

**MARION PARK DISTRICT
MARION, ILLINOIS
ANNUAL FINANCIAL REPORT
JUNE 30, 2018**

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MARION PARK DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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**MARION PARK DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Marion Park District
Marion, Illinois

I have audited the accompanying financial statements of the governmental activities and the business-type activities of the Marion Park District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Marion Park District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10; and a budgetary comparison schedule of the General Fund, information concerning the District's progress in funding its obligation to providing pension benefits to its employees, a schedule of changes in the net pension liability and related ratios and a schedule of employer contributions on 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marion Park District's basic financial statements. The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Sarah Gibbens, CPA

Sarah Gibbens

Johnston City, Illinois
December 11, 2018

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Management's Discussion and Analysis provides an overview of the Marion Park District's (the District) financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements which begin on page 11.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$541,940 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$331,385.
- Revenues totaled \$1,139,498 for the District's governmental funds. Total expenditures exceeded the revenues by \$288,957.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$331,385, or 23% of the total general fund expenditures.
- The District's total long-term debt decreased by \$41,000 during the current fiscal year

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows. The difference between the assets and deferred outflows and the liabilities and deferred inflows is the District's net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for items that may only result in cash flows in a future fiscal period (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activity of the District is an aquatic center.

The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same information reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of 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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund, the General Fund.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 and 16 of this report.

Proprietary funds. The District maintains one proprietary fund (also called Enterprise Funds), the Swimming Pool Fund. Enterprise Funds are presented as business-type activities in the government-wide financial statements. The basic proprietary fund statements can be found on pages 17 through 19 of this report.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District maintains no fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes a budgetary comparison schedule of the General Fund, information concerning the District's progress in funding its obligation to providing pension benefits to its employees, a schedule of changes in the net pension liability and related ratios and a schedule of employer contributions. Required supplementary information can be found on pages 35-39 of this report.

The other supplementary schedules contain statistical information about the legal debt margin calculations and assessed valuations, tax rates; taxes extended and collected information about the property tax funding system. Statistical information is presented on pages 40-41.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$541,940 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements, building, machinery, vehicles and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

The following table reflects the condensed statement of net position:

Marion Park District's Net Position (in thousands)

As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 1,364	\$ 1,502	\$ 21	\$ 8	\$ 1,385	\$ 1,510
Capital Assets	1,145	711	104	136	1,249	847
Total Assets	2,509	2,213	125	144	2,634	2,357
Total Deferred Outflows	85	109	-	-	85	109
Current Liabilities	136	90	12	7	148	97
Noncurrent Liabilities	1,006	1,149	-	-	1,006	1,149
Total Liabilities	1,142	1,239	12	7	1,154	1,246
Total Deferred Inflows	1,023	878	-	-	1,023	878
Net Position:						
Invested in Capital Assets, net of related debt	250	(225)	104	136	354	(89)
Unrestricted	179	430	9	1	188	431
Total Net Position	\$ 429	\$ 205	\$ 113	\$ 137	\$ 542	\$ 342

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

The following table reflects the condensed revenues and expenses of the District's activities:

**Marion Park District's Change in Net Position (in thousands)
Years Ended June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 31	\$ 33	\$ 31	\$ 33
General Revenues						
Property Taxes	858	832	-	-	858	832
Replacement Taxes	20	24	-	-	20	24
Interest Income	2	1	-	-	2	1
Concession Sales	-	-	4	-	4	-
Rental Income	20	21	-	-	20	21
Insurance Proceeds	-	-	-	-	-	-
Miscellaneous	10	13	2	4	12	17
Contributions, property and equipment	230	11	3	3	233	14
Transfers	(64)	(48)	64	48	-	-
Total Revenues	1,076	854	104	88	1,180	942
Expenses:						
General Government	(344)	(306)	-	-	(344)	(306)
Recreation	(486)	(449)	-	-	(486)	(449)
Interest on Debt	(22)	(34)	-	-	(22)	(34)
Aquatic Center	-	-	(128)	(126)	(128)	(126)
Total Expenses	(852)	(789)	(128)	(126)	(980)	(915)
Change in Net Position	224	65	(24)	(38)	200	27
Beginning Net Position	205	140	137	175	342	315
Ending Net Position	\$ 429	\$ 205	\$ 113	\$ 137	\$ 542	\$ 342

The net position of the District increased \$199,585 in the fiscal year.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

Revenues

Revenues for the District are generated from a number of different sources. The majority of revenue is derived from property taxes, which account for 73% of the District's operating revenue. Property taxes are a stable source of revenues, not dependent on economic trends and fluctuations. The District's charges for services come mainly from, but are not limited to, the aquatic center.

