

CITY OF MARION

Marion, South Carolina

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

June 30, 2016

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MAYOR

The Honorable Bobby L. Davis

CITY ATTORNEY

Boykin & Davis

CITY TREASURER

Patricia Brown

COUNCIL MEMBERS

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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, 2016, 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 above, 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, 2016, 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.

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, the schedule of funding progress for the Other Post Employment Benefits Plan (OPEB), and the pension schedules on pages 6 through 12 and 42 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 December 28, 2016, 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

December 28, 2016

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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, 2016. 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, 2016 by \$9.8 million (net position). Of this amount, \$1.1 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 \$482 thousand.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.0 million, a decrease of \$115 thousand in comparison with the prior year. Approximately 94.5 percent of this total or \$5.7 million was unassigned fund balance.

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 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.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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.

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.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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 and the required pension schedules.

Other Information

Combining and Individual Fund Financial Statement and Schedules

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

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 \$9.8 million at the close of the most recent fiscal year.

The largest portion of the City's net position is \$8.4 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, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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

	<u>Governmental Activities</u>	<u>Variance Favorable/ (Unfavorable)</u>	
	Restated		
	<u>2015</u>	<u>2016</u>	
Current Assets	\$ 6,358	\$ 6,347	\$ (11)
Capital Assets	9,034	8,790	(244)
Other Assets	385	471	86
Total Assets	<u>15,777</u>	<u>15,608</u>	<u>(169)</u>
Deferred Outflows of Resources	360	414	54
Long Term Liabilities	4,822	5,341	(519)
Other Liabilities	678	874	(196)
Total Liabilities	<u>5,500</u>	<u>6,215</u>	<u>(715)</u>
Deferred Inflows of Resources	352	5	347
Net Investment in Capital Assets	8,542	8,363	(179)
Restricted	235	324	89
Unrestricted	<u>1,508</u>	<u>1,115</u>	<u>(393)</u>
Total Net Position	<u>\$ 10,285</u>	<u>\$ 9,802</u>	<u>\$ (483)</u>

A portion of the City's net position (3.3 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.

Change in Net Position

The City's net position decreased by \$482 thousand. Approximately 40.1 percent of the City's total revenue came from taxes, while 8.6 percent resulted from grants and contributions (including state and federal aid). Charges for various goods and services provided 48.0 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 2016, governmental activity expenses exceeded program revenues, resulting in the use of \$2.5 million in general revenues (mostly taxes).

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

	<u>Governmental Activities</u>		<u>Variance Favorable/ (Unfavorable)</u>
	<u>2015</u>	<u>2016</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,752	\$ 2,746	\$ (6)
Operating Grants & Contributions	284	493	209
Capital Grants & Contributions	6	0	(6)
General Revenues:			
Taxes	2,284	2,293	9
Investment Earnings	24	33	9
Other	409	153	(256)
Total Revenues	<u>5,759</u>	<u>5,718</u>	<u>(41)</u>
Expenses:			
General Government	1,390	1,371	19
Public Safety	2,419	2,399	20
Highways and Streets	454	438	16
Sanitation	1,064	1,081	(17)
Community Development	177	108	69
Culture and Recreation	737	735	2
Interest	9	12	(3)
Depreciation, Unallocated	61	61	0
Total Expenses	<u>6,311</u>	<u>6,205</u>	<u>106</u>
Excess (Deficiency) Revenues over Expenses	(552)	(487)	65
Special Items	<u>1,545</u>	<u>4</u>	<u>(1,541)</u>
Change in Net Position	993	(483)	(1,476)
Net Position, Beginning of Year	12,778	10,285	(2,493)
Cumulative Change in Accounting Principle	(3,518)	0	3,518
Prior Period Adjustment	32	0	(32)
Net Position, End of Year	<u>\$ 10,285</u>	<u>\$ 9,802</u>	<u>\$ (483)</u>

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.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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 \$6.0 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 \$5,658,495 represents 96.9 percent of total governmental fund expenditures.

The fund balances of the City's governmental funds decreased by \$115 thousand during the current fiscal year. This is a 1.9 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, 2016. General fund revenues were over the approved budgeted revenues by \$114 thousand. This was largely due to an increase in the local option sales tax, which was an indicator that the economy had picked up. Also, the City received a reimbursement from the State (FEMA) on the ice storm that occurred in February 2014. General fund expenditures were under the approved budget by \$544 thousand. 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 workmen's compensation insurance company since they had another good claim year. The City had budgeted for the upgrade to the 800MHZ System by the County, but the upgrade did not occur.

FIXED ASSET AND DEBT ADMINISTRATION

Fixed Assets

The City's investment in fixed assets for its governmental as of June 30, 2016, amounts to \$15.4 million, less accumulated depreciation of \$6.6 million, leaving a net book value of \$8.8 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 \$241 thousand for the year. Depreciation charges for the year totaled \$468 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.

City of Marion, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016

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, 2017. 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 8.7% in September 2016. The State average was 4.9% in September 2016.

Personnel costs make up a significant portion of the City's operating costs. The City gave a 2.5% cost of living increase. There was a 4.5% health insurance increase. The \$2 million (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 16/17 budget. Also, the City expects to receive a franchise fee of approximately \$131,000 from GSWSA. The City will have one new business on the tax books for FY 16/17, Taco Bell.

