00
Net OPEB liability	1,287,246.00	89,147.00	-	1,376,393.00	-
Net pension liability	881,936.00	-	627,156.00	254,780.00	-
Total Other Liabilities	$ 6,072,366.94	$ 774,039.40	$ 1,157,107.26	$ 5,689,299.08	$ 359,399.30
Total Long-Term Debt	$ 12,214,242.50	$ 3,122,742.30	$ 4,108,901.12	$ 11,228,083.68	$ 1,084,726.32

Enterprise Funds bonds payable at April 30, 2018, are comprised of the following individual issues:

General Obligation Bonds -	
$4,575,000.00, Series 2014 to refund IEPA loan, dated December 23, 2014, due in semiannual installments ranging from $165,000.00 to $280,000.00 through May 1, 2024; interest is variable from 2.0% to 4.0%	$ 3,000,000.00
$2,295,000.00, Series 2017 for refunding of Series 2008 bonds, dated October 13, 2017, due in semi-annual installments ranging from $210,000.00 to $255,000.00 through October 15, 2027; interest rate is variable from 2.00% to 3.00%	2,295,000.00
General Obligation Bonds Payable	$ 5,295,000.00
Add - Premium on bonds	243,784.60
Net Enterprise Funds Bonds Payable	$ 5,538,784.60

As of April 30, 2018, $376,673.28 is available in water and sewer funds to service general obligation bonds.

Series 2017 general obligation bonds in the amount of $2,295,000.00, issued on 10/13/2017, were used to refund $2,285,000.00 of the City's Series 2008 general obligation bonds date February 1, 2009. The Series 2017 bonds bear an interest rate of 2.00% to 3.00% due in semi-annual installments with final payment due October 15, 2027. The refunded Series 2008 bonds carried an interest rate between 3.00% to 4.1% due in semi-annual installments with final payment due October 15, 2028. There was no deferred amount on refunding. Through this refunding the City will reduce its debt service by $233,733.62, which is $172,741.87 net present value.

Debt service requirements for general obligation bonds payable are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 690,000.00	$ 151,325.00	$ 841,325.00
2020	710,000.00	132,600.00	842,600.00
2021	725,000.00	113,300.00	838,300.00
2022	745,000.00	93,575.00	838,575.00
2023	770,000.00	69,225.00	839,225.00
2024	675,000.00	42,100.00	717,100.00
2025	235,000.00	24,087.50	259,087.50
2026	240,000.00	18,150.00	258,150.00
2027	250,000.00	11,400.00	261,400.00
2028	255,000.00	3,825.00	258,825.00
	$ 5,295,000.00	$ 659,587.50	$ 5,954,587.50

Enterprise Fund notes payable at April 30, 2018, are comprised of the following individual notes payable:

A. 2.90% note payable to First Southern Bank for Rolling Hills sewer system improvements, in monthly installments of $6,269.82 beginning July 30, 2017 through June 30, 2027.	$ 603,902.58
B. 0.000% note payable to the State of Illinois for water-line replacements, in semi-annual installments of $12,188.56 beginning October 15, 2011 through October 15, 2030.	304,714.66
C. 1.25% note payable to the State of Illinois for N.E. sewer-line extension, in semi-annual installments of $33,675.28 beginning June 11, 2013 through May 11, 2033.	946,352.31

D. 1.25% note payable to the State of Illinois for sewer plant renovation, in semi-annual installments of $59,127.58 beginning November 8, 2013 through November 8, 2032.	1,612,857.46
E. General obligation refunding loan of $480,000.00, Series 2015, to refund prior bond issue, dated November 19, 2015, due in semi-annual installments ranging from $243,048.50 to $245,128.50 through March 15, 2018; interest is 1.7%	-
F. 2.10% note payable to Midland States Bank for vactor truck, due in monthly installments of $2,634.20 including interest through September 11, 2018	13,179.50
G. 2.21% note payable to the State of Illinois for water-line replacements, due in semi-annual installments ranging from $13,490.42 to $16,157.91 including interest through December 15, 2035	467,402.03
Total	$ 3,948,408.53

Debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 271,316.77	$ 58,766.41	$ 330,083.18
2020	262,281.23	54,553.89	316,835.12
2021	266,511.79	50,323.33	316,835.12
2022	270,830.92	46,004.20	316,835.12
2023	275,240.81	41,594.31	316,835.12
2024 - 2028	1,382,293.42	139,184.18	1,521,477.60
2029 - 2033	1,095,206.88	51,837.38	1,147,044.26
2034 - 2036	124,726.71	3,771.61	128,498.32
Totals	$ 3,948,408.53	$ 446,035.31	$ 4,394,443.84

Enterprise Fund lease payable as of April 30, 2018 is as follows:

A. 2.125% lease payable to US Bancorp for 2017 Ford F250, due in monthly installments of $547.62 including interest through October 1, 2022	$ 27,683.55
Total	$ 27,683.55

Debt service requirement to maturity for lease payable is as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2019	$ 6,041.79	$ 529.65	$ 6,571.44
2020	6,171.44	400.00	6,571.44
2021	6,303.86	267.58	6,571.44
2022	6,439.13	132.31	6,571.44
2023	2,727.33	10.78	2,738.11
	$ 27,683.55	$ 1,340.32	$ 29,023.87

Note 7. Lease Obligations

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the City's asset or liability accounts. The City also has recorded capitalized leases for the purchase of certain items. See Note 6 for additional information.

Note 8. Defined Benefit Pension Plans

Summary:

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	Net Pension Liability
Illinois Municipal Retirement Fund	$ 773,703.00
Fire Pension Fund	4,820,438.00
Police Pension Fund	8,168,989.00
Total Aggregate Net Pension Liability	$ 13,763,130.00

Deferred Inflows and Outflows of Resources

Deferred Inflows and Outflows of Resources are reported in the accompanying statement of net position as follows:

	Net Differences Between Expected & Actual Experience	Employer Contributions	Net Differences Between Projected and Actual Earnings	Change in Assumptions
Illinois Municipal Retirement Fund	$ (545,549)	$ 201,469	$ (1,265,618)	$ (710,472)
Fire Pension Fund	(587,792)	-	237,497	-
Police Pension Fund	(497,901)	-	(46,492)	-
Totals	$ (1,631,242)	$ 201,469	$ (1,074,613)	$ (710,472)

Pension Expense

Pension expenses are included in the accompanying statement of revenues, expense, and changes in net position as follows:

	Pension Expense
Illinois Municipal Retirement Fund	$ 1,053,379.98
Fire Pension Fund	658,422.63
Police Pension Fund	925,007.49
Total Pension Expense	$ 2,636,810.10

IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms
As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	84
Inactive Plan Members entitled to but not yet receiving benefits	44
Active Plan Members	147
Total	275

Contributions
As set by statute, the City's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 10.41%. For the fiscal year ended April 30, 2018, the City contributed $658,467.51 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability
The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	6.85%
International Equities	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2016	$26,808,271	$ 23,250,561	$ 3,557,710
Changes for the year:			
Service Cost	$ 611,219	$ -	$ 611,219
Interest on the Total Pension Liability	1,982,884	-	1,982,884
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(618,757)	-	(618,757)
Changes of Assumptions	(837,535)	-	(837,535)
Contributions – Employer	-	651,087	(651,087)
Contributions – Employees	-	274,662	(274,662)
Net Investment Income	-	4,125,252	(4,125,252)
Benefit Payments, including Refunds(1,350,847) of Employee Contributions	(1,350,847)	(1,350,847)	-
Other (Net Transfer)	-	(1,129,183)	1,129,183
Net Changes	$ (213,036)	$ 2,570,971	$ (2,784,007)
Balances at December 31, 2017	$26,595,235	$25,821,532	$ 773,703

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plans net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	**Current Discount (7.50%)**	**1% Higher (8.50%)**
Net Pension Liability	$4,099,293	$773,703	$(1,969,406)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of $1,053,379.98. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	$ 172,671	$ 718,220
Changes of assumptions	-	710,472
Net Difference between projected and actual earnings on pension plan investments	686,178	1,951,796
Total Deferred Amounts to be recognized in pension expense in future periods	$ 858,849	$ 3,380,488
Pension Contributions made subsequent to the Measurement Date	$ 201,469	$ -
Total Deferred Amounts Related to Pensions	$ 1,060,318	$ 3,380,488

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ending December 31	
2018	$ (409,249)
2019	(409,250)
2020	(750,672)
2021	(777,266)
2022	(175,202)
Thereafter	-
Total	$ (2,521,639)

Fire Pension Fund -

A. Plan Description

Fire-sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Fire Pension Board consists of five members. Two are elected by active plan members. One is elected by the retired members and two are appointed by the City. At April 30, 2018, the Fire Pension Plan membership consisted of:

Active members	25
Retirees and beneficiaries	14
Inactive, Non-retired members	1
Total	40

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. The Fire Pension Plan now has a two Tier coverage. Tier 1 coverage is for Firefighters employed prior to January 1, 2011. Tier 2 coverage is for Firefighters employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of ½ the monthly salary attached to the rank held in the fire service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1st occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of ½ of the Consumer Price Index-Urban or 3% of the original pension.

Covered employees are required to contribute 9.455% of their base salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 2011, the City has until the year 2040 to fund the plan in an amount sufficient to bring the total assets of the fire pension fund up to 90% of the total actuarial liabilities. For the year ended April 30, 2018, the City's contribution was 42.50% of covered payroll.

