



Dave Yost • Auditor of State

CITY OF MARION
MARION COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Expenditures of Federal Awards.....	1
Notes to the Schedule of Expenditures of Federal Awards	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	5
Schedule of Findings.....	9
Prepared by Management:	
Summary Schedule of Prior Audit Findings	10

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**CITY OF MARION
MARION COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>FEDERAL GRANTOR</u> <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Development Services Agency</i> Community Development Block Grant / State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-15-2CI-1	\$ 231,929
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			231,929
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Bulletproof Vest Partnership Program (Direct)	16.607	N/A	6,114
Edward Byrne Memorial Justice Assistance Grant Program (Direct)	16.738	N/A	6,849
<i>Passed Through Ohio Department of Public Safety / Ohio Office of Criminal Justice Services</i> Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JG-B01-6412	13,333
TOTAL U.S. DEPARTMENT OF JUSTICE			26,296
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Airport Improvement Program (Direct)	20.106	N/A	154,159
<i>Passed Through Ohio Department of Transportation</i> Formula Grants for Rural Areas	20.509	110-RPTF-16-0100	608,039
Formula Grants for Rural Areas	20.509	110-INTC-16-0200	5,593
Total Formula Grants for Rural Areas			613,632
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			767,791
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio District 5 Area Agency on Aging</i> Aging Cluster: Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	31-6400233	41,472
National Family Caregiver Support, Title III, Part E	93.052	31-6400233	3,078
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			44,550
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Assistance to Firefighters Grant (Direct)	97.044	N/A	16,455
Staffing for Adequate Fire and Emergency Response (Direct)	97.083	N/A	448,691
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			465,146
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,535,712

The accompanying notes are an integral part of this schedule.

**CITY OF MARION
MARION COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Marion (the City's) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, except expenditures passed through the Ohio Department of Transportation which are presented on an accrual basis. Such expenditures are recognized the following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The City of Marion has a revolving loan Fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Development Services Agency. The schedule reports loans made and administrative costs as disbursements on the schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

The current cash balance on the City's local program income account as of December 31, 2016 is \$15,503.53.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Marion
Marion County
233 W. Center Street
Marion, Ohio 43302

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Marion County, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 19, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Marion
Marion County
233 W. Center Street
Marion, Ohio 43302

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Marion's (the City's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Marion's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City of Marion complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marion (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 19, 2017. We conducted our audit to opine on the City's' basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements.

We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Dave Yost". The signature is fluid and cursive, with the first name "Dave" and last name "Yost" clearly distinguishable.

Dave Yost
Auditor of State
Columbus, Ohio

June 19, 2017

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**CITY OF MARION
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #97.083 – Staffing for Adequate Fire and Emergency Response
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CITY OF MARION
MARION COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Utility Department – Finding for Recovery / Non-Compliance	Partially Corrected	Pursuant to the order under State v Nwosu, Case No 2014CR0437, Defendant Nwosu was ordered to pay restitution to the City of Marion in the amount of \$34,276. As of May 31, 2017, the Defendant has made restitution of \$33,180, leaving a balance due of \$1,096.
2015-002	Reporting - Material Weakness / Non-Compliance	Partially Corrected	Partially corrected and repeated in the Management Letter.

CITY OF MARION, OHIO

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2016

INTRODUCTORY SECTION

CITY OF MARION, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2016

Prepared By:

City Auditor

KELLY L. CARR

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CITY OF MARION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page.....	i
Table of Contents	iii
Letter of Transmittal.....	vii
Certificate of Achievement.....	xii
Organizational Chart	xiii
Principal City Officials.....	xiv

FINANCIAL SECTION

Independent Auditor's Report	1
General Purpose External Financial Statements	
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	23
Street Construction, Maintenance, and Repair Fund.....	24
Police, Dispatch, and Fire Income Tax Fund	25

TABLE OF CONTENTS

(continued)

FINANCIAL SECTION (continued)

Statement of Fund Net Position - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Assets and Liabilities - Agency Funds	36
Notes to the Basic Financial Statements	37
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability -	
Ohio Public Employees Retirement System - Traditional Plan	89
Ohio Police and Fire Pension Fund	90
Schedule of the City's Contributions -	
Ohio Public Employees Retirement System - Traditional Plan	91
Ohio Police and Fire Pension Fund	92
Combining Statements and Individual Fund Schedules	95
Combining Statements - Nonmajor Governmental Funds	
Fund Descriptions.....	97
Combining Balance Sheet - Nonmajor Governmental Funds	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds.....	109
Combining Statements - Fiduciary Funds	
Fund Descriptions.....	121
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	122
Individual Fund Schedules of Revenues, Expenditures/Expenses, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual	123
Major Funds	124
Nonmajor Funds	136

TABLE OF CONTENTS

(continued)

STATISTICAL SECTION

Net Position - Last Ten Years.....	S-2
Changes in Net Position - Last Ten Years	S-4
Fund Balance - Governmental Funds - Last Ten Years.....	S-10
Changes in Fund Balance - Governmental Funds - Last Ten Years.....	S-12
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years.....	S-16
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Years.....	S-18
Real Property Tax Levies and Collections - Last Ten Years.....	S-20
Tangible Personal Property Tax Levies and Collections - Last Ten Years.....	S-22
Principal Taxpayers - Current Year and Five Years Ago	S-24
Income Tax Revenue Base and Collections - Last Ten Years.....	S-27
Sewer Utility Statistics - Last Eight Years	S-28
Sanitation Utility Statistics - Last Seven Years	S-32
Storm Water Utility Statistics - Last Eight Years	S-37
Principal Sewer Customers - Last Eight Years	S-40
Principal Sanitation Customers - Last Seven Years	S-44
Principal Storm Water Customers - Last Eight Years	S-48
Wastewater Treated with Parameter Removal Data - Last Ten Years.....	S-53

TABLE OF CONTENTS

(continued)

STATISTICAL SECTION (continued)

Ratios of Outstanding Debt by Type - Last Ten Years.....	S-54
Ratio of General Bonded Debt to Estimated Actual Value and Bonded Debt Per Capita - Last Ten Years.....	S-56
Computation of Direct and Overlapping Debt for Governmental Activities	S-57
Computation of Legal Debt Margin - Last Ten Years.....	S-58
Pledged Revenue - Sewer Enterprise Fund - Last Ten Years.....	S-60
Pledged Revenue - Landfill Enterprise Fund - Last Ten Years.....	S-61
Pledged Revenue - Storm Water Enterprise Fund - Last Ten Years.....	S-62
Demographic Statistics - Last Ten Years.....	S-63
Principal Employers - Current Year and Nine Years Ago	S-64
Full-Time City Government Employees by Program/Department - Last Seven Years	S-66
Operating Indicators by Program/Department - Last Ten Years.....	S-68
Capital Assets by Program/Department - Last Nine Years	S-72

**Kelly L Carr
Auditor**

**233 West Center Street
Marion, Ohio 43302**

**Phone: (740)383-5337
Fax: (740) 387-3433
Email:kcarr@marionohio.org**

June 19, 2017

Citizens of the City of Marion
Members of Marion City Council

As City Auditor, it is my pleasure to present the City of Marion's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This report provides a full and complete disclosure of the financial operations of the City of Marion. It is intended to inform elected officials, employees, bondholders, investment bankers, rating agencies, and all interested persons of the financial affairs of the City. The CAFR conforms to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the thoroughness of the presentation rests with the City. The City has a framework of internal controls established to ensure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The State of Ohio Auditor's Office has issued an unmodified opinion on the City of Marion's financial statements for the year ended December 31, 2016. The Independent Auditor's Report is located at the front of the financial section of this report.

State law requires the City to file basic financial statements with the Auditor of State within one hundred fifty days after year end. This report fulfills that requirement.

PROFILE OF THE CITY

The City is located in and is the county seat of Marion County in central Ohio, approximately fifty miles north of Columbus, ninety miles southeast of Toledo, and one hundred fifteen miles southwest of Cleveland. It was incorporated as a village in 1830 and became a city in 1890.

The City, with an estimated population of 36,701, is the largest municipality in Marion County and has an area of approximately 11.78 square miles. The City's land use is broken down as follows:

Real Property

Residential	76.05%
Commercial	20.20
Industrial	3.57
Agricultural	.13
Public Utility	.05

The City operates under a mayor-council form of government in accordance with general laws. Under the Ohio Constitution, the City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws.

Legislative authority is vested in a nine-member council and a council president, each elected to two-year terms. Three members of council are elected at-large and six are elected from wards. The Council fixes compensation of City officials and employees, enacts ordinances and resolutions relating to City services, tax levies, the appropriating and borrowing of money, licensing and regulating businesses and trades, and other municipal purposes.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters and serves a term of four-years. The Mayor appoints the directors of all City departments, members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except those appointed by City Council. The Mayor may veto any legislation passed by City Council. A veto may be overridden by a two-thirds vote of all members of City Council.

All other elected officials serve four-year terms and are considered part-time positions, with the exception of the Mayor, Auditor, and Law Director.

Marion is known as the home of the 29th President of the United States, Warren G. Harding (1921-1923). The Harding Home and Museum and the Harding Memorial draw visitors from all over the country.

The City is served by diversified transportation facilities, including seven state and U.S. highways. Interstate I-71 is located twenty-five miles east of the City. The City is served by the CSX and Norfolk Southern railroads. Public mass transit is provided by the Marion Area Transit System. The City owns the Marion Municipal Airport which is located east of the City and outside the corporation limit. The airport is designed for general use.

Banking and financial services are provided to the City by offices of local commercial banks and savings and loan associations, two of which have their principal offices in the City.

One daily newspaper, *The Marion Star*, serves the City. The City is within the broadcast area of four television stations and three local AM and FM radio stations. Multi-channel cable TV service, including educational, governmental, and public access channels is provided by Time Warner/Spectrum Cable.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include the Marion Campus of The Ohio State University and Marion Technical College. There are ten other colleges and universities within a sixty-minute drive.

The City and its area residents are served by the Marion General Hospital which is operated by Ohio Health. It has one hundred seventy beds and is the largest medical center within a forty-mile radius of the City.

The main branch of the Marion Public Library is located in the City with three branches located in villages within the County. It has approximately 231,000 volumes and 38,000 audio-visual items.

Entertainment assets include the Palace Theater, which offers performing arts, musical events, and films. Its central location in the City and its architecture were key factors in the theater's privately supported restoration program.

The City maintains nineteen parks with over 325 acres of land. Park facilities include an aquatic center which includes a lazy river, slides, and a concession stand. The City also has bike and jogging trails, tennis courts, baseball diamonds, softball fields, soccer fields, volleyball courts, picnic areas with shelters, and numerous playground facilities.

LOCAL ECONOMY

Major industries located within the City's boundaries or in close proximity include manufacturers of dryers, automobile components, design and manufacture of packaging, metal forming and processing, and steel production. The school system consists of six elementary schools, one middle school, and one high school. The school system is the second largest employer in the City. There are two private prisons and one state prison within the City limits that are also large employers.

The unemployment rate went from 5.2 percent in December 2015 to 5 percent as of December 2016.

Local businesses continue to expand in our community. Union Tank Car filled one hundred ninety of the two hundred jobs available in 2016. In 2017, Poet, an ethanol production facility in Marion County, will be investing \$100,000,000 in expansion and Nucor Steel will be doing an \$85,000,000 expansion project.

The annexation with Kroger's on Marion Waldo Road is complete. They will be building a new Kroger Market Place. This will be new revenue for Marion. Construction will begin in the spring of 2017.

In 2016, the City combined dispatch services with the County Sheriff. On May 11, 2016, the dispatch center was moved from City Hall to the county building across the street. This combined service was setup to offer the community better service at a cost savings. The portion of the .25 percent income tax voters passed in 2012 is used to help pay the City's portion.

The Street Construction, Maintenance, and Repair Fund also receives a portion of the .25 percent income tax to help with street improvements. The City completed seventeen resurfacing projects in 2016. City Council passed an ordinance to increase the permissive auto tax by \$10.00. This additional money will also be used for resurfacing projects.

Health care costs to the City went up 42 percent in 2017. The City is exploring possible consortiums to help reduce future costs.

The unassigned fund balance in the General Fund at year end was 16 percent of General Fund revenues for 2016. City Council has not established a formal fund balance policy but discussion has recommended an unassigned fund balance in the General Fund of at least 10 percent.

RELEVANT FINANCIAL POLICIES

It is the City's policy to ensure that current year revenues are sufficient to fund current year expenditures without the use of non-recurring revenues. Appropriations are set based upon available revenues with the City Council determining the level of funding for each department within the City.

The City Treasurer manages the investment of City funds with the oversight of the Investment Board which is made up of the Mayor, Law Director, Auditor, and Treasurer. Any financial institution that holds City funds must also adhere to the requirements of the City's Investment Policy. This policy details the objectives and rules for the safekeeping of City funds.

MAJOR INITIATIVES

Capital improvement proposals are presented to City Council for approval and appropriation. Funding for the projects comes from the Community Development Block Grant (CDBG) Program, Formula Grant, State of Ohio Issue I funds, Federal Aviation Administration (FAA) grants, and any other federal or state grants that become available. The City also uses permissive auto license fees, voted income tax restricted for street maintenance and repair, and zero interest loans and grants from the Ohio Water Development Authority and the Ohio Public Works Commission.

With the assistance of these grants, the City has improved parks, sidewalks, and assisted low/moderate income households with home repairs.

In 2016, the City used a CDBG grant for a project called LODO, Lower Downtown. It provided public infrastructure improvements for that downtown area.

The City has a Land Bank program to help abate nauseous properties. When a property is turned over to the City and demolition and clean up are complete, the property is put up for auction. The money is put back into the program to use for other nauseous properties issues. In 2016, the City brought in fifty-nine properties and sold twenty-three.

The City continues to be focused on improvements to its infrastructure. The City instituted a storm water utility in the late 1990's to fund storm water improvements and maintenance activities. The Ohio Environmental Protection Agency (EPA) issued Phase II storm water regulations and the City has developed and implemented the six minimum control measures along with storm water post construction water quality runoff and erosion and sediment controls and regulations. In 2007, the City had a long-term control plan (LTCP) approved by the EPA as part of the City's national pollutant discharge elimination system (NPDES) permit. Beginning in 2014, the City began work to modify the plan under the advisement of the EPA. As part of this modification, the City has completed a city-wide model and flow analysis and is in the process of developing an adaptive management plan to outline storm and sanitary sewer projects over the next several years. In August 2016, the City submitted this plan to the EPA. The City currently pursues grants, no interest and low interest loans, and notes and bonds to complement the Storm Water Fund and Sewer Fund for these projects. In 2016, the City completed two projects, Ballentine Avenue and Belmont Street sewer improvements. In 2017, the City will be working on George Street, Main Street/State Street Alley, and South Greenwood Street sewer improvements.

Permissive auto tax and municipal auto tax dollars along with earmarked city income tax dollars are used for street maintenance and repairs. In 2016, the City completed Normandy Drive, Normandy Circle, and Council, Dennison, Forest Lawn, Hartford, Jamaica, Monroe, North Vine, Oak, Roberts, Roma, Toulon, Van Buren, and York Streets. Streets on the agenda for 2017 include Evans, Nye/Curve, and Oak Streets and Gurley Avenue. The City is also looking at Latourette and Senate Streets and Bermuda and Chateau Drives.

The City is in line for a grant from the FAA to build a new terminal. The design will begin in 2017 and construction will start in 2018. The FAA is funding at 60 percent of the project. The State of Ohio will pay 5 percent of the project and the City will be responsible for the remaining 35 percent.

ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports that conform to the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report meets the Certificate of Achievement requirements and we are submitting it to the GFOA for consideration.

I would like to thank my staff, members of the Administration, City Council, department heads, and our City employees for all the daily work they do that enabled us to prepare the information for the 2016 Comprehensive Annual Financial Report. Their cooperation is greatly appreciated.

I sincerely want to thank the Local Government Services Section of the Auditor of State's office for their guidance and professionalism in helping us prepare our CAFR.

The continued dedication and hard work of my staff is also greatly appreciated. Without the cooperation of all involved, the preparation of this report would not have been possible.

Sincerely,



Kelly L. Carr
Marion City Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Marion
Ohio**

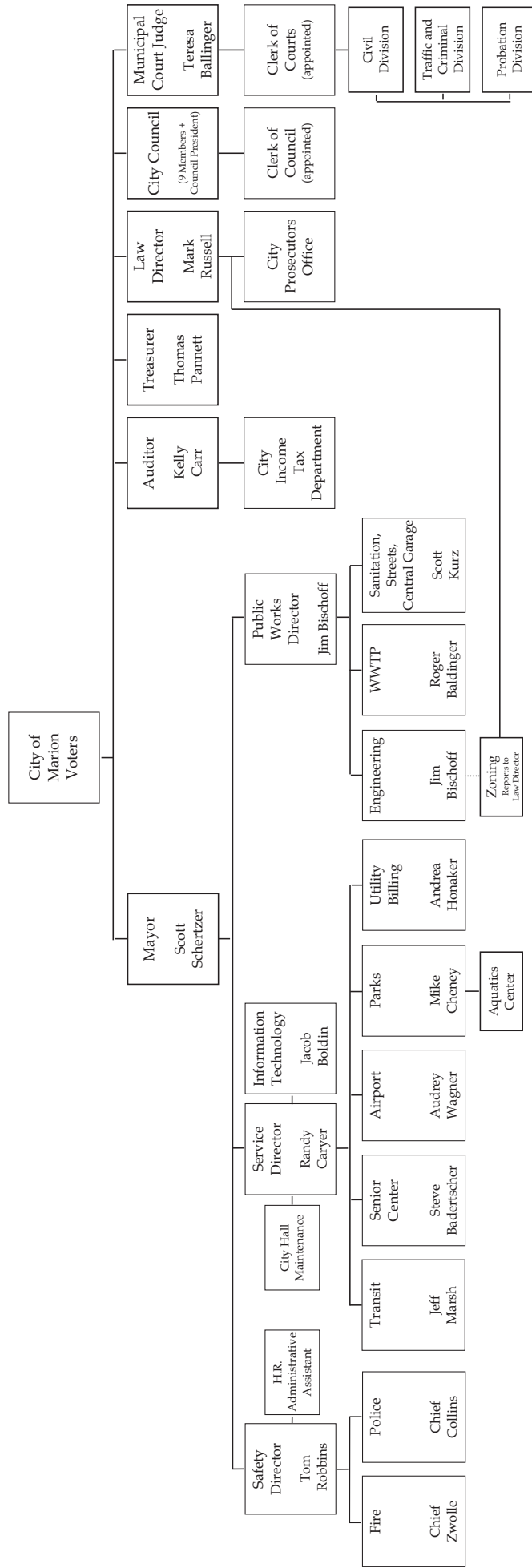
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

City of Marion Organizational Chart



CITY OF MARION
PRINCIPAL CITY OFFICIALS
DECEMBER 31, 2016

ELECTED OFFICIALS

Mayor.....	J. Scott Schertzer
Auditor	Kelly L. Carr
Treasurer	Thomas Pannett
Law Director	Mark D. Russell
Municipal Court Judge.....	Teresa Ballinger
President of Council.....	Dr. Scott Gray
Council Members.....	Ralph A. Cumston, II Ayers Ratliff, Jr. Michael Thomas Deborah Blevins Leslie Cunningham Richard Huddle Rebecca Gustin Kevin Norris Joshiah Daniels

APPOINTED OFFICIALS

Clerk of Council.....	Irene Fulton
Clerk of Courts.....	Amanda Fellows
Service Director	Randy Caryer
Safety Director	Thomas Robbins
Public Works Director	James Bischoff

FINANCIAL SECTION

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Marion
Marion County
233 W. Center Street
Marion, Ohio 43302

To the City Council:

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, Marion County, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Marion County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, and Police, Dispatch and Fire Income Tax funds thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Dave Yost". The signature is written in a cursive, flowing style. The "D" is large and loops around the "ave". The "Yost" is written in a similar cursive style, with the "Y" being particularly prominent.

Dave Yost
Auditor of State
Columbus, Ohio

June 19, 2017

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CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The discussion and analysis of the City of Marion's financial performance provides an overview of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2016 are as follows:

In total, the City's net position decreased 8 percent from the prior year; a decrease of 11 percent for governmental activities and an increase of 6 percent for business-type activities.

General revenues made up 76 percent of the total revenues for governmental activities in 2016, and of this amount, 81 percent was provided through municipal income taxes, the most critical of the City's revenue sources.

Program revenues, primarily user charges, made up 96 percent of total revenues for business-type activities.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General Fund; the Street Construction, Maintenance, and Repair and the Police, Dispatch, and Fire Income Tax special revenue funds; and the Sewer, Sanitation, Landfill, Storm Water, and Aquatics Center enterprise funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2016. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings, streets, equipment, sewer and storm water lines). These factors must be considered when assessing the overall health of the City.

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government. These services are primarily funded by property taxes and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's sewer, sanitation, landfill, and storm water services as well as the City's aquatics center are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General Fund; the Street Construction, Maintenance, and Repair and Police, Dispatch, and Fire Income Tax special revenue funds; and the Sewer, Sanitation, Landfill, Storm Water, and Aquatics Center enterprise funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Proprietary Funds - The City has two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements and use the accrual basis of accounting. The City uses enterprise funds to account for sewer, sanitation, landfill, storm water, and the aquatics center's operations. The internal service fund is an accounting device used to accumulate and allocate internal costs among other programs and activities. The City's internal service fund accounts for the City's central garage which provides vehicle maintenance to departments of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2016 and 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Assets</u>						
Current and Other Assets	\$16,432,712	\$16,154,803	\$13,303,376	\$13,757,859	\$29,736,088	\$29,912,662
Capital Assets, Net	55,485,077	58,903,109	41,671,585	41,852,586	97,156,662	100,755,695
Total Assets	71,917,789	75,057,912	54,974,961	55,610,445	126,892,750	130,668,357
<u>Deferred Outflows of Resources</u>						
Pension	8,094,627	2,776,602	1,484,016	402,594	9,578,643	3,179,196
<u>Liabilities</u>						
Current and Other Liabilities	2,444,892	1,917,317	7,469,748	7,109,136	9,914,640	9,026,453
Long-Term Liabilities						
Pension	26,536,581	19,471,305	3,443,406	2,146,266	29,979,987	21,617,571
Other Amounts	7,881,187	8,143,985	32,707,861	34,715,730	40,589,048	42,859,715
Total Liabilities	36,862,660	29,532,607	43,621,015	43,971,132	80,483,675	73,503,739
<u>Deferred Inflows of Resources</u>						
Pension	180,118	73,193	72,684	37,706	252,802	110,899
Other Amounts	1,589,069	1,592,268	0	0	1,589,069	1,592,268
Total Deferred Inflows of Resources	1,769,187	1,665,461	72,684	37,706	1,841,871	1,703,167
<u>Net Position</u>						
Net Investment in Capital Assets	50,948,369	54,707,860	8,048,384	8,611,292	58,996,753	63,319,152
Restricted	6,875,900	6,268,607	0	0	6,875,900	6,268,607
Unrestricted (Deficit)	(16,443,700)	(14,340,021)	4,716,894	3,392,909	(11,726,806)	(10,947,112)
Total Net Position	\$41,380,569	\$46,636,446	\$12,765,278	\$12,004,201	\$54,145,847	\$58,640,647

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The net pension liability is the single largest liability reported by the City at December 31, 2016, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 requires the net pension liability to equal the City's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Pension related changes noted in the above table for both governmental and business-type activities reflect a significant increase in deferred outflows due to an increase in the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the City's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Other changes of significance for governmental activities include a decrease in net capital assets and the investment in capital assets due to annual depreciation and an increase in current and other liabilities due to outstanding payables at year end related to the 2016 street resurfacing projects.

Business-type activities also had outstanding payables at year end related to infrastructure projects on Main/State, South Greenwood, and Belmont streets and reflected in the increase in current and other liabilities. The decrease in other long-term liabilities was due to scheduled debt retirement.

Table 2 reflects the change in net position for 2016 and 2015.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$2,406,788	\$2,767,639	\$10,538,203	\$10,446,509	\$12,944,991	\$13,214,148
Operating Grants, Contributions, and Interest	3,211,132	3,569,668	0	0	3,211,132	3,569,668
Capital Grants and Contributions	484,605	285,858	515,161	1,174,973	999,766	1,460,831
Total Program Revenues	<u>6,102,525</u>	<u>6,623,165</u>	<u>11,053,364</u>	<u>11,621,482</u>	<u>17,155,889</u>	<u>18,244,647</u>
General Revenues						
Property Taxes Levied for General Purposes	1,114,039	1,082,897	0	0	1,114,039	1,082,897
Property Taxes Levied for Police and Fire Pension	202,528	196,921	0	0	202,528	196,921
Payment in Lieu of Taxes	519,826	399,460	0	0	519,826	399,460
Municipal Income Taxes Levied for General Purposes	7,774,050	8,043,383	0	0	7,774,050	8,043,383
Municipal Income Taxes Levied for Street Construction, Maintenance, and Repair	626,470	606,726	0	0	626,470	606,726
Municipal Income Taxes Levied for Police and Fire	6,871,565	7,067,946	0	0	6,871,565	7,067,946
Municipal Income Taxes Levied for Capital Improvements	389,641	404,006	0	0	389,641	404,006
						(continued)

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Revenues</u> (continued)						
General Revenues (continued)						
Grants and Entitlements not Restricted to Specific Programs	\$922,016	\$728,315	\$0	\$0	\$922,016	\$728,315
Franchise Taxes	286,507	278,403	0	0	286,507	278,403
Interest	107,283	115,561	0	0	107,283	115,561
Other	406,036	255,947	404,475	350,480	810,511	606,427
Total General Revenues	19,219,961	19,179,565	404,475	350,480	19,624,436	19,530,045
Total Revenues	25,322,486	25,802,730	11,457,839	11,971,962	36,780,325	37,774,692
<u>Program Expenses</u>						
Security of Persons and Property						
Police	7,704,885	6,937,590	0	0	7,704,885	6,937,590
Fire	6,917,973	6,001,795	0	0	6,917,973	6,001,795
Other	279,024	273,558	0	0	279,024	273,558
Public Health	475,974	450,276	0	0	475,974	450,276
Leisure Time Activities	1,024,675	932,334	0	0	1,024,675	932,334
Community Environment	675,217	686,208	0	0	675,217	686,208
Transportation						
Transit	1,121,255	976,397	0	0	1,121,255	976,397
Other	6,786,744	7,323,163	0	0	6,786,744	7,323,163
General Government						
Court	1,598,237	1,252,947	0	0	1,598,237	1,252,947
Other	3,872,566	3,122,100	0	0	3,872,566	3,122,100
Interest and Fiscal Charges	132,223	144,154	0	0	132,223	144,154
Sewer	0	0	6,024,098	6,088,099	6,024,098	6,088,099
Sanitation	0	0	2,278,028	1,936,929	2,278,028	1,936,929
Landfill	0	0	(18,644)	(58,216)	(18,644)	(58,216)
Storm Water	0	0	1,911,468	1,852,887	1,911,468	1,852,887
Aquatics Center	0	0	491,402	447,437	491,402	447,437
Total Expenses	30,588,773	28,100,522	10,686,352	10,267,136	41,275,125	38,367,658
Increase (Decrease) in Net Position Before Transfers	(5,266,287)	(2,297,792)	771,487	1,704,826	(4,494,800)	(592,966)
Transfers	10,410	0	(10,410)	0	0	0
Increase (Decrease) in Net Position	(5,255,877)	(2,297,792)	761,077	1,704,826	(4,494,800)	(592,966)
Net Position Beginning of Year	46,636,446	48,934,238	12,004,201	10,299,375	58,640,647	59,233,613
Net Position End of Year	\$41,380,569	\$46,636,446	\$12,765,278	\$12,004,201	\$54,145,847	\$58,640,647

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The above table reflects the revenues and expenses for operating the City during 2016. For governmental activities, there was an 8 percent decrease in program revenues. The decrease in charges for services is primarily related to ambulance changes. The decrease in operating grants and contributions is largely due to a decrease in Community Housing Improvement Program (CHIP) grant funding. Capital grants and contributions had an increase as a result of FAA grant resources for taxiway improvements. There was very little change in general revenues (an increase of less than 1 percent).

Governmental activities expenses increased almost 9 percent with increases in most programs. Much of this increase can be attributed to salary and benefit increases.

As is to be expected, 96 percent of the revenues for business-type activities are received through program revenues. The decrease in capital grants and contributions represents additional grant resources received in the prior year for improvement projects as well as the contribution of a lift station to the sewer system in 2015.

Overall, expenses for business-type activities changed very little from the prior year; however, there was an increase in expenses in the Sanitation Fund due to additional contracted services in 2016.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Security of Persons and Property				
Police	\$7,704,885	\$6,937,590	\$7,527,098	\$6,738,854
Fire	6,917,973	6,001,795	5,646,899	4,300,810
Other	279,024	273,558	279,024	273,558
Public Health	475,974	450,276	475,974	450,276
Leisure Time Activities	1,024,675	932,334	868,831	772,232
Community Environment	675,217	686,208	238,915	272,832
Transportation				
Transit	1,121,255	976,397	321,609	48,965
Other	6,786,744	7,323,163	5,264,916	5,804,515
General Government				
Court	1,598,237	1,252,947	151,351	(98,405)
Other	3,872,566	3,122,100	3,579,408	2,769,566
Interest and Fiscal Charges	132,223	144,154	132,223	144,154
Total Expenses	<u>\$30,588,773</u>	<u>\$28,100,522</u>	<u>\$24,486,248</u>	<u>\$21,477,357</u>

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

While the dependence on general revenues (primarily municipal income taxes) to pay for the various services provided by the City is significant, program revenues in several of the programs provide for a considerable portion of the costs. For example, a combination of charges for services (fire services contracts with other governments) and grants provided for 18 percent of the costs of operations for the fire department. Various grants, generally the CDBG and CHIP programs, provided for 65 percent of the costs of the community environment program. Charges for services and various grants and contributions provided for 29 percent of transportation costs. The transportation program receives permissive motor vehicle license fees as well as motor vehicle and gas taxes. In addition, the City receives grants to assist in operating the public transit system. Lastly, court related fines and charges provided program revenues nearly covering the costs of court operations.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, and the Street Construction, Maintenance, and Repair and the Police, Dispatch, and Fire Income Tax special revenue funds.

The General Fund had a 7 percent increase in fund balance despite the fact that revenues were very similar to the prior year and expenditures increased 12 percent (largely due to the increase in personnel costs discussed earlier-salaries and benefits, specifically health care costs). Fortunately, revenues continue to outpace expenditures.

Fund balance decreased significantly in the Street Construction, Maintenance, and Repair Fund. Revenues increased approximately \$20,000 which is very insignificant and expenditures decreased approximately \$649,000 due to fewer improvement projects in 2016. However, improvement projects are significantly outpacing annual revenues.

Fund balance decreased in the Police, Dispatch, and Fire Income Tax Fund. There was little change in revenues (increased approximately \$24,000); however, expenditures increased almost \$586,000. This can again be pointed to the increase in personnel costs as noted previously.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds provide for wastewater treatment, trash collection, landfill postclosure activities, the storm water runoff system, and operations of an aquatics center.

There was an 18 percent increase in net position in the Sewer Fund. There was an 8 percent increase in charges for services revenues although there was no change in the sewer rate, except for one very small user classification. Expenses remained very similar to the prior year with a change of less than 1 percent (only approximately \$32,000). The fund received over \$241,000 in capital contributions for infrastructure improvements.

The Sanitation Fund had an 8 percent decrease in net position. There was a sizable decrease in revenues due to a decrease of one hundred forty-six accounts and an overall increase in expenses.

The Landfill Fund had an increase in net position for 2016; however, continues to reflect a deficit net position. The Landfill stopped accepting waste in 1995; all costs at this point are related to postclosure activities.