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, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash	\$5,540,030
Due from Other Agencies	406,046
Accounts Receivable	183,237
Accounts Receivable-Sanitation	158,034
Interest Receivable	7,317
Taxes Receivable- Net of Allowance	52,939
Restricted Cash	470,977
Land	513,050
Real Estate and Buildings	8,841,382
Furniture, Fixtures and Equipment	4,077,890
Infrastructure	1,959,639
Accumulated Depreciation	(6,601,763)
TOTAL ASSETS	<u><u>15,608,778</u></u>
 DEFERED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>413,626</u>
 LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts Payable	307,727
Accrued Liabilities	7,947
Due to State/Federal Governments	12,405
Due to Retirees	33,490
Payroll Deductions	62
Revenues Received in Advance	447,359
Long Term Liabilities- Due within one year	
Lease Obligations	65,323
Long Term Liabilities- Due in greater than one year	
Lease Obligations	354,009
Pension obligations	4,034,847
OPEB obligations	806,914
Compensated Absences Payable	144,940
TOTAL LIABILITIES	<u><u>6,215,023</u></u>
 DEFERED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>5,265</u>
 NET POSITION	
Net investment in capital assets	8,362,919
Restricted for:	
Cemetery-Non-expendable	32,718
Local Hospitality Tax	257,751
Housing Rehabilitation	29,628
Drug Fund	4,500
Unrestricted	1,114,600
TOTAL NET POSITION	<u><u>\$9,802,116</u></u>

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

CITY OF MARION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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	\$1,371,473	\$1,155,400	\$250,813	\$0	\$34,740
Public Safety	2,399,314	301,085	124,027	0	(1,974,202)
Highways and Streets	438,439	0	108,034	0	(330,405)
Sanitation	1,080,503	961,710	0	0	(118,793)
Community Development	108,034	3,900	0	0	(104,134)
Culture and Recreation	734,984	324,313	10,413	0	(400,258)
Depreciation *	60,614	0	0	0	(60,614)
Interest	11,997	0	0	0	(11,997)
Total Governmental Activities	\$6,205,358	\$2,746,408	\$493,287	\$0	(2,965,663)
General revenues:					
Property taxes levied for:					
General Purposes					2,293,055
Unrestricted Investment Earnings					33,002
Miscellaneous					153,459
Total general revenues					<u>2,479,516</u>
Special Items:					
Donated assets					28,331
Gain/(Loss) on disposal of assets					(24,634)
Total Special Items					<u>3,697</u>
Changes in net position					(482,450)
Net position, beginning of year					<u>10,284,566</u>
Net position, end of year					<u><u>\$9,802,116</u></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, 2016

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash				
Cash	\$5,540,030	\$0	\$0	\$5,540,030
Restricted Cash	33,490	354,981	82,506	470,977
Receivables				
Interest	7,317	0	0	7,317
Taxes - Net of Allowance	26,221	0	0	26,221
Accounts-Miscellaneous	158,834	24,403	0	183,237
Accounts-Sanitation	158,034	0	0	158,034
Due from Other Funds	760	0	4,020	4,780
Due from Agencies	405,286	0	760	406,046
TOTAL ASSETS	<u>\$6,329,972</u>	<u>\$379,384</u>	<u>\$87,286</u>	<u>\$6,796,642</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Revenue Received in Advance	\$406,798	\$0	\$19,170	\$425,968
Accounts Payable & Accrued Expenditures	207,485	121,633	0	329,118
Payroll Deductions & Employer Contributions	62	0	0	62
Due to Other Funds	4,020	0	760	4,780
Due to Retirees	33,490	0	0	33,490
Due to Other Agencies	11,895	0	510	12,405
TOTAL LIABILITIES	<u>663,750</u>	<u>121,633</u>	<u>20,440</u>	<u>805,823</u>
FUND EQUITY				
Fund Equity				
Restricted For:				
Permanent Fund-Cemetery Fund	0	0	32,718	32,718
Special Revenue Fund-Hospitality Fund	0	257,751	0	257,751
Special Revenue Fund-Drug Fund	0	0	4,500	4,500
Committed To:				
Special Revenue Fund-Housing Rehabilitation	0	0	29,628	29,628
Assigned	7,727	0	0	7,727
Unassigned				
General Fund	5,658,495	0	0	5,658,495
TOTAL FUND EQUITY	<u>5,666,222</u>	<u>257,751</u>	<u>66,846</u>	<u>5,990,819</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$6,329,972</u>	<u>\$379,384</u>	<u>\$87,286</u>	<u>\$6,796,642</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, 2016

Fund Balances - total governmental funds	\$5,990,819
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 \$15,391,961 and the accumulated depreciation is \$6,601,763.	
	8,790,198
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.	
	(7,947)
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.	
	26,718
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	(419,332)
Compensated absences	(144,940)
OPEB obligation	(806,914)
Net pension obligations and deferred charges and credits	<u>(3,626,486)</u>
Net Position - Governmental Activities	<u><u>\$9,802,116</u></u>

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, 2016

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$2,293,055	\$0	\$0	\$2,293,055
Licenses and Permits	1,174,015	0	0	1,174,015
Charges for Services	961,710	0	0	961,710
Fines and Forfeits	183,633	0	0	183,633
Operational Revenues	685,484	273,809	29,028	988,321
Grants	0	0	124,848	124,848
TOTAL REVENUES	5,297,897	273,809	153,876	5,725,582
EXPENDITURES				
Current Expenditures				
General Government	1,159,233	0	0	1,159,233
Public Safety	2,137,972	0	5,015	2,142,987
Highways and Streets	396,530	0	0	396,530
Sanitation	1,025,393	0	0	1,025,393
Community Development	0	0	108,034	108,034
Culture and Recreation	495,570	188,973	6,087	690,630
Debt Service				
Principal	0	0	63,618	63,618
Interest	0	0	13,048	13,048
Capital Outlay	0	0	240,715	240,715
TOTAL EXPENDITURES	5,214,698	188,973	436,517	5,840,188
Excess (deficiency) of revenues over expenditures	83,199	84,836	(282,641)	(114,606)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	25	0	287,182	287,207
Operating Transfer Out	(287,182)	0	(25)	(287,207)
TOTAL OTHER FINANCING SOURCES (USES)	(287,157)	0	287,157	0
Excess (deficiency) of revenues over expenditures and other sources (uses)	(203,958)	84,836	4,516	(114,606)
Fund Balances at beginning of year	5,870,180	172,915	62,330	6,105,425
Fund Balances at end of year	<u>\$5,666,222</u>	<u>\$257,751</u>	<u>\$66,846</u>	<u>\$5,990,819</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, 2016