A separate report on the fire pension fund may be obtained at the City Clerk's office in City Hall.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

C. Actuarial Assumptions

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-year smoothed market, no corridor for contribution determination
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 1.50% inflation allowance
Payroll Growth	3.50% per year
Investment Rate of Return	6.75% per year

Retirement Age

Age	Rate of Retirement	Age	Rate of Retirement
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

Mortality

Active Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

D. Long-term Expected Rate of Return

Every year Marion Fire Pension's investment advisor develops 10 year capital market assumptions. The capital market assumptions on plan investments reflect market-implied equilibrium returns combined with Marion Fire's investment advisor's subjective views using a technique known as the Black-Litterman method. These returns are then used in robust stochastic analysis to produce the 10 year expected median nominal rate of return for each asset class in which the Pension is invested. This creates rolling 10 year expected returns that can fluctuate as expected market conditions change. Marion Fire's target allocations are then combined with the average expected return for each asset class to calculate a long-term expected annual return of the Pension.

Asset Class	Target Allocation	Long-Term Expected Rate of Return (10-Year Annualized)
US Large Cap Equity	14%	6.75%
US Mid Cap Equity	12%	7.60%
US Small Cap Equity	8%	7.95%
International Developed Equity	11%	8.25%
International Small Cap Equity	5%	8.25%
Emerging Markets Equity	5%	10.00%
Real Estate Investment Trusts	5%	7.50%
Global Infrastructure Equity	5%	6.75%
Fixed Income (Investment Grade Only)	35%	3.55%
Total	**100%**	

E. Single Discount Rate

A Single Discount Rate of 6.75% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.89%, and the resulting single discount rate is 6.75%.

F. Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2017	$ 15,628,463	$ 10,324,650	$ 5,303,813
Changes for the year:			
Service Cost	$ 373,215	$ -	$ 373,215
Interest on the Total Pension Liability	1,038,539	-	1,038,539
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(458,631)	-	(458,631)
Changes of Assumptions	-	-	-
Contributions – Employer	-	656,121	(656,121)
Contributions – Employees	-	145,684	(145,684)
Net Investment Income	-	650,050	(650,050)
Benefit Payments, including Refunds of Employee Contributions	(529,531)	(529,531)	-
Other (Admin. Expenses)	-	(15,357)	15,357
Net Changes	$ 423,592	$ 906,967	$ (483,375)
Balances at April 30, 2018	$ 16,052,055	$ 11,231,617	$ 4,820,438

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 69.97%

G. Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (5.75%)	Current Discount (6.75%)	1% Higher (7.75%)
Net Pension Liability	$ 7,142,213	$ 4,820,438	$ 2,913,388

H. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of $658,422.63. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	$ -	$ 587,792
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	257,349	19,852
Total Deferred Amounts to be recognized in pension expense in future periods	$ 257,349	$ 607,644
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	$ 257,349	$ 607,644

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30	
2019	$ 54,247
2020	54,247
2021	(63,547)
2022	(56,929)
2023	(62,369)
Thereafter	(275,944)
Total	$(350,295)

Police Pension Fund -

A. Plan Description

Police-sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and the employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Police Pension Board consists of five members. Two are elected by active plan members. One is elected by the retired members and two are appointed by the City. At April 30, 2018, the Police Pension Plan membership consisted of:

Active members	34
Retirees and beneficiaries	22
Inactive, Non-retired members	3
Total	59

The Police Pension Plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan now has a two Tier coverage. Tier 1 coverage is for policemen employed prior to January 1, 2011. Tier 2 coverage is for policemen employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of ½ the monthly salary attached to the rank held in the police service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 8 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1st occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of ½ of the Consumer Price Index-Urban or 3% of the original pension.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. For the year ended April 30, 2018, the City's contribution was 48.19% of covered payroll.

A separate report on the police pension fund may be obtained at the City Clerk's office in City Hall.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

C. Actuarial Assumptions

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-year smoothed market, no corridor
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.0% inflation allowance
Payroll Growth	4.00% per year
Investment Rate of Return	6.75% per year

Retirement Age

Age	Rate of Retirement	Age	Rate of Retirement
50	.36	60	.22
51	.22	61	.30
52	.18	62	.39
53	.19	63	.48
54	.19	64	.57
55	.20	65	.65
56	.20	66	.74
57	.20	67	.83
58	.21	68	.91
59	.21	69	1.00

Mortality

Active Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

D. Long-term Expected Rate of Return

Every year Marion Police Pension's investment advisor develops 10 year capital market assumptions. The capital market assumptions on plan investments reflect market-implied equilibrium returns combined with Marion Police's investment advisor's subjective views using a technique known as the Black-Litterman method. These returns are then used in robust stochastic analysis to produce the 10 year expected median nominal rate of return for each asset class in which the Pension is invested. This creates rolling 10 year expected returns that can fluctuate as expected market conditions change. Marion Police's target allocations are then combined with the average expected return for each asset class to calculate a long-term expected annual return of the Pension.

Asset Class	**Target Allocation**	**Long-Term Expected Rate of Return (10-Year Annualized)**
US Large Cap Equity	14%	6.75%
US Mid Cap Equity	12%	7.60%
US Small Cap Equity	8%	7.95%
International Developed Equity	11%	8.25%
International Small Cap Equity	5%	8.25%
Emerging Markets Equity	5%	10.00%
Real Estate Investment Trusts	5%	7.50%
Global Infrastructure Equity	5%	6.75%
Fixed Income (Investment Grade Only)	35%	3.55%
Total	**100%**	

E. Single Discount Rate

A Single Discount Rate of 6.75% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.89%, and the resulting single discount rate is 6.75%.

F. Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2017	$ 20,412,260	$ 11,633,457	$ 8,778,803
Changes for the year:			
Service Cost	$ 541,348	$ -	$ 541,348
Interest on the Total Pension Liability	1,349,045	-	1,349,045
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(487,598)	-	(487,598)
Changes of Assumptions	-	-	-
Contributions – Employer	-	997,462	(997,462)
Contributions – Employees	-	202,395	(202,395)
Net Investment Income	-	838,002	(838,002)
Benefit Payments, including Refunds of Employee Contributions	(930,348)	(930,348)	-
Other (Admin. Expenses)	-	(25,250)	25,250
Net Changes	$ 472,447	$ 1,082,261	$ (609,814)
Balances at April 30, 2018	$ 20,884,707	$ 12,715,718	$ 8,168,989

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 60.89%

G. Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (5.75%)	Current Discount (6.75%)	1% Higher (7.75%)
Net Pension Liability	$ 11,123,744	$ 8,168,989	$ 5,759,386

H. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of $925,007.49. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	$ 173,454	$ 671,355
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	200,563	247,055
Total Deferred Amounts to be recognized in pension expense in future periods	$ 374,017	$ 918,410
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	$ 374,017	$ 918,410

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30	
2019	$ (25,078)
2020	(25,078)
2021	(125,359)
2022	(62,966)
2023	(47,998)
Thereafter	(257,914)
Total	$(544,392)

Note 9. Deferred Compensation Plan

Employees of the City of Marion may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the City. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the City, are held in trust for the exclusive benefit of participants and their beneficiaries. The City holds no investment responsibility or liability for losses under the plan.

Note 10. Other Post Employment Benefits

Plan Description

In addition to providing pension benefits described in Note 8, the City of Marion provides the continuation of health care benefits to employees, who retire from the City. Employees who terminate after reaching retirement eligibility in the plan are eligible to elect to continue their health care coverage by paying the monthly premium rate. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the City and is the basis for the OPEB obligation accounted for under GASB 45. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended through its personnel manual and union contracts.

Benefits Provided

The City provides continued medical and prescription drug coverage at subsidized rates to all eligible employees, which creates an explicit subsidy of retiree medical and prescription drug coverage. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the City plan at a Medicare Supplement rate which is also subsidized.

Membership

The City's Retiree Healthcare Program includes five employee groups.

At April 1, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	73
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	156
Total	229
Participating employers	1

Annual OPEB COST

The Annual OPEB Cost has these three components:

1) The Annual Required Contribution Amount (sum of a, b, and c).

   a) Normal Cost - the portion of the Actuarial Present Value of benefits allocated to the valuation year according to the actuarial cost method.
   b) Amortization of the Unfunded Actuarial Accrued Liability - the amount to be amortized over thirty years, of the excess of the Actuarial Accrued Liability over the fair value of assets, both measured at the valuation date.
   c) Amortization of Gains or Losses – in subsequent years, of the unfunded actuarial accrued liability which may be amortized separately or as part of the annual amortization of the unfunded actuarial accrued liability.

2) The ARC Adjustment Amount, an amount which is added/subtracted from the ARC to adjust the annual cost for amounts already accrued and reflected in the beginning of year Net OPEB Obligation.

3) Interest for the year at the valuation discount rate on the beginning of year Net OPEB Obligation.

Net OPEB Obligation

The Net OPEB Obligation is accrued on the financial statement as the amount of accumulated OPEB costs which remain unfunded as of the reporting date. For the first reporting period, the OPEB Cost is the ARC and the year end Net OPEB liability is the OPEB Cost less employer contributions. Exhibits on the following pages illustrate.

Funding Policy

The City's retiree health plan is a single employer plan which operates on a pay as you go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

Components of Net OPEB Obligation and Expense

The following table shows the annual OPEB costs for the year, the amount contributed to the plan and changes in the net OPEB obligation. The *Net OPEB Obligation* is the amount entered as of year end as the net liability for the other post employment benefits.

