

CITY OF MARION

Marion, South Carolina

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

June 30, 2015

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MAYOR

The Honorable Bobby L. Davis

CITY ATTORNEY

Boykin & Davis

CITY TREASURER

Patricia Brown

COUNCIL MEMBERS

Ronald D. Atkinson, Mayor Pro Tem

Ralph A. Atkinson

Joseph W. Frazier

Emerson C. Hunt

Odessa M. Gregg

Michael E. Baker

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
Marion, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Marion as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Marion'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 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 judgement, 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, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Marion as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 15 to the financial statements, in the fiscal year ended June 30, 2015 the City adopted new accounting guidance, *GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27"* and *GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68"*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for the Other Post Employment Benefits Plan (OPEB) on pages 7 through 14 and 44 through 46 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marion's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed under the other information section in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2015, on our consideration of the City of Marion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 the City of Marion's internal control over financial reporting and compliance.

Kenneth Cobb & Company P.C.

Mullins, South Carolina

November 21, 2015

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

Management of the City of Marion provides this Management's Discussion and Analysis for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City of Marion is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the additional information that is furnished with the City's financial statements which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at fiscal year ending June 30, 2015 by \$10.3 million (net position). Of this amount, \$1.5 million was reported as "unrestricted net position." Unrestricted net position represented the amount available to be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$2.5 million (including the prior period adjustment).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.1 million, a decrease of \$55 thousand in comparison with the prior year. Approximately 96 percent of this total or \$5.9 million was unassigned fund balance.
- The City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *"Accounting Financial Reporting for Pension - an amendment of GASB Statement No. 27 (GASB #68)"* and GASB Statement No. 71 *"Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB N. 68"* ("*GASB #71" and collectively "Statements"*) in 2015.

These Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officer's Retirement System cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e, the statement of net position) and presents more extensive note disclosures.

The adoption has resulted in the restatement of the City's net position as of July 1, 2014 to reflect the reporting of net pension liabilities and deferred outflows and inflows of resources for its qualified Plan in accordance with the provisions of these Statements. The net position of the City as of July 1, 2014 was decreased by approximately \$3.5 million reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note 6 in the notes to the financial statements for more information regarding the City's retirement plan.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to City of Marion's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining and individual fund financial statements) in addition to the basic financial statements themselves. These components are described below.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business.

The statement of net position presents all of the government's assets and liabilities, with differences between the two reported as "net position." Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, sanitation, and recreation.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the pages immediately following each governmental fund financial statement.

The City has two major governmental funds for presentation purposes: the general fund and the local hospitality tax fund. The City's other nonmajor governmental fund details are shown in the supplemental section of the financial statements.

The City adopts an annual appropriated budget for its general fund and the local hospitality tax fund. Budgetary comparison statements have been provided herein to demonstrate compliance with the budgets.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information including budgetary comparison schedules. This section also includes the schedule of funding progress for OPEB.

Other Information

Combining and Individual Fund Financial Statement and Schedules

The combining and individual fund financial statements are presented following the required supplementary information.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position totaled \$10.3 million at the close of the most recent fiscal year.

The largest portion of the City's net position is \$8.5 million which represents its net investment in capital assets such as land, buildings, equipment, and infrastructure (roads and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The City uses these fixed assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its fixed assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the fixed assets themselves cannot be used to liquidate these liabilities.

City of Marion's Net Position
(Expressed in thousands)

	<u>Governmental</u>	<u>Variance</u>
	<u>Activities</u>	<u>Favorable/</u>
	<u>Restated</u>	<u>(Unfavorable)</u>
	<u>2015</u>	<u>2014</u>
Current Assets	\$ 6,358	\$ 6,379
Capital Assets	9,034	7,348
Other Assets	385	427
Total Assets	<u>15,777</u>	<u>14,154</u>
Deferred Outflows of Resources	360	0
Long Term Liabilities	4,822	4,248
Other Liabilities	678	614
Total Liabilities	<u>5,500</u>	<u>4,862</u>
Deferred Inflows of Resources	352	0
Net Investment in Capital Assets	8,542	7,348
Restricted	235	278
Unrestricted	1,508	1,666
Total Net Position	<u>\$ 10,285</u>	<u>\$ 9,292</u>

A portion of the City's net position (2.3 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

Change in Net Position

The City's net position decreased by \$2.5 million (including a prior period adjustment). Approximately 39.7 percent of the City's total revenue came from taxes, while 5.0 percent resulted from grants and contributions (including state and federal aid). Charges for various goods and services provided 47.8 percent of the total revenues. The City's expenses cover a range of services. The largest expenses were for public safety and general government. In 2015, governmental activity expenses exceeded program revenues, resulting in the use of \$2.7 million in general revenues (mostly taxes).

	<u>Governmental Activities</u>		<u>Variance Favorable/ (Unfavorable)</u>
	<u>2015</u>	<u>2014</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,752	\$ 2,605	\$ 147
Operating Grants & Contributions	284	439	(155)
Capital Grants & Contributions	6	67	(61)
General Revenues:			
Taxes	2,284	2,162	122
Investment Earnings	24	39	(15)
Other	409	414	(5)
Total Revenues	<u>5,759</u>	<u>5,726</u>	<u>33</u>
Expenses:			
General Government	1,390	1,542	152
Public Safety	2,419	2,197	(222)
Highways and Streets	454	464	10
Sanitation	1,064	1,092	28
Community Development	177	77	(100)
Culture and Recreation	737	650	(87)
Interest	9	0	(9)
Depreciation, Unallocated	61	61	0
Total Expenses	<u>6,311</u>	<u>6,083</u>	<u>(228)</u>
Excess (Deficiency) Revenues over Expenses	(552)	(357)	(195)
Special Items	<u>1,545</u>	<u>458</u>	<u>1,087</u>
Change in Net Position	993	101	892
Net Position, Beginning of Year	12,778	12,656	122
Cumulative Change in Accounting Principle	(3,518)	0	(3,518)
Prior Period Adjustment	<u>32</u>	<u>21</u>	<u>11</u>
Net Position, End of Year	<u>\$ 10,285</u>	<u>\$ 12,778</u>	<u>\$ (2,493)</u>

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

Change in Net Position (continued)

Governmental activities of the current year increased the City's net assets by \$993 thousand.

FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$6.1 million. As a measure of the liquidity, it may be useful to compare the unreserved fund balance to total governmental fund expenditures. Unassigned fund balance of \$5,862,614 represents 92.8 percent of total governmental fund expenditures.

The fund balances of the City's governmental funds decreased by \$55 thousand during the current fiscal year. This is a .09 percent decrease over the prior year fund balance. This was largely due to using the fund balance to help purchase equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original approved general fund budget was amended for the fiscal year ended June 30, 2015. General fund revenues were over the approved budgeted revenues by \$106,377. This was largely due to an increase in business license and construction permit revenues coming in for the fiscal year. This was mainly due to construction being done on the many 1% capital projects and also a new Bojangles was constructed. Also, the recreation department hosted several tournaments for which admission fees were collected. In the past, no admission fees were charged and therefore was not budgeted. General fund expenditures were under the approved budget by \$127,491. This was largely due to gas for vehicles being much lower than anticipated which resulted in a lower fuel surcharge being charged by the contractor for waste disposal. Also, the City received a refund from their property, liability, and workman's compensation insurance company since they had another good claim year.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

FIXED ASSET AND DEBT ADMINISTRATION

Fixed Assets

The City's investment in fixed assets for its governmental as of June 30, 2015, amounts to \$15.3 million, less accumulated depreciation of \$6.3 million, leaving a net book value of \$9.0 million. This investment in fixed assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, drainage systems and similar items.

Actual governmental expenditures to purchase or construct capital assets were \$612 thousand for the year. Depreciation charges for the year totaled \$432 thousand. Additional information on the City's capital assets can be found in Note 10 of the notes to the financial statements of this report.

Debt Activity

Additional information on the City's long-term debt obligations can be found in Note 4 of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City has approved a balanced budget for the fiscal year ended June 30, 2016. The following are some factors considered in preparing this budget.

Marion County continues to have one of the highest unemployment rates in South Carolina at 9.9% in September, 2015. The state average was 5.7% in September, 2015.

Personnel costs make up a significant portion of the City's operating costs. The City gave a 2% cost of living increase. There was a 4.3% health insurance increase. The two million dollars (from the sale of the water and sewer system to GSWSA) is still being invested and should generate approximately \$35,000 in interest which is included in the fiscal year 15/16 budget. Also, the City expects to receive a franchise fee of approximately \$131,000 from GSWSA. The City will have two new businesses on the tax books for FY 15/16, Tractor Supply and Bojangles.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of City of Marion's finances for all of City of Marion's citizens, taxpayers, customers and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: City of Marion, Post Office Box 1190, Marion, South Carolina 29571.

