

ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Marion County as of and for the year ended June 30, 2018.

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 TRUSTEE

- ◆ Employees shared a username and password.

OFFICE OF COUNTY CLERK

- ◆ The county clerk received salary payments in excess of the amount authorized by state statute resulting in a cash shortage of \$7,268 as of June 30, 2018.
- ◆ Short-term bank accounts were not reconciled with the general ledger.

INTRODUCTORY SECTION

Marion County Officials

June 30, 2018

Officials

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

Board of County Commissioners

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

Board of Education

Julie Bennett, Chairman
Linda Hooper
Jennifer Lawson
Ryan Phillips
Vacant

Audit Committee

John Moore, Chairman
David Abbott
Don Adkins
Gary Hooper

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, 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 (a major 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes restatements reducing the beginning net position of the Primary Government and the Discretely Presented Marion County School Department by \$44,848 and \$2,880,272, respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 schedules of county and schools changes in total OPEB liability and related ratios on pages 105-113 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service and Other Capital Projects funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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 and Other Capital Projects funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were

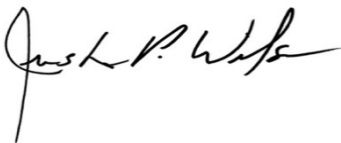
derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing 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. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service and Other Capital Projects funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, 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 solely 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 the effectiveness of Marion County's 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

November 28, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Marion County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental	Business-type	Total	Marion
	Activities	Activities		County School Department
<u>ASSETS</u>				
Cash	\$ 117,363	\$ 103,843	\$ 221,206	\$ 97,989
Equity in Pooled Cash and Investments	28,479,322	0	28,479,322	6,207,605
Inventories	0	0	0	68,907
Accounts Receivable	83,133		83,133	37,720
Due from Other Governments	959,740	0	959,740	1,339,171
Due from Component Units	5,171	0	5,171	0
Property Taxes Receivable	10,039,476	0	10,039,476	5,345,097
Allowance for Uncollectible Property Taxes	(459,779)	0	(459,779)	(262,122)
Net Pension Asset - Teacher Retirement Plan	0	0	0	57,940
Net Pension Asset - Teacher Legacy Plan	0	0	0	130,206
Assets Not Depreciated:				
Land	2,739,127	0	2,739,127	1,118,836
Construction in Progress	3,910,478	0	3,910,478	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	9,499,504	140,979	9,640,483	34,262,699
Infrastructure	5,478,600	0	5,478,600	0
Other Capital Assets	1,436,108	0	1,436,108	351,939
Total Assets	<u>\$ 62,288,243</u>	<u>\$ 244,822</u>	<u>\$ 62,533,065</u>	<u>\$ 48,755,987</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 0	\$ 0	\$ 0	\$ 80,527
Pension Changes in Assumptions	366,989	0	366,989	1,370,235
Pension Changes in Investment Earnings	0	0	0	19,764
Pension Other Deferrals	0	0	0	62,223
Pension Contributions After Measurement Date	382,726	0	382,726	1,619,870
OPEB Contributions After Measurement Date	3,335	0	3,335	207,868
Total Deferred Outflows of Resources	<u>\$ 753,050</u>	<u>\$ 0</u>	<u>\$ 753,050</u>	<u>\$ 3,360,487</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 488,322	\$ 14,397	\$ 502,719	\$ 170,866
Accrued Payroll	0	0	0	126,717
Payroll Deductions Payable	27,296	0	27,296	0
Due to Primary Government	0	0	0	5,171
Due to Litigants, Heirs, and Others	36,617	0	36,617	0
Accrued Interest Payable	161,632	0	161,632	0
Noncurrent Liabilities:				
Due Within One Year	2,686,270	0	2,686,270	0
Due in More Than One Year	26,764,221	0	26,764,221	2,995,155
Total Liabilities	<u>\$ 30,164,358</u>	<u>\$ 14,397</u>	<u>\$ 30,178,755</u>	<u>\$ 3,297,909</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units
	Governmental	Business-type	Total	Marion
	Activities	Activities		County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 9,258,271	\$ 0	\$ 9,258,271	\$ 4,879,956
Pension Changes in Experience	144,628	0	144,628	2,795,879
Pension Changes in Investment Earnings	5,442	0	5,442	7,009
Pension Other Deferrals	0	0	0	28,738
OPEB Changes in Assumptions	14,256	0	14,256	121,792
Total Deferred Inflows of Resources	<u>\$ 9,422,597</u>	<u>\$ 0</u>	<u>\$ 9,422,597</u>	<u>\$ 7,833,374</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 17,413,615	\$ 140,979	\$ 17,554,594	\$ 35,733,474
Restricted for:				
General Government	81,415	0	81,415	0
Finance	128,112	0	128,112	0
Administration of Justice	241,530	0	241,530	0
Public Safety	432,425	0	432,425	0
Public Health and Welfare	232,190	0	232,190	0
Highways/Public Works	1,084,096	0	1,084,096	0
Debt Service	8,501,114	0	8,501,114	0
Capital Projects	5,830,677	0	5,830,677	0
Education	0	0	0	2,263,167
Pensions	0	0	0	188,146
Unrestricted	<u>(10,490,836)</u>	<u>89,446</u>	<u>(10,401,390)</u>	<u>2,800,404</u>
Total Net Position	<u>\$ 23,454,338</u>	<u>\$ 230,425</u>	<u>\$ 23,684,763</u>	<u>\$ 40,985,191</u>

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

Exhibit B

Marion County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit Marion County School Department
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 3,845,117	\$ 432,853	\$ 1,426,164	\$ 934,357	\$ (1,051,743)	\$ 0	\$ (1,051,743)	\$ 0
Finance	932,146	1,033,927	0	0	101,781	0	101,781	0
Administration of Justice	1,148,319	852,243	10,700	0	(285,376)	0	(285,376)	0
Public Safety	5,009,979	313,835	411,385	0	(4,284,759)	0	(4,284,759)	0
Public Health and Welfare	1,248,062	52,948	322,974	0	(872,140)	0	(872,140)	0
Social, Cultural, and Recreational Services	509,780	59,975	13,902	77,174	(358,729)	0	(358,729)	0
Agriculture and Natural Resources	134,246	0	0	0	(134,246)	0	(134,246)	0
Highways/Public Works	2,494,725	252,863	2,241,215	0	(647)	0	(647)	0
Interest on Long-term Debt	1,012,788	0	0	0	(1,012,788)	0	(1,012,788)	0
Education	84,062	135,000	0	739,365	790,303	0	790,303	0
Total Governmental Activities	\$ 16,419,224	\$ 3,133,644	\$ 4,426,340	\$ 1,750,896	\$ (7,108,344)	\$ 0	\$ (7,108,344)	\$ 0
Business-type Activities:								
Marion County Conservation Commission	\$ 128,249	\$ 131,679	\$ 0	\$ 0	\$ 0	\$ 3,430	\$ 3,430	\$ 0
Total Primary Government	\$ 16,547,473	\$ 3,265,323	\$ 4,426,340	\$ 1,750,896	\$ (7,108,344)	\$ 3,430	\$ (7,104,914)	\$ 0
Component Unit:								
Marion County School Department	\$ 35,866,807	\$ 348,549	\$ 5,761,286	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,756,972)
Total Component Units	\$ 35,866,807	\$ 348,549	\$ 5,761,286	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,756,972)

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Marion County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 7,935,651	\$ 0	\$ 7,935,651	\$ 5,376,280
Property Taxes Levied for Debt Service					1,955,614	0	1,955,614	0
Local Option Sales Taxes					2,122,069	0	2,122,069	3,677,142
Hotel/Motel Tax					0	0	0	39,224
Litigation Tax - General					118,972	0	118,972	0
Litigation Tax - Special Purpose					11,097	0	11,097	0
Litigation Tax - Jail, Workhouse, or Courthouse					17,743	0	17,743	0
Business Tax					322,331	0	322,331	0
Mineral Severance Tax					4,279	0	4,279	0
Wholesale Beer Tax					0	0	0	119,858
Other Local Taxes					0	0	0	20,587
Grants and Contributions Not Restricted to Specific Programs					745,997	0	745,997	21,872,187
Unrestricted Investment Earnings					182,131	0	182,131	5,411
Miscellaneous					103,099	0	103,099	56,891
Total General Revenues					\$ 13,518,983	\$ 0	\$ 13,518,983	\$ 31,167,580
Change in Net Position								
Net Position, July 1, 2017					\$ 6,410,639	\$ 3,430	\$ 6,414,069	\$ 1,410,608
Restatement - See Note I.D.9					17,088,547	226,995	17,315,542	42,454,855
					(44,848)	0	(44,848)	(2,880,272)
Net Position, June 30, 2018					\$ 23,454,338	\$ 230,425	\$ 23,684,763	\$ 40,985,191

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, 2018

	Major Funds				
	General	Highway / Public Works	Rural Debt Service	Education Capital Projects	Other Capital Projects
<u>ASSETS</u>					
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	8,805,869	1,252,031	6,776,685	407,576	5,807,400
Accounts Receivable	82,843	14	0	0	0
Due from Other Governments	217,584	382,683	0	0	0
Due from Other Funds	4,785	0	0	0	0
Due from Component Units	0	5,171	0	0	0
Property Taxes Receivable	6,832,914	0	1,480,221	0	1,070,564
Allowance for Uncollectible Property Taxes	(320,347)	0	(67,790)	0	(41,609)
Total Assets	<u>\$ 15,623,848</u>	<u>\$ 1,639,899</u>	<u>\$ 8,189,116</u>	<u>\$ 407,576</u>	<u>\$ 6,836,355</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 488,322	\$ 0	\$ 0	\$ 0
Payroll Deductions Payable	26,449	847	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Litigants, Heirs, and Others	0	0	0	0	0
Total Liabilities	<u>\$ 26,449</u>	<u>\$ 489,169</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 6,282,805	\$ 0	\$ 1,365,040	\$ 0	\$ 1,005,678
Deferred Delinquent Property Taxes	209,279	0	43,166	0	21,201
Other Deferred/Unavailable Revenue	0	151,698	0	0	0
Total Deferred Inflows of Resources	<u>\$ 6,492,084</u>	<u>\$ 151,698</u>	<u>\$ 1,408,206</u>	<u>\$ 0</u>	<u>\$ 1,026,879</u>

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Highway / Public Works	Rural Debt Service	Education Capital Projects	Other Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 65,135	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	15,549	0	0	0	0
Restricted for Administration of Justice	241,530	0	0	0	0
Restricted for Public Safety	51,606	0	0	0	0
Restricted for Public Health and Welfare	3,397	0	0	0	0
Restricted for Highways/Public Works	0	999,032	0	0	0
Restricted for Debt Service	0	0	6,780,910	0	0
Restricted for Capital Projects	0	0	0	0	5,809,476
Committed:					
Committed for Debt Service	0	0	0	0	0
Committed for Capital Projects	0	0	0	407,576	0
Assigned:					
Assigned for Social, Cultural, and Recreational Services	11,504	0	0	0	0
Unassigned	8,716,594	0	0	0	0
Total Fund Balances	<u>\$ 9,105,315</u>	<u>\$ 999,032</u>	<u>\$ 6,780,910</u>	<u>\$ 407,576</u>	<u>\$ 5,809,476</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,623,848</u>	<u>\$ 1,639,899</u>	<u>\$ 8,189,116</u>	<u>\$ 407,576</u>	<u>\$ 6,836,355</u>

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other	Govern- mental	Funds
	Funds	Funds	Funds
<u>ASSETS</u>			
Cash	\$ 117,163	\$	117,363
Equity in Pooled Cash and Investments	5,429,761		28,479,322
Accounts Receivable	276		83,133
Due from Other Governments	359,473		959,740
Due from Other Funds	0		4,785
Due from Component Units	0		5,171
Property Taxes Receivable	655,777		10,039,476
Allowance for Uncollectible Property Taxes	(30,033)		(459,779)
	<hr/>		<hr/>
Total Assets	\$ 6,532,417	\$	39,229,211
	<hr/>		<hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$	488,322
Payroll Deductions Payable	0		27,296
Due to Other Funds	4,785		4,785
Due to Litigants, Heirs, and Others	36,617		36,617
Total Liabilities	\$ 41,402	\$	557,020
	<hr/>		<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 604,748	\$	9,258,271
Deferred Delinquent Property Taxes	19,124		292,770
Other Deferred/Unavailable Revenue	186,000		337,698
Total Deferred Inflows of Resources	\$ 809,872	\$	9,888,739
	<hr/>		<hr/>

(Continued)

Exhibit C-1

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

<u>FUND BALANCES</u>	<u>Nonmajor Funds</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
Restricted:			
Restricted for General Government	\$ 16,280		\$ 81,415
Restricted for Finance	112,563		128,112
Restricted for Administration of Justice	0		241,530
Restricted for Public Safety	380,819		432,425
Restricted for Public Health and Welfare	200,793		204,190
Restricted for Highways/Public Works	0		999,032
Restricted for Debt Service	1,780,511		8,561,421
Restricted for Capital Projects	0		5,809,476
Committed:			
Committed for Debt Service	3,190,177		3,190,177
Committed for Capital Projects	0		407,576
Assigned:			
Assigned for Social, Cultural, and Recreational Services	0		11,504
Unassigned	0		8,716,594
Total Fund Balances	<u>\$ 5,681,143</u>		<u>\$ 28,783,452</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,532,417</u>		<u>\$ 39,229,211</u>

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

Exhibit C-2

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2018

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)		\$	28,783,452
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,739,127	
Add: construction in progress		3,910,478	
Add: buildings and improvements net of accumulated depreciation		9,499,504	
Add: infrastructure net of accumulated depreciation		5,478,600	
Add: other capital assets net of accumulated depreciation		<u>1,436,108</u>	23,063,817
(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	\$	(26,635,000)	
Less: notes payable		(1,434,593)	
Less: compensated absences payable		(82,715)	
Less: OPEB liability		(291,155)	
Less: accrued interest on bonds		(153,310)	
Less: accrued interest on notes		(8,322)	
Less: net pension liability - agent plan		(54,431)	
Less: unamortized premium on debt		<u>(952,597)</u>	(29,612,123)
(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	\$	749,715	
Less: deferred inflows of resources related to pensions		(150,070)	
Add: deferred outflows of resources related to OPEB		3,335	
Less: deferred inflows of resources related to OPEB		<u>(14,256)</u>	588,724
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>630,468</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>23,454,338</u></u>

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

Exhibit C-3

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				
	General	Highway / Public Works	Rural Debt Service	Education Capital Projects	Other Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 7,343,536	\$ 4,279	\$ 1,463,666	\$ 0	\$ 1,054,960
Licenses and Permits	252,961	0	0	0	0
Fines, Forfeitures, and Penalties	139,826	0	0	0	0
Charges for Current Services	76,989	244,353	0	0	0
Other Local Revenues	539,553	32,231	0	2,616	0
Fees Received From County Officials	1,211,898	0	0	0	0
State of Tennessee	2,017,685	2,241,215	0	0	119,288
Federal Government	52,737	0	0	1,371,531	0
Other Governments and Citizens Groups	397,127	0	780,556	0	0
Total Revenues	\$ 12,032,312	\$ 2,522,078	\$ 2,244,222	\$ 1,374,147	\$ 1,174,248
<u>Expenditures</u>					
Current:					
General Government	\$ 1,850,376	\$ 0	\$ 0	\$ 0	\$ 299,390
Finance	446,949	0	0	0	0
Administration of Justice	1,143,746	0	0	0	0
Public Safety	4,742,351	0	0	0	0
Public Health and Welfare	606,303	0	0	0	0
Social, Cultural, and Recreational Services	248,539	0	0	0	0
Agriculture and Natural Resources	106,484	0	0	0	0
Other Operations	2,016,958	0	0	2,511	47,152
Highways	0	3,526,880	0	0	0
Debt Service:					
Principal on Debt	0	75,407	1,300,000	0	0
Interest on Debt	0	13,177	386,863	0	0
Other Debt Service	0	0	29,700	0	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	Rural Debt Service	Education Capital Projects	Other Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 3,313,552	\$ 0
Total Expenditures	<u>\$ 11,161,706</u>	<u>\$ 3,615,464</u>	<u>\$ 1,716,563</u>	<u>\$ 3,316,063</u>	<u>\$ 346,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 870,606</u>	<u>\$ (1,093,386)</u>	<u>\$ 527,659</u>	<u>\$ (1,941,916)</u>	<u>\$ 827,706</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 550,000	\$ 0	\$ 0	\$ 0
Insurance Recovery	0	0	0	250,000	0
Transfers In	0	260,000	0	584,838	0
Transfers Out	(594,838)	0	0	0	(250,000)
Total Other Financing Sources (Uses)	<u>\$ (594,838)</u>	<u>\$ 810,000</u>	<u>\$ 0</u>	<u>\$ 834,838</u>	<u>\$ (250,000)</u>
Net Change in Fund Balances	\$ 275,768	\$ (283,386)	\$ 527,659	\$ (1,107,078)	\$ 577,706
Fund Balance, July 1, 2017	<u>8,829,547</u>	<u>1,282,418</u>	<u>6,253,251</u>	<u>1,514,654</u>	<u>5,231,770</u>
Fund Balance, June 30, 2018	<u>\$ 9,105,315</u>	<u>\$ 999,032</u>	<u>\$ 6,780,910</u>	<u>\$ 407,576</u>	<u>\$ 5,809,476</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,790,676	\$	12,657,117
Licenses and Permits	0		252,961
Fines, Forfeitures, and Penalties	10,288		150,114
Charges for Current Services	545,506		866,848
Other Local Revenues	9,551		583,951
Fees Received From County Officials	0		1,211,898
State of Tennessee	165,288		4,543,476
Federal Government	0		1,424,268
Other Governments and Citizens Groups	42,929		1,220,612
Total Revenues	<u>\$ 3,564,238</u>	<u>\$</u>	<u>22,911,245</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 14,830	\$	2,164,596
Finance	486,884		933,833
Administration of Justice	3,570		1,147,316
Public Safety	232,839		4,975,190
Public Health and Welfare	559,128		1,165,431
Social, Cultural, and Recreational Services	0		248,539
Agriculture and Natural Resources	0		106,484
Other Operations	36,911		2,103,532
Highways	0		3,526,880
Debt Service:			
Principal on Debt	1,191,191		2,566,598
Interest on Debt	625,600		1,025,640
Other Debt Service	950		30,650

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<hr/>				
<u>Expenditures (Cont.)</u>				
Capital Projects	\$	0	\$	3,313,552
Total Expenditures	\$	3,151,903	\$	23,308,241
Excess (Deficiency) of Revenues Over Expenditures	\$	412,335	\$	(396,996)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$	0	\$	550,000
Insurance Recovery		0		250,000
Transfers In		0		844,838
Transfers Out		0		(844,838)
Total Other Financing Sources (Uses)	\$	0	\$	800,000
Net Change in Fund Balances	\$	412,335	\$	403,004
Fund Balance, July 1, 2017		5,268,808		28,380,448
Fund Balance, June 30, 2018	\$	5,681,143	\$	28,783,452

