

**City of Marion, Iowa
Annual Report**

Submitted January 25, 2019



**Financial Information and Operating Data
Pursuant to Securities and Exchange Commission Rule 15c2-12
For the Fiscal Year Ended June 30, 2018**

**General Obligation
CUSIP Base: 569611**

**General Obligation Certificates of Participation
CUSIP Base: 569611**

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IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The assessments finalized as of January 1 of each year are applied to the following fiscal year. The 2017 final Actual Values were adjusted by the Linn County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2017, the Taxable Value rollback rate was 55.6209% of Actual Value for residential property; 54.4480% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property, 78.7500% of Actual Value for multiresidential property, and 100% of Actual Value for utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for most classes of property to 3% annually; utility taxable valuation growth is limited to 8%. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, multiresidential, agricultural and commercial valuations are as follows:

<u>Assessment Year</u>	<u>Fiscal Year</u>	<u>Residential</u>	<u>Multiresidential</u>	<u>Ag Land & Buildings</u>	<u>Commercial</u>
2013	2014-15	54.4002	n.a.	43.3997	95.0000
2014	2015-16	55.7335	n.a.	44.7021	90.0000
2015	2016-17	55.6259	86.2500	46.1068	90.0000
2016	2017-18	56.9391	82.5000	47.4996	90.0000
2017	2018-19	55.6209	78.7500	54.4480	90.0000



1/1/2017 VALUATIONS (Taxes Payable July 1, 2018 through June 30, 2019)

Class of Property	100% Actual Value	Taxable Value (With Rollback)
Residential	\$2,226,273,181	\$1,211,006,244
Multiresidential	52,096,651	40,035,608
Commercial	290,791,844	257,324,863
Industrial	21,407,442	18,808,556
Utilities w/o Gas & Electric	4,092,763	4,092,763
Gross Valuation	\$2,594,661,881	\$1,531,268,034
Less Military Exemption	<u>(3,244,304)</u>	<u>(3,244,728)</u>
Net Valuation	\$2,591,417,577	\$1,528,025,306
TIF Increment (used to compute debt service levies and constitutional debt limit)	\$114,561,372	\$114,561,372
Taxed Separately:		
Ag. Land & Buildings ¹	\$6,327,105	\$3,436,905
Gas & Electric Utilities	\$71,962,554	\$13,965,674

2017 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY²

	Taxable Valuation	Percent Total
Residential	\$1,211,006,244	78.37%
Multiresidential	\$40,035,608	2.59%
Commercial, Industrial, Utility	280,226,182	18.13%
Utilities – Gas & Electric	<u>13,965,674</u>	<u>0.90%</u>
Total Gross Taxable Valuation With Utilities	\$1,545,233,708	100.00%

¹ Excludes 17,745 of TIF ag land valuation.

² Before military exemption, and exclusive of ag land, ag buildings, and taxable TIF increment.



TREND OF VALUATIONS

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, TIF Increment, and Gas & Electric Utilities. The Net Taxable Valuations, with the rollback and after the reduction of military exemption include Gas & Electric Utilities, but exclude Ag. Land & Buildings and Taxable TIF Increment. Iowa cities certify operating levies against Net Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Net Taxable Valuations including the Taxable TIF Increment.

<u>Year</u>	<u>Payable</u> <u>Fiscal Year</u>	<u>100%</u> <u>Actual Valuation</u>	<u>Net</u> <u>Taxable Valuation</u> <u>(With Rollback)</u>	<u>Taxable</u> <u>TIF Increment</u>
2013	2014-15	\$2,345,489,794	\$1,359,151,706	\$43,521,300
2014	2015-16	2,415,076,697	1,372,567,499	77,686,319
2015	2016-17	2,506,609,781	1,393,433,278	103,565,885
2016	2017-18	2,593,503,769	1,483,739,838	89,797,369
2017	2018-19	2,784,268,608	1,541,990,980	114,561,372

U.S. CENSUS DATA

Census	Population
1990	20,403
2000	26,294
2010	34,768

Source: U.S. Census Bureau.

PUBLIC FUNDS INVESTMENTS

As of December 31, 2018, the City held investments in the following amounts:

Investment	Deposit Amount
Non Marketable CD	\$0
Local Bank Time Deposits	0
Money Market Deposits	47,984,344
Marketable Securities	<u>12,482,816</u>
Total	\$60,467,160



LARGER TAXPAYERS

The table below represents fifteen larger taxpayers in the City of Marion (“the City”), based on tax entity, not based on ownership. A listing of aggregate holdings based on ownership may vary to some extent.