CITY OF MARION
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash	\$5,398,610
Due from Other Agencies	536,622
Accounts Receivable	200,867
Accounts Receivable-Sanitation	165,132
Interest Receivable	5,050
Taxes Receivable- Net of Allowance	52,345
Restricted Cash	385,368
Land	513,050
Real Estate and Buildings	8,775,936
Furniture, Fixtures and Equipment	4,070,292
Infrastructure	1,959,639
Accumulated Depreciation	(6,285,388)
TOTAL ASSETS	15,777,523
 DEFERED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	359,973
 LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts Payable	250,593
Accrued Liabilities	8,998
Due to State/Federal Government	12,405
Due to Retirees	25,378
Payroll Deductions	(1,212)
Revenue Received in Advance	318,317
Long Term Liabilities- Due within one year	
Lease Obligations	63,618
Long Term Liabilities- Due in greater than one year	
Lease Obligations	419,332
Pension obligation	3,557,461
OPEB obligation	692,904
Compensated Absences Payable	152,676
TOTAL LIABILITIES	5,500,470
 DEFERED INFLOWS OF RESOURCES	
Deferred Pension Credits	352,460
 NET POSITION	
Net investment in capital assets	8,541,581
Restricted for:	
Cemetery-Non-expendable	32,702
Local Hospitality Tax	172,915
Housing Rehabilitation	29,628
Unrestricted	1,507,740
TOTAL NET POSITION	\$10,284,566

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

CITY OF MARION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
General Government	\$1,390,138	\$1,179,138	\$0	\$0	(\$211,000)
Public Safety	2,419,473	300,538	95,631	0	(2,023,304)
Highways and Streets	453,881	0	177,731	0	(276,150)
Sanitation	1,063,531	964,519	0	0	(99,012)
Community Development	177,499	4,659	10,747	0	(162,093)
Culture and Recreation	737,398	302,690	0	6,135	(428,573)
Depreciation *	60,746				(60,746)
Interest	8,998	0	0	0	(8,998)
Total Governmental Activities	<u>\$6,311,664</u>	<u>\$2,751,544</u>	<u>\$284,109</u>	<u>\$6,135</u>	<u>(3,269,876)</u>
General revenues:					
Property taxes levied for:					
General Purposes					2,283,628
Unrestricted Investment Earnings					23,976
Miscellaneous					410,039
Total general revenues					<u>2,717,643</u>
Special Items:					
Donated assets					1,748,734
Payments to Not for Profit Entity					(58,474)
Gain/(Loss) on disposal of assets					(145,183)
Total Special Items					<u>1,545,077</u>
Changes in net position					<u>992,844</u>
Net position, beginning of year					12,778,118
Cumulative change in accounting principle-GASB #68					<u>(3,518,629)</u>
Net position, beginning of year-restated					9,259,489
Prior period adjustment					32,233
Net position, end of year					<u>\$10,284,566</u>

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

* Unallocated--see Note 10 for depreciation charged to functions

CITY OF MARION
BALANCE SHEET -- GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash				
Cash	\$5,398,610	\$0	\$0	\$5,398,610
Restricted Cash	25,378	280,285	79,705	385,368
Receivables				
Interest	5,050	0	0	5,050
Taxes - Net of Allowance	19,257	0	0	19,257
Accounts-Miscellaneous	181,138	19,729	0	200,867
Accounts-Sanitation	165,132	0	0	165,132
Due from Other Funds	6,367	0	5,107	11,474
Due from Agencies	530,255	0	6,367	536,622
TOTAL ASSETS	<u>\$6,331,187</u>	<u>\$300,014</u>	<u>\$91,179</u>	<u>\$6,722,380</u>
 LIABILITIES AND FUND EQUITY				
LIABILITIES				
Revenue Received in Advance	\$296,345	\$0	\$21,972	\$318,317
Accounts Payable	123,494	127,099	0	250,593
Payroll Deductions & Employer Contributions	(1,212)	0	0	(1,212)
Due to Other Funds	5,107	0	6,367	11,474
Due to Retirees	25,378	0	0	25,378
Due to Other Agencies	11,895	0	510	12,405
TOTAL LIABILITIES	<u>461,007</u>	<u>127,099</u>	<u>28,849</u>	<u>616,955</u>
FUND EQUITY				
Fund Equity				
Restricted For:				
Permanent Fund-Cemetery Fund	0	0	32,702	32,702
Special Revenue Fund-Hospitality Fund	0	172,915	0	172,915
Committed To:				
Special Revenue Fund-Housing Rehabilitation	0	0	29,628	29,628
Assigned	7,566	0	0	7,566
Unassigned				
General Fund	5,862,614	0	0	5,862,614
TOTAL FUND EQUITY	<u>5,870,180</u>	<u>172,915</u>	<u>62,330</u>	<u>6,105,425</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$6,331,187</u>	<u>\$300,014</u>	<u>\$91,179</u>	<u>\$6,722,380</u>

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

CITY OF MARION
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION-
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Fund Balances - total governmental funds	\$6,105,425
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$15,318,917 and the accumulated depreciation is \$6,285,388.	9,033,529
Interest on long term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(8,998)
Delinquent property taxes receivable will be collected in the subsequent fiscal year, but only those receivables available soon enough to pay for the current period's expenditures are reported in the governmental funds.	33,088
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Lease obligations	(482,950)
Compensated absences	(152,676)
OPEB obligation	(692,904)
Net pension obligations and deferred charges and credits	(3,549,948)
Net Position - Governmental Activities	\$10,284,566

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

CITY OF MARION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$2,282,773	\$0	\$0	\$2,282,773
Licenses and Permits	1,216,148	0	0	1,216,148
Charges for Services	964,519	0	0	964,519
Fines and Forfeits	165,808	0	0	165,808
Operational Revenues	658,329	232,165	52,907	943,401
Grants	0	0	185,927	185,927
TOTAL REVENUES	5,287,577	232,165	238,834	5,758,576
EXPENDITURES				
Current Expenditures				
General Government	1,161,822	0	0	1,161,822
Public Safety	2,210,367	0	23,437	2,233,804
Highways and Streets	411,810	0	0	411,810
Sanitation	1,020,138	0	0	1,020,138
Community Development	0	0	177,499	177,499
Culture and Recreation	477,857	219,101	6,611	703,569
Capital Outlay	92,896	31,097	487,685	611,678
TOTAL EXPENDITURES	5,374,890	250,198	695,232	6,320,320
Excess (deficiency) of revenues over expenditures	(87,313)	(18,033)	(456,398)	(561,744)
OTHER FINANCING SOURCES (USES)				
Payments to Not for Profit Entity	0	(5,000)	(53,474)	(58,474)
Sale of Assets	81,935	0	0	81,935
Debt Proceeds	82,950	0	400,000	482,950
Operating Transfers In	49	0	76,550	76,599
Operating Transfer Out	(76,550)	0	(49)	(76,599)
TOTAL OTHER FINANCING SOURCES (USES)	88,384	(5,000)	423,027	506,411
Excess (deficiency) of revenues over expenditures and other sources (uses)	1,071	(23,033)	(33,371)	(55,333)
Fund Balances at beginning of year	5,869,109	195,948	95,701	6,160,758
Fund Balances at end of year	<u>\$5,870,180</u>	<u>\$172,915</u>	<u>\$62,330</u>	<u>\$6,105,425</u>

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

CITY OF MARION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Total net change in fund balance-governmental funds	(\$55,333)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Add - Capital outlay per fund financial statements	611,678
Deduct - Depreciation expense	(431,633)
Deduct - Capital outlay that does not meet the depreciation requirements	(15,882)
Add - Donated Assets	1,748,734
In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.	
	(227,118)
The decrease in the liability for compensated absences does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	
	3,688
The issuance of long-term debt provides current financial resources to the governmental funds in the period issued, but it increases long term liabilities in the Statement of Net Position, and therefore, is not reflected in the Statement of Activities.	
	(482,950)
Delinquent property taxes receivable will be collected in the subsequent period, however in the fund financial statements only the amounts available soon enough after year end to pay for the current period's expenditures are recorded. This amount is the difference between the June 30, 2014 amount of \$32,233 and the June 30,2015 amount of \$33,088.	
	855
Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the difference between the June 30, 2014 interest in the amount of \$0 and the June 30, 2015 interest in the amount of \$8,998.	
	(8,998)
The increase in the liability for the net OPEB obligation, net pension obligation and net pension deferred charges and credits does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	
	<u>(150,197)</u>
Change in Net Position of Governmental Activities	<u><u>\$992,844</u></u>

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

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marion is a distinct political subdivision of the State of South Carolina. The governing authority is the Mayor and the City Council. The Mayor and City Council are elected by the citizens of the City of Marion. The financial statements of the City of Marion have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting polices of the City are described below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*. Some of the significant changes in the financial statements include the following:

A Management's Discussion and Analysis (MD&A) providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the City's activities.

A change in the fund financial statements to focus on the major funds.

Reporting Entity

This report includes all of the funds of the City of Marion. It includes all activities considered to be part of (controlled by or dependent on) the City under GASB Statement No. 14, the Financial Reporting Entity and GASB Statement No. 39, determining whether certain organizations are component units.

Basis of Accounting/Measurement Focus

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the Governmental Activities for the City.

These statements include all financial activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds. Accordingly, in the government-wide statements all of the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The City does not allocate indirect expenses. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the City.

The City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*" (GASB #68") and GASB Statement 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. The adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified Plan in accordance with the provisions of these Statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payable and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net positions presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for (1) principal and interest on general long term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which is reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Governmental fund types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the Fiduciary Funds) are accounted for through governmental funds.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements. The City reports the following major funds.

Major Funds

General Fund - The General fund is the general operating fund of the City and accounts and reports for all financial resources of the City not accounted for and reported in another fund. All general tax revenue and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures are paid from the General Fund.

Local Hospitality Tax Fund- The local hospitality tax fund accounts for and reports the proceeds of the revenue from the local hospitality tax collections and the expenditures from this revenue.

Other Governmental Funds

Permanent Fund - Cemetery Fund - The cemetery fund is used to account for CD's held for the operations of the city owned cemeteries.

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

Debt Service Fund - The Debt Service Fund, an unbudgeted fund, is used to account for the accumulation of financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt including capital lease obligations, principal, interest and related costs. The City did not report a debt service fund for the fiscal year ended June 30, 2015.

Capital Projects Fund - The capital projects fund is used to account and report for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition, construction, or renovation of capital facilities and other capital assets by the City.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available for use, the City's practice is to apply restricted resources first, then unrestricted resources as they are needed.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

Cash

The City is authorized by state statute to invest in the following:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
2. Obligations issued by the Federal Financial Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. (i) General obligations of the State of South Carolina and its political units, savings and loan associations to the extent that the same are insured by an agency of the federal government or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top rating categories without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
4. Savings and loan associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposits where collaterally secured by securities of the type described in 1 & 2 above held by a third party escrow agent or custodian of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
6. Repurchase agreements when collateralized by securities as set forth in this section, and
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution, when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or County Treasurer if the particular portfolio of the investment company investment or trust in which the investment is made (a) limited to obligations described in items (1), (2), (3) and (5) and (b) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Inventories

Inventories are valued at cost using the FIFO method, and are determined by physical count. The cost is recorded as an expenditure at the time of purchase and significant inventories on hand at year end are recorded as assets.

Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City follows the policy of not capitalizing assets with a cost of less than \$5,000 or with a useful life of less than 1 year. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Life
Land	Not Depreciated
Land Improvements	20-50 Years
Buildings and Improvements	10-50 Years
Furniture and Equipment	3-10 Years
Vehicles	3-10 Years
Construction in Progress	Not Depreciated

Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categorized as; invested in capital assets (net of related debt), restricted and unrestricted.

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or purpose.

The City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Restricted - amounts that can be spent only for specific purposes because of City, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - amounts that can be used only for specific purposes determined by a formal action by City Council. Commitments may be modified or rescinded only through policies approved by the Council, the highest level of decision making authority.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Treasurer, Mayor or Council may assign, modify, or rescind amounts for specific purposes.

Unassigned - all amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 17). As discussed in Note 1, restricted funds are used first as appropriate. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

Nonexchange transactions

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, and grants.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

Investments

The City of Marion's investments include savings accounts and certificates of deposits held by TD Bank, First Citizens Bank, First Citizens Securities, BB&T, Anderson Brothers Bank and Pee Dee Federal Savings Bank.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Revenue Received in Advance

The City reports revenue received in advance on its statement of net position and governmental funds balance sheet. In subsequent periods, the liability for revenue received in advance is removed from the statement of net position and governmental funds balance sheet and revenue is recognized. Revenue received in advance includes the following. Local option sales tax that has been collected and will be used to roll back property taxes in the subsequent year. The portion of police fines collected for victims's rights that has not been expended is included. It also contains revenue from special revenue funds not expended at fiscal year end.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which is reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees. Capital asset acquisitions are reported as expenditures in governmental funds.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed operating budget covering the General Fund is prepared prior to May 30, and is submitted to City Council. The budget for the General Fund is prepared on the modified accrual basis and is adopted on a basis consistent with GAAP.
2. Prior to June 30, the budget is legally enacted through passage of an ordinance.
3. Public hearings are conducted to obtain taxpayer comments, with appropriate public notice published prior to these hearings.
4. The Treasurer is authorized to transfer budgeted amounts between departments within funds; any revisions must be approved by the City Council.
5. Formal budgetary integration is employed within the general ledger.

Property Tax Calendar

The City's property tax calendar is as follows:

January 1 - property tax assessment
October 1 - levy of property taxes
January 16 - penalties are added to property taxes
March 16 - execution of property taxes

New vehicle property taxes are assessed and levied by the County Auditor. Payment on new vehicles purchased from a dealer are due within 120 days of purchase. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the schedule renewal.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Deferred Outflows and Inflows of Resources

The Statement of Net Position may report deferred outflows of resources following the assets section and deferred inflows of resources following the liabilities section. Deferred outflows of resources represents a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

Sick and Annual Leave

Employees of the City are permitted to accumulate annual leave up to a maximum of six weeks. Annual leave is earned at the rate of 2 weeks per year for the first 10 years of City service, 3 weeks per year for the second 10 years of City service, and 4 weeks per year upon completion of 20 years of services. Employees have no vested interest in sick leave benefits. Sick leave is earned based on the following schedule:

<u>TIME EMPLOYED</u>	<u>SICK LEAVE</u>	<u>ACCUMULATION</u>
6 months - 1 year	1 week	none
1 year - 4 years	2 weeks	4 weeks
5 years - 9 years	3 weeks	6 weeks
10 years - 14 years	4 weeks	8 weeks
15 years - 19 years	5 weeks	10 weeks
20 years or over	6 weeks	12 weeks

NOTE 2 - RECEIVABLES

Gross receivables of \$172,956 net of an allowance for uncollectibles of \$7,824 are recorded in the general fund for sanitation fees due from City customers.

The general fund defers revenue recognition in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The general fund has reported gross taxes receivable of \$170,612 net of a deferral of \$151,355 in the balance sheet for governmental funds on the modified accrual basis of accounting. In the statement of net position the City has reported a deferral of \$118,267 on the full accrual basis of accounting.

Only those receivables with allowances or deferrals are presented above.

NOTE 3 - NET POSITION/FUND BALANCES

As of June 30, 2015 the assigned fund balance components of the general and special revenue funds consist of the following:

General Fund

Fire Department Substation purchases in memory of Mayor Gerald	\$ 3,046
Auction proceeds	597
Police Department	2,723
Police Department Substation	<u>1,200</u>
	<u>\$ 7,566</u>

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 4 - LEASE OBLIGATIONS

First Citizens Bank

On August 14, 2014, the City signed a lease obligation with First Citizens Bank for \$400,000. The purpose of this lease was to purchase vehicles and heavy equipment. The lease requires annual payments of \$62,567.28 at an interest rate of 2.32%. The balance on this lease at June 30, 2015 was \$400,000. The following table reflects principal and interest requirements until maturity. The general fund will fund the repayment of this obligation.

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>LEASE</u> <u>PAYMENT</u>	<u>IMPUTED</u> <u>INTEREST</u>	<u>PRESENT</u> <u>VALUE</u>
2015			\$400,000
2016	\$62,567	\$9,280	346,713
2017	62,567	8,044	292,190
2018	62,567	6,779	236,402
2019	62,567	5,485	179,320
2020	62,567	4,160	120,913
2021-2022	125,134	4,221	0

Musco Finance, LLC

On March 12, 2015, the City signed a lease obligation with Musco Finance, LLC for \$82,949.56. The purpose of this lease was to purchase recreation field lighting. The lease requires annual payments of \$14,098.25 at an interest rate of 4.45%. The balance on this lease at June 30, 2015 was \$82,949.56. The following table reflects principal and interest requirements until maturity. This obligation will be funded with a \$20,000 grant and by the general fund.

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>LEASE</u> <u>PAYMENT</u>	<u>IMPUTED</u> <u>INTEREST</u>	<u>PRESENT</u> <u>VALUE</u>
2015			\$82,950
2016	\$14,098	\$3,767	72,619
2017	14,098	3,298	61,819
2018	14,098	2,808	50,529
2019	14,098	2,295	38,726
2020	14,098	1,759	26,387
2021-2022	28,196	1,809	0

The above leases meet the criteria of a capital lease as defined by SFAS No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the Lessee.

Capital assets acquired by leases have been capitalized in the statement of net position for governmental activities in the amount of \$482,950 with accumulated depreciation of \$24,161.

	<u>6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/15</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Lease obligations	\$ 0	\$ 482,950	\$ 0	\$ 482,950	\$ 63,618
Compensated absences	<u>156,364</u>	<u>0</u>	<u>3,688</u>	<u>152,676</u>	N/A
	<u>\$ 156,364</u>	<u>\$ 482,950</u>	<u>\$ 3,688</u>	<u>\$ 635,626</u>	

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 4 - LEASE OBLIGATIONS -(continued)

The City has commitments with various entities and individuals to lease certain land, buildings and equipment. The lease periods range from monthly to 10 years. These leases have cancellation provisions and are subject to annual appropriations. During the current fiscal year a total of \$5,680 was expended under operating leases.

During the year, no short term debt was issued, nor was any outstanding at the beginning of the year.

NOTE 5 - SUBSEQUENT EVENTS

The City is not aware of any subsequent events occurring after the City's year end, June 30, 2015, that will have a material effect on the financial statements. Subsequent events have been evaluated through the date in which the financial statements were available to be issued which was November 21, 2015.

NOTE 6 - RETIREMENT

Plan Description - Substantially all City employees are members of the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS). The South Carolina Retirement System and the Police Officers Retirement System are cost-sharing multi-employer defined benefit pension plans (the "Plans") administered by the South Carolina Retirement Systems; a division of the South Carolina State Budget and Control Board. The Plans offer retirement and disability benefits, cost of living adjustments on an adhoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing basic financial statements and required supplementary information for the Plans are issued and publicly available on their website at www.retirement.sc.gov or by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Funding Policy - Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employee contributions to the Plan are 8.0% of salary for SCRS and 8.41% of salary for PORS. Employers are required to contribute at the following actuarially determined rates, which are 10.75% for SCRS and 13.01% for PORS. In addition to the above rates, participating employers of the SCRS contribute 0.15% of payroll to provide group life insurance benefits for active participants of the SCRS. Participating employers of the PORS also contribute .2% and .2% for group life insurance and accidental death benefits.

The City contributed amounts equal to 100% of the required contributions for employers:

SCRS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/15	\$106,654	10.75%	\$1,488	.15%
6/30/14	\$103,847	10.45%	\$1,491	.15%
6/30/13	\$104,601	10.45%	\$1,501	.15%

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 6 - RETIREMENT - (continued)

SCRS Employee Contributions	Amount	% of Covered Payroll
6/30/15	\$79,370	8.0%
6/30/14	\$74,533	7.5%
6/30/13	\$70,068	7.0%

PORS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Accidental Death	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/15	\$149,202	13.01%	\$2,294	.2%	\$2,294	.2%
6/30/14	\$130,774	12.44%	\$2,102	.2%	\$2,102	.2%
6/30/13	\$133,419	11.9%	\$2,242	.2%	\$2,242	.2%

PORS Employee Contributions	Amount	% of Covered Payroll
6/30/15	\$96,448	8.41%
6/30/14	\$82,417	7.84%
6/30/13	\$78,482	7.0%

South Carolina Retirement System Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a liability of \$1,884,194 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.010944%.

For the year ended June 30, 2015, the City recognized pension expense of \$132,061. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 6 - RETIREMENT - (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 53,390	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	0	158,851
Changes in proportion and differences between City contributions and proportionate share of contributions	0	0
City contributions subsequent to the measurement date	<u>108,142</u>	<u>0</u>
Total	<u>\$ 161,532</u>	<u>\$ 158,851</u>

The \$108,142 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Police Officers Retirement System Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a liability of \$1,673,267 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.08740%.

