City of Marion, Illinois

Financial Statements

April 30, 2019

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It's about time.

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, 2019, 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

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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, 2019, 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 8 - 17 and 78 - 86 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards 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, and the schedule of expenditures of federal awards 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 January 10, 2020, 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 PLLC

ATLAS CPAs & Advisors LLC
Marion, Illinois
January 10, 2020

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It's about time.

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, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of and for the year ended April 30, 2019, 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 January 10, 2020.

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

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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 PLLC

ATLAS CPAs & Advisors LLC
Marion, Illinois
January 10, 2020

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It's about time.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Uniform Guidance*

Honorable Mayor and Commissioners
City of Marion
Marion, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Marion, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2019. The City of Marion, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Marion, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Marion, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Marion, Illinois' compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Marion, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended April 30, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *Uniform Guidance*. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the City of Marion, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Marion, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

ATLAS CPAs & Advisors PLLC

ATLAS CPAs & Advisors LLC
Marion, Illinois
January 10, 2020

CITY OF MARION, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2019

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 18).

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 18-19) 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 19) 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.

2018 balances in table two have been restated to reflect various reclasses made in the 2019 balances. However, 2018 balances have not been changed to reflect any prior period adjustments. Table 2 2018 balances were changed due to an overstatement of interest expense and understatement of other government functions. Components of the 2018 net position was reclassed to reflect an increase in Restricted Net Position.

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 20 and 22) 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 24-25) 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 21 and 23). 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 29 through 77 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 78 through 86 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, 2019
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	$ 29,833	$ 30,396	$ 3,424	$ 3,609	$ 33,257	$ 34,005
Capital Assets	102,170	98,718	30,022	30,101	132,192	128,819
Total Assets	$ 132,003	$ 129,114	$ 33,446	$ 33,710	$ 165,449	$ 162,824
Deferred Outflows of Resources	$ 4,356	$ 1,639	$ 1,021	$ 272	$ 5,377	$ 1,911
Current Liabilities	$ 6,952	$ 6,612	$ 2,136	$ 2,120	$ 9,088	$ 8,732
Noncurrent Liabilities	66,852	52,859	13,552	10,143	80,404	63,002
Total Liabilities	$ 73,804	$ 59,471	$ 15,688	$ 12,263	$ 89,492	$ 71,734
Deferred Inflows of Resources	$ 14,165	$ 12,919	$ 664	$ 763	$ 14,829	$ 13,682
Net Position:						
Invested in Capital Assets, Net of Related Debt	$ 77,221	$ 70,354	$ 21,510	$ 20,587	$ 98,731	$ 90,941
Restricted	6,276	7,729	648	538	6,924	8,267
Nonspendable	1	1	-	-	1	1
Unrestricted	(35,108)	(19,721)	(4,043)	(169)	(39,151)	(19,890)
Total Net Position	$ 48,390	$ 58,363	$ 18,115	$ 20,956	$ 66,505	$ 79,319

For more detailed information see the Statement of Net Position (page 18).

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) decreased from $79.32 million to $66.51 million for a total decrease of $12.81 million in net position. Of this decrease, Governmental Activities decreased by $9.97 million and Business–type activities decreased by $2.84 million. The reason for the large decrease was the adoption of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The increase in Noncurrent Liabilities in Governmental Activities due to this change was $17.83 million and $3.76 million in Business-type Activities. The increase in the OPEB liability in Governmental Activities was offset by an increase in total assets of $2.89 million, an increase in Deferred Outflows of $2.72 million and a decrease in total liabilities other than OPEB. Governmental total assets increased due to acquisition of assets. Deferred Outflows increased due to deferred amounts related to net pension liability and total liabilities other than OPEB decreased due to the reduction in long-term debt. The increase in the OPEB liability in Business-type Activities was offset by a decrease in total liabilities other than OPEB, an increase in Deferred Outflows and a reduction in Deferred Inflows. The decrease in total liabilities other than OPEB was due to a net reduction in long-term debt. The increase in Deferred Outflows was due to an increase in deferred amounts related to net pension liability and the reduction in Deferred Inflows was due to a reduction in deferred amounts related to net pension liability. Business-type Activities also saw a net reduction in cash due to the near completion of the water meter project which is replacing all the water meters within the City.

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, 2019
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	$ 3,427	$ 3,433	$ 7,082	$ 7,175	$ 10,509	$ 10,608
Operating grants and Contributions	1,339	889	-	-	1,339	889
Capital grants and Contributions	1,934	639	-	-	1,934	639
General revenues:						
Property taxes	8,312	7,881	-	-	8,312	7,881
Sales Tax (shared and Home rule)	15,614	15,061	-	-	15,614	15,061
Other taxes	5,671	5,365	-	-	5,671	5,365
Other	427	252	82	(55)	509	197
Total Revenues	$ 36,724	$ 33,520	$ 7,164	$ 7,120	$ 43,888	$ 40,640
EXPENSES:						
General government	$ 3,383	$ 2,989	$ -	$ -	$ 3,383	$ 2,989
Public health and safety	11,711	11,556	-	-	11,711	11,556
Streets, alleys & cemeteries	5,281	4,604	-	-	5,281	4,604
Culture and recreation	5,286	5,446	-	-	5,286	5,446
Development	2,871	3,000	-	-	2,871	3,000
Interest expense	646	896	-	-	646	896
Unallocated depreciation	1,214	1,183	-	-	1,214	1,183
Water	-	-	3,341	3,569	3,341	3,569
Sewer	-	-	3,088	3,218	3,088	3,218
Total Expenses	$ 30,392	$ 29,674	$ 6,429	$ 6,787	$ 36,821	$ 36,461
Excess before Transfers and Special Item	$ 6,332	$ 3,846	$ 735	$ 333	$ 7,067	$ 4,179
Special item	-	(1,652)	-	-	-	(1,652)
Transfers	(22)	(175)	22	175	-	-
Change in Net Position	$ 6,310	$ 2,019	$ 757	$ 508	$ 7,067	$ 2,527
Net Position, May 1	$ 58,363	$ 56,280	$ 20,956	$ 20,448	$ 79,319	$ 76,728
Prior period adjustment	(16,283)	64	(3,598)	-	(19,881)	64
Net Position as restated	$ 42,080	$ 56,344	$ 17,358	$ 20,448	$ 59,438	$ 76,792
Net Position, April 30	$ 48,390	$ 58,363	$ 18,115	$ 20,956	$ 66,505	$ 79,319

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 50.43% 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 42.52% of total Governmental Activities revenue. The second largest source of revenue is property taxes at 22.63% of total Governmental Activities revenue. Tax Increment Financing districts (TIF) generated $ 6.36 million or 76.48% 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 $ 3.20 million. The largest increase was due to capital grants which were used on the Halfway Road project. A large portion of the grant proceeds used on this project were funds previously paid to the State when the City's Revolving Loan Fund was dissolved. That payment to the State was shown in the previous year as a special item.

Expenses:

Total expenses increased by $ 718 thousand over the prior year. The largest increase was in Streets, Alleys and Cemeteries was due to the City's street asphalt program. Gross payroll for the City as a whole, for the current year was approximately 33.08% 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 down by $ 93 thousand. The decrease in revenue was due to total usage being down from the prior year. Weather can be a significant factor in determining usage of water.

Expenses:

Total expenses decreased by $ 358 thousand over the prior year. The Water Department had a $ 228 thousand decrease and the Sewer Department had a decrease of $ 130 thousand. The largest decrease in the Water Department was due to GASB 68 pension expense of $ 105 thousand. The largest decrease In the Sewer Department was also due to GASB 68 pension expense of $ 119 thousand.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2019, the governmental funds (as presented on the balance sheet on page 20) reported a fund balance of $ 16.79 million which is a 4.18% decrease from the beginning of the year ($ 17.53 million.) The net decrease was in the TIF Redevelopment Fund. The decrease in the TIF Redevelopment Fund was due to capital outlays in several public infrastructure projects in the TIF districts. Of the total fund balance of $ 16.79 million, $ 4.92 million are in unassigned general fund types indicating availability for continuing City services. The $ 5.46 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 $ 421 thousand in net increases.

Table 3
Budget Compared to Actual
For the Fiscal Year Ended April 30, 2019
(in thousands)

General Fund	Original Budget	Amended Budget	Actual
Expenditures			
General government	$ 3,243	$ 3,509	$ 3,472
Public health and safety	11,180	10,846	10,827
Streets, alleys & Cemeteries	3,303	3,303	3,219
Cultural and recreation	1,563	1,628	1,646
Development	634	634	608
Debt Service	443	443	434
Capital Outlay	414	838	880
Total	$ 20,780	$ 21,201	$ 21,086

Capital Assets

At the end of Fiscal year 2019, the City's Governmental Funds had invested $ 102.17 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, 2018	Net Additions/ Deletions	Balance April 30, 2019
Non-depreciable Assets			
Land	$ 27,681	$ 47	$ 27,728
Construction in Progress	622	3,018	3,640
Other Capital Assets			
Infrastructure	69,657	361	70,018
Parking Lot Improvements	479	25	504
Buildings	39,263	2,066	41,329
Machinery and Equipment	5,039	451	5,490
Vehicles	5,510	241	5,751
Software	146	-	146
Land Improvements	414	-	414
Less Accumulated Depreciation on Other Capital Assets	(50,093)	(2,757)	(52,850)
Totals	$ 98,718	$ 3,452	$ 102,170

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, 2019, the City had total long-term debt and loans payable of $ 39.63 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 18 and further explained in the Notes to the Financial Statements.

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

	Balance April 30, 2018	Net Additions/ Deletions	Balance April 30, 2019
Governmental Activities			
General Obligation Debt	$ 22,504	$ (2,191)	$ 20,313
Other Contractual Liabilities	13,001	(2,195)	10,806
Governmental Activities Total	$ 35,505	$ (4,386)	31,119
Business Activities			
General Obligation Debt	$ 5,539	$ (725)	$ 4,814
Other Contractual Liabilities	3,976	(277)	3,699
Business Activities Total	$ 9,515	$ (1,002)	$ 8,513
Total Long-Term Debt	$ 45,020	$ (5,388)	$ 39,632

The City during the year incurred bank loans in the amount of $ 429 thousand while paying off $ 5.82 million in total debt. 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 4.2% in April 2019, and a high of 5.9% in January 2019. The 12-month unemployment average for the fiscal year was 5.0%, which is a slight increase over the previous fiscal year.

Commercial building permits increased substantially with 40 permits, totaling $ 22,965,414.00 while previous year was 22 permits totaling $ 12,405,871. Thirty-two new home permits were issued, which was consistent to the previous year and there were 3 apartment/duplex building permits. A total of 119 building permits were issued in the fiscal year which includes homes, apartments, additions, and commercial buildings which is an increase of 9% more than permits in the previous year whereas, the total dollars invested in these buildings was $ 30,094,102.00 compared to previous year total of $ 21,721,906.

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 Anderson's Warehouse Furniture, Gander Outdoors and Gander RV, Legence Bank, Rides Mass Transit Station, a new insurance office building, Freddy's Frozen Custard, 618 Tap House, Tower Square Pizza, and a new hotel coming on Halfway Road.

