ANNUAL FINANCIAL REPORT

MARION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

TENNESSEE COMPTROLLER OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

MARION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

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

MARION COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Marion County as of and for the year ended June 30, 2016.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- Competitive bids were not solicited for the purchase of new and used vehicles.

OFFICE OF SHERIFF

- The commissary bank account was not reconciled with the general ledger.
- Duties were not segregated adequately.

INTRODUCTORY SECTION

Marion County Officials
June 30, 2016

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

Board of Education

Julie Bennett, Chairman
Terry Case
Linda Hooper
Sarah Miller
Ryan Phillips

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
PHONE (615) 401-7841

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, 2016, 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. 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 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 report 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, Tennessee, as of June 30, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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 92 - 99 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.

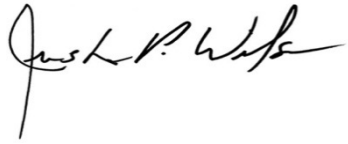
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous 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 October 13, 2016, 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

October 13, 2016

JPW/yu

Basic Financial Statements

Exhibit A

Marion County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Marion County School Department
ASSETS				
Cash	$ 107,308	$ 53,969	$ 161,277	$ 103,846
Equity in Pooled Cash and Investments	24,648,564	0	24,648,564	4,846,713
Inventories	0	0	0	64,370
Accounts Receivable	15,911	2,000	17,911	27,860
Due from Other Governments	892,842	0	892,842	645,119
Due from Component Units	80,716	0	80,716	0
Property Taxes Receivable	9,843,619	0	9,843,619	5,269,883
Allowance for Uncollectible Property Taxes	(556,269)	0	(556,269)	(297,805)
Net Pension Asset - Agent Plan	85,498	0	85,498	66,689
Net Pension Asset - Teacher Retirement Plan	0	0	0	11,314
Assets Not Depreciated:				
Land	2,653,981	0	2,653,981	1,118,836
Construction in Progress	330,336	0	330,336	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	10,127,569	91,403	10,218,972	36,991,477
Infrastructure	5,031,715	0	5,031,715	0
Other Capital Assets	1,178,333	0	1,178,333	226,595
Total Assets	$ 54,440,123	$ 147,372	$ 54,587,495	$ 49,074,897
DEFERRED OUTFLOWS OF RESOURCES				
Pension Changes in Experience	$ 0	$ 0	$ 0	$ 127,426
Pension Contributions After Measurement Date	328,200	0	328,200	1,575,413
Total Deferred Outflows of Resources	$ 328,200	$ 0	$ 328,200	$ 1,702,839
LIABILITIES				
Accounts Payable	$ 1,677	$ 7,483	$ 9,160	$ 133,119
Accrued Payroll	0	0	0	21,175
Payroll Deductions Payable	763	0	763	242,403
Due to Primary Government	0	0	0	80,716
Due to Litigants, Heirs, and Others	35,297	0	35,297	0
Accrued Interest Payable	197,471	0	197,471	0
Noncurrent Liabilities:				
Due Within One Year	2,510,376	0	2,510,376	0
Due in More Than One Year	31,574,629	0	31,574,629	425,154
Total Liabilities	$ 34,320,213	$ 7,483	$ 34,327,696	$ 902,567

(Continued)

Exhibit A

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Marion County School Department
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 8,954,325	$ 0	$ 8,954,325	$ 4,793,790
Pension Changes in Experience	46,760	0	46,760	2,511,565
Pension Changes in Investment Earnings	169,904	0	169,904	1,156,732
Pension Other Deferrals	0	0	0	46,909
Total Deferred Inflows of Resources	$ 9,170,989	$ 0	$ 9,170,989	$ 8,508,996
NET POSITION				
Net Investment in Capital Assets	$ 13,226,393	$ 91,403	$ 13,317,796	$ 38,336,908
Restricted for:				
General Government	87,529	0	87,529	0
Finance	109,539	0	109,539	0
Administration of Justice	157,268	0	157,268	0
Public Safety	653,069	0	653,069	0
Public Health and Welfare	139,303	0	139,303	0
Highways/Public Works	1,127,964	0	1,127,964	0
Debt Service	7,380,508	0	7,380,508	0
Capital Projects	1,643,401	0	1,643,401	0
Education	0	0	0	1,457,191
Other Purposes	85,498	0	85,498	0
Unrestricted	(13,333,351)	48,486	(13,284,865)	1,542,074
Total Net Position	$ 11,277,121	$ 139,889	$ 11,417,010	$ 41,336,173

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, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Marion County School Department
Primary Government:								
Governmental Activities:								
General Government	$ 2,413,787	$ 347,233	$ 26,391	$ 0	$ (2,040,163)	$ 0	$ (2,040,163)	$ 0
Finance	1,016,251	920,878	0	0	(95,373)	0	(95,373)	0
Administration of Justice	1,065,007	669,250	19,700	0	(376,057)	0	(376,057)	0
Public Safety	4,297,303	516,586	323,045	0	(3,457,672)	0	(3,457,672)	0
Public Health and Welfare	1,060,355	52,357	146,537	0	(861,461)	0	(861,461)	0
Social, Cultural, and Recreational Services	746,867	210,522	14,120	376,079	(146,146)	0	(146,146)	0
Agriculture and Natural Resources	96,184	0	0	0	(96,184)	0	(96,184)	0
Highways/Public Works	2,558,342	140,787	1,860,452	296,173	(260,930)	0	(260,930)	0
Interest on Long-term Debt	1,151,705	0	0	0	(1,151,705)	0	(1,151,705)	0
Education	603,602	135,000	0	765,576	296,974	0	296,974	0
Total Governmental Activities	$ 15,009,403	$ 2,992,613	$ 2,390,245	$ 1,437,828	$ (8,188,717)	$ 0	$ (8,188,717)	$ 0
Business-type Activities:								
Marion County Conservation Commission	$ 98,241	$ 116,699	$ 0	$ 0	$ 0	$ 18,458	$ 18,458	$ 0
Total Primary Government	$ 15,107,644	$ 3,109,312	$ 2,390,245	$ 1,437,828	$ (8,188,717)	$ 18,458	$ (8,170,259)	$ 0
Component Unit:								
Marion County School Department	$ 34,540,173	$ 369,781	$ 4,896,031	$ 0	$ 0	$ 0	$ 0	$ (29,274,361)
Total Component Units	$ 34,540,173	$ 369,781	$ 4,896,031	$ 0	$ 0	$ 0	$ 0	$ (29,274,361)

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Marion County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					$ 7,480,033	$ 0	$ 7,480,033	$ 5,088,249
Property Taxes Levied for Debt Service					1,989,542	0	1,989,542	0
Local Option Sales Taxes					1,990,586	0	1,990,586	3,579,448
Hotel/Motel Tax					0	0	0	31,444
Litigation Tax - General					96,236	0	96,236	0
Litigation Tax - Special Purpose					9,189	0	9,189	0
Litigation Tax - Jail, Workhouse, or Courthouse					17,320	0	17,320	0
Business Tax					264,990	0	264,990	0
Mineral Severance Tax					2,586	0	2,586	0
Wholesale Beer Tax					0	0	0	104,190
Other Local Taxes					1,494	0	1,494	15,308
Grants and Contributions Not Restricted to Specific Programs					744,696	0	744,696	21,857,395
Unrestricted Investment Earnings					103,757	0	103,757	4,375
Miscellaneous					180,853	0	180,853	67,590
Total General Revenues					$ 12,881,282	$ 0	$ 12,881,282	$ 30,747,999
Change in Net Position					$ 4,692,565	$ 18,458	$ 4,711,023	$ 1,473,638
Net Position, July 1, 2015					6,584,556	121,431	6,705,987	39,892,535
Net Position, June 30, 2016					$ 11,277,121	$ 139,889	$ 11,417,010	$ 41,366,173

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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 200	$ 0	$ 0	$ 107,108	$ 107,308
Equity in Pooled Cash and Investments	10,593,531	777,154	5,800,449	7,477,430	24,648,564
Accounts Receivable	10,599	5,090	0	222	15,911
Due from Other Governments	205,464	345,720	0	341,658	892,842
Due from Other Funds	322	0	0	0	322
Property Taxes Receivable	7,036,452	0	1,451,344	1,355,823	9,843,619
Allowance for Uncollectible Property Taxes	(397,635)	0	(82,016)	(76,618)	(556,269)
Total Assets	$ 17,448,933	$ 1,127,964	$ 7,169,777	$ 9,205,623	$ 34,952,297
LIABILITIES					
Accounts Payable	$ 1,677	$ 0	$ 0	$ 0	$ 1,677
Payroll Deductions Payable	763	0	0	0	763
Due to Other Funds	0	0	0	322	322
Due to Litigants, Heirs, and Others	0	0	0	35,297	35,297
Total Liabilities	$ 2,440	$ 0	$ 0	$ 35,619	$ 38,059
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 6,400,763	$ 0	$ 1,320,227	$ 1,233,335	$ 8,954,325
Deferred Delinquent Property Taxes	201,640	0	41,590	38,854	282,084
Other Deferred/Unavailable Revenue	0	151,698	0	177,755	329,453
Total Deferred Inflows of Resources	$ 6,602,403	$ 151,698	$ 1,361,817	$ 1,449,944	$ 9,565,862

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES					
Restricted:					
Restricted for General Government	$ 59,669	$ 0	$ 0	$ 27,860	$ 87,529
Restricted for Finance	2,531	0	0	107,008	109,539
Restricted for Administration of Justice	157,268	0	0	0	157,268
Restricted for Public Safety	42,648	0	0	610,421	653,069
Restricted for Public Health and Welfare	11,548	0	0	99,755	111,303
Restricted for Highways/Public Works	0	976,266	0	0	976,266
Restricted for Debt Service	0	0	5,807,960	1,665,896	7,473,856
Restricted for Capital Projects	0	0	0	1,622,973	1,622,973
Committed:					
Committed for Debt Service	0	0	0	2,136,147	2,136,147
Committed for Capital Projects	0	0	0	1,450,000	1,450,000
Assigned:					
Assigned for Social, Cultural, and Recreational Services	14,276	0	0	0	14,276
Assigned for Other Operations	58,833	0	0	0	58,833
Unassigned	10,497,317	0	0	0	10,497,317
Total Fund Balances	$ 10,844,090	$ 976,266	$ 5,807,960	$ 7,720,060	$ 25,348,376
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 17,448,933	$ 1,127,964	$ 7,169,777	$ 9,205,623	$ 34,952,297

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, 2016

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)		$ 25,348,376
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Add: land	$ 2,653,981	
Add: construction in progress	330,336	
Add: buildings and improvements net of accumulated depreciation	10,127,569	
Add: infrastructure net of accumulated depreciation	5,031,715	
Add: other capital assets net of accumulated depreciation	1,178,333	19,321,934
(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	$ (31,190,000)	
Less: notes payable	(1,302,000)	
Less: capital lease payable	(80,716)	
Add: debt to be contributed by the School Department	80,716	
Less: compensated absences payable	(80,523)	
Less: other postemployment benefits liability	(292,627)	
Less: accrued interest on bonds	(190,022)	
Less: accrued interest on notes	(6,314)	
Less: accrued interest on capital lease	(1,135)	
Less: unamortized premium on debt	(1,139,139)	(34,201,760)
(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	$ 328,200	
Less: deferred inflows of resources related to pensions	(216,664)	111,536
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		85,498
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		611,537
Net position of governmental activities (Exhibit A)		$ 11,277,121

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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 7,295,172	$ 2,586	$ 1,386,100	$ 3,262,759	$ 11,946,617
Licenses and Permits	216,422	0	0	0	216,422
Fines, Forfeitures, and Penalties	131,922	0	0	44,825	176,747
Charges for Current Services	99,143	140,787	0	609,747	849,677
Other Local Revenues	404,433	42,837	0	7,917	455,187
Fees Received From County Officials	991,453	0	0	0	991,453
State of Tennessee	1,473,117	2,156,625	0	168,926	3,798,668
Federal Government	21,840	0	0	0	21,840
Other Governments and Citizens Groups	361,412	0	803,500	42,928	1,207,840
Total Revenues	$ 10,994,914	$ 2,342,835	$ 2,189,600	$ 4,137,102	$ 19,664,451
Expenditures					
Current:					
General Government	$ 1,641,942	$ 0	$ 0	$ 0	$ 1,641,942
Finance	454,255	0	0	563,310	1,017,565
Administration of Justice	1,061,504	0	0	0	1,061,504
Public Safety	4,026,527	0	0	185,979	4,212,506
Public Health and Welfare	439,075	0	0	538,277	977,352
Social, Cultural, and Recreational Services	205,512	0	0	0	205,512
Agriculture and Natural Resources	98,645	0	0	0	98,645
Other Operations	1,237,614	0	0	563,319	1,800,933
Highways	0	2,283,153	0	0	2,283,153
Debt Service:					
Principal on Debt	0	0	1,225,000	1,212,924	2,437,924
Interest on Debt	0	0	460,084	704,146	1,164,230
Other Debt Service	0	0	28,455	950	29,405

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
Expenditures (Cont.)					
Capital Projects	$ 0	$ 0	$ 0	$ 88,470	$ 88,470
Total Expenditures	$ 9,165,074	$ 2,283,153	$ 1,713,539	$ 3,857,375	$ 17,019,141
Excess (Deficiency) of Revenues Over Expenditures	$ 1,829,840	$ 59,682	$ 476,061	$ 279,727	$ 2,645,310
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 10,000	$ 0	$ 995,120	$ 1,005,120
Transfers Out	(1,005,120)	0	0	0	(1,005,120)
Total Other Financing Sources (Uses)	$ (1,005,120)	$ 10,000	$ 0	$ 995,120	$ 0
Net Change in Fund Balances	$ 824,720	$ 69,682	$ 476,061	$ 1,274,847	$ 2,645,310
Fund Balance, July 1, 2015	10,019,370	906,584	5,331,899	6,445,213	22,703,066
Fund Balance, June 30, 2016	$ 10,844,090	$ 976,266	$ 5,807,960	$ 7,720,060	$ 25,348,376

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, 2016

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)		$ 2,645,310
(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	$ 465,268	
Less: current-year depreciation expense	(1,135,740)	(670,472)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized	$ 54,000	
Less: book value of capital assets disposed	(19,607)	34,393
(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, 2016	$ 611,537	
Less: deferred delinquent property taxes and other deferred June 30, 2015	(626,817)	(15,280)
(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:		
Add: principal payments on bonds	$ 2,270,000	
Add: principal payments on notes	165,000	
Add: principal payments on capital lease	37,924	
Less: contributions from the School Department for capital lease	(37,924)	
Add: changes in premium on debt issuance	93,271	2,528,271
(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	$ 12,525	
Change in compensated absences payable	(10,985)	
Change in net pension liability/asset	(296,512)	
Change in deferred outflows related to pensions	6,643	
Change in deferred inflows related to pensions	486,229	
Change in other postemployment benefits liability	(27,557)	170,343
Change in net position of governmental activities (Exhibit B)		$ 4,692,565

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, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 7,295,172	$ 0	$ 7,295,172	$ 6,921,748	$ 6,921,748	$ 373,424
Licenses and Permits	216,422	0	216,422	172,000	172,000	44,422
Fines, Forfeitures, and Penalties	131,922	0	131,922	179,550	179,550	(47,628)
Charges for Current Services	99,143	0	99,143	113,900	116,400	(17,257)
Other Local Revenues	404,433	0	404,433	391,750	391,750	12,683
Fees Received From County Officials	991,453	0	991,453	940,000	940,000	51,453
State of Tennessee	1,473,117	0	1,473,117	2,277,071	2,309,242	(836,125)
Federal Government	21,840	0	21,840	15,766	35,103	(13,263)
Other Governments and Citizens Groups	361,412	0	361,412	274,300	296,537	64,875
Total Revenues	$ 10,994,914	$ 0	$ 10,994,914	$ 11,286,085	$ 11,362,330	$ (367,416)
Expenditures						
General Government						
County Commission	$ 158,418	$ 0	$ 158,418	$ 128,800	$ 158,450	$ 32
Board of Equalization	2,772	0	2,772	6,000	6,200	3,428
Beer Board	2,907	0	2,907	2,925	2,925	18
Budget and Finance Committee	4,441	0	4,441	6,600	6,600	2,159
County Mayor/Executive	214,730	0	214,730	253,413	252,865	38,135
Election Commission	157,361	0	157,361	254,665	254,665	97,304
Register of Deeds	220,541	0	220,541	215,857	223,484	2,943
Development	50,000	0	50,000	50,000	50,000	0
Building	119,482	0	119,482	134,123	134,873	15,391
County Buildings	599,422	0	599,422	1,178,080	1,213,367	613,945
Other General Administration	111,868	0	111,868	118,690	118,990	7,122
Finance						
Property Assessor's Office	232,165	0	232,165	234,744	234,744	2,579