Total net change in fund balance-governmental funds	(\$114,606)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Add - Capital outlay per fund financial statements	240,715
Deduct - Depreciation expense	(467,614)
Deduct - Capital outlay that does not meet the depreciation requirements	(20,129)
Add - Donated Assets	28,331
<p>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.</p>	
	(24,634)
<p>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.</p>	
	7,736
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and therefore, is not reflected in the Statement of Activities.</p>	
	63,618
<p>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, 2015 amount of \$33,088 and the June 30, 2016 amount of \$26,718.</p>	
	(6,370)
<p>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, 2015 interest in the amount of \$8,998 and the June 30, 2016 interest in the amount of \$7,947.</p>	
	1,051
<p>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.</p>	
	(190,548)
Change in Net Position of Governmental Activities	(\$482,450)

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, 2016

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 policies 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, 2016

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.

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.

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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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

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 the funds 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.

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.

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. (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;

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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

3. Savings and loan associations to the extent that the same are insured by an agency of the federal government.
4. 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;
5. Repurchase agreements when collateralized by securities as set forth in this section, and
6. 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.

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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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

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.

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 15). 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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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

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.

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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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

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.

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

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 2 - RECEIVABLES

Gross receivables of \$165,021 net of an allowance for uncollectibles of \$6,987 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 \$181,418 net of a deferral of \$155,197 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 \$128,479 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, 2016 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	2,566
Police Department	915
Police Department Substation	<u>1,200</u>
	<u>\$ 7,727</u>

NOTE 4 - LEASE OBLIGATIONS

First Citizens Bank

On August 14, 2015, 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, 2016 was \$346,713. 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>
2016			\$ 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

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 4 - LEASE OBLIGATIONS - (continued)

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, 2016 was \$72,619. The following table reflects principal and interest requirements until maturity. This obligation will be funded with a \$20,000 grant received in the fiscal year ended June 30, 2015 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>
2016			\$ 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	14,098	1,198	13,487
2022	14,098	611	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 \$79,781.

	<u>6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/16</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Lease obligations	\$ 482,950	\$ 0	\$ 63,618	\$ 419,332	\$ 65,323
Compensated absences	<u>152,676</u>	<u>0</u>	<u>7,736</u>	<u>144,940</u>	
	<u>\$ 635,626</u>	<u>\$ 0</u>	<u>\$ 71,354</u>	<u>\$ 564,272</u>	

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 \$5,580 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, 2016, 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 December 28, 2016.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer deferred benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five-or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; this increase is not limited to one-half of one percent per year.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

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
6/30/16	\$107,219	10.91%	\$1,474	.15%
6/30/15	\$106,654	10.75%	\$1,488	.15%
6/30/14	\$103,847	10.45%	\$1,491	.15%

SCRS Employee Contributions	Amount	% of Covered Payroll
6/30/16	\$80,193	8.16%
6/30/15	\$79,370	8.0%
6/30/14	\$74,533	7.5%

PORS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Accidental Death	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/16	\$146,996	13.34%	\$2,204	.2%	\$2,204	.2%
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%

PORS Employee Contributions	Amount	% of Covered Payroll
6/30/16	\$96,307	8.74%
6/30/15	\$96,448	8.41%
6/30/14	\$82,417	7.84%

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

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

The net pension liability was measured as of June 30, 2015, 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, 2015, the City's proportion was 0.010933%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-SCRS</u>
2015	2016	\$ 2,073,496
2014	2015	1,884,194

For the year ended June 30, 2016, the City recognized pension expense of \$150,127. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of 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 experience	\$ 36,839	\$ 3,708
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	13,879	0
Changes in proportion and differences between City contributions and proportionate share of contributions	0	1,557
City contributions subsequent to the measurement date	<u>108,693</u>	<u>0</u>
Total	<u>\$ 159,411</u>	<u>\$ 5,265</u>

The \$108,693 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, 2017.

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

The net pension liability was measured as of June 30, 2015, 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, 2015, the City's proportion was .08999%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-PORS</u>
2015	2016	\$ 1,961,351
2014	2015	1,673,267

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

For the year ended June 30, 2016, the City recognized pension expense of \$185,816. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,874	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	21,460	0
Changes in proportion and differences between City contributions and proportionate share of contributions	42,478	0
City contributions subsequent to the measurement date	<u>151,403</u>	<u>0</u>
Total	<u>\$ 254,215</u>	<u>\$ 0</u>

The \$151,403 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, 2017.

The following schedule reflects the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2015.

Difference between expected and actual experience

	<u>SCRS</u>		<u>PORS</u>	
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Initial Balance	\$ 69,835	\$ (4,880)	\$ 57,897	\$ 6,093
Amortization period ¹	4.233	4.164	4.856	4.796
Amortized ² period ending June 30,				
2014	(16,498)	0	(11,923)	0
2015	(16,498)	1,172	(11,923)	(1,270)
2016	(16,498)	1,172	(11,923)	(1,270)
2017	(16,498)	1,172	(11,923)	(1,270)
2018	(3,843)	1,172	(10,205)	(1,270)
2019	0	192	0	(1,013)

Difference between projected and actual investment earnings

	<u>SCRS</u>		<u>PORS</u>	
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Initial Balance	\$ (198,365)	\$ 166,122	\$ (249,175)	\$ 213,706
Amortization period ³	5	5	5	5
Amortized ² period ending June 30,				
2014	39,673	0	49,835	0
2015	39,673	(33,224)	49,835	(42,741)
2016	39,673	(33,224)	49,835	(42,741)
2017	39,673	(33,224)	49,835	(42,741)
2018	39,673	(33,224)	49,835	(42,741)
2019	0	(33,226)	0	(42,742)

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

¹ In accordance with GASB 68, paragraph 71a, the difference between each year's expected an actual experience is required to be amortized over the average remaining service lives of all employees provided with pensions through the plan at June 30.