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, 2018

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)		\$ 403,004
(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	\$ 5,347,389	
Less: current-year depreciation expense	<u>(1,331,387)</u>	4,016,002
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(135,120)
(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, 2018	\$ 630,468	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(763,930)</u>	(133,462)
(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	\$ 2,315,000	
Add: principal payments on notes	247,407	
Add: principal payments on capital lease	41,191	
Less: note proceeds	(550,000)	
Add: changes in premium on debt issuance	93,271	
Less: contributions from the School Department for capital lease	<u>(41,191)</u>	2,105,678
(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	\$ 12,418	
Change in compensated absences payable	(16,204)	
Change in net pension liability/asset	337,087	
Change in deferred outflows related to pensions	(139,497)	
Change in deferred inflows related to pensions	(10,039)	
Change in OPEB liability	(18,307)	
Change in deferred outflows related to OPEB	3,335	
Change in deferred inflows related to OPEB	<u>(14,256)</u>	154,537
Change in net position of governmental activities (Exhibit B)		<u>\$ 6,410,639</u>

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

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,343,536	\$ 6,934,525	\$ 6,934,525	\$ 409,011
Licenses and Permits	252,961	232,000	232,000	20,961
Fines, Forfeitures, and Penalties	139,826	106,650	106,650	33,176
Charges for Current Services	76,989	78,500	78,500	(1,511)
Other Local Revenues	539,553	396,700	396,700	142,853
Fees Received From County Officials	1,211,898	935,000	935,000	276,898
State of Tennessee	2,017,685	1,099,970	2,251,436	(233,751)
Federal Government	52,737	66,004	79,123	(26,386)
Other Governments and Citizens Groups	397,127	286,300	286,300	110,827
Total Revenues	\$ 12,032,312	\$ 10,135,649	\$ 11,300,234	\$ 732,078
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 106,082	\$ 173,500	\$ 173,500	\$ 67,418
Board of Equalization	2,153	6,200	6,200	4,047
Beer Board	2,907	2,925	2,925	18
Budget and Finance Committee	3,149	6,500	6,500	3,351
County Mayor/Executive	292,710	312,065	312,065	19,355
Election Commission	201,572	669,834	677,911	476,339
Register of Deeds	227,225	230,526	230,526	3,301
Development	50,000	50,000	50,000	0
Building	129,120	134,788	136,788	7,668
County Buildings	712,789	1,120,176	1,125,176	412,387
Other General Administration	122,669	127,166	131,166	8,497
<u>Finance</u>				
Property Assessor's Office	227,116	244,248	244,248	17,132
Reappraisal Program	74,862	86,207	86,207	11,345
County Trustee's Office	63,278	71,025	71,025	7,747
County Clerk's Office	81,693	93,187	93,187	11,494
<u>Administration of Justice</u>				
Circuit Court	540,930	558,772	558,772	17,842
General Sessions Court	128,453	130,918	130,918	2,465
Chancery Court	237,253	247,959	247,959	10,706
Juvenile Court	237,110	244,615	244,615	7,505
<u>Public Safety</u>				
Sheriff's Department	2,600,099	2,495,011	2,672,391	72,292
Administration of the Sexual Offender Registry	1,089	2,010	2,010	921
Jail	1,819,899	1,471,388	1,859,443	39,544
Correctional Incentive Program Improvements	19,568	33,532	33,532	13,964
Fire Prevention and Control	220,311	220,311	220,311	0
Civil Defense	54,559	40,674	54,559	0
Rescue Squad	15,000	15,000	15,000	0
County Coroner/Medical Examiner	11,826	9,736	15,208	3,382
<u>Public Health and Welfare</u>				
Local Health Center	344,009	339,700	756,244	412,235
Ambulance/Emergency Medical Services	151,500	150,000	151,500	0
Alcohol and Drug Programs	6,386	6,400	6,400	14
Other Local Health Services	49,280	56,500	56,500	7,220

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Sanitation Education/Information	\$ 55,128	\$ 57,611	\$ 57,611	\$ 2,483
<u>Social, Cultural, and Recreational Services</u>				
Libraries	161,639	161,639	161,639	0
Parks and Fair Boards	26,552	24,197	27,197	645
Other Social, Cultural, and Recreational	60,348	67,000	73,250	12,902
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	66,861	67,002	67,002	141
Soil Conservation	39,623	42,125	42,600	2,977
<u>Other Operations</u>				
Industrial Development	799,096	34,100	824,100	25,004
Other Economic and Community Development	70,178	168,238	168,238	98,060
Airport	238,008	362,481	369,281	131,273
Veterans' Services	18,125	20,345	20,345	2,220
Other Charges	891,551	466,000	983,698	92,147
Total Expenditures	<u>\$ 11,161,706</u>	<u>\$ 10,821,611</u>	<u>\$ 13,167,747</u>	<u>\$ 2,006,041</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 870,606</u>	<u>\$ (685,962)</u>	<u>\$ (1,867,513)</u>	<u>\$ 2,738,119</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 5,000	\$ 7,046	\$ (7,046)
Transfers Out	(594,838)	(235,000)	(819,838)	225,000
Total Other Financing Sources	<u>\$ (594,838)</u>	<u>\$ (230,000)</u>	<u>\$ (812,792)</u>	<u>\$ 217,954</u>
Net Change in Fund Balance	\$ 275,768	\$ (915,962)	\$ (2,680,305)	\$ 2,956,073
Fund Balance, July 1, 2017	<u>8,829,547</u>	<u>7,994,728</u>	<u>7,994,728</u>	<u>834,819</u>
Fund Balance, June 30, 2018	<u>\$ 9,105,315</u>	<u>\$ 7,078,766</u>	<u>\$ 5,314,423</u>	<u>\$ 3,790,892</u>

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 (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,279	\$ 0	\$ 4,279	\$ 2,761	\$ 4,279	\$ 0
Charges for Current Services	244,353	0	244,353	120,000	233,688	10,665
Other Local Revenues	32,231	0	32,231	24,400	31,417	814
State of Tennessee	2,241,215	0	2,241,215	3,717,092	2,892,472	(651,257)
Total Revenues	\$ 2,522,078	\$ 0	\$ 2,522,078	\$ 3,864,253	\$ 3,161,856	\$ (639,778)
<u>Expenditures</u>						
<u>UNKNOWN</u>						
UNKNOWN	\$ 0	\$ 0	\$ 0	\$ 88,585	\$ 0	\$ 0
<u>Highways</u>						
Administration	313,787	0	313,787	283,645	325,588	11,801
Highway and Bridge Maintenance	1,403,679	0	1,403,679	1,392,161	1,677,874	274,195
Operation and Maintenance of Equipment	304,252	0	304,252	346,909	361,091	56,839
Other Charges	63,332	0	63,332	77,522	80,681	17,349
Employee Benefits	267,413	0	267,413	260,193	269,600	2,187
Capital Outlay	1,174,417	(538,316)	636,101	1,762,435	929,734	293,633
<u>Principal on Debt</u>						
Highways and Streets	75,407	0	75,407	0	75,408	1
<u>Interest on Debt</u>						
Highways and Streets	13,177	0	13,177	0	13,177	0
Total Expenditures	\$ 3,615,464	\$ (538,316)	\$ 3,077,148	\$ 4,211,450	\$ 3,733,153	\$ 656,005
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (1,093,386)	\$ 538,316	\$ (555,070)	\$ (347,197)	\$ (571,297)	\$ 16,227

(Continued)

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 550,000	\$ 0	\$ 550,000	\$ 0	\$ 550,000	\$ 0
Proceeds from Sale of Capital Assets	0	0	0	30,000	0	0
Transfers In	260,000	0	260,000	10,000	260,000	0
Total Other Financing Sources	<u>\$ 810,000</u>	<u>\$ 0</u>	<u>\$ 810,000</u>	<u>\$ 40,000</u>	<u>\$ 810,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (283,386)	\$ 538,316	\$ 254,930	\$ (307,197)	\$ 238,703	\$ 16,227
Fund Balance, July 1, 2017	<u>1,282,418</u>	<u>(538,316)</u>	<u>744,102</u>	<u>1,193,227</u>	<u>1,193,227</u>	<u>(449,125)</u>
Fund Balance, June 30, 2018	<u>\$ 999,032</u>	<u>\$ 0</u>	<u>\$ 999,032</u>	<u>\$ 886,030</u>	<u>\$ 1,431,930</u>	<u>\$ (432,898)</u>

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

Exhibit D-1

Marion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2018

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>ASSETS</u>	
Cash	\$ 103,843
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	<u>140,979</u>
Total Assets	<u>\$ 244,822</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 14,397</u>
Total Liabilities	<u>\$ 14,397</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 140,979
Unrestricted	<u>89,446</u>
Total Net Position	<u><u>\$ 230,425</u></u>

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

Exhibit D-2

Marion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Major Enterprise Fund Marion County Conservation Commission
<u>Operating Revenues</u>	
User Fees/Vending	\$ 131,679
Total Operating Revenues	<u>\$ 131,679</u>
<u>Operating Expenses</u>	
Salaries and Benefits	\$ 26,971
Bad Debt	4,900
Utilities	37,039
Contract Services	4,305
Telephone	2,575
Equipment	6,396
Depreciation	17,051
Professional Fees	5,250
Insurance	1,184
Fuel	988
Supplies	18,353
Miscellaneous	3,237
Total Operating Expenses	<u>\$ 128,249</u>
Operating Income	<u>\$ 3,430</u>
Change in Net Position	\$ 3,430
Net Position, July 1, 2017	<u>226,995</u>
Net Position, June 30, 2018	<u>\$ 230,425</u>

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

Exhibit D-3

Marion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Major Enterprise Fund
	Marion County Conservation Commission
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 188,679
Payments to Suppliers	(69,830)
Payments to Employees	(26,971)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 91,878</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (39,856)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (39,856)</u>
Net Increase (Decrease) in Cash	\$ 52,022
Cash, July 1, 2017	<u>51,821</u>
Cash, June 30, 2018	<u><u>\$ 103,843</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 3,430
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	17,051
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	57,000
Increase (Decrease) in Accounts Payable	<u>14,397</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 91,878</u></u>

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

Exhibit E

Marion County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 911,905
Equity in Pooled Cash and Investments	129,483
Accounts Receivable	1,796
Due from Other Governments	637,697
Property Taxes Receivable	378,672
Allowance for Uncollectible Property Taxes	<u>(17,143)</u>
Total Assets	<u>\$ 2,042,410</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,029,313
Due to Litigants, Heirs, and Others	913,143
Due to Joint Ventures	<u>99,954</u>
Total Liabilities	<u>\$ 2,042,410</u>

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

MARION COUNTY, TENNESSEE
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MARION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 its omission did not affect the independent auditor's 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, 2018.

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.

Education Capital Projects Fund – This 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 – This fund is used to account for various capital expenditures of the county.

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 type:

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 amortized cost using a stable net asset value. 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 2.42 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 acquisition value at the date of donation.

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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. 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, pension changes in assumptions, pension changes in investment earnings, pension changes in proportionate share of contributions, and employer contributions made to the pension and OPEB plans after the measurement date.

In addition to liabilities, the Statement of Net 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. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension changes in proportionate share of contributions, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. 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.

As of June 30, 2018, Marion County had \$22,490,000 in outstanding debt for capital purposes for the discretely presented Marion County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Richard City School System) based on an average daily attendance proration. This debt is a liability of Marion County, but the capital assets acquired are reported in the financial statements of the School Department and the Richard City School System. Therefore, Marion County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

9. **Restatements**

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Marion County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the Primary Government and the Discretely Presented Marion County School Department by \$44,848 and \$2,880,272, respectively, have been recognized to account for the transitional requirements.

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.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Marion County. For this purpose, Marion County recognizes benefit payments when due and payable in accordance with benefit terms. Marion County's OPEB plan is not administered through a trust.

Discretely Presented Marion County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Marion County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in

accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

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 certain capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Shortage

During the year examined, the county clerk received salary payments in excess of the amount authorized by state statute resulting in a cash shortage of \$7,268 at June 30, 2018. This deficiency appears to be due to a misunderstanding or misapplication of a state statute. A receivable has been reflected in the financial statements of the General Fund in the financial statements of this report for the overpayment. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriations category (the legal level of control) of the Solid Waste/Sanitation Fund by \$752. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

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

At June 30, 2018, the government's brokerage firm was holding investments of \$530,750 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, 2018, the discretely presented Marion County School Department 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 \$	152,415
Corporate Bonds - Caterpillar Financial	N/A	12-15-22	47,750
Corporate Bonds - General Electric	N/A	1-9-23	39,105
Corporate Bonds - Johnson & Johnson	N/A	7-15-19	100,114
Corporate Bonds - Morgan Stanley	N/A	7-24-20	104,464
Corporate Bonds - National Rural Utilities	N/A	6-15-22	47,701
Corporate Bonds - Wells Fargo	N/A	2-13-23	39,201
Total			\$ 530,750

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by fair value level	6-30-18			
SunTrust Bank -				
U.S. Certificates of Deposit	\$ 152,415	\$ 152,415	\$ 0	0
Corporate Bonds - Caterpillar Financial	47,750	47,750	0	0
Corporate Bonds - General Electric	39,105	39,105	0	0
Corporate Bonds - Johnson & Johnson	100,114	100,114	0	0
Corporate Bonds - Morgan Stanley	104,464	104,464	0	0
Corporate Bonds - National Rural Utilities	47,701	47,701	0	0
Corporate Bonds - Wells Fargo	39,201	39,201	0	0
Total	\$ 530,750	\$ 530,750	\$ 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 - Caterpillar Financial	A3	A
Corporate Bonds - General Electric	A2	A
Corporate Bonds - Johnson & Johnson	Aaa	AAA
Corporate Bonds - Morgan Stanley	A3	BBB+
Corporate Bonds - National Rural Utilities	A2	A
Corporate Bonds - Wells Fargo	A3	BBB+

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 (\$530,750) 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 (29 percent), Corporate Bonds – Caterpillar Financial (nine percent), Corporate Bonds – General Electric (seven percent), Corporate Bonds – Johnson & Johnson (19 percent), Corporate Bonds – Morgan Stanley (20 percent), Corporate Bonds – National Rural Utilities (nine 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 \$530,750 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, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 2,728,541	\$ 10,586	\$ 0	\$ 2,739,127
Construction in Progress	34,594	3,890,792	(14,908)	3,910,478
Total Capital Assets Not Depreciated	<u>\$ 2,763,135</u>	<u>\$ 3,901,378</u>	<u>\$ (14,908)</u>	<u>\$ 6,649,605</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,196,769	\$ 272,829	\$ (341,250)	\$ 15,128,348
Infrastructure	27,977,660	553,119	(904,731)	27,626,048
Other Capital Assets	3,757,385	634,971	(146,952)	4,245,404
Total Capital Assets Depreciated	<u>\$ 46,931,814</u>	<u>\$ 1,460,919</u>	<u>\$ (1,392,933)</u>	<u>\$ 46,999,800</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,441,587	\$ 407,648	\$ (220,391)	\$ 5,628,844
Infrastructure	22,413,145	639,034	(904,731)	22,147,448
Other Capital Assets	2,656,848	284,705	(132,257)	2,809,296
Total Accumulated Depreciation	<u>\$ 30,511,580</u>	<u>\$ 1,331,387</u>	<u>\$ (1,257,379)</u>	<u>\$ 30,585,588</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,420,234</u>	<u>\$ 129,532</u>	<u>\$ (135,554)</u>	<u>\$ 16,414,212</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,183,369</u>	<u>\$ 4,030,910</u>	<u>\$ (150,462)</u>	<u>\$ 23,063,817</u>

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

Governmental Activities:

General Government	\$ 406,273
Public Safety	183,161
Public Health and Welfare	69,746
Highways/Public Works	<u>672,207</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,331,387</u></u>

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 1,118,836	\$ 0	\$ 1,118,836
Total Capital Assets Not Depreciated	<u>\$ 1,118,836</u>	<u>\$ 0</u>	<u>\$ 1,118,836</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 60,466,385	\$ 16,183	\$ 60,482,568
Other Capital Assets	698,625	38,877	737,502
Total Capital Assets Depreciated	<u>\$ 61,165,010</u>	<u>\$ 55,060</u>	<u>\$ 61,220,070</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 24,721,833	\$ 1,498,036	\$ 26,219,869
Other Capital Assets	334,032	51,531	385,563
Total Accumulated Depreciation	<u>\$ 25,055,865</u>	<u>\$ 1,549,567</u>	<u>\$ 26,605,432</u>
Total Capital Assets Depreciated, Net	<u>\$ 36,109,145</u>	<u>\$ (1,494,507)</u>	<u>\$ 34,614,638</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 37,227,981</u></u>	<u><u>\$ (1,494,507)</u></u>	<u><u>\$ 35,733,474</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2018.

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

Governmental Activities:

Instruction	\$ 1,484,665
Support Services	27,784
Operation of Non-instructional Services	<u>37,118</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,549,567</u></u>

C. Construction Commitments

At June 30, 2018, the county had uncompleted construction contracts of approximately \$289,036 for higher education building projects. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 4,785
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	2,268

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Highway/Public Works	Component Unit: School Department: General Purpose School	\$ 5,171

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Purpose</u>
	Highway/ Public Works Fund	Education Capital Projects Fund	
General Fund	\$ 10,000	\$ 0	Bridge Construction
"	0	584,838	Operations
Other Capital Projects	250,000	0	"
Total	<u>\$ 260,000</u>	<u>\$ 584,838</u>	

Discretely Presented Marion County School Department

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Purpose</u>
	General Purpose School Fund		
Nonmajor governmental fund	\$	84,118	Indirect Cost

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 Leases

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 made the final lease payment of \$41,191 during the year examined.

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, 2018, 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, 2018, will be retired from the General, Highway/Public Works, 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 six years, an amount between \$40,776 and \$43,880, depending on the debt service (principal and interest payments) for that particular year.

General obligation bonds and capital outlay notes outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	2.5 to 4 %	4-1-30	\$ 3,675,000	\$ 2,200,000
General Obligation Bonds - Refunding	1.578 to 5	6-1-31	33,680,000	24,435,000
Capital Outlay Notes	1.94 to 3.09	4-19-24	2,342,000	1,434,593

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2018, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2024-2028	9,295,000	1,547,232	10,842,232
2029-2031	4,610,000	306,153	4,916,153
Total	\$ 26,635,000	\$ 5,585,221	\$ 32,220,221

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 258,919	\$ 33,289	\$ 292,208
2020	261,170	27,450	288,620
2021	268,557	21,473	290,030
2022	280,984	15,360	296,344
2023	283,487	8,977	292,464
2024	81,476	2,524	84,000
Total	\$ 1,434,593	\$ 109,073	\$ 1,543,666

There is \$11,751,598 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$943, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums totaled \$1,028, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2017	\$ 28,950,000	\$ 1,132,000	\$ 41,191
Additions	0	550,000	0
Reductions	(2,315,000)	(247,407)	(41,191)
Balance, June 30, 2018	<u>\$ 26,635,000</u>	<u>\$ 1,434,593</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 2,365,000</u>	<u>\$ 258,919</u>	<u>\$ 0</u>

	Net Pension Liability -		Other
	Agent Plan	Compensated Absences	Post- employment Benefits *
Balance, July 1, 2017	\$ 391,518	\$ 66,511	\$ 272,848
Additions	225,662	194,159	32,563
Reductions	(562,749)	(177,955)	(14,256)
Balance, June 30, 2018	<u>\$ 54,431</u>	<u>\$ 82,715</u>	<u>\$ 291,155</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 62,351</u>	<u>\$ 0</u>

* Restated beginning balance – See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 28,497,894
Less: Balance Due Within One Year	(2,686,270)
Add: Unamortized Premium on Debt	<u>952,597</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,764,221</u>

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, 2018, was as follows:

Governmental Activities:

	Other Post- employment Benefits *	Net Pension Liability - Agent Plan	Net Pension Liability - Legacy Plan #
Balance, July 1, 2017	\$ 3,023,389	\$ 294,994	\$ 2,470,530
Additions	248,546	155,060	17,870
Reductions	(315,696)	(411,138)	(2,618,606)
Balance, June 30, 2018	<u>\$ 2,956,239</u>	<u>\$ 38,916</u>	<u>\$ (130,206)</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Restated beginning balance – See Note I.D.9.

