

ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Marion County as of and for the year ended June 30, 2015.

Results

Our report on Marion County's financial statements is unmodified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Marion County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The airport had operating deficiencies.
- ◆ Competitive bids were not solicited for the purchase of a vehicle.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft.

OFFICE OF COUNTY CLERK

- ◆ Multiple employees operated from the same cash drawer.
- ◆ The official's username and password were known by employees.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ An office employee used county equipment and county time for personal benefit.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF SHERIFF

- ◆ Some funds were not deposited within three days of collection.
 - ◆ The office had numerous accounting deficiencies.
-

SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF COUNTY MAYOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Marion County Officials

June 30, 2015

Officials

David Jackson, County Mayor
Neil Webb, Highway Supervisor
Mark Griffith, Director of Schools
Diane Massengale, Trustee
Judy Brewer, Assessor of Property
Dwight Minter, County Clerk
Lonna Henderson, Circuit and General Sessions Courts Clerk
Levoy Gudger, Clerk and Master
Debbie Pittman, Register of Deeds
Ronnie Burnett, Sheriff

Board of County Commissioners

Robert Eugene Hargis, Chairman	Roger Grayson
David Abbott	James Hawk
Don Adkins	Allen Kirk
Donald Blansett	Mack Reeves
Matt Blansett	Thomas Thompson
Joey Blevins	Glenn White
Louin Campbell	Wayne Willis
Kenneth Cookston	

Board of Education

Terry Case, Chairman
Julie Bennett
Linda Hooper
Ryan Phillips
Ola Mae Reeves

Audit Committee

John Moore, Chairman
David Abbott
Don Adkins
Gary Hooper

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county'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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marion County Conservation Commission (an enterprise fund), which represent 100 percent of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Marion County Emergency Communications District, which represent 3.28 percent, 4.07 percent, and 1.04 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marion County Conservation Commission and the Marion County

Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Marion County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$315,510 and the discretely presented Marion County School Department's net position by \$5,528,709 on the Government-wide Statement of Activities. These restatements were necessary because of

the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 94-100 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements

and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of Marion County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 14, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Marion County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental	Business-type	Total	Marion	Marion County
	Activities	Activities		School	Emergency
			Department	Communications	District
<u>ASSETS</u>					
Cash	\$ 110,381	\$ 45,440	\$ 155,821	\$ 1,196	\$ 665,830
Equity in Pooled Cash and Investments	22,014,610	0	22,014,610	3,785,770	0
Inventories	0	0	0	68,971	0
Accounts Receivable	15,638	0	15,638	29,560	520
Due from Other Governments	840,069	0	840,069	916,760	0
Due from Component Units	118,640	0	118,640	0	0
Property Taxes Receivable	9,853,223	0	9,853,223	5,291,162	0
Allowance for Uncollectible Property Taxes	(605,032)	0	(605,032)	(324,901)	0
Prepaid Items	0	0	0	0	19,789
Net Pension Asset - Agent Plan	382,010	0	382,010	534,302	0
Net Pension Asset - Cost-sharing Plan	0	0	0	63,467	0
Assets Not Depreciated:					
Land	2,599,981	0	2,599,981	1,133,836	54,269
Construction in Progress	335,496	0	335,496	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	10,531,471	92,022	10,623,493	38,317,548	294,624
Infrastructure	5,497,544	0	5,497,544	0	0
Other Capital Assets	993,521	0	993,521	182,515	663,214
Total Assets	<u>\$ 52,687,552</u>	<u>\$ 137,462</u>	<u>\$ 52,825,014</u>	<u>\$ 50,000,186</u>	<u>\$ 1,698,246</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension Changes in Experience	\$ 0	\$ 0	\$ 0	\$ 154,081	\$ 0
Pension Contributions After Measurement Date	321,557	0	321,557	1,586,386	0
Total Deferred Outflows of Resources	<u>\$ 321,557</u>	<u>\$ 0</u>	<u>\$ 321,557</u>	<u>\$ 1,740,467</u>	<u>\$ 0</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 16,031	\$ 16,031	\$ 156,786	\$ 4,041
Accrued Payroll	0	0	0	27,978	0
Payroll Deductions Payable	443	0	443	227,792	3,458
Cash Overdraft	0	0	0	1,205	0
Due to Primary Government	0	0	0	118,640	0
Due to Litigants, Heirs, and Others	20,492	0	20,492	0	0
Accrued Interest Payable	209,996	0	209,996	0	0
Noncurrent Liabilities:					
Due Within One Year	2,538,985	0	2,538,985	0	0
Due in More Than One Year (net of unamortized premium on debt)	34,073,673	0	34,073,673	317,608	0
Total Liabilities	<u>\$ 36,843,589</u>	<u>\$ 16,031</u>	<u>\$ 36,859,620</u>	<u>\$ 850,009</u>	<u>\$ 7,499</u>

(Continued)

Exhibit A

Marion County, Tennessee
Statement of Net Position (Cont.)

	Primary Government			Component Units	
				Marion County School Department	Marion County Emergency Communications District
	Governmental Activities	Business-type Activities	Total		
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 8,878,071	\$ 0	\$ 8,878,071	\$ 4,767,508	\$ 0
Pension Changes in Experience	13,061	0	13,061	18,269	0
Pension Changes in Investment Earnings	689,832	0	689,832	6,194,085	0
Pension Other Deferrals	0	0	0	18,247	0
Total Deferred Inflows of Resources	<u>\$ 9,580,964</u>	<u>\$ 0</u>	<u>\$ 9,580,964</u>	<u>\$ 10,998,109</u>	<u>\$ 0</u>
NET POSITION					
Net Investment in Capital Assets	\$ 13,421,006	\$ 92,022	\$ 13,513,028	\$ 39,633,899	\$ 1,012,107
Restricted for:					
General Government	78,586	0	78,586	0	0
Finance	112,458	0	112,458	0	0
Administration of Justice	119,727	0	119,727	0	0
Public Safety	792,200	0	792,200	0	0
Public Health and Welfare	174,072	0	174,072	0	0
Highways/Public Works	1,058,282	0	1,058,282	0	0
Debt Service	6,862,000	0	6,862,000	0	0
Capital Projects	1,075,871	0	1,075,871	0	0
Education	0	0	0	1,993,371	0
Other Purposes	382,010	0	382,010	0	0
Unrestricted	<u>(17,491,656)</u>	<u>29,409</u>	<u>(17,462,247)</u>	<u>(1,734,735)</u>	<u>678,640</u>
Total Net Position	<u>\$ 6,584,556</u>	<u>\$ 121,431</u>	<u>\$ 6,705,987</u>	<u>\$ 39,892,535</u>	<u>\$ 1,690,747</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Marion County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Marion County School Department	Marion County Emergency Communications District
					Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 1,418,511	\$ 343,246	\$ 15,164	\$ 0	\$ (1,060,101)	\$ 0	\$ (1,060,101)	\$ 0	\$ 0
Finance	845,359	813,134	0	0	(32,225)	0	(32,225)	0	0
Administration of Justice	1,099,722	626,388	10,850	0	(462,484)	0	(462,484)	0	0
Public Safety	3,945,449	1,379,836	285,257	31,501	(2,248,855)	0	(2,248,855)	0	0
Public Health and Welfare	1,079,841	44,991	195,191	7,895	(831,764)	0	(831,764)	0	0
Social, Cultural, and Recreational Services	612,877	214,870	13,667	286,833	(97,507)	0	(97,507)	0	0
Agriculture and Natural Resources	94,467	0	0	0	(94,467)	0	(94,467)	0	0
Highways/Public Works	2,217,370	109,776	1,838,932	0	(268,662)	0	(268,662)	0	0
Interest on Long-term Debt	1,285,510	0	0	0	(1,285,510)	0	(1,285,510)	0	0
Education	2,296,349	135,000	0	1,227,327	(934,022)	0	(934,022)	0	0
Total Governmental Activities	\$ 14,895,455	\$ 3,667,241	\$ 2,359,061	\$ 1,553,556	\$ (7,315,597)	\$ 0	\$ (7,315,597)	\$ 0	\$ 0
Business-type Activities:									
Marion County Conservation Commission	\$ 92,194	\$ 105,767	\$ 0	\$ 0	\$ 0	\$ 13,573	\$ 13,573	\$ 0	\$ 0
Total Primary Government	\$ 14,987,649	\$ 3,773,008	\$ 2,359,061	\$ 1,553,556	\$ (7,315,597)	\$ 13,573	\$ (7,302,024)	\$ 0	\$ 0
Component Units:									
Marion County School Department	\$ 34,623,845	\$ 408,202	\$ 4,907,141	\$ 57,452	\$ 0	\$ 0	\$ 0	\$ (29,251,050)	\$ 0
Marion County Emergency Communications District	366,406	225,257	98,158	0	0	0	0	0	(42,991)
Total Component Units	\$ 34,990,251	\$ 633,459	\$ 5,005,299	\$ 57,452	\$ 0	\$ 0	\$ 0	\$ (29,251,050)	\$ (42,991)

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Marion County School Department	Marion County Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 7,350,184	\$ 0	\$ 7,350,184	\$ 5,037,970	\$ 0
Property Taxes Levied for Debt Service					1,962,145	0	1,962,145	0	0
Local Option Sales Taxes					1,842,487	0	1,842,487	3,362,953	0
Hotel/Motel Tax					0	0	0	37,011	0
Litigation Tax - General					102,042	0	102,042	0	0
Litigation Tax - Special Purpose					9,260	0	9,260	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					17,083	0	17,083	0	0
Business Tax					254,330	0	254,330	0	0
Mineral Severance Tax					574	0	574	0	0
Wholesale Beer Tax					0	0	0	111,861	0
Other Local Taxes					2,628	0	2,628	10,172	0
Grants and Contributions Not Restricted to Specific Programs					722,439	0	722,439	21,343,643	47,545
Unrestricted Investment Earnings					92,130	0	92,130	4,244	2,200
Miscellaneous					71,883	0	71,883	101,349	0
Pension Income					0	0	0	57,472	0
Total General Revenues					\$ 12,427,185	\$ 0	\$ 12,427,185	\$ 30,066,675	\$ 49,745
Change in Net Position					\$ 5,111,588	\$ 13,573	\$ 5,125,161	\$ 815,625	\$ 6,754
Net Position, July 1, 2014					1,788,478	107,858	1,896,336	44,605,619	1,683,993
Restatement - See Note I.D.9					(315,510)	0	(315,510)	(5,528,709)	0
Net Position, June 30, 2015					\$ 6,584,556	\$ 121,431	\$ 6,705,987	\$ 39,892,535	\$ 1,690,747

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Marion County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Rural Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 200	\$ 0	\$ 0	\$ 110,181	\$ 110,381
Equity in Pooled Cash and Investments	9,768,235	738,673	5,324,643	6,183,059	22,014,610
Accounts Receivable	14,698	0	0	940	15,638
Due from Other Governments	197,831	319,609	0	322,629	840,069
Due from Other Funds	1,194	0	0	0	1,194
Property Taxes Receivable	7,067,690	0	1,452,760	1,332,773	9,853,223
Allowance for Uncollectible Property Taxes	(443,463)	0	(89,206)	(72,363)	(605,032)
Total Assets	<u>\$ 16,606,385</u>	<u>\$ 1,058,282</u>	<u>\$ 6,688,197</u>	<u>\$ 7,877,219</u>	<u>\$ 32,230,083</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 443	\$ 0	\$ 0	\$ 0	\$ 443
Due to Other Funds	0	0	0	1,194	1,194
Due to Litigants, Heirs, and Others	0	0	0	20,492	20,492
Total Liabilities	<u>\$ 443</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,686</u>	<u>\$ 22,129</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 6,346,256	\$ 0	\$ 1,308,983	\$ 1,222,832	\$ 8,878,071
Deferred Delinquent Property Taxes	240,316	0	47,315	32,488	320,119
Other Deferred/Unavailable Revenue	0	151,698	0	155,000	306,698
Total Deferred Inflows of Resources	<u>\$ 6,586,572</u>	<u>\$ 151,698</u>	<u>\$ 1,356,298</u>	<u>\$ 1,410,320</u>	<u>\$ 9,504,888</u>

(Continued)

Exhibit C-1

Marion County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Rural Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 58,534	\$ 0	\$ 0	\$ 20,052	\$ 78,586
Restricted for Finance	2,531	0	0	109,927	112,458
Restricted for Administration of Justice	119,727	0	0	0	119,727
Restricted for Public Safety	40,023	0	0	752,177	792,200
Restricted for Public Health and Welfare	28,856	0	0	117,216	146,072
Restricted for Highways/Public Works	0	906,584	0	0	906,584
Restricted for Debt Service	0	0	5,331,899	1,622,655	6,954,554
Restricted for Capital Projects	0	0	0	1,064,284	1,064,284
Committed:					
Committed for Debt Service	0	0	0	1,758,902	1,758,902
Committed for Capital Projects	0	0	0	1,000,000	1,000,000
Assigned:					
Assigned for Social, Cultural, and Recreational Services	4,218	0	0	0	4,218
Unassigned	9,765,481	0	0	0	9,765,481
Total Fund Balances	<u>\$ 10,019,370</u>	<u>\$ 906,584</u>	<u>\$ 5,331,899</u>	<u>\$ 6,445,213</u>	<u>\$ 22,703,066</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,606,385</u>	<u>\$ 1,058,282</u>	<u>\$ 6,688,197</u>	<u>\$ 7,877,219</u>	<u>\$ 32,230,083</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2015

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	22,703,066
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Add: land	\$	2,599,981	
Add: construction in progress		335,496	
Add: buildings and improvements net of accumulated depreciation		10,531,471	
Add: infrastructure net of accumulated depreciation		5,497,544	
Add: other capital assets net of accumulated depreciation		<u>993,521</u>	19,958,013
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(33,460,000)	
Less: notes payable		(1,467,000)	
Less: capital lease payable		(118,640)	
Add: debt to be contributed by the School Department		118,640	
Less: compensated absences payable		(69,538)	
Less: other postemployment benefits liability		(265,070)	
Less: accrued interest on bonds		(201,213)	
Less: accrued interest on notes		(7,115)	
Less: accrued interest on capital lease		(1,668)	
Less: unamortized premium on debt		<u>(1,232,410)</u>	(36,704,014)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	321,557	
Less: deferred inflows of resources related to pensions		<u>(702,893)</u>	(381,336)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			382,010
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>626,817</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>6,584,556</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Rural Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 7,508,783	\$ 574	\$ 1,374,427	\$ 2,807,923	\$ 11,691,707
Licenses and Permits	199,221	0	0	0	199,221
Fines, Forfeitures, and Penalties	117,023	0	0	813,618	930,641
Charges for Current Services	114,468	109,776	0	482,420	706,664
Other Local Revenues	389,834	45,017	0	89,275	524,126
Fees Received from County Officials	974,970	0	0	0	974,970
State of Tennessee	1,351,534	1,808,757	0	203,118	3,363,409
Federal Government	174,301	30,175	0	307,549	512,025
Other Governments and Citizens Groups	300,786	0	797,554	42,929	1,141,269
Total Revenues	\$ 11,130,920	\$ 1,994,299	\$ 2,171,981	\$ 4,746,832	\$ 20,044,032
<u>Expenditures</u>					
Current:					
General Government	\$ 1,689,176	\$ 0	\$ 0	\$ 5,459	\$ 1,694,635
Finance	424,967	0	0	427,311	852,278
Administration of Justice	1,124,310	0	0	77	1,124,387
Public Safety	3,675,750	0	0	77,742	3,753,492
Public Health and Welfare	439,269	0	0	535,271	974,540
Social, Cultural, and Recreational Services	202,086	0	0	0	202,086
Agriculture and Natural Resources	97,666	0	0	0	97,666
Other Operations	984,262	0	0	47,588	1,031,850
Highways	0	1,813,994	0	0	1,813,994
Debt Service:					
Principal on Debt	0	0	1,295,000	1,266,389	2,561,389
Interest on Debt	0	0	517,014	814,577	1,331,591
Other Debt Service	0	0	56,342	117,750	174,092

(Continued)

Exhibit C-3

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Rural Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 747,956	\$ 747,956
Capital Projects - Donated	338,804	0	0	0	338,804
Total Expenditures	<u>\$ 8,976,290</u>	<u>\$ 1,813,994</u>	<u>\$ 1,868,356</u>	<u>\$ 4,040,120</u>	<u>\$ 16,698,760</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,154,630	\$ 180,305	\$ 303,625	\$ 706,712	\$ 3,345,272
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 1,805,000	\$ 18,830,000	\$ 20,635,000
Premiums on Debt Issued	0	0	156,011	932,644	1,088,655
Proceeds from Sale of Capital Assets	0	0	0	4,000	4,000
Transfers In	0	10,000	0	120,000	130,000
Transfers Out	(130,000)	0	0	0	(130,000)
Discounts on Debt Issued	0	0	(11,963)	(50,884)	(62,847)
Payments to Refunded Debt Escrow Agent	0	0	(1,806,073)	(19,594,260)	(21,400,333)
Total Other Financing Sources (Uses)	<u>\$ (130,000)</u>	<u>\$ 10,000</u>	<u>\$ 142,975</u>	<u>\$ 241,500</u>	<u>\$ 264,475</u>
Net Change in Fund Balances	\$ 2,024,630	\$ 190,305	\$ 446,600	\$ 948,212	\$ 3,609,747
Fund Balance, July 1, 2014	7,994,740	716,279	4,885,299	5,497,001	19,093,319
Fund Balance, June 30, 2015	<u>\$ 10,019,370</u>	<u>\$ 906,584</u>	<u>\$ 5,331,899</u>	<u>\$ 6,445,213</u>	<u>\$ 22,703,066</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Marion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,609,747
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,044,108	
Less: current-year depreciation expense	<u>(1,042,718)</u>	1,390
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(4,467)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 626,817	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(690,523)</u>	(63,706)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: refunding bond proceeds	\$ (20,635,000)	
Add: bonds refunded	20,320,000	
Add: principal payments on bonds	2,400,000	
Add: principal payments on notes	160,000	
Add: principal payments on capital lease	36,389	
Less: contributions from the School Department for capital lease	(36,389)	
Less: changes in premium on debt issuance	<u>(1,025,549)</u>	1,219,451
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 46,081	
Change in compensated absences payable	(1,751)	
Change in net pension liability/asset	697,520	
Change in deferred outflows related to pensions	321,557	
Change in deferred inflows related to pensions	(702,893)	
Change in other postemployment benefits liability	<u>(11,341)</u>	349,173
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,111,588</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,508,783	\$ 0	\$ 7,508,783	\$ 7,457,610	\$ 7,457,610	\$ 51,173
Licenses and Permits	199,221	0	199,221	162,000	162,000	37,221
Fines, Forfeitures, and Penalties	117,023	0	117,023	126,000	126,000	(8,977)
Charges for Current Services	114,468	0	114,468	114,000	114,000	468
Other Local Revenues	389,834	0	389,834	395,550	395,550	(5,716)
Fees Received from County Officials	974,970	0	974,970	942,000	942,000	32,970
State of Tennessee	1,351,534	0	1,351,534	2,096,344	2,336,865	(985,331)
Federal Government	174,301	0	174,301	45,355	97,692	76,609
Other Governments and Citizens Groups	300,786	0	300,786	254,322	295,986	4,800
Total Revenues	\$ 11,130,920	\$ 0	\$ 11,130,920	\$ 11,593,181	\$ 11,927,703	\$ (796,783)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 138,506	\$ 0	\$ 138,506	\$ 118,800	\$ 150,710	\$ 12,204
Board of Equalization	2,882	0	2,882	6,000	6,000	3,118
Beer Board	2,907	0	2,907	3,300	3,300	393
Budget and Finance Committee	4,925	0	4,925	6,600	6,600	1,675
County Mayor/Executive	260,432	0	260,432	273,785	276,185	15,753
Election Commission	207,527	0	207,527	245,669	245,669	38,142
Register of Deeds	209,877	0	209,877	214,361	216,261	6,384
Development	20,000	0	20,000	20,000	20,000	0
Building	122,537	0	122,537	139,869	143,479	20,942
County Buildings	614,001	0	614,001	1,217,021	1,221,146	607,145
Other General Administration	105,582	0	105,582	112,140	112,440	6,858
<u>Finance</u>						
Property Assessor's Office	216,491	0	216,491	225,544	225,544	9,053
Reappraisal Program	74,947	0	74,947	78,227	78,227	3,280