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

There was an increase in net position in the Storm Water Fund of less than 3 percent which was not a significant change overall. The fund received over \$273,000 in capital contributions for various infrastructure improvements.

The deficit net position for the Aquatics Center Fund increased approximately \$48,000. This fund has had a deficit net position since its inception in 2011. The fund had an operating income; however, interest on debt resulted in an increase in the deficit.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The City's most significant budgeted fund is the General Fund. For revenues, there was a 6 percent decrease from the original budget to the final budget due primarily to reducing the income tax estimate. There was little change from the final budget to actual revenues (approximately 1 percent). For expenditures, there were only modest changes from the original budget to the final budget (approximately \$117,000). Near year end, the City revised its final budget to closely match actual expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2016, was \$55,485,077 and \$41,671,585, respectively (net of accumulated depreciation). The most significant additions for governmental activities were the purchase of several vehicles and street improvements. Disposals were vehicles and street replacements. The most significant additions for business-type activities were infrastructure improvements and vehicle replacements. Disposals were not significant. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2016, the City had bond anticipation notes payable from governmental and business-type activities, in the amount of \$512,000 and \$6,676,500, respectively. New bond anticipation notes were issued for City Hall improvements, the purchase of an EMS vehicle, and for ongoing sewer and storm water improvements. The City also had a number of long-term obligations outstanding including \$23,850,000 in general obligation bonds, \$187,767 in loans for an ODOT related project, \$1,685,343 in Ohio Public Works Commission loans, and \$8,769,841 in Ohio Water Development Authority loans. Of this debt, \$30,722,072 will be paid from business-type activities. The only new long-term debt issues during 2016 were OPWC loans for sewer and storm water replacement.

In addition, the City's long-term obligations also include the net pension liability, compensated absences, and the liability associated with the future payment of landfill postclosure costs. For further information regarding the City's debt, refer to Notes 17, 18, and 19 to the basic financial statements.

CITY OF MARION
Marion County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

CURRENT ISSUES

In 2017, the City will continue to work on the replacement of the storm and sanitary sewer systems. There were four projects in 2016; two were completed, Ballentine Avenue and Belmont Street. Work will proceed in 2017 on George Street, Main Street/State Street Alley, and South Greenwood Street sewer improvements. The cost for the 2017 projects is estimated at \$3.9 million. The City has been awarded grants and zero percent interest loans to help pay for these projects.

The City completed seventeen resurfacing projects in 2016 at a cost of approximately \$900,000 and plans to undertake a number of projects in 2017 at an approximate cost of \$ \$978,600. Funding will come from grants from the Ohio Public Works Commission and income tax revenues restricted for street repair/replacement.

The City has looked at all department capital needs for 2017. The top projects include repairing or replacing the boiler at City Hall, upgrading servers in Auditor's office and police department, MARCS radio upgrade for the fire department, building security for City Hall, and two new transit buses. The buses will be paid 90 percent from federal funds and 10 percent from local resources. The Administration is also working on funding for a new EMS vehicle in 2018.

The City will be in negotiations with four unions, the IAFF, Police Blue, Police Gold, and Steelworkers unions. The fire contract (IAFF) expired March 31, 2017. The other contracts expire on December 31, 2017.

In January 2016, the City combined our dispatch services with the County Sheriff. In May 2016, the new location for the dispatch operation was opened in the County building across the street from City Hall.

The Administration continues to work on retention and expansion with local businesses. Union Tank Car hired one hundred ninety individuals in 2016 and Poet, an ethanol production facility, will be investing \$100,000,000 in expansion in 2017. Nucor Steel also has a planned expansion of \$85,000,000.

The Administration completed annexation for the new Kroger Market Place. Construction will begin in the spring of 2017.

The City continues to make improvements to the airport, including building a new terminal. The current terminal was built in the 1950's. The design of the new terminal will begin in 2017 and construction will start in 2018. The FAA will be funding 60 percent of the project, the State of Ohio will pay 5 percent, and the remainder will be paid by the City. Proceeds from the sale of land in the Airport Industrial Park has been earmarked to pay for the City's portion.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Kelly L. Carr, City Auditor, City of Marion, 233 West Center Street, Marion, Ohio 43302.

City of Marion
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,024,861	\$6,734,599	\$14,759,460
Accounts Receivable	788,049	6,158,545	6,946,594
Accrued Interest Receivable	51,010	0	51,010
Due from Other Governments	1,304,955	184,778	1,489,733
Municipal Income Taxes Receivable	3,415,889	0	3,415,889
Internal Balances	(92,588)	92,588	0
Prepaid Items	129,924	40,051	169,975
Materials and Supplies Inventory	220,643	92,815	313,458
Property Taxes Receivable	1,606,265	0	1,606,265
Payment in Lieu of Taxes Receivable	405,114	0	405,114
Notes Receivable	578,590	0	578,590
Nondepreciable Capital Assets	8,358,979	1,470,454	9,829,433
Depreciable Capital Assets, Net	47,126,098	40,201,131	87,327,229
Total Assets	71,917,789	54,974,961	126,892,750
<u>Deferred Outflows of Resources</u>			
Pension	8,094,627	1,484,016	9,578,643
<u>Liabilities</u>			
Accrued Wages Payable	210,684	47,400	258,084
Accounts Payable	338,080	89,449	427,529
Contracts Payable	934,755	390,917	1,325,672
Due to Other Governments	397,772	92,120	489,892
Matured Compensated Absences Payable	13,231	0	13,231
Due to External Parties	1,729	0	1,729
Retainage Payable	21,985	69,025	91,010
Accrued Interest Payable	14,656	104,337	118,993
Notes Payable	512,000	6,676,500	7,188,500
Long-Term Liabilities			
Due Within One Year	859,004	2,740,594	3,599,598
Due in More Than One Year			
Net Pension Liability	26,536,581	3,443,406	29,979,987
Other Amounts Due in More Than One Year	7,022,183	29,967,267	36,989,450
Total Liabilities	36,862,660	43,621,015	80,483,675
<u>Deferred Inflows of Resources</u>			
Property Taxes	1,183,955	0	1,183,955
Payment in Lieu of Taxes	405,114	0	405,114
Pension	180,118	72,684	252,802
Total Deferred Inflows of Resources	1,769,187	72,684	1,841,871
<u>Net Position</u>			
Net Investment in Capital Assets	50,948,369	8,048,384	58,996,753
Restricted for			
Capital Projects	2,141,229	0	2,141,229
Street Construction, Maintenance, and Repair	2,558,703	0	2,558,703
Court Operations	910,030	0	910,030
Economic Development	488,174	0	488,174
Senior Citizens	326,190	0	326,190
Other Purposes	451,574	0	451,574
Unrestricted (Deficit)	(16,443,700)	4,716,894	(11,726,806)
Total Net Position	\$41,380,569	\$12,765,278	\$54,145,847

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$7,704,885	\$59,724	\$118,063	\$0
Fire	6,917,973	782,978	488,096	0
Other	279,024	0	0	0
Public Health	475,974	0	0	0
Leisure Time Activities	1,024,675	20,522	135,322	0
Community Environment	675,217	120	105,737	330,445
Transportation				
Transit	1,121,255	95,924	703,722	0
Other	6,786,744	17,702	1,349,966	154,160
General Government				
Court	1,598,237	1,136,660	310,226	0
Other	3,872,566	293,158	0	0
Interest and Fiscal Charges	132,223	0	0	0
Total Governmental Activities	30,588,773	2,406,788	3,211,132	484,605
<u>Business-Type Activities</u>				
Sewer	6,024,098	6,634,544	0	241,570
Sanitation	2,278,028	1,903,911	0	0
Landfill	(18,644)	94,374	0	0
Storm Water	1,911,468	1,702,935	0	273,591
Aquatics Center	491,402	202,439	0	0
Total Business-Type Activities	10,686,352	10,538,203	0	515,161
Total	\$41,275,125	\$12,944,991	\$3,211,132	\$999,766

General Revenues

Property Taxes Levied for General Purposes
Property Taxes Levied for Police and Fire Pension
Payment in Lieu of Taxes
Municipal Income Taxes Levied for General Purposes
Municipal Income Taxes Levied for Street Construction,
Maintenance, and Repair
Municipal Income Taxes Levied for Police and Fire
Municipal Income Taxes Levied for Capital Improvements
Grants and Entitlements not Restricted to Specific Programs
Franchise Taxes
Interest
Other

Total General Revenues

Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$7,527,098)	\$0	(\$7,527,098)
(5,646,899)	0	(5,646,899)
(279,024)	0	(279,024)
(475,974)	0	(475,974)
(868,831)	0	(868,831)
(238,915)	0	(238,915)
(321,609)	0	(321,609)
(5,264,916)	0	(5,264,916)
(151,351)	0	(151,351)
(3,579,408)	0	(3,579,408)
(132,223)	0	(132,223)
(24,486,248)	0	(24,486,248)
0	852,016	852,016
0	(374,117)	(374,117)
0	113,018	113,018
0	65,058	65,058
0	(288,963)	(288,963)
0	367,012	367,012
(24,486,248)	367,012	(24,119,236)
1,114,039	0	1,114,039
202,528	0	202,528
519,826	0	519,826
7,774,050	0	7,774,050
626,470	0	626,470
6,871,565	0	6,871,565
389,641	0	389,641
922,016	0	922,016
286,507	0	286,507
107,283	0	107,283
406,036	404,475	810,511
19,219,961	404,475	19,624,436
10,410	(10,410)	0
(5,255,877)	761,077	(4,494,800)
46,636,446	12,004,201	58,640,647
\$41,380,569	\$12,765,278	\$54,145,847

City of Marion
Balance Sheet
Governmental Funds
December 31, 2016

	General	Street Construction, Maintenance, and Repair	Police, Dispatch, and Fire Income Tax	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$2,275,318	\$1,301,960	\$86,182	\$4,311,834	\$7,975,294
Accounts Receivable	787,608	0	0	441	788,049
Accrued Interest Receivable	51,010	0	0	0	51,010
Due from Other Governments	402,548	574,096	22,600	305,007	1,304,251
Municipal Income Taxes Receivable	1,707,942	136,636	1,502,993	68,318	3,415,889
Interfund Receivable	313,920	334,487	0	0	648,407
Prepaid Items	40,393	11,305	66,042	10,067	127,807
Materials and Supplies Inventory	20,419	80,342	6,615	386	107,762
Property Taxes Receivable	1,359,488	0	0	246,777	1,606,265
Payment in Lieu of Taxes Receivable	0	0	0	405,114	405,114
Notes Receivable	0	0	0	578,590	578,590
Total Assets	<u>\$6,958,646</u>	<u>\$2,438,826</u>	<u>\$1,684,432</u>	<u>\$5,926,534</u>	<u>\$17,008,438</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$34,392	\$15,968	\$140,694	\$15,451	\$206,505
Accounts Payable	61,948	39,544	129,889	53,446	284,827
Contracts Payable	0	865,449	0	69,306	934,755
Due to Other Governments	191,350	15,339	56,868	130,351	393,908
Matured Compensated Absences Payable	0	0	1,590	11,641	13,231
Interfund Payable	335,480	24,198	20,010	323,060	702,748
Due to External Parties	1,729	0	0	0	1,729
Retainage Payable	0	0	0	21,985	21,985
Accrued Interest Payable	0	0	0	3,199	3,199
Notes Payable	0	0	0	512,000	512,000
Total Liabilities	<u>624,899</u>	<u>960,498</u>	<u>349,051</u>	<u>1,140,439</u>	<u>3,074,887</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	1,002,172	0	0	181,783	1,183,955
Payment in Lieu of Taxes	0	0	0	405,114	405,114
Unavailable Revenue	2,410,522	544,660	805,045	261,002	4,021,229
Total Deferred Inflows of Resources	<u>3,412,694</u>	<u>544,660</u>	<u>805,045</u>	<u>847,899</u>	<u>5,610,298</u>
<u>Fund Balance</u>					
Nonspendable	158,412	91,647	72,657	10,453	333,169
Restricted	0	842,021	457,679	4,338,346	5,638,046
Committed	1,762	0	0	7,948	9,710
Assigned	803,464	0	0	0	803,464
Unassigned (Deficit)	1,957,415	0	0	(418,551)	1,538,864
Total Fund Balance	<u>2,921,053</u>	<u>933,668</u>	<u>530,336</u>	<u>3,938,196</u>	<u>8,323,253</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$6,958,646</u>	<u>\$2,438,826</u>	<u>\$1,684,432</u>	<u>\$5,926,534</u>	<u>\$17,008,438</u>

See Accompanying Notes to the Basic Financial Statements

City of Marion
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2016

Total Governmental Fund Balance	\$8,323,253
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental Activities	55,485,077	
Internal Service Fund	(1,442,207)	
		54,042,870

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	780,615	
Accrued Interest Receivable	36,740	
Due from Other Governments	999,973	
Municipal Income Taxes Receivable	1,781,591	
Delinquent Property Taxes Receivable	422,310	
		4,021,229

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.

(129,602)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(8,435)	
General Obligation Bonds Payable	(3,544,650)	
General Obligation Bonds Payable - Internal Service Fund	975,000	
ODOT DRIP TIF Payable	(187,767)	
OPWC Loan Payable	(38,462)	
Compensated Absences Payable	(4,110,308)	
Compensated Absences Payable - Internal Service Fund	49,757	
		(6,864,865)

The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.

Deferred Outflows - Pension	8,094,627	
Deferred Outflows - Pension - Internal Service Fund	(123,105)	
Deferred Inflows - Pension	(180,118)	
Deferred Inflows - Pension - Internal Service Fund	5,703	
Net Pension Liability	(26,536,581)	
Net Pension Liability - Internal Service Fund	295,150	
		(18,444,324)

An internal service fund is used by management to charge the cost of motor pool/vehicle maintenance to individual funds. The asset and liabilities of the internal service fund are included in governmental activities on the statement of net position.

432,008

Net Position of Governmental Activities

\$41,380,569

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	General	Street Construction, Maintenance, and Repair	Police, Dispatch, and Fire Income Tax	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,065,983	\$0	\$0	\$193,829	\$1,259,812
Payment in Lieu of Taxes	0	0	0	519,826	519,826
Municipal Income Taxes	7,884,284	635,288	6,968,570	394,051	15,882,193
Other Local Taxes	0	0	0	4,102	4,102
Charges for Services	1,124,065	2,400	0	96,044	1,222,509
Fees, Licenses, and Permits	345,698	11,200	0	0	356,898
Fines and Forfeitures	846,889	0	0	413,763	1,260,652
Intergovernmental	925,035	1,272,221	39,157	2,269,797	4,506,210
Interest	85,857	287	0	9,749	95,893
Other	172,023	19,219	140,358	129,482	461,082
Total Revenues	12,449,834	1,940,615	7,148,085	4,030,643	25,569,177
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	939	0	6,649,638	204,230	6,854,807
Fire	0	0	5,501,301	501,626	6,002,927
Other	279,024	0	0	0	279,024
Public Health	475,738	0	0	0	475,738
Leisure Time Activities	839,406	0	0	106,687	946,093
Community Environment	247,212	0	0	458,000	705,212
Transportation					
Transit	0	0		1,069,843	1,069,843
Other	344,552	3,136,338	0	275,396	3,756,286
General Government					
Court	929,106	0	0	629,641	1,558,747
Other	3,051,668	0	0	384,175	3,435,843
Debt Service:					
Principal Retirement	0	0	0	343,050	343,050
Interest and Fiscal Charges	0	0	0	132,981	132,981
Total Expenditures	6,167,645	3,136,338	12,150,939	4,105,629	25,560,551
Excess of Revenues Over (Under) Expenditures	6,282,189	(1,195,723)	(5,002,854)	(74,986)	8,626
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	1,350	2,900	3,375	3,050	10,675
Transfers In	0	789,726	4,920,000	664,346	6,374,072
Transfers Out	(6,101,243)	0	0	(262,419)	(6,363,662)
Total Other Financing Sources (Uses)	(6,099,893)	792,626	4,923,375	404,977	21,085
Changes in Fund Balance	182,296	(403,097)	(79,479)	329,991	29,711
Fund Balance Beginning of Year	2,738,757	1,336,765	609,815	3,608,205	8,293,542
Fund Balance End of Year	\$2,921,053	\$933,668	\$530,336	\$3,938,196	\$8,323,253

See Accompanying Notes to the Basic Financial Statements

City of Marion
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2016

Changes in Fund Balance - Total Governmental Funds \$29,711

Amounts reported for governmental activities on the
statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.

Capital Outlay - Nondepreciable Capital Assets	31,573	
Capital Outlay - Depreciable Capital Assets	1,496,547	
Depreciation	(4,789,535)	
Depreciation - Internal Service Fund	<u>44,252</u>	
		(3,217,163)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(10,675)	
Gain on Disposal of Capital Assets	8,925	
Loss on Disposal of Capital Assets	<u>(154,867)</u>	
		(156,617)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	56,755	
Municipal Income Taxes	(220,467)	
Charges for Services	(151,026)	
Fees, Licenses, and Permits	160	
Intergovernmental	46,738	
Interest	<u>12,224</u>	
		(255,616)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

General Obligation Bonds Payable	302,200	
General Obligation Bonds Payable - Internal Service Fund	(55,000)	
ODOT DRIP TIF Payable	89,440	
OPWC Loan Payable	<u>6,410</u>	
		343,050

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. 758

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences Payable	(135,252)	
Compensated Absences Payable - Internal Service Fund	<u>(473)</u>	
		(135,725)

(continued)

City of Marion
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2016
(continued)

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities.

Pension Expense	(\$3,867,873)	
Pension Expense - Internal Service Fund	<u>46,267</u>	(3,821,606)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows and deferred inflows.

Contractually Required Contributions	2,013,697	
Contractually Required Contributions - Internal Service Fund	<u>(25,699)</u>	1,987,998

The internal service fund used by management to charge the cost of motor pool/vehicle maintenance to individual funds is not reported on the statement of activities.

Governmental expenditures and related internal service fund revenues are eliminated.

The change for governmental funds is reported for the year. (30,667)

Change in Net Position of Governmental Activities (\$5,255,877)

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<u>Revenues</u>				
Property Taxes	\$1,051,507	\$1,065,983	\$1,065,983	\$0
Municipal Income Taxes	7,028,345	6,171,572	6,093,701	(77,871)
Charges for Services	1,107,233	1,191,794	1,208,692	16,898
Fees, Licenses, and Permits	352,335	349,605	345,764	(3,841)
Fines and Forfeitures	773,300	850,113	850,113	0
Intergovernmental	952,874	928,206	927,523	(683)
Interest	52,491	67,436	82,128	14,692
Other	242,143	232,570	166,519	(66,051)
Total Revenues	11,560,228	10,857,279	10,740,423	(116,856)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	939	939	939	0
Other	300,000	281,462	281,462	0
Public Health	475,738	475,738	475,738	0
Leisure Time Activities	870,696	873,260	836,368	36,892
Community Environment	273,462	250,645	250,645	0
Transportation				
Other	383,895	340,948	337,237	3,711
General Government				
Court	940,916	941,890	927,911	13,979
Other	3,197,674	3,161,569	3,128,733	32,836
Total Expenditures	6,443,320	6,326,451	6,239,033	87,418
Excess of Revenues Over Expenditures	5,116,908	4,530,828	4,501,390	(29,438)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	0	3,123	3,123	0
Sale of Capital Assets	1,350	1,350	1,350	0
Advances In	40,000	40,000	40,000	0
Advances Out	0	(134,915)	(134,915)	0
Transfers Out	(5,691,431)	(5,942,421)	(5,223,762)	718,659
Total Other Financing Sources (Uses)	(5,650,081)	(6,032,863)	(5,314,204)	718,659
Changes in Fund Balance	(533,173)	(1,502,035)	(812,814)	689,221
Fund Balance Beginning of Year	3,134,852	3,134,852	3,134,852	0
Fund Balance End of Year	\$2,601,679	\$1,632,817	\$2,322,038	\$689,221

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<u>Revenues</u>				
Municipal Income Taxes	\$1,374,578	\$2,080,155	\$2,087,113	\$6,958
Charges for Services	2,800	2,400	2,400	0
Fees, Licenses, and Permits	19,000	11,200	11,200	0
Intergovernmental	1,326,523	1,302,933	1,268,132	(34,801)
Interest	200	272	287	15
Other	10,049	19,219	19,219	0
Total Revenues	2,733,150	3,416,179	3,388,351	(27,828)
<u>Expenditures</u>				
Current:				
Transportation				
Other	2,885,781	2,620,296	2,445,498	174,798
Debt Service:				
Principal Retirement	200,000	0	0	0
Interest and Fiscal Charges	10,000	0	0	0
Total Expenditures	3,095,781	2,620,296	2,445,498	174,798
Excess of Revenues Over (Under) Expenditures	(362,631)	795,883	942,853	146,970
<u>Other Financing Sources</u>				
Sale of Capital Assets	2,900	2,900	2,900	0
Bond Anticipation Notes Issued	200,000	0	0	0
Total Other Financing Sources	202,900	2,900	2,900	0
Changes in Fund Balance	(159,731)	798,783	945,753	146,970
Fund Balance Beginning of Year	345,478	345,478	345,478	0
Fund Balance End of Year	\$185,747	\$1,144,261	\$1,291,231	\$146,970

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Police, Dispatch, and Fire Income Tax Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<u>Revenues</u>				
Municipal Income Taxes	\$7,016,799	\$7,157,849	\$6,929,996	(\$227,853)
Intergovernmental	0	40,626	40,626	0
Other	0	125,913	134,708	8,795
Total Revenues	7,016,799	7,324,388	7,105,330	(219,058)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	6,776,177	7,041,169	6,744,886	296,283
Fire	5,665,421	5,777,978	5,439,274	338,704
Total Expenditures	12,441,598	12,819,147	12,184,160	634,987
Excess of Revenues Under Expenditures	(5,424,799)	(5,494,759)	(5,078,830)	415,929
<u>Other Financing Sources</u>				
Other Financing Sources	0	6,224	6,224	0
Sale of Capital Assets	0	3,375	3,375	0
Transfers In	5,330,142	5,419,114	4,920,000	(499,114)
Total Other Financing Sources	5,330,142	5,428,713	4,929,599	(499,114)
Changes in Fund Balance	(94,657)	(66,046)	(149,231)	(83,185)
Fund Balance Beginning of Year	233,288	233,288	233,288	0
Fund Balance End of Year	\$138,631	\$167,242	\$84,057	(\$83,185)

See Accompanying Notes to the Basic Financial Statements

City of Marion
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities			
	Sewer	Sanitation	Landfill	Storm Water
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,567,800	\$571,468	\$0	\$340,304
Accounts Receivable	2,213,370	3,212,569	0	732,606
Due from Other Governments	78,093	0	0	106,685
Interfund Receivable	1,412	0	0	0
Prepaid Items	16,176	8,015	229	13,946
Materials and Supplies Inventory	89,102	1,671	0	1,723
Total Current Assets	7,965,953	3,793,723	229	1,195,264
<u>Non-Current Assets</u>				
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	0	0	10	0
Nondepreciable Capital Assets	880,314	0	162,571	427,569
Depreciable Capital Assets, Net	18,510,862	1,004,195	0	17,546,785
Total Non-Current Assets	19,391,176	1,004,195	162,581	17,974,354
Total Assets	27,357,129	4,797,918	162,810	19,169,618
<u>Deferred Outflows of Resources</u>				
Pension	697,591	374,848	0	287,858
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	23,853	15,437	0	7,894
Accounts Payable	75,156	5,153	120	8,561
Contracts Payable	153,146	0	19,751	218,020
Due to Other Governments	22,706	58,996	300	9,667
Compensated Absences Payable	90,363	27,534	0	38,382
Interfund Payable	4,219	31,058	871	2,278
Retainage Payable	32,068	0	0	36,957
Accrued Interest Payable	38,983	0	529	52,853
Notes Payable	2,469,030	0	0	4,207,470
General Obligation Bonds Payable	360,018	0	0	559,032
OWDA Loans Payable	1,407,582	0	0	0
OPWC Loans Payable	76,941	0	0	32,590
Postclosure Costs Payable	0	0	147,775	0
Total Current Liabilities	4,754,065	138,178	169,346	5,173,704

		Governmental Activity
Aquatics Center	Total Enterprise	Internal Service
\$255,017	\$6,734,589	\$49,567
0	6,158,545	0
0	184,778	704
0	1,412	91,450
1,685	40,051	2,117
319	92,815	112,881
257,021	13,212,190	256,719
0	10	0
0	1,470,454	61,943
3,139,289	40,201,131	1,380,264
3,139,289	41,671,595	1,442,207
3,396,310	54,883,785	1,698,926
123,719	1,484,016	123,105
216	47,400	4,179
459	89,449	53,253
0	390,917	0
451	92,120	3,864
377	156,656	11,343
0	38,426	95
0	69,025	0
11,972	104,337	3,022
0	6,676,500	0
0	919,050	55,000
0	1,407,582	0
0	109,531	0
0	147,775	0
13,475	10,248,768	130,756

(continued)

City of Marion
Statement of Fund Net Position
Proprietary Funds
December 31, 2016
(continued)

	Business-Type Activities			
	Sewer	Sanitation	Landfill	Storm Water
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	\$274,759	\$39,805	\$0	\$68,947
General Obligation Bonds Payable	7,270,593	0	170,000	8,080,707
OWDA Loans Payable	7,362,259	0	0	0
OPWC Loans Payable	858,130	0	0	679,220
Postclosure Costs Payable	0	0	1,297,847	0
Net Pension Liability	1,672,512	983,830	0	590,298
Total Non-Current Liabilities	17,438,253	1,023,635	1,467,847	9,419,172
Total Liabilities	22,192,318	1,161,813	1,637,193	14,592,876
<u>Deferred Inflows of Resources</u>				
Pension	32,316	25,160	0	11,406
<u>Net Position</u>				
Net Investment in Capital Assets (Deficit)	1,440,056	1,004,195	162,571	5,714,542
Unrestricted (Deficit)	4,390,030	2,981,598	(1,636,954)	(861,348)
Total Net Position (Deficit)	\$5,830,086	\$3,985,793	(\$1,474,383)	\$4,853,194

Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the net position of the internal service fund.

Net Position of Business-Type Activities

See Accompanying Notes to the Basic Financial Statements

		Governmental Activity
Aquatics Center	Total Enterprise	Internal Service
\$0	\$383,511	\$38,414
3,865,000	19,386,300	920,000
0	7,362,259	0
0	1,537,350	0
0	1,297,847	0
196,766	3,443,406	295,150
4,061,766	33,410,673	1,253,564
4,075,241	43,659,441	1,384,320
3,802	72,684	5,703
(272,980)	8,048,384	467,207
(286,034)	4,587,292	(35,199)
(\$559,014)	12,635,676	\$432,008
	129,602	
	\$12,765,278	

City of Marion
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities			
	Sewer	Sanitation	Landfill	Storm Water
<u>Operating Revenues</u>				
Charges for Services	\$6,634,544	\$1,903,911	\$94,374	\$1,702,935
Other	55,552	23,996	14,997	55,729
Total Operating Revenues	6,690,096	1,927,907	109,371	1,758,664
<u>Operating Expenses</u>				
Personal Services	2,037,508	1,317,114	0	683,062
Travel and Transportation	17	17	0	0
Contractual Services	1,017,855	771,732	(30,840)	153,612
Materials and Supplies	398,362	100,625	5,852	106,599
Depreciation	2,066,909	79,548	0	535,991
Other	202	0	0	0
Total Operating Expenses	5,520,853	2,269,036	(24,988)	1,479,264
Operating Income (Loss)	1,169,243	(341,129)	134,359	279,400
<u>Non-Operating Revenues (Expenses)</u>				
Interest Expense	(500,723)	(711)	(6,344)	(427,267)
Gain on Disposal of Capital Assets	950	7,500	0	950
Loss on Disposal of Capital Assets	(813)	0	0	(1,783)
Total Non-Operating Revenues (Expenses)	(500,586)	6,789	(6,344)	(428,100)
Income (Loss) before Contributions and Transfers	668,657	(334,340)	128,015	(148,700)
Capital Contributions	241,570	0	0	273,591
Transfers Out	(3,206)	0	0	(3,204)
Changes in Net Position	907,021	(334,340)	128,015	121,687
Net Position (Deficit) Beginning of Year	4,923,065	4,320,133	(1,602,398)	4,731,507
Net Position (Deficit) End of Year	\$5,830,086	\$3,985,793	(\$1,474,383)	\$4,853,194

The change in net position reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net loss of the internal service fund.

Change in Net Position of Business-Type Activities

See Accompanying Notes to the Basic Financial Statements

		Governmental Activity
Aquatics Center	Total Enterprise	Internal Service
\$202,439	\$10,538,203	\$940,114
244,801	395,075	5,641
447,240	10,933,278	945,755
172,586	4,210,270	332,500
0	34	0
56,824	1,969,183	54,673
49,828	661,266	520,739
68,245	2,750,693	44,252
250	452	0
347,733	9,591,898	952,164
99,507	1,341,380	(6,409)
(143,669)	(1,078,714)	(37,402)
0	9,400	0
0	(2,596)	0
(143,669)	(1,071,910)	(37,402)
(44,162)	269,470	(43,811)
0	515,161	0
(4,000)	(10,410)	0
(48,162)	774,221	(43,811)
(510,852)		475,819
(\$559,014)		\$432,008
	(13,144)	
	\$761,077	

City of Marion
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities			
	Sewer	Sanitation	Landfill	Storm Water
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$6,263,571	\$2,618,571	\$94,374	\$1,537,896
Cash Payments for Personal Services	(1,896,797)	(1,265,335)	0	(622,047)
Cash Payments for Contractual Services	(1,156,019)	(765,458)	(101,336)	(162,982)
Cash Payments to Vendors	(410,198)	(90,026)	(1,721)	(98,160)
Cash Received from Other Revenues	55,552	22,569	14,997	55,729
Cash Payments for Other Expenses	(202)	0	0	0
Net Cash Provided by Operating Activities	2,855,907	520,321	6,314	710,436
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers Out	(3,206)	0	0	(3,204)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital Grants	233,572	0	0	266,464
Principal Paid on Bond Anticipation Notes	(2,613,030)	(141,000)	0	(3,859,470)
Principal Paid on General Obligation Bonds	(355,796)	0	0	(552,004)
Principal Paid on OWDA Loans	(1,474,122)	0	0	0
Principal Paid on OPWC Loans	(71,407)	0	0	(24,848)
Interest Paid on Bond Anticipation Notes	(63,208)	(2,804)	0	(92,761)
Interest Paid on General Obligation Bonds	(291,754)	0	(6,344)	(333,095)
Interest Paid on OWDA Loans	(147,130)	0	0	0
Bond Anticipation Notes Issued	2,469,030	0	0	4,207,470
OPWC Loans Issued	176,938	0	0	257,582
Sale of Capital Assets	950	7,500	0	950
Acquisition of Capital Assets	(1,020,876)	(188,953)	0	(923,424)
Net Cash Used for Capital and Related Financing Activities	(3,156,833)	(325,257)	(6,344)	(1,053,136)
Net Increase (Decrease) in Cash and Cash Equivalents	(304,132)	195,064	(30)	(345,904)
Cash and Cash Equivalents Beginning of Year	5,871,932	376,404	40	686,208
Cash and Cash Equivalents End of Year	<u>\$5,567,800</u>	<u>\$571,468</u>	<u>\$10</u>	<u>\$340,304</u>

		Governmental Activity
Aquatics Center	Total Enterprise	Internal Service
\$202,439	\$10,716,851	\$894,418
(148,539)	(3,932,718)	(313,058)
(61,694)	(2,247,489)	(60,901)
(46,096)	(646,201)	(492,237)
244,801	393,648	5,641
(250)	(452)	0
190,661	4,283,639	33,863
(4,000)	(10,410)	0
0	500,036	0
0	(6,613,500)	0
0	(907,800)	(55,000)
0	(1,474,122)	0
0	(96,255)	0
0	(158,773)	0
(143,669)	(774,862)	(37,506)
0	(147,130)	0
0	6,676,500	0
0	434,520	0
0	9,400	0
0	(2,133,253)	0
(143,669)	(4,685,239)	(92,506)
42,992	(412,010)	(58,643)
212,025	7,146,609	108,210
<u>\$255,017</u>	<u>\$6,734,599</u>	<u>\$49,567</u>

(continued)

City of Marion
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(continued)

	Business-Type Activities			
	Sewer	Sanitation	Landfill	Storm Water
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>				
Operating Income (Loss)	\$1,169,243	(\$341,129)	\$134,359	\$279,400
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u>				
Depreciation	2,066,909	79,548	0	535,991
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(378,809)	713,233	0	(165,039)
Decrease in Due from Other Governments	3,982	0	0	0
(Increase) Decrease in Interfund Receivable	3,854	0	0	0
(Increase) Decrease in Prepaid Items	(4,615)	(4,900)	16	(8,409)
(Increase) Decrease in Materials and Supplies Inventory	8,971	(1,056)	0	(1,090)
Increase in Accrued Wages Payable	5,022	3,160	0	2,001
Increase (Decrease) in Accounts Payable	(50,732)	3,469	(29)	3,266
Increase (Decrease) in Contracts Payable	(107,433)	0	17,121	0
Increase (Decrease) in Due to Other Governments	(5,902)	(9,385)	173	782
Increase (Decrease) in Compensated Absences Payable	30,821	(2,368)	0	9,475
Increase (Decrease) Interfund Payable	(1,952)	21,935	(605)	2,180
Decrease in Postclosure Costs Payable	0	0	(144,721)	0
Decrease in Net Pension Liability	(77,577)	(3,985)	0	(69,029)
Decrease in Deferred Outflows - Pension	213,391	82,119	0	127,708
Decrease in Deferred Inflows - Pension	(19,266)	(20,320)	0	(6,800)
Net Cash Provided by Operating Activities	<u>\$2,855,907</u>	<u>\$520,321</u>	<u>\$6,314</u>	<u>\$710,436</u>

Non-Cash Capital Financing Activities

At December 31, 2016, the Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of \$185,214. At December 31, 2015, the Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of \$370.