(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)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Finance (Cont.)						
Reappraisal Program	$ 81,537	$ 0	$ 81,537	$ 83,727	$ 98,727	$ 17,190
County Trustee's Office	65,867	0	65,867	66,370	66,370	503
County Clerk's Office	74,686	0	74,686	68,453	76,589	1,903
Administration of Justice						
Circuit Court	495,966	0	495,966	494,014	499,370	3,404
General Sessions Court	126,681	0	126,681	129,995	129,995	3,314
Chancery Court	218,464	0	218,464	230,755	230,755	12,291
Juvenile Court	220,393	0	220,393	231,370	236,809	16,416
Public Safety						
Sheriff's Department	2,418,528	0	2,418,528	2,279,984	2,475,265	56,737
Administration of the Sexual Offender Registry	3,140	0	3,140	1,000	3,500	360
Jail	1,356,853	0	1,356,853	1,328,711	1,371,043	14,190
Fire Prevention and Control	213,004	0	213,004	183,898	217,398	4,394
Civil Defense	10,760	0	10,760	8,766	25,103	14,343
Rescue Squad	15,000	0	15,000	10,000	15,000	0
County Coroner/Medical Examiner	9,242	0	9,242	9,000	9,242	0
Public Health and Welfare						
Local Health Center	220,687	0	220,687	223,420	234,370	13,683
Ambulance/Emergency Medical Services	150,000	0	150,000	150,000	150,000	0
Alcohol and Drug Programs	6,331	0	6,331	6,400	6,406	75
Other Local Health Services	20,825	0	20,825	56,500	56,500	35,675
Sanitation Education/Information	41,232	0	41,232	39,826	41,564	332
Social, Cultural, and Recreational Services						
Libraries	150,524	0	150,524	150,524	150,524	0
Parks and Fair Boards	2,752	0	2,752	18,000	18,403	15,651

(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)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Social, Cultural, and Recreational Services (Cont.)						
Other Social, Cultural, and Recreational	$ 52,236	$ 0	$ 52,236	$ 45,000	$ 52,237	$ 1
Agriculture and Natural Resources						
Agricultural Extension Service	62,377	0	62,377	63,529	63,529	1,152
Soil Conservation	36,268	0	36,268	36,749	36,749	481
Other Operations						
Industrial Development	316,277	0	316,277	9,100	316,698	421
Other Economic and Community Development	50,581	0	50,581	50,617	50,956	375
Airport	519,851	58,833	578,684	1,258,936	1,285,959	707,275
Veterans' Services	17,117	0	17,117	18,900	19,400	2,283
Other Charges	333,788	0	333,788	994,120	481,927	148,139
Total Expenditures	$ 9,165,074	$ 58,833	$ 9,223,907	$ 10,831,561	$ 11,077,551	$ 1,853,644
Excess (Deficiency) of Revenues Over Expenditures	$ 1,829,840	$ (58,833)	$ 1,771,007	$ 454,524	$ 284,779	$ 1,486,228
Other Financing Sources (Uses)						
Insurance Recovery	$ 0	$ 0	$ 0	$ 10,000	$ 10,000	$ (10,000)
Transfers Out	(1,005,120)	0	(1,005,120)	(235,000)	(1,200,120)	195,000
Total Other Financing Sources	$ (1,005,120)	$ 0	$ (1,005,120)	$ (225,000)	$ (1,190,120)	$ 185,000
Net Change in Fund Balance	$ 824,720	$ (58,833)	$ 765,887	$ 229,524	$ (905,341)	$ 1,671,228
Fund Balance, July 1, 2015	10,019,370	0	10,019,370	9,234,427	9,234,427	784,943
Fund Balance, June 30, 2016	$ 10,844,090	$ (58,833)	$ 10,785,257	$ 9,463,951	$ 8,329,086	$ 2,456,171

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,586	$ 4,204	$ 2,586	$ 0
Charges for Current Services	140,787	75,000	140,787	0
Other Local Revenues	42,837	50,100	31,704	11,133
State of Tennessee	2,156,625	2,816,996	2,156,625	0
Total Revenues	$ 2,342,835	$ 2,946,300	$ 2,331,702	$ 11,133
Expenditures				
Highways				
Administration	$ 265,066	$ 276,536	$ 280,065	$ 14,999
Highway and Bridge Maintenance	981,257	1,035,972	1,234,972	253,715
Operation and Maintenance of Equipment	274,377	344,880	359,880	85,503
Other Charges	66,970	66,338	69,323	2,353
Employee Benefits	222,083	234,793	238,793	16,710
Capital Outlay	473,400	1,195,556	591,321	117,921
Total Expenditures	$ 2,283,153	$ 3,154,075	$ 2,774,354	$ 491,201
Excess (Deficiency) of Revenues Over Expenditures	$ 59,682	$ (207,775)	$ (442,652)	$ 502,334
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	$ 0	$ 10,000	$ 0	$ 0
Transfers In	10,000	10,000	10,000	0
Total Other Financing Sources	$ 10,000	$ 20,000	$ 10,000	$ 0
Net Change in Fund Balance	$ 69,682	$ (187,775)	$ (432,652)	$ 502,334
Fund Balance, July 1, 2015	906,584	765,606	765,606	140,978
Fund Balance, June 30, 2016	$ 976,266	$ 577,831	$ 332,954	$ 643,312

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, 2016

	Major Enterprise Fund Marion County Conservation Commission
ASSETS	
Cash	$ 53,969
Accounts Receivable	2,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	91,403
Total Assets	$ 147,372
LIABILITIES	
Accounts Payable	$ 7,483
Total Liabilities	$ 7,483
NET POSITION	
Net Investment in Capital Assets	$ 91,403
Unrestricted	48,486
Total Net Position	$ 139,889

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, 2016

	Major Enterprise Fund Marion County Conservation Commission
Operating Revenues	
User Fees/Vending	$ 116,699
Total Operating Revenues	$ 116,699
Operating Expenses	
Supplies	$ 12,093
Utilities	28,326
Contract Services	3,404
Telephone	2,110
Equipment	1,439
Depreciation	16,861
Professional Fees	5,000
Insurance	1,314
Fuel	1,251
Salaries and Benefits	22,860
Miscellaneous	3,583
Total Operating Expenses	$ 98,241
Operating Income	$ 18,458
Change in Net Position	$ 18,458
Net Position, July 1, 2015	121,431
Net Position, June 30, 2016	$ 139,889

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, 2016

	Major Enterprise Fund Marion County Conservation Commission
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 114,699
Payments to Suppliers	(67,068)
Payments to Employees	(22,860)
Net Cash Provided By (Used In) Operating Activities	$ 24,771
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	$ (16,242)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (16,242)
Net Increase (Decrease) in Cash	$ 8,529
Cash, July 1, 2015	45,440
Cash, June 30, 2016	$ 53,969
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income	$ 18,458
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	16,861
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(2,000)
Increase (Decrease) in Accounts Payable	(8,548)
Net Cash Provided By (Used In) Operating Activities	$ 24,771

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, 2016

	Agency Funds
ASSETS	
Cash	$ 999,529
Equity in Pooled Cash and Investments	106,002
Accounts Receivable	4,261
Due from Other Governments	640,144
Property Taxes Receivable	375,137
Allowance for Uncollectible Property Taxes	(21,120)
Total Assets	$ 2,103,953
LIABILITIES	
Due to Other Taxing Units	$ 1,021,466
Due to Litigants, Heirs, and Others	1,003,023
Due to Joint Ventures	79,464
Total Liabilities	$ 2,103,953

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

MARION COUNTY, TENNESSEE
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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. In addition, the financial statements of the Marion County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission will not affect our opinion thereon. 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 financial statements of the Marion County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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, 2016.

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 3.02 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:

Assets	Years
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, and pension 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, 2016, Marion County had $26,560,716 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.

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.

At June 30, 2016, Marion County and the Marion County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
General	Airport Improvements	$ 58,833
School Department:		
Major Fund:		
Central Cafeteria	Serving Lines and Installation	147,342

B. <u>The Discretely Presented Marion County School Department Had Deposits That Were Exposed to Custodial Credit Risk</u>

At June 30, 2016, the government's brokerage firm was holding investments of $557,976 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, 2016, Marion County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. 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	$ 142,436
Corporate Bonds - Bank America	N/A	8-25-17	30,112
Corporate Bonds - Ford Motor Credit	N/A	12-6-17	30,064
Corporate Bonds - Morgan Stanley	N/A	7-24-20	112,212
Corporate Bonds - Johnson & Johnson	N/A	7-15-18	108,576
Corporate Bonds - Caterpillar Financial	N/A	12-15-22	50,459
Corporate Bonds - General Electric	N/A	1-9-23	42,728
Corporate Bonds - Wells Fargo	N/A	2-13-23	41,389
Total			$ 557,976

Investment by fair value level	Fair Value 6-30-16	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
SunTrust Bank - U.S. Certificates of Deposit	$ 142,436	$ 142,436	$ 0	$ 0
Corporate Bonds - Bank America	30,112	30,112	0	0
Corporate Bonds - Ford Motor Credit	30,064	30,064	0	0
Corporate Bonds - Morgan Stanley	112,212	112,212	0	0
Corporate Bonds - Johnson & Johnson	108,576	108,576	0	0
Corporate Bonds - Caterpillar Financial	50,459	50,459	0	0
Corporate Bonds - General Electric	42,728	42,728	0	0
Corporate Bonds - Wells Fargo	41,389	41,389	0	0
Total	$ 557,976	$ 557,976	$ 0	$ 0

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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	A1	A-
Corporate Bonds - Bank America	Baa1	BBB+
Corporate Bonds - Ford Motor Credit	Baa2	BBB
Corporate Bonds - Morgan Stanley	A3	BBB+
Corporate Bonds - Johnson & Johnson	Aaa	AAA
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 ($557,976) 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 (26 percent), Corporate Bonds – Bank America (six percent), Corporate Bonds – Ford Motor Credit (five percent), Corporate Bonds – Morgan Stanley (20 percent), Corporate Bonds – Johnson & Johnson (19 percent), Corporate Bonds – Caterpillar Financial (nine percent), Corporate Bonds – General Electric (eight 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 $557,976 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, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 2,599,981	$ 54,000	$ 0	$ 2,653,981
Construction in Progress	335,496	18,436	(23,596)	330,336
Total Capital Assets Not Depreciated	$ 2,935,477	$ 72,436	$ (23,596)	$ 2,984,317
Capital Assets Depreciated:				
Buildings and Improvements	$ 15,166,329	$ 0	$ 0	$ 15,166,329
Infrastructure	26,838,689	71,656	(15,461)	26,894,884
Other Capital Assets	3,690,824	398,772	(61,435)	4,028,161
Total Capital Assets Depreciated	$ 45,695,842	$ 470,428	$ (76,896)	$ 46,089,374
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 4,634,858	$ 403,902	$ 0	$ 5,038,760
Infrastructure	21,341,145	524,021	(1,997)	21,863,169
Other Capital Assets	2,697,303	207,817	(55,292)	2,849,828
Total Accumulated Depreciation	$ 28,673,306	$ 1,135,740	$ (57,289)	$ 29,751,757
Total Capital Assets Depreciated, Net	$ 17,022,536	$ (665,312)	$ (19,607)	$ 16,337,617
Governmental Activities Capital Assets, Net	$ 19,958,013	$ (592,876)	$ (43,203)	$ 19,321,934

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

Governmental Activities:

General Government	$ 252,828
Public Safety	298,162
Public Health and Welfare	19,862
Highways/Public Works	564,888
Total Depreciation Expense - Governmental Activities	$ 1,135,740

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 1,133,836	$ 0	$ (15,000)	$ 1,118,836
Total Capital Assets Not Depreciated	$ 1,133,836	$ 0	$ (15,000)	$ 1,118,836
Capital Assets Depreciated:				
Buildings and Improvements	$ 60,376,467	$ 281,533	$ (488,815)	$ 60,169,185
Other Capital Assets	445,981	81,414	(15,612)	511,783
Total Capital Assets Depreciated	$ 60,822,448	$ 362,947	$ (504,427)	$ 60,680,968
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 22,058,919	$ 1,562,380	$ (443,591)	$ 23,177,708
Other Capital Assets	263,466	35,772	(14,050)	285,188
Total Accumulated Depreciation	$ 22,322,385	$ 1,598,152	$ (457,641)	$ 23,462,896
Total Capital Assets Depreciatied, Net	$ 38,500,063	$ (1,235,205)	$ (46,786)	$ 37,218,072
Governmental Activities Capital Assets, Net	$ 39,633,899	$ (1,235,205)	$ (61,786)	$ 38,336,908

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

Governmental Activities:

Instruction	$ 1,546,440
Support Services	30,329
Operation of Non-instructional Services	21,383
Total Depreciation Expense - Governmental Activities	$ 1,598,152

C. Construction Commitments

At June 30, 2016, the county had uncompleted construction contracts of approximately $58,833 for 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, 2016, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 322

This balance 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:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	$ 80,716

The Due to Primary Government ($80,716) 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, 2016, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In: Highway/ Public Works Fund	Transfers In: Nonmajor Governmental Funds
General Fund	$ 10,000	$ 995,120

Discretely Presented Marion County School Department

Transfers Out	Transfers In: General Purpose School Fund	Transfers In: Nonmajor Governmental Fund
General Purpose School Fund	$ 0	$ 50,000
Nonmajor governmental fund	45,931	0

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, 2016, were as follows:

Year Ending June 30	Governmental Funds
2017	$ 42,929
2018	42,929
Total Minimum Lease Payments	$ 85,858
Less: Amount Representing Interest	(5,142)
Present Value of Minimum Lease Payments	$ 80,716

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 20 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, 2016, 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, 2016, 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, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	2.5 to 4 %	4-1-30	$ 3,675,000	$ 2,600,000
General Obligation Bonds - Refunding	2 to 5	6-1-31	33,765,000	28,590,000
Capital Outlay Notes	1.94	4-1-23	1,792,000	1,302,000
Capital Lease	4.2186	6-20-18	197,958	80,716

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2022-2026	11,455,000	2,300,813	13,755,813
2027-2031	7,855,000	773,422	8,628,422
Total	$ 31,190,000	$ 7,635,345	$ 38,825,345

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2022-2023	400,000	11,640	411,640
Total	$ 1,302,000	$ 103,964	$ 1,405,964

There is $9,610,003 available in the debt service funds to service general long-term debt. Debt per capita, including bonds, notes, and the capital lease totaled $1,154, 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 6-30-16
Capital Lease Payable	
Contributions from the General Purpose School Fund	
Computers	$ 80,716

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Lease
Balance, July 1, 2015	$ 33,460,000	$ 1,467,000	$ 118,640
Reductions	(2,270,000)	(165,000)	(37,924)
Balance, June 30, 2016	$ 31,190,000	$ 1,302,000	$ 80,716
Balance Due Within One Year	$ 2,240,000	$ 170,000	$ 39,524

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	$ 69,538	$ 265,070
Additions	154,229	31,960
Reductions	(143,244)	(4,403)
Balance, June 30, 2016	$ 80,523	$ 292,627
Balance Due Within One Year	$ 60,852	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 32,945,866
Less: Balance Due Within One Year	(2,510,376)
Add: Unamortized Premium on Debt	1,139,139
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 31,574,629

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

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, 2016, was as follows:

Governmental Activities:

	Other Post-employment Benefits	Net Pension Liability - Cost-sharing Plan*
Balance, July 1, 2015	$ 317,608	$ (63,466)
Additions	257,952	1,890,013
Reductions	(309,184)	(1,667,769)
Balance, June 30, 2016	$ 266,376	$ 158,778
Balance Due Within One Year	$ 0	$ 0

*At July 1, 2015, the cost-sharing plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 425,154
Less: Balance Due Within One Year	0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 425,154

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, 2016, 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, 2016, were $88,706 and $44,513, 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous

statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Events

On July 18, 2016, Neil Webb, Highway Supervisor, passed away and was succeeded by Terry Smith, on an interim basis, until August 31, 2016. Mr. Smith was succeeded by James Hawk on September 1, 2016. Also, on August 31, 2016, Judy Brewer left the Office of Assessor of Property and was succeeded by Steve Lamb.

D. 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.

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 $400,019 estimated closure and postclosure costs of the landfill at June 30, 2016, 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 2016. 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 comprised 56.18 percent and the non-certified employees of the discretely presented School Department comprised 43.82 percent of the plan based on contribution 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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	154
Inactive Employees Entitled to But Not Yet Receiving Benefits	213
Active Employees	306
Total	673

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 their 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, the Actuarial Determined Contribution (ADC) for Marion County was $601,407 based on a rate of 6.66 percent of covered 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 ADC 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, 2015, 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, 2015, 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, 2015, 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, 2014	$ 25,696,827	$ 26,613,139	$ (916,312)
Changes for the year:			
Service Cost	$ 752,309	$ 0	$ 752,309
Interest	1,941,251	0	1,941,251
Differences Between Expected and Actual Experience	(72,712)	0	(72,712)
Contributions-Employer	0	601,407	(601,407)
Contributions-Employees	0	451,664	(451,664)
Net Investment Income	0	819,239	(819,239)
Benefit Payments, Including Refunds of Employee Contributions	(1,131,572)	(1,131,572)	0
Administrative Expense	0	(15,587)	15,587
Other Changes	0	0	0
Net Changes	$ 1,489,276	$ 725,151	$ 764,125
Balance, June 30, 2015	$ 27,186,103	$ 27,338,290	$ (152,187)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	56.18%	$ 15,273,153	$ 15,358,651	$ (85,498)
School Department	43.82%	11,912,950	11,979,639	(66,689)
Total		$ 27,186,103	$ 27,338,290	$ (152,187)

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:

Marion County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 3,309,234	$ (152,187)	$ (3,045,297)

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

Pension Expense. For the year ended June 30, 2016, Marion County recognized pension expense of $65,194.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	$ 0	$ 83,234
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	938,574	1,241,002
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	575,522	N/A
Total	$ 1,514,096	$ 1,324,236

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2015," 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	$ 855,491	$ 743,955
School Department	658,605	580,281
Total	$ 1,514,096	$ 1,324,236

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	$ (199,832)
2018	(199,832)
2019	(199,832)
2020	213,834
2021	0
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 56.18 percent, the non-certified employees of the discretely presented School Department comprise 43.82 percent of the plan based on contribution 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 with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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, 2016, to the Teacher Retirement Plan were $37,432, which is four percent of covered 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 (Assets). At June 30, 2016, the Marion County School Department reported an asset of $11,314 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Marion County School Department's proportion was .281227 percent.