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 Black Diamond RV and Centerstone. There was one public project, the City's expansion of the Fire Station.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 9,564,704	$ 1,950,449	$ 11,515,153
Restricted cash	150,360	666,780	817,140
Investments	2,905,023	-	2,905,023
Restricted investments	365,286	-	365,286
Receivables, net			
Property taxes	8,891,481	-	8,891,481
Other taxes	449,072	-	449,072
Sales taxes	3,673,807	-	3,673,807
Accrued interest	335,560	-	335,560
Accounts receivable	50,315	536,863	587,178
Loans receivable	763,836	-	763,836
Bonds receivable	1,893,097	-	1,893,097
Due from other governments	757,112	-	757,112
Due from other funds	33,229	-	33,229
Inventories	-	270,429	270,429
Capital assets, non-depreciable	31,367,578	3,549,956	34,917,534
Capital assets, net of accumulated depreciation	70,802,089	26,472,043	97,274,132
Total Assets	$ 132,002,549	$ 33,446,520	$ 165,449,069
Deferred Outflow of Resources			
Deferred amounts related to net pension liability	$ 3,507,692	$ 904,842	$ 4,412,534
Deferred amounts related to total OPEB liability	660,942	116,694	777,636
Unamortized loss on refunding	187,558	-	187,558
Total Deferred Outflow of Resources	$ 4,356,192	$ 1,021,536	$ 5,377,728
Liabilities			
Accounts payable	$ 1,180,754	$ 286,035	$ 1,466,789
Accrued payroll	516,791	73,525	590,316
Accrued payroll related expenses	8,655	-	8,655
Accrued interest payable	22,734	18,728	41,462
Accrued vacation payable	431,093	77,672	508,765
Due to other funds	-	33,229	33,229
Customer deposits	-	631,666	631,666
Other liabilities	61,110	-	61,110
Long-term liabilities			
Due within one year	4,731,108	1,014,852	5,745,960
Due in more than one year	26,387,515	7,497,337	33,884,852
Total OPEB liability	26,429,762	5,131,843	31,561,605
Net pension liability	14,034,955	923,276	14,958,231
Total Liabilities	$ 73,804,477	$ 15,688,163	$ 89,492,640
Deferred Inflow of Resources			
Deferred amounts related to net pension liability	$ 5,174,307	$ 664,462	$ 5,838,769
Unavailable revenue	8,990,341	-	8,990,341
Total Deferred Inflows of Resources	$ 14,164,648	$ 664,462	$ 14,829,110
Net Position			
Invested in capital assets, net of related debt	$ 77,220,678	$ 21,509,808	$ 98,730,486
Restricted for:			
Donor restricted expenditures	455,606	-	455,606
Public safety expenditures	170,722	-	170,722
Development	2,881,786	-	2,881,786
Debt service	1,660,894	647,651	2,308,545
Cemetery	15,137	-	15,137
Maintenance of roadways	794,317	-	794,317
Tourism and recreation	297,937	-	297,937
Nonspendable	1,000	-	1,000
Unrestricted	(35,108,461)	(4,042,028)	(39,150,489)
Total Net Position	$ 48,389,616	$ 18,115,431	$ 66,505,047

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Activities
For the Year Ended April 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and Changes in Net Assets: Total
Governmental Activities							
General government	$ 3,383,178	$ 365,579	$ 68,597	$ -	$ (2,949,002)		$ (2,949,002)
Public health and safety	11,710,576	361,725	115,345	55,841	(11,177,665)		(11,177,665)
Streets, alleys and cemeteries	5,280,601	117,232	453,103	1,878,174	(2,832,092)		(2,832,092)
Culture and recreation	5,285,483	2,581,198	702,751	-	(2,001,534)		(2,001,534)
Development	2,871,426	-	-	-	(2,871,426)		(2,871,426)
Interest expense	646,396	-	-	-	(646,396)		(646,396)
Unallocated depreciation expense	1,214,361	-	-	-	(1,214,361)		(1,214,361)
Total Governmental Activities	30,392,021	3,425,734	1,339,796	1,934,015	(23,692,476)		(23,692,476)
Business-Type Activities							
Water	3,340,696	3,723,442	-	-		382,746	382,746
Sewer	3,087,514	3,358,505	-	-		270,991	270,991
Total Business-Type Activities	6,428,210	7,081,947	-	-		653,737	653,737
Totals	$ 36,820,231	$ 10,507,681	$ 1,339,796	$ 1,934,015	(23,692,476)	653,737	(23,038,739)
General Revenues							
Taxes							
Property taxes					8,311,961	-	8,311,961
Sales taxes					15,613,523	-	15,613,523
Other taxes and franchise fees					3,866,235	-	3,866,235
Intergovernmental					1,804,882	-	1,804,882
Investment income					316,468	33,328	349,796
Miscellaneous					110,748	9,246	119,994
Gain / (loss) on disposal of assets					(53)	39,146	39,093
Transfers					(21,678)	21,678	-
Total General Revenues, Transfers and Special Items					30,002,086	103,398	30,105,484
Change in Net Position					6,309,610	757,135	7,066,745
Net Position - Beginning of Year					58,362,661	20,955,998	79,318,659
Prior Period Adjustment					(16,282,655)	(3,597,702)	(19,880,357)
Net Position - As Restated					42,080,006	17,358,296	59,438,302
Net Position - End of Year					$ 48,389,616	$ 18,115,431	$ 66,505,047

See accompanying notes to financial statements

City of Marion, Illinois
Governmental Funds
Balance Sheet
April 30, 2019

	General Fund	TIF Redevelopment Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 3,289,416	$ 3,393,996	$ 1,690,076	$ 1,139,357	$ 9,512,845
Restricted cash and cash equivalents	105,134	-	-	45,226	150,360
Investments	2,905,023	-	-	-	2,905,023
Restricted investments	365,286	-	-	-	365,286
Property taxes receivable	1,831,104	6,552,756	369,725	137,896	8,891,481
Sales taxes receivable	3,673,807	-	-	-	3,673,807
Other taxes receivable	339,279	-	-	109,793	449,072
Accrued interest receivable	12,900	-	-	-	12,900
Loans receivable	763,836	-	-	-	763,836
Due from other funds	-	-	-	172,972	172,972
Due from other governments	488,057	221,362	-	47,693	757,112
Accounts receivable	50,315	-	-	-	50,315
Total Assets	$ 13,824,157	$ 10,168,114	$ 2,059,801	$ 1,652,937	$ 27,705,009
Liabilities, Deferred Inflow of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 354,216	$ 729,433	$ -	$ 97,101	$ 1,180,750
Due to other funds	140,558	4,139	-	8,155	152,852
Accrued payroll	453,156	-	-	63,635	516,791
Accrued payroll related expenses	8,655	-	-	-	8,655
Other liabilities	56,582	-	-	22,353	78,935
Total Liabilities	1,013,167	733,572	-	191,244	1,937,983
Deferred Inflow of Resources					
Unavailable revenue	1,772,145	6,552,756	369,725	277,891	8,972,517
Fund Balances					
Nonspendable	-	-	-	1,000	1,000
Restricted	554,462	2,881,786	1,690,076	1,182,802	6,309,126
Committed	5,457,326	-	-	-	5,457,326
Assigned	102,107	-	-	-	102,107
Unassigned	4,924,950	-	-	-	4,924,950
Total Fund Balances	11,038,845	2,881,786	1,690,076	1,183,802	16,794,509
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 13,824,157	$ 10,168,114	$ 2,059,801	$ 1,652,937	$ 27,705,009

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, 2019

Total Fund Balances of Governmental Funds	$	16,794,509
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.		102,169,667
Interest payable is recorded in the Statement of Activities when incurred; these costs are recorded in governmental funds as expense when paid.		(22,734)
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.		64,968
Accrued vacation payable is not due and payable in the curent period and therefore, is not reported in the governmental funds.		(431,093)
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.		(30,931,065)
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.		2,215,754
Deferred inflows and outflows of resources related to pensions and OPEB Costs are not reported in governmental funds.		(1,005,673)
Net Pension Liability and Total OPEB Liability are not reported in the governmental funds.		(40,464,717)
Net Position of Governmental Activities	$	48,389,616

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, 2019

	General Fund	TIF Redevelopment Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Property taxes	$ 1,680,550	$ 6,356,931	$ 68,521	$ 272,163	$ 8,378,165
Sales tax	15,613,523	-	-	-	15,613,523
Grant revenue	265,500	1,878,174	-	-	2,143,674
Licenses and permits	205,274	-	-	-	205,274
Intergovernmental revenue	1,804,882	-	-	449,793	2,254,675
Service charges and fees	643,422	-	14,874	2,241,271	2,899,567
Other taxes and franchise fees	2,908,784	-	-	1,236,539	4,145,323
Investment income	200,095	87,982	-	13,514	301,591
Miscellaneous revenue	196,855	-	-	11,936	208,791
Restricted donations	636,305	-	-	-	636,305
Total Revenues	24,155,190	8,323,087	83,395	4,225,216	36,786,888
Expenditures					
General government	3,507,190	-	-	-	3,507,190
Public health and safety	10,770,491	-	-	69,075	10,839,566
Streets, alleys and cemeteries	3,236,528	611,224	-	1,058,175	4,905,927
Culture and recreation	1,646,511	-	-	2,612,569	4,259,080
Capital outlay	984,192	5,239,352	-	286,392	6,509,936
Development	626,682	2,213,826	-	-	2,840,508
Debt service	434,109	708,182	3,953,521	408,477	5,504,289
Total Expenditures	21,205,703	8,772,584	3,953,521	4,434,688	38,366,496
Excess (Deficiency) of Revenues Over Expenditures	2,949,487	(449,497)	(3,870,126)	(209,472)	(1,579,608)
Other Financing Sources (Uses)					
Transfers in (out)	(2,738,592)	(1,143,999)	3,907,983	(47,070)	(21,678)
Proceeds from long-term debt	429,484	-	-	-	429,484
Total Other Financing Sources (Uses)	(2,309,108)	(1,143,999)	3,907,983	(47,070)	407,806
Net Change in Fund Balances	640,379	(1,593,496)	37,857	(256,542)	(1,171,802)
Fund Balances - Beginning of Year	9,978,821	4,475,282	1,652,219	1,421,202	17,527,524
Prior period adjustment	419,645	-	-	19,142	438,787
Fund Balances - As Restated	10,398,466	4,475,282	1,652,219	1,440,344	17,966,311
Fund Balances - End of Year	$ 11,038,845	$ 2,881,786	$ 1,690,076	$ 1,183,802	$ 16,794,509

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, 2019

Net Change in Fund Balances - Total Governmental Funds		$ (1,171,802)
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	$ (3,042,787)	
Capital asset purchases, capitalized	6,503,612	3,460,825
Expense of items capitalized in prior year reported in the Statement of Activities not reported as an expenditure in governmental funds.		(15,062)
The effect of various transactions involving capital assets (sales, trade-ins, and contributions) is to increase (decrease) net assets.		6,336
The net effect of transactions involving the loan receivable on the Special Service Area.		(2,979)
Accrued vacation is reported in the Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, this accrued expense is not reported as an expenditure in governmental funds.		7,687
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.		
Increase in OPEB expense	(818,308)	
Decrease in pension expense	530,570	(287,738)
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	$ 4,736,011	
Interest	6,448	
Amortization of bond premium	80,194	
Deferred amount on refunding	(31,465)	
Amortization of bond discount	(570)	
Issuance of long-term debt	(429,484)	4,361,134
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.		(48,791)
Change in Net Position of Governmental Activities		$ 6,309,610

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Net Position
April 30, 2019

	Enterprise Funds			Governmental Activities Internal Service
	Water Department	Sewer Department	Total Business-Type Activities	Health Reimbursement Fund
Assets				
Current Assets				
Cash and cash equivalents	$ 1,334,246	$ 616,203	$ 1,950,449	$ 51,859
Accounts receivable, net	266,479	270,384	536,863	-
Inventories	197,124	73,305	270,429	-
Restricted Assets				
Restricted cash and cash equivalents	323,106	343,674	666,780	-
Total Current Assets	$ 2,120,955	$ 1,303,566	$ 3,424,521	$ 51,859
Non-Current Assets				
Capital assets, non-depreciable	3,460,775	89,181	3,549,956	-
Capital assets, net of accumulated depreciation	11,038,759	15,433,284	26,472,043	-
Total Assets	$ 16,620,489	$ 16,826,031	$ 33,446,520	$ 51,859
Deferred Outflow of Resources				
Deferred amounts related to net pension liability	$ 423,152	$ 481,690	$ 904,842	$ -
Deferred amounts related to total OPEB liability	47,050	69,644	116,694	-
Total Deferred Outflow of Resources	$ 470,202	$ 551,334	$ 1,021,536	$ -
Liabilities				
Current Liabilities				
Accounts payable	$ 205,255	$ 80,780	$ 286,035	$ -
Accrued payroll	33,748	39,777	73,525	-
Accrued interest payable	5,367	13,361	18,728	-
Accrued vacation payable	35,357	42,315	77,672	-
Due to other funds	12,115	8,005	20,120	
Bonds payable, current	220,031	526,363	746,394	-
Notes payable, current	52,426	216,032	268,458	-
Total Current Liabilities	$ 564,299	$ 926,633	$ 1,490,932	$ -
Non-current liabilities				
Customer deposits	$ 631,666	$ -	$ 631,666	$ -
Bonds payable, long-term	1,913,758	2,153,305	4,067,063	-
Notes payable, long-term	695,552	2,734,722	3,430,274	-
Net pension liability	429,811	493,465	923,276	-
Total OPEB liability	2,110,578	3,021,265	5,131,843	-
Total Non-Current Liabilities	$ 5,781,365	$ 8,402,757	$ 14,184,122	$ -
Total Liabilities	$ 6,345,664	$ 9,329,390	$ 15,675,054	$ -
Deferred Inflows of Resources				
Deferred amounts related to net pension liability	$ 310,207	$ 354,255	$ 664,462	$ -
Net Position				
Invested in capital assets, net of related debt	$ 11,617,766	$ 9,892,042	$ 21,509,808	$ -
Restricted by ordinance	317,339	330,312	647,651	-
Unassigned	(1,500,285)	(2,528,634)	(4,028,919)	51,859
Total Net Position	$ 10,434,820	$ 7,693,720	$ 18,128,540	$ 51,859
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.			(13,109)	
			$ 18,115,431	