At December 31, 2016, the Storm Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$254,977. At December 31, 2015, the Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of 786.

See Accompanying Notes to the Basic Financial Statements

		Governmental Activity
<u>Aquatics Center</u>	<u>Total Enterprise</u>	<u>Internal Service</u>
\$99,507	1,341,380	(\$6,409)
68,245	2,750,693	44,252
0	169,385	0
0	3,982	1
0	3,854	(45,697)
(797)	(18,705)	(1,208)
113	6,938	5,460
46	10,229	984
(1,242)	(45,268)	16,498
0	(90,312)	0
311	(14,021)	(208)
23	37,951	(473)
0	21,558	95
0	(144,721)	0
(50,776)	(201,367)	(13,690)
77,498	500,716	37,658
(2,267)	(48,653)	(3,400)
<u>\$190,661</u>	<u>\$4,283,639</u>	<u>\$33,863</u>

City of Marion
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$199,117
Cash and Cash Equivalents in Segregated Accounts	66,243
Due from External Parties	<u>1,729</u>
Total Assets	<u><u>\$267,089</u></u>
<u>Liabilities</u>	
Undistributed Assets	<u><u>\$267,089</u></u>
See Accompanying Notes to the Basic Financial Statements	

NOTE 1 - DESCRIPTION OF THE CITY OF MARION AND THE REPORTING ENTITY

A. The City

The City of Marion is a statutory municipal corporation established and operated under the laws of the State of Ohio. Marion was incorporated as a city in 1890.

The City operates under a mayor-council form of government. Legislative power is vested in a nine-member council and a council president, each elected to two-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Safety Director, Service Director, and Public Works Director, are elected positions. The Safety Director, Service Director, and Public Works Director are appointed by the Mayor.

The City is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, street maintenance and repair, parks and recreation, public transit system, sewer, recycling, and sanitation, as well as staff support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City of Marion consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Marion in 2016.

The City participates in two insurance pools, the Ohio Municipal Joint Self-Insurance Pool and the Ohio Rural Water Association Workers' Compensation Group Rating Plan, and two jointly-governed organizations, the Marion County General Health District and the Marion Port Authority. These organizations are presented in Notes 22 and 23 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Marion have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the City's accounting policies.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which 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 program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the proprietary fund financial statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the City are reported in three categories; governmental, proprietary, and fiduciary.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction, Maintenance, and Repair Fund - This fund accounts for 92.5 percent of the state gasoline tax and motor vehicle registration fees as well as .075 percent voted municipal income tax restricted for maintenance and repair of streets within the City.

Police, Dispatch, and Fire Income Tax Fund - This fund accounts for a voted .875 income tax levy restricted to subsidizing operations of the police, dispatch, and fire departments.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer Fund - The Sewer Fund accounts for the provision of wastewater treatment service to residential and commercial users within the City.

Sanitation Fund - The Sanitation Fund accounts for garbage collection and recycling services provided to residential and commercial users within the City.

Landfill Fund - The Landfill Fund accounts for the ongoing postclosure activities at the landfill which closed in 1995.

Storm Water Fund - The Storm Water Fund accounts for the operation of the storm water runoff system within the City.

Aquatics Center - The Aquatics Center Fund accounts for the operation of the City Aquatics Center.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Fund - The internal service fund accounts for the City's central garage which provides for vehicle maintenance for departments of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications; pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2016. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for insurance proceeds held by the City to secure proper handling of fire damaged structures until adequately repaired or demolished, for ticket sales remitted to the Greyhound Bus company, and for fines and fees collected by the Marion Municipal Court (excluding those due to the City of Marion).

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 14 to the basic financial statements.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources consists of property taxes, payment in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and explained in Note 14 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the City prior to year end.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately within departments of the City are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

During 2016, investments included nonnegotiable and negotiable certificates of deposit, Ohio local government securities, federal agency securities, and mutual funds. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2016 was \$85,857, which includes \$67,482 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Monies required to be set aside for postclosure costs at the landfill are reported as restricted.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds. Capital assets used by the internal service fund are reported in both the governmental activities column on the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of fifteen thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized. No interest was capitalized for 2016.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20-50 years	N/A
Buildings and Building Improvements	10-100 years	15-75 years
Equipment	5-40 years	10-50 years
Vehicles	5-30 years	5-15 years
Streets	10-40 years	N/A
Sewer and Storm Water Lines	N/A	50 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in City policies or by union contracts. The City records a liability for accumulated unused sick leave for all employees with ten or more years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and long-term loans are recognized as liabilities on the fund financial statements when due.

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for maintenance and repair of State highways, various economic development related grants, the transit system, and a number of law enforcement grants. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term portion of interfund receivables.

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. Fund balance policy of City Council has authorized the Safety Director, Service Director, and Public Works Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The City Council has also assigned fund balance to cover a gap between estimated resources and appropriations in the 2017 budget, amounts for airport improvements, and other miscellaneous purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer, sanitation, and storm water, charges for anticipated postclosure costs at the landfill, admission charges for the Aquatics Center, and charges for vehicle maintenance in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Capital Contributions

Capital contributions arise from contributions of capital assets from other governments.

R. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2016, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statement No. 67 and No. 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statement No. 67, No. 68, and No. 73".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for the purpose of providing those pensions. It also amends certain provisions of GASB Statement No. 67, "Financial Reporting for Pension Plans", and GASB Statement No. 68. The implementation of this statement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this statement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any changes in the City's financial statements as the City does not have any material GASB Statement No. 77 tax abatements.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - ACCOUNTABILITY

At December 31, 2016, the following funds had a deficit fund balance/net position:

Fund Type/Fund	Deficit
Nonmajor Special Revenue Funds	
School Resource Officer	\$420
Marion Area Transit	7,685
Nonmajor Capital Projects Fund	
Capital Improvements	403,461
Enterprise Funds	
Landfill	1,474,383
Aquatics Center	559,014

The deficit fund balance in the School Resource Officer and Marion Area Transit special revenue funds resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit fund balance in the Capital Improvements capital projects fund was caused by the requirement to report the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

The deficit net position in the Landfill enterprise fund resulted from the requirement to report future postclosure costs. The City is setting aside resources to pay these future costs as they come due. The deficit net position in the Aquatics Center enterprise fund is due to the facility not yet generating enough revenue to cover the cost of its operation.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Street Construction, Maintenance, and Repair, and Police, Dispatch, and Fire Income Tax special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

Changes in Fund Balance

	<u>General</u>	<u>Street Construction, Maintenance, and Repair</u>	<u>Police, Dispatch, and Fire Income Tax</u>
GAAP Basis	\$182,296	(\$403,097)	(\$79,479)
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 2015, Received in Cash 2016	938,829	158,476	684,017
Accrued 2016, Not Yet Received in Cash	(2,646,144)	1,289,260	(720,548)
Expenditure Accruals:			
Accrued 2015, Paid in Cash 2016	(269,058)	(302,387)	(441,283)
Accrued 2015, Not Yet Paid in Cash	218,923	974,742	346,926
Cash Adjustments:			
Unrecorded Activity 2015	(73,839)	16,771	111,325
Unrecorded Activity 2016	78,372	0	0
Prepaid Items	(23,844)	(6,764)	(49,393)
Materials and Supplies Inventory	(915)	8,478	(796)

(continued)

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Changes in Fund Balance (continued)			
	General	Street Construction, Maintenance, and Repair	Police, Dispatch, and Fire Income Tax
Advances In	\$40,000	\$0	\$0
Advances Out	(134,915)	0	0
Transfers In	0	(789,726)	0
Transfer Out	877,481	0	0
Budget Basis	<u>(\$812,814)</u>	<u>\$945,753</u>	<u>(\$149,231)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the city treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$434,060 of the City's bank balance of \$3,008,846 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2016, the City had the following investments:

	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value					
Negotiable Certificates of Deposit	\$2,233,359	\$0	\$0	\$1,435,583	\$797,776
Ohio Local Government Bonds	3,650,581	2,850,461	800,120	0	0
Federal Farm Credit Bank Notes	997,080	0	0	997,080	0
Federal Home Loan Bank Notes	1,193,062	0	0	995,980	197,082
Federal Home Loan Mortgage Corporation Notes	987,170	0	0	0	987,170
Federal National Mortgage Association Notes	744,757	0	0	0	744,757
Mutual Funds	2,839,702	2,839,702	0	0	0
	<u>\$12,645,711</u>	<u>\$5,690,163</u>	<u>\$800,120</u>	<u>\$3,428,643</u>	<u>\$2,726,785</u>

The City categorizes its 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 in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2016. All of the City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the City from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Negotiable certificates of deposit are generally covered by FDIC insurance. The Ohio local government bonds carry ratings of Aa2, Aa3, and A1 by Moody's. The federal agency securities carry a rating of Aaa by Moody's. The mutual funds carry a rating of Aaa by Moody's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of investments to the City's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$2,233,359	17.66%
Ohio Local Government Bonds	3,650,581	28.87
Federal Farm Credit Bank	997,080	7.88
Federal Home Loan Bank	1,193,062	9.43
Federal Home Loan Mortgage Corporation	987,170	7.81
Federal National Mortgage Association	744,757	5.89

NOTE 7 - RECEIVABLES

Receivables at December 31, 2016, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; interfund; property taxes; payment in lieu of taxes, and notes. Receivables are considered collectible in full and within one year, except for municipal income taxes, interfund, property taxes, and notes. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$536,323 will not be received within one year.

Notes receivable represent low interest loans for development projects granted to eligible City businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 2 percent to 5.473 percent and are to be repaid over periods ranging from six to twenty years. A summary of the changes in notes receivable during 2016 follows:

	Balance December 31, 2015	New Loans	Repayments	Balance December 31, 2016
Special Revenue Fund				
Revolving Loans	\$437,803	\$0	\$0	\$437,803
Debt Service Fund				
Harding Centre Loan	180,808	0	40,021	140,787
	\$618,611	\$0	\$40,021	\$578,590

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$80,900
Local Government	320,872
Cigarette Tax	764
Marion County	12
Total General Fund	402,548
Street Construction, Maintenance, and Repair	
Gasoline Tax	475,110
Motor Vehicle License Tax	98,986
Total Street Construction, Maintenance, and Repair	574,096
Police, Dispatch, and Fire Income Tax	
Bulletproof Vest Grant	431
Overtime Grant	22,169
Total Police, Dispatch, and Fire Income Tax	22,600
Total Major Funds	999,244
Nonmajor Funds	
Senior Citizens	
Ohio District 5 Area on Aging	21,134
Municipal Court Docket Specialist	
Municipal Court Docket Specialist	20,128
State Highway	
Gasoline Tax	38,573
Motor Vehicle License Tax	7,310
Total State Highway	45,883
School Resource Officer	
School Resource Officer	2,666
	(continued)

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 - RECEIVABLES (continued)

	<u>Amount</u>
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Community Corrections	
Community Based Corrections	\$117,595
Police and Fire Pension	
Homestead and Rollback	14,723
SAFER Grant	
SAFER Grant	82,878
Total Nonmajor Funds	305,007
Internal Service Fund	
Marion Township	704
Total Governmental Activities	<u>\$1,304,955</u>
Business-Type Activities	
Sewer	
Ohio Public Works Commission	\$78,093
Storm Water	
Ohio Public Works Commission	106,685
Total Business-Type Activities	<u>\$184,778</u>

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies an income tax of 2 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 50 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenue is credited to the General Fund; the Street Construction, Maintenance, and Repair and the Police, Dispatch, and Fire Income Tax special revenue funds; and the Capital Improvements capital projects fund, in the amount of 1 percent, .075 percent, .875 percent, and .05 percent, respectively.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2014, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Marion. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2016, was \$4.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$262,477,660
Commercial/Industrial	80,228,750
Public Utility Real	165,910
Public Utility Personal	30,764,640
Total	<u>\$373,636,960</u>

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 10 - PAYMENT IN LIEU OF TAXES

In accordance with agreements related to tax increment financing districts, the City has entered into agreements with a number of property owners under which the City has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$8,327,406	\$0	\$0	\$8,327,406
Construction in Progress	0	31,573	0	31,573
Total Nondepreciable Capital Assets	8,327,406	31,573	0	8,358,979
Depreciable Capital Assets				
Land Improvements	2,477,894	29,995	0	2,507,889
Buildings and Building Improvements	26,126,358	0	0	26,126,358
Equipment	2,832,504	15,000	0	2,847,504
Vehicles	5,465,496	586,103	(459,141)	5,592,458
Streets	140,091,243	865,449	(359,992)	140,596,700
Total Depreciable Capital Assets	176,993,495	1,496,547	(819,133)	177,670,909
Less Accumulated Depreciation for				
Land Improvements	(608,181)	(119,770)	0	(727,951)
Buildings and Building Improvements	(6,468,952)	(406,523)	0	(6,875,475)
Equipment	(1,758,699)	(186,141)	0	(1,944,840)
Vehicles	(2,825,819)	(267,631)	357,733	(2,735,717)
Streets	(114,756,141)	(3,809,470)	304,783	(118,260,828)
Total Accumulated Depreciation	(126,417,792)	(4,789,535)	662,516	(130,544,811)
Total Depreciable Capital Assets, Net	50,575,703	(3,292,988)	(156,617)	47,126,098
Governmental Activities Capital Assets, Net	\$58,903,109	(\$3,261,415)	(\$156,617)	\$55,485,077

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 11 - CAPITAL ASSETS (continued)

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$593,000	\$0	\$0	\$593,000
Construction in Progress	70,742	1,495,211	(688,499)	877,454
Total Nondepreciable Capital Assets	663,742	1,495,211	(688,499)	1,470,454
Depreciable Capital Assets				
Buildings	28,033,642	0	0	28,033,642
Equipment	4,840,141	127,634	(48,000)	4,919,775
Vehicles	2,250,486	277,174	(60,911)	2,466,749
Sewer and Storm Water Lines	44,357,645	1,360,768	(24,880)	45,693,533
Total Depreciable Capital Assets	79,481,914	1,765,576	(133,791)	81,113,699
Less Accumulated Depreciation for				
Buildings	(16,342,042)	(1,674,631)	0	(18,016,673)
Equipment	(3,537,240)	(181,987)	48,000	(3,671,227)
Vehicles	(1,033,472)	(109,524)	60,911	(1,082,085)
Sewer and Storm Water Lines	(17,380,316)	(784,551)	22,284	(18,142,583)
Total Accumulated Depreciation	(38,293,070)	(2,750,693)	131,195	(40,912,568)
Total Depreciable Capital Assets, Net	41,188,844	(985,117)	(2,596)	40,201,131
Business-Type Activities Capital Assets, Net	\$41,852,586	\$510,094	(\$691,095)	\$41,671,585

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$101,968
Security of Persons and Property - Fire	115,192
Public Health	236
Leisure Time Activities	49,397
Transportation - Transit	63,285
Transportation - Other	4,064,850
General Government - Court	9,922
General Government - Other	384,685
Total Depreciation Expense - Governmental Activities	\$4,789,535

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at December 31, 2016, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental	\$313,920
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Due to Street Construction, Maintenance, and Repair Fund from:

General	\$334,487
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Due to Sewer Fund from:

General	\$275
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Police, Dispatch, and Fire Income Tax	131
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Other Governmental	40
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Landfill	871
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Internal Service	95
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Total Sewer Fund	\$1,412
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Due to Internal Service Fund from:

General	\$718
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Street Construction, Maintenance, and Repair	24,198
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Police, Dispatch, and Fire Income Tax	19,879
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Other Governmental	9,100
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Sewer	4,219
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Sanitation	31,058
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Storm Water	2,278
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Total Internal Service Fund	\$91,450
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The balance due to the General Fund consists of loans made to provide working capital for operations or projects. Of this amount, \$97,600 will not be received within one year.

The amount due to the Street Construction, Maintenance, and Repair Fund was for misallocated income tax revenue recorded to the General Fund. None of this amount is expected to be received within one year.

The amount due to the Sewer Fund resulted from services provided. This amount is expected to be received within one year.

The amount due to the Internal Service Fund resulted from services provided. This amount is expected to be received within one year.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 13 - RISK MANAGEMENT

The City participates in the Ohio Municipal Joint Self-Insurance Pool, a public entity shared risk pool. The City pays an annual premium to the pool for various types of insurance coverage. Member municipalities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2016, the City had the following insurance coverage:

Type of Coverage	Coverage	Deductible
Property	\$57,097,063	\$1,000
General Liability		
Aggregate	5,000,000	5,000
Law Enforcement Liability	5,000,000	5,000
Emergency Medical Services Liability	5,000,000	5,000
Employee Benefits Liability	1,000,000	5,000
Automobile Liability	5,000,000	0
Uninsured Motorists	40,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been any significant reduction in coverage from the prior year.

For 2016, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

The City may withdraw from the plan if written notice is provided sixty days prior to the prescribed application deadline to the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation, including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information including requirements for reduced and unreduced benefits).

<p style="text-align: center;">Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013</p>	<p style="text-align: center;">Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013</p>	<p style="text-align: center;">Group C Members not in other groups and members hired on or after January 7, 2013</p>
<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years</p>	<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years</p>	<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p>Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years</p>
<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit</p>
<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit</p>
<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years</p>	<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years</p>	<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years</p>

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$856,633 for 2016. Of this amount, \$83,763 is reported as an intergovernmental payable.

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, an OPF member may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service commuted, age/service commuted, and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit.

Under normal service retirement, retired members who are at least fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the twelve month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least fifteen years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2016 Actual Contribution Rates		
Employer		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Total Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,456,886 for 2016. Of this amount, \$143,141 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.05679900%	0.31309600%	
Prior Measurement Date	0.05233800%	0.29544000%	
Change in Proportionate Share	<u>0.00446100%</u>	<u>0.01765600%</u>	
Proportionate Share of the Net			
Pension Liability	\$9,838,302	\$20,141,685	\$29,979,987
Pension Expense	\$1,542,214	\$2,876,177	\$4,418,391

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	OPERS	OPF	Total
Deferred Outflows of Resources			
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$2,891,846	\$3,278,294	\$6,170,140
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions City Contributions Subsequent to the Measurement Date	361,144	733,840	1,094,984
	856,633	1,456,886	2,313,519
Total Deferred Outflows of Resources	<u>\$4,109,623</u>	<u>\$5,469,020</u>	<u>\$9,578,643</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$190,095	\$56,557	\$246,652
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	6,150	0	6,150
Total Deferred Inflows of Resources	<u>\$196,245</u>	<u>\$56,557</u>	<u>\$252,802</u>

\$2,313,519 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS	OPF	Total
Year Ending December 31,			
2017	\$796,270	\$993,762	\$1,790,032
2018	842,509	993,762	1,836,271
2019	763,538	993,762	1,757,300
2020	654,428	806,031	1,460,459
2021	0	141,395	141,395
Thereafter	0	26,865	26,865
Total	<u>\$3,056,745</u>	<u>\$3,955,577</u>	<u>\$7,012,322</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefits portfolio includes the investment assets of the traditional pension plan, the defined benefit component of the combined plan, the annuitized accounts of the member-directed plan, and the VEBA Trust. Within the Defined Benefits portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expenses, for the Defined Benefits portfolio was .4 percent for 2015.

The allocation of investment assets with the Defined Benefits portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

The table below displays the board approved asset allocation policy for 2015 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate - The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's Proportionate Share of the Net Pension Liability	\$15,674,820	\$9,838,302	\$4,915,385

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of January 1, 2015, are presented below.

Valuation Date	January 1, 2015
Actuarial Cost Method	entry age normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.6 percent and 3 percent simple

Mortality rates are based on the RP-2000 Combined Table, age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block approach and assumes a time horizon as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015, are summarized below.

Asset Class	Target Allocation	Ten Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equities	16.00	6.50	7.80
Non-U.S. Equities	16.00	6.70	8.00
Core Fixed Income*	20.00	3.50	5.35
Global Inflation Protected*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	120.00 %		

Note: assumptions are geometric

* levered 2x

** Numbers are net of expected inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure which reduces overall total portfolio risk without sacrificing return and creating a more risk balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.25 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's Proportionate Share of the Net Pension Liability	\$26,564,185	\$20,141,685	\$14,701,196

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit postemployment health care trusts which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees and the traditional pension and combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both the traditional pension and combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a retiree medical account for member-directed plan members. The employer contribution as a percentage of covered payroll deposited into the retiree medical accounts for 2016 was 4 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Health Care Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2016, reflects a partial year of activity in the 401(h) Health Care Trust and the VEBA Trust prior to the termination of these trusts as of the end of the business day June 30, 2016, and the assets and liabilities or net position of these trusts being consolidated into the 115 Health Care Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$142,772, \$141,214, and \$128,335, respectively. For 2016, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

B. Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OPF website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as a percentage of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF for the years ended December 31, 2016, 2015, and 2014, was \$1,491,393, \$1,366,897, and \$1,265,469, respectively, of which \$34,507, \$31,436, and \$29,072 was allocated to the health care plan. For 2016, 90 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 16 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending upon length of service and standard work week. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Upon retirement, employees are entitled to the value of their accumulated unused sick leave at varying percentages to a maximum of ninety to one hundred twelve and one-half days based on City policy and union contracts.

NOTE 17 - NOTES PAYABLE

The changes in the City's notes payable during 2016 were as follows:

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
<u>Governmental Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
2015B Various Purpose	2.00%	\$728,000	\$0	\$728,000	\$0
2016 Various Purpose	2.00	0	512,000	0	512,000
Total Governmental Activities		<u>\$728,000</u>	<u>\$512,000</u>	<u>\$728,000</u>	<u>\$512,000</u>
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
2015B Various Purpose	2.00%	\$6,613,500	\$0	\$6,613,500	\$0
2016 Various Purpose	2.00	0	6,676,500	0	6,676,500
Total Business-Type Activities		<u>\$6,613,500</u>	<u>\$6,676,500</u>	<u>\$6,613,500</u>	<u>\$6,676,500</u>

According to Ohio law, notes may be issued in anticipation of bond proceeds or for up to 50 percent of anticipated revenue collections.

On September 10, 2015, the City issued \$7,341,500 in bond anticipation notes; \$300,000 for City Hall improvements, \$312,000 for the purchase of an EMS vehicle, \$116,000 for the purchase of police vehicles, \$2,613,030 for sewer improvements, \$141,000 for the purchase of two packers for the sanitation department, and \$3,859,470 for storm water improvements. The notes matured on September 8, 2016.

On September 8, 2016, the City issued \$7,188,500 in bond anticipation notes; \$250,000 for City Hall improvements, \$262,000 for the purchase of an EMS vehicle, \$2,469,030 for sewer improvements, and \$4,207,470 for storm water improvements. The notes mature on September 7, 2017. As of December 31, 2016, \$1,576,231 of the proceeds had not been spent.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2016, was as follows:

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2010 Police and Fire Pension Refunding						
(Original Amount \$794,300)	2-4.3%	\$391,300	\$0	\$74,100	\$317,200	\$75,400
2010 Street Improvement						
(Original Amount \$1,598,850)	2-4.3	1,219,350	0	62,700	1,156,650	64,350
2010 Computer Equipment						
(Original Amount \$775,200)	2-4.3	591,200	0	30,400	560,800	31,200
2010 City Hall Roof						
(Original Amount \$110,000)	2-3.75	85,000	0	5,000	80,000	5,000
2010 Generator						
(Original Amount \$225,000)	2-3.75	175,000	0	10,000	165,000	10,000
2010 Fire Truck						
(Original Amount \$320,000)	2-3.75	170,000	0	30,000	140,000	35,000
2010 Police Records						
(Original Amount \$355,000)	2-3.75	185,000	0	35,000	150,000	35,000
2010 Central Garage						
(Original Amount \$1,376,250)	1.75-4	1,030,000	0	55,000	975,000	55,000
Total General Obligation Bonds		3,846,850	0	302,200	3,544,650	310,950
Other Long-Term Obligations						
ODOT DRIP TIF						
(Original Amount \$2,105,884)	0.00	277,207	0	89,440	187,767	92,370
OPWC Loan						
#CP10D Marion Williamsport Road Improvements						
(Original Amount \$128,202)	0.00	44,872	0	6,410	38,462	6,410
Net Pension Liability						
Ohio Public Employees Retirement System		4,166,281	2,228,615	0	6,394,896	0
Ohio Police and Fire		15,305,024	4,836,661	0	20,141,685	0
Total Net Pension Liability		19,471,305	7,065,276	0	26,536,581	0
Compensated Absences Payable		3,975,056	393,527	258,275	4,110,308	449,274
Total Other Long-Term Obligations		23,768,440	7,458,803	354,125	30,873,118	548,054
Total Governmental Activities		\$27,615,290	\$7,458,803	\$656,325	\$34,417,768	\$859,004

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Business-Type Activities						
General Obligation Bonds						
2010 Various Purpose A						
(Original Amount \$7,786,650)	2-4.3%	\$4,503,150	\$0	\$592,800	\$3,910,350	\$604,050
2010 Various Purpose B						
(Original Amount \$7,183,750)	1.75-4	5,535,000	0	295,000	5,240,000	295,000
2012 Various Purpose						
(Original Amount \$11,235,000)	2-4	11,175,000	0	20,000	11,155,000	20,000
Total General Obligation Bonds		21,213,150	0	907,800	20,305,350	919,050
Other Long-Term Obligations						
OWDA Loans						
#2335 Solids Handling						
(Original Amount \$2,290,314)	4.56	87,418	0	87,418	0	0
#3397 WRRSP						
(Original Amount \$5,366,955)	1.50	2,063,310	0	281,710	1,781,600	285,951
#3398 WWTP Upgrade						
(Original Amount \$20,784,201)	1.50	8,093,235	0	1,104,994	6,988,241	1,121,631
Total OWDA Loans		10,243,963	0	1,474,122	8,769,841	1,407,582
OPWC Loans						
#CP06G Mary St Sanitary Sewer and Storm Water Replacement						
(Original Amount \$29,232)	0.00	14,613	0	1,462	13,151	1,462
#CP10F Uncapher Ave/ Florence St Sanitary Sewer and Storm Water Replacement						
(Original Amount \$268,990)	0.00	107,601	0	13,449	94,152	13,449
#CP16E Avondale Ave/ Catalina Dr Storm Water Replacement						
(Original Amount \$119,185)	0.00	38,731	0	5,960	32,771	5,960
#CP33E Water Pollution Control Upgrade						
(Original Amount \$1,070,800)	0.00	455,090	0	53,540	401,550	53,540
#CP14L Franconia Avenue Sanitary Sewer and Storm Water Replacement						
(Original Amount \$107,827)	0.00	91,654	0	3,594	88,060	3,594

(continued)

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<u>Business-Type Activities</u> (continued)						
Other Long-Term Obligations (continued)						
OPWC Loans (continued)						
#CP05K Oakgrove and Waterloo Sanitary Sewer and Storm Water Replacement (Original Amount \$211,153)	0.00%	\$163,642	\$0	\$10,558	\$153,084	\$10,558
#CP04M Woodrow and Henry Sanitary Sewer and Storm Water Replacement (Original Amount \$60,993)	0.00	52,857	0	2,034	50,823	2,034
#CP04N Milburn Sanitary Sewer and Storm Water Replacement (Original Amount \$73,189)	0.00	70,749	0	2,439	68,310	2,439
#CP12R Latourette Sanitary Sewer and Storm Water Replacement (Original Amount \$27,199)	0.00	5,121	22,078	452	26,747	907
#CP22Q North Greenwood Sanitary Sewer and Storm Water Replacement (Original Amount \$166,000)	0.00	166,000	0	2,767	163,233	5,533
#CP18S Ballentine Sanitary Sewer and Storm Water Replacement (Original Amount \$114,170)	0.00	0	114,170	0	114,170	3,805
#CP23S Main/State Sanitary Sewer and Storm Water Replacement (Original Amount \$16,737)	0.00	0	16,737	0	16,737	0
#CP26T South Greenwood Sanitary Sewer and Storm Water Replacement (Original Amount \$49,093)	0.00	0	49,093	0	49,093	0
#CP37T Belmont Sanitary Sewer and Storm Water Replacement (Original Amount \$375,000)	0.00	0	375,000	0	375,000	6,250
Total OPWC Loans		1,166,058	577,078	96,255	1,646,881	109,531
(continued)						

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<u>Business-Type Activities</u> (continued)						
Other Long-Term Obligations (continued)						
Net Pension Liability						
Ohio Public Employees Retirement System		\$2,146,266	\$1,297,140	\$0	\$3,443,406	\$0
Compensated Absences Payable		502,216	104,109	66,158	540,167	156,656
Postclosure Costs Payable		1,590,343	0	144,721	1,445,622	147,775
Total Other Long-Term Obligations		15,648,846	1,978,327	1,781,256	15,845,917	1,821,544
Total Business-Type Activities		\$36,861,996	\$1,978,327	\$2,689,056	\$36,151,267	\$2,740,594

General Obligation Bonds

On June 9, 2010, the City issued general obligation refunding bonds, in the amount of \$6,110,000, to refund general obligation bonds previously issued in 2000 to pay the long-term liability to the Police and Fire Pension System and to construct and replace sewer and storm water lines. The bonds were issued for a ten year period, with final maturity in 2020. The bonds will be retired through the Bond Retirement debt service fund and the Sewer and Storm Water enterprise funds.

On June 9, 2010, the City issued unvoted general obligation bonds, in the amount of \$4,845,000; \$708,483 to retire notes previously issued for constructing public infrastructure improvements related to constructing a portion of Wellness Drive, \$485,655 for constructing public infrastructure improvements related to constructing and extending Lakes Boulevard, \$404,712 for improving Barks Road between Delaware Avenue and State Route 529, \$775,200 for acquiring and installing a comprehensive financial management software system, \$1,884,922 for sewer and storm water improvements on Blaine Avenue, and \$586,028 for sewer and storm water improvements on Forest Lawn Boulevard. The bonds were issued for a twenty year period with final maturity in 2030. The bonds will be paid from the Bond Retirement debt service fund and from the Sewer and Storm Water enterprise funds.