Expenses

The industry norm for personnel costs (salary, wages and fringe benefits) is approximately 50% to 60% of a District's total expenses. This year the percentage for the District is 59%. Payroll expense increased by 6% in 2018.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the operating fund of the District. At the end of the current fiscal year, total fund balance was \$179,049 and is unrestricted. This increase in fund balance is partly due to the refinancing of the bond. The unrestricted fund balance of \$179,049 represents a positive amount of total General Fund revenue over expenditures.

General Fund Budgetary Highlights

The District staff develops a working budget prior to the beginning of each fiscal year. This working budget is based on District goals of what programs to fund, capital projects and purchases desired, program fee structures, estimates of State revenues and grants availability, historical operating expenses and desired cash reserves and fund balance. The working budget is presented to the Board of Commissioners. The District staff use this budget to guide operations throughout the fiscal year.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

General Fund Budgetary Highlights (continued)

The legal spending limits of the District, as well as most municipal governments, are set by the appropriation budget. The appropriation budget is also developed by District staff, taking into account the maximum acceptable spending for operations and other possible contingencies. The appropriation budget is passed via ordinance of the Board of Commissioners in accordance with State statutes. The Board may vote to transfer appropriated amounts between departments or line items as needed during the year. However, there are very few remedies, as described in State statutes, if the total appropriation amount needs to be raised or lowered.

During the fiscal year 2018 there was no changes in overall appropriation amounts between the original and final appropriation budget.

In the General Fund, the District under spent \$286,000 of the total \$1,646,000 budgeted and received \$549,000 less in revenues than budgeted. General government expenses in the General Fund were \$46,000 over budget. Recreation expenses were \$66,000 under budget. Capital expenditures were \$266,000 under budget. There were no changes in department structure from the prior year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$1,099,718 (net of accumulated depreciation). This investment in capital assets includes land, park improvements, recreation equipment, buildings, vehicles, office equipment, safety and security equipment, and maintenance equipment. This amount represents a net increase (including additions and deductions) of just over \$436,000 over last year. The following statement of capital assets, net of depreciation, lists the capital assets for the government activities.

Net Capital Assets as of June 30, 2018 and 2017

	Governmental activities	
	2018	2017
Land	\$ 147,277	\$ 147,277
Park improvements	540,592	167,773
Buildings	170,687	182,865
Vehicles	54,954	31,749
Equipment	186,208	133,724
	\$1,099,718	\$ 663,388

Additional information about the District's capital assets can be found in Note 3 in the Notes to Financial Statements section of this report.

**MARION PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018**

Long-term debt. At the end of the current fiscal year, the District had long-term debt outstanding of \$895,000 with a 19-year payback schedule, the first payment being due in December 2017. The district also has \$13,603 of compensated absences payable and a pension liability in the amount of \$152,336.

The District's total debt increased by \$41,000 (4.5%) during the current fiscal year. Additional information about the District's long-term debt can be found in Notes 3 and 4 in the Notes to Financial Statements section of this report.

Economic Factors and Next Year's Budgets and Rates

The equalized assessed value (EAV) of taxable property in the District for 2017 levy year was \$323,377,805 which represents one-third of market value. Residential and commercial properties represent 97% of the EAV for the 2017 levy year. The assessed value increased .5% from 2016. In the past 5 years the District's assessed valuation has increased by 6%.

In a good economy, the assessed valuation increases each year, helping to offset the property tax cap limits imposed by the Property Tax Extension Limitation Law. This law limits the increase in the District's annual property tax levy to the lesser of 5% or the increase in the national Consumer Price Index, plus any new or improved property within the District boundaries. Property taxes account for approximately 73% of the District's operating revenues. The District does not receive any state or local sales tax.

The focus for budget year 2018-2019 will be continuing the steps in implementing the District's strategic plan, along with ensuring that with the current economic conditions, we are fiscally prudent in projecting revenue, and that budgeted expenses are conservative. The intent of the budget is to maintain our current level of standards and service, while taking a critical look at existing services in regard to trends, redundancy, efficiencies, and cost. Staff has made a recommitment to core programs and services, making sure that tax dollars are being spent where the need is greatest.

There are currently no known contingencies that would force a major change in the District's budgeting, spending, or taxation.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Marion Park District, 519 Parish Avenue, Marion, Illinois 62959.