For the year ended June 30, 2015, the City recognized pension expense of \$146,390. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 44,652	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	0	193,609
Changes in proportion and differences between City contributions and proportionate share of contributions	0	0
City contributions subsequent to the measurement date	<u>153,789</u>	<u>0</u>
Total	<u>\$ 198,441</u>	<u>\$ 193,609</u>

The \$153,789 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2014. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2014 was 4.233 years for SCRS and 4.856 years for PORS.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 6 - RETIREMENT - (continued)

Measurement Period Ending June 30,	SCRS	PORS
2015	\$(23,199)	\$(36,821)
2016	(23,199)	(36,821)
2017	(23,199)	(36,821)
2018	(35,864)	(38,494)
Thereafter	0	0
Net Balance of Deferred Outflows/(Inflows) of Resources	\$(105,461)	\$(148,957)

Actuarial Assumptions

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS), based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 6 - RETIREMENT - (continued)

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 6 - RETIREMENT - (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.0	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	<u>3.0%</u>	5.1	<u>0.15</u>
Total Expected Real Return	<u>100.0%</u>		5.88
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u>8.63</u>

Sensitivity Analysis

The following table presents the collective net pension liability, of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 2,438,264	\$ 1,884,194	\$ 1,421,941
PORS	2,338,267	1,673,267	1,122,930

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in PEBA's separately issued Comprehensive Annual Financial Report.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 7 - CASH AND CASH EQUIVALENTS

All deposits are made and held by the City's local banks, as needed. Cash is stated at cost (which approximates market).

At June 30, 2015, the book balance of the City's deposits was \$5,782,678 and the bank balance was \$5,994,900. The difference between bank and book balance is due to outstanding items. The financial statement balance also includes \$1,300 in petty cash. The following chart shows the bank where these funds were deposited. The chart also shows a breakdown of insurance coverage, securities pledged and any uncollateralized amounts per bank.

<u>Deposits With</u>	<u>Bank Balance</u>	<u>SIPC & FDIC Insurance</u>	<u>Letter of Credit & Pledged Securities (MKT Value)</u>	<u>Uncollateralized Amount</u>
Anderson Brothers Bank	\$ 2,185,041	\$ 250,000	\$ 2,241,030	\$ 0
TD Bank	1,592,552	250,000	1,500,000	0
BB&T	25,378	25,378	0	0
First Citizens Bank & Securities	2,129,171	2,450,000	170,984	0
Pee Dee Federal	<u>12,758</u>	12,758	0	0
	<u>\$ 5,944,900</u>			

Risk

The City has not formally adopted deposit and investment policies that limit their allowable deposits or investments and address the specific types of risk to which they are exposed.

Custodial Credit Risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a policy for custodial credit risk. As of June 30, 2015, \$1,935,041 of the City's bank balances of \$5,944,900 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution or its agent, but not in the City's name.

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City does not have a policy for interest rate risk. The City had no investments with exposure to interest rate risk at June 30, 2015.

Credit Risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. The City does not have a policy for credit risk. The City had no investments in debt type investments at June 30, 2015.

Restricted Cash

The restricted cash section shows those assets that contain restrictions on their use as set forth by legal compliance requirements of revenue bond ordinances or other sources. Governmental activities restricted cash include \$25,378 for post-65 retirees, \$29,628 for the CDBG programs, \$17,375 for the drug enforcement fund, \$280,285 for the hospitality tax fund and \$32,702 for the cemetery funds.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 8 - CONTINGENCIES

Grants

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. If grant revenues received for expenditures are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from possible disallowed expenditures will not be material to the financial statements at June 30, 2015.

Unemployment

The City does not participate in the unemployment reserve fund for the South Carolina Department of Employment and Workforce. The City pays unemployment claims as incurred. This is a common procedure for cities.

Litigation

In the normal course of operations, the City may from time to time become a party to legal claims and disputes. At June 30, 2015, there were legal claims outstanding that are being handled by the Insurance Reserve fund on the City's behalf.

Encumbrances

At June 30, 2015, the City had no significant encumbrances outstanding.

NOTE 9 - RISKS AND UNCERTAINTIES

The City is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers compensation, property and casualty, and employee health insurance.

Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The City also pays insurance premiums to certain commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accord with the insurance policy and benefit program limits.

Several state funds accumulate assets and the State assumes substantially all risks for the following:

1. Claims for property and casualty loss (South Carolina Municipal Insurance Reserve Fund)

Employees health and dental coverage plans are through the SC Budget and Control Board and Citizens Security Life.

The City participates in the South Carolina Municipal Insurance Trust, Workers Compensation Self-Insurance Fund, a public entity risk pool for its workers compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 9 - RISKS AND UNCERTAINTIES - (continued)

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claims losses and estimable premium adjustments. The City has not reported a supplemental premium assessment expenditure and the related liability at June 30, 2015, because the requirements of GASB Statement 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2015 and the amount of the premium is reasonably estimable have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material effect on the financial position of the City.

During the year ended June 30, 2015 the City did not reduce insurance coverages from coverage levels of the prior year (except to remove assets that the City no longer owns). No settlements have exceeded insurance coverages during the fiscal year ended June 30, 2015, 2014, and 2013.

NOTE 10 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land & Improvements	\$ 542,380	\$ 0	\$ 29,330	\$ 513,050
Total capital assets not being depreciated	<u>\$ 542,380</u>	<u>\$ 0</u>	<u>\$ 29,330</u>	<u>\$ 513,050</u>
Capital assets being depreciated				
Infrastructure	\$ 1,959,639	\$ 0	\$ 0	\$ 1,959,639
Buildings & Improvements	7,229,600	1,759,434	213,098	8,775,936
Furniture, Fixtures, & Equipment	<u>3,666,847</u>	<u>585,096</u>	<u>181,651</u>	<u>4,070,292</u>
Total capital assets being depreciated	<u>12,856,086</u>	<u>2,344,530</u>	<u>394,749</u>	<u>14,805,867</u>
Less accumulated depreciation for				
Buildings & Improvements	2,568,697	162,737	37,880	2,693,554
Infrastructure	795,337	60,746	0	856,083
Furniture, Fixtures, & Equipment	<u>2,686,682</u>	<u>208,150</u>	<u>159,081</u>	<u>2,735,751</u>
Total accumulated depreciation	<u>6,050,716</u>	<u>431,633</u>	<u>196,961</u>	<u>6,285,388</u>
Total capital assets being depreciated, net	<u>\$ 6,805,370</u>	<u>\$ 1,912,897</u>	<u>\$ 197,788</u>	<u>\$ 8,520,479</u>

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 10 - CAPITAL ASSETS - (continued)

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 179,597
Public Safety	109,985
Highways and Streets	28,851
Sanitation	30,800
Culture and Recreation	21,654
Unallocated	<u>60,746</u>

TOTAL DEPRECIATION EXPENSE	<u>\$ 431,633</u>
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NOTE 11 - INTERFUND BALANCES/TRANSFERS

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

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Major Governmental Fund		
General Fund	Special Revenue Funds	\$ <u>5,107</u>
Other Funds		
Special Revenue	General Fund	\$ <u>6,367</u>

These interfund balances represent short-term loans resulting from the centralized cash system.

The composition of interfund transfers are as follows:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
Other Funds-			
Fiduciary	General	\$ 49	To transfer interest earned
Capital Projects	General Fund	<u>76,550</u>	To fund capital purchases
		<u>\$ 76,599</u>	

NOTE 12 - POST RETIREMENT BENEFITS

Eligibility

Participants must meet one of the following criteria:

- Attainment of age 55 with 15 years of South Carolina governmental service, the last 10 years must be in continuous service with the City;
- 30 consecutive years of service with the City;
- 28 years with SCRS, the last 10 years must be in continuous service with the City;
- 25 years with PORS, the last 10 years must be in continuous service with the City.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2015

NOTE 12 - POST RETIREMENT BENEFITS - (continued)

Benefit

The City provides medical coverage for retirees and their dependents prior to Medicare eligibility. The monthly premiums as of July 1, 2014 are:

	PPO Cost	HDHP Cost	Dental
Retiree	\$460.98	\$376.57	\$21.85
Retiree and Dependents	\$861.18	\$703.46	\$45.64
Retiree and Spouse	\$787.12	\$642.98	\$33.52
Family	\$1,187.32	\$969.87	\$59.32

The City sponsors a Medicare Supplement Plan for the retiree only through Blue Cross Blue Shield. The Plan contains age banded premiums.

In addition, the City offers dental and vision coverage.

Dependent coverage ceases upon the death of the retiree or the dependent's eligibility for Medicare.

Employer Contributions

All contribution rates are established and may be amended by the City Council.

Prior to Medicare eligibility, the City pays the medical premium for retiree only coverage.

Upon Medicare eligibility, the City contributes a maximum of \$225 toward the Medicare supplement and drug card.

In addition, the City pays the dental premium for retiree only coverage.

Disability Retirement Benefit

The Plan offers a disability benefit for those participants who become eligible for disabled retirement through SCRS/PORS and meet the additional criteria described in the eligibility section above.

Death Benefit

The Plan does not include a pre-retirement death benefit.

Withdrawal Benefit

The Plan does not include a withdrawal benefit.

Service

Service is credited from the date of hire.

Life Insurance

The City offers life insurance to retirees at their own cost.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 12 - POST RETIREMENT BENEFITS - (continued)

The number of retiree participants eligible as of July 1, 2014 was 20 and the number of active participants eligible was 71.

The “Plan” does not issue a publicly available report.

During the year ended June 30, 2013, the City joined the South Carolina Other Retirement Benefits Employer Trust. The Trust is a tax-exempt governmental trust under IRS Codes Section 115 and applicable SC law and is open to all political subdivisions. During the year ended June 30, 2015, the City contributed \$4,000 to the Trust.