Legacy Plan had a net pension asset at June 30, 2018

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 2,995,155
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,995,155</u>

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

G. On-Behalf Payments

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, 2018, were \$85,724 and \$44,538, 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 discretely presented Marion County 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.

Effective July 1, 2016, the School Department began carrying commercial insurance for all other risks of loss, including general liability, property, casualty, workers' compensation, and environmental. Settled claims did not exceed commercial insurance coverage during the fiscal year.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

The county is involved in several pending lawsuits. Attorneys for the county and the discretely presented School Department estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. 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 \$489,860 estimated closure and postclosure costs of the landfill at June 30, 2018, 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 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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 and the municipalities within the district. The district is composed of Rhea, Bledsoe, Franklin, Grundy, 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 the participating law enforcement agencies within the judicial district. Marion County made no contributions to the DTF for the year ended June 30, 2018 and does not have any equity interest in this 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

F. 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.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Plan Description. Employees of Marion County and non-certified employees of the discretely presented Marion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 58.31 percent, the non-certified employees of the discretely presented School Department comprise 41.69 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	169
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	224
Active Employees	315
 Total	 <hr/> <hr/> 708

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Marion County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Marion County was \$649,045 based on a rate of 6.86 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 actuarially determined contributions (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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital

market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69	% 31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2016	\$ 28,635,911	\$ 27,949,399	\$ 686,512
Changes for the Year:			
Service Cost	\$ 818,012	\$ 0	\$ 818,012
Interest	2,160,673	0	2,160,673
Differences Between Expected and Actual Experience	(86,350)	0	(86,350)
Changes in Assumptions	786,720	0	786,720
Contributions-Employer	0	649,560	(649,560)
Contributions-Employees	0	487,916	(487,916)
Net Investment Income	0	3,161,152	(3,161,152)
Benefit Payments, Including Refunds of Employee Contributions	(1,289,908)	(1,289,908)	0
Administrative Expense	0	(26,408)	26,408
Other Changes	0	0	0
Net Changes	\$ 2,389,147	\$ 2,982,312	\$ (593,165)
Balance, June 30, 2017	\$ 31,025,058	\$ 30,931,711	\$ 93,347

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	58.31%	\$ 18,090,711	\$ 18,036,281	\$ 54,431
School Department	41.69%	12,934,347	12,895,430	38,916
Total		\$ 31,025,058	\$ 30,931,711	\$ 93,347

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Marion County</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Net Pension Liability	\$ 4,064,014	\$ 93,347	\$ (3,218,623)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Marion County recognized pension expense of \$371,935.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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	\$ 248,034
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,333
Changes in Assumptions	629,376	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	649,045	N/A
Total	<u>\$ 1,278,421</u>	<u>\$ 257,367</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 749,715	\$ 150,070
School Department	528,706	107,297
Total	<u>\$ 1,278,421</u>	<u>\$ 257,367</u>

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
2019	\$ (55,743)
2020	357,925
2021	144,089
2022	(74,257)
2023	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 58.31 percent and the non-certified employees of the discretely presented School Department comprise 41.69 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 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. 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, 2018, to the Teacher Retirement Plan were \$70,939, 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, 2018, the School Department reported a liability (asset) of (\$57,940) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .219605 percent. The proportion as of June 30, 2016, was .214248 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$26,350.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the 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	\$ 2,031	\$ 4,357
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,118
Changes in Assumptions	5,090	0
Changes in Proportion of Net Pension Liability (Asset)	1,573	593
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	70,939	N/A
Total	<u>\$ 79,633</u>	<u>\$ 8,068</u>

The School Department's employer contributions of \$70,939 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (207)
2020	(207)
2021	(386)
2022	(1,187)
2023	283
Thereafter	2,328

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	\$ 11,560	\$ (57,940)	\$ (108,918)

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 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. 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, 2018, to the Teacher Legacy Pension Plan were \$1,282,612, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$130,206) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the 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, 2017, the School Department’s proportion was .397957 percent. The proportion measured at June 30, 2016, was .395320 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$17,870.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 78,497	\$ 2,688,116
Changes in Assumptions	1,102,759	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,765	0
Changes in Proportion of Net Pension Liability (Asset)	60,650	28,145
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	<u>1,282,612</u>	N/A
Total	<u>\$ 2,544,283</u>	<u>\$ 2,716,261</u>

The School Department’s employer contributions of \$1,282,612 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (915,318)
2020	416,702
2021	(319,191)
2022	(636,785)
2023	0
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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by

weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 11,683,078	\$ (130,206)	\$ (9,894,661)

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 School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$88,674 and teachers contributed \$70,939 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Marion County and the discretely presented Marion County School Department provide OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and commercial health insurance plans. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Primary Government

Retirees of Marion County and the Marion County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government's LGPs are combined for presentation purposes.

The county's total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017, TCRS actuarial valuation; 3.46% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a 3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Marion County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. Marion County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings

consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Marion County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Marion County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	150	20	170
 Total	 150	 20	 170

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$3,335 (Marion County - \$1,923, Highway Dept - \$1,412) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Marion County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2016	\$ 211,967	\$ 60,881	\$ 272,848
Changes for the Year:			
Service Cost	\$ 19,909	\$ 5,721	\$ 25,630
Interest	6,771	1,945	8,716
Changes in Benefit Terms	0	0	
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(12,431)	(3,608)	(16,039)
Benefit Payments	0	0	0
Net Changes	<u>\$ 14,249</u>	<u>\$ 4,058</u>	<u>\$ 18,307</u>
Balance June 30, 2017	<u>\$ 226,216</u>	<u>\$ 64,939</u>	<u>\$ 291,155</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$32,563 (Marion County - \$25,398, Highway Dept - \$7,165). At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (County \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$11,149, Hwy \$3,107)	0	14,256
Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$1,923, Hwy \$1,412)	<u>3,335</u>	<u>0</u>
Total	<u>\$ 3,335</u>	<u>\$ 14,256</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County	Hwy	Total Amount
2019	\$ (1,282)	\$ (501)	\$ (1,783)
2020	(1,282)	(501)	(1,783)
2021	(1,282)	(501)	(1,783)
2022	(1,282)	(501)	(1,783)
2023	(1,282)	(501)	(1,783)
Thereafter	(4,739)	(602)	(5,341)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 246,031	\$ 226,216	\$ 207,529
Hwy	70,676	64,939	59,658
Total OPEB Liability	<u>\$ 316,707</u>	<u>\$ 291,155</u>	<u>\$ 267,187</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6 to 3.77%	Current Trend Rate 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 196,311	\$ 226,216	\$ 261,935
Hwy	56,845	64,939	74,749
Total OPEB Liability	<u>\$ 253,156</u>	<u>\$ 291,155</u>	<u>\$ 336,684</u>

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Marion County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Marion County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Marion County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	31
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	450
Total	<u><u>481</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$207,868 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Marion County School Department 65.27%</u>	<u>State of TN 34.73%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 3,023,389	\$ 1,608,518	\$ 4,631,907
Changes for the Year:			
Service Cost	\$ 171,764	\$ 91,382	\$ 263,146
Interest	90,467	48,131	138,598
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(135,477)	(72,077)	(207,554)
Benefit Payments	(193,904)	(103,162)	(297,066)
Net Changes	<u>\$ (67,150)</u>	<u>\$ (35,726)</u>	<u>\$ (102,876)</u>
Balance June 30, 2018	<u>\$ 2,956,239</u>	<u>\$ 1,572,792</u>	<u>\$ 4,529,031</u>

The Marion County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Marion County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$132,233 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Marion County School Department's proportionate share of the collective OPEB liability was 65.27% and the State of Tennessee's share was 34.73%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$380,779, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	121,792
Benefits Paid After the Measurement Date	<u>207,868</u>	<u>0</u>
Total	<u>\$ 207,868</u>	<u>\$ 121,792</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (13,685)
2020	(13,685)
2021	(13,685)
2022	(13,685)
2023	(13,685)
Thereafter	(53,367)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,169,376	\$ 2,956,239	\$ 2,752,032
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Curent Rate	1% Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,620,112	\$ 2,956,239	\$ 3,354,137
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I. 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, 2018, six 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 \$3,000.

J. 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, 2018. 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, 2018, 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 acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The commission's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

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

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

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 commission 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 commission 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 between year end and the date the financial statements were 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, 2018, the carrying amount of the commission's deposits was \$103,843, and the bank balance was \$106,831. 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, 2018, follows:

	Balance 7-1-17	Additions	Deletions	Balance 6-30-18
Business-type Activities:				
Capital Assets Depreciated:				
Mobile Home	\$ 13,758	\$ 0	\$ 0	\$ 13,758
Bathhouse	39,677	0	0	39,677
Land Improvements	98,147	0	0	98,147
Equipment	49,070	0	0	49,070
Picnic Pavilion	21,800	39,856	0	61,656
	<hr/>			
Total Assets	\$ 222,452	\$ 39,856	\$ 0	\$ 262,308
	<hr/>			
Less Accumulated				
Depreciation for:				
Mobile Home	\$ 10,398	\$ 788	\$ 0	\$ 11,186
Bathhouse	13,023	3,262	0	16,285
Land Improvements	54,100	4,541	0	58,641
Equipment	26,211	6,092	0	32,303
Picnic Pavilion	546	2,368	0	2,914
	<hr/>			
Total Accumulated Depreciation	\$ 104,278	\$ 17,051	\$ 0	\$ 121,329
	<hr/>			
Net Capital Assets	\$ 118,174	\$ 22,805	\$ 0	\$ 140,979
	<hr/>			

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, 2018, the commission reimbursed the county \$26,971 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, 2018, 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, 2018, 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	2016	2017
Total Pension Liability				
Service Cost	\$ 766,971	\$ 752,309	\$ 787,075	\$ 818,012
Interest	1,832,858	1,941,251	2,054,385	2,160,673
Differences Between Actual and Expected Experience	(37,596)	(72,712)	(228,892)	(86,350)
Changes in Assumptions	0	0	0	786,720
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)	(1,131,572)	(1,162,760)	(1,289,908)
Net Change in Total Pension Liability	\$ 1,489,151	\$ 1,489,276	\$ 1,449,808	\$ 2,389,147
Total Pension Liability, Beginning	24,207,676	25,696,827	27,186,103	28,635,911
Total Pension Liability, Ending (a)	\$ 25,696,827	\$ 27,186,103	\$ 28,635,911	\$ 31,025,058
Plan Fiduciary Net Position				
Contributions - Employer	\$ 581,841	\$ 601,407	\$ 611,505	\$ 649,560
Contributions - Employee	465,460	451,664	459,052	487,916
Net Investment Income	3,782,091	819,239	725,465	3,161,152
Benefit Payments, Including Refunds of Employee Contributions	(1,073,082)	(1,131,572)	(1,162,760)	(1,289,908)
Administrative Expense	(12,205)	(15,587)	(22,153)	(26,408)
Net Change in Plan Fiduciary Net Position	\$ 3,744,105	\$ 725,151	\$ 611,109	\$ 2,982,312
Plan Fiduciary Net Position, Beginning	22,869,034	26,613,139	27,338,290	27,949,399
Plan Fiduciary Net Position, Ending (b)	\$ 26,613,139	\$ 27,338,290	\$ 27,949,399	\$ 30,931,711
Net Pension Liability (Asset), Ending (a - b)	\$ (916,312)	\$ (152,187)	\$ 686,512	\$ 93,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.57%	100.56%	97.60%	99.70%
Covered Payroll	\$ 8,937,781	\$ 9,028,233	\$ 9,181,418	\$ 9,753,157
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(10.25)%	(1.69)%	7.48%	0.96%

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

Note: data presented includes the primary government and the non-certified employees of the discretely presented 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	2017	2018
Actuarially Determined Contribution	\$ 581,841	\$ 601,407	\$ 611,505	\$ 649,560	\$ 649,045
Less Contributions in Relation to the Actuarially Determined Contribution	(581,841)	(601,407)	(611,505)	(649,560)	(649,045)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,937,781	\$ 9,028,233	\$ 9,181,418	\$ 9,753,157	\$ 9,464,568
Contributions as a Percentage of Covered Payroll	6.51%	6.66%	6.66%	6.66%	6.86%

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

Note: data presented includes the primary government and the non-certified employees of the discretely presented 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	2017	2018
Contractually Required Contribution	\$ 23,373	\$ 37,708	\$ 57,654	\$ 70,939
Less Contributions in Relation to the Contractually Required Contribution	<u>(23,373)</u>	<u>(37,708)</u>	<u>(57,654)</u>	<u>(70,939)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 584,315	\$ 942,703	\$ 1,441,355	\$ 1,773,467
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	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	2017	2018
Contractually Required Contribution	\$ 1,361,307	\$ 1,311,722	\$ 1,290,031	\$ 1,271,709	\$ 1,282,612
Less Contributions in Relation to the Contractually Required Contribution	(1,361,307)	(1,311,722)	(1,290,031)	(1,271,709)	(1,282,612)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 15,330,020	\$ 14,510,210	\$ 14,270,258	\$ 14,067,577	\$ 14,125,683
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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 *

	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Asset	0.275422%	0.214248%	0.219605%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (11,314)	\$ (22,304)	\$ (57,940)
Covered Payroll	\$ 584,315	\$ 942,703	\$ 1,441,355
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* 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-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	2017	2018
School Department's Proportion of the Net Pension Asset/Liability	0.390575%	0.387610%	0.395320%	0.397957%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (63,467)	\$ 158,778	\$ 2,470,530	\$ (130,206)
Covered Payroll	\$ 15,330,037	\$ 14,510,210	\$ 14,270,258	\$ 14,067,577
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	100.08%	99.81%	97.14%	100.14%

* 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 Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
For the Fiscal Year Ended June 30 *

Marion County Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 19,909
Interest	6,771
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(12,431)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 14,249
Total OPEB Liability, Beginning	<u>211,967</u>
 Total OPEB Liability, Ending	 <u><u>\$ 226,216</u></u>
 Covered Employee Payroll	 \$ 4,590,400
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.93%

Highway Department Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 5,721
Interest	1,945
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(3,608)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 4,058
Total OPEB Liability, Beginning	<u>60,881</u>
 Total OPEB Liability, Ending	 <u><u>\$ 64,939</u></u>
 Covered Employee Payroll	 \$ 988,686
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.57%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Marion County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30 *

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 263,146
Interest	138,598
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(207,554)
Benefit Payments	<u>(297,066)</u>
Net Change in Total OPEB Liability	\$ (102,876)
Total OPEB Liability, Beginning	<u>4,631,907</u>
 Total OPEB Liability, Ending	 <u>\$ 4,529,031</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,572,792
Employer Proportionate Share of the Total OPEB Liability	2,956,239
 Covered Employee Payroll	 \$ 18,435,435
Net OPEB Liability as a Percentage of Covered Employee Payroll	24.57%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

MARION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
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,
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.

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds					Debt Service Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 117,163	\$ 117,163	\$ 0
Equity in Pooled Cash and Investments	16,280	167,638	417,436	0	601,354	1,778,639
Accounts Receivable	0	91	0	185	276	0
Due from Other Governments	0	61,064	0	0	61,064	0
Property Taxes Receivable	0	0	0	0	0	655,777
Allowance for Uncollectible Property Taxes	0	0	0	0	0	(30,033)
Total Assets	<u>\$ 16,280</u>	<u>\$ 228,793</u>	<u>\$ 417,436</u>	<u>\$ 117,348</u>	<u>\$ 779,857</u>	<u>\$ 2,404,383</u>
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 4,785	\$ 4,785	\$ 0
Due to Litigants, Heirs, and Others	0	0	36,617	0	36,617	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,617</u>	<u>\$ 4,785</u>	<u>\$ 41,402</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 604,748
Deferred Delinquent Property Taxes	0	0	0	0	0	19,124
Other Deferred/Unavailable Revenue	0	28,000	0	0	28,000	0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 28,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,000</u>	<u>\$ 623,872</u>

(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
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 16,280	\$ 0	\$ 0	\$ 0	\$ 16,280	\$ 0
Restricted for Finance	0	0	0	112,563	112,563	0
Restricted for Public Safety	0	0	380,819	0	380,819	0
Restricted for Public Health and Welfare	0	200,793	0	0	200,793	0
Restricted for Debt Service	0	0	0	0	0	1,780,511
Committed:						
Committed for Debt Service	0	0	0	0	0	0
Total Fund Balances	<u>\$ 16,280</u>	<u>\$ 200,793</u>	<u>\$ 380,819</u>	<u>\$ 112,563</u>	<u>\$ 710,455</u>	<u>\$ 1,780,511</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,280</u>	<u>\$ 228,793</u>	<u>\$ 417,436</u>	<u>\$ 117,348</u>	<u>\$ 779,857</u>	<u>\$ 2,404,383</u>

(Continued)

Exhibit G-1

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

	<u>Debt Service Funds (Cont.)</u>		Total
	Education		Nonmajor
	Debt	Total	Governmental
	Service		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 117,163
Equity in Pooled Cash and Investments	3,049,768	4,828,407	5,429,761
Accounts Receivable	0	0	276
Due from Other Governments	298,409	298,409	359,473
Property Taxes Receivable	0	655,777	655,777
Allowance for Uncollectible Property Taxes	0	(30,033)	(30,033)
Total Assets	<u>\$ 3,348,177</u>	<u>\$ 5,752,560</u>	<u>\$ 6,532,417</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 0	\$ 4,785
Due to Litigants, Heirs, and Others	0	0	36,617
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,402</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 604,748	\$ 604,748
Deferred Delinquent Property Taxes	0	19,124	19,124
Other Deferred/Unavailable Revenue	158,000	158,000	186,000
Total Deferred Inflows of Resources	<u>\$ 158,000</u>	<u>\$ 781,872</u>	<u>\$ 809,872</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Debt Service

Committed:

Committed for Debt Service

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Debt Service Funds (Cont.)</u>		Total Nonmajor Governmental Funds
Education Debt Service	Total	
\$ 0	\$ 0	\$ 16,280
0	0	112,563
0	0	380,819
0	0	200,793
0	1,780,511	1,780,511
<u>3,190,177</u>	<u>3,190,177</u>	<u>3,190,177</u>
<u>\$ 3,190,177</u>	<u>\$ 4,970,688</u>	<u>\$ 5,681,143</u>
<u>\$ 3,348,177</u>	<u>\$ 5,752,560</u>	<u>\$ 6,532,417</u>

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
<u>Revenues</u>						
Local Taxes	\$ 9,638	\$ 382,905	\$ 0	\$ 0	\$ 392,543	\$ 658,823
Fines, Forfeitures, and Penalties	0	0	10,288	0	10,288	0
Charges for Current Services	0	50,623	0	494,883	545,506	0
Other Local Revenues	0	0	0	0	0	0
State of Tennessee	0	165,288	0	0	165,288	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 9,638	\$ 598,816	\$ 10,288	\$ 494,883	\$ 1,113,625	\$ 658,823
<u>Expenditures</u>						
Current:						
General Government	\$ 14,830	\$ 0	\$ 0	\$ 0	\$ 14,830	\$ 0
Finance	0	0	0	486,884	486,884	0
Administration of Justice	0	0	0	3,570	3,570	0
Public Safety	0	0	232,839	0	232,839	0
Public Health and Welfare	0	559,128	0	0	559,128	0
Other Operations	94	6,002	108	0	6,204	13,072
Debt Service:						
Principal on Debt	0	0	0	0	0	420,000
Interest on Debt	0	0	0	0	0	145,181
Other Debt Service	0	0	0	0	0	950
Total Expenditures	\$ 14,924	\$ 565,130	\$ 232,947	\$ 490,454	\$ 1,303,455	\$ 579,203