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, 2019

	Enterprise Funds			Governmental Activities Internal Service
	Water Department	Sewer Department	Total Business-Type Activities	Health Reimbursement Fund
Operating Revenues				
Service charges and fees	$ 3,703,273	$ 3,358,505	$ 7,061,778	$ 398,681
Miscellaneous	13,619	5,278	18,897	-
Total Operating Revenues	$ 3,716,892	$ 3,363,783	$ 7,080,675	$ 398,681
Operating Expenses				
Personnel services	$ 849,727	$ 991,108	$ 1,840,835	$ -
Contractual services	77,309	57,438	134,747	-
Utilities	73,725	303,804	377,529	-
Repairs and maintenance	78,568	229,914	308,482	-
Other supplies and expenses	131,836	328,310	460,146	-
Insurance claims and expenses	317,785	374,964	692,749	457,669
Water purchases	1,341,955	-	1,341,955	-
Depreciation	408,065	681,219	1,089,284	-
Total Operating Expenses	$ 3,278,970	$ 2,966,757	$ 6,245,727	$ 457,669
Operating Income (Loss)	$ 437,922	$ 397,026	$ 834,948	$ (58,988)
Non-Operating Revenues (Expenses)				
Interest income	$ 23,562	$ 9,766	$ 33,328	$ 474
Rental income, net	10,519	-	10,519	-
Bond premium amortization	4,914	30,413	35,327	-
Interest expense	(62,479)	(145,608)	(208,087)	-
Gain (loss) on sale of capital assets	39,146	-	39,146	-
Total Non-Operating Revenues (Expenses)	$ 15,662	$ (105,429)	$ (89,767)	$ 474
Income (Loss) Before Transfers	$ 453,584	$ 291,597	$ 745,181	$ (58,514)
Transfers in (out)	(17,314)	38,992	21,678	-
Change in Net Position	$ 436,270	$ 330,589	$ 766,859	$ (58,514)
Net Position - Beginning of Year	11,423,192	9,536,191		110,373
Prior period adjustment	(1,424,642)	(2,173,060)		-
Net Positions - As Restated	9,998,550	7,363,131		110,373
Net Position - End of Year	$ 10,434,820	$ 7,693,720		$ 51,859
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.			(9,724)	
			$ 757,135	

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2019

	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	$ 3,729,026	$ 3,373,803	$ 7,102,829	$ 398,681
Payments to employees	(739,763)	(866,445)	(1,606,208)	-
Payments to suppliers of goods and services	(2,154,591)	(1,430,540)	(3,585,131)	(457,669)
Net Cash Provided (Used) by Operating Activities	834,672	1,076,818	1,911,490	(58,988)
Cash Flows From Noncapital Financing Activities				
Net operating transfers	(9,788)	43,788	34,001	-
Net Cash Provided (Used) by Noncapital Financing Activities	(9,788)	43,788	34,001	-
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	771	-	771	-
Interest paid on capital debt	(63,259)	(147,437)	(210,696)	-
Purchase of capital assets	(826,600)	(144,830)	(971,430)	-
Principal paid on capital debt	(296,643)	(692,358)	(989,001)	-
Proceeds from long-term debt	21,641	-	21,641	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,164,090)	(984,625)	(2,148,715)	-
Cash Flows from Investing Activities				
Interest on investments	23,561	9,766	33,327	474
Rental income, net	10,519	-	10,519	-
Net Cash Provided (Used) by Investing Activities	34,080	9,766	43,846	474
Increase (Decrease) in Cash and Cash Equivalents	(305,126)	145,748	(159,378)	(58,514)
Cash and Cash Equivalents at Beginning of Year	1,962,478	814,129	2,776,607	110,373
Cash and Cash Equivalents at End of Year	$ 1,657,352	$ 959,877	$ 2,617,229	$ 51,859
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 437,922	$ 397,026	$ 834,948	$ (58,988)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	408,065	681,219	1,089,284	-
Bad debts	20,057	12,307	32,364	-
(Increase) decrease in accounts receivable	(7,923)	(2,286)	(10,209)	-
(Increase) decrease in inventories	(13,625)	16,304	2,679	-
(Increase) decrease in deferred outflows	(343,969)	(405,632)	(749,600)	-
Increase (decrease) in customer deposits	428	-	428	-
Increase (decrease) in accounts payable	(1,859)	(18,343)	(20,202)	-
Increase (decrease) in accrued payroll	5,486	(1,388)	4,098	-
Increase (decrease) in total OPEB liability	63,025	94,722	157,747	-
Increase (decrease) in net pension liability	313,240	355,256	668,496	-
Increase (decrease) in deferred inflows	(46,175)	(52,368)	(98,543)	-
Total Adjustments	396,750	679,792	1,076,542	-
Net Cash Provided (Used) by Operating Activities	$ 834,672	$ 1,076,818	$ 1,911,490	$ (58,988)

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Fiduciary Net Position
April 30, 2019

	Pension Trust Funds
Assets	
Cash and cash equivalents	$ 455,047
Accrued interest receivable	55,382
Investments -	
U.S. Government and agency obligations	4,037,763
Corporate bonds	3,008,239
Insurance company contracts	863,135
Mutual funds	6,267,622
Stocks	1,971,060
State and local obligations	790,629
Other fixed income securities	49,253
Exchange traded funds	8,541,853
Total Assets	26,039,983
Liabilities	
Accounts payable	3,073
Payable from purchases of investments	84,164
Total Liabilities	87,237
Net Position	
Held in trust for pension benefits	$ 25,952,746

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, 2019

Additions		
Contributions		
Employer	$	1,686,519
Plan members		361,766
Total Contributions		2,048,285
Investment Income		
Net appreciation (depreciation) in fair value of investments		780,988
Interest and dividends		764,784
Investment expense		(55,932)
Net Investment Income		1,489,840
Total Additions		3,538,125
Deductions		
Benefits		1,462,677
Refunds of contributions		16,391
Administrative expense		53,646
Total Deductions		1,532,714
Net Increase		2,005,411
Net Position -		
Beginning of Year		23,947,335
End of Year	$	25,952,746

See accompanying notes to financial statements.

City of Marion, Illinois
Notes to Financial Statements
April 30, 2019

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.

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.
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 $2,617,229 at April 30, 2019.

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 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 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 for building improvements, $10,000 for land improvements, $50,000 for water and sewer line improvements, and $10,000 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, 2019. 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, 2019, the liability for sick leave is $2,425,768.

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	$	6,719
Carrying Amount of Deposits		11,672,025
Carrying Amount of Investments		29,908,359
	$	41,587,103

Cash and Cash Equivalents	$ 12,787,240
Investments	28,799,863
	$ 41,587,103

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, 2019, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit, was $11,672,025 (excludes $6,719 in cash on hand held at the City). The bank balance was $11,740,265. As of April 30, 2019, 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, 2019, the depository banks used by the City had pledged $1,928,898 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 $9,100,000 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, 2019, 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	$ 6,267,622	$ 6,267,622	$ -	$ -	$ -	N/A
Common stocks	2,098,042	2,098,042	-	-	-	N/A
Municipal bonds	790,629	-	180,495	334,082	276,052	AA3-A2
Federal National Mortgage Association	540,557	-	138,573	-	401,984	AAA
Federal Home Loan Mortgage Corp.	324,652	-	-	168,176	156,476	
United States Treasury	3,172,554	-	2,290,612	881,942	-	N/A
Insurance contracts - Fixed	863,135	154,903	708,232	-	-	N/A
Illinois Funds Money Market	3,890,334	3,890,334	-	-	-	N/A
Corporate Bonds	3,008,239	184,829	1,672,586	1,150,824	-	AAA-BAA3
Exchange traded funds	8,541,853	8,541,853	-	-	-	N/A
Other fixed income securities	49,253	-	-	49,253	-	AA2
IMET	361,489	361,489	-	-	-	N/A
Total	$ 29,908,359	$ 21,499,072	$ 4,990,498	$ 2,584,277	$ 834,512	

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.	$865,209

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, 2019, 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, 2019.

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	General	Senior Citizens Council	Marion Carnegie Library	Boyton Street Community Center	Special Revenues Police Fund
Cash	$ 1,917	$ 25,279	$ 99,773	$ -	$ 3,365	$ 1,996	$ 18,030
Certificates of deposit	-	-	-	10,286	355,000	-	-
Total	$ 1,917	$ 25,279	$ 99,773	$ 10,286	$ 358,365	$ 1,996	$ 18,030

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	$ 323,106	$ 343,674

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 2016, 2017, and 2018:

	2016 Taxes Payable in 2017	2017 Taxes Payable in 2018	2018 Taxes Payable in 2019
Taxes Extended			
Real and personal	$ 1,797,752	$ 1,831,119	
Total Taxes Extended	$ 1,797,752	$ 1,831,119	$ 1,831,105
Add - Current and back taxes and interest	$ 2,463	$ 5,820	
Forfeited taxes redeemed after settlement	1,371	-	
Taxes collected not extended			
- Special Service debt service	69,583	68,521	
- Road and Bridge	126,822	132,548	
- Tax Increment Financing	5,977,889	6,356,931	
Total Additions	$ 6,178,128	$ 6,563,820	
Total	$ 7,975,880	$ 8,394,939	
Deduct- Errors and corrections	$ 4,140	$ 4,994	
Forfeits	6,656	6,945	
Prior years abatement refund	14,482	2,831	
Amounts due from Trustee Program	2,641	2,004	
Total Deductions	$ 27,919	$ 16,774	
Income from Taxes	$ 7,947,961	$ 8,378,165	
Assessed Valuation:			
Corporate	$ 316,182,759	$ 318,971,464	$ 322,940,384
Tax increment financing	83,112,334	85,530,058	86,428,124
Special service area	1,407,600	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 13, 2018 and September 13, 2018. The City receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2017 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	2016	2017	2018
Recreation		.04427	.04389	.04335
Police Pension	No Limit	.31627	.31894	.31502
Fire Pension	No Limit	.20804	.21124	.20864
Total		.56858	.57407	.56701

Extensions	2016	2017	2018
Recreation	$ 139,974	$ 139,996	$ 139,995
Bonds and interest	-	-	-
Police Pension	999,991	1,017,328	1,017,327
Fire Pension	657,787	673,795	673,783
	$ 1,797,752	$ 1,831,119	$ 1,831,105

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, 2018	$ 50,000.00
Add - Bad debt expense	-
- Recoveries	-
Less - Charge-offs	-
Balance at April 30, 2019	$ 50,000.00

The allowance for doubtful accounts was 6.14% of loans receivable at April 30, 2019.

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	$ 27,680,945	$ 46,651	$ -	$ 27,727,596
Construction in progress and deposits	622,313	5,495,318	(2,477,649)	3,639,982
Total Capital Assets Not Being Depreciated	$ 28,303,258	$ 5,541,969	$ (2,477,649)	$ 31,367,578
Capital assets being depreciated:				
Land improvements	$ 414,180	$ -	$ -	$ 414,180
Parking lot improvements	479,467	25,112	-	504,579
Office equipment	559,892	-	-	559,892
Fixed mechanical equipment	1,618,827	312,070	(15,011)	1,915,886
Major movable equipment	2,859,839	309,403	(155,746)	3,013,496
Vehicles	5,510,146	367,662	(126,623)	5,751,185
Railroad improvements	610,953	-	-	610,953
IL Centre Mall	19,157,897	-	-	19,157,897
Buildings	39,263,035	2,091,308	(25,000)	41,329,343
Streets	37,856,688	145,915	-	38,002,603
Bridges	946,386	-	-	946,386

	Beginning Balance	Increases	Decreases	Ending Balance
Storm sewers	$ 2,956,362	$ 215,315	$ -	$ 3,171,677
Sidewalks	2,446,422	-	-	2,446,422
Flood control projects	5,050,469	-	-	5,050,469
Street lights	631,590	-	-	631,590
Software	145,560	-	-	145,560
Total Capital Assets Being Depreciated	$ 120,507,713	$ 3,466,785	$ (322,380)	$ 123,652,118
Less accumulated depreciation for:				
Land improvements	$ 189,926	$ 24,518	$ -	$ 214,444
Parking lot improvements	127,745	27,497	-	155,242
Office equipment	368,784	29,201	-	397,985
Fixed mechanical equipment	916,411	126,699	(11,981)	1,031,129
Major movable equipment	1,840,526	242,522	(146,103)	1,936,945
Vehicles	3,233,389	383,299	(103,073)	3,513,615
Railroad improvements	428,940	15,274	-	444,214
IL Centre Mall	19,157,897	-	-	19,157,897
Buildings	8,623,037	985,331	(25,000)	9,583,368
Streets	11,577,222	883,349	-	12,460,571
Bridges	477,235	23,660	-	500,895
Storm sewers	835,565	78,456	-	914,021
Sidewalks	270,117	81,498	-	351,615
Flood control projects	1,811,285	101,009	-	1,912,294
Street lights	104,807	31,579	-	136,386
Software	130,513	8,895	-	139,408
Total Accumulated Depreciation	$ 50,093,399	$ 3,042,787	$ (286,157)	$ 52,850,029
Total Capital Assets Being Depreciated, Net	$ 70,414,314	$ 423,998	$ (36,223)	$ 70,802,089
Governmental Activities Capital Assets, Net	$ 98,717,572	$ 5,965,967	$ (2,513,872)	$ 102,169,667