² Amount amortized and included in pension expense during the measurement period listed.

³ In accordance with GASB 68, paragraph 71b, the difference between each year's projected and actual investment earnings is required to be amortized over a closed, 5 year period.

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	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 and Firefighters	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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time 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 performed on data through June 30, 2015 and is currently underway.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. 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, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for SCRS and PORS.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 - RETIREMENT - (continued)

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return ¹	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
¹ Includes inflation at 2.75%		

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 funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. 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, as used in the July 1, 2014, actuarial valuations was based upon the 30 year capital market outlook at the end of the fourth quarter 2013 as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation which is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return set in statute and 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, 2016

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%	1.9%	0.04%
Short Duration	3.0%	2.0%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.7%	0.19%
Mixed Credit	6.0%	3.8%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.8%	0.08%
Emerging Markets Debt	6.0%	5.1%	0.31%
Global Public Equity	31.0%	7.1%	2.20%
Global Tactical Asset Allocation	10.0%	4.9%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.3%	0.34%
Private Debt	7.0%	9.9%	0.69%
Private Equity	9.0%	9.9%	0.89%
Real Estate (Broad Market)	5.0%	6.0%	0.30%
Commodities	<u>3.0%</u>	5.9%	<u>0.18%</u>
Total Expected Real Return	<u>100.0%</u>		6.00%
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u>8.75%</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	\$ 2,614,086	\$ 2,073,496	\$ 1,620,413
PORS	2,671,788	1,961,329	1,326,217

Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2016, the City reported a payable of \$18,022 and \$23,495 for the outstanding amount of contributions due to SCRS and PORS, respectively. This liability will be paid in the normal course of paying year-end obligations.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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, 2016, the book balance of the City's deposits was \$6,009,707 and the bank balance was \$6,163,466. 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	\$ 2,482,501	\$ 250,000	\$ 2,236,451	\$ 0
TD Bank	1,503,132	0	1,700,000	0
BB&T	33,490	33,490	0	0
First Citizens Bank & Securities	2,131,585	2,131,585	0	0
Pee Dee Federal	<u>12,758</u>	<u>12,758</u>	<u>0</u>	<u>0</u>
	<u>\$ 6,163,466</u>	<u>\$ 2,427,833</u>	<u>\$ 3,936,451</u>	<u>\$ 0</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.

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, 2016.

Credit Risk is the risk that an issuer of a debt type investment will not fulfill it's 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, 2016.

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 \$33,490 for post-65 retirees, \$29,628 for the CDBG programs, \$20,160 for the drug enforcement fund, \$354,981 for the hospitality tax fund and \$32,718 for the cemetery funds.

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, 2016.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 8 - CONTINGENCIES - (continued)

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, 2016, there were legal claims outstanding that are being handled by the Insurance Reserve fund on the City's behalf.

Encumbrances

At June 30, 2016, 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 Blue Cross and Blue Shield 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.

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, 2016, 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, 2016 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, 2016 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, 2016, 2015, and 2014.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land & Improvements	\$ 513,050	\$ 0	\$ 0	\$ 513,050
Total capital assets not being depreciated	<u>\$ 513,050</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 513,050</u>
Capital assets being depreciated				
Infrastructure	\$ 1,959,639	\$ 0	\$ 0	\$ 1,959,639
Buildings & Improvements	8,775,936	65,446	0	8,841,382
Furniture, Fixtures, & Equipment	<u>4,070,292</u>	<u>183,471</u>	<u>175,873</u>	<u>4,077,890</u>
Total capital assets being depreciated	<u>14,805,867</u>	<u>248,917</u>	<u>175,873</u>	<u>14,878,911</u>
Less accumulated depreciation for				
Buildings & Improvements	2,693,554	177,673	0	2,871,227
Infrastructure	856,083	60,614	0	916,697
Furniture, Fixtures, & Equipment	<u>2,735,751</u>	<u>229,327</u>	<u>151,239</u>	<u>2,813,839</u>
Total accumulated depreciation	<u>6,285,388</u>	<u>467,614</u>	<u>151,239</u>	<u>6,601,763</u>
Total capital assets being depreciated, net	<u>\$ 8,520,479</u>	<u>\$ (218,697)</u>	<u>\$ 24,634</u>	<u>\$ 8,277,148</u>

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 189,715
Public Safety	125,127
Highways and Streets	28,101
Sanitation	38,876
Culture and Recreation	25,181
Unallocated	<u>60,614</u>
 TOTAL DEPRECIATION EXPENSE	 <u>\$ 467,614</u>

NOTE 11 - INTERFUND BALANCES/TRANSFERS

The composition of interfund balances as of June 30, 2016 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Major Governmental Fund		
General Fund	Special Revenue Funds	\$ <u>4,020</u>
Other Funds		
Special Revenue	General Fund	\$ <u>760</u>

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

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2016

NOTE 11 - INTERFUND BALANCES/TRANSFERS - (continued)

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	\$ 25	To transfer interest earned
General Fund	Debt Service	76,666	To fund debt repayment
General Fund	Capital Projects	<u>210,516</u>	To fund capital purchases
		<u>\$ 287,207</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.

Benefit

The City provides medical coverage for retirees and their dependents prior to Medicare eligibility. The monthly premiums as of July 1, 2015 are based on age and range from \$646.13 to \$1,135.94

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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 12 - POST RETIREMENT BENEFITS - (continued)

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.