Components of Net OPEB Obligation and Expense

		Amount as of 4/30/2018					
	Item	General Fund	Water	Sewer	Police	Fire	Total
a.	Annual Required Contribution	$ 457,599	$ 124,668	$ 179,409	$ 829,555	$ 405,041	$ 1,996,272
b.	Interest on net OPEB obligation	115,406	26,755	31,171	152,664	80,386	406,382
c.	Adjustment to ARC	(150,663)	(34,929)	(40,694)	(199,304)	(104,945)	(530,535)
d.	Annual OPEB cost (a+b+c)	$ 422,342	$ 116,494	$ 169,886	$ 782,915	$ 380,482	$ 1,872,119
e.	Contributions made	(233,395)	(88,145)	(109,088)	(319,466)	(178,891)	(928,985)
f.	Increase in net OPEB obligation	$ 188,947	$ 28,349	$ 60,798	$ 463,449	$ 201,591	$ 943,134
g.	Net OPEB obligation - beginning of year	2,564,574	594,562	692,684	3,392,533	1,786,358	9,030,711
h.	Net OPEB obligation - end of year (f+g)	$ 2,753,521	$ 622,911	$ 753,482	$ 3,855,982	$ 1,987,949	$ 9,973,845

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/18	$ 1,872,119	$ 928,985	49.6%	$ 9,973,845
4/30/17	1,886,170	864,172	45.8%	9,030,711
4/30/16	1,848,893	821,282	44.4%	8,008,713
4/30/15	1,863,055	760,447	40.8%	6,981,102

Funded Status and Funding Progress

As of April 30, 2018, the actuarial accrued liability for benefits was $26,568,815. The covered payroll was approximately $8,307,938, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 319.80%.

Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members

In the actuarial valuation for the fiscal year ended April 30, 2018, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced to an ultimate rate of 4.0% after eight years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

Schedule of Funded Status and Funding Progress

		General Fund	Water	Sewer	Police	Fire	Total
1.	Actuarial Accrued Liability (AAL)	$6,083,122	$1,783,410	$2,519,915	$11,067,498	$5,114,870	$26,568,815
2.	Actuarial Value of Assets	$ -	$ -	$ -	$ -	$ -	$ -
3.	Unfunded Actuarial Accrued Liability (UAAL)	$6,083,122	$1,783,410	$2,519,915	$11,067,498	$5,114,870	$26,568,815
4.	Funded Ratio (2) / (1)	- %	- %	- %	- %	- %	- %
5.	Covered Payroll (Active Plan Members)	$3,386,506	$ 493,896	$ 613,807	$ 2,406,400	$1,407,329	$ 8,307,938
6.	UAAL as a Percentage of Covered Payroll (3) / (5)	179.60%	361.10%	410.50%	459.90%	363.40%	319.80%

SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Assumptions

Actuarial Cost Method

The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is amortized as a level dollar amount over 30 years.

Discount (Interest) Rate: A 4.5% discount rate was used.

Salary Progression: 3.5% per year

Claim costs as of 4/30/18 are blended.

<u>Monthly Blended Group Premium Costs</u>

The following monthly costs for medical benefits were used for all plans:

For valuation calculations, blended rates are adjusted to reflect the individual participant age through actuarial rate factors.

Medical

Not eligible for Medicare: $686.13
Eligible for Medicare: $562.00

Dental

Monthly per member dental cost: $28.28

Vision

Monthly per member vision cost: $7.96

Mortality

Probabilities of death for participants were according to RP2000 Blue Collar table projected to 2018 using scale AA for Police. For all others the RP2000 table projected to 2018 using scale AA was used. No additional provision was included for mortality improvements beyond 2018.

Note 11. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

A. Nonspendable Fund Balance -
The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The City has the following nonspendable fund balance:

Throgmorton Endowment. During a prior year, the City received a special bequest in the amount of $1,000.00 from the Estate of Edna V. Throgmorton. This amount is to be kept intact and invested in interest bearing securities. The income derived is to be used for the upkeep of the Barnett and Throgmorton grave lots in the Rose Hill Cemetery.

B. Restricted Fund Balance
The restricted fund balance classification refers to amounts that are subject to outside restrictions. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has the following restricted fund balances:

Restricted for TIF development. This was created to restrict the use of all resources collected or earned by the Tax Increment Financing Funds for development of private and public projects in the TIF districts.

Restricted for donor expenditures. This was created to segregate a portion of fund equity for future expenditures defined by the donor.

Restricted for maintenance of roads. This was created by enabling legislation (state and local) to fund the maintenance and upkeep of City streets.

Restricted for public safety expenditures. This was created to restrict the use of 911 fees, DUI, drug enforcement fees, vehicle fund, and foreign fire insurance collected for police and fire department expenditures.

Restricted for debt service. This was created to segregate a portion of the fund equity account for debt service, including both principal payments and interest payments. The restriction was established to satisfy legal restrictions imposed by various bond agreements.

Restricted for tourism and recreation.
This was created to restrict the use of all resources collected from hotel and motel taxes for the promotion of tourism and recreation.

Restricted for cemetery.
This was created to restrict the use of funds set aside by the council for cemetery related expenditures.

C. Committed Fund Balance
The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action (resolution or ordinance) it employed to previously commit those amounts.

By council action, the City has committed to a cash reserve policy in the general fund that requires a minimum level equal to or greater than 25% of the general fund's current year budgeted expenditures.

D. Assigned Fund Balance
The assigned fund balance classification refers to amounts that are constrained by the City's management and/or commissioners to be used for a specific purpose, but are neither restricted nor committed. Assigned fund balance amounts are shown in the general fund.

E. Unassigned Fund Balance
The unassigned fund balance classification is the residual classification for amounts in the general fund for amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then assigned balances, next unassigned balances and finally act to reduce committed balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

	General Fund	Permanent Fund	Special Revenue Funds	Debt Service Funds	Total Governmental Funds
Fund Balances					
Nonspendable	$ -	$ 1,000.00	$ -	$ -	$ 1,000.00
Restricted for -					
Debt Service	-	-	-	1,652,219.10	1,652,219.10
Public Safety expenditures	82,426.52	-	74,801.37	-	157,227.89
Development	-	-	4,475,282.55	-	4,475,282.55
Donor expenditures	115,572.56	875.45	-	-	116,448.01
Maintenance of roadway	-	-	966,398.61	-	966,398.61
Cemetery	13,370.51	-	8,233.89	-	21,604.40
Tourism and recreation	-	-	369,893.30	-	369,893.30
Committed for -					
Cash reserve	5,317,947.31	-	-	-	5,317,947.31
Assigned					
	97.07	-	-	-	97.07
Unassigned	4,449,407.94	-	-	-	4,449,407.94
Total Fund Balances	$ 9,978,821.91	$ 1,875.45	$ 5,894,609.72	$ 1,652,219.10	$ 17,527,526.18

Note 12. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Individual fund interfund receivable and payable balances at April 30, 2018 arising from these transactions were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ -	$ 158,662.98
Gas Tax Fund	56,986.25	-
TIF Redevelopment Fund	-	6,359.50
Water Fund	-	4,588.77
Sewer Fund	-	3,208.61
Pavilion Fund	-	1,281.54
HUB Recreational Center	117,103.71	-
Road and Bridge Fund	154.49	-
Special Revenues Police Fund	-	143.05
Total	$ 174,244.45	$ 174,244.45

Interfund balances result from the timing difference between when payments are made or receipts received and when transfers are made to and from other funds.

Interfund balances are expected to be repaid within one year.

Schedule of operating transfers within the reporting entity:

Transfer out/from	Transfer in/to	Amount
General Fund Types -	General Fund Types -	
General Fund	Senior Citizens Council	$ 474,879.80
	Cultural and Civic Center	294,386.19
	Boyton Street	221,476.78
	Carnegie Library	800,092.86
	Debt Service -	
	Debt Service	2,381,319.50
	Special Revenue -	
	HUB Recreation Center	114,989.00
	Goddard Chapel	16,905.00
Special Revenue -	General Fund Types -	
Special Revenues - Police	General Fund	58,500.00
Business Revolving Fund	General Fund	1,602,165.44
Special Revenue -	Debt Service -	
HUB Recreation Center	Debt Service	936,192.00
TIF Redevelopment	Debt Service	1,111,793.89
	Proprietary –	
TIF Redevelopment	Sewer	198,024.00
Enterprise Fund Types -	General Fund Types -	
Water Dept.	General Fund	11,279.38
Sewer Dept.	General Fund	11,279.39
		$ 8,233,283.23

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13. Tax Abatements

As of April 30, 2018, the City provides tax rebates through two main programs. The tax rebates are in substance equivalent to tax abatements and thus disclosed under GASB pronouncement 77 – Tax Abatements. The two main programs are as follows:

1. Tax Increment Financing District Redevelopment Agreements
2. Economic Incentive Agreements

Tax Increment Financing District Redevelopment Agreements

This type of agreement is authorized by the Illinois Statute 65 ILCS 5/11-74.4 et. Seq., the "Tax Increment Allocation Redevelopment Act", the "TIF Act". The TIF Act allows developers to be reimbursed certain eligible projects costs for developments within the TIF District. The eligible costs are reimbursed to the developer through a combination of sales tax increment and real estate tax increment rebates or just real estate tax increment rebates. In all cases, the developer must first pay the tax and then request reimbursement of the tax pay along with proof of payment.

In general, the sales tax increment is based upon a % of the municipal sales tax generated. Usually when a developer moves from a non TIF area to a TIF area any sales tax reimbursement must be above a baseline amount. Any real estate rebate is a percentage of the real estate taxes generated above a baseline amount. The baseline amount in most cases is the amount of equal assessed valuation at the time the TIF district is created. The developer will receive rebates until the earlier of the eligible project costs are reimbursed or the TIF ends. Specific details such as eligibility, special provisions, percentage of rebate, type of rebate, commitments by Developers, etc. would be specific to each Redevelopment Agreement, but all the terms in the contracts are per an approved Redevelopment Agreement entered into pursuant to the TIF Act. The following is the amount of taxes rebated during the year ending April 30, 2018 by TIF District.