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 213,452
Interest on OPEB obligation	22,961
Adjustment to ARC	<u>(21,935)</u>
Annual OPEB cost (expense) end of year	214,478
Net employer contributions	<u>(95,600)</u>
Increase (decrease) in net OPEB obligation	118,878
Net OPEB obligation - as of beginning of year	<u>574,026</u>
Net OPEB obligation (asset) - as of end of year	<u>\$ 692,904</u>

The City’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year <u>Ended</u>	Annual OPEB <u>Cost</u>	% of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2015	\$ 214,478	44.57%	\$ 692,904
6/30/2014	214,290	50.80%	574,026
6/30/2013	251,272	57.45%	468,602

Funding status and funding progress

As of July 1, 2013, the most recent valuation date, the plan was .19% funded. The actuarial accrued liability for benefits was \$2,236,736 and the actuarial value of plan assets was \$4,261, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,232,475. The covered payroll (annual payroll of active employees covered by the plan) was \$1,808,401 and the ratio of the UAAL to the covered payroll was 123.45%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 12 - POST RETIREMENT BENEFITS - (continued)

Funding policy

The City currently pays for post employment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue for the immediate future but at some future date the City will begin funding and that investments will be restricted to the same type of investments as local governments.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Investment rate of return	5.0%, net of expenses
Actuarial cost method	Projected Unit Credit Actuarial Cost Method
Amortization method	Level percentage of payroll amount, open
Salary Growth	3.5% per annum
Health Care cost trend rate	8.50% - 5.00%
Ultimate trend rate	5.00%
Year of ultimate trend rate	2018
Asset Valuation method	5 year smoothed market value 80%-120% Corridor

NOTE 13 - COMMITMENTS

On February 13, 2007 the City of Marion entered into an agreement with Marion Rescue Squad to assist with the purchase of a new rescue truck. The truck will be owned by the Marion Rescue Squad but will be operated by the City Fire Department. The City will donate \$25,000 per year towards the annual payment. This donation will be for the term of the loan, not to exceed seven years.

NOTE 14 - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2015, the City conducted business with a business owned by an employee.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 15 - CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*" (GASB #68") and GASB Statement 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB's intention that these Statements will provide users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the statement of net position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased by approximately \$3,518,629, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note 6 for more information regarding the City's retirement plans.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

In addition to the cumulative change in accounting principle explained in Note 15, an adjustment was recorded to adjust the beginning balance of taxes receivable on the government wide statements for \$32,233.

CITY OF MARION
 SCHEDULE OF FUNDING PROGRESS FOR OPEB
 June 30, 2015

Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percent of Covered Payroll
2009	\$0	\$2,725,900	\$2,725,900	0.00%	\$1,969,600	138.40%
2011	0	3,079,738	3,079,738	0.00%	1,741,775	176.82%
2013	4,261	2,236,736	2,232,475	0.19%	1,808,401	123.45%

The July 1, 2009 valuation used Projected Unit Credit cost method and a discount rate of 5%.

The July 1, 2011 valuation used Projected Unit Credit cost method and a discount rate of 4%.

The July 1, 2013 valuation used Projected Unit Credit cost method and a discount rate of 5%.

CITY OF MARION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
LOCAL				
Taxes	\$2,268,500	\$2,268,500	\$2,282,773	\$14,273
Operational Revenues	2,698,700	2,698,700	2,784,818	86,118
STATE				
Operational Revenues	214,000	214,000	219,986	5,986
TOTAL REVENUES	5,181,200	5,181,200	5,287,577	106,377
EXPENDITURES				
Current Expenditures				
General Government	1,258,075	1,241,730	1,161,822	79,908
Public Safety	2,256,932	2,256,932	2,210,367	46,565
Highways and Streets	439,084	440,584	411,810	28,774
Sanitation	1,094,467	1,094,467	1,020,138	74,329
Culture and Recreation	449,258	464,103	477,857	(13,754)
Capital Outlay	4,565	4,565	92,896	(88,331)
TOTAL EXPENDITURES	5,502,381	5,502,381	5,374,890	127,491
Excess (deficiency) of revenues over expenditures	(321,181)	(321,181)	(87,313)	233,868
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	0	0	82,950	82,950
Sale of Assets	0	0	81,935	81,935
Transfer to Capital Projects Fund	0	0	(76,550)	(76,550)
Transfer from Fiduciary Fund	100	100	49	(51)
TOTAL OTHER FINANCING SOURCES (USES)	100	100	88,384	88,284
Excess (deficiency) of revenues over expenditures and other sources (uses)	(321,081)	(321,081)	1,071	322,152
Fund Balances at beginning of year	5,869,109	5,869,109	5,869,109	0
Fund Balances at end of year	<u>\$5,548,028</u>	<u>\$5,548,028</u>	<u>\$5,870,180</u>	<u>\$322,152</u>

CITY OF MARION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL-LOCAL HOSPITALITY TAX
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
LOCAL				
Hospitality Tax	\$315,000	\$315,000	\$232,044	(\$82,956)
Interest	0	0	121	121
TOTAL REVENUES	<u>315,000</u>	<u>315,000</u>	<u>232,165</u>	<u>(82,835)</u>
EXPENDITURES				
Culture & Recreation				
Contributions-Marion Chamber of Commerce	5,225	5,225	5,225	0
Contributions-Arts Council	1,500	1,500	1,500	0
Contributions-Marion County Museum	1,900	1,900	1,900	0
Contributions-HMRA	19,000	19,000	19,000	0
Foxtrot Festival Salaries and Fringes	20,000	20,000	15,841	4,159
CD Joyner Events	12,850	12,850	8,587	4,263
City Planner	11,000	11,000	7,279	3,721
Advertising & Promotion	30,000	30,000	20,386	9,614
Street Lights	55,000	55,000	57,941	(2,941)
Opera House Expenditures	11,000	11,000	10,954	46
Depot Expenditures	7,000	7,000	4,187	2,813
Beautification Expenditures	24,000	24,000	10,876	13,124
Christmas Festival Expenditures	32,000	32,000	22,363	9,637
Hike/Bike Trail	10,000	10,000	9,800	200
Contingency	29,500	34,500	20,889	13,611
Miscellaneous	2,525	2,525	2,373	152
CAPITAL OUTLAY				
Truck - Beautification	30,000	25,000	24,779	221
Mower - Beautification	7,500	7,500	6,318	1,182
TOTAL EXPENDITURES	<u>310,000</u>	<u>310,000</u>	<u>250,198</u>	<u>59,802</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>(18,033)</u>	<u>(23,033)</u>
OTHER FINANCING SOURCES (USES)				
Payments to Not for Profit Entity	(5,000)	(5,000)	(5,000)	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0	0	(23,033)	(23,033)
Fund Balances at beginning of year	<u>195,948</u>	<u>195,948</u>	<u>195,948</u>	<u>0</u>
Fund Balances at end of year	<u>\$195,948</u>	<u>\$195,948</u>	<u>\$172,915</u>	<u>(\$23,033)</u>

**INDEPENDENT AUDITORS' 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**

To the Mayor and City Council
Marion, South Carolina

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, each major fund, and the aggregate remaining fund information of the City of Marion as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Marion's basic financial statements and have issued our report thereon dated November 21, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Marion'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 the City of Marion's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marion'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 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control. We consider the deficiencies described in the accompanying schedule of findings and responses listed as items #2015-001 and #2015-002 to be significant deficiencies in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marion'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Marion's Response to Findings

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

Kenneth Cobb & Company P.C.

Mullins, South Carolina

November 21, 2015

CITY OF MARION
SCHEDULE OF FINDINGS AND RESPONSES
July 1, 2014 to June 30, 2015

#2015-001 Preparation of annual financial statements and disclosures (initially reported 1/16/09)

Condition: The City does not prepare its annual financial statements and footnote disclosures. The City staff work with the auditor in the preparation and subsequently reviews and approves all statements and disclosures before issuance.

Criteria: Internal controls should be in place that provide reasonable assurance that financial statements are free of material misstatements and that the independent auditor is not part of this control system.

Effect: The City relies on the audit firm to prepare the financial statements and disclosures and reviews the final product. Caution must be exercised so that the auditor is not deemed to be part of the control system.

Recommendation: The City can accept this condition and concentrate on the review and approval process or prepare all financial statements and disclosures in house or hire an outside source to prepare the financial statements and disclosures.

Response: The City accepts the condition and will concentrate on the review and approval process.

#2015-002 Inadequate Segregation of Duties (initially reported 1/16/09)

Condition: Due to a small staff size, the City does not have complete segregation of duties.

Criteria: The ideal internal control system would not allow one person to perform a transaction from beginning to end.

Effect: An error in financial reporting may not be detected in a timely manner or the misappropriation of assets could be concealed.

Recommendation: We recommend that the Council and management continue to use supervisory reviews such as monitoring financial statements and budget reports, and segregate duties where cost beneficial to do so.

Response: The City will continue to use supervisory reviews such as monitoring financial statements and budget reports, and where cost beneficial will segregate duties.