As of December 31, 2016, all of the proceeds had been spent and \$611,620 was spent on items which were not capitalized.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2021	\$225,000

The remaining principal, in the amount of \$235,000, will be paid at stated maturity on December 1, 2022.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2023	\$240,000

The remaining principal, in the amount of \$250,000, will be paid at stated maturity on December 1, 2024.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2025	\$260,000

The remaining principal, in the amount of \$270,000, will be paid at stated maturity on December 1, 2026.

The bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2027	\$285,000

The remaining principal, in the amount of \$295,000, will be paid at stated maturity on December 1, 2028.

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2029	\$305,000

The remaining principal, in the amount of \$320,000, will be paid at stated maturity on December 1, 2030.

The bonds maturing on or after December 1, 2021, are subject to optional redemption prior to maturity, on December 1, 2020, either in whole or in part, in such order as the City shall determine, on any date on or after December 1, 2020, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

On September 30, 2010, the City issued unvoted general obligation bonds, in the amount of \$9,570,000; \$1,010,000 to retire notes previously issued for roof repair and to purchase various equipment and a vehicle, \$1,376,250 for constructing, equipping, and furnishing a central garage building, \$3,085,287 for sewer improvements, and \$4,098,463 for storm water improvements. The bonds were issued for a twenty year period with final maturity in 2030. The bonds will be paid from the Bond Retirement debt service fund, the Sewer and Storm Water enterprise funds, and the Internal Service fund.

The bonds maturing on or after December 1, 2021, are subject to optional redemption prior to maturity, on December 1, 2020, either in whole or in part, in such order as the City shall determine, on any date on or after December 1, 2020, at a redemption price equal 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

On July 11, 2012, the City issued unvoted general obligation bonds, in the amount of \$11,235,000; \$9,400,000 to retire notes previously issued for sewer, landfill, and storm water improvements and construction of an Aquatic Center, \$120,000 for sewer and storm water improvements on Columbia Street, \$320,000 for sewer and storm water improvements on Oak Street, Milburn Avenue, and Meadow Street, \$45,000 for storm water improvements on Robinson Avenue, \$115,000 for sewer improvements on West Center Street, \$20,000 for improving Marion Plaza and Royal Oaks Subdivision, \$20,000 for Landfill improvements, \$365,000 additional proceeds for constructing an Aquatic Center, \$280,000 for sewer and storm water improvements on Latourette Street, \$275,000 for sewer and storm water improvements on Greenwood Street, and \$275,000 for sewer and storm water improvements on Orchard Street. The bonds were issued for a twenty year period with final maturity in 2033. The bonds will be paid from the from the Sewer, Landfill, Storm Water, and Aquatic Center enterprise funds.

As of December 31, 2016, all of the proceeds had been spent and \$857,731 was spent on items which were not capitalized.

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2028	\$870,000
2029	905,000

The remaining principal, in the amount of \$945,000, will be paid at stated maturity on December 1, 2030.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2033, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2031	\$970,000
2032	1,105,000

The remaining principal, in the amount of \$1,055,000, will be paid at stated maturity on December 1, 2033.

ODOT DRIP TIF - On May 11, 1998, the City entered into a loan agreement with the Ohio Department of Transportation for road improvements to a new industrial park. The loan was issued for a twenty year period with final maturity in 2018. The loan will be paid from the Tax Incremental Financing capital projects fund.

Net Pension Liability - There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund; the Street Construction, Maintenance, and Repair; Police, Dispatch, and Fire Income Tax; Senior Citizens; Municipal Court Docket Specialist; MMC Assistance; Community Corrections; Probation Services; Police and Fire Pension, and Marion Area Transit special revenue funds; the Sewer, Sanitation, Storm Water, and Aquatics Center enterprise funds; and the Central Garage internal service fund.

Compensated Absences - The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund; the Street Construction, Maintenance, and Repair; Police, Dispatch, and Fire Income Tax; Senior Citizens; Municipal Court Docket Specialist; MMC Assistance; School Resource Officer; Community Corrections; Probation Services; and Marion Area Transit special revenue funds; the Sewer, Sanitation, Storm Water, and Aquatics Center enterprise funds; and the Central Garage internal service fund.

OWDA Loans

OWDA loans consist of money owed to the Ohio Water Development Authority for the replacement of the solids handling system and solids storage building, preservation of Edison Woods, and wastewater treatment plant improvements. OWDA loans will be paid from the Sewer enterprise fund.

OWDA monies spent on items which were not capitalized were \$1,781,600 in the Sewer enterprise fund.

OPWC Loans

OPWC loans consist of money owed to the Ohio Public Works Commission for road improvements and for construction of sewer and storm water lines and related construction. OPWC loans will be paid from the Tax Incremental Financing capital projects fund and the Sewer and Storm Water enterprise funds.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

OWDA loans are payable solely from the gross revenues of the Sewer enterprise fund and enterprise fund OPWC loans are payable solely from the gross revenues of the Sewer and Storm Water enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues. The total principal and interest remaining to be paid on the OWDA loans are \$8,769,841 and \$433,384, respectively, and total principal to be paid on the OPWC loans (on completed projects for which amortization schedules are available) is \$1,581,051. Principal and interest paid in the Sewer enterprise fund for the current year was \$1,692,659 and \$24,848 in the Storm Water enterprise fund. Total net revenues for the Sewer enterprise fund was \$3,236,152 and \$815,391 in the Storm Water enterprise fund. The OWDA loans are payable through 2022 and the OPWC loans are payable through 2047.

The City's legal debt margin was \$35,175,231 at December 31, 2016.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2016, were as follows:

Year	Governmental Activities				
	General Obligation Bonds		ODOT DRIP TIF		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2017	\$310,950	\$132,065	\$92,370	\$4,745	\$6,410
2018	318,500	123,434	95,397	1,945	6,410
2019	332,250	113,577	0	0	6,410
2020	338,550	102,691	0	0	6,410
2021	187,750	91,121			6,411
2022-2026	1,044,950	337,675	0	0	6,411
2027-2030	1,011,700	107,241	0	0	0
	<u>\$3,544,650</u>	<u>\$1,007,804</u>	<u>\$187,767</u>	<u>\$6,690</u>	<u>\$38,462</u>

The OPWC loans #CP23S Main/Alley Sanitary Sewer and Storm Water Replacement and #CP26T South Greenwood Sanitary Sewer and Storm Water Replacement have not been completed. An amortization schedule for the repayment of these loans will not be available until the project is completed and, therefore, are not included in the following schedule.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, from the enterprise funds were as follows:

Year	Business-Type Activities				
	General Obligation Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2017	\$919,050	\$751,521	\$1,407,582	\$126,289	\$109,531
2018	946,500	725,625	1,428,775	105,096	115,784
2019	982,750	695,793	1,450,287	83,584	115,780
2020	1,011,450	663,177	1,472,123	61,748	115,784
2021	1,132,250	627,835	1,494,288	39,583	115,782
2022-2026	6,310,050	2,511,992	1,516,786	17,084	376,420
2027-2031	6,933,300	1,217,853	0	0	201,573
2032-2036	2,070,000	125,000	0	0	154,071
2037-2041	0	0	0	0	152,241
2042-2046	0	0	0	0	117,835
2047	0	0	0	0	6,250
	<u>\$20,305,350</u>	<u>\$7,318,796</u>	<u>\$8,769,841</u>	<u>\$433,384</u>	<u>\$1,581,051</u>

NOTE 19 - LANDFILL POSTCLOSURE COSTS

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City stopped accepting waste at its landfill in 1995. The \$1,445,622 reported as landfill postclosure costs at December 31, 2016, represents the estimated costs of maintenance and monitoring through 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2016, liability decreased from the prior year by \$144,721 due to a change in the estimate of postclosure costs.

The City is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The City has passed the financial accountability test proving the ability to self-fund these future costs.

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 20 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Street Construction, Maintenance, and Repair	Police, Dispatch, and Fire Income Tax	Other Governmental
Nonspendable for:				
Interfund Loans	\$97,600	\$0	\$0	\$0
Materials and Supplies Inventory	20,419	80,342	6,615	386
Prepaid Items	40,393	11,305	66,042	10,067
Total Nonspendable	<u>158,412</u>	<u>91,647</u>	<u>72,657</u>	<u>10,453</u>
Restricted for:				
Airport Improvements	0	0	0	124,449
Court Operations	0	0	0	993,578
Debt Retirement	0	0	0	1,854,202
Economic Development and Rehabilitation	0	0	0	527,008
Park Improvements	0	0	0	1,363
Police and Fire Operations	0	0	457,679	123,935
Railroad Crossing Improvements	0	0	0	64,125
Senior Citizen Activities	0	0	0	306,191
Street Maintenance and Construction	0	842,021	0	338,052
Youth Activities	0	0	0	5,443
Total Restricted	<u>0</u>	<u>842,021</u>	<u>457,679</u>	<u>4,338,346</u>
Committed for:				
Debt Retirement	0	0	0	7,948
Termination Benefits	1,762	0	0	0
Total Committed	<u>1,762</u>	<u>0</u>	<u>0</u>	<u>7,948</u>
Assigned for:				
Airport Improvements	154,211	0	0	0
Parking Meters	2,356	0	0	0
Projected Budget Shortage	560,229	0	0	0
Recreation	26,157	0	0	0
Safety Patrol	395	0	0	0
Softball Field Improvements	24,079	0	0	0
Underground Storage Tank	11,000	0	0	0
Wellness	25,037	0	0	0
Total Assigned	<u>803,464</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (Deficit)	<u>1,957,415</u>	<u>0</u>	<u>0</u>	<u>(418,551)</u>
Total Fund Balance	<u><u>\$2,921,053</u></u>	<u><u>\$933,668</u></u>	<u><u>\$530,336</u></u>	<u><u>\$3,938,196</u></u>

City of Marion
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 21 - INTERFUND TRANSFERS

During 2016, the General Fund made transfers to the Street Construction, Maintenance, and Repair, and Police, Dispatch, and Fire Income Tax special revenue funds and other governmental funds, in the amount of \$789,726, \$4,920,000, and \$391,517, respectively, to subsidize operations in those funds.

Other governmental funds made transfers to other governmental funds, in the amount of \$262,419, to make debt payments as they come due.

The Sewer and Storm Water enterprise funds made transfers to other governmental funds, in the amount of \$3,206 and \$3,204, respectively, to make debt payments as they come due.

The Aquatics Center enterprise fund made transfers to other governmental funds, in the amount of \$4,000, to reimburse those funds for expenditures made on behalf of the Aquatics Center.

NOTE 22 - INSURANCE POOLS

A. Ohio Municipal Joint Self-Insurance Pool

The Ohio Municipal Joint Self-Insurance Pool, a risk-sharing pool, was established in 1987 to provide property and liability insurance coverage to its member municipalities. The Pool's objectives are to formulate, develop, and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of its member municipalities. The Pool is governed by a Board of Trustees elected from its membership. Each member has one vote on all issues addressed by the Board of Trustees. Participation in the pool is limited to Ohio municipalities and is by written application subject to the terms of the pool agreement. A member may withdraw its membership in the Pool at the end of any coverage period upon sixty days written notice to the Pool. Members who terminate participation in the Pool are subject to a supplemental assessment or a refund, at the discretion of the Board of Trustees, depending on the ultimate loss experience of its members for the coverage period. Financial information for the Pool may be obtained from the Ohio Municipal Joint Self-Insurance Pool, 1340 Depot Street, Cleveland, Ohio 44118.

B. Ohio Rural Water Association Workers' Compensation Group Rating Plan

The City participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Rural Water Association Workers' Compensation Group Rating Plan is an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating members. Financial information may be obtained from the Ohio Rural Water Association Workers' Compensation Group Rating Plan, 975 Linden Avenue, Zanesville, Ohio 43701.

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS

A. Marion County General Health District

The City participates in the Marion County General Health District, a jointly governed organization created according to the provisions of Ohio Revised Code Section 3709.07. The General Health District is governed by a Board of Health consisting of three members representing the City of Marion and appointed by the Mayor, three members representing Marion County and appointed by the District Advisory Council, and one member appointed by the Health District Licensing Council. Each participant's ability to influence the operations of the Health District is limited to its representation on the Board. During 2016, the City contributed \$50,000 toward the operations of the General Health District. Financial information can be obtained from the Marion County Auditor, 222 West Center Street, Marion, Ohio 43302.

B. Marion Port Authority

The Marion Port Authority is a jointly governed organization between Marion County and the City of Marion. The Port Authority may acquire, purchase, construct, reconstruct, enlarge, furnish, equip, maintain, repair, sell, exchange, lease or rent to or from, operate, manage, or contract for the operation of management of the port authority facilities as defined in the Ohio Revised Code. The Port Authority is governed by a five member board of directors consisting of two members appointed by the Marion County Commissioners, two members appointed by the City of Marion, and one joint appointee. Each participant's ability to influence the operations of the Port Authority is limited to its representation of the board. Financial information can be obtained from the Marion Port Authority, 205 West Center Street, Marion, Ohio 43302.

NOTE 24 - CONTINGENT LIABILITIES

A. Litigation

The City of Marion is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2016, to December 31, 2016, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

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City of Marion
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.05679900%	0.05233800%	0.05233800%
City's Proportionate Share of the Net Pension Liability	\$9,838,302	\$6,312,547	\$6,169,968
City's Covered Payroll	\$7,060,707	\$6,416,733	\$6,289,238
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	139.34%	98.38%	98.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

City of Marion
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.31309600%	0.29544000%	0.29544000%
City's Proportionate Share of the Net Pension Liability	\$20,141,685	\$15,305,024	\$14,388,855
City's Covered Payroll	\$6,287,176	\$5,814,402	\$5,699,689
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	320.36%	263.23%	252.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

City of Marion
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Years

	2016	2015	2014	2013
Contractually Required Contribution	\$856,633	\$847,285	\$770,008	\$817,601
Contributions in Relation to the Contractually Required Contribution	<u>(856,633)</u>	<u>(847,285)</u>	<u>(770,008)</u>	<u>(817,601)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$7,138,608	\$7,060,707	\$6,416,733	\$6,289,238
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

City of Marion
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,456,886	\$1,335,461	\$1,236,397	\$1,031,887
Contributions in Relation to the Contractually Required Contribution	<u>(1,456,886)</u>	<u>(1,335,461)</u>	<u>(1,236,397)</u>	<u>(1,031,887)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$6,901,362	\$6,287,176	\$5,814,402	\$5,699,689
Contributions as a Percentage of Covered Payroll	21.11%	21.24%	21.26%	18.10%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$828,535	\$965,813	\$1,054,068	\$1,009,826	\$1,000,505	\$975,076
<u>(828,535)</u>	<u>(965,813)</u>	<u>(1,054,068)</u>	<u>(1,009,826)</u>	<u>(1,000,505)</u>	<u>(975,076)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$5,496,253	\$6,487,763	\$7,080,192	\$6,779,997	\$6,703,501	\$6,537,426
15.07%	14.89%	14.89%	14.89%	14.93%	14.92%

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than for debt service or capital projects. Following is a description of the City's nonmajor special revenue funds:

Senior Citizens

To account for federal and state grants, membership dues, and donations restricted to providing assistance to and activities for senior citizens.

EMS Grant

To account for grants received from the Ohio Department of Public Safety restricted for EMS training and equipment.

Municipal Court Docket Specialist

To account for grants received from the Marion County Family Court restricted for the salary of a specialized docket court specialist.

Municipal Motor Vehicle License

To account for permissive motor vehicle registration fees levied by the City and restricted for maintenance of streets within the City.

State Highway

To account for seven and one-half (7.5%) of the state gasoline tax and motor vehicle registration fees restricted for maintenance of state highways within the City.

MMC Assistance

To account for fines collected by the municipal court restricted to subsidizing probation services.

Court Computerization

To account for fines collected by the municipal court restricted to subsidizing computer related costs for the court.

Police Continuing Training

To account for grants received from the Ohio Attorney General's office restricted for mandatory police training.

School Resource Officer

To account for a state grant restricted to providing a police officer in the Marion City School District.

Community Corrections

To account for a state grant and other resources restricted to funding probation services for the municipal court. Resources can be used to pay for salaries, benefits, and operational needs of the court.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

Indigent Alcohol Monitoring

To account for fines restricted to paying the cost of treating, at a certified alcohol and drug addiction program, persons convicted of a related violation or municipal ordinance.

Probation Services

To account for fines collected by the clerk of courts restricted for the purchase of equipment, purchase of services, reconciliation programs for offenders and victims, and other treatment programs including alcohol and drug addiction programs.

Enforcement and Education

To account for fines and forfeitures charged for driving under the influence arrests. Resources are restricted to educating the public on laws governing the operation of a motor vehicle while under the influence of alcohol.

Indigent Alcohol Driver

To account for fines restricted to paying for DUI classes offered through the court.

Railroad Grade Crossing Improvement

To account for fines levied against railroad companies restricted to maintaining railroad crossings and lights.

Special Project Treatment Court

To account for fines charged by the municipal court restricted for special projects within the court.

Police and Fire Pension

To account for property taxes levied and restricted for the payment of the employer pension contribution.

Marion Land Bank Program

To account for sale proceeds from formerly delinquent lands restricted for rehabilitating non-productive properties.

Clean Ohio Assistance

To account for grants received from the Ohio Department of Development restricted to rehabilitating properties in the City with environmental issues.

SAFER Grant

To account for grants received from the U.S. Department of Homeland Security restricted to hiring and training firefighters.

ADAMH Grant

To account for grants received from the Crawford County Alcohol, Drug, and Mental Health Board restricted for the purchase of supplies and equipment for the probation department.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

CHIP Grant

To account for grants received from the Community Housing Improvement Program that are restricted for low and moderate income housing repairs and development.

Revolving Loans

To account for revolving loan payments restricted to providing loans to qualified local businesses and for related costs.

Marion Area Transit

To account for grants and charges for services restricted for operating the City's transit system.

Youth Recreation

To account for donations restricted to pay for fees associated with youth programs.

Law Enforcement

To account for donations restricted for the benefit of the police department.

Nonmajor Debt Service Funds

Debt service funds are used to account for resources that are restricted, committed, or assigned to expenditure for debt principal, interest, and related costs.

Bond Retirement

To account for resources that are assigned for the payment of debt principal, interest, and debt related costs.

Harding Center Loan

To account for loan repayments committed to debt issued for the Harding Center.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds.)

CDBG

To account for grants restricted under the Community Development Block Grant Program.

Tax Incremental Financing

To account for payment in lieu of taxes restricted for public infrastructure improvements.

(continued)

City of Marion
Combining Statements - Nonmajor Governmental Funds

**Nonmajor Capital Projects Funds
(continued)**

Capital Improvements

To account for a voted .05 percent income tax levy and other resources restricted for capital improvements.

Quarry Park

To account for grants restricted to purchasing Quarry Park along Kellogg Parkway.

Busby Downtown Park

To account for grants restricted to purchasing land and completing a downtown park.

Airport Improvement

To account for federal and state grants, along with a local match restricted to rehabilitating or lengthening runways, lights, hangers, or other improvements at the airport.

City of Marion
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,940,285	\$10,252	\$2,361,297	\$4,311,834
Accounts Receivable	441	0	0	441
Due from Other Governments	305,007	0	0	305,007
Municipal Income Taxes Receivable	0	0	68,318	68,318
Prepaid Items	10,067	0	0	10,067
Materials and Supplies Inventory	386	0	0	386
Property Taxes Receivable	246,777	0	0	246,777
Payment in Lieu of Taxes Receivable	0	0	405,114	405,114
Notes Receivable	437,803	140,787	0	578,590
Total Assets	<u>\$2,940,766</u>	<u>\$151,039</u>	<u>\$2,834,729</u>	<u>\$5,926,534</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$15,451	\$0	\$0	\$15,451
Accounts Payable	20,142	0	33,304	53,446
Contracts Payable	0	0	69,306	69,306
Due to Other Governments	129,502	0	849	130,351
Matured Compensated Absences Payable	11,641	0	0	11,641
Interfund Payable	20,226	143,091	159,743	323,060
Retainage Payable	0	0	21,985	21,985
Accrued Interest Payable	0	0	3,199	3,199
Notes Payable	0	0	512,000	512,000
Total Liabilities	<u>196,962</u>	<u>143,091</u>	<u>800,386</u>	<u>1,140,439</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	181,783	0	0	181,783
Payment in Lieu of Taxes	0	0	405,114	405,114
Unavailable Revenue	225,370	0	35,632	261,002
Total Deferred Inflows of Resources	<u>407,153</u>	<u>0</u>	<u>440,746</u>	<u>847,899</u>
<u>Fund Balance</u>				
Nonspendable	10,453	0	0	10,453
Restricted	2,341,288	0	1,997,058	4,338,346
Committed	0	7,948	0	7,948
Unassigned (Deficit)	(15,090)	0	(403,461)	(418,551)
Total Fund Balance	<u>2,336,651</u>	<u>7,948</u>	<u>1,593,597</u>	<u>3,938,196</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$2,940,766</u>	<u>\$151,039</u>	<u>\$2,834,729</u>	<u>\$5,926,534</u>

City of Marion
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Senior Citizens	Municipal Court Docket Specialist	Municipal Motor Vehicle License	State Highway
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$316,972	\$25,840	\$4,102	\$325,784
Accounts Receivable	0	0	0	0
Due from Other Governments	21,134	20,128	0	45,883
Prepaid Items	1,410	0	0	0
Materials and Supplies Inventory	0	0	0	0
Property Taxes Receivable	0	0	0	0
Notes Receivable	0	0	0	0
Total Assets	<u>\$339,516</u>	<u>\$45,968</u>	<u>\$4,102</u>	<u>\$371,667</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$1,191	\$0	\$0	\$0
Accounts Payable	2,995	0	0	0
Due to Other Governments	324	516	0	0
Matured Compensated Absences Payable	0	0	0	0
Interfund Payable	8,531	0	0	0
Total Liabilities	<u>13,041</u>	<u>516</u>	<u>0</u>	<u>0</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	0	0	0	0
Unavailable Revenue	18,874	20,128	0	37,717
Total Deferred Inflows of Resources	<u>18,874</u>	<u>20,128</u>	<u>0</u>	<u>37,717</u>
<u>Fund Balance</u>				
Nonspendable	1,410	0	0	0
Restricted	306,191	25,324	4,102	333,950
Unassigned (Deficit)	0	0	0	0
Total Fund Balance (Deficit)	<u>307,601</u>	<u>25,324</u>	<u>4,102</u>	<u>333,950</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$339,516</u>	<u>\$45,968</u>	<u>\$4,102</u>	<u>\$371,667</u>

MMC Assistance	Court Computerization	Police Continuing Training	School Resource Officer	Community Corrections	Indigent Alcohol Monitoring
\$287,765	\$212,868	\$201	\$0	\$11,192	\$60,998
0	0	0	0	0	0
0	0	0	2,666	117,595	0
0	0	0	0	2,058	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$287,765</u>	<u>\$212,868</u>	<u>\$201</u>	<u>\$2,666</u>	<u>\$130,845</u>	<u>\$60,998</u>
\$795	\$0	\$0	\$0	\$4,130	\$0
10,996	0	0	0	0	839
441	0	0	0	3,704	0
0	0	0	0	0	0
0	0	0	3,086	0	0
<u>12,232</u>	<u>0</u>	<u>0</u>	<u>3,086</u>	<u>7,834</u>	<u>839</u>
0	0	0	0	0	0
0	0	0	0	58,798	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>58,798</u>	<u>0</u>
0	0	0	0	2,058	0
275,533	212,868	201	0	62,155	60,159
0	0	0	(420)	0	0
<u>275,533</u>	<u>212,868</u>	<u>201</u>	<u>(420)</u>	<u>64,213</u>	<u>60,159</u>
<u>\$287,765</u>	<u>\$212,868</u>	<u>\$201</u>	<u>\$2,666</u>	<u>\$130,845</u>	<u>\$60,998</u>

(continued)

City of Marion
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016
(continued)

	Probation Services	Enforcement and Education	Indigent Alcohol Driver	Railroad Grade Crossing Improvement
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$121,585	\$10,069	\$197,080	\$64,125
Accounts Receivable	0	0	0	0
Due from Other Governments	0	0	0	0
Prepaid Items	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Property Taxes Receivable	0	0	0	0
Notes Receivable	0	0	0	0
Total Assets	<u>\$121,585</u>	<u>\$10,069</u>	<u>\$197,080</u>	<u>\$64,125</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$1,285	\$0	\$0	\$0
Accounts Payable	51	0	2,100	0
Due to Other Governments	911	0	0	0
Matured Compensated Absences Payable	0	0	0	0
Interfund Payable	0	0	0	0
Total Liabilities	<u>2,247</u>	<u>0</u>	<u>2,100</u>	<u>0</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Fund Balance</u>				
Nonspendable	0	0	0	0
Restricted	119,338	10,069	194,980	64,125
Unassigned (Deficit)	0	0	0	0
Total Fund Balance (Deficit)	<u>119,338</u>	<u>10,069</u>	<u>194,980</u>	<u>64,125</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$121,585</u>	<u>\$10,069</u>	<u>\$197,080</u>	<u>\$64,125</u>

Special Project Treatment Court	Police and Fire Pension	Marion Land Bank Program	SAFER Grant	ADAMH Grant	Revolving Loans
\$40,259	\$139,246	\$21,790	\$0	\$2,962	\$50,371
0	0	0	0	0	0
0	14,723	0	82,878	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	246,777	0	0	0	0
0	0	0	0	0	437,803
<u>\$40,259</u>	<u>\$400,746</u>	<u>\$21,790</u>	<u>\$82,878</u>	<u>\$2,962</u>	<u>\$488,174</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	116,212	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	116,212	0	0	0	0
0	181,783	0	0	0	0
0	79,717	0	10,136	0	0
0	261,500	0	10,136	0	0
0	0	0	0	0	0
40,259	23,034	21,790	72,742	2,962	488,174
0	0	0	0	0	0
40,259	23,034	21,790	72,742	2,962	488,174
<u>\$40,259</u>	<u>\$400,746</u>	<u>\$21,790</u>	<u>\$82,878</u>	<u>\$2,962</u>	<u>\$488,174</u>

(continued)

City of Marion
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016
(continued)

	Marion Area Transit	Youth Recreation	Law Enforcement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$23,322	\$5,443	\$18,311	\$1,940,285
Accounts Receivable	441	0	0	441
Due from Other Governments	0	0	0	305,007
Prepaid Items	6,599	0	0	10,067
Materials and Supplies Inventory	386	0	0	386
Property Taxes Receivable	0	0	0	246,777
Notes Receivable	0	0	0	437,803
Total Assets	<u>\$30,748</u>	<u>\$5,443</u>	<u>\$18,311</u>	<u>\$2,940,766</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$8,050	\$0	\$0	\$15,451
Accounts Payable	2,739	0	422	20,142
Due to Other Governments	7,394	0	0	129,502
Matured Compensated Absences Payable	11,641	0	0	11,641
Interfund Payable	8,609	0	0	20,226
Total Liabilities	<u>38,433</u>	<u>0</u>	<u>422</u>	<u>196,962</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	0	0	0	181,783
Unavailable Revenue	0	0	0	225,370
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>407,153</u>
<u>Fund Balance</u>				
Nonspendable	6,985	0	0	10,453
Restricted	0	5,443	17,889	2,341,288
Unassigned (Deficit)	(14,670)	0	0	(15,090)
Total Fund Balance (Deficit)	<u>(7,685)</u>	<u>5,443</u>	<u>17,889</u>	<u>2,336,651</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$30,748</u>	<u>\$5,443</u>	<u>\$18,311</u>	<u>\$2,940,766</u>

City of Marion
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	CDBG	Tax Incremental Financing	Capital Improvements	Quarry Park
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$98,516	\$1,855,402	\$112,356	\$909
Municipal Income Taxes Receivable	0	0	68,318	0
Payment in Lieu of Taxes Receivable	0	405,114	0	0
Total Assets	<u>\$98,516</u>	<u>\$2,260,516</u>	<u>\$180,674</u>	<u>\$909</u>
<u>Liabilities</u>				
Accounts Payable	\$0	\$0	\$33,304	\$0
Contracts Payable	58,638	1,200	0	0
Due to Other Governments	849	0	0	0
Interfund Payable	0	0	0	0
Retainage Payable	21,985	0	0	0
Accrued Interest Payable	0	0	3,199	0
Notes Payable	0	0	512,000	0
Total Liabilities	<u>81,472</u>	<u>1,200</u>	<u>548,503</u>	<u>0</u>
<u>Deferred Inflows of Resources</u>				
Payment in Lieu of Taxes	0	405,114	0	0
Unavailable Revenue	0	0	35,632	0
Total Deferred Inflows of Resources	<u>0</u>	<u>405,114</u>	<u>35,632</u>	<u>0</u>
<u>Fund Balance</u>				
Restricted	17,044	1,854,202	0	909
Unassigned (Deficit)	0	0	(403,461)	0
Total Fund Balance (Deficit)	<u>17,044</u>	<u>1,854,202</u>	<u>(403,461)</u>	<u>909</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$98,516</u>	<u>\$2,260,516</u>	<u>\$180,674</u>	<u>\$909</u>

(continued)

City of Marion
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016
(continued)

	Busby Downtown Park	Airport Improvement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$454	\$293,660	\$2,361,297
Municipal Income Taxes Receivable	0	0	68,318
Payment in Lieu of Taxes Receivable	0	0	405,114
	<hr/>	<hr/>	<hr/>
Total Assets	\$454	\$293,660	\$2,834,729
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Accounts Payable	\$0	\$0	\$33,304
Contracts Payable	0	9,468	69,306
Due to Other Governments	0	0	849
Interfund Payable	0	159,743	159,743
Retainage Payable	0	0	21,985
Accrued Interest Payable	0	0	3,199
Notes Payable	0	0	512,000
	<hr/>	<hr/>	<hr/>
Total Liabilities	0	169,211	800,386
	<hr/>	<hr/>	<hr/>
<u>Deferred Inflows of Resources</u>			
Payment in Lieu of Taxes	0	0	405,114
Unavailable Revenue	0	0	35,632
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	0	0	440,746
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Restricted	454	124,449	1,997,058
Unassigned (Deficit)	0	0	(403,461)
	<hr/>	<hr/>	<hr/>
Total Fund Balance (Deficit)	454	124,449	1,593,597
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$454	\$293,660	\$2,834,729
	<hr/>	<hr/>	<hr/>

City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$193,829	\$0	\$0	\$193,829
Payment in Lieu of Taxes	0	0	519,826	519,826
Municipal Income Taxes	0	0	394,051	394,051
Other Local Taxes	4,102	0	0	4,102
Charges for Services	96,044	0	0	96,044
Fines and Forfeitures	413,763	0	0	413,763
Intergovernmental	1,778,343	0	491,454	2,269,797
Interest	847	8,902	0	9,749
Other	123,405	0	6,077	129,482
Total Revenues	2,610,333	8,902	1,411,408	4,030,643
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	204,230	0	0	204,230
Fire	501,626	0	0	501,626
Leisure Time Activities	106,687	0	0	106,687
Community Environment	145,921	0	312,079	458,000
Transportation				
Transit	1,069,843	0	0	1,069,843
Other	65,848	0	209,548	275,396
General Government				
Court	629,641	0	0	629,641
Other	97,538	0	286,637	384,175
Debt Service:				
Principal Retirement	0	247,200	95,850	343,050
Interest and Fiscal Charges	0	110,225	22,756	132,981
Total Expenditures	2,821,334	357,425	926,870	4,105,629
Excess of Revenues Over (Under) Expenditures	(211,001)	(348,523)	484,538	(74,986)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	3,050	0	0	3,050
Transfers In	303,762	349,392	11,192	664,346
Transfers Out	0	0	(262,419)	(262,419)
Total Other Financing Sources (Uses)	306,812	349,392	(251,227)	404,977
Changes in Fund Balance	95,811	869	233,311	329,991
Fund Balance Beginning of Year	2,240,840	7,079	1,360,286	3,608,205
Fund Balance End of Year	\$2,336,651	\$7,948	\$1,593,597	\$3,938,196

