

**City of Marion, Iowa  
Annual Report**

Submitted January XX, 2020



**Financial Information and Operating Data  
Pursuant to Securities and Exchange Commission Rule 15c2-12  
For the Fiscal Year Ended June 30, 2019**

**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 2018 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 2018, the Taxable Value rollback rate was 56.9180% of Actual Value for residential property; 56.1324% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property, 75.0000% 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 &amp; Buildings</u>	<u>Commercial</u>
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
2018	2019-20	56.9180	75.0000	56.1324	90.0000

## 1/1/2018 VALUATIONS (Taxes Payable July 1, 2019 through June 30, 2020)

Class of Property	100% Actual Value	Taxable Value (With Rollback)
Residential	\$2,303,748,485	\$1,286,790,691
Multiresidential	60,545,117	44,210,544
Commercial	301,373,084	266,684,488
Industrial	21,131,486	18,539,158
Utilities w/o Gas & Electric	4,216,326	4,216,326
Gross Valuation	\$2,691,014,498	\$1,620,441,207
Less Military Exemption	<u>(3,209,708)</u>	<u>(3,209,708)</u>
Net Valuation	\$2,687,804,790	\$1,617,231,499
TIF Increment (used to compute debt service levies and constitutional debt limit)	\$111,866,538	\$111,866,538
Taxed Separately:		
Ag. Land & Buildings <sup>1</sup>	\$6,263,480	\$3,477,434
Gas & Electric Utilities	\$91,126,224	\$13,052,378

## 2018 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY<sup>2</sup>

	Taxable Valuation	Percent Total
Residential	\$1,286,790,691	78.78%
Multiresidential	44,210,544	2.71%
Commercial, Industrial, Utility	289,439,972	17.72%
Utilities – Gas & Electric	<u>13,052,378</u>	<u>0.80%</u>
Total Gross Taxable Valuation With Utilities	\$1,633,493,585	100.00%

<sup>1</sup> Excludes 87,545 of TIF ag land valuation.

<sup>2</sup> 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>
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
2018	2019-20	2,897,061,032	1,630,283,877	111,866,538

## U.S. CENSUS DATA

<u>Census</u>	<u>Population</u>
1990	20,403
2000	26,294
2010	34,768
2016 Special Census	38,023

Source: U.S. Census Bureau.

## PUBLIC FUNDS INVESTMENTS

As of December 31, 2019, the City held investments in the following amounts:

<u>Investment</u>	<u>Deposit Amount</u>
Money Market Deposits	\$60,339,200
Marketable Securities	<u>12,453,382</u>
Total	\$72,792,582



## 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>1/1/2018 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Menard Inc	Commercial/Retail	\$16,556,490	0.95%
Wal-Mart Real Estate Business Trust	Commercial/Grocery/Retail	12,168,180	0.70%
Collins Square LLC	Commercial/Retail	11,036,790	0.63%
Interstate Power & Light Co	Electric & Gas Utility	9,096,563	0.53%
JE Pense LLC	Commercial/Manufacturing	9,215,190	0.52%
Rosslare Capital Investments LLC	Commercial/Residential	6,836,447	0.39%
Marion Senior Development LLC	Commercial/Residential	6,246,375	0.38%
Azure Coop	Commercial/Residential	6,674,945	0.36%
Tama Street Properties LLC	Commercial /Office	6,084,360	0.35%
Chapelridge of CR Partnership	Commercial/Real Estate	4,721,434	0.27%
Platinum Development LLC	Commercial/Real Estate	4,709,673	0.27%
M&E Investments	Commercial	4,691,520	0.27%
Marion Senior Development LLC	Commercial/Residential	4,244,310	0.24%
De Long Development CO LLC	Commercial/Real Estate	4,105,350	0.24%
Farmers State Bank	Commercial	3,975,120	0.23%

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 2018 valuation currently applicable to the fiscal year 2019-2020 is as follows:

Fiscal Year 2020 Constitutional Debt Limit (As of January 20, 2020)	
2018 Actual Valuation of Property	\$2,900,270,740
Less: Military Exemption	<u>(3,209,708)</u>
Net Valuation	\$2,897,061,032
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$144,853,052
Less: General Obligation Debt	(61,630,000)
Less: Tax Increment Revenue Debt <sup>3</sup>	<u>(200,389)</u>
Constitutional Debt Margin	\$83,022,663

## DIRECT DEBT

### General Obligation Debt Paid by Property Taxes

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/20/20
02/12A	\$3,050,000	Corporate Purpose	06/28	\$1,865,000
02/12B	4,570,000	Corporate Purpose	06/23	1,980,000
11/13B COP	1,700,000	Taxable Police Building Lease	06/20	365,000
01/14A	6,575,000	Corporate Purpose	06/29	5,240,000
09/17A	6,840,000	Corporate Purpose	06/37	6,545,000
10/17B	3,510,000	Refunding	06/25	2,675,000
04/18A	3,235,000	Corporate Purpose	06/31	3,235,000
05/19A	5,430,000	Corporate Purpose	06/37	5,430,000
05/19C	9,570,000	Refunding	06/33	9,570,000
08/19D	6,385,000	Corporate Purpose	06/37	<u>6,385,000</u>
Subtotal				\$43,290,000