(Continued)

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 60,966	\$ 0	\$ 60,966	\$ 63,766	\$ 63,766	\$ 2,800
County Clerk's Office	72,563	0	72,563	56,402	72,572	9
<u>Administration of Justice</u>						
Circuit Court	489,917	0	489,917	495,553	495,553	5,636
General Sessions Court	126,978	0	126,978	127,878	127,878	900
Drug Court	65,000	0	65,000	65,000	65,000	0
Chancery Court	222,275	0	222,275	227,769	227,769	5,494
Juvenile Court	220,140	0	220,140	225,003	229,053	8,913
<u>Public Safety</u>						
Sheriff's Department	2,105,689	0	2,105,689	2,139,233	2,176,561	70,872
Administration of the Sexual Offender Registry	1,000	0	1,000	800	1,200	200
Jail	1,319,426	0	1,319,426	1,176,711	1,391,161	71,735
Fire Prevention and Control	183,898	0	183,898	177,291	183,898	0
Civil Defense	32,648	0	32,648	19,468	33,805	1,157
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	14,089	0	14,089	10,987	14,089	0
County Coroner/Medical Examiner	9,000	0	9,000	9,000	9,000	0
<u>Public Health and Welfare</u>						
Local Health Center	199,641	0	199,641	97,008	259,305	59,664
Ambulance/Emergency Medical Services	150,000	0	150,000	150,000	150,000	0
Alcohol and Drug Programs	4,400	0	4,400	6,400	6,400	2,000
Other Local Health Services	44,505	0	44,505	56,500	56,500	11,995
Sanitation Education/Information	40,723	0	40,723	41,426	41,426	703
<u>Social, Cultural, and Recreational Services</u>						
Libraries	146,066	0	146,066	146,066	146,066	0
Parks and Fair Boards	0	0	0	20,659	20,659	20,659

(Continued)

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Other Social, Cultural, and Recreational	\$ 56,020	\$ 0	\$ 56,020	\$ 15,000	\$ 57,064	\$ 1,044
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	61,430	0	61,430	63,073	63,073	1,643
Soil Conservation	36,236	0	36,236	36,769	36,769	533
<u>Other Operations</u>						
Industrial Development	9,096	0	9,096	9,100	9,100	4
Other Economic and Community Development	76,993	0	76,993	51,635	85,077	8,084
Airport	497,228	(72,379)	424,849	1,316,921	1,478,950	1,054,101
Veterans' Services	17,272	0	17,272	19,942	20,704	3,432
Other Charges	383,673	0	383,673	568,958	483,817	100,144
<u>Capital Projects - Donated</u>						
Capital Projects Donated to the School Department	338,804	0	338,804	0	373,925	35,121
Total Expenditures	\$ 8,976,290	\$ (72,379)	\$ 8,903,911	\$ 10,065,634	\$ 11,095,701	\$ 2,191,790
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 2,154,630	\$ 72,379	\$ 2,227,009	\$ 1,527,547	\$ 832,002	\$ 1,395,007
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,887	\$ (2,887)
Transfers Out	(130,000)	0	(130,000)	(200,000)	(200,000)	70,000
Total Other Financing Sources	\$ (130,000)	\$ 0	\$ (130,000)	\$ (200,000)	\$ (197,113)	\$ 67,113
Net Change in Fund Balance						
Fund Balance, July 1, 2014	\$ 2,024,630	\$ 72,379	\$ 2,097,009	\$ 1,327,547	\$ 634,889	\$ 1,462,120
	7,994,740	(72,379)	7,922,361	8,326,009	8,326,009	(403,648)
Fund Balance, June 30, 2015						
	\$ 10,019,370	\$ 0	\$ 10,019,370	\$ 9,653,556	\$ 8,960,898	\$ 1,058,472

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 574	\$ 4,959	\$ 574	\$ 0
Charges for Current Services	109,776	75,000	101,648	8,128
Other Local Revenues	45,017	66,000	45,014	3
State of Tennessee	1,808,757	2,185,102	1,808,758	(1)
Federal Government	30,175	0	32,621	(2,446)
Total Revenues	<u>\$ 1,994,299</u>	<u>\$ 2,331,061</u>	<u>\$ 1,988,615</u>	<u>\$ 5,684</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 291,521	\$ 332,625	\$ 337,865	\$ 46,344
Highway and Bridge Maintenance	826,560	1,026,195	1,061,195	234,635
Operation and Maintenance of Equipment	321,701	355,880	371,082	49,381
Other Charges	62,929	59,523	65,471	2,542
Employee Benefits	261,627	280,337	280,568	18,941
Capital Outlay	49,656	778,701	374,634	324,978
Total Expenditures	<u>\$ 1,813,994</u>	<u>\$ 2,833,261</u>	<u>\$ 2,490,815</u>	<u>\$ 676,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 180,305</u>	<u>\$ (502,200)</u>	<u>\$ (502,200)</u>	<u>\$ 682,505</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Other Financing Sources	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 190,305	\$ (492,200)	\$ (492,200)	\$ 682,505
Fund Balance, July 1, 2014	<u>716,279</u>	<u>692,026</u>	<u>692,026</u>	<u>24,253</u>
Fund Balance, June 30, 2015	<u><u>\$ 906,584</u></u>	<u><u>\$ 199,826</u></u>	<u><u>\$ 199,826</u></u>	<u><u>\$ 706,758</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Marion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2015

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>ASSETS</u>	
Cash	\$ 45,440
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	<u>92,022</u>
Total Assets	<u>\$ 137,462</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 16,031</u>
Total Liabilities	<u>\$ 16,031</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 92,022
Unrestricted	<u>29,409</u>
Total Net Position	<u>\$ 121,431</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Marion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Major Enterprise Fund Marion County Conservation Commission
<u>Operating Revenues</u>	
User Fees/Vending	\$ 105,767
Total Operating Revenues	<u>\$ 105,767</u>
<u>Operating Expenses</u>	
Supplies	\$ 9,144
Utilities	26,537
Contract Services	6,916
Telephone	1,822
Depreciation	15,104
Professional Fees	3,900
Insurance	1,575
Salaries and Benefits	23,949
Miscellaneous	3,247
Total Operating Expenses	<u>\$ 92,194</u>
Operating Income	<u>\$ 13,573</u>
Change in Net Position	\$ 13,573
Net Position, July 1, 2014	<u>107,858</u>
Net Position, June 30, 2015	<u><u>\$ 121,431</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Marion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Major Enterprise Fund
	Marion County Conservation Commission
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 105,821
Payments to Suppliers	(55,434)
Salaries and Benefits	(23,949)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 26,438</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Property, Plant, and Equipment	\$ (19,752)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (19,752)</u>
Net Increase (Decrease) in Cash	\$ 6,686
Cash, July 1, 2014	<u>38,754</u>
Cash, June 30, 2015	<u><u>\$ 45,440</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 13,573
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	15,104
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	54
(Increase) Decrease in Prepaid Insurance	64
Increase (Decrease) in Accounts Payable	(1,121)
Increase (Decrease) in Deferred Revenue	(1,236)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 26,438</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit E

Marion County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 720,581
Equity in Pooled Cash and Investments	89,873
Accounts Receivable	6,930
Due from Other Governments	625,644
Property Taxes Receivable	366,272
Allowance for Uncollectible Property Taxes	<u>(22,076)</u>
Total Assets	<u>\$ 1,787,224</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 992,858
Due to Litigants, Heirs, and Others	727,112
Due to Joint Ventures	<u>67,254</u>
Total Liabilities	<u>\$ 1,787,224</u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY, TENNESSEE
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MARION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marion County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Marion County:

A. Reporting Entity

Marion County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Marion County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Marion County School Department operates the public school system in the county, and the voters of Marion County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Marion County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Marion County, and the Marion County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Marion County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Marion County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Marion County Emergency
Communications District
P.O. Box 818
Kimball, TN 37347

B. 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Marion County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Marion County issues all debt for the discretely presented Marion County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. 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 and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Marion County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Marion County only reports one proprietary fund, an enterprise fund. It has no internal service funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Marion County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Marion County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

Rural Debt Service Fund – This fund accounts for the resources accumulated and payments made for the principal and interest on rural school long-term general obligation debt of governmental funds.

Marion County reports the following major proprietary fund:

Marion County Conservation Commission Fund – This fund accounts for the management of the Marion County Park located on Nickajack Lake.

Additionally, Marion County reports the following fund types:

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, property taxes levied on residents of Richard City, local sales taxes received by the state to be forwarded to the various cities in Marion County, the city school system’s share of educational revenues, and state grants and other restricted revenues held for the benefit of the Twelfth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Marion County School Department reports the following major governmental funds:

General Purpose School Fund – This is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

Additionally, the Marion County School Department reports the following fund type:

Private Purpose Trust Fund – The Other Trust Fund is used to account for resources legally held in trust to fund two scholarships. One scholarship is for graduates of Whitwell Middle School who become graduates of Whitwell High School and plan to pursue a post-secondary education. The other scholarship is for graduating seniors of Marion County who plan to attend college and major in education. Earnings on invested resources may be used to fund the scholarships, but the principal must be maintained intact.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Marion County School Department (excluding the School Department's Private Purpose Trust Fund). Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. In addition, investments are held separately by

the discretely presented School Department's Private Purpose Trust Fund. Marion County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.29 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow or resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Inventories

Inventories of the discretely presented Marion County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. 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 at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 15
Infrastructure:	
Roads	5 - 20
Bridges	40

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, and changes in proportionate share of contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since Marion County does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. It is Marion County's policy to pay a separated employee a maximum of ten days accrued vacation leave.

The general policy of the discretely presented Marion County School Department allows 12-month employees to earn one day annual leave for each 20 days worked. Any accumulated vacation days, in excess of 20 days, at the end of the school year are converted to sick leave. There is no lump sum payment or compensation for unused annual vacation leave. All professional and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of vacation and sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure and postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

In the government-wide financial statements, and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation

and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Marion County had \$28,598,640 in outstanding debt for capital purposes for the discretely presented Marion County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Richard City School System) based on an average daily attendance proration. This debt is a liability of Marion County, but the capital assets acquired are reported in the financial statements of the School Department and the Richard City School System. Therefore, Marion County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to decrease Marion County's and the Marion County School Department's beginning net position has been recognized on the Statement of Activities for \$315,510 and \$5,528,709, respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Marion County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from

Marion County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Marion County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Marion County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Marion County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$1,205 at June 30, 2015. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2015.

C. **The Discretely Presented Marion County School Department Had Deposits That Were Exposed to Custodial Credit Risk**

At June 30, 2015, the School Department's brokerage firm was holding investments of \$602,139 for the discretely presented Marion County School Department's Private Purpose Trust Fund, which were exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

Marion County and the Marion County School Department (excluding the Private Purpose Trust Fund) participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash and investments reflected in the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2015, Marion County had the following investments carried at fair value. All the investments are nonpooled investments held by the School Department’s Private Purpose Trust Fund.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Private Purpose Trust Fund:			
Nonpooled Investments:			
SunTrust Bank - U.S. Certificates of Deposit	N/A	4-29-21	\$ 141,262
Corporate Bonds - Citigroup	N/A	6-15-16	25,667
Corporate Bonds - Bank America	N/A	8-25-17	30,035
Corporate Bonds - Ford Motor Credit	N/A	12-6-17	29,844
Corporate Bonds - Morgan Stanley	N/A	7-24-20	112,147
Corporate Bonds - Johnson & Johnson	N/A	7-15-18	111,211
Corporate Bonds - Dow Chemical	N/A	12-15-17	24,838
Corporate Bonds - Caterpillar Financial	N/A	12-15-22	47,462
Corporate Bonds - General Electric	N/A	1-9-23	39,890
Corporate Bonds - Wells Fargo	N/A	2-13-23	<u>39,783</u>
Total			<u>\$ 602,139</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Marion County does not have a formal investment policy that limits investment maturities as a

means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Marion County has no investment policy that would further limit its investment choices. The following is the rating given each nonpooled investment by Moody's Investor's Service and Standard & Poor's Ratings:

Investment	Moody's Investor's Service	Standard & Poor's Rating
SunTrust Bank - U.S. Certificates of Deposit	A2	BBB+
Corporate Bonds - Citigroup	Baa1	A-
Corporate Bonds - Bank America	Baa1	A-
Corporate Bonds - Ford Motor Credit	Baa3	BBB-
Corporate Bonds - Morgan Stanley	A3	A-
Corporate Bonds - Johnson & Johnson	Aaa	AAA
Corporate Bonds - Dow Chemical	Baa2	BBB
Corporate Bonds - Caterpillar Financial	A2	A
Corporate Bonds - General Electric	A1	AA+
Corporate Bonds - Wells Fargo	A3	A

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Marion County places no limit on the amount the county may invest in one issuer.

The nonpooled investments (\$602,139) represent the entire investments of the School Department's Private Purpose Trust Fund. These investments are as follows: SunTrust Bank – U.S. Certificates of Deposit (23 percent), Corporate Bonds - Citigroup (four percent), Corporate Bonds – Bank America (five percent), Corporate Bonds – Ford Motor Credit (five percent), Corporate Bonds – Morgan Stanley (19 percent), Corporate Bonds - Johnson & Johnson (18 percent), Corporate Bonds – Dow Chemical (four percent) Corporate Bonds - Caterpillar Financial (eight percent) Corporate Bonds – General Electric (seven percent) and Corporate Bonds – Wells Fargo (seven percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Department has a custodial credit risk exposure of \$602,139 for all of the investments in corporate bonds because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty

for these particular securities. The School Department does not have a formal policy that limits custodial credit risk for investments.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,599,981	\$ 0	\$ 0	\$ 2,599,981
Construction in Progress	3,205,921	114,997	(2,985,422)	335,496
Total Capital Assets Not Depreciated	\$ 5,805,902	\$ 114,997	\$ (2,985,422)	\$ 2,935,477
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,452,401	\$ 3,713,928	\$ 0	\$ 15,166,329
Infrastructure	26,729,183	109,506	0	26,838,689
Other Capital Assets	3,664,396	91,099	(64,671)	3,690,824
Total Capital Assets Depreciated	\$ 41,845,980	\$ 3,914,533	\$ (64,671)	\$ 45,695,842
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,283,420	\$ 351,438	\$ 0	\$ 4,634,858
Infrastructure	20,819,798	521,347	0	21,341,145
Other Capital Assets	2,587,574	169,933	(60,204)	2,697,303
Total Accumulated Depreciation	\$ 27,690,792	\$ 1,042,718	\$ (60,204)	\$ 28,673,306
Total Capital Assets Depreciated, Net	\$ 14,155,188	\$ 2,871,815	\$ (4,467)	\$ 17,022,536
Governmental Activities Capital Assets, Net	\$ 19,961,090	\$ 2,986,812	\$ (2,989,889)	\$ 19,958,013

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 196,745
Public Safety	274,159
Public Health and Welfare	20,058
Highways/Public Works	<u>551,756</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,042,718</u></u>

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,133,836	\$ 0	\$ 0	\$ 1,133,836
Construction in Progress	368,420	0	(368,420)	0
Total Capital Assets Not Depreciated	<u>\$ 1,502,256</u>	<u>\$ 0</u>	<u>\$ (368,420)</u>	<u>\$ 1,133,836</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 60,005,547	\$ 370,920	\$ 0	\$ 60,376,467
Other Capital Assets	463,231	0	(17,250)	445,981
Total Capital Assets Depreciated	<u>\$ 60,468,778</u>	<u>\$ 370,920</u>	<u>\$ (17,250)</u>	<u>\$ 60,822,448</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 20,488,103	\$ 1,570,816	\$ 0	\$ 22,058,919
Other Capital Assets	245,672	34,449	(16,655)	263,466
Total Accumulated Depreciation	<u>\$ 20,733,775</u>	<u>\$ 1,605,265</u>	<u>\$ (16,655)</u>	<u>\$ 22,322,385</u>
Total Capital Assets Depreciated, Net	<u>\$ 39,735,003</u>	<u>\$ (1,234,345)</u>	<u>\$ (595)</u>	<u>\$ 38,500,063</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 41,237,259</u></u>	<u><u>\$ (1,234,345)</u></u>	<u><u>\$ (369,015)</u></u>	<u><u>\$ 39,633,899</u></u>

Depreciation expense was charged to functions of the discretely presented Marion County School Department as follows:

Governmental Activities:

Instruction	\$ 1,554,876
Support Services	32,334
Operation of Non-instructional Services	<u>18,055</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,605,265</u></u>

C. Construction Commitments

At June 30, 2015, the county had uncompleted construction contracts of approximately \$256,152 for airport improvements and \$141,290 for higher education projects. Funding has been received for these future expenditures for the airport improvements. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,194
Discretely Presented School Department:		
Central Cafeteria Fund	General Purpose School	2,214

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government	Component Unit: School Department	\$ 118,640

The Due to Primary Government consists of the balance of a capital lease issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire this debt. These long-term debt obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	Nonmajor Governmental Funds
General Fund	\$ 10,000	\$ 120,000

Discretely Presented Marion County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 54,910

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Lease

On September 27, 2013, Marion County entered into a five-year lease-purchase agreement to acquire computers for the School Department. The terms of the agreement require total lease payments of \$197,958 plus interest of 4.2186 percent. Title to the computers transfers to the School Department at the end of the lease period. The Education Debt Service Fund is making the lease payments. In the government-wide financial statements, the computers were expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Funds
2016	\$ 42,929
2017	42,929
2018	42,929
Total Minimum Lease Payments	\$ 128,787
Less: Amount Representing Interest	<u>(10,147)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 118,640</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Marion County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 25 years for bonds and up to 11 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2015, will be retired from the General Debt Service, Rural Debt Service, and Education Debt Service funds. All capital outlay notes included in long-term debt as of June 30, 2015, will be retired from the General and Rural Debt Service funds.

On December 2, 2012, Marion County issued a \$377,000 capital outlay note for a public works project. This capital outlay note will finance a portion of the cost of a sewer line extension and sewer pump station construction on the City of Jasper's existing sewer system to serve a commercial development and other properties within a newly-annexed portion of the city. Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note. The City of Jasper will remit to the county on or before March 15, of each of the next eight years, an amount between \$40,277 and \$43,880, depending on the debt service (principal and interest payments) for that particular year.

General obligation bonds, capital outlay notes, and the capital lease outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	2.5 to 4.5 %	6-1-31	\$ 23,175,000	\$ 3,420,000
General Obligation Bonds - Refunding	2 to 5	6-1-31	33,765,000	30,040,000
Capital Outlay Notes	1.94	4-1-23	1,792,000	1,467,000
Capital Lease	4.2186	6-20-18	197,958	118,640

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,270,000	\$ 1,136,722	\$ 3,406,722
2017	2,240,000	1,056,762	3,296,762
2018	2,315,000	993,362	3,308,362
2019	2,365,000	917,762	3,282,762
2020	2,435,000	840,562	3,275,562
2021-2025	12,475,000	2,755,719	15,230,719
2026-2030	8,020,000	1,024,278	9,044,278
2031	1,340,000	46,900	1,386,900
Total	\$ 33,460,000	\$ 8,772,067	\$ 42,232,067

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 165,000	\$ 28,460	\$ 193,460
2017	170,000	25,259	195,259
2018	172,000	21,960	193,960
2019	185,000	18,624	203,624
2020	185,000	15,035	200,035
2021-2023	590,000	23,086	613,086
Total	\$ 1,467,000	\$ 132,424	\$ 1,599,424

There is \$8,713,456 available in the debt service funds to service general long-term debt. Debt per capita, including bonds, notes, and the capital lease totaled \$1,241, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-15
<u>Capital Lease Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Computers	\$ 118,640

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Lease
Balance, July 1, 2014	\$ 35,545,000	\$ 1,627,000	\$ 155,029
Additions	20,635,000	0	0
Debt Refunded	(20,320,000)	0	0
Reductions	(2,400,000)	(160,000)	(36,389)
Balance, June 30, 2015	<u>\$ 33,460,000</u>	<u>\$ 1,467,000</u>	<u>\$ 118,640</u>
Balance Due Within One Year	<u>\$ 2,270,000</u>	<u>\$ 165,000</u>	<u>\$ 37,925</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 67,787	\$ 253,729
Additions	131,520	20,261
Reductions	(129,769)	(8,920)
Balance, June 30, 2015	<u>\$ 69,538</u>	<u>\$ 265,070</u>
Balance Due Within One Year	<u>\$ 66,060</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 35,380,248
Less: Balance Due Within One Year	(2,538,985)
Add: Unamortized Premium on Debt	<u>1,232,410</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 34,073,673</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Current Refundings

On October 15, 2014, Marion County partially refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$15,485,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 16 years will be reduced by \$2,101,602, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,453,178 was obtained.

