

City of Marion, Iowa  
Annual Report

Submitted January 25, 2017



Financial Information and Operating Data  
Pursuant to Securities and Exchange Commission Rule 15c2-12  
For the Fiscal Year Ended June 30, 2016

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 2015 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 2015, the Taxable Value rollback rate was 55.6259% of Actual Value for residential property; 46.1068% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property, 86.2500% 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:

Assessment Year	Fiscal Year	Residential	Multiresidential	Ag Land & Buildings	Commercial
2011	2012-13	50.7518	n.a.	57.5411	100.0000
2012	2013-14	52.8166	n.a.	59.9334	100.0000
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



1/1/2015 VALUATIONS (Taxes Payable July 1, 2016 through June 30, 2017)

Class of Property	100% Actual Value	Taxable Value (With Rollback)
Residential	\$2,026,623,829	\$1,102,926,371
Multiresidential	53,476,145	45,388,195
Commercial	245,718,813	217,247,257
Industrial	13,621,763	11,836,170
Utilities w/o Gas & Electric	<u>4,753,718</u>	<u>4,753,718</u>
Gross Valuation	\$2,344,194,268	\$1,382,151,711
Less Military Exemption	<u>(3,290,867)</u>	<u>(3,287,238)</u>
Net Valuation	\$2,340,903,401	\$1,378,864,473
TIF Increment (used to compute debt service levies and constitutional debt limit)	\$103,565,885	\$103,565,885
Taxed Separately:		
Ag. Land & Buildings	\$6,863,675	\$3,164,617
Gas & Electric Utilities	\$55,276,820	\$14,568,805

2015 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

	Taxable Valuation	Percent Total
Residential	\$1,102,926,371	78.79%
Multiresidential	\$45,388,195	3.24%
Ag. Land & Ag. Buildings	\$3,164,617	0.23%
Commercial, Industrial, Utility	233,837,145	16.70%
Utilities – Gas & Electric	<u>14,568,805</u>	1.04%
Total Gross Taxable Valuation	\$1,399,885,133	100.00%



## 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.

			Net	
	Payable	100%	Taxable Valuation	Taxable
Year	Fiscal Year	Actual Valuation	(With Rollback)	TIF Increment
2011	2012-13	\$2,207,750,992	\$1,227,370,278	\$50,012,871
2012	2013-14	2,272,526,215	1,314,492,871	44,836,817
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

## 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, 2016, the City held investments in the following amounts:

Investment	Deposit Amount
Local Bank Time Deposits	\$35,762,002
Money Market Deposits	5,226,644
Marketable Securities	<u>12,573,385</u>
Total	\$53,562,031



## 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>1/1/2015 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Menard Inc	Commercial/Retail	\$15,197,490	1.02%
Wal-Mart Real Estate Business Trust	Commercial/Grocery/Retail	12,341,790	0.82%
Collins Square LLC	Commercial/Retail	10,619,910	0.71%
Interstate Power & Light Co	Electric & Gas Utility	10,164,327	0.68%
Marion Senior Development LLC	Commercial/Residential	7,777,767	0.52%
Azure Coop	Commercial/Residential	6,685,232	0.45%
Rosslare Capital Investments LLC	Commercial/Residential	6,497,097	0.43%
Tama Street Properties LLC	Commercial /Office	5,690,790	0.38%
Squaw Creek Partners LLC	Commercial/Residential	4,306,119	0.29%
Chapelridge of C R Partnership	Commercial/Residential	4,213,271	0.28%

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 2015 valuation currently applicable to the fiscal year 2016-2017 is as follows:

Fiscal Year 2017 Constitutional Debt Limit (As of January 25, 2017)	
2015 Actual Valuation of Property	\$2,509,900,648
Less: Military Exemption	(3,290,867)
Net Valuation	\$2,506,609,781
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$125,330,489
Less: Applicable General Obligation Debt	(52,555,000)
Constitutional Debt Margin	\$72,775,489

## DIRECT DEBT

### General Obligation Debt Paid by Property Taxes

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/25/17
12/09C	\$6,285,000	Corporate Purpose	12/25	\$4,140,000
02/12A	3,050,000	Corporate Purpose	06/28	2,400,000
02/12B	4,570,000	Corporate Purpose	06/23	3,355,000
03/13A	2,610,000	Refunding	06/17	370,000
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	1,465,000
01/14A	6,575,000	Corporate Purpose	06/29	6,575,000
03/15C	1,765,000	Refunding	06/18	1,195,000
Subtotal				\$29,450,000



## General Obligation Debt Abated by Tax Increment

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/25/17
12/09B	\$2,120,000	Urban Renewal	06/20	\$925,000
02/12A	6,220,000	Urban Renewal	06/28	4,880,000
02/14B	1,065,000	Urban Renewal	06/25	965,000
10/14C	2,360,000	Urban Renewal	06/25	2,220,000
02/15A	12,180,000	Urban Renewal	06/34	11,725,000
02/15B	2,565,000	Urban Renewal	06/27	<u>2,390,000</u>
Subtotal				\$23,105,000