City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Senior Citizens	EMS Grant	Municipal Court Docket Specialist	Municipal Motor Vehicle License
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	4,102
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	101,511	16,455	39,563	0
Interest	300	0	0	0
Other	29,137	0	0	0
Total Revenues	130,948	16,455	39,563	4,102
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	0	0
Fire	0	16,455	0	0
Leisure Time Activities	106,687	0	0	0
Community Environment	0	0	0	0
Transportation				
Transit	0	0	0	0
Other	0	0	0	0
General Government				
Court	0	0	64,106	0
Other	0	0	0	0
Total Expenditures	106,687	16,455	64,106	0
Excess of Revenues Over (Under) Expenditures	24,261	0	(24,543)	4,102
<u>Other Financing Sources</u>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources	0	0	0	0
Changes in Fund Balance	24,261	0	(24,543)	4,102
Fund Balance Beginning of Year	283,340	0	49,867	0
Fund Balance (Deficit) End of Year	<u>\$307,601</u>	<u>\$0</u>	<u>\$25,324</u>	<u>\$4,102</u>

State Highway	MMC Assistance	Court Computerization	Police Continuing Training	School Resource Officer	Community Corrections
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	168,053	102,199	0	0	0
91,979	0	0	3,440	13,332	218,239
315	0	0	0	0	0
0	0	21,445	0	0	1,793
92,294	168,053	123,644	3,440	13,332	220,032
0	0	0	6,465	55,513	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
65,848	0	0	0	0	0
0	152,780	79,692	0	0	283,918
0	0	0	0	0	0
65,848	152,780	79,692	6,465	55,513	283,918
26,446	15,273	43,952	(3,025)	(42,181)	(63,886)
0	0	0	0	0	0
0	0	0	0	26,762	62,000
0	0	0	0	26,762	62,000
26,446	15,273	43,952	(3,025)	(15,419)	(1,886)
307,504	260,260	168,916	3,226	14,999	66,099
\$333,950	\$275,533	\$212,868	\$201	(\$420)	\$64,213

(continued)

City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016
(continued)

	Indigent Alcohol Monitoring	Probation Services	Enforcement and Education	Indigent Alcohol Driver
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	10,615	101,444	1,720	18,943
Intergovernmental	12,937	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Total Revenues	23,552	101,444	1,720	18,943
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	3,440	0
Fire	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation				
Transit	0	0	0	0
Other	0	0	0	0
General Government				
Court	22,906	0	0	11,854
Other	0	97,538	0	0
Total Expenditures	22,906	97,538	3,440	11,854
Excess of Revenues Over (Under) Expenditures	646	3,906	(1,720)	7,089
<u>Other Financing Sources</u>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources	0	0	0	0
Changes in Fund Balance	646	3,906	(1,720)	7,089
Fund Balance Beginning of Year	59,513	115,432	11,789	187,891
Fund Balance (Deficit) End of Year	\$60,159	\$119,338	\$10,069	\$194,980

Railroad Grade Crossing Improvement	Special Project Treatment Court	Police and Fire Pension	Marion Land Bank Program	Clean Ohio Assistance	SAFER Grant
\$0	\$0	\$193,829	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
1,000	9,789	0	0	0	0
0	0	29,516	0	105,505	439,735
0	0	0	0	0	0
0	0	0	22,510	0	0
1,000	9,789	223,345	22,510	105,505	439,735
0	0	105,000	0	0	0
0	0	110,290	0	0	374,881
0	0	0	0	0	0
0	0	0	6,257	105,505	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,182	0	0	0	0
0	0	0	0	0	0
0	1,182	215,290	6,257	105,505	374,881
1,000	8,607	8,055	16,253	0	64,854
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,000	8,607	8,055	16,253	0	64,854
63,125	31,652	14,979	5,537	0	7,888
\$64,125	\$40,259	\$23,034	\$21,790	\$0	\$72,742

(continued)

City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016
(continued)

	ADAMH Grant	CHIP Grant	Revolving Loans	Marion Area Transit
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Charges for Services	0	0	120	95,924
Fines and Forfeitures	0	0	0	0
Intergovernmental	2,409	0	0	703,722
Interest	0	0	232	0
Other	0	0	0	20,776
Total Revenues	2,409	0	352	820,422
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	0	0
Fire	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	4,159	30,000	0
Transportation				
Transit	0	0	0	1,069,843
Other	0	0	0	0
General Government				
Court	13,203	0	0	0
Other	0	0	0	0
Total Expenditures	13,203	4,159	30,000	1,069,843
Excess of Revenues Over (Under) Expenditures	(10,794)	(4,159)	(29,648)	(249,421)
<u>Other Financing Sources</u>				
Sale of Capital Assets	0	0	0	3,050
Transfers In	0	0	0	215,000
Total Other Financing Sources	0	0	0	218,050
Changes in Fund Balance	(10,794)	(4,159)	(29,648)	(31,371)
Fund Balance Beginning of Year	13,756	4,159	517,822	23,686
Fund Balance (Deficit) End of Year	\$2,962	\$0	\$488,174	(\$7,685)

Youth Recreation	Law Enforcement	Total
\$0	\$0	\$193,829
0	0	4,102
0	0	96,044
0	0	413,763
0	0	1,778,343
0	0	847
0	27,744	123,405
0	27,744	2,610,333
0	33,812	204,230
0	0	501,626
0	0	106,687
0	0	145,921
0	0	1,069,843
0	0	65,848
0	0	629,641
0	0	97,538
0	33,812	2,821,334
0	(6,068)	(211,001)
0	0	3,050
0	0	303,762
0	0	306,812
0	(6,068)	95,811
5,443	23,957	2,240,840
<u>\$5,443</u>	<u>\$17,889</u>	<u>\$2,336,651</u>

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City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	<u>Bond Retirement</u>	<u>Harding Center Loan</u>	<u>Total</u>
<u>Revenues</u>			
Interest	\$0	\$8,902	\$8,902
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	247,200	0	247,200
Interest and Fiscal Charges	102,192	8,033	110,225
Total Expenditures	349,392	8,033	357,425
Excess of Revenues Over (Under) Expenditures	(349,392)	869	(348,523)
<u>Other Financing Sources</u>			
Transfers In	349,392	0	349,392
Changes in Fund Balance	0	869	869
Fund Balance Beginning of Year	0	7,079	7,079
Fund Balance End of Year	<u>\$0</u>	<u>\$7,948</u>	<u>\$7,948</u>

City of Marion
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	CDBG	Tax Incremental Financing	Capital Improvements	Quarry Park
<u>Revenues</u>				
Payment in Lieu of Taxes	\$0	\$519,826	\$0	\$0
Municipal Income Taxes	0	0	394,051	0
Intergovernmental	330,445	0	6,849	0
Other	0	0	6,077	0
Total Revenues	330,445	519,826	406,977	0
<u>Expenditures</u>				
Current:				
Community Environment	312,079	0	0	0
Transportation				
Other	0	14,689	0	0
General Government				
Other	0	0	286,637	0
Debt Service:				
Principal Retirement	0	95,850	0	0
Interest and Fiscal Charges	0	7,457	15,299	0
Total Expenditures	312,079	117,996	301,936	0
Excess of Revenues Over (Under) Expenditures	18,366	401,830	105,041	0
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	6,410	4,000	782
Transfers Out	0	(110,016)	(152,403)	0
Total Other Financing Sources (Uses)	0	(103,606)	(148,403)	782
Changes in Fund Balance	18,366	298,224	(43,362)	782
Fund Balance (Deficit) Beginning of Year	(1,322)	1,555,978	(360,099)	127
Fund Balance (Deficit) End of Year	\$17,044	\$1,854,202	(\$403,461)	\$909

Busby Downtown Park	Airport Improvement	Total
\$0	\$0	\$519,826
0	0	394,051
0	154,160	491,454
0	0	6,077
0	154,160	1,411,408
0	0	312,079
0	194,859	209,548
0	0	286,637
0	0	95,850
0	0	22,756
0	194,859	926,870
0	(40,699)	484,538
0	0	11,192
0	0	(262,419)
0	0	(251,227)
0	(40,699)	233,311
454	165,148	1,360,286
\$454	\$124,449	\$1,593,597

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City of Marion
Combining Statements - Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds

Insurance Proceeds

To account for insurance proceeds for structures destroyed by fires to assure that the property is appropriately remediated. When remediated, the insurance proceeds are released to the property owner.

Rotary

To account for Greyhound Bus ticket sales. Fares are remitted to the Greyhound Bus company, less commissions.

Municipal Court

To account for bonds and other resources deposited with the municipal court pending final disposition of the various cases and payment to third parties, excluding the City.

City of Marion
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
<u>Insurance Proceeds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$142,816	\$12,354	\$0	\$155,170
<u>Liabilities</u>				
Undistributed Assets	\$142,816	\$12,354	\$0	\$155,170
<u>Rotary</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$38,284	\$5,663	\$0	\$43,947
<u>Liabilities</u>				
Undistributed Assets	\$38,284	\$5,663	\$0	\$43,947
<u>Municipal Court</u>				
<u>Assets</u>				
Cash and Cash Equivalents in Segregated Accounts	\$82,887	\$66,243	\$82,887	\$66,243
Due from External Parties	1,802	1,729	1,802	1,729
Total Assets	\$84,689	\$67,972	\$84,689	\$67,972
<u>Liabilities</u>				
Undistributed Assets	\$84,689	\$67,972	\$84,689	\$67,972
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$181,100	\$18,017	\$0	\$199,117
Cash and Cash Equivalents in Segregated Accounts	82,887	66,243	82,887	66,243
Due from External Parties	1,802	1,729	1,802	1,729
Total Assets	\$265,789	\$85,989	\$84,689	\$267,089
<u>Liabilities</u>				
Undistributed Assets	\$265,789	\$85,989	\$84,689	\$267,089

**INDIVIDUAL FUND SCHEDULES
OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

City of Marion
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,051,507	\$1,065,983	\$1,065,983	\$0
Municipal Income Taxes	7,028,345	6,171,572	6,093,701	(77,871)
Charges for Services	1,107,233	1,191,794	1,208,692	16,898
Fees, Licenses, and Permits	352,335	349,605	345,764	(3,841)
Fines and Forfeitures	773,300	850,113	850,113	0
Intergovernmental	952,874	928,206	927,523	(683)
Interest	52,491	67,436	82,128	14,692
Other	242,143	232,570	166,519	(66,051)
Total Revenues	11,560,228	10,857,279	10,740,423	(116,856)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police				
Police Department				
Contractual Services	939	939	939	0
Other				
Street Lighting				
Contractual Services	300,000	281,462	281,462	0
Total Security of Persons and Property	300,939	282,401	282,401	0
Public Health				
Health Administration				
Contractual Services	475,738	475,738	475,738	0
Leisure Time Activities				
Recreation				
Capital Outlay	4,000	1,894	1,894	0
Senior Citizens				
Personal Services	215,949	237,256	227,930	9,326
Contractual Services	58,800	46,309	46,309	0
Materials and Supplies	8,500	4,737	4,737	0
Total Senior Citizens	283,249	288,302	278,976	9,326
Parks				
Personal Services	454,477	454,954	427,568	27,386
Contractual Services	86,600	71,215	71,035	180
Materials and Supplies	42,070	34,598	34,598	0
Other	300	297	297	0
Capital Outlay	0	22,000	22,000	0
Total Parks	583,447	583,064	555,498	27,566
Total Leisure Time Activities	870,696	873,260	836,368	36,892

(continued)

City of Marion
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Community Environment				
Planning and Economic Development				
Contractual Services	\$273,462	\$250,645	\$250,645	\$0
Transportation				
Other				
Airport				
Personal Services	166,295	189,099	185,388	3,711
Travel and Transportation	500	249	249	0
Contractual Services	181,100	129,646	129,646	0
Materials and Supplies	18,000	10,643	10,643	0
Capital Outlay	18,000	11,311	11,311	0
Total Transportation	383,895	340,948	337,237	3,711
General Government				
Court				
Municipal Court				
Personal Services	855,376	868,516	854,537	13,979
Travel and Transportation	3,950	1,746	1,746	0
Contractual Services	53,190	46,182	46,182	0
Materials and Supplies	28,400	25,446	25,446	0
Total Court	940,916	941,890	927,911	13,979
Other				
Mayor				
Personal Services	133,446	145,240	143,361	1,879
Contractual Services	380	513	513	0
Materials and Supplies	1,000	741	741	0
Total Mayor	134,826	146,494	144,615	1,879
Auditor				
Personal Services	359,826	438,714	434,464	4,250
Contractual Services	57,200	48,920	48,920	0
Materials and Supplies	5,000	7,611	7,611	0
Capital Outlay	500	0	0	0
Total Auditor	422,526	495,245	490,995	4,250
Income Tax				
Personal Services	280,979	209,802	206,695	3,107
Contractual Services	16,250	16,214	16,214	0
Materials and Supplies	12,000	5,554	5,554	0
Total Income Tax	309,229	231,570	228,463	3,107

(continued)

City of Marion
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Treasurer				
Personal Services	\$8,493	\$8,786	\$8,502	\$284
Travel and Transportation	80	80	0	80
Contractual Services	372	900	850	50
Materials and Supplies	300	300	0	300
Total Treasurer	9,245	10,066	9,352	714
Law Director				
Personal Services	364,574	341,485	336,269	5,216
Travel and Transportation	0	22	22	0
Contractual Services	6,300	3,946	3,946	0
Materials and Supplies	3,000	2,499	2,499	0
Total Law Director	373,874	347,952	342,736	5,216
Service Safety Director				
Personal Services	209,862	213,743	211,911	1,832
Travel and Transportation	100	0	0	0
Contractual Services	64,740	60,296	60,296	0
Materials and Supplies	6,000	2,171	2,171	0
Other	1,800	0	0	0
Total Service Safety Director	282,502	276,210	274,378	1,832
Civil Service				
Personal Services	5,138	5,138	4,666	472
Contractual Services	15,000	6,421	6,421	0
Materials and Supplies	1,000	0	0	0
Total Civil Service	21,138	11,559	11,087	472
Council				
Personal Services	147,871	163,912	159,435	4,477
Contractual Services	8,900	7,464	7,450	14
Materials and Supplies	1,500	452	452	0
Other	200	0	0	0
Capital Outlay	3,000	3,000	3,000	0
Total Council	161,471	174,828	170,337	4,491
City Hall				
Personal Services	178,533	182,900	177,899	5,001
Contractual Services	475,800	386,771	386,771	0
Materials and Supplies	80,200	69,288	69,288	0
Total City Hall	734,533	638,959	633,958	5,001

(continued)

City of Marion
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016
(continued)

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Engineer				
Personal Services	\$298,634	\$373,994	\$368,609	\$5,385
Contractual Services	17,296	11,896	11,896	0
Materials and Supplies	8,600	3,761	3,761	0
Other	1,600	260	260	0
Total Engineer	326,130	389,911	384,526	5,385
Other General Government				
Personal Services	0	1,323	1,323	0
Contractual Services	124,000	92,286	92,286	0
Other	298,200	345,166	344,677	489
Total Other General Government	422,200	438,775	438,286	489
Total Other	3,197,674	3,161,569	3,128,733	32,836
Total General Government	4,138,590	4,103,459	4,056,644	46,815
Total Expenditures	6,443,320	6,326,451	6,239,033	87,418
Excess of Revenues Over Expenditures	5,116,908	4,530,828	4,501,390	(29,438)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	0	3,123	3,123	0
Sale of Capital Assets	1,350	1,350	1,350	0
Advances In	40,000	40,000	40,000	0
Advances Out	0	(134,915)	(134,915)	0
Transfers Out	(5,691,431)	(5,942,421)	(5,223,762)	718,659
Total Other Financing Sources (Uses)	(5,650,081)	(6,032,863)	(5,314,204)	718,659
Changes in Fund Balance	(533,173)	(1,502,035)	(812,814)	689,221
Fund Balance Beginning of Year	3,134,852	3,134,852	3,134,852	0
Fund Balance End of Year	<u>\$2,601,679</u>	<u>\$1,632,817</u>	<u>\$2,322,038</u>	<u>\$689,221</u>

City of Marion
Retirement/Termination/27th Pay Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0	0
Changes in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	1,762	1,762	1,762	0
Fund Balance End of Year	<u>\$1,762</u>	<u>\$1,762</u>	<u>\$1,762</u>	<u>\$0</u>

This fund is combined with the General Fund for financial reporting purposes.

City of Marion
Street Construction, Maintenance, and Repair Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Municipal Income Taxes	\$1,374,578	\$2,080,155	\$2,087,113	\$6,958
Charges for Services	2,800	2,400	2,400	0
Fees, Licenses, and Permits	19,000	11,200	11,200	0
Intergovernmental	1,326,523	1,302,933	1,268,132	(34,801)
Interest	200	272	287	15
Other	10,049	19,219	19,219	0
Total Revenues	2,733,150	3,416,179	3,388,351	(27,828)
<u>Expenditures</u>				
Current:				
Transportation				
Other				
Streets				
Personal Services	1,179,381	1,370,260	1,320,050	50,210
Contractual Services	998,400	500,436	485,552	14,884
Materials and Supplies	525,000	483,669	373,965	109,704
Capital Outlay	162,000	256,781	256,781	0
Other	21,000	9,150	9,150	0
Total Transportation	2,885,781	2,620,296	2,445,498	174,798
Debt Service:				
Principal Retirement	200,000	0	0	0
Interest and Fiscal Charges	10,000	0	0	0
Total Debt Service	210,000	0	0	0
Total Expenditures	3,095,781	2,620,296	2,445,498	174,798
Excess of Revenues Over (Under) Expenditures	(362,631)	795,883	942,853	146,970
<u>Other Financing Sources</u>				
Sale of Capital Assets	2,900	2,900	2,900	0
Bond Anticipation Notes Issued	200,000	0	0	0
Total Other Financing Sources	202,900	2,900	2,900	0
Changes in Fund Balance	(159,731)	798,783	945,753	146,970
Fund Balance Beginning of Year	345,478	345,478	345,478	0
Fund Balance End of Year	\$185,747	\$1,144,261	\$1,291,231	\$146,970

City of Marion
Police, Dispatch, and Fire Income Tax Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<u>Revenues</u>				
Municipal Income Taxes	\$7,016,799	\$7,157,849	\$6,929,996	(\$227,853)
Intergovernmental	0	40,626	40,626	0
Other	0	125,913	134,708	8,795
Total Revenues	7,016,799	7,324,388	7,105,330	(219,058)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police				
Police Department				
Personal Services	5,639,327	5,784,312	5,488,029	296,283
Travel and Transportation	7,500	7,192	7,192	0
Contractual Services	374,282	329,457	329,457	0
Materials and Supplies	154,150	108,171	108,171	0
Capital Outlay	62,500	168,483	168,483	0
Total Police Department	6,237,759	6,397,615	6,101,332	296,283
Dispatch				
Personal Services	0	8,571	8,571	0
Contractual Services	538,418	634,983	634,983	0
Total Dispatch	538,418	643,554	643,554	0
Total Police	6,776,177	7,041,169	6,744,886	296,283
Fire				
Fire Department				
Personal Services	5,101,186	5,307,085	4,968,381	338,704
Travel and Transportation	8,000	5,418	5,418	0
Contractual Services	422,035	339,507	339,507	0
Materials and Supplies	134,000	125,743	125,743	0
Other	200	225	225	0
Total Fire	5,665,421	5,777,978	5,439,274	338,704
Total Expenditures	12,441,598	12,819,147	12,184,160	634,987
Excess of Revenues Under Expenditures	(5,424,799)	(5,494,759)	(5,078,830)	415,929
<u>Other Financing Sources</u>				
Other Financing Sources	0	6,224	6,224	0
Sale of Capital Assets	0	3,375	3,375	0
Transfers In	5,330,142	5,419,114	4,920,000	(499,114)
Total Other Financing Sources	5,330,142	5,428,713	4,929,599	(499,114)
Changes in Fund Balance	(94,657)	(66,046)	(149,231)	(83,185)
Fund Balance Beginning of Year	233,288	233,288	233,288	0
Fund Balance End of Year	\$138,631	\$167,242	\$84,057	(\$83,185)

City of Marion
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,295,610	\$6,334,924	\$39,314
Bond Anticipation Notes Issued	2,732,530	2,469,030	(263,500)
OPWC Loans Issued	139,931	176,938	37,007
Grants	233,572	233,572	0
Sale of Capital Assets	950	950	0
Other	55,392	55,455	63
Total Revenues	9,457,985	9,270,869	(187,116)
<u>Expenses</u>			
Personal Services			
Sewer	1,960,940	1,873,144	87,796
Travel and Transportation			
Sewer	17	17	0
Contractual Services			
Sewage Replacement	57,238	57,238	0
Sewer	1,067,874	1,067,539	335
Sewage Improvement	101,841	101,841	0
Total Contractual Services	1,226,953	1,226,618	335
Materials and Supplies			
Sewer	410,638	410,198	440
Capital Outlay			
Sewage Replacement	233,086	233,086	0
Sewer	2,000	2,000	0
Sewage Improvement	861,972	715,191	146,781
Total Capital Outlay	1,097,058	950,277	146,781
Other			
Sewer	202	202	0
Debt Service:			
Principal Retirement	4,517,561	4,517,561	0
Interest Expense	502,092	502,092	0
Total Debt Service	5,019,653	5,019,653	0
Total Expenses	9,715,461	9,480,109	235,352
Changes in Fund Balance	(257,476)	(209,240)	48,236
Fund Balance Beginning of Year	6,024,857	6,024,857	0
Fund Balance End of Year	<u>\$5,767,381</u>	<u>\$5,815,617</u>	<u>\$48,236</u>

City of Marion
Sanitation Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$2,660,535	\$2,701,728	\$41,193
Sale of Capital Assets	7,500	7,500	0
Other	23,331	22,472	(859)
Total Revenues	2,691,366	2,731,700	40,334
<u>Expenses</u>			
Personal Services			
Sanitation	1,317,946	1,252,296	65,650
Travel and Transportation			
Sanitation	17	17	0
Contractual Services			
Sanitation	753,953	753,953	0
Materials and Supplies			
Sanitation	90,026	90,026	0
Capital Outlay			
Sanitation	200,458	200,458	0
Debt Service:			
Principal Retirement	141,000	141,000	0
Interest Expense	2,804	2,804	0
Total Debt Service	143,804	143,804	0
Total Expenses	2,506,204	2,440,554	65,650
Changes in Fund Balance	185,162	291,146	105,984
Fund Balance Beginning of Year	468,344	468,344	0
Fund Balance End of Year	\$653,506	\$759,490	\$105,984

City of Marion
Landfill Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$93,874	\$94,374	\$500
Other	15,674	14,997	(677)
Total Revenues	<u>109,548</u>	<u>109,371</u>	<u>(177)</u>
<u>Expenses</u>			
Contractual Services			
Landfill	97,381	97,381	0
Materials and Supplies			
Landfill	1,721	1,721	0
Capital Outlay			
Landfill	3,955	3,955	0
Debt Service:			
Interest Expense	6,344	6,344	0
Total Expenses	<u>109,401</u>	<u>109,401</u>	<u>0</u>
Changes in Fund Balance	147	(30)	(177)
Fund Balance Beginning of Year	<u>40</u>	<u>40</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$187</u></u>	<u><u>\$10</u></u>	<u><u>(\$177)</u></u>

City of Marion
Storm Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$1,663,646	\$1,593,448	(\$70,198)
Bond Anticipation Notes Issued	3,943,970	4,207,470	263,500
OPWC Loans Issued	214,661	257,582	42,921
Interest	300	0	(300)
Grants	266,464	266,464	0
Sale of Capital Assets	950	950	0
Other	55,569	55,632	63
Total Revenues	6,145,560	6,381,546	235,986
<u>Expenses</u>			
Personal Services			
Storm Water Utility	675,137	622,047	53,090
Contractual Services			
Storm Water Utility	145,841	145,841	0
Storm Water Improvement	102,533	102,533	0
Total Contractual Services	248,374	248,374	0
Materials and Supplies			
Storm Water Utility	98,160	98,160	0
Capital Outlay			
Storm Water Utility	2,819	2,819	0
Storm Water Improvement	981,533	829,187	152,346
Total Capital Outlay	984,352	832,006	152,346
Debt Service:			
Principal Retirement	4,439,526	4,439,526	0
Interest Expense	425,856	425,856	0
Total Debt Service	4,865,382	4,865,382	0
Total Expenses	6,871,405	6,665,969	205,436
Changes in Fund Balance	(725,845)	(284,423)	441,422
Fund Balance Beginning of Year	726,573	726,573	0
Fund Balance End of Year	\$728	\$442,150	\$441,422

City of Marion
Aquatics Center Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$204,133	\$202,439	(\$1,694)
Other	240,866	240,801	(65)
Total Revenues	444,999	443,240	(1,759)
<u>Expenses</u>			
Personal Services			
Aquatics Center	164,884	148,999	15,885
Contractual Services			
Aquatics Center	58,075	58,075	0
Materials and Supplies			
Aquatics Center	46,096	46,096	0
Other			
Aquatics Center	250	250	0
Capital Outlay			
Aquatics Center	3,619	3,619	0
Debt Service:			
Interest Expense	143,669	143,669	0
Total Expenses	416,593	400,708	15,885
Changes in Fund Balance	28,406	42,532	14,126
Fund Balance Beginning of Year	212,365	212,365	0
Fund Balance End of Year	\$240,771	\$254,897	\$14,126

City of Marion
Senior Citizens Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$121,645	\$99,251	(\$22,394)
Interest	300	300	0
Other	27,967	29,137	1,170
Total Revenues	149,912	128,688	(21,224)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Senior Citizens			
Personal Services	115,957	76,066	39,891
Travel and Transportation	3,000	1,355	1,645
Contractual Services	28,500	15,224	13,276
Materials and Supplies	15,150	1,501	13,649
Capital Outlay	95,000	10,510	84,490
Total Expenditures	257,607	104,656	152,951
Changes in Fund Balance	(107,695)	24,032	131,727
Fund Balance Beginning of Year	292,786	292,786	0
Fund Balance End of Year	\$185,091	\$316,818	\$131,727

City of Marion
EMS Grant Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$16,455	\$16,455	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Fire			
Fire Department			
Capital Outlay	16,455	16,455	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

City of Marion
Municipal Court Docket Specialist Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$39,670	\$39,563	(\$107)
<u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Personal Services	72,255	64,010	8,245
Changes in Fund Balance	(32,585)	(24,447)	8,138
Fund Balance Beginning of Year	49,784	49,784	0
Fund Balance End of Year	<u>\$17,199</u>	<u>\$25,337</u>	<u>\$8,138</u>

City of Marion
Municipal Motor Vehicle License Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$4,102	\$4,102	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	4,102	4,102	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$4,102</u>	<u>\$4,102</u>	<u>\$0</u>

City of Marion
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$95,618	\$91,646	(\$3,972)
Interest	500	315	(185)
	<hr/>	<hr/>	<hr/>
Total Revenues	96,118	91,961	(4,157)
 <u>Expenditures</u>			
Current:			
Transportation			
Other			
Streets			
Contractual Services	93,811	93,811	0
	<hr/>	<hr/>	<hr/>
Changes in Fund Balance	2,307	(1,850)	(4,157)
Fund Balance Beginning of Year	327,634	327,634	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$329,941</u>	<u>\$325,784</u>	<u>(\$4,157)</u>

City of Marion
MMC Assistance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$168,931	\$168,931	\$0
<u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Personal Services	24,144	14,125	10,019
Travel and Transportation	3,242	3,242	0
Contractual Services	36,349	36,349	0
Materials and Supplies	19,638	19,011	627
Capital Outlay	69,213	69,213	0
Total Expenditures	152,586	141,940	10,646
Changes in Fund Balance	16,345	26,991	10,646
Fund Balance Beginning of Year	249,493	249,493	0
Fund Balance End of Year	\$265,838	\$276,484	\$10,646

City of Marion
Court Computerization Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$102,964	\$102,964	\$0
Other	21,445	21,445	0
Total Revenues	<u>124,409</u>	<u>124,409</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Contractual Services	10,452	10,452	0
Materials and Supplies	10,957	10,957	0
Capital Outlay	58,283	58,283	0
Total Expenditures	<u>79,692</u>	<u>79,692</u>	<u>0</u>
Changes in Fund Balance	44,717	44,717	0
Fund Balance Beginning of Year	<u>161,331</u>	<u>161,331</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$206,048</u></u>	<u><u>\$206,048</u></u>	<u><u>\$0</u></u>

City of Marion
Police Continuing Training Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$3,440	\$3,440	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police			
Police Department			
Contractual Services	6,666	6,465	201
Changes in Fund Balance	(3,226)	(3,025)	201
Fund Balance Beginning of Year	3,226	3,226	0
Fund Balance End of Year	\$0	\$201	\$201

City of Marion
School Resource Officer Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$16,687	\$16,687	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police			
Police Department			
Personal Services	56,707	56,707	0
Excess of Revenues			
Under Expenditures	(40,020)	(40,020)	0
<u>Other Financing Sources</u>			
Advances In	3,086	3,086	0
Transfers In	26,762	26,762	0
Total Other Financing Sources	29,848	29,848	0
Changes in Fund Balance	(10,172)	(10,172)	0
Fund Balance Beginning of Year	10,172	10,172	0
Fund Balance End of Year	\$0	\$0	\$0

City of Marion
Community Corrections Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$235,189	\$224,039	(\$11,150)
Other	1,793	1,793	0
Total Revenues	236,982	225,832	(11,150)
<u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Personal Services	281,861	274,948	6,913
Travel and Transportation	36	36	0
Contractual Services	4,740	4,740	0
Materials and Supplies	2,855	2,855	0
Total Expenditures	289,492	282,579	6,913
Excess of Revenues Under Expenditures	(52,510)	(56,747)	(4,237)
<u>Other Financing Sources</u>			
Transfers In	66,300	62,000	(4,300)
Changes in Fund Balance	13,790	5,253	(8,537)
Fund Balance Beginning of Year	3,649	3,649	0
Fund Balance End of Year	\$17,439	\$8,902	(\$8,537)

City of Marion
Indigent Alcohol Monitoring Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$10,860	\$10,860	\$0
Intergovernmental	12,937	12,937	0
	<hr/>	<hr/>	<hr/>
Total Revenues	23,797	23,797	0
 <u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Contractual Services	23,285	23,285	0
	<hr/>	<hr/>	<hr/>
Changes in Fund Balance	512	512	0
Fund Balance Beginning of Year	59,784	59,784	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$60,296</u>	<u>\$60,296</u>	<u>\$0</u>

City of Marion
Probation Services Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$102,883	\$102,883	\$0
<u>Expenditures</u>			
Current:			
General Government			
Other			
Other General Government			
Personal Services	84,659	83,918	741
Travel and Transportation	1,121	1,121	0
Contractual Services	7,225	7,225	0
Materials and Supplies	5,110	5,110	0
Total Expenditures	98,115	97,374	741
Changes in Fund Balance	4,768	5,509	741
Fund Balance Beginning of Year	109,486	109,486	0
Fund Balance End of Year	\$114,254	\$114,995	\$741

City of Marion
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$75	\$1,697	\$1,622
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police			
Police Department			
Capital Outlay	11,714	3,440	8,274
Changes in Fund Balance	(11,639)	(1,743)	9,896
Fund Balance Beginning of Year	11,739	11,739	0
Fund Balance End of Year	<u>\$100</u>	<u>\$9,996</u>	<u>\$9,896</u>