BASIC FINANCIAL STATEMENTS

MARION PARK DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 417,575	\$ 20,870	\$ 438,445
Receivables, net:			
Property tax	907,204	-	907,204
Replacement tax	3,371	-	3,371
Other	-	-	-
Prepaid Insurance	35,533	-	35,533
Due from other funds	-	-	-
Bond Issue Costs, net of amortization	45,488	-	45,488
Capital assets, non-depreciable	534,056	-	534,056
Capital assets, net of accumulated depreciation	565,662	103,925	669,587
TOTAL ASSETS	2,508,889	124,795	2,633,684
DEFERRED OUTFLOWS			
Deferred outflows for pension expense	84,748	-	84,748
LIABILITIES			
Accounts payable	52,840	4,870	57,710
Accrued payroll	15,575	6,432	22,007
Accrued vacation payable	13,603	-	13,603
Accrued expenses	12,484	808	13,292
Long-term liabilities, due within one year:			
Bonds	41,000	-	41,000
Due in more than one year:			
Bonds	854,000	-	854,000
Pension	152,336	-	152,336
TOTAL LIABILITIES	1,141,838	12,110	1,153,948
DEFERRED INFLOWS			
Pension	111,542	-	111,542
Unavailable property taxes	911,002	-	911,002
TOTAL DEFERRED INFLOWS	1,022,544	-	1,022,544
NET POSTION			
Investments in capital assets	250,206	103,925	354,131
Unrestricted	179,049	8,760	187,809
TOTAL NET POSITION	\$ 429,255	\$ 112,685	\$ 541,940

MARION PARK DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 343,979	\$ -	\$ 2,028	\$ 200,000	\$ (141,951)	\$ -	\$ (141,951)
Recreation	486,116	-	-	-	(486,116)	-	(486,116)
Interest on debt Service	21,857	-	-	-	(21,857)	-	(21,857)
Total governmental activities	851,952	-	2,028	200,000	(649,924)	-	(649,924)
Business-type activities:							
Swimming Pool	128,178	31,063	-	-	-	(97,115)	(97,115)
Total business-type activities	128,178	31,063	-	-	-	(97,115)	(97,115)
Totals	\$ 980,130	\$ 31,063	\$ 2,028	\$ 200,000	\$ (649,924)	\$ (97,115)	\$ (747,039)
General Revenues							
Taxes:							
Property Taxes					857,574		857,574
Replacement Taxes					19,787		19,787
Concession Sales					-	3,944	3,944
Renal Income					19,817		19,817
Investment Income					1,726	1	1,727
Miscellaneous					11,040	1,709	12,749
Contributions					27,526	3,500	31,026
Transfers					(63,742)	63,742	-
Total General Revenue					873,728	72,896	946,624
Change in Net Position					223,804	(24,219)	199,585
Net Position, Beginning of Year					205,451	136,904	342,355
Net Position, End of Year					\$ 429,255	\$ 112,685	\$ 541,940

See accompanying notes to financial statements.

**MARION PARK DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2018**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 417,575
Receivables	
Property taxes	907,204
Replacement Tax	3,371
Other	-
Prepaid Insurance	35,533
Due from Pool Fund	-
	-
TOTAL ASSETS	1,363,683
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows for pension	84,748
	84,748
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,448,431
LIABILITIES	
Accounts payable	52,840
Accrued payroll	15,575
Accrued vacation payable	13,603
Accrued expenses	12,484
	12,484
TOTAL LIABILITIES	94,502
DEFERRED INFLOWS OF RESOURCES	
Pension	111,542
Unavailable taxes	911,002
Total Deferred Inflows	1,022,544
FUND BALANCE	
Unassigned fund balance	331,385
	331,385
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,448,431

See accompanying notes to financial statements.

MARION PARK DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO
THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

JUNE 30, 2018

Total Fund balances of Governmental funds	\$	331,385
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not Current Financial Resources and, therefore, are not reported in the Governmental Funds.		1,145,206
Long-term Liabilities, including bonds and pension that are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		<u>(1,047,336)</u>
Net Position of Governmental Activities	\$	<u>429,255</u>

MARION PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 857,574
Replacement Taxes	19,787
Contributions	27,526
Interest	1,726
Rent	19,817
Non-Government Grant Income	202,028
Miscellaneous	<u>11,040</u>
TOTAL REVENUES	<u>1,139,498</u>
EXPENDITURES	
General Government	440,345
Recreation	421,942
Debt Service:	
Principal	41,000
Interest and other charges	21,857
Capital outlay	<u>503,311</u>
TOTAL EXPENDITURES	<u>1,428,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(288,957)
OTHER FINANCING SOURCES (USES)	
Transfers Out	<u>(63,742)</u>
NET OTHER FINANCING SOURCES (USES)	<u>(63,742)</u>
NET CHANGE IN FUND BALANCE	(352,699)
FUND BALANCE, BEGINNING OF YEAR	<u>684,084</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 331,385</u></u>

See accompanying notes to financial statements.