Tax Increment District	Amount of Sales Tax Rebated	Amount of Real Estate Tax Rebated
Marion TIF I	$ 190,430.00	$ 407,561.00
Marion TIF V	-	98,854.00
Marion TIF VI Crossing	8,231.00	19,771.00
Marion TIF VII Golf & Residential	-	225,299.00
Marion TIF VIII	-	109,695.00
Marion Heights I TIF	6,428.00	372,091.00
Marion Heights II TIF	210,533.00	308,916.00
Marion HUB TIF	-	119,017.00
Marion Hillview TIF	18,690.00	32,182.00
Total	$ 434,312.00	$ 1,693,386.00

The City is required to file an annual report on each TIF District with the Illinois State Comptroller. Those reports can be viewed on the Comptroller's website.

Economic Incentive Agreements

The City has also entered into Economic Incentive Agreements which are allowed under Illinois Statute 65 ILCS 5/8-11-20 et. Seq. These agreements allow for the rebate of a % of municipal sales tax generated by the developer for a specified period of time or sometimes until certain developer costs are reimbursed. As with the TIF agreements, all other details such as eligibility, special provisions, commitments by the developers, etc. are specified in each of the Economic Incentive Agreements.

Total Sales Tax Rebated $ 3,635.00

Note 14. Pledged Revenue

The City has pledged municipal sales tax and real estate taxes generated in connection with the Tax Increment Financing redevelopment agreements with developers.

Effective July 1, 2005 the City increased its home rule sales tax by one quarter of one percent. The City has entered into an agreement with the Southern Illinois Baseball Group, Inc. (Developer) to pay them one-half of the sales tax increase (one eighth of one percent). The City pays the Developer by the last day of the month its sales tax portion for the preceding month. The Developer cannot use the funds for any purpose other than to satisfy construction loan obligations. The City's obligation will continue until the earlier of (1) thirty years after the City's first payment or (2) the date that all construction loan obligations have been paid in full. As of April 30, 2018 the Developer's portion of the home rule sales tax increase amounted to $585,524.00.

Note 15. Contingent Liabilities

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended April 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Contingencies:

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Development

The City has various TIF districts for which they are contingently liable to developers as costs are incurred over a period of years. As eligible redevelopment costs are incurred, the City receives municipal sales tax and real estate taxes. The City in turn refunds a percentage of the tax increment to the developer based on the percentages specified in the various redevelopment agreements.

Note 16. Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the statement of net assets available for benefits.

Note 17. Commitments

In October of 2006, the City entered into an agreement with the Rend Lake Conservancy District to supply the City with a needed supply of treated water for domestic, commercial and industrial use. The agreement is in effect until December 31, 2046. The City may discontinue purchasing treated water from the District only if (a) the District has recouped its costs of providing water to the delivery point and the cost of the water storage reservoir or (b) the City reimburses the District for any remaining cost which has not been recouped by the District. Construction of the project was completed in July, 2010.

Note 18. Special Items

The Department of Commerce and Economic Opportunity (DCEO) informed the City that all Revolving Loan Programs throughout the state were being closed. In regard to the closeout, the City sent to DCEO the cash and loan receivable balances in the fund as of February 28, 2018 in the amount of $1,652,165.44. In exchange for the monies, DCEO will allow the monies to be sent back to the City if the City files for and is approved for a U.S. Department of Housing and Urban Development grant within a 2 year period. Since the City sent the cash value of the loans receivable to DCEO, the City is allowed to collect the remaining loans plus interest. See Note 20, Subsequent Events for approval of HUD grant.

A sale of error was declared on a large portion of the Illinois Centre Mall Special Service Area. The City was required to pay back two years of property taxes in the amount of $603,044.58.

Note 19. Prior Period Adjustment

The following prior period adjustments were recorded:

1.	Common stock held by the old City hospital never recorded by the City	$ 126,692.28
2.	Record liability for Civic Center ticket sales which were received by year end but not paid to promoter	(62,529.00)
		$ 64,163.28

Note 20. Subsequent Events

The City after year end was notified by the Department of Commerce and Economic Opportunity that the City was awarded a federal pass through grant by HUD in the amount of $1,632,150.00 for the construction of the Halfway Road extension.

Required Supplemental Information

City of Marion, Illinois
General Fund Types
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (with Variances)
For the year ended April 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	$ 2,400,000.00	$ 1,657,800.00	$ 1,634,439.77	$ (23,360.23)
Sales tax	14,815,000.00	14,815,000.00	14,718,392.08	(96,607.92)
Licenses and permits	164,680.00	164,680.00	177,894.64	13,214.64
Intergovernmental	1,757,700.00	1,757,700.00	1,842,263.86	84,563.86
Other taxes and franchise fees	1,745,800.00	1,745,800.00	2,027,303.49	281,503.49
Service charges and fees	544,200.00	517,380.00	596,143.55	78,763.55
Investment income	72,650.00	72,650.00	90,314.43	17,664.43
Grant revenue	314,900.00	343,600.00	382,591.26	38,991.26
Restricted donations	54,200.00	54,200.00	3,362.50	(50,837.50)
Miscellaneous	95,840.00	212,810.00	352,187.09	139,377.09
Total Revenues	$ 21,964,970.00	$ 21,341,620.00	$ 21,824,892.67	$ 483,272.67
Expenditures				
General government	$ 3,017,590.00	$ 3,280,470.00	$ 3,218,204.68	$ (62,265.32)
Public health and safety	10,702,030.00	10,174,400.00	10,132,082.59	(42,317.41)
Streets, alleys and cemeteries	3,264,000.00	3,198,200.00	3,091,790.54	(106,409.46)
Cultural and recreation	1,527,540.00	1,521,410.00	1,543,404.73	21,994.73
Development	607,200.00	607,200.00	589,306.00	(17,894.00)
Debt service	435,490.00	435,490.00	426,790.22	(8,699.78)
Capital outlay	737,210.00	747,230.00	760,974.47	13,744.47
Total Expenditures	$ 20,291,060.00	$ 19,964,400.00	$ 19,762,553.23	$ (201,846.77)
Excess (Deficiency) of Revenues Over Expenditures			$ 2,062,339.44	
Other Financing Sources (Uses)				
Proceeds from long-term debt			$ 267,832.56	
Transfers in (out)			(830,096.90)	
Special item			(1,652,165.44)	
Total Other Financing Sources (Uses)			$ (2,214,429.78)	
Net Change in Fund Balances			$ (152,090.34)	

City of Marion, Illinois
TIF Redevelopment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (with Variances)
For the year ended April 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	$ 5,840,400.00	$ 5,881,030.00	$ 5,977,889.36	$ 96,859.36
Grant revenue	640,000.00	-	-	-
Investment income	8,200.00	8,200.00	55,180.02	46,980.02
Total Revenues	$ 6,488,600.00	$ 5,889,230.00	$ 6,033,069.38	$ 143,839.38
Expenditures				
Development	$ 1,750,000.00	$ 2,388,290.00	$ 2,537,615.82	$ 149,325.82
Streets, alleys and cemeteries	-	49,720.00	108,777.00	59,057.00
Debt service	708,190.00	708,190.00	708,181.80	(8.20)
Capital outlay	4,040,360.00	3,238,630.00	2,912,456.83	(326,173.17)
Total Expenditures	$ 6,498,550.00	$ 6,384,830.00	$ 6,267,031.45	$ (117,798.55)
Excess (Deficiency) of Revenues Over Expenditures			$ (233,962.07)	
Other Financing Sources (Uses)				
Transfers in (out)			$ (1,111,793.89)	
Total Other Financing Sources (Uses)			$ (1,111,793.89)	
Net Change in Fund Balances			$ (1,345,755.96)	

City of Marion, Illinois
Notes to Required Supplemental Information
April 30, 2018

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Adjustment to budget basis from GAAP basis is due to timing differences. Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: salaries and benefits, services and charges, supplies, capital outlay, debt service. For each fund, total fund expenditures may not legally exceed the budgeted amounts. All unexpended budgets lapse at the end of each fiscal year.

The fund financial statements in this report are prepared on the modified accrual basis. The budget ordinance is prepared using the cash basis of accounting. The following schedule reconciles the difference between the legally enacted budget and General and TIF fund expenditures:

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Over (Under)
Expenditures					
General					
General Government	$ 3,116,284.07	$ 101,920.61	$ 3,218,204.68	$ 3,280,470.00	$ (62,265.32)
Public health and safety	10,201,198.65	(69,116.06)	10,132,082.59	10,174,400.00	(42,317.41)
Streets, alleys and cemeteries	3,170,597.87	(78,807.33)	3,091,790.54	3,198,200.00	(106,409.46)
Cultural and recreation	1,550,882.51	(7,477.78)	1,543,404.73	1,521,410.00	21,994.73
Development	589,159.00	147.00	589,306.00	607,200.00	(17,894.00)
Debt service	426,790.22	-	426,790.22	435,490.00	(8,699.78)
Capital outlay	923,208.29	(162,233.82)	760,974.47	747,230.00	13,744.47
Total Expenditures	$19,978,120.61	$ (215,567.38)	$19,762,553.23	$ 19,964,400.00	$ (201,846.77)
TIF Redevelopment					
Streets, alleys and cemeteries	$ 120,863.70	$ (12,086.70)	$ 108,777.00	$ 49,720.00	$ 59,057.00
Debt service	708,181.80	-	708,181.80	708,190.00	(8.20)
Development	2,402,867.82	134,748.00	2,537,615.82	2,388,290.00	149,325.82
Capital outlay	3,228,012.11	(315,555.28)	2,912,456.83	3,238,630.00	(326,173.17)
Total Expenditures	$ 6,459,925.43	$ (192,893.98)	$ 6,267,031.45	$ 6,384,830.00	$ (117,798.55)

The City operated within the legal confines of the budget ordinance prepared on the cash basis of accounting.