Pension Expense. For the year ended June 30, 2016, the Marion County School Department recognized pension expense of $14,826.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	$ 0	$ 3,682
Net Diffrerence Between Projected and Actual Earnings on Pension Plan Investments	915	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	37,432	N/A
Total	$ 38,347	$ 3,682

The Marion County School Department's employer contributions of $37,432, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	$ (78)
2018	(78)
2019	(78)
2020	(78)
2021	(307)
Thereafter	(2,148)

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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 included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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	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 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 the 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 the Marion County School Department's proportionate share of 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:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 2,006	$ (11,314)	$ (21,083)

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

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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2016, to the Teacher Legacy Pension Plan were $1,290,659, which is 9.04 percent of covered 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 Liability (Assets). At June 30, 2016, the Marion County School Department reported a liability of $158,778 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Marion County School Department's proportion of the net pension liability (asset) was based on the Marion County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Marion County School Department's proportion was .387610 percent. The proportion measured at June 30, 2014, was .390575 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Marion County School Department recognized negative pension expense of $143,431.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	$ 127,426	$ 2,471,409
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,867,041	3,892,164
Changes in Proportion of Net Pension Liability (Asset)	0	46,909
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	1,290,659	N/A
Total	$ 4,285,126	$ 6,410,482

The Marion County School Department's employer contributions of $1,290,659 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, 2017. 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
2017	$ (1,058,806)
2018	(1,058,806)
2019	(1,058,806)
2020	238,582
2021	(478,179)
Thereafter	0

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, 2015, 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 included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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	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 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 the 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 the Marion County School Department's proportionate share of 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:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 10,824,977	$ 158,778	$ (8,671,576)

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 $46,790 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 School Department participate in the state-administered Local Education Group Insurance Plan and Local Government 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 healthcare 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/article/fa-accfin-cafr.

Funding Policy

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 Marion County retirees' contributions vary depending on the insurance options they select, ranging from $431 to $672 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from $0 to $505 per month. Marion County and the School Department recognized expenditures of $4,403 and $309,184, respectively, for postemployment health care during the year ended June 30, 2016.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 32,000	$ 258,000
Interest on the NOPEBO	9,940	11,910
Adjustment to the ARC	(9,980)	(11,958)
Annual OPEB cost	$ 31,960	$ 257,952
Amount of contribution	(4,403)	(309,184)
Increase/decrease in NOPEBO	$ 27,557	$ (51,232)
Net OPEB obligation, 7-1-15	265,070	317,608
Net OPEB obligation, 6-30-16	$ 292,627	$ 266,376

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Government Group	$ 19,243	11 %	$ 253,729
6-30-15	"	20,261	44	265,070
6-30-16	"	31,960	14	292,627
6-30-14	Local Education Group	212,490	142	387,386
6-30-15	"	219,399	132	317,608
6-30-16	"	257,952	120	266,376

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	$ 228,000	$ 2,484,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 228,000	$ 2,484,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 4,582,538	$ 17,027,002
UAAL as a % of covered payroll	5%	15%

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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

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, 2016, nine 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 $4,500.

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.

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, 2016. 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, 2016, 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:

Assets	Years
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 estimates.

Events Occurring after Reporting Date

The Commission has evaluated events and transactions that occurred 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, 2016, the carrying amount of the Commission's deposits was $53,969, and the bank balance was $61,940. 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, 2016, follows:

	Balance 7-1-15	Additions	Deletions	Balance 6-30-16
Business-type Activities:				
Capital Assets Depreciated:				
Mobile Home	$ 11,758	$ 2,000	$ 0	$ 13,758
Bathhouse	39,677	0	0	39,677
Land Improvements	74,055	3,092	0	77,147
Equipment	48,920	11,150	(11,000)	49,070
Total Assets	$ 174,410	$ 16,242	$ (11,000)	$ 179,652
Less Accumulated Depreciation for:				
Mobile Home	$ 8,923	$ 689	$ 0	$ 9,612
Bathhouse	6,501	3,261	0	9,762
Land Improvements	46,490	3,517	0	50,007
Equipment	20,474	9,394	(11,000)	18,868
Total Accumulated Depreciation	$ 82,388	$ 16,861	$ (11,000)	$ 88,249
Net Capital Assets	$ 92,022	$ (619)	$ 0	$ 91,403

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, 2016, the Commission reimbursed the County $22,860 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, 2016, 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, 2016, 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.

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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	$ 766,971	$ 752,309
Interest	1,832,858	1,941,251
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(37,596)	(72,712)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)	(1,131,572)
Net Change in Total Pension Liability (Asset)	$ 1,489,151	$ 1,489,276
Total Pension Liability (Asset), Beginning	24,207,676	25,696,827
Total Pension Liability (Asset), Ending (a)	$ 25,696,827	$ 27,186,103
Plan Fiduciary Net Position		
Contributions - Employer	$ 581,841	$ 601,407
Contributions - Employee	465,460	451,664
Net Investment Income	3,782,091	819,239
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)	(1,131,572)
Administrative Expense	(12,205)	(15,587)
Net Change in Plan Fiduciary Net Position	$ 3,744,105	$ 725,151
Plan Fiduciary Net Position, Beginning	22,869,034	26,613,139
Plan Fiduciary Net Position, Ending (b)	$ 26,613,139	$ 27,338,290
Net Pension Liability (Asset), Ending (a - b)	$ (916,312)	$ (152,187)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.57%	100.56%
Covered Employee Payroll	$ 8,937,781	$ 9,028,233
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(10.25)%	(1.69)%

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

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

Exhibit F-2

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

	2014	2015	2016
Actuarially Determined Contribution	$ 581,841	$ 601,407	$ 575,522
Less Contributions in Relation to the Actuarially Determined Contribution	(581,841)	(601,407)	(575,522)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 8,937,781	$ 9,028,233	$ 8,641,419
Contributions as a Percentage of Covered Employee Payroll	6.51%	6.66%	6.66%

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

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

Exhibit F-3

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

	2015	2016
Contractually Required Contribution	$ 14,608	$ 23,395
Less Contributions in Relation to the Contractually Required Contribution	(23,373)	(37,432)
Contribution Deficiency (Excess)	$ (8,765)	$ (14,037)
Covered Employee Payroll	$ 584,315	$ 935,798
Contributions as a Percentage of Covered Employee Payroll	4.00%	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

	2014	2015	2016
Contractually Required Contribution	$ 1,361,307	$ 1,311,722	$ 1,290,659
Less Contributions in Relation to the Contractually Required Contribution	(1,361,307)	(1,311,722)	(1,290,659)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 15,330,020	$ 14,510,210	$ 14,277,206
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%	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 Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30 *

		2016
School Department's Proportion of the Net Pension Liability (Asset)		0.281227%
School Department's Proportionate Share of the Net Pension Liability (Asset)	$	(11,314)
Covered Employee Payroll	$	584,315
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		127.46%

* 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 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 *

	2015	2016
School Department's Proportion of the Net Pension Asset	0.390575%	0.387610%
School Department's Proportionate Share of the Net Pension Liability (Asset)	$ (63,467)	$ 158,778
Covered Employee Payroll	$ 15,330,037	$ 14,510,210
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	(0.414002)%	1.094253%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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-7

Marion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Marion County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group	7-1-11	$ 0	$ 357	$ 357	0 %	$ 3,439	10 %
"	7-1-13	0	133	133	0	3,726	4
"	7-1-15	0	228	228	0	4,583	5
DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-11	0	2,939	2,939	0	17,154	17
"	7-1-13	0	1,996	1,996	0	17,179	12
"	7-1-15	0	2,484	2,484	0	17,027	15

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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, 2016

	Special Revenue Funds					Debt Service Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 107,108	$ 107,108	$ 0
Equity in Pooled Cash and Investments	27,860	75,203	645,718	0	748,781	1,662,569
Accounts Receivable	0	0	0	222	222	0
Due from Other Governments	0	52,552	0	0	52,552	0
Property Taxes Receivable	0	0	0	0	0	642,982
Allowance for Uncollectible Property Taxes	0	0	0	0	0	(36,335)
Total Assets	$ 27,860	$ 127,755	$ 645,718	$ 107,330	$ 908,663	$ 2,269,216
LIABILITIES						
Due to Other Funds	$ 0	$ 0	$ 0	$ 322	$ 322	$ 0
Due to Litigants, Heirs, and Others	0	0	35,297	0	35,297	0
Total Liabilities	$ 0	$ 0	$ 35,297	$ 322	$ 35,619	$ 0
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 584,894
Deferred Delinquent Property Taxes	0	0	0	0	0	18,426
Other Deferred/Unavailable Revenue	0	28,000	0	0	28,000	0
Total Deferred Inflows of Resources	$ 0	$ 28,000	$ 0	$ 0	$ 28,000	$ 603,320

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Debt Service Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
FUND BALANCES						
Restricted:						
Restricted for General Government	$ 27,860	$ 0	$ 0	$ 0	$ 27,860	$ 0
Restricted for Finance	0	0	0	107,008	107,008	0
Restricted for Public Safety	0	0	610,421	0	610,421	0
Restricted for Public Health and Welfare	0	99,755	0	0	99,755	0
Restricted for Debt Service	0	0	0	0	0	1,665,896
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	$ 27,860	$ 99,755	$ 610,421	$ 107,008	$ 845,044	$ 1,665,896
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 27,860	$ 127,755	$ 645,718	$ 107,330	$ 908,663	$ 2,269,216

(Continued)

Exhibit G-1

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 107,108
Equity in Pooled Cash and Investments	1,996,796	3,659,365	1,497,748	1,571,536	3,069,284	7,477,430
Accounts Receivable	0	0	0	0	0	222
Due from Other Governments	289,106	289,106	0	0	0	341,658
Property Taxes Receivable	0	642,982	0	712,841	712,841	1,355,823
Allowance for Uncollectible Property Taxes	0	(36,335)	0	(40,283)	(40,283)	(76,618)
Total Assets	$ 2,285,902	$ 4,555,118	$ 1,497,748	$ 2,244,094	$ 3,741,842	$ 9,205,623
LIABILITIES						
Due to Other Funds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 322
Due to Litigants, Heirs, and Others	0	0	0	0	0	35,297
Total Liabilities	$ 0	$ 0	$ 0	$ 0	$ 0	$ 35,619
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 0	$ 584,894	$ 0	$ 648,441	$ 648,441	$ 1,233,335
Deferred Delinquent Property Taxes	0	18,426	0	20,428	20,428	38,854
Other Deferred/Unavailable Revenue	149,755	149,755	0	0	0	177,755
Total Deferred Inflows of Resources	$ 149,755	$ 753,075	$ 0	$ 668,869	$ 668,869	$ 1,449,944

(Continued)

Exhibit G-1

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	Nonmajor Governmental Funds
FUND BALANCES						
Restricted:						
Restricted for General Government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 27,860
Restricted for Finance	0	0	0	0	0	107,008
Restricted for Public Safety	0	0	0	0	0	610,421
Restricted for Public Health and Welfare	0	0	0	0	0	99,755
Restricted for Debt Service	0	1,665,896	0	0	0	1,665,896
Restricted for Capital Projects	0	0	47,748	1,575,225	1,622,973	1,622,973
Committed:						
Committed for Debt Service	2,136,147	2,136,147	0	0	0	2,136,147
Committed for Capital Projects	0	0	1,450,000	0	1,450,000	1,450,000
Total Fund Balances	$ 2,136,147	$ 3,802,043	$ 1,497,748	$ 1,575,225	$ 3,072,973	$ 7,720,060
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,285,902	$ 4,555,118	$ 1,497,748	$ 2,244,094	$ 3,741,842	$ 9,205,623

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, 2016

	Special Revenue Funds					Debt Service Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
Revenues						
Local Taxes	$ 7,888	$ 277,524	$ 0	$ 0	$ 285,412	$ 627,958
Fines, Forfeitures, and Penalties	0	0	44,825	0	44,825	0
Charges for Current Services	0	49,356	0	560,391	609,747	0
Other Local Revenues	0	0	0	0	0	0
State of Tennessee	0	168,926	0	0	168,926	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	$ 7,888	$ 495,806	$ 44,825	$ 560,391	$ 1,108,910	$ 627,958
Expenditures						
Current:						
Finance	$ 0	$ 0	$ 0	$ 563,310	$ 563,310	$ 0
Public Safety	0	0	185,979	0	185,979	0
Public Health and Welfare	0	538,277	0	0	538,277	0
Other Operations	80	4,990	602	0	5,672	12,456
Debt Service:						
Principal on Debt	0	0	0	0	0	400,000
Interest on Debt	0	0	0	0	0	171,311
Other Debt Service	0	0	0	0	0	950
Capital Projects	0	0	0	0	0	0
Total Expenditures	$ 80	$ 543,267	$ 186,581	$ 563,310	$ 1,293,238	$ 584,717
Excess (Deficiency) of Revenues Over Expenditures	$ 7,808	$ (47,461)	$ (141,756)	$ (2,919)	$ (184,328)	$ 43,241

(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 Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 30,000	$ 0	$ 0	$ 30,000	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 30,000	$ 0	$ 0	$ 30,000	$ 0
Net Change in Fund Balances	$ 7,808	$ (17,461)	$ (141,756)	$ (2,919)	$ (154,328)	$ 43,241
Fund Balance, July 1, 2015	20,052	117,216	752,177	109,927	999,372	1,622,655
Fund Balance, June 30, 2016	$ 27,860	$ 99,755	$ 610,421	$ 107,008	$ 845,044	$ 1,665,896

(Continued)

Exhibit G-2

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	Nonmajor Governmental Funds
Revenues						
Local Taxes	$ 1,690,307	$ 2,318,265	$ 0	$ 659,082	$ 659,082	$ 3,262,759
Fines, Forfeitures, and Penalties	0	0	0	0	0	44,825
Charges for Current Services	0	0	0	0	0	609,747
Other Local Revenues	6,745	6,745	1,172	0	1,172	7,917
State of Tennessee	0	0	0	0	0	168,926
Other Governments and Citizens Groups	42,928	42,928	0	0	0	42,928
Total Revenues	$ 1,739,980	$ 2,367,938	$ 1,172	$ 659,082	$ 660,254	$ 4,137,102
Expenditures						
Current:						
Finance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 563,310
Public Safety	0	0	0	0	0	185,979
Public Health and Welfare	0	0	0	0	0	538,277
Other Operations	16,976	29,432	515,132	13,083	528,215	563,319
Debt Service:						
Principal on Debt	812,924	1,212,924	0	0	0	1,212,924
Interest on Debt	532,835	704,146	0	0	0	704,146
Other Debt Service	0	950	0	0	0	950
Capital Projects	0	0	88,470	0	88,470	88,470
Total Expenditures	$ 1,362,735	$ 1,947,452	$ 603,602	$ 13,083	$ 616,685	$ 3,857,375
Excess (Deficiency) of Revenues Over Expenditures	$ 377,245	$ 420,486	$ (602,430)	$ 645,999	$ 43,569	$ 279,727

(Continued)

Exhibit G-2

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Education Debt Service	Total	Education Capital Projects	Other Capital Projects	Total	Nonmajor Governmental Funds
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 965,120	$ 0	$ 965,120	$ 995,120
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 965,120	$ 0	$ 965,120	$ 995,120
Net Change in Fund Balances	$ 377,245	$ 420,486	$ 362,690	$ 645,999	$ 1,008,689	$ 1,274,847
Fund Balance, July 1, 2015	1,758,902	3,381,557	1,135,058	929,226	2,064,284	6,445,213
Fund Balance, June 30, 2016	$ 2,136,147	$ 3,802,043	$ 1,497,748	$ 1,575,225	$ 3,072,973	$ 7,720,060

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 7,888	$ 8,000	$ 8,000	$ (112)
Total Revenues	$ 7,888	$ 8,000	$ 8,000	$ (112)
Expenditures				
General Government				
County Buildings	$ 0	$ 15,000	$ 15,000	$ 15,000
Other Operations				
Other Charges	80	100	100	20
Total Expenditures	$ 80	$ 15,100	$ 15,100	$ 15,020
Excess (Deficiency) of Revenues Over Expenditures	$ 7,808	$ (7,100)	$ (7,100)	$ 14,908
Net Change in Fund Balance	$ 7,808	$ (7,100)	$ (7,100)	$ 14,908
Fund Balance, July 1, 2015	20,052	18,699	18,699	1,353
Fund Balance, June 30, 2016	$ 27,860	$ 11,599	$ 11,599	$ 16,261

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 277,524	$ 225,000	$ 225,000	$ 52,524
Charges for Current Services	49,356	32,000	32,000	17,356
State of Tennessee	168,926	150,000	150,000	18,926
Total Revenues	$ 495,806	$ 407,000	$ 407,000	$ 88,806
Expenditures				
Public Health and Welfare				
Convenience Centers	$ 538,277	$ 600,878	$ 600,878	$ 62,601
Other Operations				
Other Charges	4,990	4,000	5,000	10
Total Expenditures	$ 543,267	$ 604,878	$ 605,878	$ 62,611
Excess (Deficiency) of Revenues Over Expenditures	$ (47,461)	$ (197,878)	$ (198,878)	$ 151,417
Other Financing Sources (Uses)				
Transfers In	$ 30,000	$ 190,000	$ 190,000	$ (160,000)
Total Other Financing Sources	$ 30,000	$ 190,000	$ 190,000	$ (160,000)
Net Change in Fund Balance	$ (17,461)	$ (7,878)	$ (8,878)	$ (8,583)
Fund Balance, July 1, 2015	117,216	45,051	45,051	72,165
Fund Balance, June 30, 2016	$ 99,755	$ 37,173	$ 36,173	$ 63,582