Total General Obligation Debt \$52,555,000

## Annual Fiscal Year Debt Service

Fiscal Year	General Obligation Debt Paid by Taxes		General Obligation Debt Abated by Tax Increment	
	Principal	Principal and Interest <sup>1</sup>	Principal	Principal and Interest
2016-17	2,685,000	3,127,807	1,565,000	1,844,538
2017-18	2,500,000	3,327,744	1,580,000	2,108,351
2018-19	1,950,000	2,725,869	1,610,000	2,107,301
2019-20	2,055,000	2,783,394	1,650,000	2,114,551
2020-21	2,125,000	2,801,474	1,430,000	1,860,695
2021-22	2,200,000	2,817,249	1,460,000	1,863,995
2022-23	2,285,000	2,838,449	1,495,000	1,870,508
2023-24	1,855,000	2,341,455	1,530,000	1,869,520
2024-25	1,920,000	2,346,668	1,575,000	1,876,876
2025-26	1,465,000	1,828,668	1,495,000	1,757,254
2026-27	1,515,000	1,832,105	1,540,000	1,763,930
2027-28	1,595,000	1,860,930	1,330,000	1,513,150
2028-29	1,430,000	1,639,343	880,000	1,026,263
2029-30	875,000	1,030,718	900,000	1,019,413
2030-31	925,000	1,047,905	735,000	826,950
2031-32	980,000	1,065,905	755,000	824,900
2032-33	<u>1,090,000</u>	1,135,235	775,000	822,250
2033-34			<u>800,000</u>	824,000
Total	\$29,450,000		\$23,105,000	

<sup>1</sup> Interest as of January 25, 2017.





## INDIRECT DEBT

<u>Taxing District</u>	<u>1/1/2014 Taxable Valuation<sup>2</sup></u>	<u>Taxable Valuation Within City<sup>3</sup></u>	<u>Percent Applicable</u>	<u>GO Debt on 1/25/2017</u>	<u>Debt Applicable to City Residents</u>
Linn County	10,650,869,640	\$1,499,642,445	14.08%	\$18,435,000	\$2,595,648
Cedar Rapids CSD	5,376,253,191	27,418,891	0.51%	13,935,000	71,069
Linn Mar CSD	1,955,405,507	1,037,342,621	53.05%	42,335,000	22,458,718
Marion CSD	460,762,894	434,407,256	94.28%	8,430,000	7,947,804
Kirkwood Community College	24,144,197,855	1,499,354,687	6.21%	132,454,427	<u>8,225,420</u>
Total Applicable Indirect Debt					\$41,298,659

## DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value \$2,506,609,781</u>	<u>Debt/34,768 Population</u>
Direct General Obligation Debt	\$52,555,000	2.097%	\$1,511.59
Indirect General Obligation Debt	<u>41,298,658</u>	<u>1.648%</u>	<u>1,187.84</u>
Combined Debt	\$93,853,658	3.744%	\$2,699.43

## LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Collections as a % of Levies</u>
2012-13	16,856,338	16,961,076	100.62%
2013-14	17,394,850	17,432,884	100.22%
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	--in process of collection--	

<sup>2</sup> Includes Taxable TIF Increment, Ag Land & Buildings, and Utilities.



## TAX RATES

Taxing District	FY 2012/13 \$/\$1,000	FY 2013/14 \$/\$1,000	FY 2014/15 \$/\$1,000	FY 2015/16 \$/\$1,000	FY 2016/17 \$/\$1,000
City Levies:					
General	\$8.10000	\$8.10000	\$8.10000	\$8.10000	\$8.10000
Outside \$8.10000	0.49348	0.49019	0.48955	0.49384	0.53654
Debt Service	2.51615	2.04548	2.27887	2.29472	2.13362
Employee Benefits	<u>2.51453</u>	<u>2.52070</u>	<u>2.26111</u>	<u>2.69769</u>	<u>3.05092</u>
Total City	\$13.62416	\$13.15637	\$13.12953	\$13.58625	\$13.82108
City Ag Land	\$3.00375	\$3.00375	\$3.00375	\$3.00375	\$3.00375
All Jurisdictional Levies:					
Linn County	\$6.11191	\$6.11191	\$6.14191	\$6.14225	\$6.14108
City of Marion	13.62416	13.15637	13.12953	13.58625	13.82108
Cedar Rapids Schools	15.16089	15.47881	15.48446	15.38030	15.37507
Linn-Mar Schools	17.73099	17.26780	17.00411	17.37861	17.37723
Marion Schools	17.06215	17.45846	18.41490	18.55533	18.57839
County Assessor	0.51059	0.20364	0.36758	0.35481	0.32149
County Ag Extension	0.05019	0.05000	0.05027	0.05418	0.05166
Kirkwood Community College	1.07888	1.06473	1.05754	1.06125	1.08048
State of Iowa	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>
Consolidated Rates:					
Cedar Rapids Schools	\$36.53992	\$36.06876	\$36.23459	\$36.58234	\$36.79416
Linn-Mar Schools	\$39.11002	\$37.85775	\$37.75424	\$38.58065	\$38.79632
Marion Schools	\$38.44118	\$38.04841	\$39.16503	\$39.75737	\$39.99748



## LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt: “The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding the applicable period of time specified in section 76.1. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.” Iowa Code section 76.1 provides that the annual levy shall be sufficient to pay the interest and approximately such portion of the principal of the bonds as will retire them in a period not exceeding twenty years from the date of issue, except for certain bonds issued for disaster purposes and bonds issued to refund or refinance bonds issued for such disaster purposes which may mature and be retired in a period not exceeding thirty years from date of issue.

2013 Property Tax Legislation: During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 (“SF 295”). Among other things, SF295 limits annual assessed value growth with respect to residential and agricultural property (from 4% to 3%), reduces 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. SF295 also creates a new classification for multiresidential properties (which were previously taxed as commercial properties), and assigns an incremental rollback percentage over several years for such multiresidential properties, such that the rollback determination will match that for residential properties in the 2022 assessment year. As a result of SF 295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF 295 includes state-funded replacement 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. The City does not expect the state replacement funding to fully address the property tax reductions resulting from SF 295.