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Debt Service
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,286)	\$ 33,686	\$ (222,659)	\$ 4,429	\$ (189,830)	\$ 79,620
Net Change in Fund Balances	\$ (5,286)	\$ 33,686	\$ (222,659)	\$ 4,429	\$ (189,830)	\$ 79,620
Fund Balance, July 1, 2017	21,566	167,107	603,478	108,134	900,285	1,700,891
Fund Balance, June 30, 2018	\$ 16,280	\$ 200,793	\$ 380,819	\$ 112,563	\$ 710,455	\$ 1,780,511

(Continued)

Exhibit G-2

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

	<u>Debt Service Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Debt Service	Total	
<u>Revenues</u>			
Local Taxes	\$ 1,739,310	\$ 2,398,133	\$ 2,790,676
Fines, Forfeitures, and Penalties	0	0	10,288
Charges for Current Services	0	0	545,506
Other Local Revenues	9,551	9,551	9,551
State of Tennessee	0	0	165,288
Other Governments and Citizens Groups	42,929	42,929	42,929
Total Revenues	<u>\$ 1,791,790</u>	<u>\$ 2,450,613</u>	<u>\$ 3,564,238</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 14,830
Finance	0	0	486,884
Administration of Justice	0	0	3,570
Public Safety	0	0	232,839
Public Health and Welfare	0	0	559,128
Other Operations	17,635	30,707	36,911
Debt Service:			
Principal on Debt	771,191	1,191,191	1,191,191
Interest on Debt	480,419	625,600	625,600
Other Debt Service	0	950	950
Total Expenditures	<u>\$ 1,269,245</u>	<u>\$ 1,848,448</u>	<u>\$ 3,151,903</u>

(Continued)

Exhibit G-2

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

	<u>Debt Service Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Debt Service	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ 522,545	\$ 602,165	\$ 412,335
Net Change in Fund Balances	\$ 522,545	\$ 602,165	\$ 412,335
Fund Balance, July 1, 2017	2,667,632	4,368,523	5,268,808
Fund Balance, June 30, 2018	\$ 3,190,177	\$ 4,970,688	\$ 5,681,143

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,638	\$ 6,500	\$ 6,500	\$ 3,138
Total Revenues	\$ 9,638	\$ 6,500	\$ 6,500	\$ 3,138
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 14,830	\$ 15,000	\$ 15,000	\$ 170
<u>Other Operations</u>				
Other Charges	94	100	100	6
Total Expenditures	\$ 14,924	\$ 15,100	\$ 15,100	\$ 176
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,286)	\$ (8,600)	\$ (8,600)	\$ 3,314
Net Change in Fund Balance	\$ (5,286)	\$ (8,600)	\$ (8,600)	\$ 3,314
Fund Balance, July 1, 2017	21,566	20,031	20,031	1,535
Fund Balance, June 30, 2018	\$ 16,280	\$ 11,431	\$ 11,431	\$ 4,849

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 382,905	\$ 260,000	\$ 260,000	\$ 122,905
Charges for Current Services	50,623	45,000	45,000	5,623
State of Tennessee	165,288	150,000	150,000	15,288
Total Revenues	<u>\$ 598,816</u>	<u>\$ 455,000</u>	<u>\$ 455,000</u>	<u>\$ 143,816</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 559,128	\$ 647,239	\$ 647,239	\$ 88,111
<u>Other Operations</u>				
Other Charges	6,002	5,000	5,250	(752)
Total Expenditures	<u>\$ 565,130</u>	<u>\$ 652,239</u>	<u>\$ 652,489</u>	<u>\$ 87,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,686</u>	<u>\$ (197,239)</u>	<u>\$ (197,489)</u>	<u>\$ 231,175</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 225,000	\$ 225,000	\$ (225,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ (225,000)</u>
Net Change in Fund Balance	\$ 33,686	\$ 27,761	\$ 27,511	\$ 6,175
Fund Balance, July 1, 2017	<u>167,107</u>	<u>89,871</u>	<u>89,871</u>	<u>77,236</u>
Fund Balance, June 30, 2018	<u>\$ 200,793</u>	<u>\$ 117,632</u>	<u>\$ 117,382</u>	<u>\$ 83,411</u>

Exhibit G-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,288	\$ 22,000	\$ 22,000	\$ (11,712)
Total Revenues	\$ 10,288	\$ 22,000	\$ 22,000	\$ (11,712)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 232,839	\$ 135,600	\$ 286,610	\$ 53,771
<u>Other Operations</u>				
Other Charges	108	500	500	392
Total Expenditures	\$ 232,947	\$ 136,100	\$ 287,110	\$ 54,163
Excess (Deficiency) of Revenues Over Expenditures	\$ (222,659)	\$ (114,100)	\$ (265,110)	\$ 42,451
Net Change in Fund Balance	\$ (222,659)	\$ (114,100)	\$ (265,110)	\$ 42,451
Fund Balance, July 1, 2017	603,478	562,784	562,784	40,694
Fund Balance, June 30, 2018	\$ 380,819	\$ 448,684	\$ 297,674	\$ 83,145

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 658,823	\$ 634,244	\$ 634,244	\$ 24,579
Total Revenues	<u>\$ 658,823</u>	<u>\$ 634,244</u>	<u>\$ 634,244</u>	<u>\$ 24,579</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 13,072	\$ 15,000	\$ 15,000	\$ 1,928
<u>Principal on Debt</u>				
General Government	420,000	420,000	420,000	0
<u>Interest on Debt</u>				
General Government	145,181	145,182	145,182	1
<u>Other Debt Service</u>				
General Government	950	1,000	1,000	50
Total Expenditures	<u>\$ 579,203</u>	<u>\$ 581,182</u>	<u>\$ 581,182</u>	<u>\$ 1,979</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,620</u>	<u>\$ 53,062</u>	<u>\$ 53,062</u>	<u>\$ 26,558</u>
Net Change in Fund Balance	\$ 79,620	\$ 53,062	\$ 53,062	\$ 26,558
Fund Balance, July 1, 2017	<u>1,700,891</u>	<u>1,693,699</u>	<u>1,693,699</u>	<u>7,192</u>
Fund Balance, June 30, 2018	<u>\$ 1,780,511</u>	<u>\$ 1,746,761</u>	<u>\$ 1,746,761</u>	<u>\$ 33,750</u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,739,310	\$ 1,500,000	\$ 1,500,000	\$ 239,310
Other Local Revenues	9,551	6,000	6,000	3,551
Other Governments and Citizens Groups	42,929	0	42,929	0
Total Revenues	<u>\$ 1,791,790</u>	<u>\$ 1,506,000</u>	<u>\$ 1,548,929</u>	<u>\$ 242,861</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 17,635	\$ 17,000	\$ 18,000	\$ 365
<u>Principal on Debt</u>				
Education	771,191	730,000	771,191	0
<u>Interest on Debt</u>				
Education	480,419	478,682	480,420	1
Total Expenditures	<u>\$ 1,269,245</u>	<u>\$ 1,225,682</u>	<u>\$ 1,269,611</u>	<u>\$ 366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 522,545</u>	<u>\$ 280,318</u>	<u>\$ 279,318</u>	<u>\$ 243,227</u>
Net Change in Fund Balance	\$ 522,545	\$ 280,318	\$ 279,318	\$ 243,227
Fund Balance, July 1, 2017	<u>2,667,632</u>	<u>2,363,813</u>	<u>2,363,813</u>	<u>303,819</u>
Fund Balance, June 30, 2018	<u>\$ 3,190,177</u>	<u>\$ 2,644,131</u>	<u>\$ 2,643,131</u>	<u>\$ 547,046</u>

Major Governmental Funds

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.

Capital Projects Fund

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

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

Exhibit H-1

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,463,666	\$ 1,384,356	\$ 1,384,356	\$ 79,310
Other Governments and Citizens Groups	780,556	780,556	780,556	0
Total Revenues	<u>\$ 2,244,222</u>	<u>\$ 2,164,912</u>	<u>\$ 2,164,912</u>	<u>\$ 79,310</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 0
<u>Interest on Debt</u>				
Education	386,863	386,863	386,863	0
<u>Other Debt Service</u>				
Education	29,700	36,500	36,500	6,800
Total Expenditures	<u>\$ 1,716,563</u>	<u>\$ 1,723,363</u>	<u>\$ 1,723,363</u>	<u>\$ 6,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 527,659</u>	<u>\$ 441,549</u>	<u>\$ 441,549</u>	<u>\$ 86,110</u>
Net Change in Fund Balance	\$ 527,659	\$ 441,549	\$ 441,549	\$ 86,110
Fund Balance, July 1, 2017	<u>6,253,251</u>	<u>6,236,973</u>	<u>6,236,973</u>	<u>16,278</u>
Fund Balance, June 30, 2018	<u>\$ 6,780,910</u>	<u>\$ 6,678,522</u>	<u>\$ 6,678,522</u>	<u>\$ 102,388</u>

Exhibit H-2

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,054,960	\$ 1,016,537	\$ 1,016,537	\$ 38,423
State of Tennessee	119,288	0	151,854	(32,566)
Total Revenues	<u>\$ 1,174,248</u>	<u>\$ 1,016,537</u>	<u>\$ 1,168,391</u>	<u>\$ 5,857</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 299,390	\$ 0	\$ 309,207	\$ 9,817
<u>Other Operations</u>				
Other Economic and Community Development	26,181	28,489	28,489	2,308
Other Charges	20,971	20,000	21,200	229
Total Expenditures	<u>\$ 346,542</u>	<u>\$ 48,489</u>	<u>\$ 358,896</u>	<u>\$ 12,354</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 827,706</u>	<u>\$ 968,048</u>	<u>\$ 809,495</u>	<u>\$ 18,211</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (250,000)	\$ 0	\$ (250,000)	\$ 0
Total Other Financing Sources	<u>\$ (250,000)</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 577,706	\$ 968,048	\$ 559,495	\$ 18,211
Fund Balance, July 1, 2017	<u>5,231,770</u>	<u>5,223,595</u>	<u>5,223,595</u>	<u>8,175</u>
Fund Balance, June 30, 2018	<u>\$ 5,809,476</u>	<u>\$ 6,191,643</u>	<u>\$ 5,783,090</u>	<u>\$ 26,386</u>

Fiduciary Funds

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

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

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

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

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

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

Exhibit I-1

Marion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>					
	Cities - Sales Tax	Special School District	City School ADA - Richard City	Constitutional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 911,905	\$ 0	\$ 911,905
Equity in Pooled Cash and Investments	0	75	29,454	0	99,954	129,483
Accounts Receivable	0	0	558	1,238	0	1,796
Due from Other Governments	596,075	0	41,622	0	0	637,697
Property Taxes Receivable	0	32,867	345,805	0	0	378,672
Allowance for Uncollectible Property Taxes	0	(1,306)	(15,837)	0	0	(17,143)
Total Assets	<u>\$ 596,075</u>	<u>\$ 31,636</u>	<u>\$ 401,602</u>	<u>\$ 913,143</u>	<u>\$ 99,954</u>	<u>\$ 2,042,410</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 596,075	\$ 31,636	\$ 401,602	\$ 0	\$ 0	\$ 1,029,313
Due to Litigants, Heirs, and Others	0	0	0	913,143	0	913,143
Due to Joint Ventures	0	0	0	0	99,954	99,954
Total Liabilities	<u>\$ 596,075</u>	<u>\$ 31,636</u>	<u>\$ 401,602</u>	<u>\$ 913,143</u>	<u>\$ 99,954</u>	<u>\$ 2,042,410</u>

Exhibit I-2

Marion County, Tennessee
Combining Statements of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,559,937	\$ 3,559,937	\$ 0
Due from Other Governments	638,729	596,075	638,729	596,075
Total Assets	\$ 638,729	\$ 4,156,012	\$ 4,198,666	\$ 596,075
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 638,729	\$ 4,156,012	\$ 4,198,666	\$ 596,075
Total Liabilities	\$ 638,729	\$ 4,156,012	\$ 4,198,666	\$ 596,075
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 266	\$ 21,997	\$ 22,188	\$ 75
Taxes Receivable	30,099	32,867	30,099	32,867
Allowance for Uncollectible Taxes	(1,565)	(1,306)	(1,565)	(1,306)
Total Assets	\$ 28,800	\$ 53,558	\$ 50,722	\$ 31,636
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 28,800	\$ 53,558	\$ 50,722	\$ 31,636
Total Liabilities	\$ 28,800	\$ 53,558	\$ 50,722	\$ 31,636
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 25,282	\$ 608,443	\$ 604,271	\$ 29,454
Accounts Receivable	442	558	442	558
Due from Other Governments	44,389	41,622	44,389	41,622
Taxes Receivable	349,683	345,805	349,683	345,805
Allowance for Uncollectible Taxes	(17,007)	(15,837)	(17,007)	(15,837)
Total Assets	\$ 402,789	\$ 980,591	\$ 981,778	\$ 401,602
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 402,789	\$ 980,591	\$ 981,778	\$ 401,602
Total Liabilities	\$ 402,789	\$ 980,591	\$ 981,778	\$ 401,602

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,120,869	\$ 7,357,518	\$ 7,566,482	\$ 911,905
Accounts Receivable	2,022	1,238	2,022	1,238
Total Assets	<u>\$ 1,122,891</u>	<u>\$ 7,358,756</u>	<u>\$ 7,568,504</u>	<u>\$ 913,143</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,122,891	\$ 7,358,756	\$ 7,568,504	\$ 913,143
Total Liabilities	<u>\$ 1,122,891</u>	<u>\$ 7,358,756</u>	<u>\$ 7,568,504</u>	<u>\$ 913,143</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 48,882	\$ 176,929	\$ 125,857	\$ 99,954
Total Assets	<u>\$ 48,882</u>	<u>\$ 176,929</u>	<u>\$ 125,857</u>	<u>\$ 99,954</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 48,882	\$ 176,929	\$ 125,857	\$ 99,954
Total Liabilities	<u>\$ 48,882</u>	<u>\$ 176,929</u>	<u>\$ 125,857</u>	<u>\$ 99,954</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,120,869	\$ 7,357,518	\$ 7,566,482	\$ 911,905
Equity in Pooled Cash and Investments	74,430	4,367,306	4,312,253	129,483
Accounts Receivable	2,464	1,796	2,464	1,796
Due from Other Governments	683,118	637,697	683,118	637,697
Taxes Receivable	379,782	378,672	379,782	378,672
Allowance for Uncollectible Taxes	(18,572)	(17,143)	(18,572)	(17,143)
Total Assets	<u>\$ 2,242,091</u>	<u>\$ 12,725,846</u>	<u>\$ 12,925,527</u>	<u>\$ 2,042,410</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,070,318	\$ 5,190,161	\$ 5,231,166	\$ 1,029,313
Due to Litigants, Heirs, and Others	1,122,891	7,358,756	7,568,504	913,143
Due to Joint Ventures	48,882	176,929	125,857	99,954
Total Liabilities	<u>\$ 2,242,091</u>	<u>\$ 12,725,846</u>	<u>\$ 12,925,527</u>	<u>\$ 2,042,410</u>

Marion County School Department

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

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

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

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

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

Exhibit J-1

Marion County, Tennessee
Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 20,371,380	\$ 29,796	\$ 1,768,676	\$ (18,572,908)
Support Services	12,010,139	0	264,482	(11,745,657)
Operation of Non-instructional Services	3,483,550	318,753	3,728,128	563,331
Interest on Long-term Debt	1,738	0	0	(1,738)
Total Governmental Activities	\$ 35,866,807	\$ 348,549	\$ 5,761,286	\$ (29,756,972)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,376,280
Local Option Sales Taxes				3,677,142
Hotel/Motel Tax				39,224
Wholesale Beer Tax				119,858
Other Local Taxes				20,587
Grants and Contributions Not Restricted to Specific Programs				21,872,187
Unrestricted Investment Earnings				5,411
Miscellaneous				56,891
Total General Revenues				\$ 31,167,580
Change in Net Position				\$ 1,410,608
Net Position, July 1, 2017				42,454,855
Restatement - See Note I.D.9				(2,880,272)
Net Position, June 30, 2018				\$ 40,985,191

Exhibit J-2

Marion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marion County School Department
June 30, 2018

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>School</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
			<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 97,989	\$ 0	\$ 97,989
Equity in Pooled Cash and Investments	4,185,296	1,978,825	43,484	6,207,605
Inventories	0	68,907	0	68,907
Accounts Receivable	37,658	62	0	37,720
Due from Other Governments	1,104,132	105,232	129,807	1,339,171
Due from Other Funds	2,268	0	0	2,268
Property Taxes Receivable	5,345,097	0	0	5,345,097
Allowance for Uncollectible Property Taxes	(262,122)	0	0	(262,122)
Total Assets	\$ 10,412,329	\$ 2,251,015	\$ 173,291	\$ 12,836,635
<u>LIABILITIES</u>				
Accounts Payable	\$ 114,866	\$ 30,810	\$ 25,190	\$ 170,866
Accrued Payroll	30,884	0	95,833	126,717
Due to Other Funds	0	0	2,268	2,268
Due to Primary Government	5,171	0	0	5,171
Total Liabilities	\$ 150,921	\$ 30,810	\$ 123,291	\$ 305,022
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,879,956	\$ 0	\$ 0	\$ 4,879,956
Deferred Delinquent Property Taxes	187,661	0	0	187,661
Other Deferred/Unavailable Revenue	295,000	0	0	295,000
Total Deferred Inflows of Resources	\$ 5,362,617	\$ 0	\$ 0	\$ 5,362,617

(Continued)

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Funds</u>
	<u>School</u>		<u>Federal</u>	
			<u>Projects</u>	
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 68,907	\$ 0	\$ 68,907
Restricted:				
Restricted for Education	42,962	2,151,298	0	2,194,260
Committed:				
Committed for Education	0	0	50,000	50,000
Unassigned	4,855,829	0	0	4,855,829
Total Fund Balances	<u>\$ 4,898,791</u>	<u>\$ 2,220,205</u>	<u>\$ 50,000</u>	<u>\$ 7,168,996</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,412,329</u>	<u>\$ 2,251,015</u>	<u>\$ 173,291</u>	<u>\$ 12,836,635</u>

Exhibit J-3

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Marion County School Department
June 30, 2018

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)		\$ 7,168,996	
(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	34,262,699		
Add: other capital assets net of accumulated depreciation	<u>351,939</u>	35,733,474	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: OPEB liability	\$ (2,956,239)		
Less: net pension liability - agent plan	<u>(38,916)</u>	(2,995,155)	
(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	\$ 3,152,619		
Less: deferred inflows of resources related to pensions	(2,831,626)		
Add: deferred outflows of resources related to OPEB	207,868		
Less: deferred inflows of resources related to OPEB	<u>(121,792)</u>	407,069	
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - teacher retirement plan	\$ 57,940		
Add: net pension assets - teacher legacy plan	<u>130,206</u>	188,146	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>482,661</u>
Net position of governmental activities (Exhibit A)			<u>\$ 40,985,191</u>

Exhibit J-4

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marion County School Department
For the Year Ended June 30, 2018

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u>	<u>Central</u>	<u>School</u>	
	<u>Purpose</u> <u>School</u>	<u>Cafeteria</u>	<u>Federal</u> <u>Projects</u>	
<u>Revenues</u>				
Local Taxes	\$ 9,339,351	\$ 0	\$ 0	\$ 9,339,351
Licenses and Permits	2,186	0	0	2,186
Charges for Current Services	144,948	203,601	0	348,549
Other Local Revenues	205,654	5,411	0	211,065
State of Tennessee	21,775,200	24,650	0	21,799,850
Federal Government	94,967	3,110,942	2,370,505	5,576,414
Total Revenues	<u>\$ 31,562,306</u>	<u>\$ 3,344,604</u>	<u>\$ 2,370,505</u>	<u>\$ 37,277,415</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,882,017	\$ 0	\$ 1,531,575	\$ 19,413,592
Support Services	11,354,265	0	754,812	12,109,077
Operation of Non-Instructional Services	650,607	2,825,343	0	3,475,950
Capital Outlay	180,666	0	0	180,666
Debt Service:				
Principal on Debt	41,191	0	0	41,191
Interest on Debt	1,738	0	0	1,738
Other Debt Service	780,556	0	0	780,556
Total Expenditures	<u>\$ 30,891,040</u>	<u>\$ 2,825,343</u>	<u>\$ 2,286,387</u>	<u>\$ 36,002,770</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 671,266</u>	<u>\$ 519,261</u>	<u>\$ 84,118</u>	<u>\$ 1,274,645</u>

(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.)