On February 25, 2015, Marion County refunded a school refunding bond issue with a separate rural school general obligation bond issue. The county issued \$1,805,000 of rural school general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next ten years will be reduced by \$249,777, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$225,257 was obtained.

Also, on February 25, 2015, Marion County refunded a refunding bond issue with a separate general obligation bond issue. The county issued \$3,345,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 14 years will be reduced by \$629,418, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$546,627 was obtained.

Discretely Presented Marion County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Marion County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 387,386
Additions	219,399
Reductions	<u>(289,177)</u>
Balance, June 30, 2015	<u>\$ 317,608</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 317,608
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 317,608</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for various employees on-behalf of Marion County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, totaled \$300. Marion County has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Marion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$85,502 and \$41,700, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county (excluding the Highway Department) participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county (excluding the Highway Department) participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Marion County Highway Department's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years.

Marion County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial

Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Marion County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Government Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Changes in Administration

On August 31, 2014, John Graham left the Office of County Mayor and was succeeded by David Jackson, Sue Blevins left the Office of Trustee and was succeeded by Diane Massengale, and Winfred Haggard left the Office of Register of Deeds and was succeeded by Debbie Pittman.

E. Landfill Closure/Postclosure Care Costs

Marion County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. Marion County has contracted with Solid Waste Disposal, Inc., a private company, to operate the county's landfill. This contract was amended on November 26, 2012, and requires Solid Waste Disposal, Inc., to be responsible for all closure and postclosure care costs of the county's landfill during the term of the contract. The terms of the 2012 amendment to the contract runs for three consecutive ten-year periods. Prior to expiration of the initial ten-year term the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the second ten-year term. Prior to expiration of the second ten-year term, the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the third ten-year term. The \$333,514 estimated closure and postclosure costs of the landfill at June 30, 2015, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. This amount is based on estimates of what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District; Marion, Franklin, Marion, Marion, Marion, and Sequatchie

counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

Marion County does not have an equity interest in the above-noted joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of the District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

G. Jointly Governed Organization

The Marion County Railroad Authority is jointly operated by the county and the cities of Jasper, Kimball, and South Pittsburg. The Marion County Railroad Authority's board comprises the Marion County Mayor, Marion County Highway Supervisor, and the mayors of the three cities; however, the county and cities do not have any ongoing financial interest in or responsibility for the entity.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Marion County and non-certified employees of the discretely presented Marion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 41.69 percent and the non-certified employees of the discretely present School Department comprise 58.31 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the

legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	143
Inactive Employees Entitled to But Not Yet Receiving Benefits	201
Active Employees	<u>307</u>
Total	<u><u>651</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Marion County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Marion County were \$572,416 based on a rate of 6.73 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Marion County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Marion County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Marion County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS

Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 24,207,676	\$ 22,869,034	\$ 1,338,642
Changes for the Year:			
Service Cost	\$ 766,971	\$ 0	\$ 766,971
Interest	1,832,858	0	1,832,858
Differences Between Expected and Actual Experience	(37,596)	0	(37,596)
Contributions-Employer	0	581,841	(581,841)
Contributions-Employees	0	465,460	(465,460)
Net Investment Income	0	3,782,091	(3,782,091)
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)	(1,073,082)	0
Administrative Expense	0	(12,205)	12,205
Other Changes	0	0	0
Net Changes	\$ 1,489,151	\$ 3,744,105	\$ (2,254,954)
Balance, June 30, 2014	\$ 25,696,827	\$ 26,613,139	\$ (916,312)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	41.69%	\$ 10,713,007	\$ 11,095,018	\$ (382,010)
School Department	58.31%	14,983,820	15,518,121	(534,302)
Total		\$ 25,696,827	\$ 26,613,139	\$ (916,312)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Marion County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Marion County	6.5%	7.5%	8.5%
Net Pension Liability	\$ 2,350,809	\$ (916,312)	\$ (3,643,760)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Marion County recognized pension expense of \$12,887.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Marion County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 31,330
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,654,670
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	572,416	N/A
Total	\$ 572,416	\$ 1,686,000

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 321,557	\$ 702,893
School Department	250,859	983,107
Total	<u>\$ 572,416</u>	<u>\$ 1,686,000</u>

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

Year Ending June 30	Amount
2016	\$ (419,934)
2017	(419,934)
2018	(419,934)
2019	(419,934)
2020	(6,266)
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Marion County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Marion County and non-certified employees of the discretely presented Marion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 41.69 percent and the non-certified employees of the discretely present School Department comprise 58.31 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marion County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability

controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$23,030, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Marion County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Marion County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 23,030	N/A

The Marion County School Department's employer contributions of \$23,030 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marion County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one

percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Marion County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,312,497, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Marion County School Department reported an asset of \$63,467 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Marion County School Department's proportion of the net pension asset was based on the Marion County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Marion County School Department's proportion was .390575 percent. The proportion measured as of June 30, 2013, was .391869 percent.

Pension Income. For the year ended June 30, 2015, the Marion County School Department recognized a pension income of \$57,472.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Marion County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 154,081	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,229,246
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	18,247
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,312,497</u>	<u>N/A</u>
Total	<u>\$ 1,466,578</u>	<u>\$ 5,247,493</u>

The Marion County School Department's employer contributions of \$1,312,497 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,284,673)
2017	(1,284,673)
2018	(1,284,673)
2019	(1,284,673)
2020	22,639
Thereafter	22,639

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some rates included adjustments for expected future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Marion County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Marion County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 10,704,365 \$ (63,467) \$ (8,978,064)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Marion County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Marion County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Marion County School Department contributed \$28,787 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

I. Other Postemployment Benefits (OPEB)

Plan Description

Marion County and the Marion County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-207, *TCA* for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <http://tn.gov/finance/act/cafr.html>.

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Marion County retirees' contributions vary depending on the insurance options they select, ranging from \$673 to \$1,906 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$124 to \$1,496 per month. Marion County and the School Department recognized expenditures of \$8,920 and \$289,177, respectively, for postemployment health care during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 20,000	\$ 219,000
Interest on the NOPEBO	10,149	15,495
Adjustment to the ARC	(9,888)	(15,096)
Annual OPEB cost	\$ 20,261	\$ 219,399
Amount of contribution	(8,920)	(289,177)
Increase/decrease in NOPEBO	\$ 11,341	\$ (69,778)
Net OPEB obligation, 7-1-14	253,729	387,386
Net OPEB obligation, 6-30-15	\$ 265,070	\$ 317,608

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Government Group	\$ 50,530	10 %	\$ 236,633
6-30-14	"	19,243	11	253,729
6-30-15	"	20,261	44	265,070
6-30-13	Local Education Group	344,003	79	476,083
6-30-14	"	212,490	142	387,386
6-30-15	"	219,399	132	317,608

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 133,000	\$ 1,996,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 133,000	\$ 1,996,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,726,006	\$ 17,179,447
UAAL as a % of covered payroll	4%	12%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Termination Benefits

The discretely presented Marion County School Department offers a retirement incentive to support staff with at least 20 years with the School Department, and to teachers who retire from the School Department. Employees must notify the School Department of their plans to retire by April 15 in the year they choose to retire. In accordance with contract provisions, eligible retirees receive a \$500 retirement incentive. During the year ended June 30, 2015, ten School Department employees accepted the retirement incentive; therefore, the total cost of the cash payments reported in the government-wide Statement of Net Position by function was \$5,000.

K. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The County Commission has adopted a resolution that requires the county mayor to approve all purchases exceeding \$500.

Office of Highway Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 24, Private Acts of 1933, and provisions of the Uniform Road Law, Section 54-7-133, *TCA*. Provisions of the Private Act provide for the highway supervisor and county mayor to jointly approve all machinery purchases. Provisions of the County Uniform Road Law require that competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – MARION COUNTY CONSERVATION COMMISSION (ENTERPRISE FUND)

The financial statements of Marion County Conservation Commission (commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

The following is a summary of the more significant accounting policies:

A. Summary of Significant Accounting Policies

Reporting Entity

Marion County Conservation Commission was organized in 1989 for the purpose of managing the Marion County Park located on Nickajack Lake.

The primary source of revenue of the Marion County Conservation Commission is service fees charged for the use of the park, primarily camping fees.

The Marion County Board of Commissioners serves as the Board of Directors for the Conservation Commission as well as appoints two individuals outside of the County Commission to serve on the Board. As the governing board is not elected, but instead is entirely appointed by the county, the commission cannot be a primary government. Instead, it qualifies as a proprietary fund of Marion County, Tennessee (the primary government). The County Commission may appropriate funds for the operation and maintenance of the Conservation Commission and must approve long-term debt issued by the Commission.

The financial statements present only the Marion County Conservation Commission of Marion County, Tennessee, as of June 30, 2015. These financial statements are in no way intended to represent the government wide financial position of Marion County, Tennessee, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basic Financial Statements

All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus – Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The commission's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operations are included on the Statement of Net Position. Net position (i.e., assets + deferred outflows - liabilities - deferred

inflows) are segregated into net investment in capital assets, restricted components and unrestricted components.

The financial records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The allowance method is used to estimate the uncollectible accounts. Unbilled service receivables are recorded at year-end.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the commission's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the commission's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

For purposes of reporting cash on the Statement of Cash Flows, the commission considers all unrestricted highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. At June 30, 2015, the commission had no cash equivalents.

Investments

Investments are reported at fair value, which is based on quoted market prices. The commission is authorized by Tennessee statutes to invest in the following:

1. Bonds, notes or treasury bills of the United States.
2. Non-convertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association.
3. Any obligations which are guaranteed as to principal and interest by the United States or any of its agencies.
4. Certificates-of-deposit and other evidence of deposit at state and federal chartered banks and savings and loan associations.
5. Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested.
6. Money market funds whose portfolios consist of any of the foregoing investments.
7. The local government investment pool.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses. At year-end, there were no prepaid expenses.

Inventory

Supplies and materials are recorded as expenses at the time items are purchased and are not inventories at year-end, due to lack of materiality.

Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets to be reported.

Capital Assets

Capital assets are defined by the commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The commission's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Mobile Home	20
Bathhouse	12-20
Land Improvements	15-20
Equipment	3-10

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of

net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Entity has no items that qualify for reporting as a deferred outflow of resources.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Entity has no items that qualify for reporting as a deferred inflow of resources.

Compensated Absences

Policies regarding employee vacation and sick leave benefits do not meet the criteria which would require accrual of a liability for future benefits.

Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represents capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those.

Events Occurring after Reporting Date

The commission has evaluated subsequent events and transactions through the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

B. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure the commission's deposits may not be returned to it. The commission does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under *TCA* Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2015, the carrying amount of the commission's deposits was \$45,440, and the bank balance was \$45,824.

None of the commission's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool.

Investments

The commission had no investments at year-end.

C. Capital Assets

Capital asset activity for the year ended June 30, 2015, follows:

	Balance 7-1-14	Additions	Deletions	Balance 6-30-15
Business-type Activities:				
Capital Assets Depreciated:				
Mobile Home	\$ 12,112	\$ 0	\$ (354)	\$ 11,758
Bathhouse	46,317	0	(6,640)	39,677
Land Improvements	74,055	0	0	74,055
Equipment	35,683	19,752	(6,515)	48,920
Total Assets	\$ 168,167	\$ 19,752	\$ (13,509)	\$ 174,410
Less Accumulated				
Depreciation for:				
Mobile Home	\$ 8,556	\$ 721	\$ (354)	\$ 8,923
Bathhouse	8,482	4,659	(6,640)	6,501
Land Improvements	42,708	3,782	0	46,490
Equipment	21,047	5,942	(6,515)	20,474
Total Accumulated Depreciation	\$ 80,793	\$ 15,104	\$ (13,509)	\$ 82,388
Net Capital Assets	\$ 87,374	\$ 4,648	\$ 0	\$ 92,022

D. Land Use

The Marion County Park is located on land owned by the Tennessee Valley Authority (TVA). TVA permits Marion County to use the park land at no charge.

E. Wages

The managers of the Park are compensated by the general government of Marion County. During the year ended June 30, 2015, the commission reimbursed the county \$23,949 relating to the salaries, payroll taxes, and

workers compensation insurance. Additionally, the manager is permitted to live in the mobile home rent free, including utilities.

F. Compliance with Finance Related Legal and Contractual Provisions

The commission has no material violations of finance related legal and contractual provisions.

G. Contingent Liabilities

As of June 30, 2015, the commission does not have any material contingent liabilities that would have a material effect on the commission's financial condition.

H. Litigation

As of June 30, 2015, the commission was not involved in any litigation that would have a material effect on the commission's financial condition.

I. Commercial Insurance

It is the policy of the commission to purchase commercial insurance or to be covered under the entire Marion County Government for the risks of losses to which it is exposed. The risks include general liability, property and casualty, worker's compensation, employee fidelity, and directors' and officers' liability. The commission reimburses Marion County for the cost of insurance.

VII. OTHER NOTES – DISCRETELY PRESENTED MARION COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

Organization

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law"), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

Financial Reporting Entity

The district is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the district's Board of Directors, may appropriate funds for the operation and maintenance of the district, and must approve long-term debt issued by the district.

Basis of accounting

The district is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the district uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the district, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

Accounts Receivable

Accounts receivable for telephone service charges is reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

Capital Assets

The district capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method. Depreciation and amortization expense for the year ended June 30, 2015, was \$151,029.

Deferred Outflows/Inflows of Resources

Under GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

- Deferred outflows of resources – a consumption of net assets by the district that is applicable to a future reporting period.
- Deferred inflows of resources – an acquisition of net assets by the district that is applicable to a future reporting period.

As of June 30, 2015, the district did not have any deferred outflows of resources or any deferred inflows of resources. This statement had no significant impact on the district.

B. Budgetary Control

The district's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

C. Compensated Absences

The district has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2015. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 days; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

D. Changes in Capital Assets

Changes in capital assets for the year ended June 30, 2015, are as follows:

	Balance			Balance
	7-1-14	Additions	Deletions	6-30-15
Non-depreciable Assets:				
Land	\$ 43,223	\$ 11,046	\$ 0	\$ 54,269
Depreciable Assets:				
Furniture and Fixtures	73,333	521	(112)	73,742
Office Equipment	74,420	12,457	0	86,877
Vehicles	46,171	450	0	46,621
Communications Equipment	1,042,929	9,303	0	1,052,232
Building and Improvements	288,055	31,211	0	319,266
Total Assets	\$ 1,568,131	\$ 64,988	\$ (112)	\$ 1,633,007
Accumulated Depreciation:				
Furniture and Fixtures	\$ 17,996	\$ 6,920	\$ (26)	\$ 24,890
Office Equipment	25,627	16,301	0	41,928
Vehicles	29,107	3,049	0	32,156
Communications Equipment	381,504	115,780	0	497,284
Building and Improvements	15,663	8,979	0	24,642
Total Accumulated Depreciation	\$ 469,897	\$ 151,029	\$ (26)	\$ 620,900
Net Capital Assets	\$ 1,098,234	\$ (86,041)	\$ (86)	\$ 1,012,107

E. Retirement Plan

The district provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The district contributes three percent of eligible compensation, subject to amendment to the plan as approved by the district's Board. The "six-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,720. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

F. Commitment for Provider Services

For the year ending June 30, 2015, AT&T was the district's provider for automated number ID, number location and routing equipment. A previous five-year agreement ended in April 2009, and is continuing on a month-to-month basis. For the year ended June 30, 2015, the expense related to this agreement was \$16,317.

There are no future commitments as of the date this report is available for release.

G. Operating Leases

The district leases antenna and transmittal space for \$515 per month under a month-to-month operating lease agreement. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense for the year ended June 30, 2015, was \$6,181.

The district leases office equipment under an operating lease with monthly rental payments of \$99 per month plus some additional charges for excess usage. Rent expense for the year was \$3,123.

H. Cash and Investments

The district reports its cash and investments under the provisions of governmental accounting standards, which are designed to provide improved reporting of deposit and investment risks.

At June 30, 2015, the district's cash and investments consist of the following:

	Weighted Average Maturity (Years)	Cost Basis
Cash in Demand Deposit Accounts	0.00	\$ 263,368
Certificates of Deposits	0.69	<u>402,462</u>
Total		<u>\$ 665,830</u>

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the district's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The district's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk – The district's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the

district's name, or by Federal Reserve Banks acting as third-party agents. State statutes also authorize the types of investments in which the district may participate. The district limits its investments to certificates of deposit with local banks.

Credit Risk – The district's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2015, investments in certificates of deposit consist of the following:

Financial Institution	Type of Instrument	Interest	Maturity Date	Amount
First Jackson Bank	Certificate	0.60 %	5-12-16	\$ 201,200
First Jackson Bank	Certificate	0.60	5-24-16	40,482
Peoples State Bank	Certificate	0.75	2-16-16	56,743
Citizens Tri-County Bank	Certificate	0.25	10-6-15	<u>104,037</u>
Total				<u>\$ 402,462</u>

Subsequent to June 30, 2015, the certificate maturing on October 6, 2015, was invested in a new certificate.

I. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The district is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the district's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

J. Subsequent Events

Management has evaluated subsequent events through the date which these financial statements were available for issue.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Marion County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 766,971
Interest	1,832,858
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(37,596)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,073,082)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,489,151
Total Pension Liability (Asset), Beginning	<u>24,207,676</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 25,696,827</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 581,841
Contributions - Employee	465,460
Net Investment Income	3,782,091
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)
Administrative Expense	<u>(12,205)</u>
Net Change in Plan Fiduciary Net Position	\$ 3,744,105
Plan Fiduciary Net Position, Beginning	<u>22,869,034</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 26,613,139</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (916,312)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 103.57%
Covered Employee Payroll	\$ 8,937,781
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	10.25%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 581,841	\$ 572,416
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(581,841)</u>	<u>(572,416)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,937,781	\$ 8,507,735
Contributions as a Percentage of Covered Employee Payroll	6.51%	6.73%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-3

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 14,394
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(23,030)</u>
Contribution Deficiency (Excess)	<u>\$ (8,636)</u>
Covered Employee Payroll	\$ 575,740
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,361,307	\$ 1,312,497
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,361,307)</u>	<u>(1,312,497)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 15,330,020	\$ 14,518,785
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Marion County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.390575%
School Department's Proportionate Share of the Net Pension Asset	\$ 63,467
Covered Employee Payroll	\$ 15,330,020
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Marion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Marion County School Department
June 30, 2015

(Dollar amounts in thousands)

<u>Plans</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Projected Unit Credit (b)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<u>PRIMARY GOVERNMENT</u>								
Local Government Group	7-1-10	\$ 0	\$ 572	\$ 572	0 %	\$ 3,462	17 %	
"	7-1-11	0	357	357	0	3,439	10	
"	7-1-13	0	133	133	0	3,726	4	
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	7-1-10	0	2,469	2,469	0	16,902	15	
"	7-1-11	0	2,939	2,939	0	17,154	17	
"	7-1-13	0	1,996	1,996	0	17,179	12	

MARION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Four Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the retirement of bonds issued for the construction and renovation of schools.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for transactions relating to building projects for a higher education facility to be used by the citizens of Marion County and the surrounding area.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for various capital expenditures of the county.