MARION PARK DISTRICT

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

Net change in Fund Balance, Total Governmental Funds	\$	(352,698)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		503,311
The increase/decrease in long-term pension liability is reported in the Government-Wide Statement of Activities and changes in Net Position, but they do not provide current financial resources. Therefore, increases in pension liability are not reported as expenses in governmental funds.		101,890
Bond proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. The repayment of long-term debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded repayments		41,000
Depreciation expense on capital assets is reported in the Government- Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds.		<u>(69,699)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>223,804</u>

**MARION PARK DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

	Swimming Pool Fund
ASSETS	
Cash and cash equivalents	\$ 20,870
Receivables	-
Total current assets	20,870
Capital assets, net of accumulated depreciation	103,925
TOTAL ASSETS	\$ 124,795
DEFERRED OUTFLOWS OF RESOURCES	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 124,795
LIABILITIES	
Accounts payable	4,870
Accrued payroll	6,432
Accrued expenses	808
Due to general fund	-
TOTAL LIABILITIES	12,110
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Unrestricted	112,685
TOTAL NET POSITION	\$ 112,685

See accompanying notes to financial statements.

**MARION PARK DISTRICT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2018**

	Swimming Pool Fund
OPERATING REVENUES	
Service Charges	\$ 31,063
Concession Sales	3,944
Miscellaneous	5,209
TOTAL OPERATING REVENUES	40,216
OPERATING EXPENSES	
Personnel Services	43,127
Contractual services	2,673
Utilities	17,139
Repairs and maintenance	14,295
Other Supplies and Expenses	9,272
Insurance	41,672
Depreciation	-
TOTAL OPERATING EXPENSES	128,178
OPERATING INCOME (LOSS)	(87,962)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1
Rental Income	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	1
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(87,961)
TRANSFERS IN (OUT)	63,742
CHANGE IN NET POSITION	(24,219)
NET POSITION, BEGINNING OF YEAR	136,904
NET POSITION, END OF YEAR	\$ 112,685

See accompanying notes to financial statements.

**MARION PARK DISTRICT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2018**

	Swimming Pool Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 40,616
Payments to employees	(41,316)
Payments to suppliers of goods and services	(40,204)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(40,904)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net operating transfers	57,631
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	57,631
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(10,039)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED Financing activities	(10,039)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	-
Rental Income	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,688
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,182
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 20,870
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (loss)	\$ (87,962)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	41,672
(Increase) decrease in Accounts Receivable	400
Increase (decrease) in accounts payable	3,064
Increase (decrease) in accrued payroll	1,811
Increase (decrease) in accrued expenses	111
Total adjustments	47,058
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (40,904)

See accompanying notes to financial statements.

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies

The financial statements of the Marion Park District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (herein after referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The Marion Park District was established on July 15, 1957, as a separate unit of local government. It is governed by a five-member Board of Commissioners elected to four-year terms in biennial public elections. The District is composed of seven parks and a swimming pool facility designed to help meet the leisure needs of the people in the Marion, Illinois area. The accompanying financial statements include only those funds of the District, as the District has concluded that no entities meet the criteria for inclusion as a component unit. Likewise, the District is not required to be included as a component unit of any other entity.

B. Fund Accounting

The District uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District's funds are classified into the following categories: governmental and proprietary.

Governmental funds are used to account for all or most of a District's general activities, including collection and disbursement of restricted, committed or assigned monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of general capital assets (capital projects funds) and the funds restricted, committed or assigned for the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financials administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds).

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies (continued)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Contributions of land, if any, are reported as general revenues – contributions on the statement of activities.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all resources of the general government, except those accounted for in another fund. Revenues of the General Fund are primarily property and other taxes. Expenditures relate primarily to general administration and maintenance activities.

The District reports the following major proprietary fund:

The Swimming Pool Fund accounts for the operations of the swimming pool. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance and related debt service (if any).