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 44,825	$ 25,000	$ 25,000	$ 19,825
State of Tennessee	0	1,500	1,500	(1,500)
Other Governments and Citizens Groups	0	200	200	(200)
Total Revenues	$ 44,825	$ 26,700	$ 26,700	$ 18,125
Expenditures				
Public Safety				
Drug Enforcement	$ 185,979	$ 103,000	$ 189,530	$ 3,551
Other Operations				
Other Charges	602	1,000	1,000	398
Total Expenditures	$ 186,581	$ 104,000	$ 190,530	$ 3,949
Excess (Deficiency) of Revenues Over Expenditures	$ (141,756)	$ (77,300)	$ (163,830)	$ 22,074
Net Change in Fund Balance	$ (141,756)	$ (77,300)	$ (163,830)	$ 22,074
Fund Balance, July 1, 2015	752,177	743,731	743,731	8,446
Fund Balance, June 30, 2016	$ 610,421	$ 666,431	$ 579,901	$ 30,520

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 627,958	$ 582,699	$ 582,699	$ 45,259
Total Revenues	$ 627,958	$ 582,699	$ 582,699	$ 45,259
Expenditures				
Other Operations				
Other Charges	$ 12,456	$ 15,000	$ 14,650	$ 2,194
Principal on Debt				
General Government	400,000	400,000	400,000	0
Interest on Debt				
General Government	171,311	171,311	171,311	0
Other Debt Service				
General Government	950	500	950	0
Total Expenditures	$ 584,717	$ 586,811	$ 586,911	$ 2,194
Excess (Deficiency) of Revenues Over Expenditures	$ 43,241	$ (4,112)	$ (4,212)	$ 47,453
Net Change in Fund Balance	$ 43,241	$ (4,112)	$ (4,212)	$ 47,453
Fund Balance, July 1, 2015	1,622,655	1,609,656	1,609,656	12,999
Fund Balance, June 30, 2016	$ 1,665,896	$ 1,605,544	$ 1,605,444	$ 60,452

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,690,307	$ 1,400,000	$ 1,400,000	$ 290,307
Other Local Revenues	6,745	6,000	6,000	745
Other Governments and Citizens Groups	42,928	0	42,928	0
Total Revenues	$ 1,739,980	$ 1,406,000	$ 1,448,928	$ 291,052
Expenditures				
Other Operations				
Other Charges	$ 16,976	$ 16,000	$ 17,100	$ 124
Principal on Debt				
Education	812,924	775,000	812,924	0
Interest on Debt				
Education	532,835	527,831	532,835	0
Total Expenditures	$ 1,362,735	$ 1,318,831	$ 1,362,859	$ 124
Excess (Deficiency) of Revenues Over Expenditures	$ 377,245	$ 87,169	$ 86,069	$ 291,176
Net Change in Fund Balance	$ 377,245	$ 87,169	$ 86,069	$ 291,176
Fund Balance, July 1, 2015	1,758,902	1,485,101	1,485,101	273,801
Fund Balance, June 30, 2016	$ 2,136,147	$ 1,572,270	$ 1,571,170	$ 564,977

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,386,100	$ 1,328,888	$ 1,328,888	$ 57,212
Other Governments and Citizens Groups	803,500	803,500	803,500	0
Total Revenues	$ 2,189,600	$ 2,132,388	$ 2,132,388	$ 57,212
Expenditures				
Principal on Debt				
Education	$ 1,225,000	$ 1,225,000	$ 1,225,000	$ 0
Interest on Debt				
Education	460,084	460,084	460,084	0
Other Debt Service				
Education	28,455	31,500	31,500	3,045
Total Expenditures	$ 1,713,539	$ 1,716,584	$ 1,716,584	$ 3,045
Excess (Deficiency) of Revenues Over Expenditures	$ 476,061	$ 415,804	$ 415,804	$ 60,257
Net Change in Fund Balance	$ 476,061	$ 415,804	$ 415,804	$ 60,257
Fund Balance, July 1, 2015	5,331,899	5,306,361	5,306,361	25,538
Fund Balance, June 30, 2016	$ 5,807,960	$ 5,722,165	$ 5,722,165	$ 85,795

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, 2016

	Agency Funds					
	Cities - Sales Tax	Special School District	City School ADA - Richard City	Constitutional Officers - Agency	Judicial District Drug	Total
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 999,529	$ 0	$ 999,529
Equity in Pooled Cash and Investments	0	5	26,705	0	79,292	106,002
Accounts Receivable	0	0	595	3,494	172	4,261
Due from Other Governments	599,911	0	40,233	0	0	640,144
Property Taxes Receivable	0	29,969	345,168	0	0	375,137
Allowance for Uncollectible Property Taxes	0	(1,614)	(19,506)	0	0	(21,120)
Total Assets	$ 599,911	$ 28,360	$ 393,195	$ 1,003,023	$ 79,464	$ 2,103,953
LIABILITIES						
Due to Other Taxing Units	$ 599,911	$ 28,360	$ 393,195	$ 0	$ 0	$ 1,021,466
Due to Litigants, Heirs, and Others	0	0	0	1,003,023	0	1,003,023
Due to Joint Ventures	0	0	0	0	79,464	79,464
Total Liabilities	$ 599,911	$ 28,360	$ 393,195	$ 1,003,023	$ 79,464	$ 2,103,953

Exhibit I-2

Marion County, Tennessee
Combining Statements of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 3,523,769	$ 3,523,769	$ 0
Due from Other Governments	587,497	599,911	587,497	599,911
Total Assets	$ 587,497	$ 4,123,680	$ 4,111,266	$ 599,911
Liabilities				
Due to Other Taxing Units	$ 587,497	$ 4,123,680	$ 4,111,266	$ 599,911
Total Liabilities	$ 587,497	$ 4,123,680	$ 4,111,266	$ 599,911
Special School District Fund				
Assets				
Equity in Pooled Cash and Investments	$ 527	$ 29,088	$ 29,610	$ 5
Taxes Receivable	36,909	29,969	36,909	29,969
Allowance for Uncollectible Taxes	(1,851)	(1,614)	(1,851)	(1,614)
Total Assets	$ 35,585	$ 57,443	$ 64,668	$ 28,360
Liabilities				
Due to Other Taxing Units	$ 35,585	$ 57,443	$ 64,668	$ 28,360
Total Liabilities	$ 35,585	$ 57,443	$ 64,668	$ 28,360
City School ADA - Richard City Fund				
Assets				
Equity in Pooled Cash and Investments	$ 22,092	$ 584,029	$ 579,416	$ 26,705
Accounts Receivable	399	595	399	595
Due from Other Governments	38,147	40,233	38,147	40,233
Taxes Receivable	329,363	345,168	329,363	345,168
Allowance for Uncollectible Taxes	(20,225)	(19,506)	(20,225)	(19,506)
Total Assets	$ 369,776	$ 950,519	$ 927,100	$ 393,195
Liabilities				
Due to Other Taxing Units	$ 369,776	$ 950,519	$ 927,100	$ 393,195
Total Liabilities	$ 369,776	$ 950,519	$ 927,100	$ 393,195

(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
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 720,581	$ 6,290,252	$ 6,011,304	$ 999,529
Accounts Receivable	6,531	3,494	6,531	3,494
Total Assets	$ 727,112	$ 6,293,746	$ 6,017,835	$ 1,003,023
Liabilities				
Due to Litigants, Heirs, and Others	$ 727,112	$ 6,293,746	$ 6,017,835	$ 1,003,023
Total Liabilities	$ 727,112	$ 6,293,746	$ 6,017,835	$ 1,003,023
Judicial District Drug Fund				
Assets				
Equity in Pooled Cash and Investments	$ 67,254	$ 77,507	$ 65,469	$ 79,292
Accounts Receivable	0	172	0	172
Total Assets	$ 67,254	$ 77,679	$ 65,469	$ 79,464
Liabilities				
Due to Joint Ventures	$ 67,254	$ 77,679	$ 65,469	$ 79,464
Total Liabilities	$ 67,254	$ 77,679	$ 65,469	$ 79,464
Totals - All Agency Funds				
Assets				
Cash	$ 720,581	$ 6,290,252	$ 6,011,304	$ 999,529
Equity in Pooled Cash and Investments	89,873	4,214,393	4,198,264	106,002
Accounts Receivable	6,930	4,261	6,930	4,261
Due from Other Governments	625,644	640,144	625,644	640,144
Taxes Receivable	366,272	375,137	366,272	375,137
Allowance for Uncollectible Taxes	(22,076)	(21,120)	(22,076)	(21,120)
Total Assets	$ 1,787,224	$ 11,503,067	$ 11,186,338	$ 2,103,953
Liabilities				
Due to Other Taxing Units	$ 992,858	$ 5,131,642	$ 5,103,034	$ 1,021,466
Due to Litigants, Heirs, and Others	727,112	6,293,746	6,017,835	1,003,023
Due to Joint Ventures	67,254	77,679	65,469	79,464
Total Liabilities	$ 1,787,224	$ 11,503,067	$ 11,186,338	$ 2,103,953

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, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Instruction	$ 19,757,094	$ 19,173	$ 1,326,005	$ (18,411,916)
Support Services	11,309,562	850	158,585	(11,150,127)
Operation of Non-instructional Services	3,468,512	349,758	3,411,441	292,687
Interest on Long-term Debt	5,005	0	0	(5,005)
Total Governmental Activities	$ 34,540,173	$ 369,781	$ 4,896,031	$ (29,274,361)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 5,088,249
Local Option Sales Taxes				3,579,448
Hotel/Motel Tax				31,444
Wholesale Beer Tax				104,190
Other Local Taxes				15,308
Grants and Contributions Not Restricted to Specific Programs				21,857,395
Unrestricted Investment Earnings				4,375
Miscellaneous				67,590
Total General Revenues				$ 30,747,999
Change in Net Position				$ 1,473,638
Net Position, July 1, 2015				39,892,535
Net Position, June 30, 2016				$ 41,366,173

Exhibit J-2

Marion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marion County School Department
June 30, 2016

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
ASSETS				
Cash	$ 0	$ 103,846	$ 0	$ 103,846
Equity in Pooled Cash and Investments	3,380,179	1,399,480	67,054	4,846,713
Inventories	0	64,370	0	64,370
Accounts Receivable	27,860	0	0	27,860
Due from Other Governments	603,211	41,908	0	645,119
Property Taxes Receivable	5,269,883	0	0	5,269,883
Allowance for Uncollectible Property Taxes	(297,805)	0	0	(297,805)
Total Assets	$ 8,983,328	$ 1,609,604	$ 67,054	$ 10,659,986
LIABILITIES				
Accounts Payable	$ 133,119	$ 0	$ 0	$ 133,119
Accrued Payroll	21,175	0	0	21,175
Payroll Deductions Payable	225,349	0	17,054	242,403
Total Liabilities	$ 379,643	$ 0	$ 17,054	$ 396,697
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 4,793,790	$ 0	$ 0	$ 4,793,790
Deferred Delinquent Property Taxes	151,016	0	0	151,016
Other Deferred/Unavailable Revenue	295,000	0	0	295,000
Total Deferred Inflows of Resources	$ 5,239,806	$ 0	$ 0	$ 5,239,806

(Continued)

Exhibit J-2

Marion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marion County School Department (Cont.)

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventory	$ 0	$ 64,370	$ 0	$ 64,370
Restricted:				
Restricted for Education	24,929	1,397,892	0	1,422,821
Committed:				
Committed for Education	0	0	50,000	50,000
Assigned:				
Assigned for Education	0	147,342	0	147,342
Unassigned	3,338,950	0	0	3,338,950
Total Fund Balances	$ 3,363,879	$ 1,609,604	$ 50,000	$ 5,023,483
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,983,328	$ 1,609,604	$ 67,054	$ 10,659,986

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, 2016

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)		$ 5,023,483
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,118,836	
Add: buildings and improvements net of accumulated depreciation	36,991,477	
Add: other capital assets net of accumulated depreciation	226,595	38,336,908
(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	$ (80,716)	
Less: other postemployment benefits liability	(266,376)	
Less: net pension liability - teacher legacy pension plan	(158,778)	(505,870)
(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	$ 1,702,839	
Less: deferred inflows of resources related to pensions	(3,715,206)	(2,012,367)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - agent plan	$ 66,689	
Add: net pension assets - teacher retirement plan	11,314	78,003
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		446,016
Net position of governmental activities (Exhibit A)		$ 41,366,173

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, 2016

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
Revenues				
Local Taxes	$ 8,942,953	$ 0	$ 0	$ 8,942,953
Licenses and Permits	2,274	0	0	2,274
Charges for Current Services	121,938	246,545	0	368,483
Other Local Revenues	96,214	11,635	0	107,849
State of Tennessee	21,012,795	25,532	0	21,038,327
Federal Government	82,031	2,824,864	2,166,876	5,073,771
Other Governments and Citizens Groups	515,120	0	0	515,120
Total Revenues	$ 30,773,325	$ 3,108,576	$ 2,166,876	$ 36,048,777
Expenditures				
Current:				
Instruction	$ 17,325,905	$ 0	$ 1,434,333	$ 18,760,238
Support Services	10,873,395	0	686,612	11,560,007
Operation of Non-Instructional Services	646,458	2,882,085	0	3,528,543
Capital Outlay	435,945	0	0	435,945
Debt Service:				
Principal on Debt	37,924	0	0	37,924
Interest on Debt	5,005	0	0	5,005
Other Debt Service	803,500	0	0	803,500
Total Expenditures	$ 30,128,132	$ 2,882,085	$ 2,120,945	$ 35,131,162
Excess (Deficiency) of Revenues Over Expenditures	$ 645,193	$ 226,491	$ 45,931	$ 917,615

(Continued)

Exhibit J-4

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marion County School Department (Cont.)

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers In	$ 45,931	$ 0	$ 50,000	$ 95,931
Transfers Out	(50,000)	0	(45,931)	(95,931)
Total Other Financing Sources (Uses)	$ (4,069)	$ 0	$ 4,069	$ 0
Net Change in Fund Balances	$ 641,124	$ 226,491	$ 50,000	$ 917,615
Fund Balance, July 1, 2015	2,722,755	1,383,113	0	4,105,868
Fund Balance, June 30, 2016	$ 3,363,879	$ 1,609,604	$ 50,000	$ 5,023,483

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, 2016

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)		$ 917,615
(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	$ 362,947	
Less: current-year depreciation expense	(1,598,152)	(1,235,205)
(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		(61,786)
(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, 2016	$ 446,016	
Less: deferred delinquent property taxes and other deferred June 30, 2015	(481,381)	(35,365)
(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		37,924
(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	$ 51,232	
Change in net pension asset - agent plan	(467,613)	
Change in net pension asset - teacher retirement plan	11,314	
Change in net pension liability - teacher legacy retirement plan	(222,244)	
Change in deferred outflows related to pensions	(37,628)	
Change in deferred inflows related to pensions	2,515,394	1,850,455
Change in net position of governmental activities (Exhibit B)		$ 1,473,638

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 8,942,953	$ 8,260,085	$ 8,260,085	$ 682,868
Licenses and Permits	2,274	2,038	2,038	236
Charges for Current Services	121,938	248,618	167,960	(46,022)
Other Local Revenues	96,214	188,275	214,350	(118,136)
State of Tennessee	21,012,795	21,079,543	21,197,027	(184,232)
Federal Government	82,031	95,000	85,000	(2,969)
Other Governments and Citizens Groups	515,120	0	515,120	0
Total Revenues	$ 30,773,325	$ 29,873,559	$ 30,441,580	$ 331,745
Expenditures				
Instruction				
Regular Instruction Program	$ 13,551,361	$ 14,105,307	$ 14,126,224	$ 574,863
Special Education Program	2,405,959	2,524,165	2,506,165	100,206
Vocational Education Program	1,368,585	1,432,550	1,412,075	43,490
Support Services				
Attendance	126,112	130,646	130,646	4,534
Health Services	368,037	405,050	405,050	37,013
Other Student Support	754,130	694,137	784,750	30,620
Regular Instruction Program	952,172	953,212	967,803	15,631
Special Education Program	417,643	412,741	433,241	15,598
Vocational Education Program	130,465	121,792	139,867	9,402
Other Programs	133,219	0	133,219	0
Board of Education	514,387	691,705	691,705	177,318
Director of Schools	293,226	352,345	352,345	59,119
Office of the Principal	1,973,821	2,118,550	2,072,565	98,744
Fiscal Services	324,588	348,366	348,366	23,778
Human Services/Personnel	91,555	108,255	108,255	16,700
Operation of Plant	2,588,356	3,021,060	3,021,060	432,704
Maintenance of Plant	473,053	723,550	728,762	255,709
Transportation	1,149,619	1,181,098	1,178,598	28,979
Central and Other	583,012	602,651	647,185	64,173
Operation of Non-Instructional Services				
Community Services	268,023	462,081	332,952	64,929
Early Childhood Education	378,435	385,463	385,463	7,028
Capital Outlay				
Regular Capital Outlay	435,945	35,670	458,115	22,170
Principal on Debt				
Education	37,924	561,172	37,924	0
Interest on Debt				
Education	5,005	242,328	5,005	0
Other Debt Service				
Education	803,500	0	803,500	0
Total Expenditures	$ 30,128,132	$ 31,613,894	$ 32,210,840	$ 2,082,708
Excess (Deficiency) of Revenues Over Expenditures	$ 645,193	$ (1,740,335)	$ (1,769,260)	$ 2,414,453