City of Marion, Illinois
Multi-Year Schedule of Changes in the Net Pension Liability and Related Ratios
Police Pension Plan
Last Ten Fiscal Years

Fiscal Year Ended April 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 541,348	$ 515,566	$ 489,508	$ 480,209
Interest on the total pension liability	1,349,045	1,306,976	1,235,401	1,074,041
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(487,598)	(279,109)	238,173	(850,327)
Changes of assumptions	-	-	-	2,526,327
Benefit payments	(930,348)	(911,588)	(895,194)	(792,811)
Net change in total pension liability	$ 472,447	$ 631,845	$ 1,067,888	$ 2,437,439
Total pension liability – Beginning	20,412,260	19,780,415	18,712,527	16,275,088
Total pension liability – Ending (A)	$ 20,884,707	$ 20,412,260	$ 19,780,415	$ 18,712,527
Plan Fiduciary Net Position				
Member contributions	$ 202,395	$ 200,549	$ 180,337	$ 178,949
Employer contributions	997,462	850,449	722,600	662,900
Net investment income	838,002	996,676	173,455	738,694
Benefit payments	(930,348)	(911,588)	(895,194)	(792,811)
Other (Net Transfer)	(25,250)	(22,663)	(11,262)	(10,054)
Net change in plan fiduciary net position	$ 1,082,261	$ 1,113,423	$ 169,936	$ 777,678
Plan fiduciary net position – Beginning	11,633,457	10,520,034	10,350,098	9,572,420
Plan fiduciary net position – Ending (B)	$ 12,715,718	$ 11,633,457	$ 10,520,034	$ 10,350,098
Net Pension Liability/(Asset) Ending (A) – (B)	$ 8,168,989	$ 8,778,803	$ 9,260,381	$ 8,362,429
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.89%	56.99%	53.18%	55.31%
Covered Valuation Payroll	$ 2,069,936	$ 1,970,828	$ 1,866,868	$ 1,824,825
Net Pension Liability as a Percentage of Covered Valuation Payroll	394.65%	445.44%	496.04%	458.26%

Additional years will be added to the schedule annually until 10 years of data is presented.

City of Marion, Illinois
Multi-Year Schedule of Changes in the Net Pension Liability and Related Ratios
Fire Pension Plan
Last Ten Fiscal Years

Fiscal Year Ended April 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 373,215	$ 365,360	$ 356,987	$ 347,912
Interest on the total pension liability	1,038,539	994,434	943,345	844,096
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(458,631)	(182,202)	(31,022)	(101,072)
Changes of assumptions	-	-	-	870,309
Benefit payments	(529,531)	(519,657)	(506,344)	(477,797)
Net change in total pension liability	$ 423,592	$ 657,935	$ 762,966	$ 1,483,448
Total pension liability – Beginning	15,628,463	14,970,528	14,207,562	12,724,114
Total pension liability – Ending (A)	$ 16,052,055	$ 15,628,463	$ 14,970,528	$ 14,207,562
Plan Fiduciary Net Position				
Member contributions	$ 145,684	$ 142,499	$ 139,192	$ 133,500
Employer contributions	656,121	550,277	493,200	425,800
Net investment income	650,050	653,365	19,892	512,933
Benefit payments	(529,531)	(519,657)	(506,344)	(477,797)
Other (Net Transfer)	(15,357)	(14,789)	(15,338)	(22,225)
Net change in plan fiduciary net position	$ 906,967	$ 811,695	$ 130,602	$ 572,211
Plan fiduciary net position – Beginning	10,324,650	9,512,955	9,382,353	8,810,142
Plan fiduciary net position – Ending (B)	$ 11,231,617	$ 10,324,650	$ 9,512,955	$ 9,382,353
Net Pension Liability/(Asset) Ending (A) – (B)	$ 4,820,438	$ 5,303,813	$ 5,457,573	$ 4,825,209
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.97%	66.06%	63.54%	66.04%
Covered Valuation Payroll	$ 1,543,819	$ 1,511,781	$ 1,475,356	$ 1,431,067
Net Pension Liability as a Percentage of Covered Valuation Payroll	312.24%	350.83%	369.92%	337.18%

Additional years will be added to the schedule annually until 10 years of data is presented.

City of Marion, Illinois
Multi-Year Schedule of Changes in the Net Pension Liability
And Related Ratios
Illinois Municipal Retirement Plan
Last Ten Fiscal Years

Calendar Year Ended December 31,	2017	2016	2015
Total Pension Liability			
Service cost	$ 611,219	$ 591,756	$ 556,314
Interest on the total pension liability	1,982,884	1,919,498	1,813,559
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(618,757)	(327,102)	372,714
Changes of assumptions	(837,535)	(31,862)	-
Benefit payments, including refunds	(1,350,847)	(1,351,237)	(1,340,561)
Net Change in Total Pension Liability	$ (213,036)	$ 801,053	$ 1,402,026
Total Pension Liability – Beginning	26,808,271	26,007,218	24,605,192
Total Pension Liability – Ending (A)	$ 26,595,235	$ 26,808,271	$ 26,007,218
Plan Fiduciary Net Position			
Contributions - Employer	$ 651,087	$ 621,827	$ 618,207
Contributions - Employees	274,662	258,102	253,187
Net investment income	4,125,252	1,554,011	112,070
Benefit payments, including refunds	(1,350,847)	(1,351,237)	(1,340,561)
Other (Net Transfer)	(1,129,183)	(157,298)	33,620
Net Change in Plan Fiduciary Net Position	$ 2,570,971	$ 925,405	$ (323,477)
Plan Fiduciary Net Position – Beginning	23,250,561	22,325,156	22,648,633
Plan Fiduciary Net Position – Ending (B)	$ 25,821,532	$ 23,250,561	$ 22,325,156
Net Pension Liability – Ending (A) – (B)	$ 773,703	$ 3,557,710	$ 3,682,062
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.09%	86.73%	85.84%
Covered Valuation Payroll	$ 6,103,020	$ 5,699,612	$ 5,592,090
Net Pension Liability as a Percentage of Covered Valuation Payroll	12.68%	62.42%	65.84%

Additional years will be added to the schedule annually until 10 years of data is presented.

ATLAS CPAs & Advisors LLC

City of Marion, Illinois
Multi-Year Schedule of Changes in the Net Pension Liability And Related Ratios
Illinois Municipal Retirement Plan
Last Ten Fiscal Years

Calendar Year Ended December 31,	2017	2016	2015
Total Pension Liability			
Service cost	$ 611,219	$ 591,756	$ 556,314
Interest on the total pension liability	1,982,884	1,919,498	1,813,559
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(618,757)	(327,102)	372,714
Changes of assumptions	(837,535)	(31,862)	-
Benefit payments, including refunds	(1,350,847)	(1,351,237)	(1,340,561)
Net Change in Total Pension Liability	$ (213,036)	$ 801,053	$ 1,402,026
Total Pension Liability – Beginning	26,808,271	26,007,218	24,605,192
Total Pension Liability – Ending (A)	$ 26,595,235	$ 26,808,271	$ 26,007,218
Plan Fiduciary Net Position			
Contributions - Employer	$ 651,087	$ 621,827	$ 618,207
Contributions - Employees	274,662	258,102	253,187
Net investment income	4,125,252	1,554,011	112,070
Benefit payments, including refunds	(1,350,847)	(1,351,237)	(1,340,561)
Other (Net Transfer)	(1,129,183)	(157,298)	33,620
Net Change in Plan Fiduciary Net Position	$ 2,570,971	$ 925,405	$ (323,477)
Plan Fiduciary Net Position – Beginning	23,250,561	22,325,156	22,648,633
Plan Fiduciary Net Position – Ending (B)	$ 25,821,532	$ 23,250,561	$ 22,325,156
Net Pension Liability – Ending (A) – (B)	$ 773,703	$ 3,557,710	$ 3,682,062
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.09%	86.73%	85.84%
Covered Valuation Payroll	$ 6,103,020	$ 5,699,612	$ 5,592,090
Net Pension Liability as a Percentage of Covered Valuation Payroll	12.68%	62.42%	65.84%

Additional years will be added to the schedule annually until 10 years of data is presented.

City of Marion, Illinois
Multi-Year Schedule of Contributions – Last 10 Fiscal Years

Police Pension Plan

FY Ending April 30	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Actual Contribution as a Percentage of Covered-Employee Payroll
2018	$ 1,101,703	$ 997,462	$ 104,241	$2,069,936	48.19%
2017	1,033,259	850,449	182,810	1,970,828	43.15%
2016	722,504	722,600	(96)	1,866,868	38.71%
2015	662,898	662,900	(2)	1,824,825	36.33%
2014	590,755	592,000	(1,245)	1,737,719	34.07%
2013	558,869	569,900	(11,031)	1,534,666	37.14%
2012	624,046	569,900	54,146	1,529,445	37.26%
2011	540,556	542,800	(2,244)	1,533,262	35.40%
2010	535,483	535,500	(17)	1,426,356	37.54%

Note: Beginning in the year ending 2017 the Actuarially Determined Contribution computation was revised to provide a 100% funding target rather than the former 90%.

Fire Pension Plan

FY Ending April 30	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Actual Contribution as a Percentage of Covered-Employee Payroll
2018	$ 656,860	$ 656,121	$ 739	$1,543,819	42.50%
2017	622,389	550,277	72,112	1,511,781	36.40%
2016	423,633	493,200	(69,567)	1,475,356	33.43%
2015	425,798	425,800	(2)	1,431,067	29.75%
2014	402,828	421,500	(18,672)	1,396,133	30.19%
2013	382,560	387,400	(4,840)	1,340,601	28.90%
2012	411,634	384,670	26,964	1,440,119	26.71%
2011	364,501	366,400	(1,899)	1,208,139	30.33%
2010	350,714	355,300	(4,586)	1,192,042	29.81%

Note: Beginning in the year ending 2017 the Actuarially Determined Contribution computation was revised to provide a 100% funding target rather than the former 90%.