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 84,548
Public health and safety	493,345
Streets, alleys and cemeteries	288,707
Cultural and recreation	961,826
Unallocated	1,214,361
Total Governmental Activities Depreciation Expense	$ 3,042,787

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,495,768	$ 4,595	$ -	$ 3,500,363
Construction in progress	1,316,046	858,683	(2,126,136)	48,593
Deposits	-	1,000	-	1,000
Total Capital Assets Not Being Depreciated	$ 4,811,814	$ 864,278	$ (2,126,136)	$ 3,549,956
Capital assets being depreciated:				
Land improvements	$ 65,505	$ -	$ -	$ 65,505
Structures	2,982,865	-	-	2,982,865
Buildings	18,354,531	375,283	-	18,729,814
Fixed equipment	2,347,112	1,531,407	(531,715)	3,346,804
Equipment and machinery	1,237,602	88,055	(66,061)	1,259,596
Trucks and tractors	1,359,019	36,111	(14,830)	1,380,300
Transmission and distribution systems	14,810,059	259,695	(7,667)	15,062,087
Lift stations	1,135,870	-	-	1,135,870
Total Capital Assets Being Depreciated	$ 42,292,563	$ 2,290,551	$ (620,273)	$ 43,962,841

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Land improvements	$ 25,453	$ 3,112	$ -	$ 28,565
Structures	839,547	52,407	-	891,954
Buildings	7,788,029	457,869	-	8,245,898
Fixed equipment	1,728,636	85,754	(531,713)	1,282,677
Equipment and machinery	867,484	64,317	(47,447)	884,354
Trucks and tractors	884,307	83,983	(14,830)	953,460
Transmission and distribution systems	4,216,252	298,670	(7,395)	4,507,527
Lift stations	653,191	43,172	-	696,363
Total Accumulated Depreciation	$ 17,002,899	$ 1,089,284	$ (601,385)	$ 17,490,798
Total Capital Assets Being Depreciated, Net	$ 25,289,664	$ 1,201,267	$ (18,888)	$ 26,472,043
Business-Type Activities Capital Assets, Net	$ 30,101,478	$ 2,065,545	$ (2,145,024)	$ 30,021,999

Business-Type activities:	
Water	$ 408,065
Sewer	681,219
Total Business-Type Activities Depreciation Expense	$ 1,089,284

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, 2019:

	Beginning Balance May 1, 2018	Increases	Decreases	Ending Balance April 30, 2019	Amounts Due Within One Year
General Obligation Bonds-					
Pavilion Bonds, Series 2011	$ 941,758	$ -	$ 196,838	$ 744,920	$ 204,755
GO Bonds, Series 2014	3,785,000	-	270,000	3,515,000	285,000
GO Bonds, Series 2013	5,155,000	-	1,245,000	3,910,000	1,285,000
GO Bonds, Series 2012	9,720,000	-	-	9,720,000	-
GO Bonds, Series 2007	810,000	-	80,000	730,000	85,000
GO Bonds, Series 2011A	1,350,000	-	320,000	1,030,000	330,000
Subtotal	$ 21,761,758	$ -	$ 2,111,838	$ 19,649,920	$ 2,189,755
Add - Premium on bonds	747,521	-	80,195	667,326	83,298
Less - Discount on bonds	(5,770)	-	(570)	(5,200)	(606)
Total Bonds Payable	$ 22,503,509	$ -	$ 2,191,463	$ 20,312,046	$ 2,272,447
Other Liabilities -					
Capital Lease Payable	$ 821,094	$ -	$ 159,705	$ 661,389	$ 144,567
Notes Payable	12,180,172	429,484	2,464,468	10,145,188	2,314,094
Accrued Vacation	438,785	-	7,692	431,093	431,093
Total OPEB Liability	8,597,452	17,832,310	-	26,429,762	-
Net Pension Liability	13,508,350	526,605	-	14,034,955	-
Total Other Liabilities	$ 35,545,853	$ 18,788,399	$ 2,631,865	$ 51,702,387	$ 2,889,754
Total Long-Term Debt	$ 58,049,362	$ 18,788,399	$ 4,823,328	$ 72,014,433	$ 5,162,201

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, 2019, are comprised of the following individual issues:

General Obligation -	
The City issued $3,115,000 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 to $355,000 through January 1, 2022; interest rate is variable from 2.25% to 3.80%.	$ 1,030,000
The City issued $2,200,000 Refunding Revenue Bonds, Series 2011, to refund prior pavilion bonds, dated June 21, 2011, due in monthly installments of $19,208 through October 21, 2022; interest rate is fixed at 3.95%	744,920
The City issued $4,520,000 General Obligation Bonds, Series 2014, for capital projects, dated December 23, 2014, due in annual principal installments ranging from $200,000 to $850,000 from November 1, 2015 through November 1, 2026; interest rate is variable from 2.00% to 4.00%	3,515,000
The City issued $9,720,000 General Obligation Bonds, Series 2012, for capital projects, dated December 20, 2012, due in annual principal installments ranging from $420,000 to $1,345,000 from November 1, 2012 through November 1, 2032; interest rate is variable from 1.75% to 3.50%	9,720,000
The City issued $9,730,000 General Obligation Bonds, Series 2013, for capital projects, dated December 27, 2013, due in annual principal installments ranging from $110,000 to $1,335,000 from November 1, 2014 through November 1, 2025; interest rate is variable from 2.00% to 3.15%	3,910,000
The City issued $1,385,000 General Obligation Bonds, Series 2007, for TIF projects, dated October 1, 2007, due in annual principal installments ranging from $5,000 to $125,000 through October 15, 2025; interest rate is variable from 5.00% to 6.30%	730,000
General Obligation Bonds Payable	$ 19,649,920
Add - Premium on bonds	667,326
Less - Discount on bonds	(5,200)
	$ 20,312,046

As of April 30, 2019, $1,690,076 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
2020	$ 2,189,755	$ 579,658	$ 2,769,413
2021	2,272,991	500,948	2,773,939
2022	2,346,559	431,458	2,778,017
2023	1,925,615	371,608	2,297,223
2024	1,865,000	323,360	2,188,360
2025	1,915,000	272,700	2,187,700
2026	1,550,000	220,933	1,770,933
2027	1,475,000	170,975	1,645,975
2028	640,000	122,912	762,912
2029	655,000	107,873	762,873
2030	670,000	91,825	761,825
2031	690,000	75,075	765,075
2032	715,000	50,925	765,925
2033	740,000	25,900	765,900
	$ 19,649,920	$ 3,346,150	$ 22,996,070

Notes payable at April 30, 2019 are comprised of the following individual notes:

A.	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.	31,893
B.	1.99% note payable to First Southern Bank for police cameras in monthly installments of $3,940 beginning June 6, 2016 through May 6, 2019.	3,930
C.	1.99% note payable to First Southern Bank for police cars in monthly installments of $1,793 beginning September 15, 2016 through August 15, 2019.	6,833
D.	1.98% note payable to Peoples National Bank for dump truck in monthly installments of $952 beginning August 21, 2015 through July 21, 2020.	14,054
E.	2.50% note payable to Midland States Bank for tandom truck & plow in monthly installments $1,945 beginning October 17, 2014 through September 17, 2019.	9,556

F.	1.99% note payable to First Southern Bank for street dept. truck in monthly installments of $767 beginning September 15, 2016 through August 15, 2019.	3,077
G.	1.99% note payable to First Southern Bank for Dodge 5500 dump truck in monthly installments of $1,918 beginning January 30, 2017 through December 30, 2019	15,203
H.	2.50% note payable to Midland States Bank for construction of Heartland Street in monthly installments of $7,105 beginning February 5, 2015 through January 5, 2020.	56,300
I.	1.99% note payable to First Southern Bank for animal control truck in monthly installments of $656 beginning September 15, 2016 through August 15, 2019.	2,622
J.	1.99% note payable to First Southern Bank for safety vehicle in monthly installments of $802 beginning September 15, 2016 through August 15, 2019.	3,201
K.	0.00% note payable to Illinois Dept. of Transportation for engineering services for Morgan Street Overpass in monthly installments of $2,500 through April 27, 2014 and then changing to annual installments of $90,000 through April 27, 2025.	540,000
L.	0.00% note payable to Illinois Dept. of Transportation for single point interchange ramps in monthly installments of $50,000 through October 12, 2015 and then changing to annual installments or $618,182 through October 12, 2025.	4,945,211
M.	1.700% note payable to Chase to refund General Obligation Refunding Bonds Series-2005, dated September 15, 2005 for annual installments from $698,000 to $1,406,000 beginning September 15, 2016 through September 15, 2021.	4,148,000

N.	3.690% note payable to First Southern Bank for a police vehicle in monthly installments of $2,048 beginning December 30, 2018 through November 30, 2021.	60,476
O.	3.080% note payable to Banterra Bank for laptops in police vehicles in monthly installments of $2,189 beginning July 24, 2018 through June 24, 2021.	54,981
P.	3.240% note payable to First Southern Bank for a code enforcement vehicle in monthly installments of $414 beginning March 8, 2019 through February 8, 2022.	13,444
Q.	3.690% note payable to First Southern Bank for an EMA vehicle in monthly installments of $482 beginning December 30, 2018 through November 30, 2021.	14,236
R.	3.690% note payable to First Southern Bank for a mosquito abatement vehicle in monthly installments of $347 beginning December 30, 2018 through November 30, 2021.	10,232
S.	3.690% note payable to First Southern Bank for a Cemetery Dept. vehicle in monthly installments of $838 beginning December 30, 2018 through November 30, 2021.	24,733
T.	3.240% note payable to First Southern Bank for two Caterpillars for MFT Dept. Monthly installments of $3,258 beginning September 30, 2018 through August 30, 2023.	157,858
U.	3.240% note payable to First Southern Bank for a truck for MFT Dept. Monthly installments of $994 beginning December 30, 2018 through November 30, 2021.	29,348
Total		$ 10,145,188

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

Fiscal Year Ending April 30,	Principal	Interest	Total
2020	$ 2,314,094	$ 71,334	$ 2,385,428
2021	2,227,235	42,364	2,269,599
2022	2,191,991	14,718	2,206,709
2023	746,187	1,091	747,278
2024	721,126	88	721,214
2025 – 2027	1,944,555	-	1,944,555
	$ 10,145,188	$ 129,595	$ 10,274,783

Leases payable at April 30, 2019 are comprised of the following individual leases:

A.	2.125% lease payable to U.S. Bancorp for Ford F250 in monthly installments of $635 beginning November 1, 2017 through October 1, 2022.	$ 25,104
B.	1.853% lease payable to Government Leasing & Finance for 2016 International truck in monthly installments of $2,008 beginning January 15, 2016 through December 15, 2020.	39,522
C.	2.125% lease payable to U.S. Bancorp for 2017 International truck in monthly installments of $3,099 beginning November 1, 2017 through October 1, 2022.	122,432
D.	4.80% lease payable to Farmers State Bank for HUB fitness equipment in semi-annual installments of $19,651 beginning May 1, 2015 through November 1, 2019.	19,190
E.	2.366% lease payable to Government Leasing for 2 fire trucks in monthly installments of $5,821 beginning May 18, 2016 through May 18, 2026.	455,141
Total Leases Payable		$ 661,389

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

Fiscal Year Ending April 30,	Principal	Interest	Total
2020	$ 144,567	$ 13,864	$ 158,431
2021	120,098	10,630	130,728
2022	106,527	8,134	114,661
2023	82,683	5,840	88,523
2024 - 2027	207,514	7,866	215,380
	$ 661,389	$ 46,334	$ 707,723

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, 2019:

	Beginning Balance May 1, 2018	Increases	Decreases	Ending Balance April 30, 2019	Amounts Due Within One Year
General Obligation Bonds -					
GO Bonds, Series 2014	$ 3,000,000	$ -	$ 480,000	$ 2,520,000	$ 495,000
GO Refunding Bonds Series 2017	2,295,000	-	210,000	2,085,000	215,000
Subtotal	$ 5,295,000	$ -	$ 690,000	$ 4,605,000	$ 710,000
Add - Premium on bonds	243,785	-	35,327	208,458	36,394
Total Bonds Payable	$ 5,538,785	$ -	$ 725,327	$ 4,813,458	$ 746,394
Other Liabilities -					
Lease Payable	$ 27,684	$ -	$ 6,042	$ 21,642	$ 6,171
Note Payable	3,948,409	-	271,320	3,677,089	262,287
Accrued vacation	82,034	-	4,362	77,672	77,672
Total OPEB liability	1,376,393	3,755,450	-	5,131,843	-
Net pension liability	254,780	668,496	-	923,276	-
Total Other Liabilities	$ 5,689,300	$ 4,423,946	$ 281,724	$ 9,831,522	$ 346,130
Total Long-Term Debt	$ 11,228,085	$ 4,423,946	$ 1,007,051	$ 14,644,980	$ 1,092,524

Enterprise Funds bonds payable at April 30, 2019, are comprised of the following individual issues:

General Obligation Bonds -	
$4,575,000, Series 2014 to refund IEPA loan, dated December 23, 2014, due in semiannual installments ranging from $165,000 to $280,000 through May 1, 2024; interest is variable from 2.0% to 4.0%	$ 2,520,000
$2,295,000, Series 2017 for refunding of Series 2008 bonds, dated October 13, 2017, due in semi-annual installments ranging from $210,000 to $255,000 through October 15, 2027; interest rate is variable from 2.00% to 3.00%	2,085,000
General Obligation Bonds Payable	$ 4,605,000
Add - Premium on bonds	208,458
Net Enterprise Funds Bonds Payable	$ 4,813,485

As of April 30, 2019, $451,648 is available in water and sewer funds to service general obligation bonds.