CITY OF MARION
 SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2015

POLICE FINES, ASSESSMENTS AND SURCHARGES:

Total Court Fines Collected	\$165,808
Court Fines Retained by the City	<u>(165,808)</u>
Court Fines Remitted to the State Treasurer	<u><u>\$0</u></u>
Total Court Other Assessments Collected	\$151,917
Court Other Assessments Retained by the City	<u>(16,953)</u>
Court Other Assessments Remitted to the State Treasurer	<u><u>\$134,964</u></u>
Total DUI, DUS, BUI Assessments, Surcharges Pullout Collected	\$95,174
DUI, DUS, BUI Assessments, Surcharges and Pullout Retained by the City	<u>(3,902)</u>
DUI, DUS, BUI Assessments, Surcharges and Pullout Remitted to the State Treasurer	<u><u>\$91,272</u></u>
Beginning Balance - Revenue Received in Advance - Victim's Rights	\$60,412
Assessments for Victim's Rights	16,953
Surcharges for Victim's Rights	3,902
Expenditures for Victim's Rights	<u>(21,000)</u>
Ending Balance - Revenue Received in Advance - Victim's Rights	<u><u>\$60,267</u></u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
LOCAL			
Taxes			
Current	\$2,156,500	\$2,138,107	(\$18,393)
Executions	72,000	91,859	19,859
In Lieu Of	22,000	31,929	9,929
In Lieu of Motor Carriers	18,000	20,878	2,878
Operational Revenues	2,698,700	2,784,818	86,118
STATE			
Operational Revenues	<u>214,000</u>	<u>219,986</u>	<u>5,986</u>
TOTAL REVENUES	<u>5,181,200</u>	<u>5,287,577</u>	<u>106,377</u>
EXPENDITURES			
Current Expenditures			
General Government	1,052,929	985,974	66,955
Administrator & City Clerk	94,069	92,066	2,003
City Treasurer	59,562	58,162	1,400
Planning & Zoning	35,170	25,620	9,550
Building Inspector	68,559	64,056	4,503
Municipal Court	93,319	90,589	2,730
Police Department	1,548,761	1,503,585	45,176
Fire Department	546,293	552,137	(5,844)
Street Department	386,094	360,634	25,460
Sanitation Department	1,094,467	1,020,138	74,329
City Shop	54,490	51,176	3,314
Recreation Department	464,103	477,857	(13,754)
Capital Outlay	<u>4,565</u>	<u>92,896</u>	<u>(88,331)</u>
TOTAL EXPENDITURES	<u>5,502,381</u>	<u>5,374,890</u>	<u>127,491</u>
Excess (deficiency) of revenues over expenditures	<u>(321,181)</u>	<u>(87,313)</u>	<u>233,868</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	\$0	\$82,950	\$82,950
Sale of Assets	0	81,935	81,935
Transfer to Capital Projects Fund	0	(76,550)	(76,550)
Transfer from Fiduciary Fund	100	49	(51)
TOTAL OTHER FINANCING SOURCES (USES)	<u>100</u>	<u>88,384</u>	<u>88,284</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(321,081)	1,071	322,152
Fund Balances at beginning of year	<u>5,869,109</u>	<u>5,869,109</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$5,548,028</u></u>	<u><u>\$5,870,180</u></u>	<u><u>\$322,152</u></u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF OPERATIONAL REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Business Licenses	\$1,130,000	\$1,175,369	\$45,369
Building Permits	25,000	40,779	15,779
Franchise Fee GSWSA	130,000	130,121	121
Setoff Debt Fees	2,000	2,169	169
Sanitation Receipts	970,000	964,519	(5,481)
Donations-Food Boxes	0	4,210	4,210
Donations-Coats for Kids	0	134	134
Grass Cutting Fees	4,500	4,659	159
Francis Marion Run Fest	0	5,204	5,204
Recreation - Swimming Pool	1,000	1,289	289
Recreation - Program Registration	3,500	2,479	(1,021)
Recreation - Tournament Fund	200	18,375	18,175
Recreation - Youth Sports Registration	14,000	16,268	2,268
Recreation - Rent	9,000	4,710	(4,290)
Recreation - Youth Sponsor Fees	5,500	7,900	2,400
Recreation - Miscellaneous	500	500	0
Recreation - Insurance	5,000	5,717	717
Recreation - Game Admissions	0	10,856	10,856
Recreation - Gym Admissions	0	1,182	1,182
Summer Camp Donations	0	725	725
Police Fines and Forfeits	170,000	165,808	(4,192)
Police - Miscellaneous	1,000	1,506	506
Police - Proceeds for School Resource Officer	80,000	82,331	2,331
Police - Drug Dog Project	0	5,381	5,381
Opera House Income	6,000	5,855	(145)
Fire Department Donations	500	1,000	500
Fire Christmas Fund	0	3,056	3,056
Fire Miscellaneous	500	480	(20)
Rural Fire Dues	89,000	89,389	389
Rose Hill - Sales	3,000	1,600	(1,400)
City - Miscellaneous	3,000	3,028	28
Yard Sales	1,000	626	(374)
Interest	7,000	5,288	(1,712)
Investment Interest Income	35,000	18,505	(16,495)
CD Joyner Rent	2,500	3,800	1,300
TOTAL LOCAL OPERATIONAL REVENUES	<u>\$2,698,700</u>	<u>\$2,784,818</u>	<u>\$86,118</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary-Mayor/Council	\$40,500	\$40,500	\$0
Salary	132,584	130,434	2,150
Retirement	18,866	18,506	360
Social Security	13,241	12,760	481
Insurance	54,833	50,766	4,067
Insurance Retirees (Pre)	43,455	50,076	(6,621)
Insurance Retirees (Post)	44,520	42,555	1,965
Unemployment Insurance	500	0	500
SC ORBET	5,000	4,000	1,000
Penalties	200	26	174
Supplies	6,000	5,816	184
Software - County	8,500	0	8,500
Food Boxes	0	4,210	(4,210)
Coats for Kids	0	134	(134)
Postage	4,000	5,986	(1,986)
Membership & Dues	4,000	797	3,203
Convention & Travel	11,000	9,215	1,785
Gas & Oil	4,000	2,199	1,801
Electricity & Gas	10,000	8,789	1,211
Telephone	17,000	14,952	2,048
Street Lights	140,000	131,278	8,722
General Election	5,000	2,146	2,854
Refunds	120	122	(2)
Bank Charges-Credit Card	700	476	224
Maintenance/Service Agreements	28,500	31,421	(2,921)
Opera House Expenditures	3,000	3,000	0
Rental Property	1,900	1,900	0
Repairs/Maintenance Buildings/Grounds	6,000	7,077	(1,077)
Bldg/Grounds-Auction Funds	0	700	(700)
Janitor Uniforms	300	217	83
County Tax - Housing Authority	15,000	22,012	(7,012)
Janitorial Supplies	1,500	997	503
Beautification	1,000	1,000	0
Beautification--Auction Funds	0	8,239	(8,239)
Advertising & Printing	5,000	3,929	1,071
Swamp Fox Scene Paper	2,000	1,934	66
Insurance - Property, Etc.	297,355	257,711	39,644
Professional Services	34,000	29,368	4,632
Attorney Fees	25,000	27,687	(2,687)
Annual Awards Banquet	4,200	2,790	1,410
Francis Marion Runfest	0	5,204	(5,204)
Miscellaneous	4,000	4,029	(29)
Miscellaneous-Auction Funds	0	861	(861)
Contributions	40,155	40,155	0
Transfer GSWSA funds	20,000	0	20,000
	<u>\$1,052,929</u>	<u>\$985,974</u>	<u>\$66,955</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF ADMINISTRATOR AND CITY CLERK EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$64,054	\$63,465	\$589
Retirement	7,919	7,848	71
Social Security	4,900	4,753	147
Insurance	8,796	8,793	3
Supplies	650	620	30
Membership & Dues	750	736	14
Convention & Travel	2,000	2,425	(425)
Gas & Oil	4,400	3,288	1,112
Vehicle Expenditures	500	100	400
Miscellaneous	100	38	62
	<u>\$94,069</u>	<u>\$92,066</u>	<u>\$2,003</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF CITY TREASURER EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$42,376	\$42,535	(\$159)
Retirement	4,619	4,626	(7)
Social Security	3,242	3,102	140
Insurance	5,825	5,838	(13)
Supplies	700	399	301
Membership & Dues	500	45	455
Convention & Travel	2,100	1,617	483
Miscellaneous	200	0	200
	<u>\$59,562</u>	<u>\$58,162</u>	<u>\$1,400</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF PLANNING AND ZONING EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$20,000	\$14,779	\$5,221
Retirement	3,346	2,396	950
Social Security	2,349	1,683	666
Health Insurance	5,825	5,838	(13)
Supplies	300	321	(21)
Convention & Travel	1,200	522	678
Planning	250	0	250
Advertising & Printing	300	81	219
Professional Services	1,500	0	1,500
Miscellaneous	100	0	100
	<u>\$35,170</u>	<u>\$25,620</u>	<u>\$9,550</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF BUILDING INSPECTOR EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$51,703	\$50,783	\$920
Retirement	6,547	4,819	1,728
Social Security	3,955	3,779	176
Insurance	2,854	2,839	15
Supplies	1,100	1,164	(64)
Membership & Dues	2,000	443	1,557
Miscellaneous Expense	400	229	171
	<u>\$68,559</u>	<u>\$64,056</u>	<u>\$4,503</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF MUNICIPAL COURT DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$56,153	\$56,665	(\$512)
Retirement	5,903	5,248	655
Social Security	4,143	4,309	(166)
Insurance	11,650	12,127	(477)
Supplies	3,500	3,919	(419)
Postage	1,800	1,354	446
Membership & Dues	170	270	(100)
Convention & Travel	3,000	3,585	(585)
Maintenance/Service Agreements	1,500	1,452	48
Jury Pay	1,500	620	880
Part-time Municipal Judge	4,000	1,040	2,960
	<u>\$93,319</u>	<u>\$90,589</u>	<u>\$2,730</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF POLICE DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$880,798	\$860,772	\$20,026
Retirement	118,651	110,406	8,245
Social Security	67,687	64,675	3,012
Insurance	145,625	128,073	17,552
Unemployment Insurance	2,000	0	2,000
Supplies	12,000	15,327	(3,327)
Supplies-Auction Funds	0	12,033	(12,033)
Postage	500	349	151
Litter Control	9,000	7,423	1,577
Membership & Dues	2,000	750	1,250
Convention & Travel	3,000	2,435	565
Gas & Oil	75,500	72,655	2,845
Vehicle Expenditures	37,099	43,822	(6,723)
Electricity	14,000	13,530	470
Electricity-Firing Range	200	176	24
Telephone	10,000	10,509	(509)
Maintenance/Service Agreements	6,500	6,266	234
Radio Supplies & Maintenance	2,000	165	1,835
Maintenance/Building & Grounds	14,810	14,807	3
Combined Drug Unit	8,800	6,713	2,087
Police Crime Watch Program	500	0	500
Community Police Substation	1,800	1,578	222
Uniforms	15,000	13,849	1,151
Prisoner Safe Keeping	1,200	0	1,200
Medical - Prisoners	3,000	0	3,000
Juvenile Detention	19,650	19,650	0
Advertising & Printing	1,000	805	195
Professional Services	4,825	4,823	2
School Resource Officers	7,120	7,119	1
Victims Advocacy Program	21,000	21,000	0
800 MHZ Systems	56,710	55,000	1,710
Calendar Fund Expenditures	0	390	(390)
Retirement Buyout	4,786	4,786	0
Miscellaneous Expense	2,000	3,699	(1,699)
	<u>\$1,548,761</u>	<u>\$1,503,585</u>	<u>\$45,176</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF FIRE DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$274,708	\$287,337	(\$12,629)
Wages-Fire Attendance	25,000	31,984	(6,984)
Retirement	38,485	37,110	1,375
Social Security	23,000	24,138	(1,138)
Insurance	46,600	42,815	3,785
Unemployment Insurance	105	1,459	(1,354)
Supplies	4,200	4,323	(123)
Christmas Fund Supplies	0	3,056	(3,056)
Class 5 Supplies	17,000	14,691	2,309
Memberships/Conventions/School	2,000	686	1,314
Gas & Oil	16,000	14,763	1,237
Truck Expenditures	21,000	17,099	3,901
Electricity & Gas	17,000	20,105	(3,105)
Telephone	5,500	4,503	997
Maintenance/Service Agreements	95	95	0
Radio Maintenance	2,000	816	1,184
Equipment Maintenance	4,500	4,139	361
Repairs/Maintenance Buildings/Grounds	8,000	6,480	1,520
Hose & Nozzle	3,000	2,896	104
Fire Prevention	2,500	2,665	(165)
Uniforms	3,800	4,127	(327)
Medical Expenditures	4,600	2,908	1,692
OSHA Regulations	1,500	310	1,190
Training	6,000	5,496	504
Professional Services	700	455	245
800 MHZ Systems	15,000	15,000	0
Miscellaneous	1,000	1,098	(98)
Training Ground	3,000	1,583	1,417
	<u>\$546,293</u>	<u>\$552,137</u>	<u>(\$5,844)</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF STREET DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$210,637	\$200,658	\$9,979
Retirement	23,142	21,757	1,385
Social Security	16,242	15,201	1,041
Insurance	55,338	54,978	360
Unemployment Insurance	300	0	300
Supplies	4,500	4,239	261
Travel/Convention/School	200	0	200
Gas & Oil	27,500	23,951	3,549
Vehicle Expenditures	3,360	3,680	(320)
Truck Maintenance	5,000	5,133	(133)
Chemicals	700	0	700
Electricity & Heat	1,000	598	402
Telephone	1,000	707	293
Tractor/Mower Maintenance	12,675	12,677	(2)
Heavy Equipment Maintenance	12,000	11,476	524
Building Maintenance	300	210	90
Paint Street Lights	500	0	500
Uniforms	2,000	1,344	656
Storm Drainage	4,500	256	4,244
Street Repair	2,000	736	1,264
Sidewalk Improvements	1,000	1,832	(832)
Street Signs	1,000	4	996
Miscellaneous	1,200	1,197	3
	<u>\$386,094</u>	<u>\$360,634</u>	<u>\$25,460</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF SANITATION DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$208,946	\$202,019	\$6,927
Retirement	22,775	21,932	843
Social Security	15,984	15,450	534
Insurance	61,162	60,779	383
Unemployment Insurance	300	0	300
Supplies	1,600	1,638	(38)
Gas & Oil	37,610	34,819	2,791
Vehicle Expenditures	4,000	2,126	1,874
Truck Maintenance	13,000	12,413	587
Chemicals	100	0	100
Electricity/Heat	2,500	2,081	419
Telephone	1,000	752	248
Landfill Closing	8,000	7,567	433
Radio Maintenance	600	0	600
Contract Garbage Hauling	683,000	627,442	55,558
Equipment Repairs - Mowers	1,300	1,417	(117)
Maintenance-Building	1,000	1,170	(170)
Rose Hill Maintenance	200	235	(35)
Heavy Equipment Maintenance	5,000	4,651	349
Sweeper Maintenance	8,000	5,147	2,853
Tree Trimming	15,390	15,393	(3)
Uniforms	2,000	2,089	(89)
Miscellaneous	1,000	1,018	(18)
	<u>\$1,094,467</u>	<u>\$1,020,138</u>	<u>\$74,329</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF CITY SHOP EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$26,752	\$25,928	\$824
Retirement	2,916	2,818	98
Social Security	2,047	1,978	69
Insurance	5,825	5,838	(13)
Supplies	3,500	3,832	(332)
Gas & Oil	3,000	2,667	333
Vehicle Expenditures	700	716	(16)
Electricity & Gas	5,000	3,186	1,814
Telephone	1,300	796	504
Repairs/Maintenance Buildings/Grounds	2,000	2,002	(2)
Small Hand Tools	1,000	1,120	(120)
Uniforms	300	99	201
Miscellaneous	150	196	(46)
	<u>\$54,490</u>	<u>\$51,176</u>	<u>\$3,314</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF RECREATION DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Officials	\$21,000	\$24,180	(\$3,180)
Salary	178,062	171,341	6,721
Salaries-Part Time	20,000	16,949	3,051
Retirement	19,409	17,222	2,187
Social Security	15,152	14,167	985
Insurance	34,950	35,030	(80)
Supplies	1,400	1,146	254
Membership & Dues	2,000	1,984	16
Convention & Travel	1,000	1,103	(103)
Gas & Oil	12,500	10,934	1,566
Vehicle Expenditures	3,465	3,463	2
Electricity & Gas	34,500	41,476	(6,976)
Electricity -Athletic Field	26,000	30,830	(4,830)
Telephone	7,800	8,928	(1,128)
Maintenance/Service Agreements	1,950	1,950	0
Mower Repairs	2,500	2,349	151
Repairs/Maintenance Buildings/Grounds/Radios	26,000	33,864	(7,864)
Uniforms	600	552	48
Uniforms-Athletics	21,915	21,918	(3)
Janitorial Supplies	2,700	3,750	(1,050)
Athletic Supplies	10,000	8,597	1,403
Pool Operation	8,000	9,085	(1,085)
Special Events	500	1,795	(1,295)
General Insurance	2,500	1,518	982
Advertising & Printing	200	147	53
Trophy Account	1,500	2,397	(897)
Summer Camp Donations	0	725	(725)
Recreation Programs	7,000	8,883	(1,883)
Miscellaneous	1,500	1,574	(74)
	<u>\$464,103</u>	<u>\$477,857</u>	<u>(\$13,754)</u>