IMRF

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	$ 635,324	$ 651,087	$ (15,763)	$6,103,020	10.67%
2016	621,828	621,827	1	5,699,612	10.91%
2015	610,097	618,207	(8,110)	5,592,090	11.06%
2014	585,535	594,889	(9,354)	5,131,769	29.75%

Additional years will be added to each schedule annually until ten years of data is presented.

City of Marion, Illinois
Schedule of Annual Money Rate of Return, Net of Investment Expense

	2015	2016	2017	2018
Police Pension Plan	7.53%	1.88%	9.30%	7.05%
Fire Pension Plan	6.05%	2.50%	6.75%	6.18%

City of Marion, Illinois
Schedule of Funding Progress and Employer Contributions – OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Covered Payroll
4/30/18	$ 0	$ 26,568,815	$ 26,568,815	0%	$ 8,307,938	319.80%
4/30/17	$ 0	$ 25,835,173	$ 25,835,173	0%	$ 8,026,992	321.85%
4/30/16	$ 0	$ 23,159,797	$ 23,159,797	0%	$ 7,486,448	309.36%
4/30/15	$ 0	$ 22,300,775	$ 22,300,775	0%	$ 7,233,283	308.31%

Full valuations are done on odd number years. A supplemental valuation is done on even number years.

Other Supplemental Information

City of Marion, Illinois
Non-Major Governmental Funds
Combining Balance Sheet
April 30, 2018

	Permanent Fund	Special Revenue Funds	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ 1,385,244.26	$ 1,385,244.26
Restricted cash and cash equivalents	1,875.45	153,254.87	155,130.32
Property taxes receivable	-	133,346.02	133,346.02
Other taxes receivable	-	102,735.52	102,735.52
Due from other governments	-	41,717.56	41,717.56
Due from other funds	-	172,819.86	172,819.86
Total Assets	$ 1,875.45	$ 1,989,118.09	$ 1,990,993.54
Liabilities, Deferred Inflow of Resources and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 80,393.91	$ 80,393.91
Accrued payroll	-	65,260.04	65,260.04
Accrued vacation payable	-	19,141.67	19,141.67
Other liabilities	-	131,652.71	131,652.71
Total Liabilities	$ -	$ 296,448.33	$ 296,448.33
Deferred Inflow of Resources			
Unavailable revenue	$ -	$ 273,342.59	$ 273,342.59
Fund Balances			
Nonspendable	$ 1,000.00	$ -	$ 1,000.00
Restricted	875.45	1,419,327.17	1,420,202.62
Total Fund Balances	$ 1,875.45	$ 1,419,327.17	$ 1,421,202.62
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 1,875.45	$ 1,989,118.09	$ 1,990,993.54

City of Marion, Illinois
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	Permanent Fund	Special Revenue Funds	Total Non-Major Governmental Funds
Revenues			
Property taxes	$ -	$ 266,048.23	$ 266,048.23
Intergovernmental	-	452,449.07	452,449.07
Service charges and fees	-	2,284,189.24	2,284,189.24
Other taxes and franchise fees	-	1,855,266.83	1,855,266.83
Investment income	21.53	12,359.40	12,380.93
Miscellaneous	-	63,177.41	63,177.41
Total Revenues	$ 21.53	$ 4,933,490.18	$ 4,933,511.71
Expenditures			
Public health and safety	$ -	$ 88,469.95	$ 88,469.95
Streets, alleys and cemeteries	-	686,394.92	686,394.92
Culture and recreation	-	2,611,440.44	2,611,440.44
Capital outlay	-	738,800.88	738,800.88
Development	-	7,420.47	7,420.47
Debt service	-	475,420.66	475,420.66
Total Expenditures	$ -	$ 4,607,947.32	$ 4,607,947.32
Excess (Deficiency) of Revenues Over Expenditures	$ 21.53	$ 325,542.86	$ 325,564.39
Other Financing Sources (Uses)			
Transfers in (out)	$ -	$ (2,464,963.44)	$ (2,464,963.44)
Total Other Financing Sources (Uses)	$ -	$ (2,464,963.44)	$ (2,464,963.44)
Net Change in Fund Balances	$ 21.53	$ (2,139,420.58)	$ (2,139,399.05)
Fund Balances - Beginning of Year	1,853.92	3,558,747.75	3,560,601.67
Fund Balances - End of Year	$ 1,875.45	$ 1,419,327.17	$ 1,421,202.62

City of Marion, Illinois
Non-Major Special Revenue Funds
Combining Balance Sheet
April 30, 2018

	Pavilion Fund	Goddard Chapel Restoration	HUB Recreation Center Fund	Road and Bridge Fund	Motor Fuel Tax Fund	Gas Tax Fund	Business Improvement Fund	Foreign Fire Insurance Fund	Special Revenues Police Fund	Total - Special Revenue Funds
Assets										
Cash and cash equivalents	$ 139,584.57	$ 8,288.89	$ 346,462.10	$ 228,616.99	$ 289,626.80	$ 295,607.74	$ -	$ 22,536.99	$ 54,520.18	$ 1,385,244.26
Restricted cash and cash equivalents	25,042.81	-	110,381.11	-	-	-	-	-	17,830.95	153,254.87
Property taxes receivable	-	-	-	133,346.02	-	-	-	-	-	133,346.02
Other taxes receivable	43,609.16	-	-	-	-	59,126.36	-	-	-	102,735.52
Due from other funds	(1,281.54)	-	117,103.71	154.49	-	56,986.25	-	-	(143.05)	172,819.86
Due from other governments	-	-	-	-	39,359.36	-	-	-	2,358.20	41,717.56
Total Assets	$ 206,955.00	$ 8,288.89	$ 573,946.92	$ 362,117.50	$ 328,986.16	$ 411,720.35	$ -	$ 22,536.99	$ 74,566.28	$ 1,989,118.09
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	$ 10,123.98	$ 55.00	$ 62,657.55	$ 1,181.98	$ 1,897.40	$ -	$ -	$ 850.00	$ 3,628.00	$ 80,393.91
Accrued payroll	7,180.02	-	58,080.02	-	-	-	-	-	-	65,260.04
Accrued vacation payable	4,786.00	-	14,355.67	-	-	-	-	-	-	19,141.67
Other liabilities	-	-	113,828.81	-	-	-	-	-	17,823.90	131,652.71
Total Liabilities	$ 22,090.00	$ 55.00	$ 248,922.05	$ 1,181.98	$ 1,897.40	$ -	$ -	$ 850.00	$ 21,451.90	$ 296,448.33
Deferred Inflows of Resources										
Unavailable revenue	$ -	$ -	$ 139,996.57	$ 133,346.02	$ -	$ -	$ -	$ -	$ -	$ 273,342.59
Fund Balances										
Restricted for tourism and recreation	$ 184,865.00	$ -	$ 185,028.30	$ -	$ -	$ -	$ -	$ -	$ -	$ 369,893.30
Restricted for maintenance of roadways	-	-	-	227,589.50	327,088.76	411,720.35	-	-	-	966,398.61
Restricted for cemetery		8,233.89		-	-	-	-	-	-	8,233.89
Restricted for public safety expenditures	-	-	-	-	-	-	-	21,686.99	53,114.38	74,801.37
Total Fund Balances	$ 184,865.00	$ 8,233.89	$ 185,028.30	$ 227,589.50	$ 327,088.76	$ 411,720.35	$ -	$ 21,686.99	$ 53,114.38	$ 1,419,327.17
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 206,955.00	$ 8,288.89	$ 573,946.92	$ 362,117.50	$ 328,986.16	$ 411,720.35	$ -	$ 22,536.99	$ 74,566.28	$ 1,989,118.09