City of Marion
Indigent Alcohol Driver Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$19,271	\$19,271	\$0
<u>Expenditures</u>			
Current:			
General Government			
Court			
Other General Government			
Contractual Services	9,754	9,754	0
Changes in Fund Balance	9,517	9,517	0
Fund Balance Beginning of Year	186,421	186,421	0
Fund Balance End of Year	<u>\$195,938</u>	<u>\$195,938</u>	<u>\$0</u>

City of Marion
Railroad Grade Crossing Improvement Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$1,000	\$1,000	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	1,000	1,000	0
Fund Balance Beginning of Year	63,125	63,125	0
Fund Balance End of Year	<u>\$64,125</u>	<u>\$64,125</u>	<u>\$0</u>

City of Marion
Special Project Treatment Court Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$9,984	\$9,950	(\$34)
<u>Expenditures</u>			
Current:			
General Government			
Court			
Municipal Court			
Contractual Services	60	60	0
Materials and Supplies	1,122	1,122	0
Total Expenditures	1,182	1,182	0
Changes in Fund Balance	8,802	8,768	(34)
Fund Balance Beginning of Year	30,927	30,927	0
Fund Balance End of Year	\$39,729	\$39,695	(\$34)

City of Marion
Police and Fire Pension Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$193,829	\$193,829	\$0
Intergovernmental	29,516	29,516	0
Total Revenues	223,345	223,345	0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police			
Police Department			
Personal Services	105,000	105,000	0
Fire			
Fire Department			
Personal Services	105,000	105,000	0
Contractual Services	5,300	5,290	10
Total Fire	110,300	110,290	10
Total Expenditures	215,300	215,290	10
Changes in Fund Balance	8,045	8,055	10
Fund Balance Beginning of Year	14,979	14,979	0
Fund Balance End of Year	\$23,024	\$23,034	\$10

City of Marion
Marion Land Bank Program Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other	\$22,510	\$22,510	\$0
<u>Expenditures</u>			
Current:			
Community Environment			
Marion Land Bank Program			
Contractual Services	6,257	6,257	0
Changes in Fund Balance	16,253	16,253	0
Fund Balance Beginning of Year	5,537	5,537	0
Fund Balance End of Year	\$21,790	\$21,790	\$0

City of Marion
Clean Ohio Assistance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$105,505	\$105,505	\$0
<u>Expenditures</u>			
Current:			
Community Environment			
Clean Ohio			
Contractual Services	105,505	105,505	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

City of Marion
SAFER Grant Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$435,798	\$366,993	(\$68,805)
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Fire			
Fire Department			
Personal Services	435,798	366,993	68,805
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

City of Marion
ADAMH Grant Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$1,000	\$2,409	\$1,409
<u>Expenditures</u>			
Current:			
General Government			
Court			
ADAMH Grant			
Contractual Services	4,000	3,889	111
Materials and Supplies	7,910	7,469	441
Capital Outlay	1,845	1,845	0
Total Expenditures	13,755	13,203	552
Changes in Fund Balance	(12,755)	(10,794)	1,961
Fund Balance Beginning of Year	13,756	13,756	0
Fund Balance End of Year	\$1,001	\$2,962	\$1,961

City of Marion
CHIP Grant Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>			
Current:			
Community Environment			
CHIP			
Contractual Services	4,159	4,159	0
Changes in Fund Balance	(4,159)	(4,159)	0
Fund Balance Beginning of Year	4,159	4,159	0
Fund Balance End of Year	\$0	\$0	\$0

City of Marion
Revolving Loans Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$120	\$120	\$0
Interest	220	232	12
Total Revenues	340	352	12
<u>Expenditures</u>			0
Current:			
Community Environment			
Revolving Loan			
Travel and Transportation	1,000	1,000	0
Contractual Services	30,000	29,875	125
Total Expenditures	31,000	30,875	125
Changes in Fund Balance	(30,660)	(30,523)	137
Fund Balance Beginning of Year	80,894	80,894	0
Fund Balance End of Year	\$50,234	\$50,371	\$137

City of Marion
Marion Area Transit Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$124,773	\$95,893	(\$28,880)
Intergovernmental	703,722	703,722	0
Other	20,335	20,335	0
Total Revenues	848,830	819,950	(28,880)
<u>Expenditures</u>			
Current:			
Transportation			
Transit			
Marion Area Transit			
Personal Services	730,439	713,615	16,824
Travel and Transportation	196	196	0
Contractual Services	110,166	110,166	0
Materials and Supplies	86,998	86,998	0
Capital Outlay	152,176	152,176	0
Total Expenditures	1,079,975	1,063,151	16,824
Excess of Revenues Under Expenditures	(231,145)	(243,201)	(12,056)
<u>Other Financing Sources</u>			
Sale of Capital Assets	3,050	3,050	0
Transfers In	218,645	215,000	(3,645)
Total Other Financing Sources	221,695	218,050	(3,645)
Changes in Fund Balance	(9,450)	(25,151)	(15,701)
Fund Balance Beginning of Year	42,418	42,418	0
Fund Balance End of Year	\$32,968	\$17,267	(\$15,701)

City of Marion
Youth Recreation Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	5,443	5,443	0
Fund Balance End of Year	<u>\$5,443</u>	<u>\$5,443</u>	<u>\$0</u>

City of Marion
Law Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other	\$27,744	\$27,744	\$0
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police			
Police Department			
Contractual Services	33,390	33,390	0
Changes in Fund Balance	(5,646)	(5,646)	0
Fund Balance Beginning of Year	23,957	23,957	0
Fund Balance End of Year	<u>\$18,311</u>	<u>\$18,311</u>	<u>\$0</u>

City of Marion
Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Municipal Income Taxes	\$86,973	\$86,973	\$0
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	247,200	247,200	0
Interest and Fiscal Charges	102,192	102,192	0
Total Expenditures	349,392	349,392	0
Excess of Revenues Under Expenditures	(262,419)	(262,419)	0
<u>Other Financing Sources</u>			
Transfers In	789,228	262,419	(526,809)
Changes in Fund Balance	526,809	0	(526,809)
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$526,809	\$0	(\$526,809)

City of Marion
Harding Center Loan Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Interest	\$8,902	\$8,902	\$0
Other	43,131	40,021	(3,110)
Total Revenues	52,033	48,923	(3,110)
<u>Expenditures</u>			
Debt Service:			
Interest and Fiscal Charges	12,033	9,083	2,950
Excess of Revenues Over Expenditures	40,000	39,840	(160)
<u>Other Financing Uses</u>			
Advances Out	(40,000)	(40,000)	0
Changes in Fund Balance	0	(160)	(160)
Fund Balance Beginning of Year	10,412	10,412	0
Fund Balance End of Year	<u>\$10,412</u>	<u>\$10,252</u>	<u>(\$160)</u>

City of Marion
CDBG Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$330,445	\$330,445	\$0
<u>Expenditures</u>			
Current:			
Community Environment			
CDBG Formula Grant			
Contractual Services	<u>231,929</u>	<u>231,929</u>	<u>0</u>
Changes in Fund Balance	98,516	98,516	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$98,516</u></u>	<u><u>\$98,516</u></u>	<u><u>\$0</u></u>

City of Marion
Tax Incremental Financing Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$519,826	\$519,826	\$0
<u>Expenditures</u>			
Current:			
Transportation			
Other			
Street			
Contractual Services	22,941	22,941	0
Debt Service:			
Principal Retirement	95,918	89,440	6,478
Interest and Fiscal Charges	7,457	7,457	0
Total Debt Service	103,375	96,897	6,478
Total Expenditures	126,316	119,838	6,478
Excess of Revenues Over Expenditures	393,510	399,988	(6,478)
<u>Other Financing Uses</u>			
Transfers Out	(110,016)	(110,016)	0
Changes in Fund Balance	283,494	289,972	(6,478)
Fund Balance Beginning of Year	1,565,430	1,565,430	0
Fund Balance End of Year	\$1,848,924	\$1,855,402	(\$6,478)

City of Marion
Capital Improvements Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Municipal Income Taxes	\$594,250	\$596,744	\$2,494
Intergovernmental	6,849	6,849	0
Other	10,077	10,077	0
Total Revenues	611,176	613,670	2,494
<u>Expenditures</u>			
Current:			
General Government			
Other			
Other General Government			
Contractual Services	38	38	0
Capital Outlay	285,000	238,796	46,204
Total General Government	285,038	238,834	46,204
Debt Service:			
Principal Retirement	728,000	728,000	0
Interest and Fiscal Charges	16,568	16,568	0
Total Debt Service	744,568	744,568	0
Total Expenditures	1,029,606	983,402	46,204
Excess of Revenues Under Expenditures	(418,430)	(369,732)	48,698
<u>Other Financing Sources (Uses)</u>			
Bond Anticipation Notes Issued	512,000	512,000	0
Transfers Out	(152,403)	(152,403)	0
Total Other Financing Sources (Uses)	359,597	359,597	0
Changes in Fund Balance	(58,833)	(10,135)	48,698
Fund Balance Beginning of Year	122,491	122,491	0
Fund Balance End of Year	\$63,658	\$112,356	\$48,698

City of Marion
Quarry Park Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	909	909	0
Fund Balance End of Year	<u>\$909</u>	<u>\$909</u>	<u>\$0</u>

City of Marion
Busby Downtown Park Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	454	454	0
Fund Balance End of Year	<u>\$454</u>	<u>\$454</u>	<u>\$0</u>

City of Marion
Airport Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$97,542	\$154,160	\$56,618
<u>Expenditures</u>			
Current:			
Transportation			
Other			
Airport			
Contractual Services	1,404	1,404	0
Capital Outlay	185,028	185,028	0
Total Expenditures	186,432	186,432	0
Excess of Revenues Under Expenditures	(88,890)	(32,272)	56,618
<u>Other Financing Sources</u>			
Advances In	138,241	131,829	(6,412)
Changes in Fund Balance	49,351	99,557	50,206
Fund Balance Beginning of Year	194,103	194,103	0
Fund Balance End of Year	\$243,454	\$293,660	\$50,206

City of Marion
Central Garage Internal Service Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$889,251	\$894,418	\$5,167
Other	5,641	5,641	0
Total Revenues	894,892	900,059	5,167
<u>Expenses</u>			
Personal Services			
Central Garage	326,109	310,873	15,236
Contractual Services			
Central Garage	54,278	54,278	0
Materials and Supplies			
Central Garage	492,237	492,237	0
Capital Outlay			
Central Garage	6,623	6,623	0
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest Expense	37,506	37,506	0
Total Debt Service	92,506	92,506	0
Total Expenses	971,753	956,517	15,236
Changes in Fund Balance	(76,861)	(56,458)	20,403
Fund Balance Beginning of Year	103,388	103,388	0
Fund Balance End of Year	\$26,527	\$46,930	\$20,403

STATISTICAL SECTION

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**City of Marion
Statistical Section**

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
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Financial Trends.....	S-2
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These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity	S-16
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These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity.....	S-54
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These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information.....	S-63
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information	S-66
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These schedules contain service data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

City of Marion
Net Position
Last Ten Years
(Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Net Investment in Capital Assets	\$50,948,369	\$54,707,860	\$57,981,379	\$59,629,506
Restricted for				
Capital Projects	2,141,229	2,136,499	1,752,457	1,635,812
Debt Service	0	0	0	0
Other Purposes	4,734,671	4,132,108	5,122,009	4,744,112
Unrestricted (Deficit)	<u>(16,443,700)</u>	<u>(14,340,021)</u>	<u>(15,921,607)</u>	<u>(1,082,449)</u>
Total Governmental Activities Net Position	<u>41,380,569</u>	<u>46,636,446</u>	<u>48,934,238</u>	<u>64,926,981</u>
Business-Type Activities				
Net Investment in Capital Assets	8,048,384	8,611,292	9,800,721	10,522,092
Unrestricted (Deficit)	<u>4,716,894</u>	<u>3,392,909</u>	<u>498,654</u>	<u>1,241,798</u>
Total Business-Type Activities Net Position	<u>12,765,278</u>	<u>12,004,201</u>	<u>10,299,375</u>	<u>11,763,890</u>
Primary Government				
Net Investment in Capital Assets	58,996,753	63,319,152	67,782,100	70,151,598
Restricted	6,875,900	6,268,607	6,874,466	6,379,924
Unrestricted (Deficit)	<u>(11,726,806)</u>	<u>(10,947,112)</u>	<u>(15,422,953)</u>	<u>159,349</u>
Total Primary Government Net Position	<u>\$54,145,847</u>	<u>\$58,640,647</u>	<u>\$59,233,613</u>	<u>\$76,690,871</u>

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$63,770,617	\$66,187,425	\$69,544,904	\$51,096,131	\$52,708,806	\$54,707,830
1,471,021	3,764,288	3,528,533	1,801,212	4,319,245	4,739,264
0	0	0	3,528	0	0
3,967,713	3,388,543	4,082,600	3,044,512	3,189,653	2,744,508
<u>(2,829,014)</u>	<u>(2,644,101)</u>	<u>(2,899,468)</u>	<u>656,797</u>	<u>1,842,861</u>	<u>2,823,505</u>
<u>66,380,337</u>	<u>70,696,155</u>	<u>74,256,569</u>	<u>56,602,180</u>	<u>62,060,565</u>	<u>65,015,107</u>
11,273,829	11,772,304	11,323,625	9,668,849	9,611,372	10,147,834
<u>501,707</u>	<u>(2,969,263)</u>	<u>(3,706,206)</u>	<u>872,040</u>	<u>3,145,811</u>	<u>3,195,362</u>
<u>11,775,536</u>	<u>8,803,041</u>	<u>7,617,419</u>	<u>10,540,889</u>	<u>12,757,183</u>	<u>13,343,196</u>
75,044,446	77,959,729	80,868,529	60,764,980	62,320,178	64,855,664
5,438,734	7,152,831	7,611,133	4,849,252	7,508,898	7,483,772
<u>(2,327,307)</u>	<u>(5,613,364)</u>	<u>(6,605,674)</u>	<u>1,528,837</u>	<u>4,988,672</u>	<u>6,018,867</u>
<u>\$78,155,873</u>	<u>\$79,499,196</u>	<u>\$81,873,988</u>	<u>\$67,143,069</u>	<u>\$74,817,748</u>	<u>\$78,358,303</u>

City of Marion
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013
<u>Expenses</u>				
Governmental Activities				
Security of Persons and Property				
Police	\$7,704,885	\$6,937,590	\$5,937,127	\$6,485,461
Fire	6,917,973	6,001,795	5,608,955	5,662,188
Other	279,024	273,558	296,116	270,226
Police/Fire/Other	n/a	n/a	n/a	n/a
Public Health	475,974	450,276	391,194	391,484
Leisure Time Activities	1,024,675	932,334	933,611	860,761
Community Environment	675,217	686,208	803,809	563,133
Transportation				
Transit	1,121,255	976,397	1,065,270	1,175,948
Other	6,786,744	7,323,163	6,257,831	6,177,970
Transit/Other	n/a	n/a	n/a	n/a
General Government				
Court	1,598,237	1,252,947	1,260,331	1,226,544
Other	3,872,566	3,122,100	3,399,848	3,052,278
Court/Other	n/a	n/a	n/a	n/a
Interest and Fiscal Charges	132,223	144,154	149,091	158,712
Total Governmental Activities Expenses	<u>30,588,773</u>	<u>28,100,522</u>	<u>26,103,183</u>	<u>26,024,705</u>
Business-Type Activities				
Sewer	6,024,098	6,088,099	6,150,351	5,452,035
Sanitation	2,278,028	1,936,929	1,992,690	1,666,855
Landfill	(18,644)	(58,216)	(49,243)	36,750
Storm Water	1,911,468	1,852,887	1,813,918	2,411,967
Aquatics Center	491,402	447,437	400,506	486,210
Total Business-Type Activities Expenses	<u>10,686,352</u>	<u>10,267,136</u>	<u>10,308,222</u>	<u>10,053,817</u>
Total Primary Government Expenses	<u>41,275,125</u>	<u>38,367,658</u>	<u>36,411,405</u>	<u>36,078,522</u>

2012	2011	2010	2009	2008	2007
\$5,757,434	\$6,641,183	\$7,637,515	\$7,537,407	\$7,355,049	n/a
4,843,734	5,864,658	6,205,475	6,202,510	6,518,445	n/a
297,776	258,206	274,704	272,940	296,923	n/a
n/a	n/a	n/a	n/a	n/a	13,133,723
447,973	489,284	636,408	1,119,073	1,232,594	1,169,331
920,509	1,126,954	1,420,937	1,438,764	1,461,268	1,401,953
1,401,447	2,572,072	1,363,569	953,077	1,258,080	729,756
1,071,114	922,873	820,298	1,038,671	953,341	n/a
5,767,795	6,600,017	5,090,213	5,149,912	5,170,585	n/a
n/a	n/a	n/a	n/a	n/a	6,216,734
1,042,867	976,447	1,001,001	996,558	839,695	n/a
4,455,649	2,994,209	3,874,215	3,125,248	4,493,935	n/a
n/a	n/a	n/a	n/a	n/a	4,148,279
175,311	182,157	315,718	231,842	177,152	215,063
26,181,609	28,628,060	28,640,053	28,066,002	29,757,067	27,014,839
5,270,225	5,796,461	5,795,346	6,408,838	5,864,515	5,854,979
2,146,238	2,196,659	2,039,259	2,413,915	2,200,037	4,418,705
125,998	(5,259)	108,154	23,488	67,918	83,300
1,883,897	2,299,682	1,640,079	2,023,313	1,777,633	1,489,054
690,856	297,524	0	0	0	0
10,117,214	10,585,067	9,582,838	10,869,554	9,910,103	11,846,038
36,298,823	39,213,127	38,222,891	38,935,556	39,667,170	38,860,877

(continued)

City of Marion
Changes in Net Position
Last Ten Years
(continued)
(Accrual Basis of Accounting)

	2016	2015	2014	2013
<u>Program Revenues</u>				
Governmental Activities				
Charges for Services				
Security of Persons and Property				
Police	\$59,724	\$55,261	\$76,404	\$66,656
Fire	782,978	1,216,658	613,965	1,163,379
Police/Fire/Other	n/a	n/a	n/a	n/a
Public Health	0	0	4,022	0
Leisure Time Activities	20,522	18,340	23,138	21,423
Community Environment	120	0	0	150
Transportation				
Transit	95,924	103,810	112,973	115,998
Other	17,702	15,500	18,700	23,350
Transit/Other	n/a	n/a	n/a	n/a
General Government				
Court	1,136,660	1,044,646	967,956	977,759
Other	293,158	313,424	292,603	319,159
Court/Other	n/a	n/a	n/a	n/a
Total Charges for Services	2,406,788	2,767,639	2,109,761	2,687,874
Operating Grants, Contributions, and Interest	3,211,132	3,569,668	4,002,743	3,679,557
Capital Grants and Contributions	484,605	285,858	2,074,956	145,317
Total Governmental Activities Program Revenues	6,102,525	6,623,165	8,187,460	6,512,748
Business-Type Activities				
Charges for Services				
Sewer	6,634,544	6,135,568	6,214,889	5,877,295
Sanitation	1,903,911	2,463,223	2,514,897	1,841,691
Landfill	94,374	273,968	271,000	593,251
Storm Water	1,702,935	1,404,306	1,110,075	1,049,516
Aquatics Center	202,439	169,444	127,156	164,528
Total Charges for Services	10,538,203	10,446,509	10,238,017	9,526,281
Operating Grants, Contributions, and Interest	0	0	0	0
Capital Grants and Contributions	515,161	1,174,973	71,739	158,246
Total Business-Type Activities Program Revenues	11,053,364	11,621,482	10,309,756	9,684,527
Total Primary Government Program Revenues	17,155,889	18,244,647	18,497,216	16,197,275
<u>Net Expense (Revenue)</u>				
Governmental Activities	24,486,248	21,477,357	17,915,723	19,511,957
Business-Type Activities	(367,012)	(1,354,346)	(1,534)	369,290
Total Primary Government Net Expense	24,119,236	20,123,011	17,914,189	19,881,247

2012	2011	2010	2009	2008	2007
\$65,097	\$83,637	\$45,231	\$86,899	\$50,742	n/a
558,023	1,096,237	0	1,205,648	1,120,905	n/a
n/a	n/a	n/a	n/a	n/a	1,566,185
0	92,729	66,786	318,173	305,291	348,240
21,382	64,557	397,010	81,146	101,074	102,485
0	0	0	0	0	1,622,999
109,913	138,484	21,751	124,740	113,501	n/a
30,343	47,411	108,231	93,834	190,473	n/a
n/a	n/a	n/a	n/a	n/a	295,990
906,277	952,556	1,115,245	1,131,030	1,255,592	n/a
340,371	287,796	431,029	525,199	28,568	n/a
n/a	n/a	n/a	n/a	n/a	1,216,846
2,031,406	2,763,407	2,185,283	3,566,669	3,166,146	5,152,745
4,852,977	5,328,581	4,403,920	3,177,575	4,099,975	3,496,511
766,305	342,991	263,176	429,800	499,392	641,574
7,650,688	8,434,979	6,852,379	7,174,044	7,765,513	9,290,830
5,580,190	5,777,897	5,757,769	5,157,868	5,633,817	5,996,259
2,823,504	2,660,450	1,636,510	2,130,332	2,178,230	5,367,630
0	207,000	0	346,431	387,799	240,750
1,134,130	1,089,014	1,224,273	1,133,667	1,182,881	1,271,615
271,288	0	0	0	0	0
9,809,112	9,734,361	8,618,552	8,768,298	9,382,727	12,876,254
0	131,206	0	0	0	3,648
292,397	1,990,553	1,373,492	200,531	0	0
10,101,509	11,856,120	9,992,044	8,968,829	9,382,727	12,879,902
17,752,197	20,291,099	16,844,423	16,142,873	17,148,240	22,170,732
18,530,921	20,193,081	21,787,674	20,891,958	21,991,554	17,724,009
15,705	(1,271,053)	(409,206)	1,900,725	527,376	(1,033,864)
18,546,626	18,922,028	21,378,468	22,792,683	22,518,930	16,690,145

(continued)

City of Marion
Changes in Net Position
Last Ten Years
(continued)
(Accrual Basis of Accounting)

	2016	2015	2014	2013
<u>General Revenues and Other Changes in Net Position</u>				
Governmental Activities				
Property Taxes Levied for General Purposes	\$1,114,039	\$1,082,897	\$1,092,263	\$1,044,608
Property Taxes Levied for Police and Fire Pension	202,528	196,921	198,845	191,397
Payment in Lieu of Taxes	519,826	399,460	363,665	339,296
Municipal Income Taxes Levied for General Purposes	7,774,050	8,043,383	7,516,504	11,876,892
Municipal Income Taxes Levied for Street Construction, Maintenance, and Repair	626,470	606,726	561,668	595,076
Municipal Income Taxes Levied for Police and Fire	6,871,565	7,067,946	6,586,927	1,396,953
Municipal Income Taxes Levied for Capital Improvements	389,641	404,006	377,378	332,204
Grants and Entitlements not Restricted to Specific Programs	922,016	728,315	873,541	1,318,417
Franchise Taxes	286,507	278,403	287,074	307,730
Interest	107,283	115,561	137,188	105,396
Other	406,036	255,947	673,618	514,059
Transfers	10,410	0	500	36,573
Total Governmental Activities	<u>19,230,371</u>	<u>19,179,565</u>	<u>18,669,171</u>	<u>18,058,601</u>
Business-Type Activities				
Interest	0	0	0	0
Other	404,475	350,480	340,678	394,217
Transfers	(10,410)	0	(500)	(36,573)
Total Business-Type Activities	<u>394,065</u>	<u>350,480</u>	<u>340,178</u>	<u>357,644</u>
Total Primary Government	<u>19,624,436</u>	<u>19,530,045</u>	<u>19,009,349</u>	<u>18,416,245</u>
<u>Changes in Net Position</u>				
Governmental Activities	(5,255,877)	(2,297,792)	753,448	(1,453,356)
Business-Type Activities	761,077	1,704,826	341,712	(11,646)
Total Primary Government	<u>(\$4,494,800)</u>	<u>(\$592,966)</u>	<u>\$1,095,160</u>	<u>(\$1,465,002)</u>

Note: Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$1,039,593	\$1,081,136	\$1,138,506	\$1,153,111	\$1,219,923	\$1,144,917
190,451	196,399	207,376	209,572	221,481	207,531
375,340	366,126	361,716	357,782	0	0
12,233,801	11,166,623	11,831,522	11,865,486	13,131,320	13,816,172
369,225	279,941	377,602	526,254	592,725	328,401
0	0	0	0	0	0
370,907	317,767	377,602	277,777	288,150	425,819
1,273,569	2,146,727	1,936,793	2,313,482	2,472,533	2,101,134
312,562	297,964	288,289	272,225	171,252	204,551
78,660	166,410	333,457	184,976	392,497	814,664
213,899	252,278	137,018	388,661	273,752	211,571
<u>(2,242,904)</u>	<u>361,296</u>	<u>1,643,729</u>	<u>395,394</u>	<u>273,379</u>	<u>0</u>
<u>14,215,103</u>	<u>16,632,667</u>	<u>18,633,610</u>	<u>17,944,720</u>	<u>19,037,012</u>	<u>19,254,760</u>
0	0	0	49,182	124,191	92,218
745,296	275,865	296,571	30,643	90,551	38,308
<u>2,242,904</u>	<u>(361,296)</u>	<u>(1,643,729)</u>	<u>(395,394)</u>	<u>(273,379)</u>	<u>0</u>
<u>2,988,200</u>	<u>(85,431)</u>	<u>(1,347,158)</u>	<u>(315,569)</u>	<u>(58,637)</u>	<u>130,526</u>
<u>17,203,303</u>	<u>16,547,236</u>	<u>17,286,452</u>	<u>17,629,151</u>	<u>18,978,375</u>	<u>19,385,286</u>
(4,315,818)	(3,560,414)	(3,154,064)	(2,947,238)	(2,954,542)	1,530,751
<u>2,972,495</u>	<u>1,185,622</u>	<u>(937,952)</u>	<u>(2,216,294)</u>	<u>(586,013)</u>	<u>1,164,390</u>
<u>(\$1,343,323)</u>	<u>(\$2,374,792)</u>	<u>(\$4,092,016)</u>	<u>(\$5,163,532)</u>	<u>(\$3,540,555)</u>	<u>\$2,695,141</u>

City of Marion
Fund Balance
Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Reserved	\$0	\$0	\$0	\$0
Unreserved (Deficit)	0	0	0	0
Nonspendable	158,412	175,653	211,891	298,172
Committed	1,762	1,762	1,713	1,416
Assigned	803,464	735,720	541,532	211,336
Unassigned (Deficit)	<u>1,957,415</u>	<u>1,825,622</u>	<u>1,246,057</u>	<u>865,934</u>
Total General Fund	<u>2,921,053</u>	<u>2,738,757</u>	<u>2,001,193</u>	<u>1,376,858</u>
All Other Governmental Funds				
Reserved	0	0	0	0
Unreserved, Designated for Termination Benefits	0	0	0	0
Unreserved, Reported in Special Revenue Funds	0	0	0	0
Debt Service Funds (Deficit)	0	0	0	0
Capital Projects Funds (Deficit)	0	0	0	0
Nonspendable	174,757	118,704	212,130	144,841
Restricted	5,638,046	5,790,423	5,671,537	5,554,752
Committed	7,948	7,079	6,130	5,110
Assigned	0	0	0	0
Unassigned (Deficit)	<u>(418,551)</u>	<u>(361,421)</u>	<u>(207,369)</u>	<u>(1,491,256)</u>
Total All Other Governmental Funds	<u>5,402,200</u>	<u>5,554,785</u>	<u>5,682,428</u>	<u>4,213,447</u>
Total Governmental Funds	<u><u>\$8,323,253</u></u>	<u><u>\$8,293,542</u></u>	<u><u>\$7,683,621</u></u>	<u><u>\$5,590,305</u></u>

Note: The City implemented GASB Statement No. 54 in 2011.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$0	\$0	\$422,439	\$480,799	\$452,612	\$486,424
0	0	(1,247,645)	917,957	2,756,095	3,619,500
58,799	333,735	n/a	n/a	n/a	n/a
464	159,519	n/a	n/a	n/a	n/a
170,522	158,086	n/a	n/a	n/a	n/a
<u>(791,952)</u>	<u>(1,365,380)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>(562,167)</u>	<u>(714,040)</u>	<u>(825,206)</u>	<u>1,398,756</u>	<u>3,208,707</u>	<u>4,105,924</u>
0	0	1,977,893	1,240,387	2,187,819	2,227,960
0	0	504,426	713,644	709,112	693,123
0	0	742,483	1,161,949	1,353,949	862,397
0	0	(385,823)	3,528	0	0
0	0	2,916,582	1,507,327	(412,672)	491,977
149,341	82,256	n/a	n/a	n/a	n/a
4,777,943	7,075,213	n/a	n/a	n/a	n/a
0	0	n/a	n/a	n/a	n/a
0	1,372	n/a	n/a	n/a	n/a
<u>(1,075,648)</u>	<u>(1,103,141)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>3,851,636</u>	<u>6,055,700</u>	<u>5,755,561</u>	<u>4,626,835</u>	<u>3,838,208</u>	<u>4,275,457</u>
<u><u>\$3,289,469</u></u>	<u><u>\$5,341,660</u></u>	<u><u>\$4,930,355</u></u>	<u><u>\$6,025,591</u></u>	<u><u>\$7,046,915</u></u>	<u><u>\$8,381,381</u></u>

City of Marion
Changes in Fund Balance
Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013
<u>Revenues</u>				
Property Taxes	\$1,259,812	\$1,263,885	\$1,270,829	\$1,232,257
Payment in Lieu of Taxes	519,826	399,460	363,665	339,296
Municipal Income Taxes	15,882,193	16,072,587	14,853,318	14,324,676
Other Local Taxes	4,102	0	0	0
Charges for Services	1,222,509	1,190,348	1,294,317	1,178,391
Fees, Licenses, and Permits	356,898	342,233	343,397	382,259
Fines and Forfeitures	1,260,652	1,157,497	1,110,859	1,129,885
Intergovernmental	4,506,210	4,663,703	6,742,967	5,594,429
Interest	95,893	96,990	137,753	136,337
Other	461,082	354,653	666,356	607,434
Total Revenues	25,569,177	25,541,356	26,783,461	24,924,964
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	6,854,807	6,673,542	6,001,812	6,426,618
Fire	6,002,927	5,927,259	5,641,142	5,920,835
Other	279,024	273,558	296,116	270,226
Police/Fire/Other	n/a	n/a	n/a	n/a
Public Health	475,738	447,537	390,859	391,149
Leisure Time Activities	946,093	880,589	901,399	805,801
Community Environment	705,212	686,208	803,809	623,338
Transportation				
Transit	1,069,843	1,134,617	992,516	1,171,823
Other	3,756,286	4,191,048	4,694,570	2,448,841
Transit/Other	n/a	n/a	n/a	n/a
General Government				
Court	1,558,747	1,247,813	1,252,603	1,200,327
Other	3,435,843	3,102,998	3,256,433	2,790,803
Court/Other	n/a	n/a	n/a	n/a
Debt Service:				
Principal Retirement	343,050	336,462	393,015	407,701
Current Refunding	0	0	0	0
Interest and Fiscal Charges	132,981	144,844	154,340	161,905
Total Expenditures	25,560,551	25,046,475	24,778,614	22,619,367
Excess of Revenues Over (Under) Expenditures	8,626	494,881	2,004,847	2,305,597