The number of retiree participants eligible as of July 1, 2015 was 24 and the number of active participants eligible was 68.

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, 2016, the City contributed \$4,000 to the Trust.

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 225,924
Interest on OPEB obligation	34,645
Adjustment to ARC	<u>(31,071)</u>
Annual OPEB cost (expense) end of year	229,498
Net employer contributions	<u>115,488</u>
Increase (decrease) in net OPEB obligation	114,010
Net OPEB obligation - as of beginning of year	<u>692,904</u>
Net OPEB obligation (asset) - as of end of year	<u>\$ 806,914</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>
6/30/2016	\$ 229,498	50.32%	\$ 806,914
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, 2015, the most recent valuation date, the plan was .53% funded. The actuarial accrued liability for benefits was \$2,823,667 and the actuarial value of plan assets was \$14,880, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,808,787. The covered payroll (annual payroll of active employees covered by the plan) was \$1,744,554 and the ratio of the UAAL to the covered payroll was 161.00%.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2016

NOTE 12 - POST RETIREMENT BENEFITS - (continued)

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.

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%
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay open
Medical cost trend rate	7.50% - 5.00%
Ultimate trend rate	5.00%
Year of ultimate trend rate	2020
Asset Valuation method	5 year smoothed market value 80%-120% Corridor

*includes inflation at 2.75%

NOTE 13 - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2016, the City conducted business with a business owned by an employee.

CITY OF MARION
 SCHEDULE OF FUNDING PROGRESS FOR OPEB
 June 30, 2016

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%
2015	14,880	2,823,667	2,808,787	0.53%	1,744,554	161.00%

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%.

The July 1, 2015 valuation used Projected Unit Credit cost method and a discount rate of 5%.

CITY OF MARION
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
Year Ended June 30, 2016

	SCRS		
	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$108,693	\$108,142	\$105,338
Contributions made to pension plan	<u>108,693</u>	<u>108,142</u>	<u>105,338</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$982,761	\$992,126	\$993,754
Contributions as a percentage of covered employee payroll	11.06%	10.90%	10.60%

	PORS		
	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$151,403	\$153,789	\$134,979
Contributions made to pension plan	<u>151,403</u>	<u>153,789</u>	<u>134,979</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$1,101,916	\$1,146,825	\$1,051,240
Contributions as a percentage of covered employee payroll	13.74%	13.41%	12.84%

The City implemented GASB 68 during fiscal year 2015, as such only the last three years of data are available.

CITY OF MARION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2016

	SCRS		
	June 30, 2016	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	0.010933%	0.010944%	0.010944%
The City's proportionate share of the net pension liability	\$2,073,496	\$1,884,194	\$1,962,963
The City's covered employee payroll	\$992,126	\$993,754	\$1,000,963
The City's proportionate share of the net pension liability as a percentage of its covered payroll	209.00%	189.60%	196.11%
The Plan's fiduciary net position as a percentage of the total pension liability	57.00%	59.90%	56.39%

	PORS		
	June 30, 2016	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	0.08999%	0.08740%	0.08740%
The City's proportionate share of the net pension liability	\$1,961,351	\$1,673,267	\$1,811,840
The City's covered employee payroll	\$1,146,825	\$1,051,240	\$1,121,168
The City's proportionate share of the net pension liability as a percentage of its covered payroll	171.02%	159.17%	161.60%
The Plan's fiduciary net position as a percentage of the total pension liability	64.60%	67.50%	62.98%

The City implemented GASB 68 during fiscal year 2015, as such only the last three years of data are available.

CITY OF MARION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
LOCAL				
Taxes	\$2,208,000	\$2,208,000	\$2,293,055	\$85,055
Operational Revenues	2,761,812	2,761,812	2,769,757	7,945
STATE				
Operational Revenues	214,000	214,000	235,085	21,085
TOTAL REVENUES	<u>5,183,812</u>	<u>5,183,812</u>	<u>5,297,897</u>	<u>114,085</u>
EXPENDITURES				
Current Expenditures				
General Government	1,283,257	1,281,757	1,159,233	122,524
Public Safety	2,361,368	2,362,868	2,137,972	224,896
Highways and Streets	454,616	454,616	396,530	58,086
Sanitation	1,120,880	1,120,880	1,025,393	95,487
Culture and Recreation	538,750	538,750	495,570	43,180
TOTAL EXPENDITURES	<u>5,758,871</u>	<u>5,758,871</u>	<u>5,214,698</u>	<u>544,173</u>
Excess (deficiency) of revenues over expenditures	<u>(575,059)</u>	<u>(575,059)</u>	<u>83,199</u>	<u>658,258</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Debt Service Fund	(76,700)	(76,700)	(76,666)	34
Transfer to Capital Projects Fund	0	0	(210,516)	(210,516)
Transfer from Fiduciary Fund	25	25	25	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,675)</u>	<u>(76,675)</u>	<u>(287,157)</u>	<u>(210,482)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(651,734)</u>	<u>(651,734)</u>	<u>(203,958)</u>	<u>447,776</u>
Fund Balances at beginning of year	<u>5,870,180</u>	<u>5,870,180</u>	<u>5,870,180</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$5,218,446</u></u>	<u><u>\$5,218,446</u></u>	<u><u>\$5,666,222</u></u>	<u><u>\$447,776</u></u>