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2015

	PROJECT #3-L-87023	PROJECT #3-L-89002	DRUG ENFORCEMENT FUND	HISTORIC MARION DEPOT
ASSETS				
Cash-Restricted	\$18,288	\$11,340	\$17,375	\$0
Accounts Receivable	0	0	0	0
Due from State/Federal Govt.	0	0	0	0
Due From Other Funds	0	0	0	510
TOTAL ASSETS	\$18,288	\$11,340	\$17,375	\$510
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$0	\$0	\$0	\$0
Due to State/Federal Govt.	0	0	0	510
Due To Other Funds	0	0	0	0
Revenue Received in Advance	0	0	17,375	0
TOTAL LIABILITIES	0	0	17,375	510
FUND BALANCE/(DEFICIT)				
Restricted For:				
Hospitality Fund	0	0	0	0
Committed To:				
Housing Rehabilitation	18,288	11,340	0	0
TOTAL FUND BALANCE	18,288	11,340	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$18,288	\$11,340	\$17,375	\$510

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2015

	SCMIT PUBLIC WORKS EQUIPMENT	PARD	LOCAL HOSPITALITY TAX	SUMMER CAMP	TOTAL
ASSETS					
Cash-Restricted	\$0	\$0	\$280,285	\$0	\$327,288
Accounts Receivable	0	0	19,729	0	19,729
Due from State/Federal Govt.	232	6,135	0	0	6,367
Due From Other Funds	0	0	0	4,597	5,107
TOTAL ASSETS	\$232	\$6,135	\$300,014	\$4,597	\$358,491
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$0	\$0	\$127,099	\$0	\$127,099
Due to State/Federal Govt.	0	0	0	0	510
Due To Other Funds	232	6,135	0	0	6,367
Revenue Received in Advance	0	0	0	4,597	21,972
TOTAL LIABILITIES	232	6,135	127,099	4,597	155,948
FUND BALANCE/(DEFICIT)					
Restricted For:					
Hospitallity Fund	0	0	172,915	0	172,915
Committed To:					
Housing Rehabilitation	0	0	0	0	29,628
TOTAL FUND BALANCE	0	0	172,915	0	202,543
TOTAL LIABILITIES AND FUND BALANCES	\$232	\$6,135	\$300,014	\$4,597	\$358,491

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2015

	DRUG ENFORCEMENT FUND	SCDOT	LOCAL HOSPITALITY TAX	FIREMEN'S FUND	FOXTROT FESTIVAL	SCMIT PUBLIC WORKS EQUIPMENT
REVENUES						
LOCAL						
Interest Income	\$0	\$0	\$121	\$8	\$0	\$0
Other Income	858	0	232,044	40,584	0	0
STATE						
Grants	0	177,499	0	0	0	232
TOTAL REVENUES	858	177,499	232,165	40,592	0	232
EXPENDITURES						
CURRENT						
Public Safety	858	0	0	20,286	0	232
Community Development	0	177,499	0	0	0	0
Culture & Recreation	0	0	219,101	0	208	0
CAPITAL OUTLAY	0	0	31,097	0	0	0
TOTAL EXPENDITURES	858	177,499	250,198	20,286	208	232
Excess (deficiency) of revenues over expenditures	0	0	(18,033)	20,306	(208)	0
OTHER FINANCING SOURCES (USES)						
Payments to Not for Profit Entity	0	0	(5,000)	(40,015)	(13,459)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(5,000)	(40,015)	(13,459)	0
Excess (deficiency) of revenues over expenditures & other financing sources (uses)	0	0	(23,033)	(19,709)	(13,667)	0
Fund Balance/(Deficit) at beginning of year	0	0	195,948	19,709	13,667	0
Fund Balance/(Deficit) at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$172,915</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2015