(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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)				
Transfers In	$ 45,931	$ 65,000	$ 65,000	$ (19,069)
Transfers Out	(50,000)	0	(50,000)	0
Total Other Financing Sources	$ (4,069)	$ 65,000	$ 15,000	$ (19,069)
Net Change in Fund Balance	$ 641,124	$ (1,675,335)	$ (1,754,260)	$ 2,395,384
Fund Balance, July 1, 2015	2,722,755	2,595,335	2,595,335	127,420
Fund Balance, June 30, 2016	$ 3,363,879	$ 920,000	$ 841,075	$ 2,522,804

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, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 2,166,876	$ 2,211,437	$ 2,463,618	$ (296,742)
Total Revenues	$ 2,166,876	$ 2,211,437	$ 2,463,618	$ (296,742)
Expenditures				
Instruction				
Regular Instruction Program	$ 976,490	$ 924,601	$ 1,004,684	$ 28,194
Special Education Program	414,593	472,972	537,834	123,241
Vocational Education Program	43,250	43,251	43,251	1
Support Services				
Other Student Support	143,862	132,454	251,388	107,526
Regular Instruction Program	153,883	173,535	169,395	15,512
Special Education Program	347,135	353,360	348,242	1,107
Vocational Education Program	2,588	2,675	2,588	0
Transportation	39,144	53,255	54,657	15,513
Total Expenditures	$ 2,120,945	$ 2,156,103	$ 2,412,039	$ 291,094
Excess (Deficiency) of Revenues Over Expenditures	$ 45,931	$ 55,334	$ 51,579	$ (5,648)
Other Financing Sources (Uses)				
Transfers In	$ 50,000	$ 0	$ 50,000	$ 0
Transfers Out	(45,931)	(55,334)	(51,579)	5,648
Total Other Financing Sources	$ 4,069	$ (55,334)	$ (1,579)	$ 5,648
Net Change in Fund Balance	$ 50,000	$ 0	$ 50,000	$ 0
Fund Balance, July 1, 2015	0	0	0	0
Fund Balance, June 30, 2016	$ 50,000	$ 0	$ 50,000	$ 0

Exhibit J-8

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Marion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Charges for Current Services	$ 246,545	$ 0	$ 246,545	$ 265,000	$ 265,000	$ (18,455)
Other Local Revenues	11,635	0	11,635	4,000	4,000	7,635
State of Tennessee	25,532	0	25,532	24,750	24,750	782
Federal Government	2,824,864	0	2,824,864	2,641,871	2,641,871	182,993
Total Revenues	$ 3,108,576	$ 0	$ 3,108,576	$ 2,935,621	$ 2,935,621	$ 172,955
Expenditures						
Operation of Non-Instructional Services						
Food Service	$ 2,882,085	$ 147,342	$ 3,029,427	$ 3,299,402	$ 3,299,402	$ 269,975
Total Expenditures	$ 2,882,085	$ 147,342	$ 3,029,427	$ 3,299,402	$ 3,299,402	$ 269,975
Excess (Deficiency) of Revenues Over Expenditures	$ 226,491	$ (147,342)	$ 79,149	$ (363,781)	$ (363,781)	$ 442,930
Net Change in Fund Balance	$ 226,491	$ (147,342)	$ 79,149	$ (363,781)	$ (363,781)	$ 442,930
Fund Balance, July 1, 2015	1,383,113	0	1,383,113	1,353,601	1,353,601	29,512
Fund Balance, June 30, 2016	$ 1,609,604	$ (147,342)	$ 1,462,262	$ 989,820	$ 989,820	$ 472,442

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2016

	Other Trust Fund Private Purpose Trust Fund
ASSETS	
Current Assets:	
Cash in Bank	$ 78,738
Equity in Pooled Cash and Investments	20,264
Investments	557,976
Total Assets	$ 656,978
NET POSITION	
Funds Held in Trust for Scholarships	$ 656,978
Total Net Position	$ 656,978

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, 2016

	Other Trust Fund Private Purpose Trust Fund
ADDITIONS	
Investment Income	$ 22,530
Total Additions	$ 22,530
DEDUCTIONS	
Scholarship Disbursements	$ 18,250
Total Deductions	$ 18,250
Change in Net Position	$ 4,280
Net Position, July 1, 2015	652,698
Net Position, June 30, 2016	$ 656,978

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, 2016

Description of Indebtedness		Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Bonds, Series 2010		$ 3,675,000	2.5 to 4 %	3-31-10	4-1-30	$ 2,795,000	$ 195,000	$ 2,600,000
General Obligation Refunding Bonds, 2015A Series		3,345,000	2 to 2.35	2-25-15	4-1-29	3,345,000	205,000	3,140,000
Total Payable through General Debt Service Fund						$ 6,140,000	$ 400,000	$ 5,740,000
Payable through Education Debt Service Fund								
General Obligation Bonds, 2006 Series		19,500,000	4 to 4.5	5-31-06	5-12-16	$ 625,000	$ 625,000	$ 0
General Obligation Refunding Bonds, 2014 Series		15,485,000	2 to 5	10-15-14	6-1-31	15,250,000	150,000	15,100,000
Total Payable through Education Debt Service Fund						$ 15,875,000	$ 775,000	$ 15,100,000
Payable through Rural Debt Service Fund								
Rural School Refunding Bonds, Series 2011		13,130,000	3 to 4.5	1-6-11	4-1-24	$ 9,640,000	$ 940,000	$ 8,700,000
Rural School General Obligation Refunding Bonds, 2015 Series		1,805,000	2 to 4	2-25-15	4-1-25	1,805,000	155,000	1,650,000
Total Payable through Rural Debt Service Fund						$ 11,445,000	$ 1,095,000	$ 10,350,000
Total Bonds Payable						$ 33,460,000	$ 2,270,000	$ 31,190,000
NOTES PAYABLE								
Payable through General Fund								
Jasper Public Works Project	(1)	377,000	1.94	12-2-12	4-1-23	$ 307,000	$ 35,000	$ 272,000
Total Payable through General Fund						$ 307,000	$ 35,000	$ 272,000
Payable through Rural Debt Service Fund								
School Refunding Capital Outlay Note		1,415,000	1.94	12-2-12	4-1-23	$ 1,160,000	$ 130,000	$ 1,030,000
Total Payable through Rural Debt Service Fund						$ 1,160,000	$ 130,000	$ 1,030,000
Total Notes Payable						$ 1,467,000	$ 165,000	$ 1,302,000

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
CAPITAL LEASE PAYABLE							
Contributions Due by the School Department from the General Purpose School Fund to the Education Debt Service Fund							
Computers	$ 197,958	4.2186 %	9-27-13	6-20-18	$ 118,640	$ 37,924	$ 80,716
Total Capital Lease Payable					$ 118,640	$ 37,924	$ 80,716

(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	Bonds Interest	Bonds Total
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	$ 31,190,000	$ 7,635,345	$ 38,825,345

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
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	$ 1,302,000	$ 103,964	$ 1,405,964

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Capital Lease Total
2017	$ 39,524	$ 3,405	$ 42,929
2018	41,192	1,737	42,929
Total	$ 80,716	$ 5,142	$ 85,858

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2016

Fund and Type	Amount
Private Purpose Trust Fund	
SunTrust Bank - Certificates of Deposit	$ 142,436
Corporate Bonds - Bank America	30,112
Corporate Bonds - Ford Motor Credit	30,064
Corporate Bonds - Morgan Stanley	112,212
Corporate Bonds - Johnson & Johnson	108,576
Corporate Bonds - Caterpillar Financial	50,459
Corporate Bonds - General Electric	42,728
Corporate Bonds - Wells Fargo	41,389
Total Investments	$ 557,976

Exhibit K-4

Marion County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2016

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	Highway/Public Works	Bridge construction	$ 10,000
"	Solid Waste/Sanitation	Operations	30,000
"	Education Capital Projects	County's portion of grant	450,000
"	"	Operations	515,120
Total Transfers Primary Government			$ 1,005,120
DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 45,931
General Purpose School	School Federal Projects	Cash flow	50,000
Total Transfers Discretely Presented Marion County School Department			$ 95,931

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, 2016

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, *TCA,* and County Commission	$ 87,779	(1)	$ 100,000	RLI Insurance
Highway Supervisor	Section 8-24-102, *TCA,* and County Commission	76,428	(2)	100,000	"
Director of Schools	State Board of Education and County Board of Education	116,707	(3)	100,000	"
Trustee	Section 8-24-102, *TCA*	67,843		1,228,223	"
Assessor of Property	Section 8-24-102, *TCA*	67,843		50,000	"
County Clerk	Section 8-24-102, *TCA*	67,843		100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	67,843		100,000	"
Clerk and Master	Section 8-24-102, *TCA*	67,843		100,000	"
Register of Deeds	Section 8-24-102, *TCA*	67,843		100,000	"
Sheriff	Section 8-24-102, *TCA*	75,228	(4)	100,000	"
Employee Blanket Bond Coverage:					
Public Employee Dishonesty - County Departments				150,000	Local Government Property & Casualty Fund
Public Employee Dishonesty - Highway Department				150,000	Cincinnati Insurance Companies
Public Employee Dishonesty - School Department				150,000	Tennessee Risk Management Trust

(1) Includes a local salary supplement of $9,421.
(2) Includes a local salary supplement of $1,800.
(3) Includes a chief executive officer training supplement of $1,000.
(4) Includes 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, 2016

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Local Taxes						
County Property Taxes						
Current Property Tax	$ 6,092,977	$ 0	$ 0	$ 0	$ 0	$ 0
Trustee's Collections - Prior Year	352,240	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	348,396	0	0	0	0	0
Interest and Penalty	59,950	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	32,062	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	25,893	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	2,313	0	0	0	0	0
County Local Option Taxes						
Local Option Sales Tax	0	0	277,524	0	0	0
Litigation Tax - General	96,236	0	0	0	0	0
Litigation Tax - Special Purpose	1,301	7,888	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,320	0	0	0	0	0
Business Tax	264,990	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	2,586
Statutory Local Taxes						
Interstate Telecommunications Tax	1,494	0	0	0	0	0
Total Local Taxes	$ 7,295,172	$ 7,888	$ 277,524	$ 0	$ 0	$ 2,586
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 107,501	$ 0	$ 0	$ 0	$ 0	$ 0
Permits						
Beer Permits	1,845	0	0	0	0	0
Building Permits	107,076	0	0	0	0	0
Total Licenses and Permits	$ 216,422	$ 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
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 6,230	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	13,338	0	0	0	0	0
Drug Control Fines	0	0	0	15,581	0	0
Jail Fees	677	0	0	0	0	0
DUI Treatment Fines	1,037	0	0	0	0	0
Criminal Court						
Data Entry Fee - Criminal Court	1,180	0	0	0	0	0
General Sessions Court						
Fines	39,506	0	0	0	0	0
Officers Costs	27,242	0	0	0	0	0
Game and Fish Fines	1,240	0	0	0	0	0
Drug Court Fees	5,996	0	0	0	0	0
Jail Fees	4,293	0	0	0	0	0
DUI Treatment Fines	11,690	0	0	0	0	0
Data Entry Fee - General Sessions Court	13,514	0	0	0	0	0
Juvenile Court						
Fines	1,130	0	0	0	0	0
Chancery Court						
Data Entry Fee - Chancery Court	4,524	0	0	0	0	0
Other Courts - In-county						
Officers Costs	325	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	19,536	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	9,708	0	0
Total Fines, Forfeitures, and Penalties	$ 131,922	$ 0	$ 0	$ 44,825	$ 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
Charges for Current Services						
General Service Charges						
Surcharge - Waste Tire Disposal	$ 0	$ 0	$ 24,848	$ 0	$ 0	$ 0
Work Release Charges for Board	1,228	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	140,787
Fees						
Airport Fees	57,329	0	0	0	0	0
Copy Fees	1,160	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0
Telephone Commissions	23,865	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	560,391	0
Data Processing Fee - Register	9,228	0	0	0	0	0
Data Processing Fee - Sheriff	4,116	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,650	0	0	0	0	0
Data Processing Fee - County Clerk	417	0	0	0	0	0
Education Charges						
Other Charges for Services	0	0	24,508	0	0	0
Total Charges for Current Services	$ 99,143	$ 0	$ 49,356	$ 0	$ 560,391	$ 140,787
Other Local Revenues						
Recurring Items						
Investment Income	$ 95,840	$ 0	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	148,421	0	0	0	0	0
Commissary Sales	23,356	0	0	0	0	0
Sale of Gasoline	124,089	0	0	0	0	27,504
Miscellaneous Refunds	0	0	0	0	0	15,333

(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
Other Local Revenues (Cont.)						
Nonrecurring Items						
Sale of Property	$ 10,827	$ 0	$ 0	$ 0	$ 0	$ 0
Performance Bond Forfeitures	1,900	0	0	0	0	0
Total Other Local Revenues	$ 404,433	$ 0	$ 0	$ 0	$ 0	$ 42,837
Fees Received From County Officials						
Excess Fees						
County Clerk	$ 35,935	$ 0	$ 0	$ 0	$ 0	$ 0
Trustee	315,724	0	0	0	0	0
Fees In-Lieu-of Salary						
Circuit Court Clerk	167,254	0	0	0	0	0
General Sessions Court Clerk	214,651	0	0	0	0	0
Clerk and Master	137,942	0	0	0	0	0
Register	109,596	0	0	0	0	0
Sheriff	10,351	0	0	0	0	0
Total Fees Received From County Officials	$ 991,453	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 19,700	$ 0	$ 0	$ 0	$ 0	$ 0
Airport Maintenance Program	14,120	0	0	0	0	0
On-behalf Contributions for OPEB	300	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	13,800	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	80,420	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
State of Tennessee (Cont.)						
Public Works Grants						
State Aid Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 296,173
Litter Program	34,100	0	0	0	0	0
Other State Revenues						
Income Tax	74,534	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	8,411	0	0	0	0	0
Alcoholic Beverage Tax	65,234	0	0	0	0	0
State Revenue Sharing - T.V.A.	337,853	0	168,926	0	0	0
Contracted Prisoner Boarding	413,956	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,840,078
Petroleum Special Tax	0	0	0	0	0	20,374
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	344,756	0	0	0	0	0
Other State Revenues	32,281	0	0	0	0	0
Total State of Tennessee	$ 1,473,117	$ 0	$ 168,926	$ 0	$ 0	$ 2,156,625
Federal Government						
Federal Through State						
Homeland Security Grants	$ 746	$ 0	$ 0	$ 0	$ 0	$ 0
Other Federal through State	10,894	0	0	0	0	0
Direct Federal Revenue						
Other Direct Federal Revenue	10,200	0	0	0	0	0
Total Federal Government	$ 21,840	$ 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
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 64,449	$ 0	$ 0	$ 0	$ 0	$ 0
Contracted Services	296,016	0	0	0	0	0
Citizens Groups						
Donations	947	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 361,412	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 10,994,914	$ 7,888	$ 495,806	$ 44,825	$ 560,391	$ 2,342,835

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
Local Taxes						
County Property Taxes						
Current Property Tax	$ 556,938	$ 1,232,982	$ 0	$ 0	$ 619,265	$ 8,502,162
Trustee's Collections - Prior Year	30,636	63,862	0	0	16,982	463,720
Circuit Clerk/Clerk and Master Collections - Prior Years	30,301	67,171	0	0	16,796	462,664
Interest and Penalty	5,074	10,778	0	0	3,262	79,064
Payments in-Lieu-of Taxes - T.V.A.	2,556	5,770	0	0	1,417	41,805
Payments in-Lieu-of Taxes - Local Utilities	2,252	5,083	0	0	1,248	34,476
Payments in-Lieu-of Taxes - Other	201	454	0	0	112	3,080
County Local Option Taxes						
Local Option Sales Tax	0	0	1,690,307	0	0	1,967,831
Litigation Tax - General	0	0	0	0	0	96,236
Litigation Tax - Special Purpose	0	0	0	0	0	9,189
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	17,320
Business Tax	0	0	0	0	0	264,990
Mineral Severance Tax	0	0	0	0	0	2,586
Statutory Local Taxes						
Interstate Telecommunications Tax	0	0	0	0	0	1,494
Total Local Taxes	$ 627,958	$ 1,386,100	$ 1,690,307	$ 0	$ 659,082	$ 11,946,617
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 0	$ 0	$ 0	$ 0	$ 0	$ 107,501
Permits						
Beer Permits	0	0	0	0	0	1,845
Building Permits	0	0	0	0	0	107,076
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 0	$ 216,422

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,230
Officers Costs	0	0	0	0	0	13,338
Drug Control Fines	0	0	0	0	0	15,581
Jail Fees	0	0	0	0	0	677
DUI Treatment Fines	0	0	0	0	0	1,037
Criminal Court						
Data Entry Fee - Criminal Court	0	0	0	0	0	1,180
General Sessions Court						
Fines	0	0	0	0	0	39,506
Officers Costs	0	0	0	0	0	27,242
Game and Fish Fines	0	0	0	0	0	1,240
Drug Court Fees	0	0	0	0	0	5,996
Jail Fees	0	0	0	0	0	4,293
DUI Treatment Fines	0	0	0	0	0	11,690
Data Entry Fee - General Sessions Court	0	0	0	0	0	13,514
Juvenile Court						
Fines	0	0	0	0	0	1,130
Chancery Court						
Data Entry Fee - Chancery Court	0	0	0	0	0	4,524
Other Courts - In-county						
Officers Costs	0	0	0	0	0	325
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	19,536
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	9,708
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 176,747