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

Fiscal Year Ending April 30,	Principal	Interest	Total
2020	$ 710,000	$ 132,600	$ 842,600
2021	725,000	113,300	838,300
2022	745,000	93,575	838,575
2023	770,000	69,225	839,225
2024	675,000	42,100	717,100
2025	235,000	24,088	259,088
2026	240,000	18,150	258,150
2027	250,000	11,400	261,400
2028	255,000	3,825	258,825
	$ 4,605,000	$ 508,263	$ 5,113,263

Enterprise Fund notes payable at April 30, 2019, 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 $6,270 beginning July 30, 2017 through June 30, 2027.	$ 545,640
B. 0.000% note payable to the State of Illinois for water-line replacements, in semi-annual installments of $12,189 beginning October 15, 2011 through October 15, 2030.	280,337
C. 1.25% note payable to the State of Illinois for N.E. sewer-line extension, in semi-annual installments of $33,675 beginning June 11, 2013 through May 11, 2033.	890,658
D. 1.25% note payable to the State of Illinois for sewer plant renovation, in semi-annual installments of $59,128 beginning November 8, 2013 through November 8, 2032.	1,514,454
E. General obligation refunding loan of $480,000, Series 2015, to refund prior bond issue, dated November 19, 2015, due in semi-annual installments ranging from $243,048 to $245,128 through March 15, 2018; interest is 1.7%	-
F. 2.21% note payable to the State of Illinois for water-line replacements, due in semi-annual installments ranging from $13,490 to $16,158 including interest through December 15, 2035	446,000
Total	$ 3,677,089

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

Fiscal Year Ending April 30,	Principal	Interest	Total
2020	$ 262,287	$ 54,554	$ 316,841
2021	266,511	50,323	316,834
2022	270,830	46,004	316,834
2023	275,240	41,594	316,834
2024	279,744	37,091	316,835
2025 - 2029	1,328,135	118,104	1,446,239
2030 - 2034	932,828	37,889	970,717
2035 - 2036	61,514	1,709	63,223
Totals	$ 3,677,089	$ 387,268	$ 4,064,357

Enterprise Fund lease payable as of April 30, 2019 is as follows:

A. 2.125% lease payable to US Bancorp for 2017 Ford F250, due in monthly installments of $548 including interest through October 1, 2022	$ 21,642
Total	$ 21,642

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

Fiscal Year Ending April 30,	Principal	Interest	Total
2020	$ 6,171	$ 400	$ 6,572
2021	6,304	268	6,572
2022	6,439	132	6,571
2023	2,728	11	2,738
	$ 21,642	$ 811	$ 22,453

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	$ 3,826,040
Fire Pension Fund	4,773,992
Police Pension Fund	6,358,199
Total Aggregate Net Pension Liability	$ 14,958,231

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	$ (803,369)	$ 166,463	$ 1,567,551	$ 95,787
Fire Pension Fund	(529,892)	-	162,641	-
Police Pension Fund	(2,043,601)	-	(41,820)	-
Totals	$ (3,376,862)	$ 166,463	$ 1,688,377	$ 95,787

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	$ 340,605
Fire Pension Fund	642,395
Police Pension Fund	744,867
Total Pension Expense	$ 1,727,867

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, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	89
Inactive Plan Members entitled to but not yet receiving benefits	49
Active Plan Members	150
Total	288

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 2018 was 10.26%. For the fiscal year ended April 30, 2019, the City contributed $634,870 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, 2018. 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, 2018:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2017 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	2.50-8.50%
Cash equivalents	1%	2.50%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2017	$26,595,235	$25,821,532	$ 773,703
Changes for the year:			
Service Cost	$ 601,509	$ -	$ 601,509
Interest on the Total Pension Liability	1,963,085	-	1,963,085
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(435,519)	-	(435,519)
Changes of Assumptions	791,468	-	791,468
Contributions – Employer	-	669,876	(669,876)
Contributions – Employees	-	312,701	(312,701)
Net Investment Income	-	(1,417,569)	1,417,569
Benefit Payments, including Refunds of Employee Contributions	(1,443,037)	(1,443,037)	-
Other (Net Transfer)	-	303,198	(303,198)
Net Changes	$ 1,477,506	$(1,574,831)	$ 3,052,337
Balances at December 31, 2018	$28,072,741	$24,246,701	$ 3,826,040

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 7.25%, 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 (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability	$7,408,870	$3,826,040	$870,654

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

For the year ended April 30, 2019, the City recognized pension expense of $340,605. At April 30, 2019, 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	$ 105,990	$ 909,359
Changes of assumptions	653,119	557,332
Net Difference between projected and actual earnings on pension plan investments	3,031,398	1,463,847
Total Deferred Amounts to be recognized in pension expense in future periods	$ 3,790,507	$ 2,930,538
Pension Contributions made subsequent to the Measurement Date	$ 166,463	$ -
Total Deferred Amounts Related to Pensions	$ 3,956,970	$ 2,930,538

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	
2019	$ 322,627
2020	(18,795)
2021	(45,389)
2022	556,677
2023	44,849
Thereafter	-
Total	$ 859,969

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, 2019, the Fire Pension Plan membership consisted of:

Active members	26
Retirees and beneficiaries	14
Inactive, Non-retired members	1
Total	41

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, 2019, the City's contribution was 41.99% of covered payroll.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2019. 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	11%	6.85%
US Mid Cap Equity	13.5%	7.70%
US Small Cap Equity	9%	8.10%
International Developed Equity	11%	8.55%
International Small Cap Equity	4.5%	9.25%
Emerging Markets Equity	6%	10.75%
Real Estate Investment Trusts	5%	8.00%
Global Infrastructure Equity	5%	7.00%
Fixed Income (Investment Grade Only)	35%	3.75%
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 3.79%, 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, 2018	$ 16,052,055	$ 11,231,617	$ 4,820,438
Changes for the year:			
Service Cost	$ 380,816	$ -	$ 380,816
Interest on the Total Pension Liability	1,067,048	-	1,067,048
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(4,911)	-	(4,911)
Changes of Assumptions	-	-	-
Contributions – Employer	-	671,961	(671,961)
Contributions – Employees	-	148,466	(148,466)
Net Investment Income	-	686,637	(686,637)
Benefit Payments, including Refunds of Employee Contributions	(532,212)	(532,212)	-
Other (Admin. Expenses)	-	(17,665)	17,665
Net Changes	$ 910,741	$ 957,187	$ (46,446)
Balances at April 30, 2019	$ 16,962,796	$ 12,188,804	$ 4,773,992

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 71.86%

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	$ 7,227,497	$ 4,773,992	$ 2,758,738

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

For the year ended April 30, 2019, the City recognized pension expense of $642,395. At April 30, 2019, 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	$ -	$ 529,892
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	175,882	13,236
Total Deferred Amounts to be recognized in pension expense in future periods	$ 175,882	$ 543,128
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	$ 175,882	$ 543,128

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	
2020	$ 64,249
2021	(53,545)
2022	(46,927)
2023	(52,367)
2024	(62,809)
Thereafter	(215,847)
Total	$(367,246)

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, 2019, the Police Pension Plan membership consisted of:

Active members	34
Retirees and beneficiaries	23
Inactive, Non-retired members	4
Total	61

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, 2019, the City's contribution was 48.28% 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, 2019. 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	11%	6.85%
US Mid Cap Equity	13.5%	7.70%
US Small Cap Equity	9%	8.10%
International Developed Equity	11%	8.55%
International Small Cap Equity	4.5%	9.25%
Emerging Markets Equity	6%	10.75%
Real Estate Investment Trusts	5%	8.00%
Global Infrastructure Equity	5%	7.00%
Fixed Income (Investment Grade Only)	35%	3.75%
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 3.79%, 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, 2018	$ 20,884,707	$ 12,715,718	$ 8,168,989
Changes for the year:			
Service Cost	$ 559,356	$ -	$ 559,356
Interest on the Total Pension Liability	1,380,424	-	1,380,424
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(1,755,490)	-	(1,755,490)
Changes of Assumptions	-	-	-
Contributions – Employer	-	1,014,558	(1,014,558)
Contributions – Employees	-	213,300	(213,300)
Net Investment Income	-	802,525	(802,525)
Benefit Payments, including Refunds of Employee Contributions	(946,856)	(946,856)	-
Other (Admin. Expenses)	-	(35,303)	35,303
Net Changes	$ (762,566)	$ 1,048,224	$(1,810,790)
Balances at April 30, 2019	$ 20,122,141	$ 13,763,942	$ 6,358,199

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 68.40%

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	$ 9,105,735	$ 6,358,199	$ 4,079,795

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

For the year ended April 30, 2019, the City recognized pension expense of $744,867. At April 30, 2019, 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	$ 151,883	$ 2,195,484
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	127,800	169,620
Total Deferred Amounts to be recognized in pension expense in future periods	$ 279,683	$ 2,365,104
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	$ 279,683	$ 2,365,104

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	
2020	$ (179,992)
2021	(280,273)
2022	(217,880)
2023	(202,913)
2024	(209,792)
Thereafter	(994,571)
Total	$ (2,085,421)

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 required portion of the monthly premium rate. 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. No assets are accumulated in a way that meets the criteria in paragraph 4 of GASB statement 75.

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, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	78
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	160
Total	238
Participating employers	1

Total OPEB Liability

The City's OPEB liability of $31,561,605 was measured as of April 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increase	3.5% per annum
Discount Rate	3.79%

The actuarial assumptions used in the April 30, 2019 valuation were based on Entry Age Normal Actuarial Cost Method.

Mortality rates were based on the RP2014 Blue Collar base rates.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 4/30/18	$ 29,924,607
Changes for the year:	
Service Cost	589,748
Interest	1,168,126
Assumption Changes	880,678
Benefit Payments*	(1,001,554)
Net Changes	1,636,998
Balance at 4/30/19	$ 31,561,605

Sensitivity of the total OPEB liability to changes in discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.79 percent) or 1 percentage-point higher (4.79 percent) than the current discount rate:

	1% Decrease (2.79%)	Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB Liability	$ 37,213,534	$ 31,561,605	$ 27,102,704

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.0 percent decreasing to 3.0 percent) or 1 percentage-point higher (9.0 percent decreasing to 5.0 percent) than the current healthcare cost trend rates.

	1% Decrease (7.0 % decreasing to 3.0%)	Healthcare Cost Trend Rate (8.0% decreasing to 4.0 %)	1% Increase (9.0 % decreasing to 5.0 %)
Total OPEB Liability	$ 26,853,699	$ 31,561,605	$ 37,587,756

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended April 30, 2019, the City recognized OPEB expense of $1,860,916. At April 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	777,636	-
Total	$ 777,636	$ -

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

Year Ended April 30	Net Deferred Ouflows of Resources	Net Deferred Inflows of Resources
2020	$ 103,042	$ -
2021	103,042	-
2022	103,042	-
2023	103,042	-
2024	103,042	-
Thereafter	262,426	-
Total	$ 777,636	$ -

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 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. $337,743 of the restricted net position or restricted fund balance results from enabling legislation adopted by the City. 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 city ordinance, 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. Council has a right to determine if any portion of the cash reserve should be spent and is required to take all necessary actions to increase the cash reserve balance to the 25% threshold in future years.