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 110,181	\$ 110,181	\$ 0
Equity in Pooled Cash and Investments	20,052	89,513	772,669	0	882,234	1,619,380
Accounts Receivable	0	0	0	940	940	0
Due from Other Governments	0	55,703	0	0	55,703	0
Property Taxes Receivable	0	0	0	0	0	643,609
Allowance for Uncollectible Property Taxes	0	0	0	0	0	(39,520)
Total Assets	\$ 20,052	\$ 145,216	\$ 772,669	\$ 111,121	\$ 1,049,058	\$ 2,223,469
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,194	\$ 1,194	\$ 0
Due to Litigants, Heirs, and Others	0	0	20,492	0	20,492	0
Total Liabilities	\$ 0	\$ 0	\$ 20,492	\$ 1,194	\$ 21,686	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 579,913
Deferred Delinquent Property Taxes	0	0	0	0	0	20,901
Other Deferred/Unavailable Revenue	0	28,000	0	0	28,000	0
Total Deferred Inflows of Resources	\$ 0	\$ 28,000	\$ 0	\$ 0	\$ 28,000	\$ 600,814

(Continued)

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 20,052	\$ 0	\$ 0	\$ 0	\$ 20,052	\$ 0
Restricted for Finance	0	0	0	109,927	109,927	0
Restricted for Public Safety	0	0	752,177	0	752,177	0
Restricted for Public Health and Welfare	0	117,216	0	0	117,216	0
Restricted for Debt Service	0	0	0	0	0	1,622,655
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Debt Service	0	0	0	0	0	0
Committed for Capital Projects	0	0	0	0	0	0
Total Fund Balances	<u>\$ 20,052</u>	<u>\$ 117,216</u>	<u>\$ 752,177</u>	<u>\$ 109,927</u>	<u>\$ 999,372</u>	<u>\$ 1,622,655</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,052</u>	<u>\$ 145,216</u>	<u>\$ 772,669</u>	<u>\$ 111,121</u>	<u>\$ 1,049,058</u>	<u>\$ 2,223,469</u>

(Continued)

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>			<u>Total</u>
	<u>Education</u>		<u>Education</u>	<u>Other</u>		<u>Total</u>
	<u>Debt</u>		<u>Capital</u>	<u>Capital</u>		<u>Nonmajor</u>
	<u>Service</u>	<u>Total</u>	<u>Projects</u>	<u>Projects</u>	<u>Total</u>	<u>Governmental</u>
						<u>Funds</u>
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	110,181
Equity in Pooled Cash and Investments	1,618,976	3,238,356	1,135,058	927,411	2,062,469	6,183,059
Accounts Receivable	0	0	0	0	0	940
Due from Other Governments	266,926	266,926	0	0	0	322,629
Property Taxes Receivable	0	643,609	0	689,164	689,164	1,332,773
Allowance for Uncollectible Property Taxes	0	(39,520)	0	(32,843)	(32,843)	(72,363)
Total Assets	\$ 1,885,902	\$ 4,109,371	\$ 1,135,058	\$ 1,583,732	\$ 2,718,790	\$ 7,877,219
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,194
Due to Litigants, Heirs, and Others	0	0	0	0	0	20,492
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,686
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 579,913	\$ 0	\$ 642,919	\$ 642,919	1,222,832
Deferred Delinquent Property Taxes	0	20,901	0	11,587	11,587	32,488
Other Deferred/Unavailable Revenue	127,000	127,000	0	0	0	155,000
Total Deferred Inflows of Resources	\$ 127,000	\$ 727,814	\$ 0	\$ 654,506	\$ 654,506	\$ 1,410,320

(Continued)

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,052
Restricted for Finance	0	0	0	0	0	109,927
Restricted for Public Safety	0	0	0	0	0	752,177
Restricted for Public Health and Welfare	0	0	0	0	0	117,216
Restricted for Debt Service	0	1,622,655	0	0	0	1,622,655
Restricted for Capital Projects	0	0	135,058	929,226	1,064,284	1,064,284
Committed:						
Committed for Debt Service	1,758,902	1,758,902	0	0	0	1,758,902
Committed for Capital Projects	0	0	1,000,000	0	1,000,000	1,000,000
Total Fund Balances	<u>\$ 1,758,902</u>	<u>\$ 3,381,557</u>	<u>\$ 1,135,058</u>	<u>\$ 929,226</u>	<u>\$ 2,064,284</u>	<u>\$ 6,445,213</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,885,902</u>	<u>\$ 4,109,371</u>	<u>\$ 1,135,058</u>	<u>\$ 1,583,732</u>	<u>\$ 2,718,790</u>	<u>\$ 7,877,219</u>

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service
Revenues						
Local Taxes	\$ 8,063	\$ 263,727	\$ 0	\$ 0	\$ 271,790	\$ 619,754
Fines, Forfeitures, and Penalties	0	0	813,618	0	813,618	0
Charges for Current Services	0	41,990	0	440,430	482,420	0
Other Local Revenues	0	0	0	0	0	0
State of Tennessee	0	166,637	1,680	0	168,317	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 8,063	\$ 472,354	\$ 815,298	\$ 440,430	\$ 1,736,145	\$ 619,754
Expenditures						
Current:						
General Government	\$ 5,459	\$ 0	\$ 0	\$ 0	\$ 5,459	\$ 0
Finance	0	0	0	427,311	427,311	0
Administration of Justice	0	0	0	77	77	0
Public Safety	0	0	77,742	0	77,742	0
Public Health and Welfare	0	535,271	0	0	535,271	0
Other Operations	79	4,659	8,155	0	12,893	12,246
Debt Service:						
Principal on Debt	0	0	0	0	0	395,000
Interest on Debt	0	0	0	0	0	217,440
Other Debt Service	0	0	0	0	0	33,350
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 5,538	\$ 539,930	\$ 85,897	\$ 427,388	\$ 1,058,753	\$ 658,036

(Continued)

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,525	\$ (67,576)	\$ 729,401	\$ 13,042	\$ 677,392	\$ (38,282)
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,345,000
Premiums on Debt Issued	0	0	0	0	0	79,103
Proceeds from Sale of Capital Assets	0	0	4,000	0	4,000	0
Transfers In	0	120,000	0	0	120,000	0
Discounts on Debt Issued	0	0	0	0	0	(16,783)
Payments to Refunded Debt Escrow Agent	0	0	0	0	0	(3,374,220)
Total Other Financing Sources (Uses)	\$ 0	\$ 120,000	\$ 4,000	\$ 0	\$ 124,000	\$ 33,100
Net Change in Fund Balances	\$ 2,525	\$ 52,424	\$ 733,401	\$ 13,042	\$ 801,392	\$ (5,182)
Fund Balance, July 1, 2014	17,527	64,792	18,776	96,885	197,980	1,627,837
Fund Balance, June 30, 2015	\$ 20,052	\$ 117,216	\$ 752,177	\$ 109,927	\$ 999,372	\$ 1,622,655

(Continued)

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 1,578,760	\$ 2,198,514	\$ 0	\$ 337,619	\$ 337,619	\$ 2,807,923
Fines, Forfeitures, and Penalties	0	0	0	0	0	813,618
Charges for Current Services	0	0	0	0	0	482,420
Other Local Revenues	6,697	6,697	82,578	0	82,578	89,275
State of Tennessee	0	0	34,801	0	34,801	203,118
Federal Government	0	0	307,549	0	307,549	307,549
Other Governments and Citizens Groups	42,929	42,929	0	0	0	42,929
Total Revenues	\$ 1,628,386	\$ 2,248,140	\$ 424,928	\$ 337,619	\$ 762,547	\$ 4,746,832
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,459
Finance	0	0	0	0	0	427,311
Administration of Justice	0	0	0	0	0	77
Public Safety	0	0	0	0	0	77,742
Public Health and Welfare	0	0	0	0	0	535,271
Other Operations	15,743	27,989	17	6,689	6,706	47,588
Debt Service:						
Principal on Debt	871,389	1,266,389	0	0	0	1,266,389
Interest on Debt	597,137	814,577	0	0	0	814,577
Other Debt Service	84,400	117,750	0	0	0	117,750
Capital Projects	0	0	747,956	0	747,956	747,956
Total Expenditures	\$ 1,568,669	\$ 2,226,705	\$ 747,973	\$ 6,689	\$ 754,662	\$ 4,040,120

(Continued)

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,717	\$ 21,435	\$ (323,045)	\$ 330,930	\$ 7,885	\$ 706,712
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 15,485,000	\$ 18,830,000	\$ 0	\$ 0	\$ 0	\$ 18,830,000
Premiums on Debt Issued	853,541	932,644	0	0	0	932,644
Proceeds from Sale of Capital Assets	0	0	0	0	0	4,000
Transfers In	0	0	0	0	0	120,000
Discounts on Debt Issued	(34,101)	(50,884)	0	0	0	(50,884)
Payments to Refunded Debt Escrow Agent	(16,220,040)	(19,594,260)	0	0	0	(19,594,260)
Total Other Financing Sources (Uses)	\$ 84,400	\$ 117,500	\$ 0	\$ 0	\$ 0	\$ 241,500
Net Change in Fund Balances	\$ 144,117	\$ 138,935	\$ (323,045)	\$ 330,930	\$ 7,885	\$ 948,212
Fund Balance, July 1, 2014	1,614,785	3,242,622	1,458,103	598,296	2,056,399	5,497,001
Fund Balance, June 30, 2015	\$ 1,758,902	\$ 3,381,557	\$ 1,135,058	\$ 929,226	\$ 2,064,284	\$ 6,445,213

Exhibit G-3

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,063	\$ 8,000	\$ 8,000	\$ 63
Total Revenues	\$ 8,063	\$ 8,000	\$ 8,000	\$ 63
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 5,459	\$ 15,000	\$ 15,000	\$ 9,541
<u>Other Operations</u>				
Other Charges	79	100	100	21
Total Expenditures	\$ 5,538	\$ 15,100	\$ 15,100	\$ 9,562
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,525	\$ (7,100)	\$ (7,100)	\$ 9,625
Net Change in Fund Balance	\$ 2,525	\$ (7,100)	\$ (7,100)	\$ 9,625
Fund Balance, July 1, 2014	17,527	17,528	17,528	(1)
Fund Balance, June 30, 2015	\$ 20,052	\$ 10,428	\$ 10,428	\$ 9,624

Exhibit G-4

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 263,727	\$ 250,000	\$ 250,000	\$ 13,727
Charges for Current Services	41,990	21,000	21,000	20,990
State of Tennessee	166,637	150,000	150,000	16,637
Total Revenues	<u>\$ 472,354</u>	<u>\$ 421,000</u>	<u>\$ 421,000</u>	<u>\$ 51,354</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 535,271	\$ 611,992	\$ 613,748	\$ 78,477
<u>Other Operations</u>				
Other Charges	4,659	4,000	4,659	0
Total Expenditures	<u>\$ 539,930</u>	<u>\$ 615,992</u>	<u>\$ 618,407</u>	<u>\$ 78,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (67,576)</u>	<u>\$ (194,992)</u>	<u>\$ (197,407)</u>	<u>\$ 129,831</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 120,000	\$ 190,000	\$ 190,000	\$ (70,000)
Total Other Financing Sources	<u>\$ 120,000</u>	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ (70,000)</u>
Net Change in Fund Balance	\$ 52,424	\$ (4,992)	\$ (7,407)	\$ 59,831
Fund Balance, July 1, 2014	<u>64,792</u>	<u>64,791</u>	<u>64,791</u>	<u>1</u>
Fund Balance, June 30, 2015	<u><u>\$ 117,216</u></u>	<u><u>\$ 59,799</u></u>	<u><u>\$ 57,384</u></u>	<u><u>\$ 59,832</u></u>

Exhibit G-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 813,618	\$ 25,000	\$ 76,175	\$ 737,443
State of Tennessee	1,680	2,000	2,000	(320)
Other Governments and Citizens Groups	0	500	500	(500)
Total Revenues	<u>\$ 815,298</u>	<u>\$ 27,500</u>	<u>\$ 78,675</u>	<u>\$ 736,623</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 77,742	\$ 43,500	\$ 86,675	\$ 8,933
<u>Other Operations</u>				
Other Charges	8,155	600	8,600	445
Total Expenditures	<u>\$ 85,897</u>	<u>\$ 44,100</u>	<u>\$ 95,275</u>	<u>\$ 9,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 729,401</u>	<u>\$ (16,600)</u>	<u>\$ (16,600)</u>	<u>\$ 746,001</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Total Other Financing Sources	<u>\$ 4,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,000</u>
Net Change in Fund Balance	\$ 733,401	\$ (16,600)	\$ (16,600)	\$ 750,001
Fund Balance, July 1, 2014	<u>18,776</u>	<u>36,455</u>	<u>36,455</u>	<u>(17,679)</u>
Fund Balance, June 30, 2015	<u><u>\$ 752,177</u></u>	<u><u>\$ 19,855</u></u>	<u><u>\$ 19,855</u></u>	<u><u>\$ 732,322</u></u>

Exhibit G-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 619,754	\$ 580,010	\$ 580,010	\$ 39,744
Total Revenues	\$ 619,754	\$ 580,010	\$ 580,010	\$ 39,744
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 12,246	\$ 15,000	\$ 15,000	\$ 2,754
<u>Principal on Debt</u>				
General Government	395,000	370,000	395,000	0
<u>Interest on Debt</u>				
General Government	217,440	246,695	221,695	4,255
<u>Other Debt Service</u>				
General Government	33,350	1,000	34,100	750
Total Expenditures	\$ 658,036	\$ 632,695	\$ 665,795	\$ 7,759
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,282)	\$ (52,685)	\$ (85,785)	\$ 47,503
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,345,000	\$ 0	\$ 3,345,000	\$ 0
Premiums on Debt Issued	79,103	0	79,103	0
Discounts on Debt Issued	(16,783)	0	(16,783)	0
Payments to Refunded Debt Escrow Agent	(3,374,220)	0	(3,374,220)	0
Total Other Financing Sources	\$ 33,100	\$ 0	\$ 33,100	\$ 0
Net Change in Fund Balance	\$ (5,182)	\$ (52,685)	\$ (52,685)	\$ 47,503
Fund Balance, July 1, 2014	1,627,837	1,631,135	1,631,135	(3,298)
Fund Balance, June 30, 2015	\$ 1,622,655	\$ 1,578,450	\$ 1,578,450	\$ 44,205

Exhibit G-7

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,578,760	\$ 1,400,000	\$ 1,400,000	\$ 178,760
Other Local Revenues	6,697	6,000	6,000	697
Other Governments and Citizens Groups	42,929	0	42,929	0
Total Revenues	<u>\$ 1,628,386</u>	<u>\$ 1,406,000</u>	<u>\$ 1,448,929</u>	<u>\$ 179,457</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 15,743	\$ 16,000	\$ 16,000	\$ 257
<u>Principal on Debt</u>				
Education	871,389	600,000	871,389	0
<u>Interest on Debt</u>				
Education	597,137	732,450	738,990	141,853
<u>Other Debt Service</u>				
Education	84,400	0	84,400	0
Total Expenditures	<u>\$ 1,568,669</u>	<u>\$ 1,348,450</u>	<u>\$ 1,710,779</u>	<u>\$ 142,110</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,717</u>	<u>\$ 57,550</u>	<u>\$ (261,850)</u>	<u>\$ 321,567</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 15,485,000	\$ 0	\$ 15,485,000	\$ 0
Premiums on Debt Issued	853,541	0	853,541	0
Discounts on Debt Issued	(34,101)	0	(34,101)	0
Payments to Refunded Debt Escrow Agent	(16,220,040)	0	(16,220,040)	0
Total Other Financing Sources	<u>\$ 84,400</u>	<u>\$ 0</u>	<u>\$ 84,400</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 144,117	\$ 57,550	\$ (177,450)	\$ 321,567
Fund Balance, July 1, 2014	<u>1,614,785</u>	<u>1,614,785</u>	<u>1,614,785</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 1,758,902</u>	<u>\$ 1,672,335</u>	<u>\$ 1,437,335</u>	<u>\$ 321,567</u>

Major Governmental Fund

Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds issued for the construction and renovation of the county’s rural schools.

Exhibit H

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,374,427	\$ 1,323,446	\$ 1,323,446	\$ 50,981
Other Governments and Citizens Groups	797,554	797,554	797,554	0
Total Revenues	<u>\$ 2,171,981</u>	<u>\$ 2,121,000</u>	<u>\$ 2,121,000</u>	<u>\$ 50,981</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,295,000	\$ 1,180,000	\$ 1,295,000	\$ 0
<u>Interest on Debt</u>				
Education	517,014	518,108	518,108	1,094
<u>Other Debt Service</u>				
Education	56,342	31,500	59,475	3,133
Total Expenditures	<u>\$ 1,868,356</u>	<u>\$ 1,729,608</u>	<u>\$ 1,872,583</u>	<u>\$ 4,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 303,625</u>	<u>\$ 391,392</u>	<u>\$ 248,417</u>	<u>\$ 55,208</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,805,000	\$ 0	\$ 1,805,000	\$ 0
Premiums on Debt Issued	156,011	0	156,011	0
Discounts on Debt Issued	(11,963)	0	(11,963)	0
Payments to Refunded Debt Escrow Agent	(1,806,073)	0	(1,806,073)	0
Total Other Financing Sources	<u>\$ 142,975</u>	<u>\$ 0</u>	<u>\$ 142,975</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 446,600	\$ 391,392	\$ 391,392	\$ 55,208
Fund Balance, July 1, 2014	<u>4,885,299</u>	<u>4,892,699</u>	<u>4,892,699</u>	<u>(7,400)</u>
Fund Balance, June 30, 2015	<u>\$ 5,331,899</u>	<u>\$ 5,284,091</u>	<u>\$ 5,284,091</u>	<u>\$ 47,808</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Special School District Fund – The Special School District Fund is used to account for property taxes levied on residents of Richard City. These property taxes are remitted to the Richard City Schools.

City School ADA - Richard City Fund – The City School ADA - Richard City Fund is used to account for the Richard City School System’s share of education revenues collected by the county, which must be apportioned between the school systems on an average daily attendance basis. These collections are remitted to the Richard City Schools.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for grants and other restricted revenues for the benefits of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

Exhibit I-1

Marion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Special School District	City School ADA - Richard City	Constitutional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 720,581	\$ 0	\$ 720,581
Equity in Pooled Cash and Investments	0	527	22,092	0	67,254	89,873
Accounts Receivable	0	0	399	6,531	0	6,930
Due from Other Governments	587,497	0	38,147	0	0	625,644
Property Taxes Receivable	0	36,909	329,363	0	0	366,272
Allowance for Uncollectible Property Taxes	0	(1,851)	(20,225)	0	0	(22,076)
Total Assets	<u>\$ 587,497</u>	<u>\$ 35,585</u>	<u>\$ 369,776</u>	<u>\$ 727,112</u>	<u>\$ 67,254</u>	<u>\$ 1,787,224</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 587,497	\$ 35,585	\$ 369,776	\$ 0	\$ 0	\$ 992,858
Due to Litigants, Heirs, and Others	0	0	0	727,112	0	727,112
Due to Joint Ventures	0	0	0	0	67,254	67,254
Total Liabilities	<u>\$ 587,497</u>	<u>\$ 35,585</u>	<u>\$ 369,776</u>	<u>\$ 727,112</u>	<u>\$ 67,254</u>	<u>\$ 1,787,224</u>

Exhibit I-2

Marion County, Tennessee
Combining Statements of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,268,694	\$ 3,268,694	\$ 0
Due from Other Governments	557,009	587,497	557,009	587,497
Total Assets	\$ 557,009	\$ 3,856,191	\$ 3,825,703	\$ 587,497
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 557,009	\$ 3,856,191	\$ 3,825,703	\$ 587,497
Total Liabilities	\$ 557,009	\$ 3,856,191	\$ 3,825,703	\$ 587,497
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 304	\$ 20,128	\$ 19,905	\$ 527
Taxes Receivable	35,928	36,909	35,928	36,909
Allowance for Uncollectible Taxes	(1,952)	(1,851)	(1,952)	(1,851)
Total Assets	\$ 34,280	\$ 55,186	\$ 53,881	\$ 35,585
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 34,280	\$ 55,186	\$ 53,881	\$ 35,585
Total Liabilities	\$ 34,280	\$ 55,186	\$ 53,881	\$ 35,585
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 5,333	\$ 552,425	\$ 535,666	\$ 22,092
Accounts Receivable	720	399	720	399
Due from Other Governments	38,335	38,147	38,335	38,147
Taxes Receivable	348,499	329,363	348,499	329,363
Allowance for Uncollectible Taxes	(22,134)	(20,225)	(22,134)	(20,225)
Total Assets	\$ 370,753	\$ 900,109	\$ 901,086	\$ 369,776
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 370,753	\$ 900,109	\$ 901,086	\$ 369,776
Total Liabilities	\$ 370,753	\$ 900,109	\$ 901,086	\$ 369,776

(Continued)

Exhibit I-2

Marion County, Tennessee
Combining Statement of Changes in Assets and Liabilities -
All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 937,467	\$ 5,581,351	\$ 5,798,237	\$ 720,581
Accounts Receivable	0	6,531	0	6,531
Total Assets	<u>\$ 937,467</u>	<u>\$ 5,587,882</u>	<u>\$ 5,798,237</u>	<u>\$ 727,112</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 937,467	\$ 5,587,882	\$ 5,798,237	\$ 727,112
Total Liabilities	<u>\$ 937,467</u>	<u>\$ 5,587,882</u>	<u>\$ 5,798,237</u>	<u>\$ 727,112</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 33,803	\$ 139,111	\$ 105,660	\$ 67,254
Total Assets	<u>\$ 33,803</u>	<u>\$ 139,111</u>	<u>\$ 105,660</u>	<u>\$ 67,254</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 33,803	\$ 139,111	\$ 105,660	\$ 67,254
Total Liabilities	<u>\$ 33,803</u>	<u>\$ 139,111</u>	<u>\$ 105,660</u>	<u>\$ 67,254</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 937,467	\$ 5,581,351	\$ 5,798,237	\$ 720,581
Equity in Pooled Cash and Investments	39,440	3,980,358	3,929,925	89,873
Accounts Receivable	720	6,930	720	6,930
Due from Other Governments	595,344	625,644	595,344	625,644
Taxes Receivable	384,427	366,272	384,427	366,272
Allowance for Uncollectible Taxes	(24,086)	(22,076)	(24,086)	(22,076)
Total Assets	<u>\$ 1,933,312</u>	<u>\$ 10,538,479</u>	<u>\$ 10,684,567</u>	<u>\$ 1,787,224</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 962,042	\$ 4,811,486	\$ 4,780,670	\$ 992,858
Due to Litigants, Heirs, and Others	937,467	5,587,882	5,798,237	727,112
Due to Joint Ventures	33,803	139,111	105,660	67,254
Total Liabilities	<u>\$ 1,933,312</u>	<u>\$ 10,538,479</u>	<u>\$ 10,684,567</u>	<u>\$ 1,787,224</u>

Marion County School Department

This section presents combining and individual fund financial statements for the Marion County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and a Private Purpose Trust Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for two scholarships. One is for graduates of the Whitwell Middle School, and one is for graduating seniors planning to major in education.