	SCMIT SOFT BODY ARMOR PROGRAM	PARD GRANT #2015061	MCHF ENTRANCE SIGNS	SUMMER CAMP	Total Current Year
REVENUES					
LOCAL					
Interest Income	\$0	\$0	\$0	\$0	\$129
Other Income	0	0	5,000	6,403	284,889
STATE					
Grants	2,061	6,135	0	0	185,927
TOTAL REVENUES	2,061	6,135	5,000	6,403	470,945
EXPENDITURES					
CURRENT					
Public Safety	2,061	0	0	0	23,437
Community Development	0	0	0	0	177,499
Culture & Recreation	0	0	0	6,403	225,712
CAPITAL OUTLAY					
	0	6,135	5,000	0	42,232
TOTAL EXPENDITURES	2,061	6,135	5,000	6,403	468,880
Excess (deficiency) of revenues over expenditures	0	0	0	0	2,065
OTHER FINANCING SOURCES (USES)					
Payments to Not for Profit Entity	0	0	0	0	(58,474)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	(58,474)
Excess (deficiency) of revenues over expenditures & other financing sources (uses)	0	0	0	0	(56,409)
Fund Balance/(Deficit) at beginning of year	0	0	0	0	229,324
Fund Balance/(Deficit) at end of year	\$0	\$0	\$0	\$0	\$172,915

CITY OF MARION
 DRUG ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

REVENUES		
LOCAL		
Drug Forfeitures	\$858	
TOTAL REVENUES	858	
EXPENDITURES		
CURRENT		
Public Safety		
Miscellaneous Expenses	858	
TOTAL EXPENDITURES	858	
Excess (deficiency) of revenues over expenditures	0	
Fund Balances at beginning of year	0	
Fund Balances at end of year	\$0	

CITY OF MARION
 SCDOT GRANTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

	<u>#27419</u>	<u>#27420</u>	<u>Total Current Year</u>
REVENUES			
STATE			
Grants	<u>\$34,893</u>	<u>\$142,606</u>	<u>\$177,499</u>
TOTAL REVENUES	<u>34,893</u>	<u>142,606</u>	<u>177,499</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>34,893</u>	<u>142,606</u>	<u>177,499</u>
TOTAL EXPENDITURES	<u>34,893</u>	<u>142,606</u>	<u>177,499</u>
Excess (deficiency) of revenues over expenditures	0	0	0
Fund Balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF MARION
 SCDOT GRANT -- PROJECT #27419
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$150,500</u>	<u>\$34,893</u>	<u>(\$115,607)</u>
TOTAL REVENUES	<u>150,500</u>	<u>34,893</u>	<u>(115,607)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>150,500</u>	<u>34,893</u>	<u>115,607</u>
TOTAL EXPENDITURES	<u>150,500</u>	<u>34,893</u>	<u>115,607</u>
Excess (deficiency) of revenues over expenditures	0	0	0
Fund Balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF MARION
 SCDOT GRANT -- PROJECT #27420
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$242,500</u>	<u>\$142,606</u>	<u>(\$99,894)</u>
TOTAL REVENUES	<u>242,500</u>	<u>142,606</u>	<u>(99,894)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>242,500</u>	<u>142,606</u>	<u>99,894</u>
TOTAL EXPENDITURES	<u>242,500</u>	<u>142,606</u>	<u>99,894</u>
Excess (deficiency) of revenues over expenditures	0	0	0
Fund Balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF MARION
LOCAL HOSPITALITY TAX
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Hospitality Tax	\$315,000	\$232,044	(\$82,956)
Interest	0	121	121
TOTAL REVENUES	<u>315,000</u>	<u>232,165</u>	<u>(82,835)</u>
EXPENDITURES			
CURRENT			
Culture & Recreation			
Contributions-Marion Chamber of Commerce	5,225	5,225	0
Contributions-Arts Council	1,500	1,500	0
Contributions-Marion County Museum	1,900	1,900	0
Contributions-HMRA	19,000	19,000	0
Foxtrot Festival Salaries and Fringes	20,000	15,841	4,159
CD Joyner Events	12,850	8,587	4,263
City Planner	11,000	7,279	3,721
Advertising & Promotion	30,000	20,386	9,614
Street Lights	55,000	57,941	(2,941)
Opera House Expenditures	11,000	10,954	46
Depot Expenditures	7,000	4,187	2,813
Beautification Expenditures	24,000	10,876	13,124
Christmas Festival Expenditures	32,000	22,363	9,637
Hike/Bike Trail	10,000	9,800	200
Contingency	34,500	20,889	13,611
Miscellaneous	2,525	2,373	152
CAPITAL OUTLAY			
Truck - Beautification	25,000	24,779	221
Mower - Beautification	7,500	6,318	1,182
TOTAL EXPENDITURES	<u>310,000</u>	<u>250,198</u>	<u>59,802</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>(18,033)</u>	<u>(23,033)</u>
OTHER FINANCING SOURCES (USES)			
Payment to Not for Profit Entity	(5,000)	(5,000)	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0	(23,033)	(23,033)
Fund Balances at beginning of year	<u>195,948</u>	<u>195,948</u>	<u>0</u>
Fund Balances at end of year	<u>\$195,948</u>	<u>\$172,915</u>	<u>(\$23,033)</u>

CITY OF MARION
 FIREMEN'S FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

REVENUES	
Interest Income	\$8
Premium & Broker's Tax	39,094
Rental Income	<u>1,490</u>
TOTAL REVENUES	<u>40,592</u>
EXPENDITURES	
CURRENT	
Public Safety	
Drill Nights	1,035
Supplies	23
Other Supplies	10
Dues & Subscriptions	2,773
Convention/Travel/School	215
Insurance	4,207
Utilities	2,099
Taxes	1,501
Clothing & Uniforms	5,392
Christmas	<u>3,031</u>
TOTAL EXPENDITURES	<u>20,286</u>
Excess (deficiency) of revenues over expenditures	<u>20,306</u>
OTHER FINANCING SOURCES (USES)	
Payments to Not for Profit Entity	<u>(40,015)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,015)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(19,709)
Fund Balances at beginning of year	<u>19,709</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
 FOXTROT FESTIVAL
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

EXPENDITURES	
CURRENT	
Culture & Recreation	
Postage	<u>\$208</u>
TOTAL EXPENDITURES	<u>208</u>
Excess (deficiency) of revenues over expenditures	<u>(208)</u>
OTHER FINANCING SOURCES (USES)	
Payments to Not for Profit Entity	<u>(13,459)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,459)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(13,667)
Fund Balances at beginning of year	<u>13,667</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
SCMIT - PUBLIC WORKS EQUIPMENT COST SHARING
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2015

REVENUES	
STATE	
Grant	<u>\$232</u>
TOTAL REVENUES	<u>232</u>
EXPENDITURES	
CURRENT	
Public Safety	
Supplies	<u>232</u>
TOTAL EXPENDITURES	<u>232</u>
Excess (deficiency) of revenues over expenditures	0
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
SCMIT - SOFT BODY ARMOR PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2015

REVENUES	
STATE	
Grant	<u>\$2,061</u>
TOTAL REVENUES	<u>2,061</u>
EXPENDITURES	
CURRENT	
Public Safety	
Supplies	<u>2,061</u>
TOTAL EXPENDITURES	<u>2,061</u>
Excess (deficiency) of revenues over expenditures	0
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
 PARD GRANT #2015061
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
STATE			
Grants	\$6,135	\$6,135	\$0
TOTAL REVENUES	6,135	6,135	0
EXPENDITURES			
CAPITAL OUTLAY			
Culture and Recreation			
Fencing	6,135	6,135	0
TOTAL EXPENDITURES	6,135	6,135	0
Excess (deficiency) of revenues over expenditures	0	0	0
Fund Balances at beginning of year	0	0	0
Fund Balances at end of year	\$0	\$0	\$0

CITY OF MARION
MARION COUNTY HEALTHCARE FOUNDATION
ENTRANCE SIGNS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2015

REVENUES	
LOCAL	
Donation	<u>\$5,000</u>
TOTAL REVENUES	<u>5,000</u>
EXPENDITURES	
CAPITAL OUTLAY	
General Government	
Signs	<u>5,000</u>
TOTAL EXPENDITURES	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	0
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
SUMMER CAMP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2015

REVENUES	
LOCAL	
Donation	<u>\$6,403</u>
TOTAL REVENUES	<u>6,403</u>
EXPENDITURES	
CURRENT	
Culture and Recreation	
Travel	4,375
Supplies	<u>2,028</u>
TOTAL EXPENDITURES	<u>6,403</u>
Excess (deficiency) of revenues over expenditures	0
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>

CITY OF MARION
 PERMANENT FUND - CEMETERY FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

REVENUES	
Interest Income	\$54
TOTAL REVENUES	54
Excess (deficiency) of revenues over expenditures	54
OTHER FINANCING SOURCES (USES)	
Transfer to General Fund	(49)
TOTAL OTHER FINANCING SOURCES (USES)	(49)
Excess (deficiency) of revenues over expenditures and other sources (uses)	5
Fund Balances at beginning of year	32,697
Fund Balances at end of year	\$32,702

CITY OF MARION
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2015

EXPENDITURES	
CAPITAL OUTLAY	
Police Department	
Vehicles and Equipment	\$142,704
Building Improvements	5,500
Fire Department	
Vehicles and Equipment	31,838
Sanitation Department	
Vehicles and Equipment	<u>296,508</u>
TOTAL EXPENDITURES	<u>476,550</u>
Excess (deficiency) of revenues over expenditures	<u>(476,550)</u>
OTHER FINANCING SOURCES (USES)	
Debt Proceeds	400,000
Transfer from General Fund	<u>76,550</u>
TOTAL FINANCING SOURCES (USES)	<u>476,550</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>