D. Assigned Fund Balance
The assigned fund balance classification refers to amounts that are constrained by the Finance Commissioner as allowed by Council Resolution 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	$ -	$ -	$ 1,000
Restricted for -					
Debt Service	-	-	-	1,690,076	1,690,076
Public Safety expenditures	99,773	-	70,949	-	170,722
Development	-	-	2,881,786	-	2,881,786
Donor expenditures	454,689	917	-	-	455,606
Maintenance of roadway	-	-	794,317	-	794,317
Cemetery	-	-	15,137	-	15,137
Tourism and recreation	-	-	301,482	-	301,482
Committed for -					
Cash reserve	5,457,326	-	-	-	5,457,326
Assigned					
	102,107	-	-	-	102,107
Unassigned	4,924,950	-	-	-	4,924,950
Total Fund Balances	$ 11,038,845	$ 1,917	$ 4,063,671	$ 1,690,076	$ 16,794,509

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, 2019 arising from these transactions were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ -	$ 140,558
Gas Tax Fund	67,744	-
TIF Redevelopment Fund	-	4,139
Water Fund	-	12,115
Sewer Fund	-	8,005
Pavilion Fund	-	1,044
HUB Recreational Center	105,228	-
Road and Bridge Fund	-	6,297
Special Revenues Police Fund	-	814
Total	$ 172,972	$ 172,972

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:

Fund	Transfer Out	Transfer In
General Fund Types -		
General	$ 4,889,358	$ 223,190
Housing Rehab	-	-
Boyton Street	-	304,707
Senior Citizens Council	-	495,020
Cultural and Civic Center	-	328,471
Carnegie Library	-	799,378
	$ 4,889,358	$ 2,150,766
Special Revenue Fund Types -		
Goddard Chapel	$ -	$ 17,573
Special Revenues - Police	161,500	-
HUB Recreational Center	938,112	1,034,969
TIF Redevelopment	1,143,999	-
	$ 2,243,611	$ 1,052,542
Debt Service Fund Types -		
Debt Service	$ -	$ 3,907,983
	$ -	$ 3,907,983
Enterprise Fund Types -		
Sewer Dept.	$ 11,661	$ 50,653
Water Dept.	17,314	-
	$ 28,975	$ 50,653
Total	$ 7,161,944	$ 7,161,944

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, 2019, 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, 2019 by TIF District.

Tax Increment District	Amount of Sales Tax Rebated	Amount of Real Estate Tax Rebated
Marion TIF I	$ 144,186	$ 365,684
Marion TIF V	-	106,741
Marion TIF VI Crossing	3,001	20,276
Marion TIF VII Golf & Residential	-	4,133
Marion TIF VIII	-	112,495
Marion Heights I TIF	44,952	420,639
Marion Heights II TIF	445,485	-
Marion HUB TIF	-	156,200
Marion Hillview TIF	11,774	74,126
Total	$ 649,398	$ 1,260,294

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 $ 37,704

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, 2019 the Developer's portion of the home rule sales tax increase amounted to $588,978.

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, 2019, 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. Change in Accounting Principles and Prior Period Adjustment

Entity Wide

The City of Marion adopted GASB statement No. 75, Accounting and Financial Reporting for Past Employment Benefits Other than Pensions, with the implementation, the City is required to retroactively record total OPEB liability and write-off the net OPEB obligation. See the effect of the accounting change below.

In prior years, due to a value in error in the City's special service fund the City had to refund property tax plus interest to the county. The City incorrectly understated the amount of interest owed by the special service area to the City due to the refunding. See prior period adjustment below.

	Governmental Activities	Business- Type Activities
Change in Accounting Principle	$(16,353,060)	$(3,597,702)
Prior Period Adjustment	70,405	-
Total	$(16,282,655)	$(3,597,702)

Fund Statements

Accrued vacation was overstated in the previous year in the Governmental Funds in the amount of $438,687.

Note 19. Subsequent Events

The City passed Ordinance # 3563 and # 3564 raising the City's retail and service occupation tax by .75 percent effective January 1, 2020. In conjunction with the sales tax increase the City lowered its property tax levy to $100. This has no effect on the City's ability to collect property tax levied by other taxing entities within the Tax Increment Financing Districts.

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, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	$ 2,400,000	$ 2,400,000	$ 1,680,550	$ (719,450)
Sales tax	15,287,360	15,448,630	15,513,102	64,472
Licenses and permits	176,500	176,500	205,274	28,774
Intergovernmental	1,670,300	1,692,250	1,696,321	4,071
Other taxes and franchise fees	2,870,600	2,870,600	2,898,320	27,720
Service charges and fees	629,390	631,780	667,805	36,025
Investment income	122,300	122,300	164,392	42,092
Grant revenue	48,250	219,160	294,301	75,141
Restricted donations	1,500	632,660	636,305	3,645
Miscellaneous	74,500	232,890	257,907	25,017
Total Revenues	23,280,700	24,426,770	24,014,277	(412,493)
Expenditures				
General government	3,242,690	3,508,730	3,472,183	(36,547)
Public health and safety	11,180,140	10,845,570	10,826,960	(18,610)
Streets, alleys and cemeteries	3,302,540	3,302,540	3,219,224	(83,316)
Culture and recreation	1,562,910	1,628,260	1,645,976	17,716
Development	634,000	634,000	607,582	(26,418)
Debt service	443,410	443,410	434,109	(9,301)
Capital outlay	414,250	838,410	880,345	41,935
Total Expenditures	$ 20,779,940	$ 21,200,920	21,086,379	$ (114,541)
Excess (Deficiency) of Revenues Over Expenditures			2,927,898	
Other Financing Sources (Uses)				
Proceeds from long-term debt			429,484	
Transfers in (out)			(2,776,960)	
Total Other Financing Sources (Uses)			(2,347,476)	
Net Change in Fund Balances			$ 580,422	

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, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	$ 6,006,800	$ 6,006,800	$ 6,356,289	$ 349,489
Grant revenue	1,766,160	1,766,160	1,656,812	(109,348)
Investment income	23,440	23,440	87,985	64,545
Total Revenues	7,796,400	7,796,400	8,101,086	304,686
Expenditures				
Development	2,609,910	2,609,910	2,116,358	(493,552)
Streets, alleys and cemeteries	-	-	596,142	596,142
Debt service	708,190	708,190	708,182	(8)
Capital outlay	6,638,400	6,638,400	5,010,801	(1,627,599)
Total Expenditures	$ 9,956,500	$ 9,956,500	8,431,483	$ (1,525,017)
Excess (Deficiency) of Revenues Over Expenditures			(330,397)	
Other Financing Sources (Uses)				
Transfers in (out)			(1,105,631)	
Total Other Financing Sources (Uses)			(1,105,631)	
Net Change in Fund Balances			$ (1,436,028)	

City of Marion, Illinois
Notes to Required Supplemental Information
April 30, 2019

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	$ 3,507,190	$ (35,007)	$ 3,472,183	$ 3,508,730	$ (36,547)
Public health and safety	10,770,491	56,469	10,826,960	10,845,570	(18,610)
Streets, alleys and cemeteries	3,236,528	(17,304)	3,219,224	3,302,540	(83,316)
Culture and recreation	1,646,511	(535)	1,645,976	1,628,260	17,716
Development	626,682	(19,100)	607,582	634,000	(26,418)
Debt service	434,109	-	434,109	443,410	(9,301)
Capital outlay	984,192	(103,847)	880,345	838,410	41,935
Total Expenditures	$ 21,205,703	$ (119,324)	$ 21,086,379	$ 21,200,920	$ (114,541)
TIF Redevelopment					
Streets, alleys and cemeteries	$ 611,224	$ (15,082)	$ 596,142	$ -	$ 596,142
Debt service	708,182	-	708,182	708,190	(8)
Development	2,213,826	(97,468)	2,116,358	2,609,910	(493,552)
Capital outlay	5,239,352	(228,551)	5,010,801	6,638,400	(1,627,599)
Total Expenditures	$ 8,772,584	$ (341,101)	$ 8,431,483	$ 9,956,500	$ (1,525,017)

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,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 559,356	$ 541,348	$ 515,566	$ 489,508	$ 480,209
Interest on the total pension liability	1,380,424	1,349,045	1,306,976	1,235,401	1,074,041
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,755,490)	(487,598)	(279,109)	238,173	(850,327)
Changes of assumptions	-	-	-	-	2,526,327
Benefit payments	(946,856)	(930,348)	(911,588)	(895,194)	(792,811)
Net change in total pension liability	$ (762,566)	$ 472,447	$ 631,845	$ 1,067,888	$ 2,437,439
Total pension liability – Beginning	20,884,707	20,412,260	19,780,415	18,712,527	16,275,088
Total pension liability – Ending (A)	$ 20,122,141	$ 20,884,707	$ 20,412,260	$ 19,780,415	$ 18,712,527
Plan Fiduciary Net Position					
Member contributions	$ 213,300	$ 202,395	$ 200,549	$ 180,337	$ 178,949
Employer contributions	1,014,558	997,462	850,449	722,600	662,900
Net investment income	802,525	838,002	996,676	173,455	738,694
Benefit payments	(946,856)	(930,348)	(911,588)	(895,194)	(792,811)
Other (Net Transfer)	(35,303)	(25,250)	(22,663)	(11,262)	(10,054)
Net change in plan fiduciary net position	$ 1,048,224	$ 1,082,261	$ 1,113,423	$ 169,936	$ 777,678
Plan fiduciary net position – Beginning	12,715,718	11,633,457	10,520,034	10,350,098	9,572,420
Plan fiduciary net position – Ending (B)	$ 13,763,943	$ 12,715,718	$ 11,633,457	$ 10,520,034	$ 10,350,098
Net Pension Liability/(Asset) Ending (A) – (B)	$ 6,356,822	$ 8,168,989	$ 8,778,803	$ 9,260,381	$ 8,362,429
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.40%	60.89%	56.99%	53.18%	55.31%
Covered Valuation Payroll	$ 2,101,205	$ 2,069,936	$ 1,970,828	$ 1,866,868	$ 1,824,825
Net Pension Liability as a Percentage of Covered Valuation Payroll	302.53%	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,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 380,816	$ 373,215	$ 365,360	$ 356,987	$ 347,912
Interest on the total pension liability	1,067,048	1,038,539	994,434	943,345	844,096
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(4,911)	(458,631)	(182,202)	(31,022)	(101,072)
Changes of assumptions	-	-	-	-	870,309
Benefit payments	(532,212)	(529,531)	(519,657)	(506,344)	(477,797)
Net change in total pension liability	$ 910,741	$ 423,592	$ 657,935	$ 762,966	$ 1,483,448
Total pension liability – Beginning	16,052,055	15,628,463	14,970,528	14,207,562	12,724,114
Total pension liability – Ending (A)	$ 16,962,796	$ 16,052,055	$ 15,628,463	$ 14,970,528	$ 14,207,562
Plan Fiduciary Net Position					
Member contributions	$ 148,466	$ 145,684	$ 142,499	$ 139,192	$ 133,500
Employer contributions	671,961	656,121	550,277	493,200	425,800
Net investment income	686,637	650,050	653,365	19,892	512,933
Benefit payments	(532,212)	(529,531)	(519,657)	(506,344)	(477,797)
Other (Net Transfer)	(17,665)	(15,357)	(14,789)	(15,338)	(22,225)
Net change in plan fiduciary net position	$ 957,187	$ 906,967	$ 811,695	$ 130,602	$ 572,211
Plan fiduciary net position – Beginning	11,231,617	10,324,650	9,512,955	9,382,353	8,810,142
Plan fiduciary net position – Ending (B)	$ 12,188,804	$ 11,231,617	$ 10,324,650	$ 9,512,955	$ 9,382,353
Net Pension Liability/(Asset) Ending (A) – (B)	$ 4,773,992	$ 4,820,438	$ 5,303,813	$ 5,457,573	$ 4,825,209
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.86%	69.97%	66.06%	63.54%	66.04%
Covered Valuation Payroll	$ 1,600,401	$ 1,543,819	$ 1,511,781	$ 1,475,356	$ 1,431,067
Net Pension Liability as a Percentage of Covered Valuation Payroll	298.30%	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,	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 601,509	$ 611,219	$ 591,756	$ 556,314
Interest on the total pension liability	1,963,085	1,982,884	1,919,498	1,813,559
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience of the total pension liability	(435,519)	(618,757)	(327,102)	372,714
Changes of assumptions	791,468	(837,535)	(31,862)	-
Benefit payments, including refunds	(1,443,037)	(1,350,847)	(1,351,237)	(1,340,561)
Net Change in Total Pension Liability	$ 1,477,506	$ (213,036)	$ 801,053	$ 1,402,026
Total Pension Liability – Beginning	26,595,235	26,808,271	26,007,218	24,605,192
Total Pension Liability – Ending (A)	$ 28,072,741	$ 26,595,235	$ 26,808,271	$ 26,007,218
Plan Fiduciary Net Position				
Contributions - Employer	$ 669,876	$ 651,087	$ 621,827	$ 618,207
Contributions - Employees	312,701	274,662	258,102	253,187
Net investment income	(1,417,569)	4,125,252	1,554,011	112,070
Benefit payments, including refunds	(1,443,037)	(1,350,847)	(1,351,237)	(1,340,561)
Other (Net Transfer)	303,198	(1,129,183)	(157,298)	33,620
Net Change in Plan Fiduciary Net Position	$ (1,574,831)	$ 2,570,971	$ 925,405	$ (323,477)
Plan Fiduciary Net Position – Beginning	25,821,532	23,250,561	22,325,156	22,648,633
Plan Fiduciary Net Position – Ending (B)	$ 24,246,701	$ 25,821,532	$ 23,250,561	$ 22,325,156
Net Pension Liability – Ending (A) – (B)	$ 3,826,040	$ 773,703	$ 3,557,710	$ 3,682,062
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.37%	97.09%	86.73%	85.84%
Covered Valuation Payroll	$ 6,529,006	$ 6,103,020	$ 5,699,612	$ 5,592,090
Net Pension Liability as a Percentage of Covered Valuation Payroll	58.60%	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
2019	$ 1,058,015	$ 1,014,558	$ 43,457	$2,101,205	48.28%
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
2019	$ 672,247	$ 671,961	$ 286	$1,600,401	41.99%
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
2018	$ 669,876	$ 669,876	$ -	$6,529,006	10.26%
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	2019
Police Pension Plan	7.53%	1.88%	9.30%	7.05%	6.19%
Fire Pension Plan	6.05%	2.50%	6.75%	6.18%	6.00%