2012	2011	2010	2009	2008	2007
\$1,213,171	\$1,221,951	\$1,306,032	\$1,316,619	\$1,401,185	\$1,404,796
375,340	366,126	361,716	345,570	338,367	478,042
12,679,571	12,740,356	11,743,061	12,640,346	14,113,112	\$13,443,747
0	0	0	0	0	0
1,242,226	1,198,228	1,676,046	1,827,413	1,360,963	1,505,323
366,646	351,163	326,653	363,818	279,947	265,113
1,059,463	1,124,168	1,249,299	1,214,293	1,297,980	\$1,186,232
6,623,132	7,670,115	6,299,197	5,636,142	6,917,210	5,620,098
95,821	192,345	374,695	247,914	416,423	812,342
292,905	955,275	474,041	451,298	314,710	308,992
23,948,275	25,819,727	23,810,740	24,043,413	26,439,897	25,024,685
5,492,807	6,778,386	7,552,410	7,671,074	7,397,210	n/a
4,812,830	5,526,469	6,125,357	6,261,289	6,195,101	n/a
297,776	258,206	274,704	272,940	296,923	n/a
n/a	n/a	n/a	n/a	n/a	13,220,977
447,638	488,966	636,090	1,194,396	1,231,500	1,168,061
932,545	1,114,921	1,403,075	1,385,622	1,471,093	1,421,739
1,401,447	2,572,072	1,363,569	1,000,594	1,351,027	729,756
1,578,161	1,197,923	807,806	1,001,456	1,117,012	n/a
2,793,121	3,354,214	4,682,823	3,565,728	3,172,806	n/a
n/a	n/a	n/a	n/a	n/a	5,849,580
1,014,527	976,173	997,407	973,975	824,660	n/a
4,349,368	3,081,972	4,066,325	3,376,243	4,188,079	n/a
n/a	n/a	n/a	n/a	n/a	3,993,892
397,628	634,053	3,905,795	338,086	346,898	312,462
0	0	0	0	0	70,000
175,472	192,662	296,264	226,984	190,754	189,357
23,693,320	26,176,017	32,111,625	27,268,387	27,783,063	26,955,824
254,955	(356,290)	(8,300,885)	(3,224,974)	(1,343,166)	(1,931,139)

(continued)

City of Marion
Changes in Fund Balance
Governmental Funds
Last Ten Years
(continued)
(Modified Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Other Financing Sources (Uses)</u>				
Bond Anticipation Notes Issued	\$0	\$0	\$0	\$0
General Obligation Bonds Issued	0	0	0	0
Loan Proceeds	0	0	0	0
Current Refunding	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Sale of Capital Assets	10,675	115,040	87,969	3,850
Inception of Capital Lease	0	0	0	0
Transfers In	6,374,072	6,290,774	6,386,264	1,353,929
Transfers Out	<u>(6,363,662)</u>	<u>(6,290,774)</u>	<u>(6,385,764)</u>	<u>(1,362,540)</u>
Total Other Financing Sources (Uses)	<u>21,085</u>	<u>115,040</u>	<u>88,469</u>	<u>(4,761)</u>
Changes in Fund Balance	<u>\$29,711</u>	<u>\$609,921</u>	<u>\$2,093,316</u>	<u>\$2,300,836</u>
Debt Service as a Percentage of Noncapital Expenditures	1.98%	2.08%	2.51%	2.58%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$0	\$0	\$2,650,000	\$0	\$1,580,000	\$1,580,000
0	0	4,178,350	0	0	0
0	0	0	3,780,000	0	0
0	0	(250,000)	(1,580,000)	(1,580,000)	(700,000)
0	0	(790,010)	0	0	0
23,400	0	2,300	3,650	8,700	5,200
0	0	0	0	0	149,000
1,551,743	2,029,580	3,585,003	1,701,215	1,732,944	1,986,977
<u>(3,882,289)</u>	<u>(1,663,985)</u>	<u>(1,941,274)</u>	<u>(1,701,215)</u>	<u>(1,732,944)</u>	<u>(1,986,977)</u>
<u>(2,307,146)</u>	<u>365,595</u>	<u>7,434,369</u>	<u>2,203,650</u>	<u>8,700</u>	<u>1,034,200</u>
<u>(\$2,052,191)</u>	<u>\$9,305</u>	<u>(\$866,516)</u>	<u>(\$1,021,324)</u>	<u>(\$1,334,466)</u>	<u>(\$896,939)</u>
2.67%	3.30%	14.16%	2.24%	2.08%	2.04%

City of Marion
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Public Utility Personal Property	
	Assessed Value		Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility			
2016	\$262,477,660	\$80,394,660	\$979,635,200	\$30,764,640	\$34,959,818
2015	263,070,800	81,120,760	983,404,457	29,015,140	32,971,750
2014	263,816,600	82,467,090	989,381,971	25,412,110	28,877,398
2013	271,196,890	76,113,830	992,316,343	23,688,270	26,918,489
2012	272,472,140	76,487,530	997,027,629	22,353,570	25,401,784
2011	273,732,270	77,803,200	1,004,387,057	21,945,680	24,938,273
2010	295,173,850	77,401,950	1,064,502,286	21,834,590	24,812,034
2009	295,845,230	79,324,070	1,071,912,286	21,169,150	24,055,852
2008	298,109,220	82,188,470	1,086,564,829	21,893,290	24,878,739
2007	275,972,300	74,992,090	1,002,755,400	20,905,600	23,756,364

Source: Marion County Auditor

Note: Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax was assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent of actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax has been phased out. During the phase out period, the assessment percentage was 12.5 percent for 2007, 6.25 for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out on the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes have been collected since 2010.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent, and homestead exemptions before being billed.

Tangible Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Actual Value	Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$373,636,960	\$1,014,595,018	36.83%	\$4.20
0	0	373,206,700	1,016,376,207	36.72	4.20
0	0	371,695,800	1,018,259,369	36.50	4.20
0	0	370,998,990	1,019,234,832	36.40	4.20
0	0	371,313,240	1,022,429,413	36.32	4.20
0	0	373,481,150	1,029,325,330	36.28	4.20
416,300	416,300	394,826,690	1,089,730,620	36.23	4.20
492,180	7,874,880	396,830,630	1,103,843,018	35.95	4.20
13,529,040	108,232,320	415,720,020	1,219,675,888	34.08	4.20
27,991,030	149,285,493	399,861,020	1,175,797,257	34.01	4.20

City of Marion
Property Tax Rates - Direct and All Overlapping Governments
(Per \$1,000 of Assessed Values)
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City of Marion				
Unvoted Millage				
General	\$3.600	\$3.600	\$3.600	\$3.600
Fire Pension	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2000	4.2000	4.2000	4.2000
Total Millage (Total Direct Rate)	4.2000	4.2000	4.2000	4.2000
Total Effective Millage by Type of Property				
Residential/Agriculture	4.2000	4.2000	4.2000	4.2000
Commercial/Industrial	4.2000	4.2000	4.2000	4.2000
Tangible/Public Utility Personal	4.2000	4.2000	4.2000	4.2000
Marion County	11.1700	11.1700	11.1700	11.1700
Marion City School District	41.1200	41.1200	41.1200	41.2200
Elgin Local School District	44.8600	44.8600	44.8600	45.7500
Pleasant Local School District	46.5300	46.5300	46.5300	47.1300
Ridgedale Local School District	44.7000	44.7000	44.7000	45.6900
River Valley Local School District	38.6200	38.6200	38.6200	38.8900
Tri-Rivers Joint Vocational School District	4.4000	4.4000	4.4000	4.4000
Marion Township	12.1500	10.1000	10.1000	10.1000

Source: Marion County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property tax rate can be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City. Property tax rates for all overlapping governments are based upon the original voted levy.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$3.600	\$3.600	\$3.600	\$3.600	\$3.600	\$3.600
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
11.1700	11.1700	11.1700	11.5500	11.5500	11.5500
41.2500	40.3600	40.3600	40.3600	40.7500	40.2600
45.7800	46.1700	46.1700	37.6800	38.2600	37.7700
47.1300	47.5900	47.5900	47.5900	47.7700	47.7700
45.7000	46.5200	46.5200	46.5200	47.6800	47.6000
38.8900	38.4100	38.4100	38.4100	43.5000	43.5000
4.4000	4.4000	4.4000	4.4000	4.4000	4.4000
10.1000	7.8000	7.8000	7.8000	7.8000	7.8000

City of Marion
Real Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy (1)	Delinquent Tax Levy (2)	Total Tax Levy	Current Tax Collections	Percentage of Current Tax Collections to Current Tax Levy
2016	\$1,487,097	\$186,857	\$1,673,954	\$1,415,851	95.21%
2015	1,447,461	149,502	1,596,963	1,422,034	98.24
2014	1,450,102	156,740	1,606,842	1,432,159	98.76
2013	1,444,568	168,149	1,612,717	1,391,261	96.31
2012	1,441,507	161,131	1,602,638	1,378,578	95.63
2011	1,461,010	153,047	1,614,057	1,338,329	91.60
2010	1,461,010	54,755	1,515,765	1,511,805	103.48
2009	1,542,721	129,642	1,672,363	1,514,993	98.20
2008	1,547,017	107,208	1,654,225	1,541,707	99.66
2007	1,506,565	161,999	1,668,564	1,442,632	95.76

Source: Marion County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

(2) Amounts listed include penalties and interest.

Note: The County's current reporting system does not track delinquency tax collections by tax year.
Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent.
Penalties and interest are applied to the total outstanding delinquent balance.
The presentation will be updated as new information becomes available.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$115,613	\$1,531,464	91.49%	\$422,310	25.23%
124,075	1,546,109	96.82	365,555	22.89
138,797	1,570,956	97.77	349,622	21.76
114,833	1,506,094	93.39	329,343	20.42
98,201	1,476,779	92.15	325,595	20.32
99,983	1,438,312	89.11	308,722	19.13
105,549	1,617,354	106.70	253,138	16.70
101,734	1,616,727	96.67	288,391	17.24
101,898	1,643,605	99.36	243,057	14.69
97,975	1,540,607	92.33	203,039	12.17

City of Marion
Tangible Personal Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy	Delinquent Tax Levy	Total Tax Levy	Current Tax Collections	Percentage of Current Tax Collections to Current Tax Levy
2016	\$0	\$0	\$0	\$0	0.00%
2015	0	598	598	0	0.00
2014	0	833	833	0	0.00
2013	0	6,891	6,891	0	0.00
2012	0	6,957	6,957	0	0.00
2011	86	9,919	10,005	0	0.00
2010	1,691	11,120	12,811	1,522	90.01
2009	6,570	18,662	25,232	6,442	98.05
2008	66,429	20,462	86,891	62,753	94.47
2007	109,657	17,790	127,447	107,976	98.47

Source: Marion County Auditor

Note: The County's current reporting system does not track delinquency tax collections by tax year.
Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent.
Penalties and interest are applied to the total outstanding delinquent balance.
The presentation will be updated as new information becomes available.

Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Outstanding Delinquent Taxes to Total Tax Levy
\$0	\$0	0.00%	\$0	0.00%
0	0	0.00	598	100.00
0	0	0.00	833	100.00
6,002	6,002	87.10	833	12.09
65	65	0.93	6,896	99.12
2,911	2,911	29.10	6,945	69.42
191	1,713	13.37	9,864	77.00
1,664	8,106	32.13	11,440	45.34
2,244	64,997	74.80	20,217	23.27
2,533	110,509	86.71	14,912	11.70

City of Marion
Principal Taxpayers
Current Year and Five Years Ago

Taxpayer	Type of Business	2016		
		Real Property Assessed Valuation	Rank	Percentage of Total City Assessed Valuation (2016 Collection Year)
Aqua Ohio	Utility	\$18,045,630	1	4.82%
Ohio Edison Company	Utility	9,226,740	2	2.47
Marion General Hospital	Hospital	8,344,700	3	2.23
Columbia Gas	Utility	3,757,990	4	1.01
DOFASCO Marion, Inc.	Real Estate	2,808,020	5	0.75
American Transmission	Manufacturing	2,795,390	6	0.75
Marion Plaza Association	Real Estate	2,260,700	7	0.61
Nucor Steel	Manufacturing	1,740,530	8	0.47
Kinman Real Estate	Real Estate	1,423,040	9	0.38
HCRA Properties	Real Estate	1,413,440	10	0.38
Ohio American Water	Utility			
Clinic Investment	Medical			
John and Judy Curr	Real Estate			
MV/ALG Mallard Landing	Real Estate			
	Total	51,816,180		13.87
	All Other Taxpayers	321,820,780		86.13
	Total Assessed Valuation	\$373,636,960		100.00%

Source: Marion County Auditor

2011		
Real Property Assessed Valuation	Rank	Percentage of Total City Assessed Valuation (2011 Collection Year)
\$7,252,160	2	1.94%
1,775,530	6	0.48
2,167,490	4	0.58
2,082,610	5	0.56
1,401,210	7	0.38
1,245,480	10	0.33
12,161,490	1	3.26
3,334,180	3	0.89
1,319,740	8	0.35
1,312,500	9	0.35
34,052,390		9.12
339,428,760		90.88
<u>\$373,481,150</u>		<u>100.00%</u>

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City of Marion
Income Tax Revenue Base and Collections
Last Ten Years
(Accrual Basis of Accounting)

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes from Individual Payments	Percentage of Taxes from Individual Payments
2016	2.00%	\$15,661,726	\$13,100,797	83.65%	\$1,423,323	9.09%	\$1,137,606	7.26%
2015	2.00	16,122,061	12,832,078	79.59	2,145,803	13.31	1,144,180	7.10
2014	2.00	15,042,477	12,371,604	82.24	1,497,107	9.95	1,173,766	7.81
2013	2.00	14,201,125	11,632,480	81.91	1,469,045	10.34	1,099,600	7.74
2012	1.75	12,973,933	11,064,451	85.28	1,160,201	8.94	749,281	5.78
2011	1.75	11,764,331	9,747,314	82.85	1,201,216	10.21	815,801	6.93
2010	1.75	12,586,726	10,905,471	86.64	945,066	7.51	736,189	5.85
2009	1.75	12,669,517	10,504,721	82.91	1,347,433	10.64	817,363	6.45
2008	1.75	14,012,195	11,709,273	83.56	1,411,850	10.08	891,072	6.36
2007	1.75	14,570,392	12,271,390	84.22	1,421,967	9.76	877,035	6.02

Source: City Records

City of Marion
Sewer Utility Statistics
Last Eight Years

Type of Customer	2016			2015		
	Consumption (CCF)	Billings	Rate	Consumption (CCF)	Billings	Rate
Residential						
Inside City Limits	637,300	\$2,566,928	\$2.78	664,495	\$2,635,043	\$2.78
Outside City Limits	26,821	125,697	3.24	27,779	127,694	3.24
Commercial						
Inside City Limits	1,085,911	1,524,005	2.92	554,110	1,667,994	2.92
Outside City Limits	42,488	<u>141,353</u>	3.09	59,465	<u>196,272</u>	3.09
Subtotal		<u>4,357,983</u>			<u>4,627,003</u>	
Residential Well						
Well	n/a	475	12.19	n/a	2,187	12.19
Sewer Well 1 Person	n/a	2,075	12.19	n/a	4,269	12.19
Sewer Well 2 People	n/a	5,245	18.68	n/a	1,153	18.68
Sewer Well 3 People	n/a	1,695	23.54	n/a	902	23.54
Sewer Well 4 People	n/a	964	26.78	n/a	902	26.78
Sewer Well 5 People	n/a	0	28.40	n/a	404	28.40
Sewer Well 8 People	n/a	<u>559</u>	46.58	n/a	<u>0</u>	28.40
Subtotal		<u>11,013</u>			<u>9,817</u>	
Grand Total		<u><u>\$4,368,996</u></u>			<u><u>\$4,636,820</u></u>	

2014			2013			2012		
Consumption (CCF)	Billings	Rate	Consumption (CCF)	Billings	Rate	Consumption (CCF)	Billings	Rate
713,152	\$2,845,852	\$2.78	726,914	\$2,978,103	\$2.61	588,011	\$2,283,210	\$2.61
28,458	129,996	3.24	28,822	130,399	3.09	20,076	116,242	3.09
475,506	1,381,162	2.92	504,307	1,506,463	2.77	443,243	1,271,528	2.77
45,779	<u>151,697</u>	3.09	41,271	<u>138,412</u>	3.09	34,498	<u>116,509</u>	3.09
	<u>4,508,707</u>			<u>4,753,377</u>			<u>3,787,489</u>	
n/a	5,619	12.19	n/a	197,102	23.03	n/a	36,202	23.03
n/a	2,202	12.19	n/a	2,004	23.03	n/a	1,668	23.03
n/a	4,202	18.68	n/a	3,763	33.42	n/a	2,877	33.42
n/a	1,552	23.54	n/a	1,265	43.82	n/a	1,271	43.82
n/a	796	26.78	n/a	922	54.21	n/a	597	54.21
n/a	0	28.40	n/a	258	64.61	n/a	258	64.61
n/a	<u>0</u>	28.40	n/a	<u>0</u>	64.61	n/a	<u>0</u>	64.61
	<u>14,371</u>			<u>205,314</u>			<u>42,873</u>	
	<u>\$4,523,078</u>			<u>\$4,958,691</u>			<u>\$3,830,362</u>	

(continued)

City of Marion
Sewer Utility Statistics
Last Eight Years
(continued)

Type of Customer	2011			2010		
	Consumption (CCF)	Billings	Rate	Consumption (CCF)	Billings	Rate
Residential						
Inside City Limits	761,031	\$2,760,144	\$2.35	n/a	\$2,295,334	\$2.30
Outside City Limits	30,567	129,469	2.83	n/a	116,865	2.77
Commercial						
Inside City Limits	545,917	1,509,213	2.50	n/a	1,296,241	2.45
Outside City Limits	41,147	<u>133,335</u>	2.83	n/a	<u>125,528</u>	2.77
Subtotal		<u>4,532,161</u>			<u>3,833,968</u>	
Residential Well						
Well	n/a	21,013	20.82	n/a	17,618	20.60
Sewer Well 1 Person	n/a	1,703	20.82	n/a	1,379	20.60
Sewer Well 2 People	n/a	3,540	30.22	n/a	2,947	29.70
Sewer Well 3 People	n/a	1,748	39.62	n/a	1,482	38.97
Sewer Well 4 People	n/a	815	49.02	n/a	861	48.16
Sewer Well 5 People	n/a	0	58.42	n/a	0	57.34
Sewer Well 8 People	n/a	<u>0</u>	58.42	n/a	<u>0</u>	57.34
Subtotal		<u>28,819</u>			<u>24,287</u>	
Grand Total		<u><u>\$4,560,980</u></u>			<u><u>\$3,858,255</u></u>	

Source: City Utility Department

Note: In 2014, the billing cycle was changed to a monthly cycle.

Information prior to 2009 is not available.

n/a - not applicable

2009		
Consumption (CCF)	Billings	Rate
n/a	\$2,271,940	\$2.16
n/a	119,811	2.66
n/a	1,260,115	2.34
n/a	<u>123,196</u>	2.66
	<u>3,775,062</u>	
n/a	1,182	20.05
n/a	3,027	20.05
n/a	75	28.68
n/a	629	37.32
n/a	423	45.95
n/a	137	54.58
n/a	<u>0</u>	54.58
	<u>5,473</u>	
	<u><u>\$3,780,535</u></u>	

City of Marion
Sanitation Utility Statistics
Last Seven Years

	2016	2015	2014	2013
Number of Accounts	13,112	13,258	12,293	12,439
Total Billed	\$3,022,373	\$3,591,083	\$3,443,328	\$3,189,987
Flat Rate Bi-Monthly				
Residential				
Residential Through 4/30/13	n/a	n/a	n/a	40.66
Residential 5/1/13 Through 3/17/14	n/a	n/a	42.66	42.66
Residential After 3/18/14	22.00	22.00	22.00	n/a
Senior Residential Through 4/30/13	n/a	n/a	n/a	20.33
Senior Residential 5/1/13 Through 3/17/14	n/a	n/a	21.33	21.33
Senior Residential After 3/18/14	11.00	11.00	11.00	n/a

2012	2011	2010
11,930	10,002	10,002
\$2,717,722	\$2,227,749	\$1,761,468

38.50	38.50	38.50
n/a	n/a	n/a
n/a	n/a	n/a
24.25	24.25	24.25
n/a	n/a	n/a
n/a	n/a	n/a

(continued)

City of Marion
Sanitation Utility Statistics
Last Seven Years
(continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commerical				
Commercial Bi-Monthly Pickup Through 4/30/13	n/a	n/a	n/a	\$37.46
Commercial Bi-Monthly Pickup 5/1/13 Through 3/17/14	n/a	n/a	\$38.46	38.46
Commercial Bi-Monthly Pickup After 3/18/14	\$39.13	\$39.13	39.13	n/a
5 Bags 1 Pickup Monthly Through 4/30/13	n/a	n/a	n/a	25.33
5 Bags 1 Pickup Monthly 5/1/13 Through 3/17/14	n/a	n/a	26.33	26.33
5 Bags 1 Pickup Monthly After 3/18/14	27.00	27.00	27.00	n/a
5 Bags 2 Pickup Monthly Through 4/30/13	n/a	n/a	n/a	50.66
5 Bags 2 Pickup Monthly 5/1/13 Through 3/17/14	n/a	n/a	52.66	52.66
5 Bags 2 Pickup Monthly After 3/18/14	27.00	27.00	27.00	n/a
6 Bags 1 Pickup Monthly Through 4/30/13	n/a	n/a	n/a	37.48
6 Bags 1 Pickup Monthly 5/1/13 Through 3/17/14	n/a	n/a	38.48	38.48
6 Bags 1 Pickup Monthly After 3/18/14	39.15	39.15	39.15	n/a
6 Bags 2 Pickup Monthly Through 4/30/13	n/a	n/a	n/a	74.96
6 Bags 2 Pickup Monthly 5/1/13 Through 3/17/14	n/a	n/a	76.99	76.99
6 Bags 2 Pickup Monthly After 3/18/14	77.66	77.66	77.66	n/a
6 Bags 3 Pickup Monthly Through 4/30/13	n/a	n/a	n/a	111.36
6 Bags 3 Pickup Monthly 5/1/13 Through 3/17/14	n/a	n/a	112.36	112.36
6 Bags 3 Pickup Monthly After 3/18/14	113.03	113.03	113.03	n/a
Trailer Park Flat Rate	280.24	280.24	280.24	279.57

Source: City Utility Department

Note: Information prior to 2010 is not available.

n/a - not applicable

2012	2011	2010
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
\$24.25	\$24.25	\$24.25
n/a	n/a	n/a
n/a	n/a	n/a
48.50	48.50	48.50
n/a	n/a	n/a
n/a	n/a	n/a
36.40	36.40	36.40
n/a	n/a	n/a
n/a	n/a	n/a
72.80	72.80	72.80
n/a	n/a	n/a
n/a	n/a	n/a
109.20	109.20	109.20
n/a	n/a	n/a
n/a	n/a	n/a
279.57	279.57	279.57

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City of Marion
Storm Water Utility Statistics
Last Eight Years

Type of Customer	2016		2015		2014	
	Billings	Flat Rate	Billings	Flat Rate	Billings	Flat Rate
Residential						
Bi-Monthly Through 3/18/14	n/a	n/a	n/a	n/a	n/a	n/a
Monthly 3/18/14 Through 4/30/15	n/a	n/a	\$186,999	\$4.16	\$565,870	\$4.16
Monthly After 4/30/15	\$835,885	\$6.14	553,963	6.14	n/a	n/a
Senior Bi-Monthly Discount Through 3/18/14	n/a	n/a	n/a	n/a	n/a	n/a
Senior Monthly Discount 3/18/14 Through 4/30/15	n/a	n/a	6,011	2.08	18,430	2.08
Senior Monthly Discount After 4/30/15	22,655	3.07	16,634	3.07	n/a	n/a
Commercial						
Bi-Monthly	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Through 4/30/15	n/a	n/a	166,203	4.16	554,353	4.16
Monthly After 4/30/15	<u>750,120</u>	6.14	<u>499,488</u>	6.14	<u>n/a</u>	n/a
Grand Total	<u>\$1,608,660</u>		<u>\$1,429,298</u>		<u>\$1,138,653</u>	

(continued)

City of Marion
Storm Water Utility Statistics
Last Eight Years
(continued)

Type of Customer	2013		2012		2011	
	Billings	Flat Rate	Billings	Flat Rate	Billings	Flat Rate
Residential						
Bi-Monthly Through 3/18/14	\$613,527	\$8.32	\$503,850	\$8.32	\$626,222	\$8.32
Monthly 3/18/14 Through 4/30/15	n/a	n/a	n/a	n/a	n/a	n/a
Monthly After 4/30/15	n/a	n/a	n/a	n/a	n/a	n/a
Senior Bi-Monthly Discount Through 3/18/14	21,838	4.16	15,866	4.16	17,790	4.16
Senior Monthly Discount 3/18/14 Through 4/30/15	n/a	n/a	n/a	n/a	n/a	n/a
Senior Monthly Discount After 4/30/15	n/a	n/a	n/a	n/a	n/a	n/a
Commercial						
Bi-Monthly	355,578	8.32	276,382	8.32	219,952	8.32
Monthly Through 4/30/15	243,879	4.16	191,854	4.16	352,789	4.16
Monthly After 4/30/15	<u>n/a</u>	n/a	<u>n/a</u>	n/a	<u>n/a</u>	n/a
Grand Total	<u>\$1,234,822</u>		<u>\$987,952</u>		<u>\$1,216,753</u>	

Source: City Utility Department

Note: In 2014, the billing cycle was changed to a monthly cycle.

Information prior to 2009 is not available.

<u>2010</u>		<u>2009</u>	
<u>Billings</u>	<u>Flat Rate</u>	<u>Billings</u>	<u>Flat Rate</u>
\$542,317	\$8.32	\$565,208	\$8.32
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
14,925	4.16	15,520	4.16
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
232,566	8.32	278,291	8.32
268,344	4.16	249,876	n/a
<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>\$1,058,152</u>		<u>\$1,108,895</u>	

City of Marion
Principal Sewer Customers
Last Eight Years

Customer	2016			2015		
	Amount	Rank	Percentage	Amount	Rank	Percentage
Marion Correctional Institute	\$527,133	1	12.07%	\$546,322	1	11.77%
North Central Correctional Institute	310,918	2	7.12	342,787	2	7.39
Dale Hamm	144,351	3	3.30			
North Central Correctional Facility	50,370	4	1.15	48,189	3	1.04
Sika Corporation	28,539	5	0.65	22,248	7	0.48
Nachurs	27,881	6	0.64	24,465	5	0.53
Nucor Steel	27,487	7	0.63	23,634	6	0.51
Kinman Real Estate	23,118	8	0.53	24,851	4	0.54
HCR Manor Care	19,908	9	0.46			
Multi County Correctional Institute	17,565	10	0.40	15,291	9	0.33
Marion Village Apartments				16,087	8	0.35
Community Nursing				14,868	10	0.32
Mark Kamann						
Fairview 1						
Silverline Building Products						
Arcelormittal Tubular						
Chartwell Group						
TSM Management						
CSX Transportation, Inc.						
John Curry						
Rotary Towers						
US Yachiyo						
Total	1,177,270		26.95	1,078,742		23.26
Balance from Other Customers	3,191,726		73.05	3,558,078		76.74
Total Billed	<u>\$4,368,996</u>		<u>100.00%</u>	<u>\$4,636,820</u>		<u>100.00%</u>

2014			2013			2012		
Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
\$617,240	1	13.65%	\$624,814	1	12.60%	\$453,378	1	11.84%
363,053	2	8.03	304,596	2	6.14	244,885	2	6.39
32,993	3	0.73						
17,214	9	0.38	18,785	6	0.38	24,159	4	0.63
22,611	6	0.50						
23,713	5	0.52	24,170	3	0.49	24,870	3	0.65
15,565	10	0.34	17,876	7	0.36	13,348	10	0.35
21,057	7	0.47	20,907	5	0.42	18,070	6	0.47
31,188	4	0.69	22,721	4	0.46			
18,115	8	0.40	14,455	9	0.29			
			14,850	8	0.30	20,955	5	0.55
			14,176	10	0.29			
						16,246	7	0.42
						14,569	8	0.38
						13,520	9	0.35
1,162,749		25.71	1,077,350		21.73	844,000		22.03
3,360,329		74.29	3,881,341		78.27	2,986,362		77.97
<u>\$4,523,078</u>		<u>100.00%</u>	<u>\$4,958,691</u>		<u>100.00%</u>	<u>\$3,830,362</u>		<u>100.00%</u>

(continued)

City of Marion
Principal Sewer Customers
Last Eight Years
(continued)

Customer	2011			2010		
	Amount	Rank	Percentage	Amount	Rank	Percentage
Marion Correctional Institute	\$547,820	1	12.02%	\$414,838	1	10.76%
North Central Correctional Institute	349,098	2	7.65	308,287	2	7.99
North Central Correctional Facility						
Sika Corporation						
Nachurs	26,144	3	0.57	26,219	4	0.68
Nucor Steel				60,630	3	1.57
Kinman Real Estate	26,131	4	0.57	24,708	5	0.64
Multi County Correctional Institute	15,819	8	0.35	14,805	9	0.38
Marion Village Apartments						
Community Nursing	18,651	6	0.41	15,229	8	0.39
Mark Kamann						
Fairview 1						
Silverline Building Products	15,387	9	0.34	15,684	7	0.41
Arcelormittal Tubular						
Chartwell Group						
TSM Management	16,531	7	0.36			
CSX Transportation, Inc.						
John Curry	24,919	5	0.55	23,771	6	0.62
Rotary Towers	12,985	10	0.28	12,487	10	0.32
US Yachiyo						
Total	1,053,485		23.10	916,658		23.76
Balance from Other Customers	3,507,495		76.90	2,941,597		76.24
Total Billed	<u>\$4,560,980</u>		<u>100.00%</u>	<u>\$3,858,255</u>		<u>100.00%</u>

Source: City Utility Department

Note: Charges are based on collection cycles which will differ from billing cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Does not include industrial pre-treatment customers.

Information prior to 2009 is not available.

2009		
Amount	Rank	Percentage
\$359,510	1	9.51%
270,915	2	7.17
87,340	3	2.31
22,958	5	0.61
15,051	8	0.40
15,175	7	0.40
12,986	10	0.34
29,378	4	0.78
16,344	6	0.43
14,515	9	0.38
844,172		22.33
2,936,363		77.67
<u>\$3,780,535</u>		<u>100.00%</u>

City of Marion
Principal Sanitation Customers
Last Seven Years

Customer	2016			2015			2014		
	Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
Kinman Real Estate	\$11,235	1	0.37%	\$11,235	1	0.31%	\$11,233	2	0.33%
Hampton Woods	9,705	2	0.32	9,705	2	0.27	12,938	1	0.37
Villas at Center Park	8,272	3	0.27	2,112	5	0.06	2,621	5	0.08
Lakes of Marion	7,920	4	0.26	7,920	3	0.22	8,480	3	0.25
Larry Isles	2,039	5	0.07						
Alan Gale	1,872	6	0.06	1,857	6	0.05	1,424	10	0.04
USWA Local 1949	1,807	7	0.06	1,807	7	0.05	1,654	8	0.05
Melinda Fishpaw	1,620	8	0.05						
William Hesson	1,394	9	0.05						
Marry Jolly-Fletcher	1,392	10	0.05						
John Osborne				2,352	4	0.07			
James Troy				1,418	8	0.04			
Gretchen Haley				1,282	9	0.04			
Myrtle Zornes				1,238	10	0.03			
David Delauder							3,936	4	0.11
Michael Gamble							2,089	6	0.06
Bryan Timmon							1,688	7	0.05
Vernie Williams							1,534	9	0.04
Ethel Cochroan									
Carola Woodrum									
Sonja Troutman									
Reginald Blair									
Michael Cox									
Rebecca Lyons									
Mary Houston									

2013			2012			2011			2010		
Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
\$12,163	1	0.40%	\$10,292	1	0.38%	\$10,981	1	0.50%	\$10,632	1	0.61%
9,397	2	0.29	9,245	2	0.34	8,982	2	0.40			
1,984	7	0.06	1,952	8	0.07	1,896	4	0.09			
7,439	3	0.23	7,319	3	0.27	7,110	3	0.32			

728 5 0.04

2,028 7 0.07

2,630 4 0.08

2,296 5 0.07

2,020 6 0.06

1,922 8 0.06

1,656 9 0.05

1,480 10 0.05

2,297 4 0.08

(continued)

City of Marion
Principal Sanitation Customers
Last Seven Years
(continued)

Customer	2016			2015			2014		
	Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
N & L Rentals									
Bobby May									
Janeth Watkins									
Harold Large									
Lois Partipilo									
Rocky Bradford									
Charles Levings									
Rose Ann Seiter									
Martis Bracy									
Fairpark Baptist Church									
Mobile Meals									
Church of Nazarene									
Marion Public Library									
CWA Local 4371									
The Bainbridge Firm									
Debra Haire									
J & D Properties									
Total	47,256		1.56	40,926		1.14	47,597		1.38
Balance from Other Customers	<u>2,975,117</u>		<u>98.44</u>	<u>3,550,157</u>		<u>98.86</u>	<u>3,395,731</u>		<u>98.62</u>
Total Billed	<u>\$3,022,373</u>		<u>100.00%</u>	<u>\$3,591,083</u>		<u>100.00%</u>	<u>\$3,443,328</u>		<u>100.00%</u>

Source: City Utility Department

Note: Charges are based on collection cycles which will differ from billing cycles
as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Information prior to 2010 is not available.