Exhibit J-1

Marion County, Tennessee
Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 20,079,785	\$ 14,342	\$ 1,106,199	\$ 57,452	\$ (18,901,792)
Support Services	11,226,085	0	579,368	0	(10,646,717)
Operation of Non-instructional Services	3,311,435	393,860	3,221,574	0	303,999
Interest on Long-term Debt	6,540	0	0	0	(6,540)
Total Governmental Activities	\$ 34,623,845	\$ 408,202	\$ 4,907,141	\$ 57,452	\$ (29,251,050)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,037,970
Local Option Sales Taxes					3,362,953
Hotel/Motel Tax					37,011
Wholesale Beer Tax					111,861
Other Local Taxes					10,172
Grants and Contributions Not Restricted to Specific Programs					21,343,643
Unrestricted Investment Earnings					4,244
Miscellaneous					101,349
Pension Income					57,472
Total General Revenues					\$ 30,066,675
Change in Net Position					\$ 815,625
Net Position, July 1, 2014					44,605,619
Restatement - See Note I.D.9					(5,528,709)
Net Position, June 30, 2015					\$ 39,892,535

Exhibit J-2

Marion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marion County School Department
June 30, 2015

	<u>Major Funds</u>		<u>Nonmajor</u>	
	<u>General</u>	<u>Central</u>	<u>Fund</u>	<u>Total</u>
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,196	\$ 0	\$ 1,196
Equity in Pooled Cash and Investments	2,509,064	1,276,706	0	3,785,770
Inventories	0	68,971	0	68,971
Accounts Receivable	29,560	0	0	29,560
Due from Other Governments	881,529	34,026	1,205	916,760
Due from Other Funds	0	2,214	0	2,214
Property Taxes Receivable	5,291,162	0	0	5,291,162
Allowance for Uncollectible Property Taxes	(324,901)	0	0	(324,901)
Total Assets	<u>\$ 8,386,414</u>	<u>\$ 1,383,113</u>	<u>\$ 1,205</u>	<u>\$ 9,770,732</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 156,786	\$ 0	\$ 0	\$ 156,786
Accrued Payroll	27,978	0	0	27,978
Payroll Deductions Payable	227,792	0	0	227,792
Cash Overdraft	0	0	1,205	1,205
Due to Other Funds	2,214	0	0	2,214
Total Liabilities	<u>\$ 414,770</u>	<u>\$ 0</u>	<u>\$ 1,205</u>	<u>\$ 415,975</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,767,508	\$ 0	\$ 0	\$ 4,767,508
Deferred Delinquent Property Taxes	171,832	0	0	171,832
Other Deferred/Unavailable Revenue	309,549	0	0	309,549
Total Deferred Inflows of Resources	<u>\$ 5,248,889</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,248,889</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 68,971	\$ 0	\$ 68,971
Restricted:				
Restricted for Education	12,490	1,314,142	0	1,326,632
Committed:				
Committed for Education	51,774	0	0	51,774
Unassigned	2,658,491	0	0	2,658,491
Total Fund Balances	<u>\$ 2,722,755</u>	<u>\$ 1,383,113</u>	<u>\$ 0</u>	<u>\$ 4,105,868</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,386,414</u>	<u>\$ 1,383,113</u>	<u>\$ 1,205</u>	<u>\$ 9,770,732</u>

Exhibit J-3

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Marion County School Department
June 30, 2015

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 4,105,868
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,133,836	
Add: buildings and improvements net of accumulated depreciation	38,317,548	
Add: other capital assets net of accumulated depreciation	<u>182,515</u>	39,633,899
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on the primary government debt for capital lease	\$ (118,640)	
Less: other postemployment benefits liability	<u>(317,608)</u>	(436,248)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,740,467	
Less: deferred inflows of resources related to pensions	<u>(6,230,601)</u>	(4,490,134)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - Agent Plan	\$ 534,302	
Add: net pension assets - Cost-sharing Plan	<u>63,467</u>	597,769
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>481,381</u>
Net position of governmental activities (Exhibit A)		<u>\$ 39,892,535</u>

Exhibit J-4

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 8,633,745	\$ 0	\$ 0	\$ 8,633,745
Licenses and Permits	2,460	0	0	2,460
Charges for Current Services	143,382	264,820	0	408,202
Other Local Revenues	119,694	10,007	0	129,701
State of Tennessee	20,873,011	24,687	0	20,897,698
Federal Government	70,626	2,647,043	2,249,296	4,966,965
Other Governments and Citizens Groups	338,804	0	0	338,804
Total Revenues	\$ 30,181,722	\$ 2,946,557	\$ 2,249,296	\$ 35,377,575
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,565,770	\$ 0	\$ 1,498,438	\$ 19,064,208
Support Services	10,742,053	0	695,948	11,438,001
Operation of Non-instructional Services	693,333	2,600,047	0	3,293,380
Capital Outlay	70,952	0	0	70,952
Debt Service:				
Principal on Debt	36,389	0	0	36,389
Interest on Debt	6,540	0	0	6,540
Other Debt Service	797,554	0	0	797,554
Total Expenditures	\$ 29,912,591	\$ 2,600,047	\$ 2,194,386	\$ 34,707,024
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 269,131	\$ 346,510	\$ 54,910	\$ 670,551
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 54,910	\$ 0	\$ 0	\$ 54,910
Transfers Out	0	0	(54,910)	(54,910)
Total Other Financing Sources (Uses)	\$ 54,910	\$ 0	\$ (54,910)	\$ 0
Net Change in Fund Balances	\$ 324,041	\$ 346,510	\$ 0	\$ 670,551
Fund Balance, July 1, 2014	2,398,714	1,036,603	0	3,435,317
Fund Balance, June 30, 2015	\$ 2,722,755	\$ 1,383,113	\$ 0	\$ 4,105,868

Exhibit J-5

Marion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	670,551
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	2,500	
Less: current-year depreciation expense		<u>(1,605,265)</u>	(1,602,765)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value on capital assets disposed			(595)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	481,381	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(475,458)</u>	5,923
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on capital leases to primary government			36,389
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability	\$	69,778	
Change in net pension liability/asset		6,126,478	
Change in deferred outflows related to pensions		1,740,467	
Change in deferred inflows related to pensions		<u>(6,230,601)</u>	<u>1,706,122</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 815,625</u>

Exhibit J-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,633,745	\$ 8,111,670	\$ 8,111,670	\$ 522,075
Licenses and Permits	2,460	1,802	1,802	658
Charges for Current Services	143,382	248,968	248,968	(105,586)
Other Local Revenues	119,694	164,125	185,498	(65,804)
State of Tennessee	20,873,011	20,803,406	20,930,608	(57,597)
Federal Government	70,626	105,000	105,000	(34,374)
Other Governments and Citizens Groups	338,804	853,925	1,192,729	(853,925)
Total Revenues	\$ 30,181,722	\$ 30,288,896	\$ 30,776,275	\$ (594,553)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 13,411,180	\$ 13,787,140	\$ 13,787,140	\$ 375,960
Special Education Program	2,640,475	2,650,863	2,650,863	10,388
Vocational Education Program	1,514,115	1,404,235	1,583,631	69,516
<u>Support Services</u>				
Attendance	124,904	129,155	129,155	4,251
Health Services	370,611	398,072	398,072	27,461
Other Student Support	671,603	699,553	700,728	29,125
Regular Instruction Program	912,582	950,610	950,610	38,028
Special Education Program	160,613	183,275	183,275	22,662
Vocational Education Program	117,968	106,355	122,703	4,735
Other Programs	127,202	0	127,202	0
Board of Education	510,433	554,265	554,265	43,832
Director of Schools	296,696	340,860	340,860	44,164
Office of the Principal	2,015,060	2,165,562	2,165,562	150,502
Fiscal Services	307,164	326,915	326,915	19,751
Human Services/Personnel	97,834	103,975	103,975	6,141
Operation of Plant	2,730,675	3,005,820	3,005,820	275,145
Maintenance of Plant	583,970	768,010	778,421	194,451
Transportation	1,106,372	1,130,472	1,130,472	24,100
Central and Other	608,366	894,487	990,905	382,539
<u>Operation of Non-instructional Services</u>				
Community Services	314,034	462,081	462,081	148,047
Early Childhood Education	379,299	385,463	385,463	6,164
<u>Capital Outlay</u>				
Regular Capital Outlay	70,952	630,122	643,622	572,670
<u>Principal on Debt</u>				
Education	36,389	0	36,389	0
<u>Interest on Debt</u>				
Education	6,540	0	6,540	0
<u>Other Debt Service</u>				
Education	797,554	797,554	797,554	0
Total Expenditures	\$ 29,912,591	\$ 31,874,844	\$ 32,362,223	\$ 2,449,632

(Continued)

Exhibit J-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
General Purpose School Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 269,131	\$ (1,585,948)	\$ (1,585,948)	\$ 1,855,079
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 54,910	\$ 65,078	\$ 65,078	\$ (10,168)
Total Other Financing Sources	\$ 54,910	\$ 65,078	\$ 65,078	\$ (10,168)
Net Change in Fund Balance	\$ 324,041	\$ (1,520,870)	\$ (1,520,870)	\$ 1,844,911
Fund Balance, July 1, 2014	2,398,714	2,403,870	2,403,870	(5,156)
Fund Balance, June 30, 2015	\$ 2,722,755	\$ 883,000	\$ 883,000	\$ 1,839,755

Exhibit J-7

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,249,296	\$ 2,221,483	\$ 2,507,354	\$ (258,058)
Total Revenues	\$ 2,249,296	\$ 2,221,483	\$ 2,507,354	\$ (258,058)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 966,723	\$ 902,447	\$ 1,002,469	\$ 35,746
Special Education Program	487,392	470,471	533,396	46,004
Vocational Education Program	44,323	44,390	44,323	0
<u>Support Services</u>				
Other Student Support	164,392	177,601	281,740	117,348
Regular Instruction Program	149,689	175,964	184,733	35,044
Special Education Program	334,578	345,530	344,220	9,642
Vocational Education Program	2,160	2,560	2,160	0
Transportation	45,129	53,915	53,255	8,126
Total Expenditures	\$ 2,194,386	\$ 2,172,878	\$ 2,446,296	\$ 251,910
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,910	\$ 48,605	\$ 61,058	\$ (6,148)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (54,910)	\$ (48,605)	\$ (61,058)	\$ 6,148
Total Other Financing Sources	\$ (54,910)	\$ (48,605)	\$ (61,058)	\$ 6,148
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2014	0	0	0	0
Fund Balance, June 30, 2015	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit J-8

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 264,820	\$ 489,025	\$ 489,025	\$ (224,205)
Other Local Revenues	10,007	11,000	11,000	(993)
State of Tennessee	24,687	25,000	25,000	(313)
Federal Government	2,647,043	2,357,871	2,357,871	289,172
Total Revenues	<u>\$ 2,946,557</u>	<u>\$ 2,882,896</u>	<u>\$ 2,882,896</u>	<u>\$ 63,661</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,600,047	\$ 3,014,999	\$ 3,014,999	\$ 414,952
Total Expenditures	<u>\$ 2,600,047</u>	<u>\$ 3,014,999</u>	<u>\$ 3,014,999</u>	<u>\$ 414,952</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 346,510</u>	<u>\$ (132,103)</u>	<u>\$ (132,103)</u>	<u>\$ 478,613</u>
Net Change in Fund Balance	\$ 346,510	\$ (132,103)	\$ (132,103)	\$ 478,613
Fund Balance, July 1, 2014	1,036,603	1,036,603	1,036,603	0
Fund Balance, June 30, 2015	<u>\$ 1,383,113</u>	<u>\$ 904,500</u>	<u>\$ 904,500</u>	<u>\$ 478,613</u>

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2015

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 30,325
Equity in Pooled Cash and Investments	20,234
Investments	<u>602,139</u>
Total Assets	<u>\$ 652,698</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 652,698</u>
Total Net Position	<u><u>\$ 652,698</u></u>

Exhibit J-10

Marion County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2015

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 10,000
Investment Income	6,740
Total Additions	<u>\$ 16,740</u>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	\$ 16,750
Total Deductions	<u>\$ 16,750</u>
Change in Net Position	\$ (10)
Net Position, July 1, 2014	<u>652,708</u>
Net Position, June 30, 2015	<u><u>\$ 652,698</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Capital Lease
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds, 2005 Series	\$ 4,460,000	3.5 to 4.2 %	7-1-05	4-1-29	\$ 3,550,000	\$ 0	\$ 205,000	\$ 3,345,000	\$ 0
General Obligation Bonds, Series 2010	3,675,000	2.5 to 4	3-31-10	4-1-30	2,985,000	0	190,000	0	2,795,000
General Obligation Refunding Bonds, 2015A Series	3,345,000	2 to 2.35	2-25-15	4-1-29	0	3,345,000	0	0	3,345,000
Total Payable through General Debt Service Fund					\$ 6,535,000	\$ 3,345,000	\$ 395,000	\$ 3,345,000	\$ 6,140,000
<u>Payable through Education Debt Service Fund</u>									
General Obligation Bonds, 2006 Series	19,500,000	4 to 4.5	5-31-06	6-1-31	\$ 16,395,000	\$ 0	\$ 600,000	\$ 15,170,000	\$ 625,000
General Obligation Refunding Bonds, 2014 Series	15,485,000	2 to 5	10-15-14	6-1-31	0	15,485,000	235,000	0	15,250,000
Total Payable through Education Debt Service Fund					\$ 16,395,000	\$ 15,485,000	\$ 835,000	\$ 15,170,000	\$ 15,875,000
<u>Payable through Rural Debt Service Fund</u>									
Rural School Refunding Bonds, Series 2005	2,560,000	3.5 to 4.2	7-1-05	4-1-25	\$ 2,065,000	\$ 0	\$ 260,000	\$ 1,805,000	\$ 0
Rural School Refunding Bonds, Series 2011	13,130,000	3 to 4.5	1-6-11	4-1-24	10,550,000	0	910,000	0	9,640,000
Rural School General Obligation Refunding Bonds, 2015 Series	1,805,000	2 to 4	2-25-15	4-1-25	0	1,805,000	0	0	1,805,000
Total Payable through Rural Debt Service Fund					\$ 12,615,000	\$ 1,805,000	\$ 1,170,000	\$ 1,805,000	\$ 11,445,000
Total Bonds Payable					\$ 35,545,000	\$ 20,635,000	\$ 2,400,000	\$ 20,320,000	\$ 33,460,000
<u>NOTES PAYABLE</u>									
<u>Payable through General Fund</u>									
Jasper Public Works Project	(1) 377,000	1.94	12-2-12	4-1-23	\$ 342,000	\$ 0	\$ 35,000	0	\$ 307,000
Total Payable through General Fund					\$ 342,000	\$ 0	\$ 35,000	0	\$ 307,000
<u>Payable through Rural Debt Service Fund</u>									
School Refunding Capital Outlay Note	1,415,000	1.94	12-2-12	4-1-23	\$ 1,285,000	\$ 0	\$ 125,000	\$ 0	\$ 1,160,000
Total Payable through Rural Debt Service Fund					\$ 1,285,000	\$ 0	\$ 125,000	\$ 0	\$ 1,160,000
Total Notes Payable					\$ 1,627,000	\$ 0	\$ 160,000	\$ 0	\$ 1,467,000

(Continued)

Exhibit K-1

Marion County, Tennessee

Schedule of Changes in Long-term Bonds, Notes, and Capital Lease (Cont.)

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>		<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-14</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Debt Refunded</u>	<u>Outstanding 6-30-15</u>
<u>CAPITAL LEASE PAYABLE</u>										
<u>Contributions Due by the School Department from the General Purpose School Fund to the Education Debt Service Fund</u>										
Computers	\$ 197,958	4.2186	%	9-27-13	6-20-18	\$ 155,029	\$ 0	\$ 36,389	\$ 0	\$ 118,640
Total Capital Lease Payable						<u>\$ 155,029</u>	<u>\$ 0</u>	<u>\$ 36,389</u>	<u>\$ 0</u>	<u>\$ 118,640</u>

- (1) Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note.