Schedule of Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
For the Last Fiscal Year April 30, 2019

Total OPEB Liability:	
Service cost including administrative expenses	$ 589,748
Interest on total OPEB liability	1,168,126
Benefit changes	-
Differences between expected and actual experience	-
Assumption changes	880,678
Benefit payments	(1,001,554)
Net change in Total OPEB Liability	$ 1,636,998
Total OPEB Liability-Beginning	29,924,607
Total OPEB Liability-Ending	$ 31,561,605
Covered – employee payroll	$ 8,489,166
Total OPEB liability as a percentage of covered – employee payroll	371.79%

This schedule is presented to illustrate the requirements to show information for 10 years. Until a full 10-year trend is compiled, the City is showing one year's presentation.

Other Supplemental Information

City of Marion, Illinois
Non-Major Governmental Funds
Combining Balance Sheet
April 30, 2019

	Permanent Fund	Special Revenue Funds	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ 1,139,357	$ 1,139,357
Restricted cash and cash equivalents	1,917	43,309	45,226
Property taxes receivable	-	137,896	137,896
Other taxes receivable	-	109,793	109,793
Due from other governments	-	47,693	47,693
Due from other funds	-	172,972	172,972
Total Assets	$ 1,917	$ 1,651,020	$ 1,652,937
Liabilities, Deferred Inflow of Resources and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 97,101	$ 97,101
Due to other funds	-	8,155	8,155
Accrued payroll	-	63,635	63,635
Other liabilities	-	22,353	22,353
Total Liabilities	-	191,244	191,244
Deferred Inflow of Resources			
Unavailable revenue	-	277,891	277,891
Fund Balances			
Nonspendable	1,000	-	1,000
Restricted	917	1,181,885	1,182,802
Total Fund Balances	1,917	1,181,885	1,183,802
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 1,917	$ 1,651,020	$ 1,652,937

City of Marion, Illinois
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2019

	Permanent Fund	Special Revenue Funds	Total Non-Major Governmental Funds
Revenues			
Property taxes	$ -	$ 272,163	$ 272,163
Intergovernmental	-	449,793	449,793
Service charges and fees	-	2,241,271	2,241,271
Other taxes and franchise fees	-	1,236,539	1,236,539
Investment income	42	13,472	13,514
Miscellaneous	-	11,936	11,936
Total Revenues	42	4,225,174	4,225,216
Expenditures			
Public health and safety	-	69,075	69,075
Streets, alleys and cemeteries	-	1,058,175	1,058,175
Culture and recreation	-	2,612,569	2,612,569
Capital outlay	-	286,392	286,392
Debt service	-	408,477	408,477
Total Expenditures	-	4,434,688	4,434,688
Excess (Deficiency) of Revenues Over Expenditures	42	(209,514)	(209,472)
Other Financing Sources (Uses)			
Transfers in (out)	-	(47,070)	(47,070)
Total Other Financing Sources (Uses)	-	(47,070)	(47,070)
Net Change in Fund Balances	42	(256,584)	(256,542)
Fund Balances - Beginning of Year	1,875	1,419,327	1,421,202
Prior period adjustment	-	19,142	19,142
Fund Balances - As Restated	1,875	1,438,469	1,440,344
Fund Balances - End of Year	$ 1,917	$ 1,181,885	$ 1,183,802

City of Marion, Illinois
Non-Major Special Revenue Funds
Combining Balance Sheet
April 30, 2019

	Pavilion Fund	Goddard Chapel Restoration	HUB Recreation Center Fund	Road and Bridge Fund	Motor Fuel Tax Fund	Gas Tax Fund	Foreign Fire Insurance Fund	Special Revenues Police Fund	Total - Special Revenue Funds
Assets									
Cash and cash equivalents	$ 38,490	$ 15,356	$ 359,515	$ 220,930	$ 229,577	$ 212,069	$ 36,827	$ 26,593	$ 1,139,357
Restricted cash and cash equivalents	25,279	-	-	-	-	-	-	18,030	43,309
Property taxes receivable	-	-	-	137,896	-	-	-	-	137,896
Other taxes receivable	49,418	-	-	-	-	60,375	-	-	109,793
Due from other funds	-	-	105,228		-	67,744	-		172,972
Due from other governments	-	-	-	-	38,056	-	-	9,637	47,693
Total Assets	$ 113,187	$ 15,356	$ 464,743	$ 358,826	$ 267,633	$ 340,188	$ 36,827	$ 54,260	$ 1,651,020
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	$ 23,544	$ 219	$ 43,701	$ 692	$ 25,000	$ 2,445	$ 1,500	$ -	$ 97,101
Due to other funds	1,044	-	-	6,297	-			814	8,155
Accrued payroll	7,736	-	55,899	-	-	-	-	-	63,635
Other liabilities	-	-	4,529	-	-	-	-	17,824	22,353
Total Liabilities	32,324	219	104,129	6,989	25,000	2,445	1,500	18,638	191,244
Deferred Inflows of Resources									
Unavailable revenue	-	-	139,995	137,896	-	-	-	-	277,891
Fund Balances									
Restricted for tourism and recreation	80,863	-	220,619	-	-	-	-	-	301,482
Restricted for maintenance of roadways	-	-	-	213,941	242,633	337,743	-	-	794,317
Restricted for cemetery	-	15,137	-	-	-	-	-	-	15,137
Restricted for public safety expenditures	-	-	-	-	-	-	35,327	35,622	70,949
Total Fund Balances	80,863	15,137	220,619	213,941	242,633	337,743	35,327	35,622	1,181,885
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 113,187	$ 15,356	$ 464,743	$ 358,826	$ 267,633	$ 340,188	$ 36,827	$ 54,260	$ 1,651,020

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, 2019

	Pavilion Fund	Goddard Chapel Restoration	HUB Recreation Center Fund	Road and Bridge Fund	Motor Fuel Tax Fund	Gas Tax Fund	Foreign Fire Insurance Fund	Special Revenues Police Fund	Total - Special Revenue Funds
Revenues									
Property taxes	$ -	$ -	$ 139,615	$ 132,548	$ -	$ -	$ -	$ -	$ 272,163
Intergovernmental	-	-	-	-	449,793	-	-	-	449,793
Service charges and fees	155,882	4,280	2,037,306	-	-	-	-	43,803	2,241,271
Other taxes and franchise fees	384,163	-	-	480	-	652,400	54,446	145,050	1,236,539
Investment income	1,123	6	3,259	3,106	2,097	3,177	-	704	13,472
Miscellaneous	-	3,310	8,626	-	-	-	-	-	11,936
Total Revenues	541,168	7,596	2,188,806	136,134	451,890	655,577	54,446	189,557	4,225,174
Expenditures									
Public health and safety	-	-	-	-	-	-	40,806	28,269	69,075
Streets, alleys and cemeteries	-	693	-	58,229	462,207	537,046	-	-	1,058,175
Culture and recreation	404,077	-	2,208,492	-	-	-	-	-	2,612,569
Capital outlay	15,380	17,573	16,635	91,554	74,139	53,831	-	17,280	286,392
Debt service	230,499	-	39,301	-	-	138,677	-	-	408,477
Total Expenditures	649,956	18,266	2,264,428	149,783	536,346	729,554	40,806	45,549	4,434,688
Excess (Deficiency) of Revenues Over Expenditures	(108,788)	(10,670)	(75,622)	(13,649)	(84,456)	(73,977)	13,640	144,008	(209,514)
Other Financing Sources (Uses)									
Transfers in (out)	-	17,573	96,857	-	-	-	-	(161,500)	(47,070)
Total Other Financing Sources (Uses)	-	17,573	96,857	-	-	-	-	(161,500)	(47,070)
Net Change In Fund Balances	(108,788)	6,903	21,235	(13,649)	(84,456)	(73,977)	13,640	(17,492)	(256,584)
Fund Balances - Beginning of Year	184,865	8,234	185,028	227,590	327,089	411,720	21,687	53,114	1,419,327
Prior period adjustment	4,786	-	14,356	-	-	-	-	-	19,142
Fund Balances - As Restated	189,651	8,234	199,384	227,590	327,089	411,720	21,687	53,114	1,438,469
Fund Balances - End of Year	$ 80,863	$ 15,137	$ 220,619	$ 213,941	$ 242,633	$ 337,743	$ 35,327	$ 35,622	$ 1,181,885

City of Marion, Illinois
General Fund Types
Combining Balance Sheet
April 30, 2019

	General	Cultural and Civic Center	Senior Citizens Council	Boyton Street Community Center	Carnegie Library	Total - General Fund Types
Assets						
Cash and cash equivalents	$ 3,115,884	$ 130,258	$ 34,017	$ 3,765	$ 5,492	$ 3,289,416
Restricted cash and cash equivalents	99,773	-	-	1,996	3,365	105,134
Investments	2,840,296	2,583	-	-	62,144	2,905,023
Restricted investments	-	-	10,286	-	355,000	365,286
Property taxes receivable	1,831,104	-	-	-	-	1,831,104
Sales taxes receivable	3,673,807	-	-	-	-	3,673,807
Other taxes receivable	331,368	7,911	-	-	-	339,279
Accrued interest receivable	12,865	-	35	-	-	12,900
Loans receivable	763,836	-	-	-	-	763,836
Due from other governments	485,082	-	-	2,975	-	488,057
Accounts receivable	50,315	-	-	-	-	50,315
Total Assets	$ 13,204,330	$ 140,752	$ 44,338	$ 8,736	$ 426,001	$ 13,824,157
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	$ 257,378	$ 73,556	$ 10,382	$ 2,331	$ 10,569	$ 354,216
Due to other funds	123,657	16,795	-	106	-	140,558
Accrued payroll	397,053	14,470	12,422	8,517	20,694	453,156
Accrued payroll related expenses	8,655	-	-	-	-	8,655
Other payables	56,582	-	-	-	-	56,582
Total Liabilities	843,325	104,821	22,804	10,954	31,263	1,013,167
Deferred Inflow of Resources						
Unavailable revenue	1,691,110	81,035	-	-	-	1,772,145
Fund Balances						
Restricted for public safety expenditures	99,773	-	-	-	-	99,773
Restricted for donor expenditures	-	43,371	10,144	1,996	399,178	454,689
Committed	5,457,326	-	-	-	-	5,457,326
Assigned	102,107	-	-	-	-	102,107
Unassigned	5,010,689	(88,475)	11,390	(4,214)	(4,440)	4,924,950
Total Fund Balances	10,669,895	(45,104)	21,534	(2,218)	394,738	11,038,845
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 13,204,330	$ 140,752	$ 44,338	$ 8,736	$ 426,001	$ 13,824,157