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers receipts within 60 days of year-end to be available. The District recognizes property taxes when they become both measurable and available in the year intended to finance. Property taxes, corporate personal property replacement taxes, charges for services, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related liability is incurred. Principal and interest on general obligation long-term debt is recorded when payment is due.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit at financial institutions, and non-negotiable certificates of deposit.

F. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect on outstanding balances.

G. Property Taxes

The District's property taxes are required to be levied by ordinance. A certified copy of the levy ordinance must be filed with the county clerk no later than the last Tuesday in December of each year. Tax bills are prepared by the County and issued on or about June 1 and are payable in two installments, on or about July 1 and September 1. The County collects such taxes and remits them periodically to the District.

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies (continued)

G. Property Taxes (continued)

Property taxes are recognized as revenue in the year intended to finance, regardless of when collected. The 2017 taxes are intended to finance the 2019 fiscal year and are not considered available for current operations and are, therefore, shown as a deferred inflow (unavailable or unearned revenue). The 2018 tax levy has not been recorded as a receivable at June 30, 2018. Although the tax attached as a lien on property as of January 1, 2018, the tax will not be levied until December 2018 and accordingly, is not measurable at June 30, 2018.

H. Capital Assets

Capital assets, which include property, buildings and improvements, vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets having a useful life greater than one year. Equipment with an initial individual cost at or above \$2,500, buildings and improvements with an initial individual cost at or above \$2,000, land improvements and infrastructure with an initial individual cost at or above \$3,500, and land of any value are capitalized. Software purchases with an initial individual cost at or above \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is calculated on all capital assets other than land using the straight-line method over the following estimated useful lives:

Infrastructure	15-40 years
Buildings and improvements	15-40 years
Vehicles and equipment	5-20 years

I. Fund Balance

In the fund financial statements, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

1. Nonspendable includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items. The District has no nonspendable fund balances at June 30, 2018.

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies (continued)

I. Fund Balance (continued)

2. Restricted refers to the amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specific purposes. The District has no restricted fund balances at June 30, 2018.
3. Committed refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Commissioners). The Board of Commissioners commits fund balances by passing a resolution or ordinance. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. The District has no committed fund balances at June 30, 2018.
4. Assigned refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Director of Parks and Recreation. The District has no assigned fund balances at June 30, 2018.
5. Unassigned refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

J. Net Position

Net investment in capital assets represents the District's total investment in capital assets, net accumulated depreciation and related debt.

Restricted net position includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when they are needed.

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies (continued)

J. Net Position (continued)

Unrestricted net position is all other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

K. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay sick leave amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements.

L. Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2018, the District's unavailable property taxes and pension are reported as deferred inflows of resources.

M. Use of Estimates

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

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

2. Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2018:

<u>Governmental Activities</u>	<u>Balance as of June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of June 30, 2018</u>
Capital Assets Not Being Depreciated:				
Land	\$ 147,277	\$ -	\$ -	\$ 147,277
Construction in Progress	-	386,779	-	386,779
Capital Assets Being Depreciated:				
Park Improvements	271,218	-	-	271,218
Buildings	285,245	-	-	285,245
Motor Vehicles	77,874	35,960	-	113,834
Office Equipment	27,011	1,292	-	28,303
Maintenance Equipment	120,723	18,583	-	139,306
Recreation Equipment	230,178	59,204	-	289,382
Safety and Security Equipment	44,374	1,493	-	45,867
Total Capital Assets	<u>1,203,900</u>	<u>503,311</u>	<u>-</u>	<u>1,707,211</u>
Less Accumulated Depreciation for:				
Park Improvements	103,445	13,960	-	117,405
Buildings	102,380	12,178	-	114,558
Vehicles	46,125	12,755	-	58,880
Equipment	288,562	28,088	-	316,650
Total Accumulated Depreciation	<u>540,512</u>	<u>66,981</u>	<u>-</u>	<u>607,493</u>
Governmental Activities Capital Assets, Net	<u>\$ 663,388</u>			<u>\$ 1,099,718</u>

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

2. Capital Assets (continued)

<u>Business-Type Activities</u>	<u>Balance as of June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of June 30, 2018</u>
Building	\$ 104,947	\$ -	\$ -	\$ 104,947
Grounds Improvements	9,285	-	-	9,285
Furniture and Fixtures	10,465	-	-	10,465
Swimming Pool	675,152	10,039	-	685,191
Pool Equipment	47,046	-	-	47,046
 Total Capital Assets	 846,895	 10,039	 -	 856,934
Less Accumulated Depreciation	<u>711,337</u>	<u>41,672</u>	<u>-</u>	<u>753,009</u>
 Business-Type Activities Capital Assets, Net	 <u>\$ 135,558</u>			 <u>\$ 103,925</u>