<u>Taxpayer</u>	<u>Property Type</u>	<u>1/1/2017 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Menard Inc	Commercial/Retail	\$16,332,390	0.99%
Wal-Mart Real Estate Business Trust	Commercial/Grocery/Retail	12,168,180	0.73%
Collins Square LLC	Commercial/Retail	10,925,100	0.66%
Interstate Power & Light Co	Electric & Gas Utility	9,762,387	0.59%
JE Pense LLC	Commercial/Manufacturing	8,565,030	0.52%
Rosslare Capital Investments LLC	Commercial/Residential	6,680,581	0.40%
Marion Senior Development LLC	Commercial/Residential	6,558,694	0.40%
Azure Coop	Commercial/Residential	6,522,830	0.39%
Tama Street Properties LLC	Commercial /Office	6,084,360	0.37%
Platinum Development LLC	Commercial/Real Estate	4,890,887	0.30%

Source: Linn County Auditor’s Office



DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. For the purpose of computing the limitation, the actual value of taxable property is used; including tax increment, without application of rollback, and after the deduction of military exemption on taxable property. The debt limit for the City, based on its 2017 valuation currently applicable to the fiscal year 2018-2019 is as follows:

Fiscal Year 2019 Constitutional Debt Limit (As of January 25, 2019)	
2017 Actual Valuation of Property	\$2,787,512,912
Less: Military Exemption	<u>(3,244,304)</u>
Net Valuation	\$2,784,268,608
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$139,213,430
Less: General Obligation Debt	(54,050,000)
Less: Tax Increment Revenue Debt ³	<u>(56,713)</u>
Constitutional Debt Margin	\$85,106,717

DIRECT DEBT

General Obligation Debt Paid by Property Taxes

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/25/19
02/12A	\$3,050,000	Corporate Purpose	06/28	\$2,045,000
02/12B	4,570,000	Corporate Purpose	06/23	2,445,000
11/13A COP	9,950,000	Police Building Lease	06/33	9,950,000
11/13B COP	1,700,000	Taxable Police Building Lease	06/20	800,000
01/14A	6,575,000	Corporate Purpose	06/29	5,690,000
09/17A	6,840,000	Corporate Purpose	06/37	6,840,000
10/17B	3,510,000	Refunding	06/25	3,100,000
04/18A	3,235,000	Corporate Purpose	06/31	<u>3,235,000</u>
Subtotal				\$34,105,000

³ Balance of appropriation for FY19 based on estimated payments for a tax increment revenue bond in a total par amount not to exceed \$4.5 million.



General Obligation Debt Abated by Tax Increment

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/25/19
02/12A	\$6,220,000	Urban Renewal	06/28	\$4,160,000
02/14B	1,065,000	Urban Renewal	06/25	765,000
10/14C	2,360,000	Urban Renewal	06/25	1,940,000
02/15A	12,180,000	Urban Renewal	06/34	10,620,000
02/15B	2,565,000	Urban Renewal	06/27	1,995,000
10/17B	695,000	Urban Renewal Refunding	06/20	<u>465,000</u>
Subtotal				\$19,945,000

Total General Obligation Debt

\$54,050,000

Annual Fiscal Year Debt Service

Fiscal Year	General Obligation Debt Paid by Taxes		General Obligation Debt Abated by Tax Increment	
	Principal	Principal and Interest ⁴	Principal	Principal and Interest
2018-19	2,250,000	2,759,509	1,605,000	1,853,273
2019-20	2,595,000	3,562,594	1,640,000	2,103,945
2020-21	2,630,000	3,534,674	1,430,000	1,860,695
2021-22	2,710,000	3,545,624	1,460,000	1,863,995
2022-23	2,800,000	3,564,374	1,495,000	1,870,508
2023-24	2,385,000	3,075,030	1,530,000	1,869,520
2024-25	2,460,000	3,078,143	1,575,000	1,876,876
2025-26	2,070,000	2,612,793	1,495,000	1,757,254
2026-27	2,140,000	2,621,430	1,540,000	1,763,930
2027-28	2,230,000	2,643,230	1,330,000	1,513,150
2028-29	2,085,000	2,424,343	880,000	1,026,263
2029-30	1,545,000	1,812,868	900,000	1,019,413
2030-31	1,615,000	1,831,805	735,000	826,950
2031-32	1,370,000	1,530,530	755,000	824,900
2032-33	1,490,000	1,599,135	775,000	822,250
2033-34	415,000	466,900	<u>800,000</u>	824,000
2034-35	425,000	464,450		
2035-36	440,000	466,700		
2036-37	<u>450,000</u>	463,500		
Total	\$34,105,000		\$19,945,000	

⁴ Interest as of January 25, 2019.



OTHER DEBT

<u>Date of Issue</u>	<u>Maximum Amount</u>	<u>Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 01/25/19</u>
06/18	\$4,500,000	Tax Increment Revenue Bond	06/33	\$2,499,934 ⁵

In addition to the Tax Increment Revenue Bond stated above, the City entered into a guarantee agreement related to the development and construction of a baseball complex. The City has provided a guarantee, subject to annual appropriation by the City Council, of up to half of the borrower's annual principal and interest on a loan in an amount not to exceed \$2.4 million. To date, not funds have been appropriated by the City Council for payment of debt.