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 84,118	\$ 0	\$ 0	\$ 84,118
Transfers Out	0	0	(84,118)	(84,118)
Total Other Financing Sources (Uses)	<u>\$ 84,118</u>	<u>\$ 0</u>	<u>\$ (84,118)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 755,384	\$ 519,261	\$ 0	\$ 1,274,645
Fund Balance, July 1, 2017	<u>4,143,407</u>	<u>1,700,944</u>	<u>50,000</u>	<u>5,894,351</u>
Fund Balance, June 30, 2018	<u>\$ 4,898,791</u>	<u>\$ 2,220,205</u>	<u>\$ 50,000</u>	<u>\$ 7,168,996</u>

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, 2018

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)		\$ 1,274,645
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 55,060	
Less: current-year depreciation expense	<u>(1,549,567)</u>	(1,494,507)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 482,661	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(482,661)</u>	0
<p>(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on capital leases to primary government		41,191
<p>(4) 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.</p>		
Change in net pension liability - agent plan	\$ 256,078	
Change in net pension asset - teacher legacy retirement plan	2,528,470	
Change in net pension asset - teacher retirement plan	107,902	
Change in deferred outflows related to pensions	(1,761,372)	
Change in deferred inflows related to pensions	304,975	
Change in OPEB liability (net of restatement)	67,150	
Change in deferred outflows related to OPEB	207,868	
Change in deferred inflows related to OPEB	<u>(121,792)</u>	<u>1,589,279</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,410,608</u>

Exhibit J-6

Marion County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Discretely Presented Marion County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,339,351	\$ 8,601,815	\$ 8,601,815	\$ 737,536
Licenses and Permits	2,186	2,289	2,289	(103)
Charges for Current Services	144,948	162,502	162,502	(17,554)
Other Local Revenues	205,654	105,000	249,936	(44,282)
State of Tennessee	21,775,200	21,635,904	21,880,087	(104,887)
Federal Government	94,967	95,000	100,607	(5,640)
Total Revenues	\$ 31,562,306	\$ 30,602,510	\$ 30,997,236	\$ 565,070
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 13,684,631	\$ 14,489,873	\$ 14,489,279	\$ 804,648
Special Education Program	2,564,176	2,729,909	2,729,909	165,733
Career and Technical Education Program	1,633,210	1,644,071	1,737,766	104,556
<u>Support Services</u>				
Attendance	132,086	135,167	135,167	3,081
Health Services	396,244	440,620	440,620	44,376
Other Student Support	784,732	847,889	876,652	91,920
Regular Instruction Program	1,137,326	968,618	1,186,966	49,640
Special Education Program	427,221	462,158	467,765	40,544
Career and Technical Education Program	136,617	133,114	153,840	17,223
Technology	496,748	583,690	583,690	86,942
Other Programs	130,262	0	130,262	0
Board of Education	493,962	716,972	716,972	223,010
Director of Schools	348,347	394,929	394,929	46,582
Office of the Principal	2,075,132	2,131,851	2,139,351	64,219
Fiscal Services	312,009	323,820	368,320	56,311
Human Services/Personnel	91,008	109,920	109,920	18,912
Operation of Plant	2,604,843	2,991,453	2,991,453	386,610
Maintenance of Plant	618,499	742,400	753,587	135,088
Transportation	1,169,229	1,246,172	1,246,172	76,943
<u>Operation of Non-Instructional Services</u>				
Community Services	266,333	232,952	348,194	81,861
Early Childhood Education	384,274	385,463	385,464	1,190
<u>Capital Outlay</u>				
Regular Capital Outlay	180,666	55,670	263,045	82,379
<u>Principal on Debt</u>				
Education	41,191	41,191	41,191	0
<u>Interest on Debt</u>				
Education	1,738	1,738	1,738	0
<u>Other Debt Service</u>				
Education	780,556	780,556	780,556	0
Total Expenditures	\$ 30,891,040	\$ 32,590,196	\$ 33,472,808	\$ 2,581,768
Excess (Deficiency) of Revenues Over Expenditures	\$ 671,266	\$ (1,987,686)	\$ (2,475,572)	\$ 3,146,838

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 84,118	\$ 80,000	\$ 80,000	\$ 4,118
Total Other Financing Sources	\$ 84,118	\$ 80,000	\$ 80,000	\$ 4,118
Net Change in Fund Balance	\$ 755,384	\$ (1,907,686)	\$ (2,395,572)	\$ 3,150,956
Fund Balance, July 1, 2017	4,143,407	3,781,131	3,781,131	362,276
Fund Balance, June 30, 2018	\$ 4,898,791	\$ 1,873,445	\$ 1,385,559	\$ 3,513,232

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,370,505	\$ 2,238,313	\$ 2,795,887	\$ (425,382)
Total Revenues	\$ 2,370,505	\$ 2,238,313	\$ 2,795,887	\$ (425,382)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,004,810	\$ 907,347	\$ 1,052,272	\$ 47,462
Special Education Program	481,199	474,615	611,612	130,413
Career and Technical Education Program	45,566	32,199	45,566	0
<u>Support Services</u>				
Other Student Support	163,361	169,290	252,414	89,053
Regular Instruction Program	188,023	165,174	248,625	60,602
Special Education Program	362,174	354,548	421,116	58,942
Career and Technical Education Program	2,946	2,800	2,946	0
Transportation	38,308	53,310	63,359	25,051
Total Expenditures	\$ 2,286,387	\$ 2,159,283	\$ 2,697,910	\$ 411,523
Excess (Deficiency) of Revenues Over Expenditures	\$ 84,118	\$ 79,030	\$ 97,977	\$ (13,859)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (84,118)	\$ (79,030)	\$ (97,976)	\$ 13,858
Total Other Financing Sources	\$ (84,118)	\$ (79,030)	\$ (97,976)	\$ 13,858
Net Change in Fund Balance	\$ 0	\$ 0	\$ 1	\$ (1)
Fund Balance, July 1, 2017	50,000	0	0	50,000
Fund Balance, June 30, 2018	\$ 50,000	\$ 0	\$ 1	\$ 49,999

Exhibit J-8

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 203,601	\$ 200,000	\$ 200,000	\$ 3,601
Other Local Revenues	5,411	8,200	8,200	(2,789)
State of Tennessee	24,650	25,000	25,000	(350)
Federal Government	3,110,942	3,149,853	3,149,853	(38,911)
Total Revenues	<u>\$ 3,344,604</u>	<u>\$ 3,383,053</u>	<u>\$ 3,383,053</u>	<u>\$ (38,449)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,825,343	\$ 3,881,714	\$ 3,881,714	\$ 1,056,371
Total Expenditures	<u>\$ 2,825,343</u>	<u>\$ 3,881,714</u>	<u>\$ 3,881,714</u>	<u>\$ 1,056,371</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 519,261</u>	<u>\$ (498,661)</u>	<u>\$ (498,661)</u>	<u>\$ 1,017,922</u>
Net Change in Fund Balance	\$ 519,261	\$ (498,661)	\$ (498,661)	\$ 1,017,922
Fund Balance, July 1, 2017	<u>1,700,944</u>	<u>1,743,919</u>	<u>1,743,919</u>	<u>(42,975)</u>
Fund Balance, June 30, 2018	<u>\$ 2,220,205</u>	<u>\$ 1,245,258</u>	<u>\$ 1,245,258</u>	<u>\$ 974,947</u>

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2018

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 86,635
Equity in Pooled Cash and Investments	20,345
Investments	<u>530,750</u>
Total Assets	<u>\$ 637,730</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 637,730</u>
Total Net Position	<u><u>\$ 637,730</u></u>

Exhibit J-10

Marion County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2018

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 165
Investment Income	<u>5,173</u>
Total Additions	<u>\$ 5,338</u>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	<u>\$ 14,000</u>
Total Deductions	<u>\$ 14,000</u>
Change in Net Position	\$ (8,662)
Net Position, July 1, 2017	<u>646,392</u>
Net Position, June 30, 2018	<u><u>\$ 637,730</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Capital Leases
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2010	\$ 3,675,000	2.5 to 4 %	3-31-10	4-1-30	\$ 2,400,000	\$ 0	\$ 200,000	\$ 2,200,000
General Obligation Refunding Bonds, 2015A Series	3,345,000	2 to 2.35	2-25-15	4-1-29	<u>2,925,000</u>	<u>0</u>	<u>220,000</u>	<u>2,705,000</u>
Total Payable through General Debt Service Fund					<u>\$ 5,325,000</u>	<u>\$ 0</u>	<u>\$ 420,000</u>	<u>\$ 4,905,000</u>
<u>Payable through Rural Debt Service Fund</u>								
Rural School Refunding Bonds, Series 2011	(1) 13,045,000	3 to 4.5	1-6-11	4-1-24	(3) \$ 7,745,000	\$ 0	\$ 1,000,000	\$ 6,745,000
Rural School General Obligation Refunding Bonds, 2015 Series	1,805,000	(2) 1.578	2-25-15	4-1-25	(3) <u>1,485,000</u>		<u>165,000</u>	<u>1,320,000</u>
Total Payable through Rural Debt Service Fund					<u>\$ 9,230,000</u>	<u>\$ 0</u>	<u>\$ 1,165,000</u>	<u>\$ 8,065,000</u>
<u>Payable through Education Debt Service Fund</u>								
General Obligation Refunding Bonds, 2014 Series	15,485,000	2 to 5	10-15-14	6-1-31	\$ 14,395,000	\$	\$ 730,000	\$ 13,665,000
Total Payable through Education Debt Service Fund					<u>\$ 14,395,000</u>	<u>\$ 0</u>	<u>\$ 730,000</u>	<u>\$ 13,665,000</u>
Total Bonds Payable					<u>\$ 28,950,000</u>	<u>\$ 0</u>	<u>\$ 2,315,000</u>	<u>\$ 26,635,000</u>
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
Jasper Public Works Project	(4) 377,000	1.94	12-2-12	4-1-23	\$ 237,000	\$ 0	\$ 37,000	\$ 200,000
Total Payable through General Fund					<u>\$ 237,000</u>	<u>\$ 0</u>	<u>\$ 37,000</u>	<u>\$ 200,000</u>
<u>Payable through Highway/Public Works Fund</u>								
Kenworth Dump Trucks	550,000	3.09	7-10-17	4-19-24	\$ 0	\$ 550,000	\$ 75,407	\$ 474,593
Total Payable through Highway/Public Works Fund					<u>\$ 0</u>	<u>\$ 550,000</u>	<u>\$ 75,407</u>	<u>\$ 474,593</u>
<u>Payable through Rural Debt Service Fund</u>								
School Refunding Capital Outlay Note	1,415,000	1.94	12-2-12	4-1-23	\$ 895,000	\$	\$ 135,000	\$ 760,000
Total Payable through Rural Debt Service Fund					<u>\$ 895,000</u>	<u>\$ 0</u>	<u>\$ 135,000</u>	<u>\$ 760,000</u>
Total Notes Payable					<u>\$ 1,132,000</u>	<u>\$ 550,000</u>	<u>\$ 247,407</u>	<u>\$ 1,434,593</u>

(Continued)

Exhibit K-1

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

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-17</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-18</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School</u>								
<u>Fund to the Education Debt Service Fund</u>								
Computers	\$ 197,958	4.2186 %	9-27-13	6-20-18	\$ 41,191	\$ 0	\$ 41,191	\$ 0
Total Capital Leases Payable					<u>\$ 41,191</u>	<u>\$ 0</u>	<u>\$ 41,191</u>	<u>\$ 0</u>

- (1) The original amount of the 2011 bond issue was misstated in the prior year and has been corrected.
- (2) The interest rate of the 2015 issue was misstated in the prior year and has been corrected.
- (3) The beginning balances of these bonds were restated due to errors in prior years. The total amount of debt was correct, but the distribution between the two bonds was incorrect.
- (4) Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note.

Exhibit K-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	<u>\$ 26,635,000</u>	<u>\$ 5,585,221</u>	<u>\$ 32,220,221</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 258,919	\$ 33,289	\$ 292,208
2020	261,170	27,450	288,620
2021	268,557	21,473	290,030
2022	280,984	15,360	296,344
2023	283,487	8,977	292,464
2024	81,476	2,524	84,000
Total	<u>\$ 1,434,593</u>	<u>\$ 109,073</u>	<u>\$ 1,543,666</u>

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2018

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
SunTrust Bank - Certificates of Deposit	\$ 152,415
Corporate Bonds - Caterpillar Financial	47,750
Corporate Bonds - General Electric	39,105
Corporate Bonds - Johnson & Johnson	100,114
Corporate Bonds - Morgan Stanley	104,464
Corporate Bonds - National Rural Utilities	47,701
Corporate Bonds - Wells Fargo	<u>39,201</u>
 Total Investments	 <u><u>\$ 530,750</u></u>

Exhibit K-4

Marion County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Bridge construction	\$ 10,000
"	Education Capital Projects	Operations	584,838
Other Capital Projects	Highway/Public Works	"	<u>250,000</u>
Total Transfers Primary Government			<u>\$ 844,838</u>
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 84,118</u>
Total Transfers Discretely Presented Marion County School Department			<u>\$ 84,118</u>

Exhibit K-5

Marion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and County Commission	\$ 93,558 (1) \$	100,000	RLI Insurance
Highway Supervisor	Section 8-24-102, <i>TCA</i> , and County Commission	79,950 (2)	100,000	"
Director of Schools	State Board of Education and County Board of Education	160,000 (3)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,682	1,228,223	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,682	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	79,950 (4)	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	79,950 (5)	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	72,682 (6)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	79,950 (7)	100,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - Highway Department			400,000	"
Public Employee Dishonesty - School Department			150,000	Liberty Mutual Insurance

- (1) Includes a local salary supplement of \$9,612.
- (2) Does not include a local salary supplement of \$1,800.
- (3) Does not include a chief executive officer training supplement of \$1,000.
- (4) Includes additional \$7,268 for serving as clerk of Juvenile Court. This additional payment is not allowed by state statute and is reflected as a receivable from the clerk at June 30, 2018. Details of this are noted in the Findings and Questioned Costs section of this report.
- (5) Includes additional \$7,268 for serving more than one court (10% of base salary by statute).
- (6) Does not include special commissioner fees of \$3,570.
- (7) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,081,793	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	281,433	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	408,758	0	0	0	0	0
Interest and Penalty	50,359	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	27,458	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	26,702	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	6,528	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	382,905	0	0	0
Litigation Tax - General	118,972	0	0	0	0	0
Litigation Tax - Special Purpose	1,459	9,638	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,743	0	0	0	0	0
Business Tax	322,331	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	4,279
Total Local Taxes	\$ 7,343,536	\$ 9,638	\$ 382,905	\$ 0	\$ 0	\$ 4,279
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 115,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,900	0	0	0	0	0
Building Permits	135,874	0	0	0	0	0
Total Licenses and Permits	\$ 252,961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 10,565	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	10,992	0	0	0	0	0
Drug Control Fines	0	0	0	10,288	0	0
Jail Fees	536	0	0	0	0	0
DUI Treatment Fines	1,235	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,032	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	30,596	0	0	0	0	0
Officers Costs	33,448	0	0	0	0	0
Game and Fish Fines	1,126	0	0	0	0	0
Drug Court Fees	5,624	0	0	0	0	0
Jail Fees	3,654	0	0	0	0	0
DUI Treatment Fines	11,448	0	0	0	0	0
Data Entry Fee - General Sessions Court	17,746	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,061	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	6,810	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	3,953	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 139,826	\$ 0	\$ 0	\$ 10,288	\$ 0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 24,184	\$ 0	\$ 0	\$ 0
Other General Service Charges	0	0	0	0	0	244,353
<u>Fees</u>						
Airport Fees	59,975	0	0	0	0	0
Copy Fees	1,080	0	0	0	0	0
Telephone Commissions	12	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	491,313	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	3,570	0
Data Processing Fee - Register	10,152	0	0	0	0	0
Data Processing Fee - Sheriff	2,436	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,100	0	0	0	0	0
Data Processing Fee - County Clerk	234	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	0	0	26,439	0	0	0
Total Charges for Current Services	\$ 76,989	\$ 0	\$ 50,623	\$ 0	\$ 494,883	\$ 244,353
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 171,445	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	146,920	0	0	0	0	0
Commissary Sales	22,753	0	0	0	0	0
Sale of Gasoline	148,060	0	0	0	0	23,360
Sale of Recycled Materials	0	0	0	0	0	409
Miscellaneous Refunds	7,986	0	0	0	0	361

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,101
Sale of Property	36,764	0	0	0	0	0
Damages Recovered from Individuals	875	0	0	0	0	0
Performance Bond Forfeitures	4,750	0	0	0	0	0
Total Other Local Revenues	\$ 539,553	\$ 0	\$ 0	\$ 0	\$ 0	32,231
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 34,695	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	336,265	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	171,170	0	0	0	0	0
General Sessions Court Clerk	274,279	0	0	0	0	0
Clerk and Master	248,360	0	0	0	0	0
Register	131,021	0	0	0	0	0
Sheriff	16,108	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,211,898	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,700	\$ 0	\$ 0	\$ 0	\$ 0	0
Airport Maintenance Program	13,902	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	14,400	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 247,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
Litter Program	75,512	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	79,387	0	0	0	0	0
Beer Tax	17,839	0	0	0	0	0
Vehicle Certificate of Title Fees	6,583	0	0	0	0	0
Alcoholic Beverage Tax	70,742	0	0	0	0	0
State Revenue Sharing - T.V.A.	330,576	0	165,288	0	0	0
State Revenue Sharing - Telecommunications	39,683	0	0	0	0	0
Contracted Prisoner Boarding	259,831	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,220,841
Petroleum Special Tax	0	0	0	0	0	20,374
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	815,069	0	0	0	0	0
Other State Revenues	20,835	0	0	0	0	0
Total State of Tennessee	\$ 2,017,685	\$ 0	\$ 165,288	\$ 0	\$ 0	\$ 2,241,215
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 34,103	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	18,634	0	0	0	0	0
Total Federal Government	\$ 52,737	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 34,245	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	362,179	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	703	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 397,127</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 12,032,312</u>	<u>\$ 9,638</u>	<u>\$ 598,816</u>	<u>\$ 10,288</u>	<u>\$ 494,883</u>	<u>\$ 2,522,078</u>