City of Marion, Illinois
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	Pavilion Fund	Goddard Chapel Restoration	HUB Recreation Center Fund	Road and Bridge Fund	Motor Fuel Tax Fund	Gas Tax Fund	Business Improvement Fund	Foreign Fire Insurance Fund	Special Revenues Police Fund	Total - Special Revenue Funds
Revenues										
Property taxes	$ -	$ -	$ 139,226.32	$ 126,821.91	$ -	$ -	$ -	$ -	$ -	$ 266,048.23
Intergovernmental	-	-	-	-	452,449.07	-	-	-	-	452,449.07
Service charges and fees	151,514.22	4,840.00	2,049,255.19	-	-	-	33,207.67	-	45,372.16	2,284,189.24
Other taxes and franchise fees	376,366.94	-	721,722.01	477.86	-	641,095.71	-	49,604.31	66,000.00	1,855,266.83
Investment income	970.48	8.16	2,934.68	1,517.15	2,870.66	1,292.17	2,423.60	-	342.50	12,359.40
Miscellaneous	1,100.41	43,775.00	777.00	-	17,500.00	-	-	-	25.00	63,177.41
Total Revenues	$ 529,952.05	$ 48,623.16	$ 2,913,915.20	$ 128,816.92	$ 472,819.73	$ 642,387.88	$ 35,631.27	$ 49,604.31	$ 111,739.66	$ 4,933,490.18
Expenditures										
Public health and safety	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 47,231.66	$ 41,238.29	$ 88,469.95
Streets, alleys and cemeteries	-	2,232.99	-	35,102.92	385,529.42	263,529.59	-	-	-	686,394.92
Culture and recreation	380,480.84	-	2,230,959.60	-	-	-	-	-	-	2,611,440.44
Capital outlay	-	60,572.50	6,836.50	50,024.66	619,367.22	-	-	-	-	738,800.68
Development	-	-	-	-	-	-	7,420.47	-	-	7,420.47
Debt service	230,499.12	-	39,301.10	-	-	205,620.44	-	-	-	475,420.66
Total Expenditures	$ 610,979.96	$ 62,805.49	$ 2,279,097.20	$ 85,127.58	$ 1,004,896.64	$ 469,150.03	$ 7,420.47	$ 47,231.66	$ 41,238.29	$ 4,607,947.32
Excess (Deficiency) of Revenues Over Expenditures	$ (81,027.91)	$ (14,182.33)	$ 634,818.00	$ 43,689.34	$ (532,076.91)	$ 173,237.85	$ 28,210.80	$ 2,372.65	$ 70,501.37	$ 325,542.86
Other Financing Sources (Uses)										
Transfers in (out)	$ -	$ 16,905.00	$ (821,203.00)	$ -	$ -	$ -	$ (1,602,165.44)	$ -	$ (58,500.00)	$ (2,464,963.44)
Total Other Financing Sources (Uses)	$ -	$ 16,905.00	$ (821,203.00)	$ -	$ -	$ -	$ (1,602,165.44)	$ -	$ (58,500.00)	$ (2,464,963.44)
Net Change in Fund Balances	$ (81,027.91)	$ 2,722.67	$ (186,385.00)	$ 43,689.34	$ (532,076.91)	$ 173,237.85	$ (1,573,954.64)	$ 2,372.65	$ 12,001.37	$ (2,139,420.58)
Fund Balances - Beginning of Year	265,892.91	5,511.22	371,413.30	183,900.16	859,165.67	238,482.50	1,573,954.64	19,314.34	41,113.01	3,558,747.75
Fund Balances - End of Year	$ 184,865.00	$ 8,233.89	$ 185,028.30	$ 227,589.50	$ 327,088.76	$ 411,720.35	$ -	$ 21,686.99	$ 53,114.38	$ 1,419,327.17

City of Marion, Illinois
General Fund Types
Combining Balance Sheet
April 30, 2018

	General	Cultural and Civic Center	Senior Citizens Council	Boyton Street Community Center	Carnegie Library	Total - General Fund Types
Assets						
Cash and cash equivalents	$ 2,128,809.14	$ 107,332.35	$ 41,172.38	$ 3,173.15	$ 1,261.21	$ 2,281,748.23
Restricted cash and cash equivalents	95,797.03	-	-	1,294.74	2,689.86	99,781.63
Investments	3,368,693.24	2,055.85	-	-	51,012.20	3,421,761.29
Restricted investments	-	-	10,125.76	-	55,050.34	65,176.10
Property taxes receivable	1,831,119.48	-	-	-	-	1,831,119.48
Sales taxes receivable	3,596,940.91	-	-	-	-	3,596,940.91
Other taxes receivable	312,685.46	16,129.42	-	-	-	328,814.88
Accrued interest receivable	15,505.01	-	18.58	-	-	15,523.59
Grant receivable	15,850.39	-	-	-	-	15,850.39
Loans receivable	933,599.33	-	-	-	-	933,599.33
Due from other governments	350,309.20	-	-	2,576.15	13,349.33	366,234.68
Accounts receivable	139,452.53	-	-	-	-	139,452.53
Total Assets	$ 12,788,761.72	$ 125,517.62	$ 51,316.72	$ 7,044.04	$ 123,362.94	$ 13,096,003.04
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	$ 252,648.00	$ 48,363.58	$ 9,262.60	$ 3,676.59	$ 7,804.53	$ 321,755.30
Due to other funds	158,670.95	(7.97)	-	-	-	158,662.98
Other payables	49,080.63	-	-	-	-	49,080.63
Accrued payroll	332,987.39	11,243.11	12,302.78	7,487.75	20,445.31	384,466.34
Accrued vacation payable	370,386.39	7,970.80	17,128.87	8,553.42	15,603.75	419,643.23
Accrued payroll related expenses	34,556.74	-	-	-	-	34,556.74
Total Liabilities	$ 1,198,330.10	$ 67,569.52	$ 38,694.25	$ 19,717.76	$ 43,853.59	$ 1,368,165.22
Deferred Inflow of Resources						
Unavailable revenue	$ 1,691,122.91	$ 57,893.00	$ -	$ -	$ -	$ 1,749,015.91
Fund Balances						
Restricted for public safety expenditures	$ 82,426.52	$ -	$ -	$ -	$ -	$ 82,426.52
Restricted for cemetery	13,370.51	-	-	-	-	13,370.51
Restricted for donor expenditures	-	45,000.00	10,144.34	1,294.74	59,133.48	115,572.56
Assigned	-	97.07	-	-	-	97.07
Committed	5,317,947.31	-	-	-	-	5,317,947.31
Unassigned	4,485,564.37	(45,041.97)	2,478.13	(13,968.46)	20,375.87	4,449,407.94
Total Fund Balances	$ 9,899,308.71	$ 55.10	$ 12,622.47	$ (12,673.72)	$ 79,509.35	$ 9,978,821.91
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 12,788,761.72	$ 125,517.62	$ 51,316.72	$ 7,044.04	$ 123,362.94	$ 13,096,003.04

City of Marion, Illinois
General Fund Types
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	General	Cultural and Civic Center	Senior Citizens Council	Boyton Street Community Center	Carnegie Library	Total - General Fund Types
Revenues						
Property tax	$ 1,634,439.77	$ -	$ -	$ -	$ -	$ 1,634,439.77
Sales tax	15,061,271.59	-	-	-	-	15,061,271.59
Grant revenue	465,559.96	-	5,792.00	29,385.05	14,894.33	515,631.34
Licenses and permits	177,894.64	-	-	-	-	177,894.64
Intergovernmental revenues	1,588,864.77	-	-	-	-	1,588,864.77
Service charges and fees	283,697.90	241,456.61	54,618.01	230.00	25,331.81	605,334.33
Other taxes and franchise fees	1,988,863.82	183,553.39	-	-	-	2,172,417.21
Investment income	52,126.74	285.64	105.06	-	885.59	53,403.03
Miscellaneous revenue	254,300.56	22,226.97	29,072.91	4,059.00	6,365.95	316,025.39
Restricted donations	-	50,000.00	1,550.00	1,750.00	62.50	53,362.50
Total Revenues	$ 21,507,019.75	$ 497,522.61	$ 91,137.98	$ 35,424.05	$ 47,540.18	$ 22,178,644.57
Expenditures						
General government	$ 2,308,108.64	$ -	$ 549,455.31	$ 258,720.12	$ -	$ 3,116,284.07
Public health and safety	10,201,198.65	-	-	-	-	10,201,198.65
Streets, alleys and cemeteries	3,170,597.87	-	-	-	-	3,170,597.87
Culture and recreation	-	709,778.43	-	-	841,104.08	1,550,882.51
Capital outlay	842,060.01	71,693.28	9,455.00	-	-	923,208.29
Development	589,159.00	-	-	-	-	589,159.00
Debt Service	426,790.22	-	-	-	-	426,790.22
Total Expenditures	$ 17,537,914.39	$ 781,471.71	$ 558,910.31	$ 258,720.12	$ 841,104.08	$ 19,978,120.61
Excess (Deficiency) of Revenues Over Expenditures	$ 3,969,105.36	$ (283,949.10)	$ (467,772.33)	$ (223,296.07)	$ (793,563.90)	$ 2,200,523.96
Other Financing Sources (Uses)						
Transfers in (out)	$ (2,620,824.92)	$ 294,386.19	$ 474,879.80	$ 221,476.78	$ 800,092.86	$ (829,989.29)
Proceeds from long-term debt, net	268,663.29	-	-	-	-	268,663.29
Total Other Financing Sources (Uses)	$ (2,352,161.63)	$ 294,386.19	$ 474,879.80	$ 221,476.78	$ 800,092.86	$ (561,326.00)
Special item	$ (1,652,165.44)	$ -	$ -	$ -	$ -	$ (1,652,165.44)
Net Change in Fund Balances	$ (35,221.71)	$ 10,437.09	$ 7,107.47	$ (1,819.29)	$ 6,528.96	$ (12,967.48)
Fund Balances - Beginning of Year	$ 9,807,838.14	$ 52,147.01	$ 5,515.00	$ (10,854.43)	$ 72,980.39	$ 9,927,626.11
Prior period adjustment	126,692.28	(62,529.00)	-	-	-	64,163.28
Fund Balance - As Restated	$ 9,934,530.42	$ (10,381.99)	$ 5,515.00	$ (10,854.43)	$ 72,980.39	$ 9,991,789.39
Fund Balances - End of Year	$ 9,899,308.71	$ 55.10	$ 12,622.47	$ (12,673.72)	$ 79,509.35	$ 9,978,821.91

City of Marion, Illinois
TIF Redevelopment Fund
Combining Balance Sheet
April 30, 2018

	TIF #1	TIF #5	TIF #6	TIF #7	TIF #8
Assets					
Cash and cash equivalents	$ 3,986,856.82	$ 174,392.65	$ 12,453.41	$ 243,649.24	$ 393,087.36
Property taxes receivable	3,227,292.00	152,488.00	41,837.00	1,154,777.00	157,769.00
Total Assets	$ 7,214,148.82	$ 326,880.65	$ 54,290.41	$ 1,398,426.24	$ 550,856.36
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 87,529.97	$ 55,420.75	$ 2,991.00	$ 6,676.50	$ 1,335.25
Due to other funds	-	(250.00)	-	-	-
Total Liabilities	$ 87,529.97	$ 55,170.75	$ 2,991.00	$ 6,676.50	$ 1,335.25
Deferred Inflow of Resources					
Unavailable revenue	$ 3,227,292.00	$ 152,488.00	$ 41,837.00	$ 1,154,777.00	$ 157,769.00
Fund Balances					
Restricted	$ 3,899,326.85	$ 119,221.90	$ 9,462.41	$ 236,972.74	$ 391,752.11
Total Fund Balances	$ 3,899,326.85	$ 119,221.90	$ 9,462.41	$ 236,972.74	$ 391,752.11
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,214,148.82	$ 326,880.65	$ 54,290.41	$ 1,398,426.24	$ 550,856.36