2013			2012			2011			2010		
Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
			\$2,087	5	0.08%						
			2,083	6	0.08						
			1,917	9	0.07						
			1,788	10	0.07						
						\$1,870	5	0.08%			
						1,820	6	0.08			
						1,654	7	0.07			
						1,533	8	0.04			
						1,495	9	0.07			
						1,445	10	0.06	\$1,424	2	0.08%
									893	3	0.05
									874	4	0.05
									583	6	0.03
									486	7	0.03
									437	8	0.02
									385	9	0.02
									323	10	0.02
42,987		1.35	41,008		1.51	38,786		1.74	16,765		0.95
3,147,000		98.65	2,676,714		98.49	2,188,963		98.26	1,744,703		99.05
<u>\$3,189,987</u>		<u>100.00%</u>	<u>\$2,717,722</u>		<u>100.00%</u>	<u>\$2,227,749</u>		<u>100.00%</u>	<u>\$1,761,468</u>		<u>100.00%</u>

City of Marion
Principal Storm Water Customers
Last Eight Years

Customer	2016			2015		
	Amount	Rank	Percentage	Amount	Rank	Percentage
Marion Correctional Institute	\$32,368	1	2.01%	\$28,888	1	2.02%
Nucor Steel	31,196	2	1.94	27,843	2	1.95
GPS LLC	29,398	3	1.83	26,238	3	1.84
Central Ohio Farmers Coop	24,211	4	1.51	21,337	5	1.49
Marion Medical Center	24,160	5	1.50	22,034	4	1.54
Graphic Packaging	20,100	6	1.25	17,939	6	1.26
North Central Correctional Facility	18,059	7	1.12	13,009	8	0.91
North Central Correctional Institute	14,441	8	0.90	16,268	7	1.14
Marion City School District	12,879	9	0.80	11,495	10	0.80
General Machine and Saw	11,246	10	0.70			
General Recycling				11,896	9	0.83
Bunge North American Granary						
Kinman Real Estate						
Clinic Investment						
Ohio Department of Youth Services						
Total	218,058		13.56	196,947		13.78
Balance from Other Customers	1,390,602		86.44	1,232,351		86.22
Total Billed	<u>\$1,608,660</u>		<u>100.00%</u>	<u>\$1,429,298</u>		<u>100.00%</u>

2014			2013			2012		
Amount	Rank	Percentage	Amount	Rank	Percentage	Amount	Rank	Percentage
\$21,930	3	1.93%	\$25,524	2	2.07%	\$18,275	2	1.85%
24,659	1	2.15	49,200	1	4.00	38,750	1	3.92
19,918	4	1.75	24,842	3	2.01	18,258	3	1.85
16,369	5	1.44	17,687	5	1.43			
13,618	6	1.20	15,850	6	1.28	12,483	5	1.26
22,019	2	1.93	14,241	7	1.15	9,177	7	0.93
8,726	9	0.77	10,156	9	0.82	7,999	8	0.81
7,588	10	0.67						
10,009	8	0.88	10,536	8	0.85	7,525	9	0.76
10,938	7	0.96	17,771	4	1.44	12,365	6	1.25
			8,390	10	0.68	6,608	10	0.67
						15,005	4	1.52
<hr/>			<hr/>			<hr/>		
155,774		13.68	194,197		15.73	146,445		14.82
982,879		86.32	1,040,625		84.27	841,507		85.18
<hr/>			<hr/>			<hr/>		
\$1,138,653		100.00%	\$1,234,822		100.00%	\$987,952		100.00%
<hr/>			<hr/>			<hr/>		

(continued)

City of Marion
Principal Storm Water Customers
Last Eight Years
(continued)

Customer	2011			2010		
	Amount	Rank	Percentage	Amount	Rank	Percentage
Marion Correctional Institute	\$21,930	2	1.80%	\$21,930	1	2.07%
Nucor Steel	42,096	1	3.44	17,613	3	1.67
GPS LLC	19,918	3	1.64	19,918	2	1.88
Central Ohio Farmers Coop						
Marion Medical Center						
Graphic Packaging	13,618	6	1.12	13,618	6	1.29
North Central Correctional Facility						
North Central Correctional Institute	12,236	7	1.01	12,235	7	1.16
Marion City School District	8,726	9	0.72			
General Machine and Saw						
General Recycling	10,536	8	0.87	7,525	9	0.71
Bunge North American Granary	16,404	4	1.35	16,404	4	1.55
Kinman Real Estate	7,208	10	0.59	7,208	10	0.68
Clinic Investment	16,369	5	1.35	16,369	5	1.55
Ohio Department of Youth Services				9,784	8	0.92
Total	169,041		13.89	142,604		13.48
Balance from Other Customers	1,047,712		86.11	915,548		86.52
Total Billed	<u>\$1,216,753</u>		<u>100.00%</u>	<u>\$1,058,152</u>		<u>100.00%</u>

Source: City Utility Department

Note: Charges are based on collection cycles which will differ from billing cycles as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Does not include industrial pre-treatment customers.

Information prior to 2009 is not available.

2009		
Amount	Rank	Percentage
\$21,930	1	1.98%
21,136	2	1.90
19,918	3	1.80
13,618	6	1.23
12,235	7	1.10
9,407	9	0.85
16,472	5	1.49
7,208	10	0.65
16,846	4	1.52
9,784	8	0.88
148,554		13.40
960,341		86.60
<u>\$1,108,895</u>		<u>100.00%</u>

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City of Marion
Wastewater Treated with Parameter Removal Data
Last Ten Years

Year	Gallons Treated (Per Million)	Parameter	Removal Rate	Average Pounds Removed (Per Day)
2016	3,068	Ammonia	95.6	722
		Biochemical Oxygen Demand	98.8	10,700
		Total Suspended Solids	97.5	9,938
		Phosphorus	76.0	220
2015	3,480	Ammonia	91.3	680
		Biochemical Oxygen Demand	97.6	9,938
		Total Suspended Solids	97.6	9,415
		Phosphorus	58.2	147
2014	3,234	Ammonia	94.8	n/a
		Biochemical Oxygen Demand	94.9	n/a
		Total Suspended Solids	87.3	n/a
		Phosphorus	62.5	n/a
2013	3,651	Ammonia	96.9	n/a
		Biochemical Oxygen Demand	97.4	n/a
		Total Suspended Solids	97.0	n/a
		Phosphorus	73.9	n/a
2012	3,273	Ammonia	96.4	612
		Biochemical Oxygen Demand	98.3	8,933
		Total Suspended Solids	97.6	8,523
		Phosphorus	57.5	138
2011	4,641	Ammonia	95.5	n/a
		Biochemical Oxygen Demand	97.8	n/a
		Total Suspended Solids	96.4	n/a
		Phosphorus	62.7	n/a
2010	3,792	Ammonia	95.9	n/a
		Biochemical Oxygen Demand	98.3	n/a
		Total Suspended Solids	97.9	n/a
		Phosphorus	50.4	n/a
2009	3,039	Ammonia	94.9	n/a
		Biochemical Oxygen Demand	98.0	n/a
		Total Suspended Solids	97.3	n/a
		Phosphorus	55.5	n/a
2008	3,733	Ammonia	91.0	702
		Biochemical Oxygen Demand	97.8	11,475
		Total Suspended Solids	96.9	9,732
		Phosphorus	48.9	173
2007	3,771	Ammonia	93.4	672
		Biochemical Oxygen Demand	97.6	12,284
		Total Suspended Solids	97.1	9,059
		Phosphorus	64.1	240

Source: City Utility Department

n/a - not available

City of Marion
Ratios of Outstanding Debt by Type
Last Ten Years

Year	Governmental Activities					
	Bond Anticipation Notes	General Obligation Bonds	ODOT DRIP TIF	OPWC Loans	Capital Loans	Capital Leases
2016	\$0	\$3,544,650	\$187,767	\$38,462	\$0	\$0
2015	0	3,846,850	277,207	44,872	0	0
2014	0	4,141,550	363,809	51,282	0	0
2013	0	4,429,950	447,664	57,692	64,350	0
2012	0	4,715,800	528,859	64,102	147,346	0
2011	0	4,997,250	607,478	70,512	227,245	0
2010	2,650,000	5,269,350	683,602	76,922	304,164	0
2009	5,160,000	765,000	757,312	80,127	378,213	39,581
2008	1,580,000	815,000	929,716	86,537	449,500	77,566
2007	2,980,000	865,000	1,115,124	92,947	518,128	114,018

Source: City Records

(1) See Schedule on S-63 for population and personal income.

Business-Type Activities						
General Obligation Bonds	OWDA Loans	OPWC Loans	Capital Leases	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
\$20,305,350	\$8,769,841	\$1,646,881	\$0	\$34,492,951	\$939.84	2.82%
21,213,150	10,243,963	1,166,058	0	36,792,100	1,004.70	3.00
22,093,450	11,977,694	1,087,974	0	39,715,759	1,078.15	2.65
22,950,050	13,675,355	1,189,379	0	42,814,440	1,123.27	2.71
23,794,200	15,337,917	1,286,934	0	45,875,158	1,243.09	3.81
13,362,750	16,966,329	1,423,009	0	37,654,573	1,019.40	3.22
14,150,650	18,561,506	1,382,428	0	43,078,622	1,170.46	3.75
5,022,850	20,124,330	1,247,446	0	33,574,859	938.47	2.95
5,360,689	21,578,955	1,367,335	41,143	32,286,441	897.79	2.63
5,683,621	22,941,019	1,487,224	121,404	35,918,485	999.40	2.98

City of Marion
Ratio of General Bonded Debt to Estimated Actual Value
and Bonded Debt Per Capita
Last Ten Years

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Bonded Debt to Estimated Actual Value
2016	36,701	\$1,014,595,018	\$23,850,000	\$649.85	2.35%
2015	36,620	1,016,376,207	25,060,000	684.33	2.47
2014	36,837	1,018,259,369	26,235,000	712.19	2.58
2013	38,116	1,019,234,832	27,380,000	718.33	2.69
2012	36,904	1,022,429,413	28,510,000	772.54	2.79
2011	36,938	1,029,325,330	18,360,000	497.05	1.78
2010	36,805	1,089,730,620	19,420,000	527.65	1.78
2009	35,776	1,103,843,018	5,787,850	161.78	0.52
2008	35,962	1,219,675,888	6,175,689	171.73	0.51
2007	35,940	1,175,797,257	6,548,621	182.21	0.56

Source: City Records
Marion County Auditor

City of Marion
Computation of Direct and Overlapping Debt for Governmental Activities
December 31, 2016

Political Subdivision	Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
City of Marion	<u>\$3,770,879</u>	100%	<u>\$3,770,879</u>
Marion County	8,725,000	32.61	2,845,223
Marion City School District	7,726,758	95.02	7,341,965
Elgin Local School District	11,825,000	0.33	39,023
Pleasant Local School District	435,000	19.48	84,738
River Valley Local School District	<u>8,715,000</u>	2.87	<u>250,121</u>
Total Overlapping Debt	<u>37,426,758</u>		<u>10,561,069</u>
Total	<u><u>\$41,197,637</u></u>		<u><u>\$14,331,948</u></u>

Source: Marion County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2016 collection year.

City of Marion
Computation of Legal Debt Margin
Last Ten Years

	2016	2015	2014	2013
Total Assessed Valuation	<u>\$373,636,960</u>	<u>\$373,206,700</u>	<u>\$371,695,800</u>	<u>\$370,998,990</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	39,231,881	39,186,704	39,028,059	38,954,894
Gross Indebtedness	41,681,451	44,133,600	43,259,359	48,994,440
Less Debt Outside Limitation				
Bond Anticipation Notes	6,676,500	6,613,500	2,588,500	5,680,000
General Obligation Bonds	20,305,350	21,213,150	22,093,450	22,950,050
OWDA Loans	8,769,841	10,243,963	11,977,694	13,675,355
OPWC Loans	1,685,343	1,210,930	1,139,256	1,247,071
ODOT DRIP TIF	<u>187,767</u>	<u>277,207</u>	<u>363,809</u>	<u>447,664</u>
Net Indebtedness	4,056,650	4,574,850	5,096,650	4,994,300
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 10.5 Percent Limitation	<u>4,056,650</u>	<u>4,574,850</u>	<u>5,096,650</u>	<u>4,994,300</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$35,175,231</u>	<u>\$34,611,854</u>	<u>\$33,931,409</u>	<u>\$33,960,594</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	89.66%	88.33%	86.94%	87.18%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$20,550,033	\$20,526,369	\$20,443,269	\$20,404,944
Gross Indebtedness	41,681,451	44,133,600	43,259,359	48,994,440
Less Debt Outside Limitation				
Bond Anticipation Notes	6,676,500	6,613,500	2,588,500	5,680,000
General Obligation Bonds	20,305,350	21,213,150	22,093,450	22,950,050
OWDA Loans	8,769,841	10,243,963	11,977,694	13,675,355
OPWC Loans	1,685,343	1,210,930	1,139,256	1,247,071
ODOT DRIP TIF	<u>187,767</u>	<u>277,207</u>	<u>363,809</u>	<u>447,664</u>
Net Indebtedness	4,056,650	4,574,850	5,096,650	4,994,300
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5.5 Percent Limitation	<u>4,056,650</u>	<u>4,574,850</u>	<u>5,096,650</u>	<u>4,994,300</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$16,493,383</u>	<u>\$15,951,519</u>	<u>\$15,346,619</u>	<u>\$15,410,644</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	80.26%	77.71%	75.07%	75.52%

Source: City Records

2012	2011	2010	2009	2008	2007
<u>\$371,313,240</u>	<u>\$373,481,150</u>	<u>\$394,826,690</u>	<u>\$396,830,630</u>	<u>\$415,720,020</u>	<u>\$399,861,020</u>
38,987,890	39,215,521	41,456,802	41,667,216	43,650,602	41,985,407
47,205,158	47,054,573	48,978,622	44,174,859	43,761,441	41,698,485
1,030,000	9,400,000	5,900,000	10,600,000	8,625,000	5,440,000
23,794,200	13,362,750	14,150,650	5,022,850	5,360,689	5,683,621
15,337,917	16,966,329	18,561,506	20,124,330	21,578,955	22,941,019
1,351,036	1,493,521	1,459,350	1,327,573	1,453,872	1,580,171
<u>528,859</u>	<u>607,478</u>	<u>683,602</u>	<u>757,312</u>	<u>929,716</u>	<u>1,115,124</u>
5,163,146	5,224,495	8,223,514	6,342,794	5,813,209	4,938,550
<u>0</u>	<u>1,372</u>	<u>0</u>	<u>3,528</u>	<u>0</u>	<u>0</u>
<u>5,163,146</u>	<u>5,223,123</u>	<u>8,223,514</u>	<u>6,339,266</u>	<u>5,813,209</u>	<u>4,938,550</u>
<u>\$33,824,744</u>	<u>\$33,992,398</u>	<u>\$33,233,288</u>	<u>\$35,327,950</u>	<u>\$37,837,393</u>	<u>\$37,046,857</u>
86.76%	86.68%	80.16%	84.79%	86.68%	88.24%
\$20,422,228	\$20,541,463	\$21,715,468	\$21,825,685	\$22,864,601	\$21,992,356
47,205,158	47,054,573	48,978,622	44,174,859	43,761,441	41,698,485
1,030,000	9,400,000	5,900,000	10,600,000	8,625,000	5,440,000
23,794,200	13,362,750	14,150,650	5,022,850	5,360,689	5,683,621
15,337,917	16,966,329	18,561,506	20,124,330	21,578,955	22,941,019
1,351,036	1,493,521	1,459,350	1,327,573	1,453,872	1,580,171
<u>1,286,934</u>	<u>1,423,009</u>	<u>1,382,428</u>	<u>1,247,446</u>	<u>1,367,335</u>	<u>1,487,224</u>
4,405,071	4,408,964	7,524,688	5,852,660	5,375,590	4,566,450
<u>0</u>	<u>1,372</u>	<u>0</u>	<u>3,528</u>	<u>0</u>	<u>0</u>
<u>4,405,071</u>	<u>4,407,592</u>	<u>7,524,688</u>	<u>5,849,132</u>	<u>5,375,590</u>	<u>4,566,450</u>
<u>\$16,017,157</u>	<u>\$16,133,871</u>	<u>\$14,190,780</u>	<u>\$15,976,553</u>	<u>\$17,489,011</u>	<u>\$17,425,906</u>
78.43%	78.54%	65.35%	73.20%	76.49%	79.24%

City of Marion
Pledged Revenue
Sewer Enterprise Fund
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$6,690,096	\$3,453,944	\$3,236,152	\$1,545,529	\$147,130	\$1,692,659	1.91
2015	6,183,058	3,543,493	2,639,565	1,605,091	177,526	1,782,617	1.48
2014	6,262,241	3,501,196	2,761,045	1,621,739	205,241	1,826,980	1.51
2013	5,913,398	2,907,549	3,005,849	1,594,653	232,328	1,826,981	1.65
2012	5,811,035	2,602,260	3,208,775	1,770,227	258,804	2,029,031	1.58
2011	5,798,469	3,324,699	2,473,770	2,771,987	284,688	3,056,675	0.81
2010	5,880,088	3,162,262	2,717,826	1,682,590	309,999	1,992,589	1.36
2009	5,196,030	3,894,143	1,301,887	1,301,240	368,220	1,669,460	0.78
2008	5,729,157	3,472,497	2,256,660	1,321,942	263,278	1,585,220	1.42
2007	6,064,831	3,324,993	2,739,838	1,481,201	394,420	1,875,621	1.46

Source: City Records

(1) Includes operating revenues and interest.

(2) Total operating expenses exclusive of depreciation.

Note: Includes OWDA and OPWC loans.

n/a - not available

City of Marion
Pledged Revenue
Landfill Enterprise Fund
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$109,371	(\$24,988)	\$109,371	\$0	\$0	\$0	0.00
2015	277,716	(71,071)	277,716	198,563	6,511	205,074	1.35
2014	274,747	(70,452)	274,747	190,209	14,865	205,074	1.34
2013	593,251	7,529	585,722	182,197	22,877	205,074	2.86
2012	12,787	82,998	(70,211)	174,523	30,551	205,074	(0.34)
2011	207,925	(45,748)	207,925	298,328	37,902	336,230	0.62
2010	0	63,211	(63,211)	160,130	44,943	205,073	(0.31)
2009	346,431	(28,200)	346,431	153,385	51,688	205,073	1.69
2008	387,799	9,769	378,030	146,925	58,149	205,074	1.84
2007	242,009	18,962	223,047	140,736	64,338	205,074	1.09

Source: City Records

(1) Includes operating revenues and interest.

(2) Total operating expenses exclusive of depreciation.

City of Marion
Pledged Revenue
Storm Water Enterprise Fund
Last Ten Years

<u>Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Coverage</u>
2016	\$1,758,664	\$943,273	\$815,391	\$24,848	32.82
2015	1,434,887	819,685	615,202	23,114	26.62
2014	1,127,688	894,822	232,866	21,787	10.69
2013	1,072,763	1,497,969	(425,206)	21,787	(19.52)
2012	1,396,536	905,080	491,456	21,787	22.56
2011	1,104,209	1,204,884	(100,675)	720,012	(0.14)
2010	1,378,693	776,897	601,796	261,980	2.30
2009	1,167,233	1,092,362	74,871	13,086	5.72
2008	1,274,499	1,050,201	224,298	13,086	17.14
2007	1,317,122	749,688	567,434	13,085	43.37

Source: City Records

(1) Includes operating revenues and interest.

(2) Total operating expenses exclusive of depreciation.

City of Marion
Demographic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita	School Enrollment (3)	Marion County Unemployment Rate (4)
2016	36,701	\$1,224,528,865	\$33,365	4,203	5.00%
2015	36,620	1,225,817,880	33,474	4,190	5.20
2014	36,837	1,497,534,561	40,653	4,377	5.30
2013	38,116	1,582,766,900	41,525	4,460	7.90
2012	36,904	1,205,395,352	32,663	4,521	7.20
2011	36,938	1,169,826,460	31,670	4,606	8.40
2010	36,805	1,148,352,805	31,201	4,798	10.20
2009	35,776	1,137,211,712	31,787	4,967	11.20
2008	35,962	1,228,461,920	34,160	5,038	7.00
2007	35,940	1,206,290,160	33,564	5,151	5.50

Source: (1) United States Census Bureau

(2) Computation of per capita personal income multiplied by population

(3) Marion City School District

(4) U.S. Department of Labor: Bureau of Labor Statistics

Note: Unemployment rate for City was not available.

City of Marion
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	December 31, 2016		
		Number of Employees	Rank	Percentage of Total Employment
Marion General Hospital	Hospital	1,482	1	10.62%
Marion City School District	School District	890	2	6.37
Marion County	Government	642	3	4.60
Marion Area Physicians	Medical	471	4	3.37
Marion Correctional Institute	Correctional Facility	446	5	3.19
City of Marion	Government	385	6	2.76
North Central Correctional Institute	Correctional Facility	365	7	2.61
Graphic Packaging	Manufacturing	317	8	2.27
Nucor Steel	Manufacturing	293	9	2.10
Marion Industries	Manufacturing	291	10	2.08
Frederick C Smith Clinic	Medical			
US Yachiyo	Manufacturing			
Marion Independent Physicians	Medical			
	Total	<u>5,582</u>		<u>39.97%</u>
	Total City Employment	<u>13,967</u>		

Source: City Auditor

December 31, 2007		
Number of Employees	Rank	Percentage of Total Employment
987	1	6.64%
708	3	4.75
553	4	3.71
967	2	6.49
409	6	2.74
405	7	2.72
220	8	1.48
432	5	2.90
169	9	1.13
104	10	0.69
4,954		33.25%
14,901		

City of Marion
Full-Time City Government Employees by Program/Department
Last Seven Years

Program/Department	2016	2015	2014
Security of Persons and Property			
Police	58	65	63
Fire	56	56	57
Leisure Time Activities	18	17	19
Transportation			
Transit	19	19	19
Other	17	17	17
Basic Utility Services			
Sewer	31	30	28
Solid Waste	17	16	16
Billing Services	4	4	4
General Government			
Court	22	21	20
Other	54	51	49
Totals	<u>296</u>	<u>296</u>	<u>292</u>

Source: City Auditor

Method: Only full-time employees are included as of December 31.

Note: Information prior to 2010 is not available.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
57	52	69	75
53	49	51	59
19	22	28	29
20	20	21	19
22	21	22	26
29	28	32	32
16	13	18	15
4	4	4	4
21	21	19	19
44	45	46	49
<u>285</u>	<u>275</u>	<u>310</u>	<u>327</u>

City of Marion
Operating Indicators by Program/Department
Last Ten Years

Program/Department	2016	2015	2014
Security of Persons and Property - Police			
Total Calls for Services	36,737	43,822	37,828
Number of Traffic Citations Issued	1,380	922	915
Number of Felony Criminal Arrests	606	687	2,789
Number of Accident Reports Completed	963	975	605
DUI Arrests	154	89	62
Motor Vehicle Accidents	498	793	1,037
Gasoline Costs of Fleet	\$53,191	\$55,195	\$113,449
Gasoline Usage in Gallons	25,888	23,572	36,295
Community Policing Auxillary Hours	4,148	4,783	1,000
Security of Persons and Property - Fire			
Structure Fires	62	66	69
Fires with Loss	45	45	50
Fires with Losses Exceeding \$10,000	23	35	22
Total Fire Losses	\$621,301	\$916,886	\$779,776
Number of EMS Calls	6,948	6,755	5,902
Leisure Time Activities			
Swimming Pool Receipts	\$151,719	\$144,549	\$94,789
Aquatics Center Seasonal Admissions	29,289	23,999	16,920
Park Shelter Rentals	\$10,206	\$9,405	\$16,075
Concession Receipts	\$56,629	\$40,848	\$44,327
Basic Utility Services			
Refuse Disposal per Year (in tons)	12,120	12,048	11,847
Yard Waste per Year (in tons)	344	398	315
Leaf Pickup (in yards)	3,000	3,122	3,081
Salt Usage (in tons)	1,842	2,262	2,226
Sanitary Sewer Customers	13,310	13,289	12,206
Sanitation Customers	13,112	13,258	12,293
Storm Water Customers	13,635	13,716	12,316
Sanitary Sewer Inspections	8,982	8,736	7,696
Storm Water Inspections	684	236	190
Sanitary Blockage	323	398	390
Odor Complaints	61	75	75
Sanitary Lines Cleaned or Jetted (in feet)	672,908	679,970	521,096
Storm Water Lines Cleaned or Jetted (in feet)	97,994	26,000	17,000
Excavations	20	56	51
Manhole Repairs	22	17	17
Catch Basins Repaired	169	95	82
Degreased (in feet)	15,000	10,000	19,000
Root Cut or Control in Feet	61,761	1,100	9,139
Sanitary Lines Televised (in feet)	3,500	4,702	11,054
Storm Water Lines Televised (in feet)	1,500	1,419	3,877
Percentage of Biosolides Suspended or Removed	98%	98%	87%
Biosolids Land Applied	2,060	2,883	1,362
Gallons of Wastewater Treated (in millions)	3,068	3,480	3,234
Gallons of Wastewater ByPass (in millions)	24	84	50

2013	2012	2011	2010	2009	2008	2007
39,106	36,711	38,481	43,162	42,050	45,968	42,807
594	319	1,838	3,780	3,473	3,237	2,677
565	593	635	536	526	498	451
887	732	743	821	748	812	1,176
39	60	110	118	141	149	97
1,149	2,142	2,115	2,377	621	644	913
\$122,394	\$105,178	\$104,028	\$120,043	\$74,715	\$127,309	\$122,465
38,043	31,614	n/a	45,357	45,944	42,319	47,239
2,790	2,553	2,608	3,222	n/a	n/a	1,688
69	48	48	50	46	54	60
63	47	42	43	41	46	45
33	7	19	20	21	28	17
\$979,720	\$304,100	\$900,880	\$650,206	\$836,600	\$994,550	\$752,150
6,140	6,041	5,916	4,529	4,363	4,600	4,663
\$122,778	\$195,061	n/a	\$16,209	n/a	\$17,486	\$18,863
18,038	40,979	n/a	n/a	n/a	n/a	n/a
\$11,631	\$15,575	\$8,056	\$10,220	n/a	\$10,665	\$7,760
\$41,777	\$78,363	n/a	\$465	n/a	\$111	\$9,286
12,240	12,277	13,362	12,543	12,647	13,305	13,540
554	533	521	703	847	1,336	714
1,320	2,280	2,550	3,562	5,938	4,296	4,940
1,526	1,016	2,738	2,282	2,152	2,354	2,341
12,298	12,526	12,598	12,618	12,700	13,202	13,167
12,439	11,930	10,002	10,002	10,104	10,606	10,595
12,660	12,779	12,871	12,891	12,973	12,475	12,455
5,497	3,841	3,525	3,528	3,404	4,018	3,919
145	111	180	144	289	339	268
369	238	208	243	274	444	461
65	85	127	156	101	152	154
373,540	336,880	453,767	498,878	501,906	461,500	468,066
6,800	8,800	4,748	5,622	6,716	11,615	10,650
44	40	50	79	40	57	47
18	13	41	34	33	45	43
235	203	232	290	343	462	379
600	500	n/a	1,100	2,500	19,191	6,200
5,299	5,060	6,088	5,520	10,721	16,979	1,810
8,539	8,297	3,484	10,933	19,924	13,561	13,895
946	4,743	585	1,969	1,155	5,989	6,628
97%	98%	96%	98%	97%	97%	97%
1,160	1,305	269	n/a	3,055	3,117	3,325
3,651	3,273	4,641	3,792	3,039	3,733	3,771
106	28	179	n/a	10	59	78

(continued)

City of Marion
Operating Indicators by Program/Department
Last Ten Years
(continued)

Program/Department	2016	2015	2014
Transportation			
Total Transit Ridership	149,094	167,680	177,000
Hot Mix Asphalt (in tons)	603	367	196
Cold Mix Asphalt (in tons)	165	361	359
Tack Used (in gallons)	356	64	185
Aggregate Used (in tons)	1,032	1,368	905
General Government			
Council and Clerk			
Number of Ordinances Passed	86	95	81
Number of Resolutions Passed	27	20	27
Engineering Excavation Permits Issued	660	667	779

Source: City Records

n/a - not available

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
195,139	193,283	190,480	184,068	180,054	185,072	173,929
786	211	486	90	83	895	1,296
184	209	276	250	250	530	168
738	339	816	591	427	1,305	464
0	12	590	70	132	132	323
91	84	99	119	99	133	115
24	26	27	21	27	25	46
694	721	708	656	660	677	695

City of Marion
Capital Assets by Program/Department
Last Nine Years

Program/Department	2016	2015	2014	2013
Security of Persons and Property-Police				
Stations	1	1	1	1
Vehicles	27	30	30	30
Security of Persons and Property-Fire				
Stations	3	3	3	3
Vehicles	15	14	13	13
Public Health				
Buildings	1	1	2	2
Leisure Time Activities				
Buildings	7	7	7	7
Number of Parks	19	19	19	19
Number of Playgrounds	12	12	12	12
Number of Swimming Pools	1	1	1	1
Vehicles	10	9	9	8
Transportation - Transit				
Bus Terminal	1	1	1	1
Vehicles	15	18	15	16
Transportation - Other				
Airport Buildings	3	3	3	3
Other Buildings	3	3	3	3
Streets (miles)	311	311	311	311
Vehicles	27	24	22	21
General Government - Court				
Buildings	1	1	1	1
Vehicles	2	0	0	1
General Government - Other				
Buildings	4	4	4	4
Vehicles	2	3	1	1
Sewer				
Sewer Lines (miles)	134	134	134	134
Vehicles	19	17	16	15
Sanitation				
Vehicles	21	18	13	13
Storm Water				
Storm Water Lines (miles)	135	135	135	135
Vehicles	14	15	15	15

Source: City Records

Note: Information prior to 2008 is not available.

2012	2011	2010	2009	2008
1 33	1 38	1 36	1 36	1 34
3 13	3 14	3 14	3 14	3 13
2	2	2	2	2
7 19 12 1 8	7 19 12 1 10	7 19 12 1 10	7 19 12 1 9	7 18 11 1 9
1 16	1 19	1 15	1 16	1 17
3 3 311 21	3 3 311 21	3 3 311 21	3 3 311 20	3 3 311 20
1 1	1 1	1 1	1 1	1 1
4 1	4 2	4 2	4 1	4 1
134 14	134 16	132 16	128 16	127 15
13	14	14	14	14
135 15	135 17	134 17	131 17	130 16

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Dave Yost • Auditor of State

CITY OF MARION

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2017**