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 583,374	\$ 1,294,551	\$ 0	\$ 0	\$ 970,221	\$ 8,929,939
Trustee's Collections - Prior Year	27,909	61,923	0	0	30,941	402,206
Circuit Clerk/Clerk and Master Collections - Prior Years	37,352	84,310	0	0	41,410	571,830
Interest and Penalty	4,508	10,254	0	0	5,485	70,606
Payments in-Lieu-of Taxes - T.V.A.	2,642	5,770	0	0	3,478	39,348
Payments in-Lieu-of Taxes - Local Utilities	2,440	5,508	0	0	2,705	37,355
Payments in-Lieu-of Taxes - Other	598	1,350	0	0	720	9,196
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,739,310	0	0	2,122,215
Litigation Tax - General	0	0	0	0	0	118,972
Litigation Tax - Special Purpose	0	0	0	0	0	11,097
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	17,743
Business Tax	0	0	0	0	0	322,331
Mineral Severance Tax	0	0	0	0	0	4,279
Total Local Taxes	\$ 658,823	\$ 1,463,666	\$ 1,739,310	\$ 0	\$ 1,054,960	\$ 12,657,117
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,187
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,900
Building Permits	0	0	0	0	0	135,874
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252,961

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,565
Officers Costs	0	0	0	0	0	10,992
Drug Control Fines	0	0	0	0	0	10,288
Jail Fees	0	0	0	0	0	536
DUI Treatment Fines	0	0	0	0	0	1,235
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	1,032
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	30,596
Officers Costs	0	0	0	0	0	33,448
Game and Fish Fines	0	0	0	0	0	1,126
Drug Court Fees	0	0	0	0	0	5,624
Jail Fees	0	0	0	0	0	3,654
DUI Treatment Fines	0	0	0	0	0	11,448
Data Entry Fee - General Sessions Court	0	0	0	0	0	17,746
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	1,061
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	0	0	0	0	0	6,810
<u>Other Courts - In-county</u>						
Officers Costs	0	0	0	0	0	3,953
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	150,114

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,184
Other General Service Charges	0	0	0	0	0	244,353
<u>Fees</u>						
Airport Fees	0	0	0	0	0	59,975
Copy Fees	0	0	0	0	0	1,080
Telephone Commissions	0	0	0	0	0	12
Constitutional Officers' Fees and Commissions	0	0	0	0	0	491,313
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	3,570
Data Processing Fee - Register	0	0	0	0	0	10,152
Data Processing Fee - Sheriff	0	0	0	0	0	2,436
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	3,100
Data Processing Fee - County Clerk	0	0	0	0	0	234
<u>Education Charges</u>						
Other Charges for Services	0	0	0	0	0	26,439
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	866,848
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	9,551	\$ 1,135	\$ 0	182,131
Lease/Rentals	0	0	0	0	0	146,920
Commissary Sales	0	0	0	0	0	22,753
Sale of Gasoline	0	0	0	0	0	171,420
Sale of Recycled Materials	0	0	0	0	0	409
Miscellaneous Refunds	0	0	0	1,481	0	9,828

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects		
<u>Other Local Revenues (Cont.)</u>							
<u>Nonrecurring Items</u>							
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		8,101
Sale of Property	0	0	0	0	0		36,764
Damages Recovered from Individuals	0	0	0	0	0		875
Performance Bond Forfeitures	0	0	0	0	0		4,750
Total Other Local Revenues	\$ 0	\$ 0	\$ 9,551	\$ 2,616	\$ 0		583,951
<u>Fees Received From County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		34,695
Trustee	0	0	0	0	0		336,265
<u>Fees In-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0		171,170
General Sessions Court Clerk	0	0	0	0	0		274,279
Clerk and Master	0	0	0	0	0		248,360
Register	0	0	0	0	0		131,021
Sheriff	0	0	0	0	0		16,108
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		1,211,898
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		10,700
Airport Maintenance Program	0	0	0	0	0		13,902
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0		14,400

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	247,462
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	75,512
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	79,387
Beer Tax	0	0	0	0	0	17,839
Vehicle Certificate of Title Fees	0	0	0	0	0	6,583
Alcoholic Beverage Tax	0	0	0	0	0	70,742
State Revenue Sharing - T.V.A.	0	0	0	0	0	495,864
State Revenue Sharing - Telecommunications	0	0	0	0	0	39,683
Contracted Prisoner Boarding	0	0	0	0	0	259,831
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,220,841
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	119,288	934,357
Other State Revenues	0	0	0	0	0	20,835
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,288	\$ 4,543,476
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	34,103
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	1,371,531	0	1,390,165
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 1,371,531	\$ 0	\$ 1,424,268

(Continued)

Exhibit K-6

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

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Education Debt Service</u>	<u>Education Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 780,556	\$ 42,929	\$ 0	\$ 0	857,730
Contracted Services	0	0	0	0	0	362,179
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	703
Total Other Governments and Citizens Groups	\$ 0	\$ 780,556	\$ 42,929	\$ 0	\$ 0	1,220,612
Total	\$ 658,823	\$ 2,244,222	\$ 1,791,790	\$ 1,374,147	\$ 1,174,248	22,911,245

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, 2018

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,781,954	\$ 0	\$ 0	\$ 4,781,954
Trustee's Collections - Prior Year	229,000	0	0	229,000
Circuit Clerk/Clerk and Master Collections - Prior Years	304,268	0	0	304,268
Interest and Penalty	38,008	0	0	38,008
Payments in-Lieu-of Taxes - T.V.A.	22,881	0	0	22,881
Payments in-Lieu-of Taxes - Local Utilities	20,020	0	0	20,020
Payments in-Lieu-of Taxes - Other	3,030	0	0	3,030
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,677,142	0	0	3,677,142
Hotel/Motel Tax	39,224	0	0	39,224
Mixed Drink Tax	20,587	0	0	20,587
<u>Statutory Local Taxes</u>				
Bank Excise Tax	83,379	0	0	83,379
Wholesale Beer Tax	119,858	0	0	119,858
Total Local Taxes	<u>\$ 9,339,351</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,339,351</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,186	\$ 0	\$ 0	\$ 2,186
Total Licenses and Permits	<u>\$ 2,186</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,186</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 2,850	\$ 0	\$ 0	\$ 2,850

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Tuition - Out-of-state Systems	\$ 7,590	\$ 0	\$ 0	\$ 7,590
A la Carte Sales	0	0	203,601	203,601
Receipts from Individual Schools	16,202	0	0	16,202
Community Service Fees - Children	115,152	0	0	115,152
TBI Criminal Background Fee	3,154	0	0	3,154
Total Charges for Current Services	<u>\$ 144,948</u>	<u>\$ 0</u>	<u>\$ 203,601</u>	<u>\$ 348,549</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 5,411	\$ 5,411
Miscellaneous Refunds	54,336	0	0	54,336
<u>Nonrecurring Items</u>				
Sale of Property	2,555	0	0	2,555
Contributions and Gifts	3,353	0	0	3,353
<u>Other Local Revenues</u>				
Other Local Revenues	145,410	0	0	145,410
Total Other Local Revenues	<u>\$ 205,654</u>	<u>\$ 0</u>	<u>\$ 5,411</u>	<u>\$ 211,065</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 130,262	\$ 0	\$ 0	\$ 130,262
<u>State Education Funds</u>				
Basic Education Program	20,090,319	0	0	20,090,319
School Food Service	0	0	24,650	24,650

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Driver Education	\$ 8,484	\$ 0	\$ 0	\$ 8,484
Other State Education Funds	523,307	0	0	523,307
Coordinated School Health	95,000	0	0	95,000
Career Ladder Program	82,565	0	0	82,565
Vocational Equipment	160,498	0	0	160,498
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	684,765	0	0	684,765
Total State of Tennessee	<u>\$ 21,775,200</u>	<u>\$ 0</u>	<u>\$ 24,650</u>	<u>\$ 21,799,850</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,861,050	\$ 1,861,050
USDA - Commodities	0	0	219,853	219,853
Breakfast	0	0	896,641	896,641
USDA - Other	0	0	133,398	133,398
Vocational Education - Basic Grants to States	0	73,866	0	73,866
Title I Grants to Local Education Agencies	0	988,657	0	988,657
Special Education - Grants to States	5,607	872,907	0	878,514
Special Education Preschool Grants	0	39,345	0	39,345
English Language Acquisition Grants	0	27,781	0	27,781
Safe and Drug-free Schools - State Grants	89,360	0	0	89,360
Rural Education	0	67,481	0	67,481
Eisenhower Professional Development State Grants	0	128,329	0	128,329
Other Federal through State	0	172,139	0	172,139
Total Federal Government	<u>\$ 94,967</u>	<u>\$ 2,370,505</u>	<u>\$ 3,110,942</u>	<u>\$ 5,576,414</u>
Total	<u>\$ 31,562,306</u>	<u>\$ 2,370,505</u>	<u>\$ 3,344,604</u>	<u>\$ 37,277,415</u>

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	44,775	
Social Security		3,425	
Dues and Memberships		4,967	
Legal Services		43,234	
Legal Notices, Recording, and Court Costs		9,681	
Total County Commission			\$ 106,082

Board of Equalization

Board and Committee Members Fees	\$	2,000	
Social Security		153	
Total Board of Equalization			2,153

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	\$	2,925	
Social Security		224	
Total Budget and Finance Committee			3,149

County Mayor/Executive

County Official/Administrative Officer	\$	93,558	
Accountants/Bookkeepers		33,620	
Secretary(ies)		33,620	
Clerical Personnel		32,332	
Other Salaries and Wages		5,338	
Social Security		14,995	
Pensions		13,999	
Employee and Dependent Insurance		23,644	
Unemployment Compensation		117	
Communication		1,471	
Dues and Memberships		1,483	
Maintenance and Repair Services - Equipment		9,357	
Maintenance and Repair Services - Vehicles		690	
Postal Charges		1,375	
Travel		4,948	
Gasoline		1,200	
Instructional Supplies and Materials		15,000	
Office Supplies		2,967	
Office Equipment		2,996	
Total County Mayor/Executive			292,710

Election Commission

County Official/Administrative Officer	\$	65,414	
Deputy(ies)		28,296	

(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.)

Part-time Personnel	\$	7,517	
Overtime Pay		554	
Other Salaries and Wages		8,077	
Election Commission		12,000	
Election Workers		18,222	
Social Security		8,751	
Pensions		6,387	
Employee and Dependent Insurance		11,018	
Unemployment Compensation		64	
Contracts with Private Agencies		17,000	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		6,786	
Postal Charges		539	
Rentals		800	
Travel		4,440	
Office Supplies		4,797	
Other Supplies and Materials		735	
Total Election Commission			\$ 201,572

Register of Deeds

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		34,493	
Clerical Personnel		33,380	
Other Salaries and Wages		32,673	
Social Security		12,475	
Pensions		11,725	
Employee and Dependent Insurance		17,581	
Unemployment Compensation		77	
Data Processing Services		7,711	
Dues and Memberships		700	
Maintenance and Repair Services - Equipment		850	
Postal Charges		178	
Office Supplies		1,700	
Office Equipment		1,000	
Total Register of Deeds			227,225

Development

Contracts with Government Agencies	\$	50,000	
Total Development			50,000

Building

Supervisor/Director	\$	47,775	
Clerical Personnel		33,331	
Temporary Personnel		1,950	
Other Salaries and Wages		7,082	
In-service Training		319	
Social Security		6,641	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Pensions	\$	6,000	
Employee and Dependent Insurance		6,036	
Unemployment Compensation		42	
Communication		512	
Contracts with Government Agencies		10,000	
Dues and Memberships		134	
Postal Charges		249	
Travel		5,135	
Office Supplies		2,952	
Premiums on Corporate Surety Bonds		263	
Office Equipment		699	
Total Building			\$ 129,120

County Buildings

Custodial Personnel	\$	21,665	
Other Salaries and Wages		825	
Social Security		2,592	
Pensions		2,343	
Employee and Dependent Insurance		6,036	
Unemployment Compensation		21	
Janitorial Services		27,600	
Maintenance and Repair Services - Equipment		29,999	
Other Contracted Services		26,615	
Utilities		271,533	
Other Supplies and Materials		200,000	
Other Charges		7,142	
Building Improvements		34,723	
Heating and Air Conditioning Equipment		4,743	
Other Equipment		32,674	
Other Construction		44,278	
Total County Buildings			712,789

Other General Administration

Maintenance Personnel	\$	47,001	
Overtime Pay		6,790	
Other Salaries and Wages		37,157	
Social Security		6,640	
Pensions		6,239	
Employee and Dependent Insurance		11,593	
Unemployment Compensation		71	
Communication		1,488	
Travel		3,405	
Gasoline		2,285	
Total Other General Administration			122,669

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	72,682	
Secretary(ies)		33,331	
Clerical Personnel		33,331	
Other Salaries and Wages		33,331	
Social Security		13,000	
Pensions		11,645	
Employee and Dependent Insurance		18,108	
Unemployment Compensation		63	
Audit Services		3,150	
Legal Notices, Recording, and Court Costs		54	
Maintenance and Repair Services - Equipment		5,100	
Postal Charges		459	
Travel		281	
Office Supplies		2,203	
Office Equipment		378	
Total Property Assessor's Office			\$ 227,116

Reappraisal Program

Clerical Personnel	\$	8,533	
Other Salaries and Wages		32,853	
Social Security		3,150	
Pensions		2,220	
Employee and Dependent Insurance		6,036	
Unemployment Compensation		27	
Communication		314	
Postal Charges		702	
Travel		4,999	
Other Contracted Services		16,028	
Total Reappraisal Program			74,862

County Trustee's Office

Pensions	\$	12,000	
Employee and Dependent Insurance		22,228	
Dues and Memberships		578	
Legal Notices, Recording, and Court Costs		139	
Maintenance and Repair Services - Equipment		10,353	
Postal Charges		12,504	
Office Supplies		3,466	
Office Equipment		2,010	
Total County Trustee's Office			63,278

County Clerk's Office

Pensions	\$	15,996	
Employee and Dependent Insurance		22,228	
Dues and Memberships		543	
Maintenance and Repair Services - Equipment		23,836	
Postal Charges		7,745	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Supplies	\$	7,730	
Office Equipment		<u>3,615</u>	
Total County Clerk's Office			\$ 81,693

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	79,950	
Deputy(ies)		275,476	
Other Salaries and Wages		25,599	
Jury and Witness Expense		10,700	
Social Security		28,238	
Pensions		24,569	
Employee and Dependent Insurance		42,731	
Unemployment Compensation		225	
Data Processing Services		24,200	
Dues and Memberships		578	
Maintenance and Repair Services - Equipment		2,000	
Postal Charges		3,549	
Travel		206	
Office Supplies		12,204	
Other Charges		3,848	
Office Equipment		<u>6,857</u>	
Total Circuit Court			540,930

General Sessions Court

Judge(s)	\$	107,952	
Social Security		8,258	
Pensions		7,406	
Travel		1,693	
Library Books/Media		<u>3,144</u>	
Total General Sessions Court			128,453

Chancery Court

County Official/Administrative Officer	\$	72,682	
Accountants/Bookkeepers		25,688	
Clerical Personnel		33,331	
Other Salaries and Wages		33,331	
Social Security		12,305	
Pensions		11,321	
Employee and Dependent Insurance		23,627	
Unemployment Compensation		63	
Dues and Memberships		543	
Legal Notices, Recording, and Court Costs		26	
Maintenance and Repair Services - Equipment		11,245	
Postal Charges		9,731	
Office Supplies		<u>3,360</u>	
Total Chancery Court			237,253

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	64,771	
Assistant(s)		35,549	
Probation Officer(s)		32,726	
Overtime Pay		12,000	
Other Salaries and Wages		33,368	
Social Security		13,222	
Pensions		12,075	
Employee and Dependent Insurance		18,108	
Unemployment Compensation		63	
Postal Charges		85	
Travel		3,556	
Other Contracted Services		7,935	
Office Supplies		1,791	
Office Equipment		1,861	
Total Juvenile Court			\$ 237,110

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,950
Deputy(ies)		825,723
Investigator(s)		39,421
Accountants/Bookkeepers		7,009
Salary Supplements		14,400
Dispatchers/Radio Operators		372,382
Clerical Personnel		63,141
Attendants		76,260
Part-time Personnel		6,433
School Resource Officer		114,909
Overtime Pay		182,819
Other Salaries and Wages		61,012
In-service Training		5,371
Social Security		137,285
Pensions		118,799
Employee and Dependent Insurance		220,365
Unemployment Compensation		695
Data Processing Services		7,255
Dues and Memberships		2,000
Maintenance and Repair Services - Equipment		2,520
Postal Charges		912
Rentals		2,680
Travel		7,499
Other Contracted Services		16,144
Gasoline		104,999
Office Supplies		13,539
Tires and Tubes		12,654
Uniforms		3,792
Vehicle Parts		53,482

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Charges	\$	2,272	
Communication Equipment		17,019	
Law Enforcement Equipment		22,436	
Other Equipment		4,922	
Total Sheriff's Department			\$ 2,600,099

Administration of the Sexual Offender Registry

Overtime Pay	\$	351	
Social Security		25	
Pensions		24	
Employee and Dependent Insurance		39	
Other Charges		650	
Total Administration of the Sexual Offender Registry			1,089

Jail

Guards	\$	435,910	
Cafeteria Personnel		57,257	
Part-time Personnel		6,426	
Overtime Pay		60,499	
Other Salaries and Wages		16,956	
In-service Training		600	
Social Security		42,702	
Pensions		38,329	
Employee and Dependent Insurance		75,375	
Unemployment Compensation		541	
Medical and Dental Services		821,054	
Transportation - Other than Students		4,992	
Food Supplies		198,255	
Office Supplies		4,999	
Prisoners Clothing		4,424	
Uniforms		1,580	
Other Charges		50,000	
Total Jail			1,819,899

Correctional Incentive Program Improvements

Other Salaries and Wages	\$	14,935	
Social Security		699	
Pensions		800	
Employee and Dependent Insurance		799	
Unemployment Compensation		6	
Maintenance and Repair Services - Vehicles		1,500	
Other Supplies and Materials		829	
Total Correctional Incentive Program Improvements			19,568

Fire Prevention and Control

Contributions	\$	2,000	
Other Contracted Services		218,311	
Total Fire Prevention and Control			220,311

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Contributions	\$	20,000	
Equipment and Machinery Parts		<u>34,559</u>	
Total Civil Defense	\$		54,559

Rescue Squad

Contributions	\$	<u>15,000</u>	
Total Rescue Squad			15,000

County Coroner/Medical Examiner

Medical Personnel	\$	11,060	
Social Security		752	
Unemployment Compensation		<u>14</u>	
Total County Coroner/Medical Examiner			11,826

Public Health and Welfare

Local Health Center

Contributions	\$	82,397	
Other Contracted Services		243,604	
Instructional Supplies and Materials		10,333	
Building Construction		<u>7,675</u>	
Total Local Health Center			344,009

Ambulance/Emergency Medical Services

Ambulance Services	\$	<u>151,500</u>	
Total Ambulance/Emergency Medical Services			151,500