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
Charges for Current Services						
General Service Charges						
Surcharge - Waste Tire Disposal	$ 0	$ 0	$ 0	$ 0	$ 0	$ 24,848
Work Release Charges for Board	0	0	0	0	0	1,228
Other General Service Charges	0	0	0	0	0	140,787
Fees						
Airport Fees	0	0	0	0	0	57,329
Copy Fees	0	0	0	0	0	1,160
Greenbelt Late Application Fee	0	0	0	0	0	150
Telephone Commissions	0	0	0	0	0	23,865
Constitutional Officers' Fees and Commissions	0	0	0	0	0	560,391
Data Processing Fee - Register	0	0	0	0	0	9,228
Data Processing Fee - Sheriff	0	0	0	0	0	4,116
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	1,650
Data Processing Fee - County Clerk	0	0	0	0	0	417
Education Charges						
Other Charges for Services	0	0	0	0	0	24,508
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 0	$ 0	$ 849,677
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 0	$ 6,745	$ 1,172	$ 0	$ 103,757
Lease/Rentals	0	0	0	0	0	148,421
Commissary Sales	0	0	0	0	0	23,356
Sale of Gasoline	0	0	0	0	0	151,593
Miscellaneous Refunds	0	0	0	0	0	15,333

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
Other Local Revenues (Cont.)						
Nonrecurring Items						
Sale of Property	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,827
Performance Bond Forfeitures	0	0	0	0	0	1,900
Total Other Local Revenues	$ 0	$ 0	$ 6,745	$ 1,172	$ 0	$ 455,187
Fees Received From County Officials						
Excess Fees						
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 35,935
Trustee	0	0	0	0	0	315,724
Fees In-Lieu-of Salary						
Circuit Court Clerk	0	0	0	0	0	167,254
General Sessions Court Clerk	0	0	0	0	0	214,651
Clerk and Master	0	0	0	0	0	137,942
Register	0	0	0	0	0	109,596
Sheriff	0	0	0	0	0	10,351
Total Fees Received From County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 991,453
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 19,700
Airport Maintenance Program	0	0	0	0	0	14,120
On-behalf Contributions for OPEB	0	0	0	0	0	300
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	13,800
Health and Welfare Grants						
Health Department Programs	0	0	0	0	0	80,420

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
State of Tennessee (Cont.)						
Public Works Grants						
State Aid Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 296,173
Litter Program	0	0	0	0	0	34,100
Other State Revenues						
Income Tax	0	0	0	0	0	74,534
Beer Tax	0	0	0	0	0	18,488
Vehicle Certificate of Title Fees	0	0	0	0	0	8,411
Alcoholic Beverage Tax	0	0	0	0	0	65,234
State Revenue Sharing - T.V.A.	0	0	0	0	0	506,779
Contracted Prisoner Boarding	0	0	0	0	0	413,956
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,840,078
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	0	0	344,756
Other State Revenues	0	0	0	0	0	32,281
Total State of Tennessee	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,798,668
Federal Government						
Federal Through State						
Homeland Security Grants	$ 0	$ 0	$ 0	$ 0	$ 0	$ 746
Other Federal through State	0	0	0	0	0	10,894
Direct Federal Revenue						
Other Direct Federal Revenue	0	0	0	0	0	10,200
Total Federal Government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21,840

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	Total
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 0	$ 803,500	$ 42,928	$ 0	$ 0	$ 910,877
Contracted Services	0	0	0	0	0	296,016
Citizens Groups						
Donations	0	0	0	0	0	947
Total Other Governments and Citizens Groups	$ 0	$ 803,500	$ 42,928	$ 0	$ 0	$ 1,207,840
Total	$ 627,958	$ 2,189,600	$ 1,739,980	$ 1,172	$ 659,082	$ 19,664,451

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, 2016

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 4,555,455	$ 0	$ 0	$ 4,555,455
Trustee's Collections - Prior Year	242,009	0	0	242,009
Circuit Clerk/Clerk and Master Collections - Prior Years	248,468	0	0	248,468
Interest and Penalty	43,027	0	0	43,027
Payments in-Lieu-of Taxes - T.V.A.	22,866	0	0	22,866
Payments in-Lieu-of Taxes - Local Utilities	18,457	0	0	18,457
Payments in-Lieu-of Taxes - Other	1,649	0	0	1,649
County Local Option Taxes				
Local Option Sales Tax	3,593,997	0	0	3,593,997
Hotel/Motel Tax	31,444	0	0	31,444
Mixed Drink Tax	13,195	0	0	13,195
Statutory Local Taxes				
Bank Excise Tax	66,083	0	0	66,083
Wholesale Beer Tax	104,190	0	0	104,190
Interstate Telecommunications Tax	2,113	0	0	2,113
Total Local Taxes	$ 8,942,953	$ 0	$ 0	$ 8,942,953
Licenses and Permits				
Licenses				
Marriage Licenses	$ 2,274	$ 0	$ 0	$ 2,274
Total Licenses and Permits	$ 2,274	$ 0	$ 0	$ 2,274

(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 School Federal Projects	Special Revenue Funds Central Cafeteria	Total
Charges for Current Services				
Education Charges				
Tuition - Summer School	$ 300	$ 0	$ 0	$ 300
Tuition - Out-of-state Systems	286	0	0	286
A la Carte Sales	0	0	246,545	246,545
Receipts from Individual Schools	14,794	0	0	14,794
Community Service Fees - Children	103,013	0	0	103,013
TBI Criminal Background Fee	3,545	0	0	3,545
Total Charges for Current Services	$ 121,938	$ 0	$ 246,545	$ 368,483
Other Local Revenues				
Recurring Items				
Investment Income	$ 0	$ 0	$ 4,375	$ 4,375
Miscellaneous Refunds	59,881	0	7,260	67,141
Nonrecurring Items				
Sale of Property	50	0	0	50
Damages Recovered from Individuals	850	0	0	850
Contributions and Gifts	9,557	0	0	9,557
Other Local Revenues				
Other Local Revenues	25,876	0	0	25,876
Total Other Local Revenues	$ 96,214	$ 0	$ 11,635	$ 107,849
State of Tennessee				
General Government Grants				
On-behalf Contributions for OPEB	$ 133,219	$ 0	$ 0	$ 133,219

(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: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
State of Tennessee (Cont.)				
State Education Funds				
Basic Education Program	$ 19,449,319	$ 0	$ 0	$ 19,449,319
School Food Service	0	0	25,532	25,532
Driver Education	16,110	0	0	16,110
Other State Education Funds	602,475	0	0	602,475
Career Ladder Program	107,180	0	0	107,180
Other State Revenues				
State Revenue Sharing - T.V.A.	699,837	0	0	699,837
Other State Grants	4,655	0	0	4,655
Total State of Tennessee	$ 21,012,795	$ 0	$ 25,532	$ 21,038,327
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 1,808,935	$ 1,808,935
USDA - Commodities	0	0	139,143	139,143
Breakfast	0	0	777,740	777,740
USDA - Other	0	0	99,046	99,046
Vocational Education - Basic Grants to States	0	63,615	0	63,615
Title I Grants to Local Education Agencies	0	1,097,241	0	1,097,241
Special Education - Grants to States	0	786,283	0	786,283
Special Education Preschool Grants	0	32,725	0	32,725
Safe and Drug-free Schools - State Grants	82,031	0	0	82,031
Eisenhower Professional Development State Grants	0	187,012	0	187,012
Total Federal Government	$ 82,031	$ 2,166,876	$ 2,824,864	$ 5,073,771

(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: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 515,120	$ 0	$ 0	$ 515,120
Total Other Governments and Citizens Groups	$ 515,120	$ 0	$ 0	$ 515,120
Total	$ 30,773,325	$ 2,166,876	$ 3,108,576	$ 36,048,777

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	42,975		
Social Security		3,288		
Dues and Memberships		6,666		
Legal Services		94,922		
Legal Notices, Recording, and Court Costs		10,267		
Other Supplies and Materials		300		
Total County Commission			$	158,418
Board of Equalization				
Board and Committee Members Fees	$	2,575		
Social Security		197		
Total Board of Equalization				2,772
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	$	4,125		
Social Security		316		
Total Budget and Finance Committee				4,441
County Mayor/Executive				
County Official/Administrative Officer	$	87,779		
Accountants/Bookkeepers		31,417		
Secretary(ies)		31,417		
Other Salaries and Wages		7,888		
Social Security		11,816		
Pensions		10,546		
Employee and Dependent Insurance		15,467		
Unemployment Compensation		41		
Communication		1,508		
Legal Notices, Recording, and Court Costs		46		
Maintenance and Repair Services - Equipment		7,658		
Maintenance and Repair Services - Vehicles		379		
Postal Charges		1,834		
Travel		2,772		
Gasoline		966		
Office Supplies		2,020		
Office Equipment		1,176		
Total County Mayor/Executive				214,730
Election Commission				
County Official/Administrative Officer	$	61,059		
Deputy(ies)		31,014		
Part-time Personnel		3,261		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Election Commission	$	5,850		
Social Security		7,541		
Pensions		6,132		
Employee and Dependent Insurance		10,713		
Unemployment Compensation		85		
Contracts with Private Agencies		14,920		
Dues and Memberships		175		
Legal Notices, Recording, and Court Costs		1,965		
Postal Charges		3,343		
Travel		6,314		
Office Supplies		2,534		
Other Supplies and Materials		2,455		
Total Election Commission			$	157,361
Register of Deeds				
County Official/Administrative Officer	$	67,843		
Deputy(ies)		32,498		
Clerical Personnel		31,417		
Other Salaries and Wages		31,129		
Social Security		11,744		
Pensions		10,848		
Employee and Dependent Insurance		16,010		
Unemployment Compensation		96		
Data Processing Services		8,093		
Dues and Memberships		654		
Maintenance and Repair Services - Equipment		762		
Postal Charges		234		
Office Supplies		1,564		
Office Equipment		22		
Other Equipment		7,627		
Total Register of Deeds				220,541
Development				
Contracts with Government Agencies	$	50,000		
Total Development				50,000
Building				
Supervisor/Director	$	45,000		
Clerical Personnel		24,335		
Other Salaries and Wages		14,164		
In-service Training		258		
Social Security		6,164		
Pensions		5,561		
Employee and Dependent Insurance		5,293		
Unemployment Compensation		64		
Advertising		270		
Communication		1,263		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
General Government (Cont.)				
Building (Cont.)				
Contracts with Government Agencies	$	10,000		
Dues and Memberships		135		
Legal Notices, Recording, and Court Costs		54		
Postal Charges		189		
Travel		3,042		
Office Supplies		2,514		
Office Equipment		1,176		
Total Building			$	119,482
County Buildings				
Custodial Personnel	$	20,421		
Other Salaries and Wages		2,474		
Social Security		2,573		
Pensions		2,257		
Employee and Dependent Insurance		5,289		
Unemployment Compensation		32		
Janitorial Services		27,600		
Maintenance and Repair Services - Equipment		17,031		
Other Contracted Services		27,469		
Utilities		252,071		
Other Supplies and Materials		154,922		
Other Charges		35,287		
Communication Equipment		4,850		
Heating and Air Conditioning Equipment		11,615		
Other Construction		35,531		
Total County Buildings				599,422
Other General Administration				
Maintenance Personnel	$	49,440		
Overtime Pay		378		
Other Salaries and Wages		31,269		
Social Security		5,900		
Pensions		5,400		
Employee and Dependent Insurance		10,263		
Unemployment Compensation		100		
On-behalf Payments to OPEB		300		
Communication		534		
Travel		6,918		
Gasoline		1,366		
Total Other General Administration				111,868
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	67,843		
Secretary(ies)		31,417		
Clerical Personnel		31,175		
Other Salaries and Wages		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.)				
Social Security	$	12,177		
Pensions		10,780		
Employee and Dependent Insurance		15,868		
Unemployment Compensation		96		
Audit Services		11,868		
Maintenance and Repair Services - Equipment		3,153		
Postal Charges		1,799		
Travel		1,206		
Office Supplies		3,492		
Office Equipment		9,874		
Total Property Assessor's Office			$	232,165
Reappraisal Program				
Clerical Personnel	$	15,100		
Other Salaries and Wages		31,417		
Social Security		3,511		
Pensions		2,092		
Employee and Dependent Insurance		5,289		
Unemployment Compensation		70		
Communication		720		
Travel		968		
Other Contracted Services		22,370		
Total Reappraisal Program				81,537
County Trustee's Office				
Pensions	$	11,491		
Employee and Dependent Insurance		21,419		
Dues and Memberships		529		
Legal Notices, Recording, and Court Costs		446		
Maintenance and Repair Services - Equipment		10,353		
Postal Charges		11,761		
Office Supplies		3,063		
Office Equipment		6,805		
Total County Trustee's Office				65,867
County Clerk's Office				
Pensions	$	14,461		
Employee and Dependent Insurance		15,856		
Dues and Memberships		529		
Maintenance and Repair Services - Equipment		26,554		
Postal Charges		9,629		
Office Supplies		7,657		
Total County Clerk's Office				74,686
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	67,843		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
Circuit Court (Cont.)				
Deputy(ies)	$	261,199		
Other Salaries and Wages		25,599		
Jury and Witness Expense		8,065		
Social Security		26,374		
Pensions		22,767		
Employee and Dependent Insurance		34,746		
Unemployment Compensation		318		
Data Processing Services		24,200		
Dues and Memberships		529		
Maintenance and Repair Services - Equipment		4,220		
Postal Charges		3,770		
Office Supplies		10,442		
Other Charges		2,888		
Office Equipment		3,006		
Total Circuit Court			$	495,966
General Sessions Court				
Judge(s)	$	106,460		
Social Security		8,016		
Pensions		6,979		
Travel		1,800		
Library Books/Media		3,367		
Uniforms		59		
Total General Sessions Court				126,681
Chancery Court				
County Official/Administrative Officer	$	67,843		
Accountants/Bookkeepers		28,155		
Clerical Personnel		31,417		
Other Salaries and Wages		31,417		
Social Security		11,670		
Pensions		10,578		
Employee and Dependent Insurance		21,059		
Unemployment Compensation		96		
Dues and Memberships		529		
Legal Notices, Recording, and Court Costs		26		
Maintenance and Repair Services - Equipment		9,710		
Postal Charges		4,357		
Office Supplies		1,607		
Total Chancery Court				218,464
Juvenile Court				
Judge(s)	$	62,870		
Assistant(s)		33,535		
Probation Officer(s)		23,799		
Overtime Pay		16,020		
Other Salaries and Wages		31,417		

(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 (Cont.)		
Social Security	$ 12,516	
Pensions	11,125	
Employee and Dependent Insurance	16,197	
Unemployment Compensation	98	
Postal Charges	54	
Travel	3,062	
Other Contracted Services	3,865	
Office Supplies	1,946	
Office Equipment	3,889	
Total Juvenile Court		$ 220,393
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 74,628	
Deputy(ies)	743,129	
Investigator(s)	36,102	
Accountants/Bookkeepers	7,009	
Salary Supplements	13,800	
Dispatchers/Radio Operators	315,885	
Clerical Personnel	57,378	
Attendants	72,130	
Part-time Personnel	24,977	
School Resource Officer	99,909	
Overtime Pay	169,976	
Other Salaries and Wages	50,704	
In-service Training	8,916	
Social Security	124,412	
Pensions	104,672	
Employee and Dependent Insurance	182,324	
Unemployment Compensation	1,604	
Dues and Memberships	2,000	
Maintenance and Repair Services - Equipment	4,467	
Postal Charges	1,151	
Rentals	2,680	
Travel	4,031	
Other Contracted Services	38,480	
Gasoline	80,113	
Office Supplies	8,794	
Tires and Tubes	3,241	
Uniforms	3,991	
Vehicle Parts	48,754	
Other Charges	6,496	
Communication Equipment	22,728	
Law Enforcement Equipment	32,755	
Motor Vehicles	66,294	
Other Equipment	4,998	
Total Sheriff's Department		2,418,528