Exhibit K-2

Marion County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,270,000	\$ 1,136,722	\$ 3,406,722
2017	2,240,000	1,056,762	3,296,762
2018	2,315,000	993,362	3,308,362
2019	2,365,000	917,762	3,282,762
2020	2,435,000	840,562	3,275,562
2021	2,525,000	752,662	3,277,662
2022	2,650,000	661,462	3,311,462
2023	2,755,000	559,388	3,314,388
2024	2,875,000	439,113	3,314,113
2025	1,670,000	343,094	2,013,094
2026	1,505,000	297,756	1,802,756
2027	1,575,000	256,744	1,831,744
2028	1,670,000	210,525	1,880,525
2029	1,740,000	157,553	1,897,553
2030	1,530,000	101,700	1,631,700
2031	1,340,000	46,900	1,386,900
Total	\$ 33,460,000	\$ 8,772,067	\$ 42,232,067

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 165,000	\$ 28,460	\$ 193,460
2017	170,000	25,259	195,259
2018	172,000	21,960	193,960
2019	185,000	18,624	203,624
2020	185,000	15,035	200,035
2021	190,000	11,446	201,446
2022	200,000	7,760	207,760
2023	200,000	3,880	203,880
Total	\$ 1,467,000	\$ 132,424	\$ 1,599,424

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2016	\$ 37,925	\$ 5,004	\$ 42,929
2017	39,524	3,405	42,929
2018	41,191	1,738	42,929
Total	\$ 118,640	\$ 10,147	\$ 128,787

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2015

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
SunTrust Bank - Certificates of Deposit	\$ 141,262
Corporate Bonds - Citigroup	25,667
Corporate Bonds - Bank America	30,035
Corporate Bonds - Ford Motor Credit	29,844
Corporate Bonds - Morgan Stanley	112,147
Corporate Bonds - Johnson & Johnson	111,211
Corporate Bonds - Dow Chemical	24,838
Corporate Bonds - Caterpillar Financial	47,462
Corporate Bonds - General Electric	39,890
Corporate Bonds - Wells Fargo	<u>39,783</u>
Total Investments	<u>\$ 602,139</u>

Exhibit K-4

Marion County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Bridge construction	\$ 10,000
"	Solid Waste/Sanitation	Operations	<u>120,000</u>
Total Transfers Primary Government			<u>\$ 130,000</u>
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 54,910</u>
Total Transfers Discretely Presented Marion County School Department			<u>\$ 54,910</u>

Exhibit K-5

Marion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
John Graham (July 1, 2014, through August 31, 2014)	Section 8-24-102, <i>TCA</i> , and County Commission	\$ 16,881 (1) \$	50,000	RLI Insurance
David Jackson (September 1, 2014, through June 30, 2015)	Section 8-24-102, <i>TCA</i> , and County Commission	70,898 (2)	100,000	"
Highway Supervisor	Section 8-24-102, <i>TCA</i> , and County Commission	78,228 (3)	100,000	"
Director of Schools	State Board of Education and County Board of Education	97,906 (4)	50,000	"
Trustee:				
Sue Blevins (July 1, 2014 through August 31, 2014)	Section 8-24-102, <i>TCA</i>	13,047	1,104,300	"
Diane Massengale (September 1, 2014, through June 30, 2015)	Section 8-24-102, <i>TCA</i>	54,796	1,228,223	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	67,843	50,000	"
Register of Deeds:				
Winford Haggard (July 1, 2014, through August 31, 2014)	Section 8-24-102, <i>TCA</i>	13,047	25,000	"
Debbie Pittman (September 1, 2014, through June 30, 2015)	Section 8-24-102, <i>TCA</i>	54,796	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	74,628 (5)	100,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments			250,000	Local Government Property & Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a local salary supplement of \$1,570.
- (2) Includes a local salary supplement of \$7,851.
- (3) Includes a local salary supplement of \$1,800.
- (4) Includes a chief executive officer training supplement of \$1,000.
- (5) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,449,329	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	332,641	0	0	0	0	0
Circuit/Clerk and Master Collections - Prior Years	217,669	0	0	0	0	0
Interest and Penalty	65,856	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	32,319	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	31,324	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	2,365	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	263,727	0	0	0
Litigation Tax - General	102,042	0	0	0	0	0
Litigation Tax - Special Purpose	1,197	8,063	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,083	0	0	0	0	0
Business Tax	254,330	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	574
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,628	0	0	0	0	0
Total Local Taxes	\$ 7,508,783	\$ 8,063	\$ 263,727	\$ 0	\$ 0	\$ 574
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 95,723	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	2,145	0	0	0	0	0
Building Permits	101,353	0	0	0	0	0
Total Licenses and Permits	\$ 199,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 6,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	10,178	0	0	0	0	0
Drug Control Fines	0	0	0	17,554	0	0
Jail Fees	714	0	0	0	0	0
DUI Treatment Fines	928	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,154	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	29,455	0	0	0	0	0
Officers Costs	28,905	0	0	0	0	0
Game and Fish Fines	1,171	0	0	0	0	0
Drug Court Fees	5,518	0	0	0	0	0
Jail Fees	4,038	0	0	0	0	0
DUI Treatment Fines	10,572	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,174	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	304	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	3,501	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	209	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	3,000	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	793,064	0	0
Total Fines, Forfeitures, and Penalties	\$ 117,023	\$ 0	\$ 0	\$ 813,618	\$ 0	\$ 0

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 17,335	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	3,491	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	109,776
<u>Fees</u>						
Airport Fees	56,825	0	0	0	0	0
Copy Fees	1,705	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0
Telephone Commissions	35,390	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	440,430	0
Data Processing Fee - Register	9,944	0	0	0	0	0
Data Processing Fee - Sheriff	2,897	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0	0
Data Processing Fee - County Clerk	516	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	24,655	0	0	0
Total Charges for Current Services	\$ 114,468	\$ 0	\$ 41,990	\$ 0	\$ 440,430	\$ 109,776
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 83,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	148,421	0	0	0	0	0
Commissary Sales	17,077	0	0	0	0	0
Sale of Gasoline	111,442	0	0	0	0	45,003
Sale of Recycled Materials	218	0	0	0	0	0
Miscellaneous Refunds	3,863	0	0	0	0	14

(Continued)

Exhibit K-6

Marion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Property	\$ 17,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions and Gifts	0	0	0	0	0	0
Performance Bond Forfeitures	7,600	0	0	0	0	0
Total Other Local Revenues	<u>\$ 389,834</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,017</u>
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 50,349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	314,204	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	165,617	0	0	0	0	0
General Sessions Court Clerk	212,411	0	0	0	0	0
Clerk and Master	106,183	0	0	0	0	0
Register	114,245	0	0	0	0	0
Sheriff	11,961	0	0	0	0	0
Total Fees Received from County Officials	<u>\$ 974,970</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	13,667	0	0	0	0	0
On-behalf Contributions for OPEB	300	0	0	0	0	0
Other General Government Grants	0	0	0	1,680	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,600	0	0	0	0	0

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 89,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
Litter Program	34,092	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	51,167	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	7,635	0	0	0	0	0
Alcoholic Beverage Tax	60,918	0	0	0	0	0
State Revenue Sharing - T.V.A.	333,274	0	166,637	0	0	0
Contracted Prisoner Boarding	500,536	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,788,383
Petroleum Special Tax	0	0	0	0	0	20,374
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	157,962	0	0	0	0	0
Other State Revenues	45,547	0	0	0	0	0
Total State of Tennessee	\$ 1,351,534	\$ 0	\$ 166,637	\$ 1,680	\$ 0	\$ 1,808,757
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,175
Homeland Security Grants	26,039	0	0	0	0	0
Other Federal through State	143,024	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	4,800	0	0	0	0	0
Total Federal Government	\$ 174,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,175

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 44,838	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	255,384	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	564	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 300,786</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 11,130,920</u>	<u>\$ 8,063</u>	<u>\$ 472,354</u>	<u>\$ 815,298</u>	<u>\$ 440,430</u>	<u>\$ 1,994,299</u>

(Continued)

Exhibit K-6

Marion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 560,924	\$ 1,246,033	\$ 0	\$ 0	\$ 310,928	\$ 8,567,214
Trustee's Collections - Prior Year	28,949	64,692	0	0	16,041	442,323
Circuit/Clerk and Master Collections - Prior Years	18,453	38,053	0	0	4,735	278,910
Interest and Penalty	5,741	12,810	0	0	3,181	87,588
Payments in-Lieu-of Taxes - T.V.A.	2,788	6,294	0	0	1,417	42,818
Payments in-Lieu-of Taxes - Local Utilities	2,708	6,113	0	0	1,317	41,462
Payments in-Lieu-of Taxes - Other	191	432	0	0	0	2,988
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,578,760	0	0	1,842,487
Litigation Tax - General	0	0	0	0	0	102,042
Litigation Tax - Special Purpose	0	0	0	0	0	9,260
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	17,083
Business Tax	0	0	0	0	0	254,330
Mineral Severance Tax	0	0	0	0	0	574
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	0	0	0	0	0	2,628
Total Local Taxes	\$ 619,754	\$ 1,374,427	\$ 1,578,760	\$ 0	\$ 337,619	\$ 11,691,707
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,723
<u>Permits</u>						
Beer Permits	0	0	0	0	0	2,145
Building Permits	0	0	0	0	0	101,353
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,221

(Continued)

Exhibit K-6

Marion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,202
Officers Costs	0	0	0	0	0	10,178
Drug Control Fines	0	0	0	0	0	17,554
Jail Fees	0	0	0	0	0	714
DUI Treatment Fines	0	0	0	0	0	928
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	1,154
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	29,455
Officers Costs	0	0	0	0	0	28,905
Game and Fish Fines	0	0	0	0	0	1,171
Drug Court Fees	0	0	0	0	0	5,518
Jail Fees	0	0	0	0	0	4,038
DUI Treatment Fines	0	0	0	0	0	10,572
Data Entry Fee - General Sessions Court	0	0	0	0	0	14,174
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	304
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	0	0	0	0	0	3,501
<u>Other Courts - In-county</u>						
Officers Costs	0	0	0	0	0	209
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	3,000
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	793,064
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	930,641

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Education Debt Service</u>	<u>Education Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	17,335
Work Release Charges for Board	0	0	0	0	0	3,491
Other General Service Charges	0	0	0	0	0	109,776
<u>Fees</u>						
Airport Fees	0	0	0	0	0	56,825
Copy Fees	0	0	0	0	0	1,705
Greenbelt Late Application Fee	0	0	0	0	0	100
Telephone Commissions	0	0	0	0	0	35,390
Constitutional Officers' Fees and Commissions	0	0	0	0	0	440,430
Data Processing Fee - Register	0	0	0	0	0	9,944
Data Processing Fee - Sheriff	0	0	0	0	0	2,897
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	3,600
Data Processing Fee - County Clerk	0	0	0	0	0	516
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	24,655
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	706,664
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	6,697	\$ 1,695	\$ 0	92,130
Lease/Rentals	0	0	0	0	0	148,421
Commissary Sales	0	0	0	0	0	17,077
Sale of Gasoline	0	0	0	0	0	156,445
Sale of Recycled Materials	0	0	0	0	0	218
Miscellaneous Refunds	0	0	0	0	0	3,877

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Education Debt Service</u>	<u>Education Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	17,475
Contributions and Gifts	0	0	0	80,883	0	80,883
Performance Bond Forfeitures	0	0	0	0	0	7,600
Total Other Local Revenues	\$ 0	\$ 0	\$ 6,697	\$ 82,578	\$ 0	\$ 524,126
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	50,349
Trustee	0	0	0	0	0	314,204
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	165,617
General Sessions Court Clerk	0	0	0	0	0	212,411
Clerk and Master	0	0	0	0	0	106,183
Register	0	0	0	0	0	114,245
Sheriff	0	0	0	0	0	11,961
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 974,970
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,850
Airport Maintenance Program	0	0	0	0	0	13,667
On-behalf Contributions for OPEB	0	0	0	0	0	300
Other General Government Grants	0	0	0	0	0	1,680
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	12,600

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Education Debt Service</u>	<u>Education Capital Projects</u>	<u>Other Capital Projects</u>	
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	89,767
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	34,092
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	51,167
Beer Tax	0	0	0	0	0	18,055
Vehicle Certificate of Title Fees	0	0	0	0	0	7,635
Alcoholic Beverage Tax	0	0	0	0	0	60,918
State Revenue Sharing - T.V.A.	0	0	0	0	0	499,911
Contracted Prisoner Boarding	0	0	0	0	0	500,536
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,788,383
Petroleum Special Tax	0	0	0	0	0	20,374
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	34,801	0	192,763
Other State Revenues	0	0	0	0	0	45,547
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 34,801	\$ 0	3,363,409
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	30,613
Homeland Security Grants	0	0	0	0	0	26,039
Other Federal through State	0	0	0	0	0	143,024
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	307,549	0	312,349
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 307,549	\$ 0	512,025

(Continued)

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Education Debt Service</u>	<u>Education Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 797,554	\$ 42,929	\$ 0	\$ 0	885,321
Contracted Services	0	0	0	0	0	255,384
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	564
Total Other Governments and Citizens Groups	\$ 0	\$ 797,554	\$ 42,929	\$ 0	\$ 0	1,141,269
Total	\$ 619,754	\$ 2,171,981	\$ 1,628,386	\$ 424,928	\$ 337,619	\$ 20,044,032

Exhibit K-7

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,575,123	\$ 0	\$ 0	\$ 4,575,123
Trustee's Collections - Prior Year	297,493	0	0	297,493
Circuit/Clerk and Master Collections - Prior Years	129,585	0	0	129,585
Interest and Penalty	45,531	0	0	45,531
Payments in-Lieu-of Taxes - T.V.A.	22,923	0	0	22,923
Payments in-Lieu-of Taxes - Local Utilities	22,251	0	0	22,251
Payments in-Lieu-of Taxes - Other	1,613	0	0	1,613
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,323,404	0	0	3,323,404
Hotel/Motel Tax	37,011	0	0	37,011
Mixed Drink Tax	8,458	0	0	8,458
<u>Statutory Local Taxes</u>				
Bank Excise Tax	56,778	0	0	56,778
Wholesale Beer Tax	111,861	0	0	111,861
Interstate Telecommunications Tax	1,714	0	0	1,714
Total Local Taxes	\$ 8,633,745	\$ 0	\$ 0	\$ 8,633,745
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,460	\$ 0	\$ 0	\$ 2,460
Total Licenses and Permits	\$ 2,460	\$ 0	\$ 0	\$ 2,460
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 975	\$ 0	\$ 0	\$ 975
Lunch Payments - Children	0	0	40	40
A la carte Sales	0	0	264,780	264,780
Receipts from Individual Schools	9,017	0	0	9,017
Community Service Fees - Children	129,040	0	0	129,040
TBI Criminal Background Fee	4,350	0	0	4,350
Total Charges for Current Services	\$ 143,382	\$ 0	\$ 264,820	\$ 408,202
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 4,244	\$ 4,244
Miscellaneous Refunds	81,370	0	5,763	87,133

(Continued)

Exhibit K-7

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Property	\$ 15,499	\$ 0	\$ 0	\$ 15,499
Contributions and Gifts	5,025	0	0	5,025
<u>Other Local Revenues</u>				
Other Local Revenues	17,800	0	0	17,800
Total Other Local Revenues	\$ 119,694	\$ 0	\$ 10,007	\$ 129,701
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 127,202	\$ 0	\$ 0	\$ 127,202
<u>State Education Funds</u>				
Basic Education Program	19,120,000	0	0	19,120,000
School Food Service	0	0	24,687	24,687
Energy Efficient School Initiative	57,452	0	0	57,452
Driver Education	24,816	0	0	24,816
Other State Education Funds	697,953	0	0	697,953
Career Ladder Program	119,165	0	0	119,165
Career Ladder - Extended Contract	33,070	0	0	33,070
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	690,353	0	0	690,353
Other State Grants	3,000	0	0	3,000
Total State of Tennessee	\$ 20,873,011	\$ 0	\$ 24,687	\$ 20,897,698
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,750,359	\$ 1,750,359
USDA - Commodities	0	0	146,871	146,871
Breakfast	0	0	720,052	720,052
USDA - Other	0	0	29,761	29,761
Vocational Education - Basic Grants to States	0	66,985	0	66,985
Title I Grants to Local Education Agencies	0	1,104,300	0	1,104,300
Special Education - Grants to States	0	849,401	0	849,401
Special Education Preschool Grants	0	40,043	0	40,043
Safe and Drug-free Schools - State Grants	70,626	0	0	70,626
Education for Homeless Children and Youth	0	4,687	0	4,687
Eisenhower Professional Development State Grants	0	183,880	0	183,880
Total Federal Government	\$ 70,626	\$ 2,249,296	\$ 2,647,043	\$ 4,966,965
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 338,804	\$ 0	\$ 0	\$ 338,804
Total Other Governments and Citizens Groups	\$ 338,804	\$ 0	\$ 0	\$ 338,804
Total	\$ 30,181,722	\$ 2,249,296	\$ 2,946,557	\$ 35,377,575

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	41,850	
Social Security		3,201	
Dues and Memberships		4,966	
Legal Services		82,765	
Legal Notices, Recording, and Court Costs		4,395	
Maintenance and Repair Services - Equipment		600	
Travel		210	
Other Supplies and Materials		519	
Total County Commission			\$ 138,506

Board of Equalization

Board and Committee Members Fees	\$	2,882	
Total Board of Equalization			2,882

Beer Board

Board and Committee Members Fees	\$	2,700	
Social Security		207	
Total Beer Board			2,907

Budget and Finance Committee

Board and Committee Members Fees	\$	4,575	
Social Security		350	
Total Budget and Finance Committee			4,925

County Mayor/Executive

County Official/Administrative Officer	\$	87,779	
Accountants/Bookkeepers		37,854	
Secretary(ies)		31,417	
Other Salaries and Wages		3,000	
Social Security		11,875	
Pensions		10,617	
Employee and Dependent Insurance		15,794	
Unemployment Compensation		72	
Communication		1,733	
Legal Notices, Recording, and Court Costs		23	
Maintenance and Repair Services - Equipment		11,194	
Maintenance and Repair Services - Vehicles		738	
Postal Charges		1,798	
Travel		4,379	
Gasoline		1,013	
Instructional Supplies and Materials		3,250	
Office Supplies		5,315	
Motor Vehicles		27,377	
Office Equipment		5,204	
Total County Mayor/Executive			260,432

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	61,059	
Deputy(ies)		21,866	
Part-time Personnel		8,314	
Election Commission		9,300	
Election Workers		38,635	
Social Security		6,463	
Pensions		5,512	
Employee and Dependent Insurance		9,030	
Unemployment Compensation		149	
Contracts with Private Agencies		15,089	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		6,164	
Postal Charges		5,618	
Travel		6,207	
Office Supplies		4,501	
Other Supplies and Materials		9,445	
Total Election Commission			\$ 207,527

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		30,623	
Clerical Personnel		31,417	
Other Salaries and Wages		31,820	
Social Security		11,477	
Pensions		10,742	
Employee and Dependent Insurance		14,905	
Unemployment Compensation		216	
Data Processing Services		7,190	
Dues and Memberships		588	
Maintenance and Repair Services - Equipment		762	
Postal Charges		400	
Travel		194	
Office Supplies		1,700	
Total Register of Deeds			209,877

Development

Contracts with Government Agencies	\$	20,000	
Total Development			20,000

Building

Supervisor/Director	\$	44,589	
Clerical Personnel		31,417	
Part-time Personnel		1,215	
Other Salaries and Wages		7,082	
Social Security		6,259	
Pensions		5,518	
Employee and Dependent Insurance		3,606	

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Unemployment Compensation	\$	152	
Advertising		810	
Communication		1,328	
Contracts with Government Agencies		9,250	
Dues and Memberships		314	
Legal Notices, Recording, and Court Costs		141	
Postal Charges		249	
Travel		4,915	
Office Supplies		5,692	
Total Building			\$ 122,537

County Buildings

Custodial Personnel	\$	20,421	
Other Salaries and Wages		1,650	
Social Security		2,400	
Pensions		2,197	
Employee and Dependent Insurance		5,417	
Unemployment Compensation		54	
Janitorial Services		25,482	
Maintenance and Repair Services - Equipment		12,081	
Other Contracted Services		27,669	
Utilities		235,546	
Other Supplies and Materials		165,742	
Building Improvements		67,791	
Communication Equipment		4,125	
Heating and Air Conditioning Equipment		10,550	
Other Construction		32,876	
Total County Buildings			614,001

Other General Administration

Maintenance Personnel	\$	49,440	
Overtime Pay		776	
Other Salaries and Wages		27,411	
Social Security		5,595	
Pensions		5,157	
Employee and Dependent Insurance		9,934	
Unemployment Compensation		142	
On-behalf Payments to OPEB		300	
Communication		937	
Travel		5,156	
Gasoline		734	
Total Other General Administration			105,582

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Secretary(ies)		31,417	

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Clerical Personnel	\$	28,306	
Other Salaries and Wages		31,417	
Social Security		11,992	
Pensions		10,561	
Employee and Dependent Insurance		16,003	
Unemployment Compensation		162	
Audit Services		9,000	
Legal Notices, Recording, and Court Costs		65	
Maintenance and Repair Services - Equipment		3,000	
Postal Charges		1,286	
Travel		2,877	
Office Supplies		2,562	
Total Property Assessor's Office			\$ 216,491

Reappraisal Program

Clerical Personnel	\$	13,288	
Other Salaries and Wages		31,417	
Social Security		3,391	
Pensions		2,087	
Employee and Dependent Insurance		5,409	
Unemployment Compensation		106	
Communication		724	
Postal Charges		2,000	
Travel		1,418	
Other Contracted Services		15,107	
Total Reappraisal Program			74,947