3. Changes in Long-Term Debt

The following is a summary of changes in the District's long-term debt for the year ended June 30, 2018:

	<u>June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2017</u>	<u>Due within one year</u>
General obligation bonds	\$ 936,000	\$ -0-	(\$ 41,000)	\$ 895,000	\$ 41,000

4. General Obligation Bonds

On September 12, 2016, the District issued \$936,000 of general obligation park limited bonds to provide funds: (1) to current refund the District's outstanding General Obligation Bonds (Limited Tax), Series 2006 (the "Refunding"), (2) finance the costs of certain capital projects (the "Project"); and (3) pay for capitalized interest through June 15, 2017 on a portion of the interest due, and (4) pay costs of issuance of the Bond. The Bonds are issued as fully register bonds, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York, in \$1,000 denomination or integral multiples thereof. These bonds mature serially on December 15 of each of the calendar years 2017-2035 in amounts ranging from \$41,000 - \$62,000, and bearing interest ranging from 1.250 percent to 2.60 percent payable each June 15 and December 15 annually. The bond principal of \$936,000 and interest of \$253,983 will be paid from property taxes levied specifically for this bond repayment.

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

4. General Obligation Bonds (continued)

Aggregate future principal maturities and interest payments required on these bonds are as follows at June 30, 2018:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	41,000	21,344	62,344
2020	42,000	20,826	62,826
2021	42,000	20,185	62,185
2022	43,000	19,420	62,420
2023	44,000	18,637	62,637
2024-2028	235,000	78,114	313,114
2029-2033	268,000	45,655	313,655
2034-2036	<u>180,000</u>	<u>7,945</u>	<u>187,945</u>
	<u>\$ 895,000</u>	<u>\$ 232,126</u>	<u>\$ 1,127,126</u>

There are a number of limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

5. Interfund Transfers

Interfund transfers for pool operations made during the year ended June 30, 2018 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers out</u>
General	\$ ---	\$ 63,742
Swimming Pool	<u>63,742</u>	<u>---</u>
	<u>\$ 63,742</u>	<u>\$ 63,742</u>

6. Defined Benefit Pension Plan

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

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

6. Defined Benefit Pension Plan (continued)

Benefits Provided:

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

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

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

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

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

6. Defined Benefit Pension Plan (continued)

Employees Covered by Benefit Terms:

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	4
Inactive Plan Members entitled to but not yet receiving benefits	2
Active Plan Members	7
Total	<u>13</u>

Contributions:

As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2017 was 10.64 percent. The required contribution for calendar year 2017 was \$37,057. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability:

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

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

6. Defined Benefit Pension Plan (continued)

Actuarial Assumptions:

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2018 (base year 2015). The IMRF specific rates were developed from the RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base Year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

6. Defined Benefit Pension Plan (continued)

Single Discount Rate:

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

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

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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

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

Changes in the Net Pension Liability:

	<u>(A)</u>	<u>(B)</u>	<u>(A)-(B)</u>
Balances as of December 31, 2016	\$ 1,119,737	\$ 865,511	254,226
Changes for the Year:			
Service Cost	32,273	-	32,273
Interest on the Total Pension Liability	82,785	-	82,785
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual			
Experience of the Total Pension Liability	13,960	-	13,960
Changes of Assumptions	(40,341)	-	(40,341)
Contributions- Employer	-	37,057	(37,057)
Contributions- Employees	-	15,673	(15,673)
Net Investment Income	-	154,899	(154,899)
Benefit Payments, Including Refunds			
of Employee Contributions	(64,134)	(64,134)	-
Other (Net Transfer)	-	(17,062)	17,062
Net Changes	<u>24,543</u>	<u>126,433</u>	<u>(101,890)</u>
Balances at December 31, 2017	<u>\$ 1,144,280</u>	<u>\$ 991,944</u>	<u>\$ 152,336</u>

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

6. Defined Benefit Pension Plan (continued)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.5 percent as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	<u>1% Lower</u>	<u>Current Discount</u>	<u>1% Higher</u>
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 323,221	\$ 152,336	\$ 13,498