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Public Safety (Cont.)				
Administration of the Sexual Offender Registry				
Maintenance and Repair Services - Equipment	$	2,440		
Other Charges		700		
Total Administration of the Sexual Offender Registry			$	3,140
Jail				
Guards	$	421,992		
Cafeteria Personnel		53,214		
Part-time Personnel		3,947		
Overtime Pay		61,569		
Other Salaries and Wages		20,739		
In-service Training		1,000		
Social Security		40,801		
Pensions		36,430		
Employee and Dependent Insurance		69,943		
Unemployment Compensation		662		
Medical and Dental Services		399,333		
Transportation - Other than Students		579		
Travel		200		
Food Supplies		192,160		
Office Supplies		3,250		
Prisoners Clothing		3,860		
Other Charges		47,174		
Total Jail				1,356,853
Fire Prevention and Control				
Contributions	$	2,000		
Other Contracted Services		211,004		
Total Fire Prevention and Control				213,004
Civil Defense				
Contributions	$	10,000		
Equipment and Machinery Parts		760		
Total Civil Defense				10,760
Rescue Squad				
Contributions	$	15,000		
Total Rescue Squad				15,000
County Coroner/Medical Examiner				
Medical Personnel	$	9,000		
Social Security		230		
Unemployment Compensation		12		
Total County Coroner/Medical Examiner				9,242
Public Health and Welfare				
Local Health Center				
Contributions	$	81,392		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Local Health Center (Cont.)				
Other Contracted Services	$	114,837		
Instructional Supplies and Materials		24,458		
Total Local Health Center			$	220,687
Ambulance/Emergency Medical Services				
Ambulance Services	$	150,000		
Total Ambulance/Emergency Medical Services				150,000
Alcohol and Drug Programs				
Other Salaries and Wages	$	2,400		
Employee and Dependent Insurance		6		
Other Supplies and Materials		3,925		
Total Alcohol and Drug Programs				6,331
Other Local Health Services				
Pauper Burials	$	300		
Other Contracted Services		20,525		
Total Other Local Health Services				20,825
Sanitation Education/Information				
Guards	$	10,588		
Clerical Personnel		19,894		
Social Security		93		
Pensions		33		
Unemployment Compensation		13		
Other Fringe Benefits		491		
Travel		3,320		
Instructional Supplies and Materials		6,800		
Total Sanitation Education/Information				41,232
Social, Cultural, and Recreational Services				
Libraries				
Contributions	$	150,524		
Total Libraries				150,524
Parks and Fair Boards				
Custodial Personnel	$	2,659		
Social Security		93		
Total Parks and Fair Boards				2,752
Other Social, Cultural, and Recreational				
Contributions	$	15,000		
Other Charges		37,236		
Total Other Social, Cultural, and Recreational				52,236

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Agriculture and Natural Resources				
Agricultural Extension Service				
Contributions	$	60,877		
Maintenance and Repair Services - Equipment		900		
Office Equipment		600		
Total Agricultural Extension Service			$	62,377
Soil Conservation				
Clerical Personnel	$	31,417		
Social Security		2,403		
Pensions		2,092		
Unemployment Compensation		32		
Office Supplies		49		
Other Charges		275		
Total Soil Conservation				36,268
Other Operations				
Industrial Development				
Dues and Memberships	$	9,096		
Other Charges		307,181		
Total Industrial Development				316,277
Other Economic and Community Development				
Other Charges	$	9,625		
Principal on Notes		35,000		
Interest on Notes		5,956		
Total Other Economic and Community Development				50,581
Airport				
Supervisor/Director	$	32,598		
Temporary Personnel		8,325		
Social Security		2,919		
Pensions		2,171		
Employee and Dependent Insurance		5,424		
Unemployment Compensation		65		
Postal Charges		213		
Travel		739		
Fuel Oil		82,684		
Office Supplies		3,168		
Utilities		15,964		
Other Supplies and Materials		2,023		
Liability Insurance		1,999		
Other Charges		5,525		
Airport Improvement		28,877		
Other Construction		327,157		
Total Airport				519,851
Veterans' Services				
Supervisor/Director	$	13,379		

(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.)			
Social Security	$ 1,023		
Unemployment Compensation	36		
Communication	440		
Postal Charges	72		
Travel	1,000		
Office Supplies	768		
Other Charges	399		
Total Veterans' Services		$ 17,117	
Other Charges			
Audit Services	$ 8,471		
Postal Charges	10,549		
Office Supplies	7,961		
Building and Contents Insurance	35,203		
Liability Insurance	51,951		
Premiums on Corporate Surety Bonds	709		
Refunds	3,271		
Trustee's Commission	162,029		
Vehicle and Equipment Insurance	22,504		
Workers' Compensation Insurance	28,214		
Other Charges	2,926		
Total Other Charges		333,788	
Total General Fund			$ 9,165,074
Courthouse and Jail Maintenance Fund			
Other Operations			
Other Charges			
Trustee's Commission	$ 80		
Total Other Charges		$ 80	
Total Courthouse and Jail Maintenance Fund			80
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Convenience Centers			
Truck Drivers	$ 42,964		
Part-time Personnel	165,568		
Other Salaries and Wages	6,468		
Social Security	16,426		
Pensions	3,292		
Employee and Dependent Insurance	4,739		
Unemployment Compensation	679		
Maintenance and Repair Services - Equipment	25,778		
Disposal Fees	218,651		
Diesel Fuel	8,798		
Tires and Tubes	5,770		

(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.)			
Utilities	$ 17,610		
Gravel and Chert	10,436		
Other Supplies and Materials	3,931		
Other Charges	667		
Other Equipment	6,500		
Total Convenience Centers		$ 538,277	
Other Operations			
Other Charges			
Trustee's Commission	$ 4,990		
Total Other Charges		4,990	
Total Solid Waste/Sanitation Fund			$ 543,267
Drug Control Fund			
Public Safety			
Drug Enforcement			
Accountants/Bookkeepers	$ 4,000		
Secretary(ies)	4,000		
Overtime Pay	16,463		
Social Security	1,871		
Pensions	1,629		
Unemployment Compensation	19		
Confidential Drug Enforcement Payments	16,000		
Law Enforcement Supplies	8,135		
Refunds	3,000		
Law Enforcement Equipment	3,979		
Motor Vehicles	107,054		
Office Equipment	19,829		
Total Drug Enforcement		$ 185,979	
Other Operations			
Other Charges			
Trustee's Commission	$ 602		
Total Other Charges		602	
Total Drug Control Fund			186,581
Constitutional Officers - Fees Fund			
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 186,073		
Total County Trustee's Office		$ 186,073	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 377,237		
Total County Clerk's Office		377,237	
Total Constitutional Officers - Fees Fund			563,310

(Continued)

Exhibit K-8

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

Highway/Public Works Fund				
Highways				
Administration				
County Official/Administrative Officer	$	74,628		
Assistant(s)		54,433		
Accountants/Bookkeepers		71,966		
Salary Supplements		1,800		
Social Security		12,573		
Pensions		13,508		
Employer Medicare		2,940		
Communication		8,497		
Data Processing Services		6,605		
Dues and Memberships		3,664		
Evaluation and Testing		1,820		
Legal Notices, Recording, and Court Costs		97		
Maintenance and Repair Services - Office Equipment		238		
Postal Charges		436		
Travel		1,520		
Other Contracted Services		2,730		
Office Supplies		819		
Other Charges		6,792		
Total Administration			$	265,066
Highway and Bridge Maintenance				
Foremen	$	66,095		
Equipment Operators		51,942		
Truck Drivers		228,936		
Laborers		196,885		
Social Security		33,623		
Pensions		31,330		
Employer Medicare		7,863		
Operating Lease Payments		1,000		
Asphalt - Cold Mix		15,931		
Asphalt - Hot Mix		162,031		
Asphalt - Liquid		19,991		
Crushed Stone		83,771		
Pipe - Metal		12,679		
Road Signs		5,473		
Salt		34,755		
Other Supplies and Materials		28,952		
Total Highway and Bridge Maintenance				981,257
Operation and Maintenance of Equipment				
Mechanic(s)	$	106,464		
Social Security		6,481		
Pensions		7,091		
Employer Medicare		1,516		
Diesel Fuel		35,885		
Equipment and Machinery Parts		53,647		
Garage Supplies		7,702		

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Operation and Maintenance of Equipment (Cont.)			
Gasoline	$ 42,443		
Lubricants	520		
Propane Gas	576		
Tires and Tubes	12,052		
Total Operation and Maintenance of Equipment		$ 274,377	
Other Charges			
Electricity	$ 7,088		
Water and Sewer	99		
Building and Contents Insurance	1,249		
Liability Insurance	5,009		
Trustee's Commission	18,727		
Vehicle and Equipment Insurance	34,798		
Total Other Charges		66,970	
Employee Benefits			
Employee and Dependent Insurance	$ 168,345		
Workers' Compensation Insurance	53,738		
Total Employee Benefits		222,083	
Capital Outlay			
Other Charges	$ 3,177		
Bridge Construction	18,436		
Building Improvements	360		
Communication Equipment	315		
Motor Vehicles	29,556		
State Aid Projects	269,456		
Other Equipment	152,100		
Total Capital Outlay		473,400	
Total Highway/Public Works Fund			$ 2,283,153
General Debt Service Fund			
Other Operations			
Other Charges			
Trustee's Commission	$ 12,456		
Total Other Charges		$ 12,456	
Principal on Debt			
General Government			
Principal on Bonds	$ 400,000		
Total General Government		400,000	
Interest on Debt			
General Government			
Interest on Bonds	$ 171,311		
Total General Government		171,311	

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)			
Other Debt Service			
General Government			
Other Charges	$ 950		
Total General Government		$ 950	
Total General Debt Service Fund			$ 584,717
Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 1,095,000		
Principal on Notes	130,000		
Total Education		$ 1,225,000	
Interest on Debt			
Education			
Interest on Bonds	$ 437,580		
Interest on Notes	22,504		
Total Education		460,084	
Other Debt Service			
Education			
Trustee's Commission	$ 27,505		
Other Charges	950		
Total Education		28,455	
Total Rural Debt Service Fund			1,713,539
Education Debt Service Fund			
Other Operations			
Other Charges			
Trustee's Commission	$ 16,976		
Total Other Charges		$ 16,976	
Principal on Debt			
Education			
Principal on Bonds	$ 775,000		
Principal on Capital Leases	37,924		
Total Education		812,924	
Interest on Debt			
Education			
Interest on Bonds	$ 527,831		
Interest on Capital Leases	5,004		
Total Education		532,835	
Total Education Debt Service Fund			1,362,735

(Continued)

Exhibit K-8

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

Education Capital Projects Fund			
Other Operations			
Other Charges			
Contributions	$ 515,120		
Trustee's Commission	12		
Total Other Charges		$ 515,132	
Capital Projects			
Education Capital Projects			
Architects	$ 85,470		
Other Charges	3,000		
Total Education Capital Projects		88,470	
Total Education Capital Projects Fund			$ 603,602
Other Capital Projects Fund			
Other Operations			
Other Charges			
Trustee's Commission	$ 13,083		
Total Other Charges		$ 13,083	
Total Other Capital Projects Fund			13,083
Total Governmental Funds - Primary Government			$ 17,019,141

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, 2016

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 9,195,084	
Career Ladder Program	56,000	
Career Ladder Extended Contracts	3,000	
Homebound Teachers	21,263	
Educational Assistants	340,522	
Certified Substitute Teachers	72,879	
Non-certified Substitute Teachers	238,291	
Social Security	583,038	
Pensions	851,568	
Medical Insurance	1,669,551	
Employer Medicare	137,314	
Other Contracted Services	4,774	
Instructional Supplies and Materials	40,400	
Textbooks	229,633	
Other Supplies and Materials	98,364	
Other Charges	4,127	
Regular Instruction Equipment	5,553	
Total Regular Instruction Program		$ 13,551,361
Special Education Program		
Teachers	$ 1,259,593	
Career Ladder Program	9,000	
Homebound Teachers	5,978	
Educational Assistants	218,027	
Speech Pathologist	202,147	
Other Salaries and Wages	10,324	
Certified Substitute Teachers	69	
Non-certified Substitute Teachers	29,360	
Social Security	100,166	
Pensions	147,746	
Medical Insurance	377,313	
Employer Medicare	23,576	
Other Contracted Services	1,183	
Instructional Supplies and Materials	6,200	
Other Supplies and Materials	15,277	
Total Special Education Program		2,405,959
Vocational Education Program		
Teachers	$ 926,067	
Career Ladder Program	3,980	
Certified Substitute Teachers	69	
Non-certified Substitute Teachers	13,800	
Social Security	56,947	
Pensions	84,152	
Medical Insurance	161,493	
Employer Medicare	13,318	

(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.)		
Maintenance and Repair Services - Equipment	$ 1,178	
Other Contracted Services	8,385	
Instructional Supplies and Materials	13,013	
Textbooks	7,232	
Other Supplies and Materials	30,431	
Vocational Instruction Equipment	48,520	
Total Vocational Education Program		$ 1,368,585
Support Services		
Attendance		
Supervisor/Director	$ 63,689	
Career Ladder Program	850	
Social Workers	30,008	
Social Security	5,727	
Pensions	7,833	
Medical Insurance	12,536	
Employer Medicare	1,339	
Travel	2,856	
Other Contracted Services	536	
Other Supplies and Materials	438	
Attendance Equipment	300	
Total Attendance		126,112
Health Services		
Supervisor/Director	$ 58,169	
Medical Personnel	129,870	
Other Salaries and Wages	67,349	
Social Security	14,275	
Pensions	14,678	
Medical Insurance	54,204	
Employer Medicare	3,339	
Maintenance and Repair Services - Equipment	408	
Travel	3,537	
Other Contracted Services	3,081	
Drugs and Medical Supplies	3,414	
Other Supplies and Materials	8,033	
In Service/Staff Development	5,720	
Other Charges	130	
Health Equipment	1,830	
Total Health Services		368,037
Other Student Support		
Career Ladder Program	$ 2,000	
Guidance Personnel	442,074	
Clerical Personnel	25,487	
Other Salaries and Wages	4,850	

(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.)				
Social Security	$	27,826		
Pensions		42,099		
Medical Insurance		82,115		
Employer Medicare		6,508		
Contracts with Government Agencies		49,228		
Evaluation and Testing		53,053		
Travel		2,559		
Other Contracted Services		4,848		
In Service/Staff Development		10,069		
Other Equipment		1,414		
Total Other Student Support			$	754,130
Regular Instruction Program				
Supervisor/Director	$	161,232		
Career Ladder Program		7,000		
Librarians		449,090		
Secretary(ies)		15,060		
Social Security		37,652		
Pensions		56,718		
Medical Insurance		83,847		
Employer Medicare		8,806		
Travel		4,202		
Other Contracted Services		3,149		
Library Books/Media		72,702		
Other Supplies and Materials		525		
In Service/Staff Development		40,531		
Other Charges		9,359		
Other Equipment		2,299		
Total Regular Instruction Program				952,172
Special Education Program				
Supervisor/Director	$	81,722		
Career Ladder Program		2,000		
Secretary(ies)		27,804		
Social Security		6,862		
Pensions		9,420		
Medical Insurance		13,530		
Employer Medicare		1,605		
Maintenance and Repair Services - Equipment		480		
Travel		7,889		
Other Contracted Services		242,950		
Other Supplies and Materials		8,900		
In Service/Staff Development		9,724		
Other Charges		500		
Special Education Equipment		4,257		
Total Special Education Program				417,643

(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				
Supervisor/Director	$	77,886		
Career Ladder Program		1,000		
Other Salaries and Wages		23,879		
Social Security		4,891		
Pensions		7,131		
Medical Insurance		8,990		
Employer Medicare		1,490		
Travel		1,729		
Other Supplies and Materials		569		
In Service/Staff Development		2,133		
Other Charges		767		
Total Vocational Education Program			$	130,465
Other Programs				
On-behalf Payments to OPEB	$	133,219		
Total Other Programs				133,219
Board of Education				
Board and Committee Members Fees	$	15,525		
Social Security		963		
Unemployment Compensation		21,967		
Employer Medicare		225		
Audit Services		15,900		
Dues and Memberships		12,120		
Legal Services		71,578		
Travel		9,883		
Premiums on Corporate Surety Bonds		1,182		
Trustee's Commission		200,334		
Workers' Compensation Insurance		159,020		
Criminal Investigation of Applicants - TBI		3,368		
Other Charges		2,322		
Total Board of Education				514,387
Director of Schools				
County Official/Administrative Officer	$	115,707		
Career Ladder Program		1,000		
Secretary(ies)		36,528		
Clerical Personnel		7,993		
Social Security		9,993		
Pensions		13,515		
Medical Insurance		11,015		
Employer Medicare		2,337		
Communication		49,428		
Dues and Memberships		3,907		
Maintenance and Repair Services - Equipment		8,515		
Postal Charges		2,280		

(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.)				
Director of Schools (Cont.)				
Travel	$	3,028		
Other Contracted Services		15,001		
Office Supplies		3,455		
In Service/Staff Development		5,358		
Other Charges		883		
Administration Equipment		3,283		
Total Director of Schools			$	293,226
Office of the Principal				
Principals	$	683,072		
Career Ladder Program		9,000		
Assistant Principals		347,551		
Secretary(ies)		383,165		
Other Salaries and Wages		8,459		
Social Security		84,883		
Pensions		119,357		
Medical Insurance		273,445		
Employer Medicare		19,852		
Other Contracted Services		45,037		
Total Office of the Principal				1,973,821
Fiscal Services				
Supervisor/Director	$	79,769		
Accountants/Bookkeepers		94,698		
Other Salaries and Wages		59,385		
Social Security		12,320		
Pensions		13,800		
Medical Insurance		26,505		
Employer Medicare		3,268		
Data Processing Services		18,078		
Dues and Memberships		90		
Travel		6,096		
Other Contracted Services		3,827		
Data Processing Supplies		2,199		
Office Supplies		2,042		
Other Charges		214		
Administration Equipment		2,297		
Total Fiscal Services				324,588
Human Services/Personnel				
Other Salaries and Wages	$	68,843		
Social Security		4,235		
Pensions		4,585		
Medical Insurance		6,179		
Employer Medicare		990		
Travel		2,385		