County Trustee's Office

Pensions	\$	11,136	
Employee and Dependent Insurance		21,475	
Dues and Memberships		478	
Legal Notices, Recording, and Court Costs		278	
Maintenance and Repair Services - Equipment		9,646	
Postal Charges		12,404	
Office Supplies		2,999	
Office Equipment		2,550	
Total County Trustee's Office			60,966

County Clerk's Office

Pensions	\$	14,729	
Employee and Dependent Insurance		5,409	
Dues and Memberships		478	
Maintenance and Repair Services - Equipment		27,754	
Postal Charges		10,000	
Office Supplies		5,823	
Office Equipment		8,370	
Total County Clerk's Office			72,563

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		253,913	
Other Salaries and Wages		25,599	
Jury and Witness Expense		10,786	
Social Security		25,749	
Pensions		22,218	
Employee and Dependent Insurance		31,867	
Unemployment Compensation		547	
Data Processing Services		28,600	
Dues and Memberships		478	
Maintenance and Repair Services - Equipment		4,170	
Postal Charges		3,999	
Travel		308	
Office Supplies		9,251	
Other Charges		2,888	
Office Equipment		1,701	
Total Circuit Court			\$ 489,917

General Sessions Court

Judge(s)	\$	104,783	
Social Security		8,016	
Pensions		6,961	
Travel		2,075	
Library Books/Media		5,034	
Office Supplies		109	
Total General Sessions Court			126,978

Drug Court

Drug Treatment	\$	65,000	
Total Drug Court			65,000

Chancery Court

County Official/Administrative Officer	\$	67,843	
Accountants/Bookkeepers		30,768	
Clerical Personnel		30,727	
Other Salaries and Wages		31,417	
Social Security		11,659	
Pensions		10,679	
Employee and Dependent Insurance		21,187	
Unemployment Compensation		162	
Dues and Memberships		478	
Maintenance and Repair Services - Equipment		9,692	
Postal Charges		3,712	
Office Supplies		3,951	
Total Chancery Court			222,275

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	62,870	
Assistant(s)		33,535	
Probation Officer(s)		31,417	
Overtime Pay		9,275	
Other Salaries and Wages		31,417	
Social Security		12,598	
Pensions		11,194	
Employee and Dependent Insurance		13,538	
Unemployment Compensation		162	
Postal Charges		60	
Travel		3,897	
Other Contracted Services		2,275	
Office Supplies		1,912	
Data Processing Equipment		5,990	
Total Juvenile Court			\$ 220,140

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628
Deputy(ies)		674,122
Investigator(s)		34,864
Accountants/Bookkeepers		6,740
Salary Supplements		12,600
Dispatchers/Radio Operators		320,087
Clerical Personnel		57,251
Attendants		75,497
Part-time Personnel		24,863
Overtime Pay		167,381
Other Salaries and Wages		47,570
In-service Training		1,190
Social Security		112,886
Pensions		92,378
Employee and Dependent Insurance		153,469
Unemployment Compensation		2,117
Data Processing Services		29,808
Dues and Memberships		2,550
Maintenance and Repair Services - Equipment		3,014
Postal Charges		1,473
Rentals		2,680
Travel		4,410
Other Contracted Services		3,078
Gasoline		93,668
Office Supplies		25,062
Tires and Tubes		2,406
Uniforms		9,567
Vehicle Parts		28,719
Other Charges		8,009

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication Equipment	\$	15,182	
Law Enforcement Equipment		13,421	
Other Equipment		4,999	
Total Sheriff's Department			\$ 2,105,689

Administration of the Sexual Offender Registry

Other Charges	\$	1,000	
Total Administration of the Sexual Offender Registry			1,000

Jail

Guards	\$	382,258	
Cafeteria Personnel		53,234	
Part-time Personnel		39,830	
Overtime Pay		47,194	
Other Salaries and Wages		13,337	
Social Security		39,248	
Pensions		34,810	
Employee and Dependent Insurance		67,772	
Unemployment Compensation		1,135	
Medical and Dental Services		361,003	
Transportation - Other than Students		3,284	
Travel		1,222	
Food Supplies		183,849	
Office Supplies		4,350	
Prisoners Clothing		2,555	
Uniforms		82	
Other Charges		52,762	
Law Enforcement Equipment		31,501	
Total Jail			1,319,426

Fire Prevention and Control

Contributions	\$	2,000	
Other Contracted Services		181,898	
Total Fire Prevention and Control			183,898

Civil Defense

Contributions	\$	7,000	
Equipment and Machinery Parts		25,648	
Total Civil Defense			32,648

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

Other Emergency Management

Other Contracted Services	\$	14,089	
Total Other Emergency Management			14,089

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$ 9,000	
Total County Coroner/Medical Examiner		\$ 9,000

Public Health and Welfare

Local Health Center

Contributions	\$ 81,826	
Other Contracted Services	98,435	
Instructional Supplies and Materials	19,380	
Total Local Health Center		199,641

Ambulance/Emergency Medical Services

Ambulance Services	\$ 150,000	
Total Ambulance/Emergency Medical Services		150,000

Alcohol and Drug Programs

Accountants/Bookkeepers	\$ 2,400	
Other Supplies and Materials	2,000	
Total Alcohol and Drug Programs		4,400

Other Local Health Services

Contracts with Other Public Agencies	\$ 15,000	
Pauper Burials	1,500	
Other Contracted Services	28,005	
Total Other Local Health Services		44,505

Sanitation Education/Information

Accountants/Bookkeepers	\$ 10,388	
Guards	11,011	
Secretary(ies)	9,107	
Travel	3,420	
Instructional Supplies and Materials	997	
Library Books/Media	5,800	
Total Sanitation Education/Information		40,723

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 146,066	
Total Libraries		146,066

Other Social, Cultural, and Recreational

Contributions	\$ 15,400	
Other Charges	40,620	
Total Other Social, Cultural, and Recreational		56,020

Agriculture and Natural Resources

Agricultural Extension Service

Contributions	\$ 60,224	
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(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Maintenance and Repair Services - Equipment	\$	606	
Office Equipment		600	
Total Agricultural Extension Service			\$ 61,430

Soil Conservation

Clerical Personnel	\$	31,417	
Social Security		2,403	
Pensions		2,087	
Unemployment Compensation		54	
Other Charges		275	
Total Soil Conservation			36,236

Other Operations

Industrial Development

Dues and Memberships	\$	9,096	
Total Industrial Development			9,096

Other Economic and Community Development

Contracts with Government Agencies	\$	29,942	
Other Contracted Services		3,500	
Other Charges		1,916	
Principal on Notes		35,000	
Interest on Notes		6,635	
Total Other Economic and Community Development			76,993

Airport

Supervisor/Director	\$	32,598	
Temporary Personnel		7,988	
Social Security		2,884	
Pensions		2,166	
Employee and Dependent Insurance		5,424	
Unemployment Compensation		105	
Postal Charges		137	
Travel		886	
Fuel Oil		92,083	
Office Supplies		1,187	
Utilities		14,339	
Other Supplies and Materials		8,420	
Liability Insurance		2,120	
Other Charges		4,348	
Airport Improvement		27,781	
Other Construction		294,762	
Total Airport			497,228

Veterans' Services

Supervisor/Director	\$	13,379	
Social Security		1,023	

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Unemployment Compensation	\$	62	
Communication		480	
Postal Charges		51	
Travel		504	
Office Supplies		488	
Other Charges		523	
Office Equipment		762	
Total Veterans' Services			\$ 17,272

Other Charges

Audit Services	\$	8,471	
Building and Contents Insurance		35,602	
Liability Insurance		54,564	
Premiums on Corporate Surety Bonds		18,784	
Refunds		6,773	
Trustee's Commission		165,203	
Vehicle and Equipment Insurance		30,142	
Workers' Compensation Insurance		64,134	
Total Other Charges			383,673

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$	338,804	
Total Capital Projects Donated to School Department			338,804

Total General Fund \$ 8,976,290

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	5,459	
Total County Buildings			\$ 5,459

Other Operations

Other Charges

Trustee's Commission	\$	79	
Total Other Charges			79

Total Courthouse and Jail Maintenance Fund 5,538

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	40,606	
Part-time Personnel		151,935	
Other Salaries and Wages		6,468	
Social Security		15,214	

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Pensions	\$	3,128	
Employee and Dependent Insurance		5,169	
Unemployment Compensation		1,019	
Maintenance and Repair Services - Equipment		9,098	
Disposal Fees		224,578	
Diesel Fuel		10,156	
Tires and Tubes		8,542	
Utilities		17,652	
Gravel and Chert		2,426	
Other Supplies and Materials		5,542	
Other Charges		1,600	
Other Equipment		32,138	
Total Convenience Centers			\$ 535,271

Other Operations

Other Charges

Trustee's Commission	\$	4,659	
Total Other Charges			4,659

Total Solid Waste/Sanitation Fund \$ 539,930

Drug Control Fund

Public Safety

Drug Enforcement

Accountants/Bookkeepers	\$	3,000	
Secretary(ies)		3,000	
Overtime Pay		9,996	
Social Security		1,224	
Pensions		1,063	
Unemployment Compensation		19	
Confidential Drug Enforcement Payments		8,000	
Law Enforcement Supplies		3,769	
Refunds		1,129	
Law Enforcement Equipment		14,367	
Motor Vehicles		21,892	
Office Equipment		10,283	
Total Drug Enforcement			\$ 77,742

Other Operations

Other Charges

Trustee's Commission	\$	8,155	
Total Other Charges			8,155

Total Drug Control Fund 85,897

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 181,310	
Total County Trustee's Office		\$ 181,310

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 246,001	
Total County Clerk's Office		246,001

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 77	
Total Chancery Court		<u>77</u>

Total Constitutional Officers - Fees Fund		\$ 427,388
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,628	
Assistant(s)	75,019	
Accountants/Bookkeepers	73,560	
Salary Supplements	1,800	
Social Security	13,964	
Pensions	14,986	
Employer Medicare	3,144	
Communication	8,246	
Data Processing Services	6,089	
Dues and Memberships	3,664	
Evaluation and Testing	1,659	
Legal Notices, Recording, and Court Costs	41	
Postal Charges	450	
Travel	1,778	
Other Contracted Services	2,730	
Office Supplies	1,460	
Other Charges	8,303	
Total Administration		\$ 291,521

Highway and Bridge Maintenance

Foremen	\$ 64,173
Equipment Operators	46,768
Truck Drivers	230,411
Laborers	173,947
Social Security	31,827
Pensions	32,023
Employer Medicare	7,565
Operating Lease Payments	1,000
Asphalt - Cold Mix	13,219
Asphalt - Hot Mix	104,813

(Continued)

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Liquid	\$	36,056	
Crushed Stone		49,564	
Pipe - Metal		9,705	
Road Signs		4,879	
Other Supplies and Materials		20,610	
Total Highway and Bridge Maintenance			\$ 826,560

Operation and Maintenance of Equipment

Mechanic(s)	\$	105,916	
Social Security		6,447	
Pensions		6,960	
Employer Medicare		1,508	
Diesel Fuel		59,361	
Equipment and Machinery Parts		46,365	
Garage Supplies		18,997	
Gasoline		51,522	
Lubricants		5,426	
Propane Gas		429	
Tires and Tubes		18,770	
Total Operation and Maintenance of Equipment			321,701

Other Charges

Electricity	\$	8,632	
Water and Sewer		75	
Building and Contents Insurance		1,122	
Liability Insurance		4,651	
Trustee's Commission		18,237	
Vehicle and Equipment Insurance		30,212	
Total Other Charges			62,929

Employee Benefits

Employee and Dependent Insurance	\$	183,058	
Unemployment Compensation		231	
Workers' Compensation Insurance		78,338	
Total Employee Benefits			261,627

Capital Outlay

Building Improvements	\$	4,279	
Highway Construction		39,043	
Office Equipment		1,000	
Other Equipment		4,820	
Other Construction		514	
Total Capital Outlay			49,656

Total Highway/Public Works Fund \$ 1,813,994

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 12,246	
Total Other Charges		\$ 12,246

Principal on Debt

General Government

Principal on Bonds	\$ 395,000	
Total General Government		395,000

Interest on Debt

General Government

Interest on Bonds	\$ 217,440	
Total General Government		217,440

Other Debt Service

General Government

Other Charges	\$ 250	
Other Debt Issuance Charges	33,100	
Total General Government		33,350

Total General Debt Service Fund		\$ 658,036
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,170,000	
Principal on Notes	125,000	
Total Education		\$ 1,295,000

Interest on Debt

Education

Interest on Bonds	\$ 492,085	
Interest on Notes	24,929	
Total Education		517,014

Other Debt Service

Education

Trustee's Commission	\$ 27,167	
Other Charges	1,200	
Other Debt Issuance Charges	27,975	
Total Education		56,342

Total Rural Debt Service Fund		1,868,356
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Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 15,743	
Total Other Charges		\$ 15,743

(Continued)

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Education Debt Service Fund (Cont.)

Principal on Debt

Education

Principal on Bonds	\$ 835,000	
Principal on Capital Leases	<u>36,389</u>	
Total Education		\$ 871,389

Interest on Debt

Education

Interest on Bonds	\$ 590,597	
Interest on Capital Leases	<u>6,540</u>	
Total Education		597,137

Other Debt Service

Education

Other Debt Issuance Charges	\$ 84,400	
Total Education		<u>84,400</u>

Total Education Debt Service Fund \$ 1,568,669

Education Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 17	
Total Other Charges		\$ 17

Capital Projects

Education Capital Projects

Architects	\$ 2,157	
Contracts with Government Agencies	85,643	
Building Construction	<u>660,156</u>	
Total Education Capital Projects		<u>747,956</u>

Total Education Capital Projects Fund 747,973

Other Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 6,689	
Total Other Charges		<u>\$ 6,689</u>

Total Other Capital Projects Fund 6,689

Total Governmental Funds - Primary Government \$ 16,698,760

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,125,950	
Career Ladder Program	64,000	
Career Ladder Extended Contracts	28,500	
Homebound Teachers	34,662	
Educational Assistants	355,331	
Certified Substitute Teachers	38,774	
Non-certified Substitute Teachers	208,069	
Social Security	577,921	
Pensions	849,560	
Medical Insurance	1,725,950	
Employer Medicare	136,561	
Other Contracted Services	18,192	
Instructional Supplies and Materials	40,000	
Textbooks	90,260	
Other Supplies and Materials	111,858	
Other Charges	5,592	
Total Regular Instruction Program		\$ 13,411,180

Special Education Program

Teachers	\$ 1,258,431	
Career Ladder Program	9,000	
Homebound Teachers	3,436	
Educational Assistants	188,537	
Speech Pathologist	195,614	
Other Salaries and Wages	12,341	
Certified Substitute Teachers	13,978	
Non-certified Substitute Teachers	38,734	
Social Security	99,936	
Pensions	145,317	
Medical Insurance	377,405	
Employer Medicare	23,367	
Other Contracted Services	260,638	
Instructional Supplies and Materials	6,200	
Other Supplies and Materials	7,541	
Total Special Education Program		2,640,475

Vocational Education Program

Teachers	\$ 904,508
Career Ladder Program	4,000
Non-certified Substitute Teachers	14,879
Social Security	55,546
Pensions	82,017
Medical Insurance	157,104
Employer Medicare	12,991
Maintenance and Repair Services - Equipment	5,333
Other Contracted Services	6,931

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	20,315	
Textbooks		19,563	
Other Supplies and Materials		32,481	
Other Charges		615	
Vocational Instruction Equipment		197,832	
Total Vocational Education Program			\$ 1,514,115

Support Services

Attendance

Supervisor/Director	\$	62,587	
Career Ladder Program		850	
Social Workers		29,414	
Social Security		5,644	
Pensions		7,694	
Medical Insurance		12,694	
Employer Medicare		1,320	
Travel		3,891	
Other Contracted Services		810	
Total Attendance			124,904

Health Services

Medical Personnel	\$	126,210	
Other Salaries and Wages		132,447	
Social Security		14,833	
Pensions		14,315	
Medical Insurance		51,092	
Employer Medicare		3,469	
Travel		3,487	
Other Contracted Services		3,723	
Drugs and Medical Supplies		4,108	
Other Supplies and Materials		6,380	
In Service/Staff Development		5,572	
Other Charges		1,615	
Health Equipment		3,360	
Total Health Services			370,611

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		423,782	
Clerical Personnel		24,981	
Social Security		26,484	
Pensions		40,047	
Medical Insurance		86,072	
Employer Medicare		6,194	
Evaluation and Testing		53,719	
Travel		3,422	

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Contracted Services	\$	329	
In Service/Staff Development		5,573	
Total Other Student Support			\$ 671,603

Regular Instruction Program

Supervisor/Director	\$	158,412	
Career Ladder Program		5,000	
Librarians		434,770	
Secretary(ies)		14,762	
Social Security		36,360	
Pensions		55,014	
Medical Insurance		86,121	
Employer Medicare		8,504	
Travel		6,320	
Other Contracted Services		3,124	
Library Books/Media		66,395	
Other Supplies and Materials		307	
In Service/Staff Development		28,140	
Other Charges		9,353	
Total Regular Instruction Program			912,582

Special Education Program

Supervisor/Director	\$	72,404	
Career Ladder Program		4,000	
Secretary(ies)		26,016	
Social Security		6,311	
Pensions		8,594	
Medical Insurance		13,410	
Employer Medicare		1,476	
Maintenance and Repair Services - Equipment		552	
Travel		7,256	
Other Contracted Services		643	
Other Supplies and Materials		5,792	
In Service/Staff Development		11,814	
Other Charges		289	
Other Equipment		2,056	
Total Special Education Program			160,613

Vocational Education Program

Supervisor/Director	\$	76,536	
Career Ladder Program		1,000	
Other Salaries and Wages		15,000	
Social Security		4,807	
Pensions		7,009	
Medical Insurance		8,975	
Employer Medicare		1,342	

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Travel	\$	1,381	
Other Supplies and Materials		478	
In Service/Staff Development		1,422	
Other Charges		18	
Total Vocational Education Program			\$ 117,968

Other Programs

On-behalf Payments to OPEB	\$	127,202	
Total Other Programs			127,202

Board of Education

Board and Committee Members Fees	\$	16,100	
Social Security		998	
Unemployment Compensation		32,125	
Employer Medicare		233	
Audit Services		19,803	
Dues and Memberships		12,144	
Legal Services		69,893	
Travel		11,597	
Trustee's Commission		195,393	
Workers' Compensation Insurance		138,740	
Criminal Investigation of Applicants - TBI		6,780	
Other Charges		6,627	
Total Board of Education			510,433

Director of Schools

County Official/Administrative Officer	\$	96,906	
Career Ladder Program		1,000	
Secretary(ies)		35,796	
Clerical Personnel		28,488	
Social Security		10,056	
Pensions		13,132	
Medical Insurance		10,970	
Employer Medicare		2,352	
Communication		51,580	
Dues and Memberships		3,639	
Maintenance and Repair Services - Equipment		9,973	
Postal Charges		4,377	
Travel		2,533	
Other Contracted Services		15,308	
Office Supplies		4,462	
In Service/Staff Development		6,089	
Other Charges		35	
Total Director of Schools			296,696

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	667,028	
Career Ladder Program		10,000	
Assistant Principals		407,734	
Secretary(ies)		372,972	
Other Salaries and Wages		3,655	
Social Security		86,124	
Pensions		122,809	
Medical Insurance		279,265	
Employer Medicare		20,142	
Other Contracted Services		45,331	
Total Office of the Principal			\$ 2,015,060

Fiscal Services

Supervisor/Director	\$	79,956	
Accountants/Bookkeepers		92,820	
Other Salaries and Wages		36,279	
Social Security		12,950	
Pensions		13,923	
Medical Insurance		25,445	
Employer Medicare		3,029	
Data Processing Services		14,505	
Dues and Memberships		80	
Maintenance and Repair Services - Equipment		255	
Travel		3,743	
Other Contracted Services		3,806	
Data Processing Supplies		3,429	
Office Supplies		1,585	
Other Charges		559	
Administration Equipment		14,800	
Total Fiscal Services			307,164