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

For the year ended June 30, 2018, the employer recognized pension expense of \$63,534. At June 30, 2018, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Deferred Amounts Related to Pensions</u>		
<i>Deferred Amounts Related to be Recognized in Pension Expense in Future Periods</i>		
Differences Between Expected and Actual Experience	\$ 33,937	\$ 3,731
Changes of Assumptions	5,172	34,969
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>28,281</u>	<u>72,842</u>
Total Deferred Amounts to Recognized Pension Expense in Future Periods	<u>67,390</u>	<u>111,542</u>
<i>Pension Contributions Made Subsequent to the Measurement Date</i>	<u>17,358</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 84,748</u>	<u>\$ 111,542</u>

**MARION PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

6. Defined Benefit Pension Plan (continued)

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

Year End	Net Deferred Outflows
<u>December 31</u>	<u>of Resources</u>
2018	\$ 28,364
2019	(8,246)
2020	(18,842)
2021	(22,339)
2022	(4,130)
Thereafter	<u>(1,601)</u>
Total	<u>\$ (26,794)</u>

7. Subsequent Events

Subsequent events were evaluated through December 11, 2017 which is the date the financial statements were available to be issued.

9. Deposits

At June 30, 2018, the carrying amount of the District's deposits was \$437,778 and the bank balance was \$684,168.

Custodial Credit Risk Deposits -- Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Of the bank balance, \$250,000 as covered by Federal Depository Insurance and \$434,168 was covered by collateral held in the pledging bank's trust department in the District's name.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

MARION PARK DISTRICT
SCHEDULE OF FUNDING PROGRESS
June 30, 2018

ILLINOIS MUNICIPAL RETIREMENT FUND						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	UAL as a Percentage of Covered Payroll ((b- a)/c)
12/31/2017	384,030	577,013	192,983	66.55%	348,279	55.41%
12/31/2016	285,282	512,116	226,834	55.71%	319,755	70.94%
12/31/2015	316,316	531,820	215,504	59.48%	327,945	65.71%

On a market value basis, the actuarial value of assets as of December 31, 2017 is \$437,253. On a market basis, the funded ratio would be 75.78%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Marion Park District. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

MARION PARK DISTRICT
SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2017

	2017	2016	2015	2014
Total Pension Liability				
Service Costs	\$ 32,273	\$ 32,868	\$ 29,943	\$ 31,441
Interest on the Pension Liability	82,785	78,473	76,021	66,272
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	13,960	13,449	(9,266)	67,439
Changes of Assumptions	(40,341)	(1,573)	-	24,724
Benefit Payments, Including Refunds of Employee Contributions	(64,134)	(69,504)	(61,330)	(56,601)
Net Change in Total Pension Liability	24,543	53,713	35,368	133,275
Total Pension Liability - Beginning	1,119,737	1,066,024	1,030,656	897,381
Total Pension Liability - Ending (A)	\$ 1,144,280	\$ 1,119,737	\$ 1,066,024	\$ 1,030,656
Plan Fiduciary Net Position				
Contributions - Employer	\$ 37,057	\$ 38,978	\$ 40,796	\$ 33,594
Contributions - Employees	15,673	14,389	14,758	12,494
Net Investment Income	154,899	55,004	4,002	46,993
Benefit Payments, Including Refunds of Employee Contributions	(64,134)	(69,504)	(61,330)	(56,601)
Other (Net Transfers)	(17,062)	11,436	13,725	(8,862)
Net Change in Plan Fiduciary Net Position	126,433	50,303	11,951	27,618
Plan Fiduciary Net Position - Beginning	865,511	815,208	803,257	775,639
Plan Fiduciary Net Position - Ending (B)	\$ 991,944	\$ 865,511	\$ 815,208	\$ 803,257
Net Pension Liability - Ending (A) - (B)	152,336	254,226	250,816	227,399
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.69%	77.30%	76.47%	77.94%
Covered Valuation Payroll	\$ 348,279	\$ 319,755	\$ 327,945	\$ 295,650
Net Pension Liability as a Percentage of Covered Valuation Payroll	43.74%	79.51%	76.48%	76.91%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MARION PARK DISTRICT
SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2017

Calendar Year Ended December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 35,774	\$ 33,594	\$ 2,180	\$ 277,647	12.10%
2015	40,796	40,796	-	327,945	12.44%
2016	38,978	38,978	-	319,755	12.19%
2017	37,057	37,057	-	348,279	10.64%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period Early retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERL SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%-- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011- 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compile, information is presented for those years for which information is available.