(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.)		
Human Services/Personnel (Cont.)		
Office Supplies	$ 2,180	
Other Charges	1,932	
Other Equipment	226	
Total Human Services/Personnel		$ 91,555
Operation of Plant		
Custodial Personnel	$ 569,932	
Social Security	34,538	
Pensions	34,555	
Medical Insurance	179,298	
Employer Medicare	8,078	
Disposal Fees	23,827	
Other Contracted Services	40,693	
Custodial Supplies	158,177	
Electricity	1,015,264	
Natural Gas	94,872	
Water and Sewer	151,756	
Other Supplies and Materials	12,747	
Building and Contents Insurance	255,260	
Other Charges	1,600	
Plant Operation Equipment	7,759	
Total Operation of Plant		2,588,356
Maintenance of Plant		
Maintenance Personnel	$ 171,045	
Social Security	9,285	
Pensions	9,342	
Medical Insurance	29,343	
Employer Medicare	2,476	
Maintenance and Repair Services - Buildings	22,757	
Maintenance and Repair Services - Equipment	44,144	
Maintenance and Repair Services - Vehicles	7,525	
Other Contracted Services	25,960	
Other Supplies and Materials	144,120	
Other Charges	1,616	
Administration Equipment	5,440	
Total Maintenance of Plant		473,053
Transportation		
Supervisor/Director	$ 11,239	
Bus Drivers	15,559	
Other Salaries and Wages	19,579	
Social Security	2,793	
Pensions	2,320	
Medical Insurance	994	
Employer Medicare	653	

(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.)		
Transportation (Cont.)		
Contracts with Parents	$ 5,619	
Contracts with Vehicle Owners	1,087,533	
Travel	1,040	
Other Contracted Services	1,204	
Other Supplies and Materials	436	
In Service/Staff Development	650	
Total Transportation		$ 1,149,619
Central and Other		
Supervisor/Director	$ 62,136	
Other Salaries and Wages	195,213	
Social Security	15,384	
Pensions	16,531	
Medical Insurance	30,338	
Employer Medicare	3,598	
Travel	2,624	
Other Contracted Services	190,330	
Office Supplies	165	
Other Supplies and Materials	40,350	
In Service/Staff Development	435	
Other Equipment	25,908	
Total Central and Other		583,012
Operation of Non-Instructional Services		
Community Services		
Supervisor/Director	$ 19,425	
Teachers	78,775	
Other Salaries and Wages	121,832	
Social Security	11,404	
Pensions	16,027	
Employer Medicare	3,072	
Travel	2,157	
Other Contracted Services	500	
Other Supplies and Materials	13,822	
Other Charges	1,009	
Total Community Services		268,023
Early Childhood Education		
Teachers	$ 179,195	
Educational Assistants	64,926	
Non-certified Substitute Teachers	4,934	
Social Security	14,234	
Pensions	20,523	
Medical Insurance	67,260	
Employer Medicare	3,329	
Other Fringe Benefits	1,046	

(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.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
Other Contracted Services	$ 2,504		
Instructional Supplies and Materials	15,536		
In Service/Staff Development	1,568		
Other Equipment	3,380		
Total Early Childhood Education		$ 378,435	
Capital Outlay			
Regular Capital Outlay			
Architects	$ 16,820		
Building Improvements	419,125		
Total Regular Capital Outlay		435,945	
Principal on Debt			
Education			
Debt Service Contribution to Primary Government	$ 37,924		
Total Education		37,924	
Interest on Debt			
Education			
Debt Service Contribution to Primary Government	$ 5,005		
Total Education		5,005	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 803,500		
Total Education		803,500	
Total General Purpose School Fund			$ 30,128,132
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 389,860		
Educational Assistants	202,148		
Social Security	35,060		
Pensions	48,707		
Medical Insurance	155,585		
Employer Medicare	8,200		
Other Fringe Benefits	2,486		
Other Contracted Services	3,124		
Instructional Supplies and Materials	13,417		
Regular Instruction Equipment	117,903		
Total Regular Instruction Program		$ 976,490	
Special Education Program			
Educational Assistants	$ 244,339		

(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.)				
Special Education Program (Cont.)				
Other Salaries and Wages	$	8,334		
Social Security		15,211		
Pensions		16,828		
Medical Insurance		97,768		
Employer Medicare		3,557		
Instructional Supplies and Materials		11,106		
Other Supplies and Materials		9,380		
Other Charges		1,600		
Special Education Equipment		6,470		
Total Special Education Program			$	414,593
Vocational Education Program				
Other Contracted Services	$	7,500		
Other Supplies and Materials		1,200		
Vocational Instruction Equipment		34,550		
Total Vocational Education Program				43,250
Support Services				
Other Student Support				
Other Salaries and Wages	$	95,939		
Social Security		5,639		
Pensions		8,673		
Medical Insurance		11,276		
Employer Medicare		1,319		
Other Fringe Benefits		388		
Other Contracted Services		5,985		
In Service/Staff Development		8,975		
Other Charges		5,668		
Total Other Student Support				143,862
Regular Instruction Program				
Supervisor/Director	$	68,370		
Secretary(ies)		26,208		
Social Security		5,798		
Pensions		7,926		
Medical Insurance		11,190		
Employer Medicare		1,356		
Other Fringe Benefits		397		
Travel		1,634		
Other Contracted Services		1,785		
Other Supplies and Materials		3,399		
In Service/Staff Development		24,984		
Other Equipment		836		
Total Regular Instruction Program				153,883

(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.)			
Special Education Program			
Psychological Personnel	$ 178,596		
Other Salaries and Wages	83,123		
Social Security	15,679		
Pensions	22,843		
Medical Insurance	34,087		
Employer Medicare	3,667		
Other Supplies and Materials	3,140		
In Service/Staff Development	6,000		
Total Special Education Program		$ 347,135	
Vocational Education Program			
In Service/Staff Development	$ 2,588		
Total Vocational Education Program		2,588	
Transportation			
Other Salaries and Wages	$ 20,059		
Social Security	1,244		
Pensions	1,167		
Medical Insurance	12,975		
Employer Medicare	291		
Gasoline	2,732		
Lubricants	676		
Total Transportation		39,144	
Total School Federal Projects Fund			$ 2,120,945
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 58,118		
Accountants/Bookkeepers	35,520		
Cafeteria Personnel	747,146		
Other Salaries and Wages	29,772		
Social Security	52,253		
Pensions	43,581		
Medical Insurance	219,066		
Employer Medicare	12,220		
Other Fringe Benefits	29,831		
Communication	6,141		
Travel	5,987		
Other Contracted Services	84,977		
Food Preparation Supplies	84,433		
Food Supplies	1,151,010		
USDA - Commodities	139,143		
Other Supplies and Materials	10,702		
Trustee's Commission	44		

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
In Service/Staff Development	$ 19,856		
Other Charges	11,629		
Food Service Equipment	140,656		
Total Food Service		$ 2,882,085	
Total Central Cafeteria Fund			$ 2,882,085
Total Governmental Funds - Marion County School Department			$ 35,131,162

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, 2016

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
Cash Receipts				
Current Property Taxes	$ 0	$ 23,473	$ 298,640	$ 322,113
Trustee's Collections - Prior Years	0	4,974	16,446	21,420
Circuit/Clerk and Master Collections - Prior Years	0	0	16,145	16,145
Interest and Penalty	0	641	2,818	3,459
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,485	1,485
Payments in-Lieu-of Taxes - Local Utilities	0	0	1,209	1,209
Payments in-Lieu-of Taxes - Other	0	0	108	108
Local Option Sales Tax	3,523,769	0	232,917	3,756,686
Hotel/Motel Tax	0	0	2,060	2,060
Mixed Drink Tax	0	0	832	832
Bank Excise Tax	0	0	4,238	4,238
Wholesale Beer Tax	0	0	6,824	6,824
Interstate Telecommunications Tax	0	0	158	158
Marriage Licenses	0	0	149	149
Total Cash Receipts	$ 3,523,769	$ 29,088	$ 584,029	$ 4,136,886
Cash Disbursements				
Remittance of Revenues Collected	$ 3,488,531	$ 29,035	$ 570,628	$ 4,088,194
Trustee's Commission	35,238	575	8,788	44,601
Total Cash Disbursements	$ 3,523,769	$ 29,610	$ 579,416	$ 4,132,795
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ (522)	$ 4,613	$ 4,091
Cash Balance, July 1, 2015	0	527	22,092	22,619
Cash Balance, June 30, 2016	$ 0	$ 5	$ 26,705	$ 26,710

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

Independent Auditor's 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, 2016, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements, and have issued our report thereon dated October 13, 2016. Our report includes a reference to other auditors who audited the financial statements of the Marion County Conservation Commission, 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 identify 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: 2016-002 and 2016-003.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2016-001.

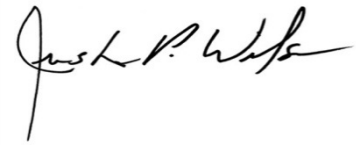
Marion County's Responses to Findings

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Marion County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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

October 13, 2016

JPW/yu

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

Independent Auditor's 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 the Uniform Guidance

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for*

Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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

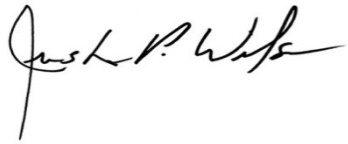
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements. We issued our report thereon dated October 13, 2016, 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 the Uniform Guidance 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

October 13, 2016

JPW/yu

Marion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For Year Ended June 30, 2016

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	$ 139,143	(4)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	777,740	
National School Lunch Program	10.555	N/A	1,907,981	(4)
Total U.S. Department of Agriculture			$ 2,824,864	
U.S. Department of Justice:				
Passed-through State Department of Finance and Administration:				
Edward Byrne Memorial Justice Assistance Grants Program	16.738	(3)	$ 34,867	
Total U.S. Department of Justice			$ 34,867	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Airport Improvement Program	20.106	(5)	$ 5,895	
Alcohol Open Container Requirements	20.607	Z15GH144	4,999	
Total U.S. Department of Transportation			$ 10,894	
U.S. Department of Education:				
Passed-through State Department of Education:				
Title I Grants to Local Education Agencies	84.010	N/A	$ 1,097,241	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	786,283	
Special Education - Preschool Grants	84.173	N/A	32,725	
Career and Technical Education - Basic Grants to States	84.048	N/A	63,615	
Twenty-first Century Community Learning Centers	84.287	N/A	82,031	
Improving Teacher Quality State Grants	84.367	(3)	187,012	
Total U.S. Department of Education			$ 2,248,907	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Homeland Security Grant Program	97.067	N/A	$ 746	
Total U.S. Department of Homeland Security			$ 746	
Total Expenditures of Federal Awards			$ 5,120,278	

(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	Contract Number	Expenditures
State Grants			
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(3)	$ 4,655
Coordinated School Health - State Department of Education	N/A	(3)	95,000
Safe Schools Act - State Department of Education	N/A	(3)	4,340
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(3)	378,434
Lottery for Education After School Programs - State Department Education	N/A	(3)	100,580
Juvenile Services Program - State Department of Children's Services	N/A	(3)	19,700
Clean Tennessee Energy Grant - State Department of Environment and Conservation	N/A	(3)	17,500
Airport Maintenance Program - State Department of Transportation	N/A	(3)	14,120
Airport Layout Plan Update - State Department of Transportation	N/A	40100-15614	45,000
Airport Obstruction - State Department of Transportation	N/A	AREO-13-222-00	128,299
Airport Crack Repair and Seal Coat - State Department of Transportation	N/A	40100-45315	153,956
Litter Program - State Department of Transportation	N/A	DG#1645308	34,100
Local Health Services Grant - State Department of Health	N/A	(3)	80,420
Tobacco Grant - State Department of Health	N/A	(3)	6,407
Total State Grants			$ 1,082,511

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) Marion County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Total for CFDA No. 10.555 is $2,047,124.
(5) 40100-45315: $5,095; 40100-77212: $800.

Marion County, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Comprehensive Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
OFFICE OF COUNTY MAYOR					
2015	192	2015-001	The Airport had Operating Deficiencies	N/A	Corrected
2015	192	2015-002	Competitive Bids were not Solicited for the Purchase of a Vehicle	N/A	Not Corrected - See Explanation on Corrective Action Plan
OFFICE OF DIRECTOR OF SCHOOLS					
2015	193	2015-003	The School Federal Projects Fund had a Cash Overdraft	N/A	Corrected
OFFICE OF COUNTY CLERK					
2015	193	2015-004	Multiple Employees Operated from the same Cash Journal	N/A	Corrected
2015	194	2015-005	The Official's Username and Password were Known by Employees	N/A	Corrected

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK					
2015	194	2015-006	An Employee used County Equipment and County Time for Personal Benefit	N/A	Corrected
2015	195	2015-007	The Office had Deficiencies in Computer System Backup Procedures	N/A	Corrected
OFFICE OF SHERIFF					
2015	196	2015-008	Some Funds were not Deposited Within Three Days of Collection	N/A	Corrected
2015	196	2015-009	The Office had Numerous Accounting Deficiencies	N/A	Corrected
2015	198	2015-010	Duties were not Segregated Adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Award Findings

There were no prior year federal award findings to report.

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Marion County is unmodified.

2. Internal Control Over Financial Reporting:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **YES**

3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **NONE REPORTED**

5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**

7. Identification of Major Federal Program:

   * CFDA Numbers: 10.553 and 10.555 — Nutrition Cluster: School Breakfast Program and National School Lunch Program

8. Dollar threshold used to distinguish between Type A and Type B Programs: **$750,000**

9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, of the financial statements of Marion County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The county mayor and sheriff provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF NEW AND USED CARS**
(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 41 disbursements totaling $616,215 from a population of 2,764 vendor checks totaling $15,468,636. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management's failure to correct the finding from the prior-year audit report.

A. Competitive bids were not solicited for the purchase of five new patrol cars ($22,098 each) and one other new automobile ($21,980). Instead, the mayor advised auditors that the costs for the five patrol cars were less than the state bid. Auditors were not presented any bid documentation for the purchase of the other new automobile. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated* (*TCA*), provides for all purchases exceeding $10,000 to be made after public advertisement and solicitation of competitive bids.

B. The Sheriff's Department purchased two used automobiles, which were in excess of the county's bid limit of $10,000. Section 12-3-1202(b), *TCA*, provides that any county may purchase used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities from any private individual or entity without public advertisement and competitive bids as long as the purchasing government documents the general range of value of the purchased item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser, and the price is not more than five percent higher than the highest value of the documented range. The Sheriff's Department provided us with documentation of their research to determine prices for similar used automobiles for one of the used autos purchased for $17,500. However, for the second used auto purchased for $21,128, no documentation was provided to indicate that they had researched to determine the value of the purchased item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser.

RECOMMENDATION

All purchases should be made in compliance with the applicable state statutes.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

After consulting with legal and audit staff with the State of Tennessee prior to the new car purchase at issue in this finding, we proceeded with the purchase with the belief that we were in compliance with the purchasing laws due to the fact that the new car prices were less than the then-applicable State bid price, thus saving County taxpayers $25,000 on the purchase. We are now aware that the provisions of *TCA* Sections 5-14-201 through 5-14-206 regarding purchases exceeding $10,000 do not provide an exception for such circumstances. We will follow such purchasing laws on all future purchases in excess of $10,000. With respect to the used vehicle purchases for the Sheriff's Department, we will insure that the provisions of *TCA* Section 12-3-1202(b) are followed on all such future purchases of used vehicles or equipment, and that proper documentation of such compliance is generated and maintained.

OFFICE OF SHERIFF

FINDING 2016-002 **THE COMMISSARY BANK ACCOUNT WAS NOT RECONCILED WITH THE GENERAL LEDGER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The bank account maintained for commissary operations was not reconciled with accounting records. The failure to regularly reconcile the bank account 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, 2016, bank balance was determined by substantive testing and alternative auditing procedures. This deficiency can be attributed to a lack of sound business practices and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Bank statements should be reconciled with the accounting records monthly.

MANAGEMENT'S RESPONSE – SHERIFF

We are planning on closing the commissary account in question by the end of October 2016.

FINDING 2016-003 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees of the Sheriff's Department. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability in 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

The sheriff should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – SHERIFF

With our implementation of the risk assessment provided by County Technical Assistance Services, along with the segregation of duties checklist guide on how to adequately segregate duties in small offices, we feel we will have adequately segregated duties for the next fiscal year.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

Marion County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF NEW AND USED CARS**

Response and Corrective Action Plan Prepared by:	David Jackson, County Mayor, Marion County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Mayor believed that the county was in compliance with purchasing statutes and believed the purchase was a savings that benefitted the county.

Planned Corrective Action:

We are now aware that the provisions of *TCA* Sections 5-14-201 through 5-14-206 regarding purchases exceeding $10,000 do not provide an exception for such circumstances. We will follow such purchasing laws on all future purchases in excess of $10,000. With respect to the used vehicle purchases for the Sheriff's Department, we will insure that the provisions of *TCA* Section 12-3-1202(b) are followed on all such future purchases of used vehicles or equipment, and that proper documentation of such compliance is generated and maintained.

OFFICE OF SHERIFF

FINDING 2016-002 **THE COMMISSARY BANK ACCOUNT WAS NOT RECONCILED WITH THE GENERAL LEDGER**

Response and Corrective Action Plan Prepared by:	Ronnie Burnett, Sheriff, Marion County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	October 30, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Bookkeeper did not understand the prior years' finding.

Planned Corrective Action:

We are planning on closing the commissary account in question by the end of October 2016.

FINDING 2016-003 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by:	Ronnie Burnett, Sheriff, Marion County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	July, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Officials did not believe they had the resources to correct this finding.

Planned Corrective Action:

With our implementation of the risk assessment provided County Technical Assistance Services, along with the segregation of duties checklist guide on how to adequately segregate duties in small offices, we feel we will have adequately segregated duties for the next fiscal year.

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.