Human Services/Personnel

Other Salaries and Wages	\$	72,283	
Social Security		4,253	
Pensions		4,814	
Medical Insurance		7,438	
Employer Medicare		995	
Travel		2,399	
Other Contracted Services		678	
Office Supplies		3,886	
Other Equipment		1,088	
Total Human Services/Personnel			97,834

Operation of Plant

Custodial Personnel	\$	548,662	
Social Security		33,231	

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Pensions	\$	33,927	
Medical Insurance		182,360	
Employer Medicare		7,772	
Disposal Fees		27,662	
Other Contracted Services		33,380	
Custodial Supplies		183,556	
Electricity		1,096,552	
Natural Gas		140,771	
Water and Sewer		150,958	
Other Supplies and Materials		50,639	
Building and Contents Insurance		238,665	
Other Charges		2,540	
Total Operation of Plant			\$ 2,730,675

Maintenance of Plant

Maintenance Personnel	\$	206,034	
Social Security		11,595	
Pensions		11,743	
Medical Insurance		40,640	
Employer Medicare		2,984	
Maintenance and Repair Services - Buildings		15,739	
Maintenance and Repair Services - Equipment		69,373	
Maintenance and Repair Services - Vehicles		10,463	
Other Contracted Services		39,772	
Other Supplies and Materials		137,814	
Other Charges		1,978	
Administration Equipment		27,367	
Maintenance Equipment		8,468	
Total Maintenance of Plant			583,970

Transportation

Supervisor/Director	\$	11,045	
Bus Drivers		13,866	
Other Salaries and Wages		17,399	
Social Security		2,587	
Pensions		2,100	
Medical Insurance		2,783	
Employer Medicare		605	
Contracts with Parents		4,406	
Contracts with Vehicle Owners		1,046,425	
Maintenance and Repair Services - Vehicles		629	
Travel		1,430	
Other Contracted Services		2,767	
Other Supplies and Materials		195	
In Service/Staff Development		135	
Total Transportation			1,106,372

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	60,912	
Other Salaries and Wages		189,510	
Social Security		14,934	
Pensions		15,944	
Medical Insurance		30,715	
Employer Medicare		3,493	
Travel		2,180	
Other Contracted Services		130,117	
Office Supplies		304	
Other Supplies and Materials		33,382	
In Service/Staff Development		7,900	
Other Equipment		118,975	
Total Central and Other			\$ 608,366

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	16,525	
Teachers		73,235	
Part-time Personnel		36	
Other Salaries and Wages		160,381	
Social Security		13,593	
Pensions		18,581	
Medical Insurance		5,420	
Employer Medicare		3,527	
Travel		704	
Other Contracted Services		1,000	
Other Supplies and Materials		19,182	
Other Charges		1,850	
Total Community Services			314,034

Early Childhood Education

Teachers	\$	176,390	
Educational Assistants		62,655	
Non-certified Substitute Teachers		7,391	
Social Security		14,291	
Pensions		20,118	
Medical Insurance		65,065	
Employer Medicare		3,342	
Other Fringe Benefits		1,055	
Other Contracted Services		4,449	
Instructional Supplies and Materials		11,744	
In Service/Staff Development		3,659	
Other Equipment		9,140	
Total Early Childhood Education			379,299

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	13,500	
Consultants		57,452	
Total Regular Capital Outlay			\$ 70,952

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	36,389	
Total Education			36,389

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	6,540	
Total Education			6,540

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	797,554	
Total Education			797,554

Total General Purpose School Fund \$ 29,912,591

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	365,914	
Educational Assistants		194,023	
Social Security		33,258	
Pensions		46,000	
Medical Insurance		155,185	
Employer Medicare		7,778	
Other Fringe Benefits		2,408	
Other Contracted Services		15,543	
Instructional Supplies and Materials		27,712	
Regular Instruction Equipment		118,902	
Total Regular Instruction Program			\$ 966,723

Special Education Program

Educational Assistants	\$	245,362	
Other Salaries and Wages		27,230	
Social Security		16,008	
Pensions		18,154	
Medical Insurance		107,682	
Employer Medicare		3,744	
Instructional Supplies and Materials		20,197	
Other Supplies and Materials		14,156	
Other Charges		215	
Special Education Equipment		34,644	
Total Special Education Program			487,392

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Other Contracted Services	\$	7,500	
Other Supplies and Materials		1,298	
Vocational Instruction Equipment		35,525	
Total Vocational Education Program			\$ 44,323

Support Services

Other Student Support

Other Salaries and Wages	\$	104,874	
Social Security		6,502	
Pensions		9,481	
Medical Insurance		13,196	
Employer Medicare		1,521	
Other Fringe Benefits		445	
Travel		14,181	
Other Contracted Services		4,690	
Other Supplies and Materials		2,615	
In Service/Staff Development		1,131	
Other Charges		3,757	
Other Equipment		1,999	
Total Other Student Support			164,392

Regular Instruction Program

Supervisor/Director	\$	67,198	
Secretary(ies)		25,692	
Social Security		5,705	
Pensions		7,786	
Medical Insurance		6,855	
Employer Medicare		1,334	
Other Fringe Benefits		399	
Travel		1,572	
Other Contracted Services		1,885	
Other Supplies and Materials		2,941	
In Service/Staff Development		25,541	
Other Equipment		2,781	
Total Regular Instruction Program			149,689

Special Education Program

Psychological Personnel	\$	176,495	
Other Salaries and Wages		81,626	
Social Security		15,506	
Pensions		22,534	
Medical Insurance		34,791	
Employer Medicare		3,626	
Total Special Education Program			334,578

(Continued)

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

In Service/Staff Development	\$	2,010	
Other Charges		150	
Total Vocational Education Program			\$ 2,160

Transportation

Other Salaries and Wages	\$	19,516	
Social Security		1,210	
Pensions		1,269	
Medical Insurance		16,440	
Employer Medicare		283	
Gasoline		5,539	
Lubricants		872	
Total Transportation			<u>45,129</u>

Total School Federal Projects Fund \$ 2,194,386

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	56,304	
Accountants/Bookkeepers		34,800	
Cafeteria Personnel		731,437	
Other Salaries and Wages		28,776	
Social Security		50,995	
Pensions		43,663	
Medical Insurance		219,954	
Employer Medicare		11,926	
Other Fringe Benefits		28,840	
Communication		5,394	
Travel		4,343	
Other Contracted Services		77,823	
Food Preparation Supplies		75,460	
Food Supplies		1,021,414	
USDA - Commodities		146,871	
Other Supplies and Materials		6,739	
Trustee's Commission		42	
In Service/Staff Development		15,484	
Other Charges		8,306	
Food Service Equipment		31,476	
Total Food Service			<u>\$ 2,600,047</u>

Total Central Cafeteria Fund 2,600,047

Total Governmental Funds - Marion County School Department \$ 34,707,024

Exhibit K-10

Marion County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2015

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 19,354	\$ 285,602	\$ 304,956
Trustee's Collections - Prior Years	0	642	16,465	17,107
Circuit/Clerk and Master Collections - Prior Years	0	0	9,611	9,611
Interest and Penalty	0	132	2,934	3,066
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,428	1,428
Payments in-Lieu-of Taxes - Local Utilities	0	0	1,819	1,819
Payments in-Lieu-of Taxes - Other	0	0	100	100
Local Option Sales Tax	3,268,694	0	207,795	3,476,489
Hotel/Motel Tax	0	0	2,072	2,072
Mixed Drink Tax	0	0	14,632	14,632
Bank Excise Tax	0	0	3,537	3,537
Wholesale Beer Tax	0	0	6,185	6,185
Interstate Telecommunications Tax	0	0	107	107
Marriage Licenses	0	0	138	138
Total Cash Receipts	<u>\$ 3,268,694</u>	<u>\$ 20,128</u>	<u>\$ 552,425</u>	<u>\$ 3,841,247</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,236,007	\$ 19,504	\$ 526,610	\$ 3,782,121
Trustee's Commission	32,687	401	9,056	42,144
Total Cash Disbursements	<u>\$ 3,268,694</u>	<u>\$ 19,905</u>	<u>\$ 535,666</u>	<u>\$ 3,824,265</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 223	\$ 16,759	\$ 16,982
Cash Balance, July 1, 2014	<u>0</u>	<u>304</u>	<u>5,333</u>	<u>5,637</u>
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 527</u>	<u>\$ 22,092</u>	<u>\$ 22,619</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements, and have issued our report thereon dated December 14, 2015. Our report includes a reference to other auditors who audited the financial statements of the Marion County Conservation Commission and the Marion County Emergency Communications District, as described in our report on Marion County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not report any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001(B), 2015-003, 2015-004, 2015-005, 2015-009(A,B,C,D), and 2015-010.

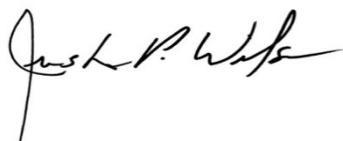
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-001(A), 2015-002, 2015-006, 2015-007, 2015-008, and 2015-009(E).

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 14, 2015

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Marion County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Marion County's major federal programs for the year ended June 30, 2015. Marion County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marion County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marion County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Marion County's compliance.

Opinion on Each Major Federal Program

In our opinion, Marion County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Marion County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marion County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

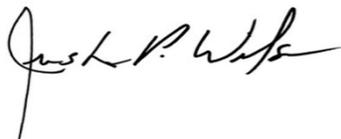
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 14, 2015

JPW/sb

Marion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 146,871 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	720,052
National School Lunch Program	10.555	N/A	1,780,120 (3)
Total U.S. Department of Agriculture			<u>\$ 2,647,043</u>
U.S. Department of Commerce:			
Direct Program:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	\$ 242,680
Total U.S. Department of Commerce			<u>\$ 242,680</u>
U.S. Department of Justice:			
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	\$ 1,680
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grants Program	16.738	(2)	48,461
Total U.S. Department of Justice			<u>\$ 50,141</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 123,429
Alcohol Open Container Requirements	20.607	(2)	7,419
Total U.S. Department of Transportation			<u>\$ 130,848</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 64,869
Total Appalachian Regional Commission			<u>\$ 64,869</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	\$ 1,104,300
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	849,401
Special Education - Preschool Grants	84.173	N/A	40,043
Career and Technical Education - Basic Grants to States	84.048	N/A	66,985
Education for Homeless Children and Youth	84.196	N/A	4,687
Twenty-first Century Community Learning Centers	84.287	N/A	70,626
Improving Teacher Quality State Grants	84.367	(2)	183,880
Total U.S. Department of Education			<u>\$ 2,319,922</u>

(Continued)

Marion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 30,613
Hazard Mitigation Grant	97.039	N/A	12,176
Homeland Security Grant Program	97.067	N/A	<u>26,039</u>
Total U.S. Department of Homeland Security			<u>\$ 68,828</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,524,331</u></u>
		Contract Number	
<u>State Grants</u>			
Live Scan Replacement - State Department of Finance and Administration	N/A	(2)	\$ 31,501
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	3,000
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Energy Efficient Schools Initiative - State Department of Energy Efficient Schools Initiative	N/A	(2)	57,452
Safe Schools Act - State Department of Education	N/A	(2)	22,450
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	379,299
Juvenile Services Program - State Department of Children's Services	N/A	(2)	10,850
Lottery for Education After School Programs - State Department Education	N/A	(2)	99,919
Airport Maintenance Program - State Department of Transportation	N/A	(2)	13,667
Airport Layout Plan Update - State Department of Transportation	N/A	(2)	45,000
Airport Obstruction - State Department of Transportation	N/A	(2)	59,066
Airport Crack Repair and Seal Coat - State Department of Transportation	N/A	(2)	14,500
Local Health Services Grant - State Department of Health	N/A	(2)	89,767
Fast Track Economic Development Program - State Department of Economic and Community Development	N/A	(2)	7,895
Fast Track Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	34,801
Litter Program - State Department of Transportation	N/A	Z-15-LIT058-00	<u>34,092</u>
Total State Grants			<u><u>\$ 998,259</u></u>

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,926,991.

Marion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001(B,C)	175	The airport had operating deficiencies

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-009	179	Multiple employees operated from the same cash drawer

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-010	179	The office did not deposit some funds within three days of collection
2014-012	180	The office had numerous accounting deficiencies

SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF COUNTY MAYOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-013	181	Duties were not segregated adequately

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Marion County is unmodified.
2. The audit of the financial statements of Marion County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit reported no instances of noncompliance that were material to the financial statements.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that were required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Marion County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2015-001

THE AIRPORT HAD OPERATING DEFICIENCIES

(A. – Noncompliance Under *Government Auditing Standards*;
B. – Internal Control – Significant Deficiency Under
Government Auditing Standards)

Marion County operates an airport, and its financial transactions are channeled through the county's General Fund. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

- A. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of October and November 2014, and May and June 2015, to examine receipts and deposits. The office did not deposit some funds with the county trustee within three days of collection in four of 29 deposits made during these months.
- B. Gasoline and diesel fuel are sold from pumps located at the airport. However, employees did not maintain inventory records documenting the receipt, usage, and storage of fuel. Generally accepted accounting principles require accountability for all consumable assets. The failure to maintain adequate records of a consumable asset such as fuel weakens control over assets and increases the risk of inventory loss.

RECOMMENDATION

All receipts should be deposited with the county trustee within three days of collection as required by state statute. The office should maintain inventory records documenting the receipt, usage, and storage of fuel. Furthermore, personnel independent of maintaining the inventory should periodically verify these records.

FINDING 2015-002

COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF A VEHICLE

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 27 disbursements totaling \$73,863 from a

population of 3,616 vendor checks totaling \$12,614,615. Our examination revealed the following deficiency, which was the result of a lack of management oversight.

The county purchased a vehicle for the County Mayor's Office at a cost of \$27,377; however, competitive bids were not solicited for this purchase. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated*, provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

Bids should be solicited for all purchases exceeding \$10,000 as required by statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2015-003

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund had a cash overdraft of \$1,205 at June 30, 2015. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2015.

RECOMMENDATION

The School Department should not issue warrants in excess of cash on deposit with the county trustee.

OFFICE OF COUNTY CLERK

FINDING 2015-004

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Office of County Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of each day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the county clerk would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management

decision resulting in a loss of control over assets. This deficiency is also the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The county clerk should assign each employee their own cash drawer.

FINDING 2015-005

THE OFFICIAL'S USERNAME AND PASSWORD WERE KNOWN BY EMPLOYEES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the official's username and password were known by all employees. If inappropriate activity were to occur using the official's account, the employee responsible for this activity would not be easily identified because employees had knowledge of the official's username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

RECOMMENDATION

Usernames and passwords should remain confidential and should not be shared among employees.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-006

AN OFFICE EMPLOYEE USED COUNTY EQUIPMENT AND COUNTY TIME FOR PERSONAL BENEFIT

(Noncompliance Under *Government Auditing Standards*)

A deputy clerk used county equipment and resources to gather information for several private companies engaged in the business of performing background checks on individuals. This work was performed in the clerk's office during business hours, and the deputy clerk personally received payment for this service from the private companies. Most companies faxed requests to the clerk's office, and office personnel collected the requests and delivered them to the deputy clerk who then gathered the information and faxed a report back to the requesting company. The companies paid \$3 per name listed on each request for this service, and the companies mailed the payment to the residence of the deputy clerk.

We identified and contacted five companies who supplied us with lists of checks they had written to the deputy clerk for her service. These lists reflected payments made from October 2010 through May 2015. The company name, time period, and the amounts that each company paid directly to the deputy clerk are reflected in the table below:

<u>Company Name</u>	<u>Time Period</u>	<u>Total Paid</u>
Criminal Research and Investigations	10-22-10 through 5-6-15	\$ 17,627
Background Professional, Inc.	8-20-14 through 4-13-15	879
SPI Reseachers	2-1-11 through 4-2-15	10,377
Wholesale Screening Solutions	7-7-14 through 4-30-15	4,932
The Discovery Group	1-1-14 through 5-5-15	<u>2,802</u>
Total Payments		<u>\$ 36,617</u>

On May 6, 2015, we interviewed the circuit court clerk and the deputy clerk. During this interview, the deputy clerk stated that she did receive payments for this work, and she did use the county's equipment and resources; however, she stated that she came in the office prior to her regular work hours to do this work. However, we were able to identify several reports faxed to the companies from the office during working hours.

On May 7, 2015, we conducted a second interview with the circuit court clerk and the deputy clerk and were informed that requests for these background checks were generally received by fax or over the phone and that the deputy clerk handled "a majority of the requests." When a faxed request is received in the office, it is processed, and the results are faxed back to the requesting company. Then the request and returned report are shredded by the deputy clerk. The circuit court clerk stated that she was unaware that the deputy clerk was being paid personally by the companies until someone brought it to her attention a few months ago. The circuit court clerk then instructed the deputy clerk that all payments should be made to the office. During our interview, the circuit court clerk learned that these payments were still being made directly to the deputy clerk. The circuit court clerk immediately contacted all five companies and advised them that all future payments should be made payable to the clerk's office. This deficiency exists due to a lack of management oversight. This deficiency has been reviewed with the district attorney general.

RECOMMENDATION

County employees should not use county-owned equipment, resources, and work hours for personal benefit. Procedures should be implemented to ensure that requests for background checks are processed by office personnel as part of their routine duties, and payments for these services are receipted and deposited into office accounts. Management should determine whether the county should seek reimbursement for any funds received by the deputy clerk from these background checks.

FINDING 2015-007

THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES (Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met.

One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This weakness was corrected in April 2015 after being brought to the attention of management.

RECOMMENDATION

Management should ensure that backups are stored and rotated off-site weekly.

OFFICE OF SHERIFF

FINDING 2015-008

SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of August 2014 and January 2015 in the sheriff's checking account to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in four of 13 deposits made during these months. This deficiency exists because only one person in the office makes deposits, and if that employee is away from the office for any reason, deposits are not always made within three days. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The delay in depositing the funds increases the risks of fraud and abuse.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

FINDING 2015-009

THE OFFICE HAD NUMEROUS ACCOUNTING DEFICIENCIES

(A., B., C., D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; E. – Noncompliance Under *Government Auditing Standards*)

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies can be attributed to a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices. Also, deficiencies A. and B. are the result of management's failure to correct the findings noted in the prior-year audit report.

- A. The annual financial report did not properly reflect the operations of the office. Receipts from commissary (\$357,458) and other operations (\$4,473), and disbursements from the commissary (\$364,067) were not included on the annual financial report. Disbursements from other operation's totaling \$12,390 were overstated on the annual financial report. We have determined these amounts by substantive testing and alternative auditing procedures and have properly included them in the financial statements of this report.
- B. The annual financial report prepared by the Sheriff's Department was not mathematically accurate. Seven of eight rows on the report were not totaled correctly. Operations and year-end balances were determined by substantive testing and alternative auditing procedures and have been correctly reflected in the financial statements of this report.
- C. The bank account maintained for commissary operations was not reconciled with accounting records. Accounting records indicated that two bank accounts were maintained for commissary operations when in fact there is only one bank account. The failure to regularly reconcile bank accounts with accounting records is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. The June 30, 2015, bank balance was determined by substantive testing and alternative auditing procedures.
- D. The Sheriff's Department did not print monthly commissary reports because the Sheriff's Department personnel did not have the technical skills to retrieve reports from the commissary software application. Commissary activity presented in the financial statements was determined from bank activity and alternative auditing procedures and have been properly included in the financial statements of this report.
- E. Profits from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989 that profits earned from commissary operations are local revenues and should be administered as any other local revenue. Section 8-24-103, *Tennessee Code Annotated*, provides that all funds earned by the Sheriff's Department should be reported to the county monthly.

RECOMMENDATION

The annual financial report should accurately reflect all operations of the Sheriff's Department. Bank statements should be reconciled with the accounting records monthly. The Sheriff's Department should have the technical skills to generate available reports from its software application and reconcile the reports with receipts, disbursements, and cash balances. Profits generated from the operation of the jail commissary should be remitted to the county monthly.

SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF COUNTY MAYOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

FINDING 2015-010

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees of the School Food Service Department, Airport, and the Offices of County Mayor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal programs.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Marion County.

MARION COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Marion County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Marion County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**MARION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs.

Director of School – Summary Schedule of Prior-year's Findings

FINDING 2014-014

School Department management collected the overpayments made to employees.