**MARION PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (WITH VARIANCES)**

YEAR ENDED JUNE 30, 2018

	<u>Budgeted amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Origin</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 870,521	\$ 870,521	\$ 857,574	(12,947)
Replacement Tax	20,000	20,000	19,787	(213)
Rent	15,750	15,750	19,817	4,067
Investment Income	700	700	1,726	1,026
Contributions	306,200	306,200	229,554	(76,646)
Loan Proceeds	469,344	469,344		(469,344)
Miscellaneous	5,900	5,900	11,040	5,140
Total Revenues	<u>1,688,415</u>	<u>1,688,415</u>	<u>1,139,498</u>	<u>(548,917)</u>
Expenditures:				
General Government	\$ 325,397	\$ 325,397	\$ 371,278	\$ 45,881
Recreation	487,936	487,936	421,942	(65,994)
Debt Service	62,888	62,888	62,857	(31)
Capital Outlay	769,444	769,444	503,311	(266,133)
Total Expenditures	<u>\$ 1,645,665</u>	<u>\$ 1,645,665</u>	<u>\$ 1,359,388</u>	<u>\$ (286,277)</u>
Excess (deficiency) of revenues over expenditures			(219,890)	
Other financing sources (uses):				
Transfers in (out)			(63,742)	
Net change in fund balances			<u>\$ (283,632)</u>	

MARION PARK DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

Budgets and Budgetary Basis of Accounting

The District annually passes a budget and appropriations ordinance which includes all fund types using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This budget and appropriations ordinance is prepared in accordance with state law which requires a public hearing and making the tentative budget and appropriation ordinance available for public inspection at least 30 days prior to adoption by the Board of Commissioners. Each fund's appropriations are prepared on a detailed line item basis. The Secretary-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Commissioners.

All unexpended balances of the appropriation for the year ended June 30, 2018 and prior years have been specifically re-appropriated for the same general purposes for which they were originally made, and may be expended in making up any insufficiency of any other items provided in the appropriation ordinance, thus making the appropriation in accordance with applicable law.

The following fund had an excess/ (deficit) of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year:

Fund	Excess/ (Deficit)
General	\$ 286,277
Swimming Pool	\$ (48,828)

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

	Actual on GAAP basis	Adjustment to appropriated basis	Actual on appropriated basis
Expenditures:			
General government	\$ 440,345	\$ (69,067)	\$ 371,278
Recreation	421,942	---	421,942
Debt service	62,857	---	62,857
Capital outlay	503,311	---	503,311
Total expenditures	\$ 1,428,455	\$ (62,067)	\$ 1,359,388

**STATISTICAL
SECTION**

MARION PARK DISTRICT
TAX EXTENSIONS, RATES AND COLLECTIONS
FOR TAX YEARS 2006 – 2016

	<u>Tax extensions</u>	<u>Tax rates</u>	<u>Collections</u>	<u>Equalized valuation</u>
2006 tax levy collected during fiscal year ended June 30, 2008	562,831	.20243	564,569	278,037,138
2007 tax levy collected during fiscal year ended June 30, 2009	602,688	.19343	603,094	311,579,339
2008 tax levy collected during fiscal year ended June 30, 2010	638,952	.20986	637,016	304,465,966
2009 tax levy collected during fiscal year ended June 30, 2011	647,102	.20972	647,350	308,555,357
2010 tax levy collected during fiscal year ended June 30, 2012	671,238	.22638	675,321	296,509,298
2011 tax levy collected during fiscal year ended June 30, 2013	695,660	.22830	696,410	304,712,891
2012 tax levy collected during fiscal year ended June 30, 2014	738,912	.24323	737,926	303,791,523
2013 tax levy collected during fiscal year ended June 30, 2015	766,168	.25279	765,518	303,084,667
2014 tax levy collected during fiscal year ended June 30, 2016	799,376	.26473	799,376	301,959,059
2015 tax levy collected during fiscal year ended June 30, 2017	828,809	.26575	829,560	311,875,629
2016 tax levy collected during fiscal year ended June 30, 2018	867,520	.26955	855,430	321,840,405

MARION PARK DISTRICT
COUPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2018

Equalized assessed valuation, 2016 tax year	<u>\$ 321,840,405</u>
Statutory debt limitation - 2.875 % of equalized assessed valuation	\$ 9,252,912
Amount of debt applicable to debt limit: General obligation bonds payable, park improvements	<u>(895,000)</u>
Legal debt margin	<u>\$ 8,357,912</u>