Alcohol and Drug Programs

Other Salaries and Wages	\$	2,400	
Other Supplies and Materials		<u>3,986</u>	
Total Alcohol and Drug Programs			6,386

Other Local Health Services

Contracts with Other Public Agencies	\$	15,000	
Pauper Burials		900	
Other Contracted Services		<u>33,380</u>	
Total Other Local Health Services			49,280

Sanitation Education/Information

Guards	\$	20,040	
Clerical Personnel		20,693	
Travel		3,320	
Instructional Supplies and Materials		<u>11,075</u>	
Total Sanitation Education/Information			55,128

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	<u>161,639</u>	
Total Libraries			161,639

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Clerical Personnel	\$	3,700	
Custodial Personnel		20,356	
Social Security		1,700	
Pensions		247	
Employee and Dependent Insurance		500	
Unemployment Compensation		49	
Total Parks and Fair Boards			\$ 26,552

Other Social, Cultural, and Recreational

Contributions	\$	22,700	
Other Charges		37,648	
Total Other Social, Cultural, and Recreational			60,348

Agriculture and Natural Resources

Agricultural Extension Service

Contributions	\$	65,502	
Maintenance and Repair Services - Equipment		759	
Office Equipment		600	
Total Agricultural Extension Service			66,861

Soil Conservation

Clerical Personnel	\$	30,819	
Social Security		1,897	
Pensions		407	
Employee and Dependent Insurance		5,557	
Unemployment Compensation		50	
Travel		455	
Other Charges		438	
Total Soil Conservation			39,623

Other Operations

Industrial Development

Dues and Memberships	\$	9,096	
Other Contracted Services		790,000	
Total Industrial Development			799,096

Other Economic and Community Development

Other Contracted Services	\$	15,330	
Other Charges		13,250	
Principal on Notes		37,000	
Interest on Notes		4,598	
Total Other Economic and Community Development			70,178

Airport

Supervisor/Director	\$	34,622	
Temporary Personnel		10,104	
Social Security		3,232	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Pensions	\$	2,324	
Employee and Dependent Insurance		6,036	
Unemployment Compensation		53	
Dues and Memberships		69	
Postal Charges		149	
Travel		647	
Fuel Oil		118,397	
Office Supplies		1,707	
Utilities		15,688	
Liability Insurance		1,999	
Other Charges		6,246	
Airport Improvement		28,600	
Other Construction		8,135	
Total Airport			\$ 238,008

Veterans' Services

Supervisor/Director	\$	15,000	
Social Security		1,148	
Unemployment Compensation		25	
Communication		490	
Postal Charges		49	
Travel		683	
Office Supplies		331	
Other Charges		399	
Total Veterans' Services			18,125

Other Charges

Audit Services	\$	10,448	
Postal Charges		10,000	
Office Supplies		8,334	
Building and Contents Insurance		25,682	
Liability Insurance		44,669	
Refunds		518,070	
Trustee's Commission		168,752	
Vehicle and Equipment Insurance		14,944	
Workers' Compensation Insurance		75,000	
Other Charges		15,652	
Total Other Charges			891,551

Total General Fund \$ 11,161,706

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	14,830	
Total County Buildings			\$ 14,830

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 94	
Total Other Charges		\$ 94

Total Courthouse and Jail Maintenance Fund \$ 14,924

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 32,388	
Part-time Personnel	166,180	
Overtime Pay	10,000	
Other Salaries and Wages	6,468	
Social Security	16,499	
Pensions	3,499	
Employee and Dependent Insurance	5,446	
Unemployment Compensation	326	
Maintenance and Repair Services - Equipment	21,927	
Disposal Fees	248,196	
Diesel Fuel	11,909	
Tires and Tubes	6,112	
Utilities	19,999	
Gravel and Chert	3,759	
Other Supplies and Materials	4,000	
Other Charges	2,420	
Total Convenience Centers		\$ 559,128

Other Operations

Other Charges

Trustee's Commission	\$ 6,002	
Total Other Charges		6,002

Total Solid Waste/Sanitation Fund 565,130

Drug Control Fund

Public Safety

Drug Enforcement

Accountants/Bookkeepers	\$ 4,000
Secretary(ies)	4,000
Overtime Pay	30,261
Social Security	2,500
Pensions	2,000
Unemployment Compensation	12
Confidential Drug Enforcement Payments	4,000
Towing Services	150
Law Enforcement Supplies	2,693
Law Enforcement Equipment	53
Motor Vehicles	28,000

(Continued)

Exhibit K-8

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

<u>Drug Control Fund (Cont.)</u>			
<u>Public Safety (Cont.)</u>			
<u>Drug Enforcement (Cont.)</u>			
Office Equipment	\$	4,161	
Building Purchases		<u>151,009</u>	
Total Drug Enforcement			\$ 232,839
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>108</u>	
Total Other Charges			<u>108</u>
Total Drug Control Fund			\$ 232,947
<u>Constitutional Officers - Fees Fund</u>			
<u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>202,731</u>	
Total County Trustee's Office			\$ 202,731
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>284,153</u>	
Total County Clerk's Office			284,153
<u>Administration of Justice</u>			
<u>Chancery Court</u>			
Special Commissioner Fees/Special Master Fees	\$	<u>3,570</u>	
Total Chancery Court			<u>3,570</u>
Total Constitutional Officers - Fees Fund			490,454
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	79,950	
Assistant(s)		84,794	
Accountants/Bookkeepers		81,210	
Salary Supplements		1,800	
Custodial Personnel		2,256	
Social Security		15,545	
Pensions		17,151	
Employer Medicare		3,636	
Communication		3,669	
Data Processing Services		7,458	
Dues and Memberships		3,664	
Evaluation and Testing		1,775	
Legal Notices, Recording, and Court Costs		568	
Postal Charges		459	
Travel		32	
Other Contracted Services		2,038	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	1,328	
Other Charges		<u>6,454</u>	
Total Administration			\$ 313,787

Highway and Bridge Maintenance

Foremen	\$	84,269	
Equipment Operators		127,982	
Equipment Operators - Light		212,193	
Truck Drivers		138,323	
Laborers		84,429	
Social Security		40,105	
Pensions		43,155	
Employer Medicare		9,379	
Other Contracted Services		258,851	
Asphalt - Cold Mix		10,727	
Asphalt - Hot Mix		249,969	
Asphalt - Liquid		8,691	
Crushed Stone		94,754	
Pipe		9,824	
Road Signs		7,628	
Sand		278	
Wood Products		1,579	
Other Supplies and Materials		19,493	
Other Charges		<u>2,050</u>	
Total Highway and Bridge Maintenance			1,403,679

Operation and Maintenance of Equipment

Foremen	\$	38,236	
Mechanic(s)		71,361	
Social Security		6,677	
Pensions		7,518	
Employer Medicare		1,562	
Diesel Fuel		56,031	
Equipment and Machinery Parts		52,363	
Garage Supplies		7,912	
Gasoline		53,509	
Lubricants		3,698	
Propane Gas		232	
Tires and Tubes		<u>5,153</u>	
Total Operation and Maintenance of Equipment			304,252

Other Charges

Electricity	\$	10,405	
Water and Sewer		136	
Building and Contents Insurance		2,120	
Liability Insurance		2,900	
Trustee's Commission		22,497	
Vehicle and Equipment Insurance		<u>25,274</u>	
Total Other Charges			63,332

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$ 207,848	
Workers' Compensation Insurance	<u>59,565</u>	
Total Employee Benefits		\$ 267,413

Capital Outlay

Bridge Construction	\$ 49,292	
Building Improvements	7,265	
Communication Equipment	2,361	
Motor Vehicles	547,316	
Office Equipment	249	
State Aid Projects	494,200	
Other Equipment	<u>73,734</u>	
Total Capital Outlay		1,174,417

Principal on Debt

Highways and Streets

Principal on Notes	\$ 75,407	
Total Highways and Streets		75,407

Interest on Debt

Highways and Streets

Interest on Notes	\$ 13,177	
Total Highways and Streets		<u>13,177</u>

Total Highway/Public Works Fund \$ 3,615,464

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 13,072	
Total Other Charges		\$ 13,072

Principal on Debt

General Government

Principal on Bonds	\$ 420,000	
Total General Government		420,000

Interest on Debt

General Government

Interest on Bonds	\$ 145,181	
Total General Government		145,181

Other Debt Service

General Government

Other Charges	\$ 950	
Total General Government		<u>950</u>

Total General Debt Service Fund 579,203

(Continued)

Exhibit K-8

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

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,165,000	
Principal on Notes	<u>135,000</u>	
Total Education		\$ 1,300,000

Interest on Debt

Education

Interest on Bonds	\$ 369,500	
Interest on Notes	<u>17,363</u>	
Total Education		386,863

Other Debt Service

Education

Trustee's Commission	\$ 29,050	
Other Charges	<u>650</u>	
Total Education		<u>29,700</u>

Total Rural Debt Service Fund \$ 1,716,563

Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 17,635	
Total Other Charges		\$ 17,635

Principal on Debt

Education

Principal on Bonds	\$ 730,000	
Principal on Capital Leases	<u>41,191</u>	
Total Education		771,191

Interest on Debt

Education

Interest on Bonds	\$ 478,681	
Interest on Capital Leases	<u>1,738</u>	
Total Education		<u>480,419</u>

Total Education Debt Service Fund 1,269,245

Education Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 2,511	
Total Other Charges		\$ 2,511

Capital Projects

Education Capital Projects

Architects	\$ 34,866	
Building Construction	<u>3,278,686</u>	
Total Education Capital Projects		<u>3,313,552</u>

Total Education Capital Projects Fund 3,316,063

(Continued)

Exhibit K-8

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

<u>Other Capital Projects Fund</u>		
<u>General Government</u>		
<u>County Buildings</u>		
Other Capital Outlay	<u>\$ 299,390</u>	
Total County Buildings		\$ 299,390
 <u>Other Operations</u>		
<u>Other Economic and Community Development</u>		
Water and Sewer	<u>\$ 26,181</u>	
Total Other Economic and Community Development		26,181
 <u>Other Charges</u>		
Trustee's Commission	<u>\$ 20,971</u>	
Total Other Charges		<u>20,971</u>
 Total Other Capital Projects Fund		 <u>\$ 346,542</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 23,308,241</u></u>

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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,377,683	
Career Ladder Program	44,000	
Homebound Teachers	11,523	
Educational Assistants	395,132	
Certified Substitute Teachers	52,974	
Non-certified Substitute Teachers	221,424	
Social Security	593,759	
Pensions	876,726	
Medical Insurance	1,752,323	
Employer Medicare	139,325	
Other Contracted Services	20,521	
Instructional Supplies and Materials	47,182	
Textbooks - Bound	61,017	
Other Supplies and Materials	90,742	
Regular Instruction Equipment	300	
Total Regular Instruction Program		\$ 13,684,631

Special Education Program

Teachers	\$ 1,322,546	
Career Ladder Program	9,000	
Homebound Teachers	10,429	
Educational Assistants	254,050	
Speech Pathologist	212,980	
Other Salaries and Wages	9,599	
Certified Substitute Teachers	6,763	
Non-certified Substitute Teachers	33,086	
Social Security	106,997	
Pensions	158,466	
Medical Insurance	398,942	
Employer Medicare	25,163	
Other Contracted Services	1,134	
Instructional Supplies and Materials	6,146	
Other Supplies and Materials	8,875	
Total Special Education Program		2,564,176

Career and Technical Education Program

Teachers	\$ 968,834	
Career Ladder Program	3,500	
Certified Substitute Teachers	3,656	
Non-certified Substitute Teachers	17,253	
Social Security	59,230	
Pensions	87,726	
Medical Insurance	175,810	
Employer Medicare	13,913	
Maintenance and Repair Services - Equipment	76	
Other Contracted Services	8,613	

(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.)

Career and Technical Education Program (Cont.)

Instructional Supplies and Materials	\$	18,071	
Textbooks - Electronic		21,220	
Textbooks - Bound		26,873	
Other Supplies and Materials		28,985	
Other Charges		813	
Vocational Instruction Equipment		198,637	
Total Career and Technical Education Program	\$		1,633,210

Support Services

Attendance

Supervisor/Director	\$	65,958	
Career Ladder Program		850	
Social Workers		31,215	
Social Security		5,952	
Pensions		8,208	
Medical Insurance		13,399	
Employer Medicare		1,392	
Travel		4,121	
Other Contracted Services		539	
Other Supplies and Materials		452	
Total Attendance			132,086

Health Services

Supervisor/Director	\$	60,522	
Medical Personnel		136,260	
Other Salaries and Wages		78,632	
Social Security		15,933	
Pensions		14,843	
Medical Insurance		49,778	
Employer Medicare		3,726	
Maintenance and Repair Services - Equipment		417	
Travel		3,266	
Other Contracted Services		1,578	
Drugs and Medical Supplies		3,643	
Other Supplies and Materials		6,154	
In Service/Staff Development		10,016	
Other Charges		980	
Health Equipment		10,496	
Total Health Services			396,244

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		468,466	
Clerical Personnel		27,720	
Other Salaries and Wages		6,493	
Social Security		29,169	

(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.)

Pensions	\$	45,115	
Medical Insurance		95,807	
Employer Medicare		6,822	
Contracts with Government Agencies		50,111	
Evaluation and Testing		46,019	
Travel		787	
Other Contracted Services		490	
Other Supplies and Materials		5,000	
In Service/Staff Development		1,733	
Total Other Student Support			\$ 784,732

Regular Instruction Program

Supervisor/Director	\$	220,584	
Career Ladder Program		6,000	
Librarians		442,215	
Secretary(ies)		15,620	
Other Salaries and Wages		102,580	
Social Security		47,427	
Pensions		71,025	
Medical Insurance		104,594	
Employer Medicare		11,092	
Travel		2,246	
Other Contracted Services		1,376	
Library Books/Media		71,280	
Other Supplies and Materials		938	
In Service/Staff Development		25,116	
Other Charges		13,718	
Other Equipment		1,515	
Total Regular Instruction Program			1,137,326

Special Education Program

Supervisor/Director	\$	80,784	
Career Ladder Program		2,000	
Secretary(ies)		28,925	
Social Security		6,874	
Pensions		9,501	
Medical Insurance		13,765	
Employer Medicare		1,608	
Maintenance and Repair Services - Equipment		455	
Travel		9,997	
Other Contracted Services		236,392	
Other Supplies and Materials		13,531	
In Service/Staff Development		14,900	
Other Charges		576	
Special Education Equipment		7,913	
Total Special Education Program			427,221

(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.)

Career and Technical Education Program

Supervisor/Director	\$	80,664	
Career Ladder Program		1,000	
Other Salaries and Wages		24,500	
Social Security		5,094	
Pensions		7,415	
Medical Insurance		10,135	
Employer Medicare		1,539	
Travel		1,173	
Other Supplies and Materials		643	
In Service/Staff Development		691	
Other Charges		3,763	
Total Career and Technical Education Program			\$ 136,617

Technology

Supervisor/Director	\$	64,591	
Other Salaries and Wages		200,406	
Social Security		15,830	
Pensions		18,010	
Medical Insurance		39,421	
Employer Medicare		3,702	
Internet Connectivity		49,287	
Travel		1,323	
Other Contracted Services		2,890	
Office Supplies		839	
Cabling		569	
Software		53,751	
Other Supplies and Materials		23,989	
Other Equipment		22,140	
Total Technology			496,748

Other Programs

On-behalf Payments to OPEB	\$	130,262	
Total Other Programs			130,262

Board of Education

Board and Committee Members Fees	\$	14,695	
Social Security		911	
Employer Medicare		213	
Audit Services		15,300	
Dues and Memberships		12,223	
Legal Services		85,568	
Travel		9,461	
Trustee's Commission		208,161	
Workers' Compensation Insurance		144,320	
Other Charges		3,110	
Total Board of Education			493,962

(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

County Official/Administrative Officer	\$	160,000	
Career Ladder Program		1,000	
Secretary(ies)		38,005	
Clerical Personnel		15,120	
Social Security		12,476	
Pensions		18,263	
Medical Insurance		17,087	
Employer Medicare		3,068	
Communication		38,329	
Dues and Memberships		3,478	
Maintenance and Repair Services - Equipment		3,040	
Postal Charges		2,108	
Travel		5,939	
Other Contracted Services		20,465	
Office Supplies		3,026	
In Service/Staff Development		6,864	
Other Charges		79	
Total Director of Schools			\$ 348,347

Office of the Principal

Principals	\$	650,448	
Career Ladder Program		8,000	
Assistant Principals		431,626	
Secretary(ies)		406,284	
Other Salaries and Wages		9,335	
Social Security		88,964	
Pensions		126,624	
Medical Insurance		288,384	
Employer Medicare		20,806	
Other Contracted Services		40,545	
Other Charges		1,990	
Administration Equipment		2,126	
Total Office of the Principal			2,075,132

Fiscal Services

Supervisor/Director	\$	83,298	
Accountants/Bookkeepers		95,521	
Other Salaries and Wages		42,742	
Social Security		13,157	
Pensions		14,713	
Medical Insurance		30,999	
Employer Medicare		3,077	
Data Processing Services		19,515	
Dues and Memberships		158	
Travel		3,162	
Other Contracted Services		2,283	

(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.)

Fiscal Services (Cont.)