City of Marion, Illinois
General Fund Types
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2019

	General	Cultural and Civic Center	Senior Citizens Council	Boyton Street Community Center	Carnegie Library	Total - General Fund Types
Revenues						
Property tax	$ 1,680,550	$ -	$ -	$ -	$ -	$ 1,680,550
Sales tax	15,613,523	-	-	-	-	15,613,523
Grant revenue	186,309	-	3,250	34,420	41,521	265,500
Licenses and permits	205,274	-	-	-	-	205,274
Intergovernmental revenues	1,804,882	-	-	-	-	1,804,882
Service charges and fees	340,194	222,571	54,348	1,334	24,975	643,422
Other taxes and franchise fees	2,777,063	131,721	-	-	-	2,908,784
Investment income	191,128	1,934	176	-	6,857	200,095
Miscellaneous revenue	155,716	27,932	8,270	4,502	435	196,855
Restricted donations	-	294,318	275	1,707	340,005	636,305
Total Revenues	22,954,639	678,476	66,319	41,963	413,793	24,155,190
Expenditures						
General government	2,600,860	-	569,556	336,774	-	3,507,190
Public health and safety	10,770,491	-	-	-	-	10,770,491
Streets, alleys and cemeteries	3,236,528	-	-	-	-	3,236,528
Culture and recreation	-	732,965	-	-	913,546	1,646,511
Capital outlay	649,086	327,112	-	7,994	-	984,192
Development	626,682	-	-	-	-	626,682
Debt Service	434,109	-	-	-	-	434,109
Total Expenditures	18,317,756	1,060,077	569,556	344,768	913,546	21,205,703
Excess (Deficiency) of Revenues Over Expenditures	4,636,883	(381,601)	(503,237)	(302,805)	(499,753)	2,949,487
Other Financing Sources (Uses)						
Transfers in (out)	(4,666,168)	328,471	495,020	304,707	799,378	(2,738,592)
Proceeds from long-term debt, net	429,484	-	-	-	-	429,484
Total Other Financing Sources (Uses)	(4,236,684)	328,471	495,020	304,707	799,378	(2,309,108)
Net Change in Fund Balances	400,199	(53,130)	(8,217)	1,902	299,625	640,379
Fund Balances - Beginning of Year	9,899,309	55	12,622	(12,674)	79,509	9,978,821
Prior period adjustment	370,387	7,971	17,129	8,554	15,604	419,645
Fund Balance - As Restated	10,269,696	8,026	29,751	(4,120)	95,113	10,398,466
Fund Balances - End of Year	$ 10,669,895	$ (45,104)	$ 21,534	$ (2,218)	$ 394,738	$ 11,038,845

City of Marion, Illinois
TIF Redevelopment Fund
Combining Balance Sheet
April 30, 2019

	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 #18	TIF Redevelopment Fund
Assets														
Cash and cash equivalents	$ 2,596,989	$ 175	$ -	$ 73,015	$ 437,308	$ 224,262	$ 1	$ 22,981	$ 4	$ 5	$ 39,276	$ -	$ -	$ 3,393,996
Property taxes receivable	3,281,624	155,303	-	1,176,135	160,626	1,054,557	88,579	3,251	418,173	7,512	199,354	1,027	6,615	6,552,756
Due From other governments	-	221,362	-	-	-	-	-	-	-	-	-	-	-	221,362
Total Assets	$ 5,878,613	$ 376,840	$ -	$ 1,249,150	$ 597,934	$ 1,278,819	$ 88,580	$ 26,212	$ 418,177	$ 7,517	$ 238,630	$ 1,027	$ 6,615	$ 10,168,114
Liabilities, Deferred Inflows of Resources and Fund Balances														
Liabilities														
Accounts payable	$ 385,630	$ 163,331	$ -	$ 6,995	$ 1,360	$ 4,998	$ 77,660	$ 946	$ 80,352	$ 1,322	$ 5,542	$ 1,299	$ -	$ 729,433
Due to other funds	(216,362)	216,362	-	-	-	-	-	-	4,139	-	-	-	-	4,139
Total Liabilities	169,268	379,693	-	6,995	1,360	4,998	77,660	946	84,491	1,322	5,542	1,299	-	733,572
Deferred Inflow of Resources														
Unavailable revenue	3,281,624	155,303	-	1,176,135	160,626	1,054,557	88,579	3,251	418,173	7,512	199,354	1,027	6,615	6,552,756
Fund Balances														
Restricted	2,427,721	(158,156)	-	66,020	435,948	219,266	(77,659)	22,015	(84,487)	(1,317)	33,734	(1,299)	-	2,881,786
Total Fund Balances	2,427,721	(158,156)	-	66,020	435,948	219,266	(77,659)	22,015	(84,487)	(1,317)	33,734	(1,299)	-	2,881,786
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,878,613	$ 376,840	$ -	$ 1,249,150	$ 597,934	$ 1,278,819	$ 88,580	$ 26,212	$ 418,177	$ 7,517	$ 238,630	$ 1,027	$ 6,615	$ 10,168,114

City of Marion, Illinois
TIF Redevelopment Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2019

	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 #18	TIF Redevelopment Fund
Revenues														
Property taxes	$ 3,224,394	$ 152,488	$ 41,837	$ 1,153,957	$ 157,769	$ 1,026,097	$ 78,790	$ 3,193	$ 390,495	$ 1,381	$ 125,585	$ 945	$ -	$ 6,356,931
Grant revenue	-	1,866,922	-	-	-	-	-		11,252	-	-	-	-	1,878,174
Investment income	72,291	405	196	4,528	5,474	3,988	64	303	180	4	549	-	-	87,982
Total Revenues	3,296,685	2,019,815	42,033	1,158,485	163,243	1,030,085	78,854	3,496	401,927	1,385	126,134	945	-	8,323,087
Expenditures														
Streets, alleys and cemeteries	91,119	10,508	-	42,952	-	35,098	5,483	-	425,831	-	435	-	-	811,224
Capital outlay	718,201	2,410,700	-	-	-	-	42,704	-	2,069,747	-	-	-	-	5,239,352
Development	659,367	133,749	24,322	32,456	119,047	488,605	459,910	4,739	187,767	6,194	93,379	6,291	-	2,213,828
Debt service	616,182	-	-	-	-	13,500	78,500	-	-	-	-	-	-	708,182
Total Expenditures	2,084,869	2,554,955	24,322	75,408	119,047	535,203	584,597	4,739	2,683,145	6,194	93,814	6,291	-	8,772,584
Excess (Deficiency) of Revenues Over Expenditures	1,211,816	(535,140)	17,711	1,083,077	44,196	494,882	(505,743)	(1,243)	(2,281,218)	(4,809)	32,320	(5,346)	-	(449,497)
Other Financing Sources (Uses)														
Transfers in (out)	(2,683,422)	257,782	(27,173)	(1,254,030)	-	(270,617)	457,104	-	2,360,630	4,792	5,635	5,320	-	(1,143,999)
Total Other Financing Sources (Uses)	(2,683,422)	257,782	(27,173)	(1,254,030)	-	(270,617)	457,104	-	2,360,630	4,792	5,635	5,320	-	(1,143,999)
Net Change in Fund Balances	(1,471,606)	(277,378)	(9,462)	(170,953)	44,196	224,265	(48,639)	(1,243)	79,412	(17)	37,955	(26)	-	(1,593,496)
Fund Balances - Beginning of Year	3,899,327	119,222	9,462	236,973	391,752	(4,999)	(29,020)	23,258	(163,899)	(1,300)	(4,221)	(1,273)	-	4,475,282
Fund Balances - End of Year	$ 2,427,721	$ (158,156)	$ -	$ 66,020	$ 435,948	$ 219,266	$ (77,659)	$ 22,015	$ (84,487)	$ (1,317)	$ 33,734	$ (1,299)	$ -	$ 2,881,786

City of Marion, Illinois
Fiduciary Fund Types
Combining Statement of Plan Net Position
April 30, 2019

	Police Pension	Fire Pension	Totals
Assets			
Cash and cash equivalents	$ 190,417	$ 264,630	$ 455,047
Accrued interest receivable	27,966	27,416	55,382
Investments -			
U.S. Government and agency obligations	1,753,377	2,284,386	4,037,763
Corporate bonds	1,371,171	1,637,068	3,008,239
Insurance company contracts	863,135	-	863,135
Mutual funds	3,338,413	2,929,209	6,267,622
Stocks	1,045,885	925,175	1,971,060
State and local obligations	702,960	87,669	790,629
Other fixed income securities	19,701	29,552	49,253
Exchange traded funds	4,523,550	4,018,303	8,541,853
Total Assets	13,836,575	12,203,408	26,039,983
Liabilities			
Accounts payable	3,073	-	3,073
Payable from purchases of investments	69,560	14,604	84,164
Total Liabilities	72,633	14,604	87,237
Net Position			
Held in trust for pension benefits	$ 13,763,942	$ 12,188,804	$ 25,952,746

City of Marion, Illinois
Fiduciary Fund Types
Combining Statement of Changes in Plan Net Position
For the Year Ended April 30, 2019

	Police Pension	Fire Pension	Totals
Additions			
Contributions			
Employer	$ 1,014,558	$ 671,961	$ 1,686,519
Plan members	213,300	148,466	361,766
Total Contributions	1,227,858	820,427	2,048,285
Investment Income			
Net increase (decrease) in fair value of investments	409,057	371,930	780,987
Interest and dividends	422,587	342,197	764,784
Investment expense	(28,743)	(27,189)	(55,932)
Net Investment Income	802,901	686,938	1,489,839
Total Additions	2,030,759	1,507,365	3,538,124
Deductions			
Benefits	930,466	532,212	1,462,678
Refunds of contributions	16,391	-	16,391
Administrative expense	35,679	17,966	53,645
Total Deductions	982,536	550,178	1,532,714
Net Increase	1,048,223	957,187	2,005,410
Net Position -			
Beginning of Year	12,715,719	11,231,617	23,947,336
End of Year	$ 13,763,942	$ 12,188,804	$ 25,952,746

City of Marion, Illinois
Schedule of Expenditures of Federal Awards
for the Year Ended April 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures 5/1/18 - 4/30/2019
U.S. Department of Agriculture passed through the Illinois State Board of Education:			
Summer Food Service Program	10.559	21100017P00	$ 15,724
Child and Adult Care Food Program	10.558	21100017P00	29,306
Total U.S. Department of Agriculture			$ 45,030
U.S. Department of Homeland Security passed through the Illinois Emergency Management Agency:			
Emergency Management Performance Grant	97.042		$ 34,323
Assistance to Firefighters Grant	97.044		55,429
Total U.S. Department of Homeland Security			$ 89,752
Delta Regional Authority:			
States' Economic Development Assistance Program	90.201		$ 293,656
(M) U.S. Department of Housing and Urban Development passed through the Illinois Department of Commerce and Economic Opportunity:			
Community Development Block Grant	14.228	18-248331	$ 1,619,442
Community Development Block Grant	14.228		15,696
Total U.S. Department of Housing and Urban Development			$ 1,635,138
Total Federal Financial Assistance			$ 2,063,576

(M) Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

City of Marion, Illinois
Notes to Schedule of Expenditures of Federal Awards
for the Year Ended April 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Marion, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Facilities & Administration Costs

The City of Marion did not elect to use the 10% deminimis cost rate.

Note 3 - Subrecipients

The City of Marion, Illinois did not provide federal awards to any subrecipients.

Note 4 - Non-cash Assistance

There was no non-cash assistance reported in the schedule of expenditures of federal awards.

Note 5 - Insurance

There is no insurance involving federal expenditures.

Note 6 - Loan Outstanding

There are no loans outstanding involving federal funds.

City of Marion, Illinois
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weaknesses identified? ___ yes _X_ no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified ___ yes _X_ no
- Significant deficiencies identified that are not considered to be material weaknesses ___ yes _X_ none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) ___ yes _X_ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Amount of Federal Program
14.228	Community Development Block Grant	$1,635,138

Total federal expenditures for 5/1/18 – 4/30/19 $ 1,635,138
% tested as major 93%

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___ yes _X_ no

Section II – Financial Statement Findings

None

City of Marion, Illinois
Summary Schedule of Prior Audit Findings
for the Year Ended April 30, 2019

Finding Number	Condition	Current Status
None		

MICHAEL W. ABSHER, MAYOR
Public Affairs

COMMISSIONERS

DOUG PATTON
Accounts & Finances

JOHN STOECKLIN
Public Property

COMMISSIONERS

JIM WEBB
Streets & Public Improvements

JOHN M. BARWICK, JR.
Public Health & Safety

City of Marion, Illinois
Corrective Action Plan for Current Year Audit Findings
Year Ending June 30, 2019

Corrective Action Plan

None necessary

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