CITY OF MARION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL-LOCAL HOSPITALITY TAX
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
LOCAL				
Hospitality Tax	\$265,000	\$265,000	\$273,676	\$8,676
Interest	0	0	133	133
TOTAL REVENUES	<u>265,000</u>	<u>265,000</u>	<u>273,809</u>	<u>8,809</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
Contributions-United Negro College Fund	0	0	1,500	(1,500)
Contributions-Foxtrot Festival	5,000	5,000	5,000	0
Foxtrot Festival Salaries and Fringes	20,000	20,000	16,351	3,649
CD Joyner Events	12,500	12,500	988	11,512
City Planner	11,000	11,000	8,632	2,368
Advertising & Promotion	30,000	30,000	15,996	14,004
Street Lights	60,000	60,000	57,512	2,488
Opera House Expenditures	11,000	11,000	10,849	151
Depot Expenditures	7,000	7,000	4,348	2,652
Beautification Expenditures	24,000	24,000	11,035	12,965
Christmas Festival Expenditures	32,000	32,000	23,068	8,932
Contingency	22,350	22,350	6,069	16,281
Miscellaneous	2,525	2,525	0	2,525
TOTAL EXPENDITURES	<u>265,000</u>	<u>265,000</u>	<u>188,973</u>	<u>76,027</u>
Excess (deficiency) of revenues over expenditures	0	0	84,836	84,836
Fund Balances at beginning of year	<u>172,915</u>	<u>172,915</u>	<u>172,915</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$172,915</u></u>	<u><u>\$172,915</u></u>	<u><u>\$257,751</u></u>	<u><u>\$84,836</u></u>

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**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, 2016, 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 December 28, 2016.

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 #2016-001 and #2016-002 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

December 28, 2016

CITY OF MARION
SCHEDULE OF FINDINGS AND RESPONSES
July 1, 2015 to June 30, 2016

#2016-001 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.

#2016-002 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, 2016

POLICE FINES, ASSESSMENTS AND SURCHARGES:

Total Court Fines Collected	\$183,633
Court Fines Retained by the City	<u>(183,633)</u>
Court Fines Remitted to the State Treasurer	<u>\$0</u>
Total Court Other Assessments Collected	\$156,496
Court Other Assessments Retained by the City	<u>(17,481)</u>
Court Other Assessments Remitted to the State Treasurer	<u>\$139,015</u>
Total DUI, DUS, BUI Assessments, Surcharges Pullout Collected	\$109,393
DUI, DUS, BUI Assessments, Surcharges and Pullout Retained by the City	<u>(4,658)</u>
DUI, DUS, BUI Assessments, Surcharges and Pullout Remitted to the State Treasurer	<u>\$104,735</u>
Beginning Balance - Revenue Received in Advance - Victim's Rights	\$60,267
Assessments for Victim's Rights	17,481
Surcharges for Victim's Rights	4,658
Expenditures for Victim's Rights	<u>(21,000)</u>
Ending Balance - Revenue Received in Advance - Victim's Rights	<u>\$61,406</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Taxes			
Current	\$2,075,000	\$2,139,494	\$64,494
Executions	88,000	93,198	5,198
In Lieu Of	25,000	37,427	12,427
In Lieu of Motor Carriers	20,000	22,936	2,936
Operational Revenues	2,761,812	2,769,757	7,945
STATE			
Operational Revenues	214,000	222,950	8,950
Disaster Assistance	0	12,135	12,135
TOTAL REVENUES	5,183,812	5,297,897	114,085
EXPENDITURES			
Current Expenditures			
General Government	1,064,135	965,215	98,920
Administrator & City Clerk	99,925	95,606	4,319
City Treasurer	61,187	59,871	1,316
Planning & Zoning	56,510	38,541	17,969
Building Inspector	70,511	65,149	5,362
Municipal Court	97,152	94,519	2,633
Police Department	1,621,150	1,443,604	177,546
Fire Department	574,055	534,700	39,355
Street Department	399,630	342,685	56,945
Sanitation Department	1,120,880	1,025,393	95,487
City Shop	54,986	53,845	1,141
Recreation Department	538,750	495,570	43,180
TOTAL EXPENDITURES	5,758,871	5,214,698	544,173
Excess (deficiency) of revenues over expenditures	(575,059)	83,199	658,258

CITY OF MARION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)			
Transfer to Debt Service Fund	(\$76,700)	(\$76,666)	\$34
Transfer to Capital Projects Fund	0	(210,516)	(210,516)
Transfer from Fiduciary Fund	25	25	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,675)</u>	<u>(287,157)</u>	<u>(210,482)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(651,734)	(203,958)	447,776
Fund Balances at beginning of year	<u>5,870,180</u>	<u>5,870,180</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$5,218,446</u></u>	<u><u>\$5,666,222</u></u>	<u><u>\$447,776</u></u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF OPERATIONAL REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Business Licenses	\$1,140,000	\$1,149,604	\$9,604
Building Permits	23,000	24,411	1,411
Franchise Fee GSWSA	131,000	136,250	5,250
Setoff Debt Fees	3,000	596	(2,404)
Sanitation Receipts	970,000	961,710	(8,290)
Donations-Food Boxes	0	4,326	4,326
Grass Cutting Fees	6,000	3,900	(2,100)
Francis Marion Run Fest	0	5,950	5,950
Recreation - Swimming Pool	800	1,754	954
Recreation - Program Registration	3,000	2,834	(166)
Recreation - Tournament Fund	200	(1,021)	(1,221)
Recreation - Youth Sports Registration	14,000	17,643	3,643
Recreation - Rent	8,000	8,762	762
Recreation - Youth Sponsor Fees	7,000	7,600	600
Recreation - Miscellaneous	500	0	(500)
Recreation - Insurance	5,000	5,946	946
Recreation - Game Admissions	14,100	8,086	(6,014)
Recreation - Gym Admissions	0	20	20
Summer Camp Donations	0	1,275	1,275
Police Fines and Forfeits	187,000	183,633	(3,367)
Police - Miscellaneous	1,000	985	(15)
Police - Proceeds for School Resource Officer	84,313	84,313	0
Opera House Income	6,000	6,500	500
Fire Department Donations	600	1,000	400
Fire Christmas Fund	0	2,895	2,895
Fire Miscellaneous	500	200	(300)
Rural Fire Dues	89,500	89,161	(339)
Sale of Assets-Equipment	0	1,861	1,861
Rose Hill - Sales	3,000	5,200	2,200
City - Miscellaneous	3,000	3,892	892
Yard Sales	700	515	(185)
PARD Grant	14,099	14,099	0
Local Grants-Walmart	0	1,629	1,629
Interest	7,000	7,157	157
Investment Interest Income	35,000	25,671	(9,329)
CD Joyner Rent	4,500	1,400	(3,100)
TOTAL LOCAL OPERATIONAL REVENUES	\$2,761,812	\$2,769,757	\$7,945