	TIF #10	TIF #11	TIF #12	TIF #13	TIF #14	TIF #15	TIF #16	TIF Redevelopment Fund
Assets								
Cash and cash equivalents	$ 0.73	$ 1.71	$ 24,192.25	$ 4.24	$ 0.05	$ 1,102.39	$ 0.42	$ 4,835,741.27
Property taxes receivable	1,026,097.00	79,228.00	10,647.00	391,127.00	1,381.00	125,585.00	945.00	6,369,173.00
Total Assets	$ 1,026,097.73	$ 79,229.71	$ 34,839.25	$ 391,131.24	$ 1,381.05	$ 126,687.39	$ 945.42	$ 11,204,914.27
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	$ 4,999.25	$ 29,021.50	$ 934.75	$ 157,293.25	$ 1,300.50	$ 5,323.00	$ 1,273.50	$ 354,099.22
Due to other funds	-	-	-	6,609.50	-	-	-	6,359.50
Total Liabilities	$ 4,999.25	$ 29,021.50	$ 934.75	$ 163,902.75	$ 1,300.50	$ 5,323.00	$ 1,273.50	$ 360,458.72
Deferred Inflow of Resources								
Unavailable revenue	$ 1,026,097.00	$ 79,228.00	$ 10,647.00	$ 391,127.00	$ 1,381.00	$ 125,585.00	$ 945.00	$ 6,369,173.00
Fund Balances								
Restricted	$ (4,998.52)	$ (29,019.79)	$ 23,257.50	$ (163,898.51)	$ (1,300.45)	$ (4,220.61)	$ (1,273.08)	$ 4,475,282.55
Total Fund Balances	$ (4,998.52)	$ (29,019.79)	$ 23,257.50	$ (163,898.51)	$ (1,300.45)	$ (4,220.61)	$ (1,273.08)	$ 4,475,282.55
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,026,097.73	$ 79,229.71	$ 34,839.25	$ 391,131.24	$ 1,381.05	$ 126,687.39	$ 945.42	$ 11,204,914.27

City of Marion, Illinois
TIF Redevelopment Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	TIF #1	TIF #5	TIF #6	TIF #7	TIF #8	TIF #10	TIF #11	TIF #12	TIF #13	TIF #14	TIF #15	TIF #16	TIF Redevelopment Fund
Revenues													
Property taxes	$ 3,113,626.06	$ 148,713.62	$ 40,795.08	$ 1,112,203.24	$ 153,841.64	$ 944,986.82	$ 75,702.41	$ 10,382.34	$ 307,549.09	$ 1,262.28	$ 68,626.78	$ -	$ 5,977,889.36
Grant revenue	399,586.42	-	-	-	-	-	-	-	-	-	-	-	399,586.42
Investment income	53,357.13	219.41	20.35	760.59	263.06	407.11	22.37	15.05	88.75	0.38	25.82	-	55,180.02
Total Revenues	$ 3,566,769.61	$ 148,933.03	$ 40,815.43	$ 1,112,963.83	$ 154,104.70	$ 945,393.93	$ 75,724.78	$ 10,397.39	$ 307,637.84	$ 1,262.66	$ 68,652.60	$ -	$ 6,432,655.80
Expenditures													
Administrative expenses	$ 85,434.32	$ 27,379.14	$ 3,331.51	$ 27,752.23	$ 7,010.44	$ 21,813.53	$ 41,783.38	$ 4,791.38	$ 39,479.33	$ 6,028.93	$ 23,685.55	$ 6,680.08	$ 275,169.82
Streets, alleys and cemeteries	27,370.50	7,508.85	-	-	-	6,399.74	130.62	-	73,046.00	-	6,407.99	-	120,863.70
Capital outlay	600,563.33	214,657.35	-	-	-	5,392.60	387,079.32	-	2,017,678.64	-	2,640.87	-	3,228,012.11
Development	597,991.00	98,654.00	28,002.00	225,299.00	109,695.00	378,519.00	519,449.00	-	119,017.00	-	50,872.00	-	2,127,698.00
Debt service	618,181.80	-	-	-	-	13,500.00	76,500.00	-	-	-	-	-	708,181.80
Total Expenditures	$ 1,909,540.95	$ 348,399.34	$ 31,333.51	$ 253,051.23	$ 116,705.44	$ 425,624.87	$ 1,024,942.32	$ 4,791.38	$ 2,249,220.97	$ 6,028.93	$ 83,606.41	$ 6,680.08	$ 6,459,925.43
Excess (Deficiency) of Revenues Over Expenditures	$ 1,657,228.66	$ (199,466.31)	$ 9,481.92	$ 859,912.60	$ 37,399.26	$ 519,769.06	$ (949,217.54)	$ 5,606.01	$ (1,941,583.13)	$ (4,766.27)	$ (14,953.81)	$ (6,680.08)	$ (27,269.63)
Other Financing Sources (Uses)													
Transfers in (out)	$ (3,070,050.00)	$ -	$ 3,013.00	$ (645,255.00)	$ -	$ (477,711.89)	$ 1,102,629.00	$ -	$ 1,932,832.00	$ 4,742.00	$ 31,350.00	$ 6,657.00	$ (1,111,793.89)
Total Other Financing Sources (Uses)	$ (3,070,050.00)	$ -	$ 3,013.00	$ (645,255.00)	$ -	$ (477,711.89)	$ 1,102,629.00	$ -	$ 1,932,832.00	$ 4,742.00	$ 31,350.00	$ 6,657.00	$ (1,111,793.89)
Net Change in Fund Balances	$ (1,412,821.34)	$ (199,466.31)	$ 12,494.92	$ 214,657.60	$ 37,399.26	$ 42,057.17	$ 153,411.46	$ 5,606.01	$ (8,751.13)	$ (24.27)	$ 16,396.19	$ (23.08)	$ (1,139,063.52)
Fund Balances - Beginning of Year	5,312,148.19	318,688.21	(3,032.51)	22,315.14	354,352.85	(47,055.69)	(182,431.25)	17,651.49	(155,147.38)	(1,276.18)	(20,616.80)	(1,250.00)	5,614,346.07
Fund Balances - End of Year	$ 3,899,326.85	$ 119,221.90	$ 9,462.41	$ 236,972.74	$ 391,752.11	$ (4,998.52)	$ (29,019.79)	$ 23,257.50	$ (163,898.51)	$ (1,300.45)	$ (4,220.61)	$ (1,273.08)	$ 4,475,282.55

City of Marion, Illinois
Fiduciary Fund Types
Combining Statement of Plan Net Position
April 30, 2018

	Police Pension	Fire Pension	Totals
Assets			
Cash and cash equivalents	$ 183,146.66	$ 76,831.89	$ 259,978.55
Accrued interest receivable	25,457.85	26,029.65	51,487.50
Receivable from sales of investments	360.95	(210.03)	150.92
Investments -			
U.S. Government and agency obligations	1,457,445.16	2,036,663.57	3,494,108.73
Insurance company contracts	810,911.65	-	810,911.65
Corporate bonds	1,308,455.30	1,804,685.70	3,113,141.00
Mutual funds	3,294,940.29	2,879,874.74	6,174,815.03
Stocks	1,238,890.36	1,080,880.72	2,319,771.08
State and local obligations	685,165.75	88,571.70	773,737.45
Other fixed income securities	18,830.28	28,245.42	47,075.70
Exchange traded funds	3,692,113.34	3,210,044.11	6,902,157.45
Total Assets	$ 12,715,717.59	$ 11,231,617.47	$ 23,947,335.06
Liabilities			
Accounts payable	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -
Net Position			
Held in trust for pension benefits	$ 12,715,717.59	$ 11,231,617.47	$ 23,947,335.06

City of Marion, Illinois
Fiduciary Fund Types
Combining Statement of Changes in Plan Net Position
For the Year Ended April 30, 2018

	Police Pension	Fire Pension	Totals
Additions			
Contributions			
Employer	$ 997,461.99	$ 656,120.63	$ 1,653,582.62
Plan members	202,394.87	145,683.54	348,078.41
Miscellaneous revenue	38.64	83.79	122.43
Total Contributions	$ 1,199,895.50	$ 801,887.96	$ 2,001,783.46
Investment Income			
Net increase (decrease) in fair value of investments	$ 552,729.06	$ 433,322.72	$ 986,051.78
Interest and dividends	314,587.45	244,136.48	558,723.93
Investment expense	(29,050.09)	(27,280.53)	(56,330.62)
Net Investment Income	$ 838,266.42	$ 650,178.67	$ 1,488,445.09
Total Additions	$ 2,038,161.92	$ 1,452,066.63	3,490,228.55
Deductions			
Benefits	$ 905,536.52	$ 529,530.56	$ 1,435,067.08
Refunds of contributions	24,811.60	-	24,811.60
Administrative expense	25,552.56	15,568.99	41,121.55
Total Deductions	$ 955,900.68	$ 545,099.55	$ 1,501,000.23
Net Increase	$ 1,082,261.24	$ 906,967.08	$ 1,989,228.32
Net Position -			
Beginning of Year	11,633,456.35	10,324,650.39	21,958,106.74
End of Year	$ 12,715,717.59	$ 11,231,617.47	$ 23,947,335.06