<sup>3</sup> Balance of appropriation for FY20 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 01/20/20
02/12A	\$6,220,000	Urban Renewal	06/28	\$3,790,000
02/14B	1,065,000	Urban Renewal	06/25	665,000
10/14C	2,360,000	Urban Renewal	06/25	1,795,000
02/15A	12,180,000	Urban Renewal	06/34	10,060,000
02/15B	2,565,000	Urban Renewal	06/27	1,795,000
10/17B	695,000	Urban Renewal & Refunding	06/20	235,000
05/19B	3,365,000	Urban Renewal	06/37	0 <sup>4</sup>
Subtotal				\$18,340,000

Total General Obligation Debt **\$61,630,000**

## 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>5</sup>	Principal <sup>6</sup>	Principal and Interest
2019-20	\$2,725,000	\$3,322,216	\$1,640,000	\$1,922,448
2020-21	2,825,000	3,953,613	1,585,000	2,116,645
2021-22	2,905,000	3,959,713	1,620,000	2,120,295
2022-23	2,990,000	3,968,613	1,660,000	2,127,008
2023-24	2,675,000	3,574,569	1,700,000	2,126,070
2024-25	2,745,000	3,565,763	1,745,000	2,128,326
2025-26	2,820,000	3,559,488	1,670,000	2,008,604
2026-27	2,905,000	3,567,550	1,720,000	2,015,030
2027-28	3,000,000	3,581,238	1,515,000	1,763,850
2028-29	2,860,000	3,354,563	1,075,000	1,281,413
2029-30	2,340,000	2,750,575	1,100,000	1,273,713
2030-31	2,420,000	2,766,875	940,000	1,080,250
2031-32	2,180,000	2,460,450	970,000	1,082,050
2032-33	2,305,000	2,525,269	995,000	1,077,950
2033-34	1,345,000	1,499,831	1,030,000	1,083,100
2034-35	1,375,000	1,493,269	240,000	262,200
2035-36	1,420,000	1,500,238	245,000	260,000
2036-37	<u>1,455,000</u>	<u>1,495,950</u>	<u>255,000</u>	<u>262,650</u>
Total <sup>7</sup>	\$43,290,000	\$52,899,783	\$21,705,000	\$25,991,602

<sup>4</sup> Bonds are subject to annual appropriation; as such no bonds will be considered in the debt limit computation until FY21.

<sup>5</sup> Interest as of January 25, 2019.

<sup>6</sup> Includes the unappropriated 3.365 million Series 2019B

<sup>7</sup> Totals may not add due to rounding.





## OTHER DEBT

<u>Date of Issue</u>	<u>Maximum Amount</u>	<u>Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 01/20/20</u>
06/18	\$4,500,000	Tax Increment Revenue Bond	06/33	\$4,367,189

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.

### TIF-backed Development Agreements

From time to time the City, pursuant to Section 403.9 of the Code of Iowa and the Issuer's urban renewal plans, has entered into Development Agreements which contain payment obligations from the Issuer to an external party. The Issuer's payment requirements under these contracts are not structured as general liabilities of the Issuer, but rather are exclusively secured by and payable from a pledge of the City's incremental property tax revenues (TIF) to be derived from the taxable properties (or some subset thereof) contained within an urban renewal area of the Issuer pursuant to Section 403.19 of the Code of Iowa. The City's payment obligations under these contracts are routinely contingent upon development or redevelopment performance requirements of the external party and are typically made subject to annual appropriation rights by the City Council. TIF Payments under these contracts are typically due and owing semi-annually on December 1 and June 1 of each fiscal year of the City. The City has 12 of these Development Agreements in place, each with a remaining maximum payment liability less than \$100,000. The aggregated (and estimated) remaining payment liability of the City under these smaller contracts is \$354,017, and the last of the payments thereunder is scheduled to be paid by June 1, 2027.



In addition, the City's more significant Development Agreements, each with an estimated remaining payment liability of \$100,000 or more and each subject to annual appropriation by the City, are listed in the following table:

<b>Agreement Date</b>	<b>Urban Renewal Area</b>	<b>Maximum Remaining Payment Amount</b>	<b>Last Payment Date</b>
12/16/10	West Tower Terrace	184,966.00	06/01/22
11/03/11	Collins Road Extension	371,223.00	06/01/25
09/06/12	Central Corridor	153,144.00	06/01/25
03/20/14	Collins Road Extension	77,805.00	06/01/22
08/21/14	Collins Road Extension	740,000.00	06/01/25
08/21/14	Collins Road Extension	88,000.00	06/01/20
01/22/15	Central Corridor	656,083.00	06/01/27
01/22/15	Central Corridor	651,001.00	06/01/31
02/19/15	Collins Road Extension	105,981.00	06/01/22
03/19/15	Collins Road Extension	174,554.00	06/01/26
10/05/15	Collins Road Extension	746,631.00	06/01/36
10/08/15	Collins Road Extension	497,736.00	06/01/38
10/08/15	Collins Road Extension	405,275.00	06/01/37
02/23/17	Central Corridor	282,477.00	06/01/28
02/23/17	Central Corridor	319,920.00	06/01/31
05/04/17	Central Corridor	298,621.00	06/01/34
07/06/17	Central Corridor	280,000.00	06/01/29
08/03/17	Collins Road Extension	Will vary based on development	
11/21/17	Collins Road Extension	165,225.00	06/01/28
11/21/17	Collins Road Extension	100,000.00	06/01/25
11/20/18	Central Corridor	800,000.00	06/01/28
11/20/18	Collins Road Extension	220,753.00	06/01/27
11/20/18	Collins Road Extension	445,000.00	06/01/28
04/18/19	West Tower Terrace	150,000.00	06/01/26
09/05/19	Collins Road Extension	504,000.00	06/01/34
09/05/19	Collins Road Extension	696,000.00	06/01/33
09/05/19	Collins Road Extension	400,000.00	06/01/22



## INDIRECT DEBT

<u>Taxing District</u>	<u>1/1/2018 Taxable Valuation<sup>8</sup></u>	<u>Taxable Valuation Within City</u>	<u>Percent Applicable</u>	<u>GO Debt<sup>9</sup> on 1/20/2020</u>	<u>Debt Applicable to City Residents</u>
Linn County	\$12,098,104,955	\$1,742,127,114	14.40%	\$34,550,000	\$4,975,200
Cedar Rapids CSD	6,071,719,029	30,358,595	0.50%	5,650,212	28,251
Linn Mar CSD	2,279,564,663	1,258,091,738	55.19%	82,885,000	45,744,232
Marion CSD	506,087,276	477,746,389	94.40%	6,775,000	6,395,600
Kirkwood Community College	27,440,182,308	1,742,451,577	6.35%	158,858,992	<u>10,087,546</u>
Total Applicable Indirect Debt					\$67,230,829

## DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value \$2,897,061,032</u>	<u>Debt/38,023 Population</u>
Direct General Obligation Debt	\$61,630,000	2.127%	\$1,620.86
Indirect General Obligation Debt	<u>67,230,829</u>	<u>2.321%</u>	<u>1,768.16</u>
Combined Debt	\$128,860,829	4.448%	\$3,389.02

## LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Collections as a % of Levies</u>
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	22,219,522	101.08%
2019-20	23,253,697	--in process of collection--	

<sup>8</sup> Includes Taxable TIF Increment, Ag Land & Buildings, and Utilities.

<sup>9</sup> Based on publically available data. School district figures exclude Sales and Service Tax Revenue Bonds.



## TAX RATES

Taxing District	FY 2015/16 \$/\$1,000	FY 2016/17 \$/\$1,000	FY 2017/18 \$/\$1,000	FY 2018/19 \$/\$1,000	FY 2019/20 \$/\$1,000
City Levies:					
General	\$8.10000	\$8.10000	\$8.10000	\$8.10000	\$8.10000
Outside \$8.10000	0.49384	0.53654	0.59362	0.60095	0.60794
Debt Service	2.29472	2.13362	2.24702	2.08103	2.15216
Employee Benefits	2.69769	3.05092	3.04879	3.34801	3.36328
Emergency Levy	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.09339</u>	<u>0.00000</u>
Total City	\$13.58625	\$13.82108	\$13.98943	\$14.22338	\$14.22338
City Ag Land	\$3.00375	\$3.00375	\$3.00375	\$3.00375	3.00375
All Jurisdictional Levies:					
Linn County	\$6.14225	\$6.14108	\$6.14108	\$5.83902	\$5.83902
City of Marion	13.58625	13.82108	13.98943	14.22338	14.22338
Cedar Rapids Schools	15.38030	15.37507	15.37529	15.07020	15.07063
Linn-Mar Schools	17.37861	17.37723	17.37544	17.37262	18.01522
Marion Schools	18.55533	18.57839	18.01606	17.99203	17.97287
County Assessor	0.35481	0.32149	0.31890	0.29558	0.28789
County Ag Extension	0.05418	0.05166	0.05024	0.05162	0.05218
Kirkwood Community College	1.06125	1.08048	1.13174	1.20354	1.21331
State of Iowa	<u>0.00330</u>	<u>0.00330</u>	<u>0.00310</u>	<u>0.00290</u>	<u>0.00280</u>
Consolidated Rates:					
Cedar Rapids Schools	\$36.58234	\$36.79416	\$37.00978	\$36.68624	\$36.68921
Linn-Mar Schools	\$38.58065	\$38.79632	\$39.00993	\$38.98866	\$39.63380
Marion Schools	\$39.75737	\$39.99748	\$39.65055	\$39.60807	\$39.59145

## 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 205 full-time and approximately 132 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 2019, the City's IPERS contributions totaled \$818,224 compared to a contribution in fiscal year 2018 of \$707,409. The City's contributions to MFPRSI in fiscal year 2019 totaled \$1,600,403 compared to a contribution of \$1,503,683 in fiscal year 2017.