CITY OF MARION
GENERAL FUND
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary-Mayor/Council	\$40,500	\$40,500	\$0
Salary	133,000	131,635	1,365
Retirement	19,400	18,837	563
Social Security	13,500	12,925	575
Insurance	51,000	48,774	2,226
Insurance Retirees (Pre)	45,000	59,137	(14,137)
Insurance Retirees (Post)	57,000	56,349	651
Unemployment Insurance	200	0	200
SC ORBET	5,000	4,000	1,000
Penalties	200	0	200
Supplies	6,200	6,056	144
Software - County	8,500	0	8,500
Food Boxes	0	4,326	(4,326)
Postage	6,000	5,629	371
Membership & Dues	4,000	690	3,310
Convention & Travel	9,000	8,667	333
Gas & Oil	4,000	1,662	2,338
Electricity & Gas	10,000	8,229	1,771
Telephone	16,000	15,394	606
Street Lights	136,000	128,706	7,294
Refunds	130	121	9
Bank Charges-Credit Card	700	408	292
Maintenance/Service Agreements	32,500	32,771	(271)
Opera House Expenditures	3,000	3,000	0
Rental Property	1,900	1,800	100
Repairs/Maintenance Buildings/Grounds	6,200	7,606	(1,406)
Janitor Uniforms	300	240	60
County Tax - Housing Authority	18,000	26,070	(8,070)
Janitorial Supplies	1,600	1,158	442
Beautification	1,000	1,000	0
Advertising & Printing	5,000	4,515	485
Swamp Fox Scene Paper	2,500	2,269	231
Insurance - Property, Etc.	313,500	242,674	70,826
Professional Services	37,500	34,566	2,934
Attorney Fees	28,500	23,736	4,764
Walmart Summer Camp	0	1,629	(1,629)
Annual Awards Banquet	4,200	2,888	1,312
Francis Marion Runfest	0	5,950	(5,950)
Miscellaneous	6,000	4,513	1,487
Miscellaneous-Auction Funds	0	150	(150)
Contributions	16,605	16,135	470
Transfer GSWSA funds	20,000	0	20,000
PASA(performing Arts/Science)	500	500	0
	<u>\$1,064,135</u>	<u>\$965,215</u>	<u>\$98,920</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF ADMINISTRATOR AND CITY CLERK EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$67,500	\$66,817	\$683
Retirement	9,000	8,387	613
Social Security	5,100	5,007	93
Insurance	9,175	9,151	24
Supplies	850	887	(37)
Membership & Dues	800	764	36
Convention & Travel	2,000	2,222	(222)
Gas & Oil	4,500	2,233	2,267
Vehicle Expenditures	800	138	662
Miscellaneous	200	0	200
	<u>\$99,925</u>	<u>\$95,606</u>	<u>\$4,319</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF CITY TREASURER EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$43,222	\$43,576	(\$354)
Retirement	4,782	4,811	(29)
Social Security	3,307	3,181	126
Insurance	6,076	6,075	1
Supplies	900	841	59
Membership & Dues	500	80	420
Convention & Travel	2,100	1,307	793
Miscellaneous	300	0	300
	<u>\$61,187</u>	<u>\$59,871</u>	<u>\$1,316</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF PLANNING AND ZONING EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$21,000	\$16,272	\$4,728
Retirement	3,508	2,747	761
Social Security	2,426	1,901	525
Health Insurance	6,076	6,096	(20)
Supplies	400	370	30
Convention & Travel	1,200	1,115	85
Planning	20,000	10,000	10,000
Advertising & Printing	300	40	260
Professional Services	1,500	0	1,500
Miscellaneous	100	0	100
	<u>\$56,510</u>	<u>\$38,541</u>	<u>\$17,969</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF BUILDING INSPECTOR EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$52,420	\$51,284	\$1,136
Retirement	7,203	5,114	2,089
Social Security	4,011	3,812	199
Insurance	2,977	2,955	22
Supplies	1,200	1,168	32
Membership & Dues	2,000	500	1,500
Miscellaneous Expense	700	316	384
	<u>\$70,511</u>	<u>\$65,149</u>	<u>\$5,362</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF MUNICIPAL COURT DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$58,361	\$58,098	\$263
Retirement	6,454	5,467	987
Social Security	4,465	4,419	46
Insurance	12,152	12,192	(40)
Supplies	4,500	3,069	1,431
Postage	2,000	1,892	108
Membership & Dues	220	270	(50)
Convention & Travel	4,000	3,940	60
Maintenance/Service Agreements	1,500	1,500	0
Jury Pay	1,500	260	1,240
Part-time Municipal Judge	2,000	3,412	(1,412)
	<u>\$97,152</u>	<u>\$94,519</u>	<u>\$2,633</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF POLICE DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$909,500	\$856,364	\$53,136
Retirement	125,100	112,497	12,603
Social Security	69,700	64,367	5,333
Insurance	146,000	139,600	6,400
Unemployment Insurance	2,000	0	2,000
Supplies	20,650	15,733	4,917
Supplies-Auction Funds	0	1,711	(1,711)
Postage	500	8	492
Litter Control	11,500	6,913	4,587
Membership & Dues	2,000	805	1,195
Convention & Travel	4,000	1,733	2,267
Gas & Oil	79,000	52,459	26,541