INDIRECT DEBT

<u>Taxing District</u>	<u>1/1/2017 Taxable Valuation⁶</u>	<u>Taxable Valuation Within City</u>	<u>Percent Applicable</u>	<u>GO Debt⁷ on 1/25/2019</u>	<u>Debt Applicable to City Residents</u>
Linn County	11,690,602,869	\$1,679,939,632	14.37%	\$37,855,000	\$5,439,764
Cedar Rapids CSD	5,908,190,205	28,359,313	0.48%	8,280,000	39,744
Linn Mar CSD	2,184,255,528	1,190,419,263	54.50%	42,945,000	23,405,025
Marion CSD	489,782,329	461,276,997	94.18%	7,275,000	6,851,595
Kirkwood					
Community College	26,397,353,063	1,681,511,390	6.37%	157,133,028	<u>10,009,374</u>
Total Applicable Indirect Debt					\$45,745,502

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value \$2,784,268,608</u>	<u>Debt/38,023 Population</u>
Direct General Obligation Debt	\$54,050,000	1.941%	\$1,421.51
Indirect General Obligation Debt	<u>45,745,025</u>	<u>1.643%</u>	<u>1,203.10</u>
Combined Debt	\$99,795,025	3.584%	\$2,624.61

⁵ Outstanding amount represents funds drawn to date.

⁶ Includes Taxable TIF Increment, Ag Land & Buildings, and Utilities.

⁷ Based on publically available data. School district figures exclude Sales and Service Tax Revenue Bonds.



LEVIES AND TAX COLLECTIONS

Fiscal Year	Taxes Levied	Taxes Collected	Collections as a % of Levies
2014-15	17,953,923	18,269,237	101.76%
2015-16	18,835,845	19,399,893	102.99%
2016-17	19,287,872	19,982,211	103.60%
2017-18	20,770,148	21,522,636	103.62%
2018-19	21,982,413	--in process of collection--	

TAX RATES

Taxing District	FY 2014/15 \$/\$1,000	FY 2015/16 \$/\$1,000	FY 2016/17 \$/\$1,000	FY 2017/18 \$/\$1,000	FY 2018/19 \$/\$1,000
City Levies:					
General	\$8.10000	\$8.10000	\$8.10000	\$8.10000	\$8.10000
Outside \$8.10000	0.48955	0.49384	0.53654	0.59362	0.60095
Debt Service	2.27887	2.29472	2.13362	2.24702	2.08103
Employee Benefits	2.26111	2.69769	3.05092	3.04879	3.34801
Emergency Levy	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.09339</u>
Total City	\$13.12953	\$13.58625	\$13.82108	\$13.98943	\$14.22338
City Ag Land	\$3.00375	\$3.00375	\$3.00375	\$3.00375	\$3.00375
All Jurisdictional Levies:					
Linn County	\$6.14191	\$6.14225	\$6.14108	\$6.14108	5.83902
City of Marion	13.12953	13.58625	13.82108	13.98943	14.22338
Cedar Rapids Schools	15.48446	15.38030	15.37507	15.37529	15.07020
Linn-Mar Schools	17.00411	17.37861	17.37723	17.37544	17.37262
Marion Schools	18.41490	18.55533	18.57839	18.01606	17.99203
County Assessor	0.36758	0.35481	0.32149	0.31890	0.29558
County Ag Extension	0.05027	0.05418	0.05166	0.05024	0.05162
Kirkwood Community College	1.05754	1.06125	1.08048	1.13174	1.20354
State of Iowa	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00310</u>	<u>0.00290</u>
Consolidated Rates:					
Cedar Rapids Schools	\$36.23459	\$36.58234	\$36.79416	\$37.00978	36.68624
Linn-Mar Schools	\$37.75424	\$38.58065	\$38.79632	\$39.00993	38.98866
Marion Schools	\$39.16503	\$39.75737	\$39.99748	\$39.65055	39.60807



LEGISLATION

During its 2013 session the Iowa Legislature enacted, and the Governor signed legislation that, among other things, reduces the limit on annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. The legislation also created a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of this legislation, local governments expect to experience reductions in property tax revenues over the next several fiscal years. The legislation includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all. The City does not expect the state replacement funding to fully address the property tax reductions resulting from the legislation during the term its bonds remain outstanding. The legislation does not limit the legal obligation of the City to pay debt service or the amount the City is required to levy for payments of debt service s; however, there can be no assurances that it will not have a material adverse impact with respect to the City's financial position.

EMPLOYEES, PENSION AND OPEB

The City has approximately 203 full-time and approximately 97 part-time employees (including seasonal and on-call employees), of which all full-time employees are enrolled in either the Iowa Public Employees Retirement System (IPERS) pension plan or the Municipal Fire and Police Retirement System of Iowa (MFPRSI) administered by the State of Iowa.

In fiscal year 2018, the City's IPERS contributions totaled \$707,409 compared to a contribution in fiscal year 2017 of \$698,972. The City's contributions to MFPRSI in fiscal year 2018 totaled \$1,503,683 compared to a contribution of \$1,475,656 in fiscal year 2017.