Data Processing Supplies	\$	804	
Office Supplies		1,303	
Other Charges		61	
Administration Equipment		1,216	
Total Fiscal Services			\$ 312,009

Human Services/Personnel

Other Salaries and Wages	\$	68,969	
Social Security		4,234	
Pensions		4,731	
Medical Insurance		6,713	
Employer Medicare		990	
Travel		1,444	
Other Contracted Services		275	
Office Supplies		1,740	
Other Charges		90	
Other Equipment		1,822	
Total Human Services/Personnel			91,008

Operation of Plant

Custodial Personnel	\$	588,946	
Social Security		35,594	
Pensions		36,901	
Medical Insurance		187,679	
Employer Medicare		8,324	
Disposal Fees		27,219	
Other Contracted Services		33,928	
Custodial Supplies		149,407	
Electricity		1,051,064	
Natural Gas		153,863	
Water and Sewer		125,725	
Other Supplies and Materials		20,231	
Building and Contents Insurance		171,167	
Other Charges		1,460	
Plant Operation Equipment		13,335	
Total Operation of Plant			2,604,843

Maintenance of Plant

Maintenance Personnel	\$	240,095	
Social Security		13,383	
Pensions		14,324	
Medical Insurance		49,770	
Employer Medicare		3,395	
Maintenance and Repair Services - Buildings		10,746	
Maintenance and Repair Services - Equipment		61,572	
Maintenance and Repair Services - Vehicles		7,624	

(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.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	44,731	
Other Supplies and Materials		136,056	
Other Charges		2,273	
Administration Equipment		30,071	
Maintenance Equipment		4,459	
Total Maintenance of Plant			\$ 618,499

Transportation

Supervisor/Director	\$	11,640	
Bus Drivers		12,248	
Other Salaries and Wages		13,754	
Social Security		2,232	
Pensions		1,603	
Medical Insurance		1,082	
Employer Medicare		522	
Contracts with Parents		7,380	
Contracts with Vehicle Owners		1,115,713	
Travel		1,043	
Other Contracted Services		1,222	
Other Supplies and Materials		115	
In Service/Staff Development		675	
Total Transportation			1,169,229

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	11,450	
Teachers		64,435	
Other Salaries and Wages		130,559	
Social Security		10,706	
Pensions		14,881	
Employer Medicare		2,884	
Travel		593	
Other Contracted Services		650	
Instructional Supplies and Materials		5,930	
Other Supplies and Materials		15,434	
In Service/Staff Development		829	
Other Charges		7,982	
Total Community Services			266,333

Early Childhood Education

Teachers	\$	184,075	
Educational Assistants		67,580	
Non-certified Substitute Teachers		9,620	
Social Security		15,550	
Pensions		21,320	
Medical Insurance		62,810	

(Continued)

Exhibit K-9

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Early Childhood Education (Cont.)</u>		
Employer Medicare	\$	3,638
Other Fringe Benefits		889
Other Contracted Services		1,688
Instructional Supplies and Materials		10,872
In Service/Staff Development		4,867
Other Equipment		1,365
Total Early Childhood Education	\$	384,274
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Architects	\$	26,625
Other Charges		5,171
Building Improvements		133,808
Other Capital Outlay		15,062
Total Regular Capital Outlay		180,666
<u>Principal on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$	41,191
Total Education		41,191
<u>Interest on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$	1,738
Total Education		1,738
<u>Other Debt Service</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$	780,556
Total Education		780,556
Total General Purpose School Fund	\$	30,891,040
<u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Supervisor/Director	\$	1,139
Teachers		476,089
Educational Assistants		146,839
Non-certified Substitute Teachers		1,846
Social Security		37,946
Pensions		53,071
Medical Insurance		135,352
Employer Medicare		8,874
Other Fringe Benefits		1,885
Other Contracted Services		12,184

(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.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	56,829	
Other Supplies and Materials		3,051	
Other Charges		4,604	
Regular Instruction Equipment		65,101	
Total Regular Instruction Program			\$ 1,004,810

Special Education Program

Educational Assistants	\$	252,912	
Other Salaries and Wages		25,375	
Social Security		16,665	
Pensions		19,091	
Medical Insurance		109,081	
Employer Medicare		3,897	
Other Fringe Benefits		946	
Contracts with Private Agencies		8,405	
Instructional Supplies and Materials		16,496	
Other Supplies and Materials		3,057	
Other Charges		2,333	
Special Education Equipment		22,941	
Total Special Education Program			481,199

Career and Technical Education Program

Instructional Supplies and Materials	\$	12,913	
Vocational Instruction Equipment		32,653	
Total Career and Technical Education Program			45,566

Support Services

Other Student Support

Other Salaries and Wages	\$	100,743	
Social Security		6,143	
Pensions		9,144	
Medical Insurance		12,739	
Employer Medicare		1,437	
Other Fringe Benefits		302	
Evaluation and Testing		4,320	
Other Contracted Services		4,205	
Other Supplies and Materials		992	
In Service/Staff Development		19,012	
Other Charges		4,324	
Total Other Student Support			163,361

Regular Instruction Program

Supervisor/Director	\$	76,636	
Secretary(ies)		27,267	
Social Security		6,353	
Pensions		8,894	

(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.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	17,206	
Employer Medicare		1,486	
Other Fringe Benefits		337	
Travel		3,652	
Other Contracted Services		3,430	
Food Supplies		143	
Other Supplies and Materials		5,200	
In Service/Staff Development		35,136	
Other Charges		698	
Other Equipment		1,585	
Total Regular Instruction Program			\$ 188,023

Special Education Program

Psychological Personnel	\$	187,160	
Other Salaries and Wages		87,360	
Social Security		16,584	
Pensions		24,134	
Medical Insurance		28,941	
Employer Medicare		3,878	
Other Fringe Benefits		933	
Operating Lease Payments		1,188	
Other Supplies and Materials		5,711	
In Service/Staff Development		4,392	
Other Equipment		1,893	
Total Special Education Program			362,174

Career and Technical Education Program

In Service/Staff Development	\$	2,946	
Total Career and Technical Education Program			2,946

Transportation

Bus Drivers	\$	1,288	
Other Salaries and Wages		18,438	
Social Security		1,223	
Pensions		703	
Medical Insurance		6,916	
Employer Medicare		286	
Other Fringe Benefits		60	
Contracts with Vehicle Owners		4,850	
Maintenance and Repair Services - Vehicles		932	
Gasoline		2,864	
Lubricants		748	
Total Transportation			38,308

Total School Federal Projects Fund \$ 2,286,387

(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

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	69,000	
Accountants/Bookkeepers		21,155	
Cafeteria Personnel		793,394	
Other Salaries and Wages		27,790	
Social Security		53,312	
Pensions		44,761	
Medical Insurance		201,688	
Employer Medicare		12,849	
Other Fringe Benefits		23,638	
Communication		6,462	
Travel		5,958	
Other Contracted Services		89,108	
Food Preparation Supplies		72,481	
Food Supplies		1,106,126	
USDA - Commodities		219,853	
Other Supplies and Materials		10,714	
Trustee's Commission		62	
In Service/Staff Development		15,827	
Other Charges		4,171	
Food Service Equipment		46,994	
Total Food Service			\$ 2,825,343

Total Central Cafeteria Fund \$ 2,825,343

Total Governmental Funds - Marion County School Department \$ 36,002,770

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, 2018

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 21,099	\$ 312,992	\$ 334,091
Trustee's Collections - Prior Years	0	777	14,871	15,648
Circuit/Clerk and Master Collections - Prior Years	0	0	19,839	19,839
Interest and Penalty	0	121	2,444	2,565
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,348	1,348
Payments in-Lieu-of Taxes - Local Utilities	0	0	1,289	1,289
Payments in-Lieu-of Taxes - Other	0	0	317	317
Local Option Sales Tax	3,559,937	0	238,295	3,798,232
Hotel/Motel Tax	0	0	2,523	2,523
Mixed Drink Tax	0	0	1,323	1,323
Bank Excise Tax	0	0	5,358	5,358
Wholesale Beer Tax	0	0	7,703	7,703
Marriage Licenses	0	0	141	141
Total Cash Receipts	\$ 3,559,937	\$ 21,997	\$ 608,443	\$ 4,190,377
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,524,338	\$ 21,749	\$ 594,750	\$ 4,140,837
Trustee's Commission	35,599	439	9,521	45,559
Total Cash Disbursements	\$ 3,559,937	\$ 22,188	\$ 604,271	\$ 4,186,396
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (191)	\$ 4,172	\$ 3,981
Cash Balance, July 1, 2017	0	266	25,282	25,548
Cash Balance, June 30, 2018	\$ 0	\$ 75	\$ 29,454	\$ 29,529

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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, 2018, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements, and have issued our report thereon dated November 28, 2018. 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: 2018-001 and 2018-003.

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: 2018-002.

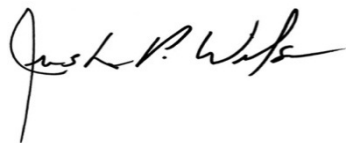
Marion County's Responses to the Findings

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

November 28, 2018

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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.

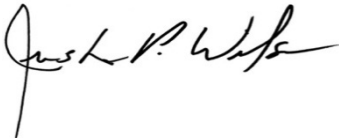
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2018, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements. We issued our report thereon dated November 28, 2018, 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

November 28, 2018

JPW/kp

Marion County, Tennessee, and the Marion County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For Year Ended June 30, 2018

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 Education:			
Child Nutrition Cluster (4):			
School Breakfast Program	10.553	N/A	\$ 896,641
National School Lunch Program	10.555	N/A	1,994,448 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (4):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	219,853 (5)
Total U.S. Department of Agriculture			<u>\$ 3,110,942</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	N/A	\$ 1,383,365
Total Appalachian Regional Commission			<u>\$ 1,383,365</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	\$ 988,657
Special Education Cluster (4):			
Special Education - Grants to States	84.027	N/A	878,514
Special Education - Preschool Grants	84.173	N/A	39,345
Career and Technical Education - Basic Grants to States	84.048	N/A	73,866
Twenty-first Century Community Learning Centers	84.287	N/A	89,360
Rural Education	84.358	(3)	67,481
English Language Acquisition State Grants	84.365	(3)	27,781
Improving Teacher Quality State Grants	84.367	(3)	128,329
Student Support and Academic Enrichment Grants	84.424A	(3)	27,656
Total U.S. Department of Education			<u>\$ 2,320,989</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	\$ 144,483
Total U.S. Department of Health and Human Services			<u>\$ 144,483</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	N/A	\$ 34,103
Total U.S. Department of Homeland Security			<u>\$ 34,103</u>
Total Expenditures of Federal Awards			<u>\$ 6,993,882</u>

(Continued)

Marion County, Tennessee, and the Marion County School Department
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
<u>State Grants</u>			
Coordinated School Health - State Department of Education	N/A	(3)	\$ 95,000
Safe Schools Act - State Department of Education	N/A	(3)	32,560
Read to be Ready - State Department of Education	N/A	(3)	8,951
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(3)	384,274
CTE Equipment Grant - State Department of Education	N/A	(3)	160,498
Juvenile Services Program - Commission on Children and Youth	N/A	(3)	10,700
Lottery for Education After School Programs - State Department Education	N/A	(3)	78,198
Local Health Services Grant - State Department of Health	N/A	GG-16-50750-00	247,462
Heath Department Expansion - State Department of Health	N/A	GG-18-55862-00	7,675
Airport Layout - State Department of Transportation	N/A	58-555-0717-04	4,135
Tennessee Dangerous Drug Task Force - Tennessee Bureau of Investigation	N/A	2015-AM-WX-0002	766
Court Security Grant - State Administrative Office of the Courts	N/A	30201	3,493
Airport Maintenance Program - State Department of Transportation	N/A	(3)	13,902
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	9,000
Inmate Litter Pickup - State Department of Transportation	N/A	(3)	31,212
Litter Program - State Department of Transportation	N/A	58-500-4017-04	44,300
Fast Track Grant - State Department of Economic and Community Development	N/A	(3)	790,000
Clean Tennessee Energy Grant - State Department of Environment and Conservation	N/A	(3)	119,288
Total State Grants			\$ 2,041,414

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) Child Nutrition Cluster total \$3,110,942; Special Education Cluster total \$917,859.
- (5) Total for CFDA No. 10.555 is \$2,214,301.

Marion County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

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 not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF DIRECTOR OF SCHOOLS

2017	200	2017-001	Duties were not segregated adequately	N/A	Corrected
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OFFICE OF SHERIFF

2017	201	2017-002	The sheriff's bank account was not reconciled with the general ledger	N/A	Corrected
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Prior-year Federal Awards 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, 2018

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 Number: 23.002 Appalachian Area Development
 - * CFDA Number: 84.010 Title I Grants to Local Education Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education -
Grants to States and Special Education -
Preschool Grants
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, 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. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF TRUSTEE

FINDING 2018-001

EMPLOYEES SHARED A USERNAME AND PASSWORD (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees used a shared username and password when accessing the server. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected in June 2018 when brought to the attention of management.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee. Usernames and passwords should be confidential and should not be shared among employees.

MANAGEMENT'S RESPONSE – TRUSTEE

We adamantly disagree with this finding.

The server has been reserved for the purpose of loading disks or drivers (which are prepared by other offices) with warrants (checks). These drivers must be downloaded onto our system in order to reconcile with the bank statements each day.

Upon receipt of these drivers, my employees simply take the driver to the server and download the warrants from the driver. The server has never been used in the taking in of funds and/or receipting property taxes. The sole reason the server was used to download warrants is because Local Government made the server the one and only operating system set up with software to accommodate these types of downloads.

After careful review and consideration, and inquiring of former trustees, it has been determined that at least 28 years, the server has been the only computer system loaded with

proper software to download these disks. I was trained to download warrants at the server and during my tenure (ten years) as trustee, I have trained my employees to do the same.

Further, during my tenure and before, Local Government has been called into our office on multiple occasions for various reasons and has continued to instruct us as to the process of downloading drivers on the server. We have even called Local Government on many occasions and have been led through the process of downloading warrants at the server over the phone.

Local Government never suggested or recommended putting accommodating software for downloading drivers on each employee's workstation. If this application of the server was incorrect and warrants a finding, I am at a loss as to how that finding hasn't surfaced in at least 28 years.

AUDITOR'S REBUTTAL

Because usernames and passwords are not tied to a specific computer, any employee may log into the server using his or her unique user account and perform any task including the uploading of information from storage media such as flash drives. Therefore, there is no need for a shared account. Because the shared account could be used at any computer to perform other tasks such as receipting, any transactions performed could not be identified to a specific individual. Because the official had stated in previous years that the password associated with the account in question was known to only her, this issue was not addressed as a deficiency in the past.

OFFICE OF COUNTY CLERK

FINDING 2018-002

**THE COUNTY CLERK RECEIVED SALARY PAYMENTS
IN EXCESS OF THE AMOUNT AUTHORIZED BY STATE
STATUTE RESULTING IN A CASH SHORTAGE OF \$7,268
AS OF JUNE 30, 2018**
(Noncompliance Under *Government Auditing Standards*)

In Marion County, the county clerk serves as the clerk of the Juvenile Court. Section 8-24-102(j)(2), *Tennessee Code Annotated*, allows additional compensation of ten percent of a clerk's base salary for a clerk of court who serves more than one court, and the clerk calculated and included this additional compensation (\$7,268) in his annual salary. However, the county clerk only serves one court and is not eligible for the additional compensation. This deficiency appears to be due to a misunderstanding or misapplication of the statute and resulted in an overpayment to the clerk totaling \$7,268 as of June 30, 2018. A receivable has been reflected in the financial statements of the General Fund in the financial statements of this report for the overpayment.

RECOMMENDATION

The county clerk should reimburse Marion County the \$7,268 overpayment and should adjust his current-year salary accordingly.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

The last CTAS *Directory of County Officials* in this office is dated 2006. When she was hired, the new bookkeeper was told to call the county bookkeeper to get the county official's salary when raises were given at the end of each fiscal year. The error occurred when the wrong line item was given to this office's bookkeeper incorrectly. In response to this error, the bookkeeper has been introduced to the use of CTAS online. In response to the cash shortage, the county clerk's salary has been adjusted in the gross pay to repay the amount over the next nine months.

FINDING 2018-003

SHORT-TERM BANK ACCOUNTS WERE NOT RECONCILED WITH THE GENERAL LEDGER

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

The county clerk's short-term accounts were not reconciled with the general ledger. The failure to regularly reconcile the short-term accounts with accounting records is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner. The June 30, 2018, accounts balances were determined by substantive testing and alternative auditing procedures. This deficiency can be attributed to a lack of sound business practices.

RECOMMENDATION

Short-term accounts should be reconciled with the general ledger monthly.

MANAGEMENT'S RESPONSE – COUNTY CLERK

An error was made in closing out a juvenile trust account. The new bookkeeper posted an amount incorrectly to the general ledger. In response, a correction amount has been posted to the general ledger to reconcile this short-term account correctly for the end of the fiscal year. The bookkeeper will be trained with more knowledge of short-term accounts.

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, 2018.

Marion County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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 in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF TRUSTEE

2018-001	Employees shared a username and password	216
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OFFICE OF COUNTY CLERK

2018-002	The county clerk received salary payments in excess of the amount authorized by state statute resulting in a cash shortage of \$7,268 as of June 30, 2018	218
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2018-003	Short-term bank accounts were not reconciled with the general ledger	219
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Diane B. Massengale

Trustee - Marion County, Tennessee

P.O. Box 789

Jasper, TN 37347

423-942-2681 (phone)

423-942-4048 (fax)

September 20, 2018

Via Email and U.S. Mail

Penny.Austin@cot.tn.gov

Ms. Penny Austin
Assistant Director of Information Systems
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

Re: Review of Audit Findings dated September 17, 2018
Marion County Trustee
Management's Corrective Action Plan Regarding Findings

Dear Ms. Austin:

Please allow this letter to serve as my Corrective Action Plan to the above-referenced Review of Audit Findings.

Response and Corrective Action Plan Prepared by:

Diane B. Massengale, Marion County Trustee

Person Responsible for Implementing the Corrective Action:

Diane B. Massengale, Marion County Trustee

Anticipated Completion Date of Corrective Action:

June 2018

Repeat Finding:

No

Reason Corrective Action was Not Taken in Prior Year:

Corrective Action hasn't been taken in previous years due to the fact that Local Government, who, up until the present year, has been responsible for installation, service, and training staff on how to use the Server, as well as our individual operating systems. In fact, my

staff has discussed with Local Government many times either in person or over the telephone the steps we took in use of the Server for this particular application.

In addition, no previous auditor has ever had a finding to this effect.

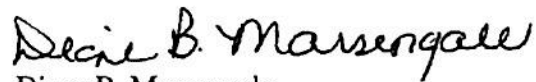
Planned Corrective Action:

The corrective action taken by myself, Diane Massengale, Trustee of Marion County, to ensure we are following the requirements of this finding was to immediately change the password on the Server to make it unknown to any staff member other than myself.

In addition, the second step in compliance taken was to call our new IT personnel and have them install the proper software to accommodate loading drivers on each employees' workstation instead of the Server.

If you have any questions regarding my Planned Corrective Action, or feel the actions taken are not adequate to correct this Finding, please feel free to contact me. If I do not hear from you within thirty (30) days, I will assume these corrective steps are adequate and this corrects the Finding and no further action should be taken.

Sincerely Yours,



Diane B. Massengale
Marion County Trustee

/lh
Enclosure

Dwight Minter

Marion County Clerk

P.O. Box 789

Jasper, Tennessee 37347

Phone: (423) 942-2515

Corrective Action Plan

FINDING: THE COUNTY CLERK RECEIVED SALARY PAYMENTS IN EXCESS OF THE AMOUNT AUTORIZED BY STATE STATUTE RESULTING IN A CASH SHORTAGE OF \$7,268.00 AS OF JUNE 30, 2018

Response and Corrective Action Plan Prepared by:
Dwight Minter, Marion County Clerk

Person Responsible for Implementing the Corrective Action:
Dwight Minter, Marion County Clerk

Anticipated Completion Date of Corrective Action:
October 15, 2018


Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:

The last CTAS Directory of County Officials in this office is dated for 2006. Upon hire the new bookkeeper was told to call County Bookkeeper for County Official's salary when raises were given at the end of each fiscal year. The error occurred when the wrong line item was read to this office's bookkeeper incorrectly. In response to correct this error the bookkeeper has been updated and introduced to the use of CTAS online. In response to the cash shortage the County Clerk's salary has been adjusted in the gross pay to repay the amount monthly over the next nine months.

Signature:



Dwight Minter, Marion County Clerk

Dwight Minter

Marion County Clerk

P.O. Box 789

Jasper, Tennessee 37347

(423) 942-2515

Corrective Action Plan

FINDING: SHORT-TERM BANK ACCOUNTS WERE NOT RECONCILED
WITH THE GENERAL LEDGER

Response and Corrective Action Plan Prepared by:
Dwight Minter, Marion County Clerk

Person Responsible for Implementing the Corrective Action:
Dwight Minter, Marion County Clerk

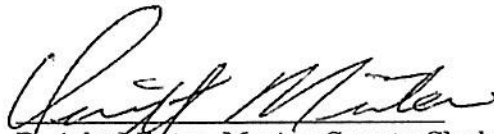
Anticipated Completion Date of Corrective Action:
August 13, 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
Error was made in closing out a Juvenile Trust account. New bookkeeper posted amount incorrectly to general ledger. In response a double correction amount has been posted to the General Ledger to reconcile this short-term account correctly for end of fiscal year. Bookkeeper will be trained with more knowledge of short-term accounts.

Signature:


Dwight Minter, Marion County Clerk

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.