Vehicle Expenditures	32,000	35,064	(3,064)
Electricity	15,000	12,463	2,537
Electricity-Firing Range	200	180	20
Telephone	11,000	9,219	1,781
Maintenance/Service Agreements	7,000	6,907	93
Radio Supplies & Maintenance	2,000	963	1,037
Maintenance/Building & Grounds	8,500	9,165	(665)
Combined Drug Unit	8,800	6,781	2,019
Community Police Substation	2,000	1,798	202
Jones Ave Sub Station	0	60	(60)
Uniforms	17,000	15,166	1,834
Uniform allowance	2,500	4,000	(1,500)
Prisoner Safe Keeping	1,200	0	1,200
Medical - Prisoners	3,000	0	3,000
Juvenile Detention	8,000	3,400	4,600
Advertising & Printing	1,000	180	820
Professional Services	4,000	2,823	1,177
School Resource Officers	5,000	4,629	371
Victims Advocacy Program	21,000	21,000	0
800 MHZ Systems	100,000	55,000	45,000
Miscellaneous Expense	2,000	2,616	(616)
	<u>\$1,621,150</u>	<u>\$1,443,604</u>	<u>\$177,546</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF FIRE DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$289,500	\$283,060	\$6,440
Wages-Fire Attendance	30,000	24,413	5,587
Retirement	38,700	36,795	1,905
Social Security	21,550	23,202	(1,652)
Insurance	48,610	40,865	7,745
Unemployment Insurance	100	2,617	(2,517)
Supplies	4,400	4,605	(205)
Christmas Fund Supplies	0	2,895	(2,895)
Class 5 Supplies	17,000	14,582	2,418
Memberships/Conventions/School	2,000	1,289	711
Gas & Oil	18,000	11,063	6,937
Truck Expenditures	21,000	21,041	(41)
Electricity & Gas	22,000	17,008	4,992
Telephone	4,000	4,227	(227)
Maintenance/Service Agreements	95	95	0
Radio Maintenance	2,000	1,190	810
Equipment Maintenance	4,500	3,709	791
Repairs/Maintenance Buildings/Grounds	8,000	5,810	2,190
Hose & Nozzle	3,000	2,936	64
Fire Prevention	2,500	2,496	4
Uniforms	4,300	4,597	(297)
Medical Expenditures	4,600	0	4,600
OSHA Regulations	1,500	1,332	168
Training	6,000	5,120	880
Professional Services	700	315	385
800 MHZ Systems	15,000	15,000	0
Miscellaneous	1,000	982	18
Training Ground	4,000	3,456	544
	<u>\$574,055</u>	<u>\$534,700</u>	<u>\$39,355</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF STREET DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$215,744	\$191,644	\$24,100
Retirement	23,861	21,102	2,759
Social Security	16,500	14,522	1,978
Insurance	57,725	50,084	7,641
Unemployment Insurance	300	0	300
Supplies	4,500	4,933	(433)
Travel/Convention/School	200	0	200
Gas & Oil	29,000	15,843	13,157
Vehicle Expenditures	4,000	3,347	653
Truck Maintenance	6,000	6,205	(205)
Chemicals	700	151	549
Electricity & Heat	1,000	654	346
Telephone	1,000	703	297
Tractor/Mower Maintenance	13,000	15,662	(2,662)
Heavy Equipment Maintenance	12,000	11,288	712
Building Maintenance	600	520	80
Paint Street Lights	500	0	500
Uniforms	2,100	2,574	(474)
Storm Drainage	4,500	189	4,311
Street Repair	2,000	1,146	854
Sidewalk Improvements	1,000	0	1,000
Street Signs	1,000	609	391
Miscellaneous	1,200	1,509	(309)
Equipment-miscellaneous	1,200	0	1,200
	<u>\$399,630</u>	<u>\$342,685</u>	<u>\$56,945</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF SANITATION DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$216,000	\$208,659	\$7,341
Retirement	23,900	22,988	912
Social Security	16,530	15,944	586
Insurance	63,800	59,789	4,011
Unemployment Insurance	300	0	300
Supplies	1,850	1,578	272
Gas & Oil	43,000	27,717	15,283
Vehicle Expenditures	4,000	3,738	262
Truck Maintenance	16,500	15,972	528
Chemicals	100	0	100
Electricity/Heat	2,500	1,930	570
Telephone	1,000	754	246
Landfill Closing	15,000	5,121	9,879
Radio Maintenance	600	0	600
Contract Garbage Hauling	684,000	627,455	56,545
Equipment Repairs - Mowers	1,300	824	476
Maintenance-Building	1,000	1,297	(297)
Rose Hill Maintenance	200	1,830	(1,630)
Heavy Equipment Maintenance	5,000	4,932	68
Sweeper Maintenance	6,000	8,511	(2,511)
Tree Trimming	15,000	13,027	1,973
Uniforms	2,300	2,403	(103)
Miscellaneous	1,000	924	76
	<u>\$1,120,880</u>	<u>\$1,025,393</u>	<u>\$95,487</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF CITY SHOP EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$27,300	\$27,645	(\$345)
Retirement	3,020	3,042	(22)
Social Security	2,090	2,105	(15)
Insurance	6,076	6,096	(20)
Supplies	3,700	3,882	(182)
Gas & Oil	3,400	2,775	625
Vehicle Expenditures	700	1,199	(499)
Electricity & Gas	5,000	3,131	1,869
Telephone	1,300	1,088	212
Repairs/Maintenance Buildings/Grounds	600	1,181	(581)
Small Hand Tools	1,000	1,084	(84)
Uniforms	300	106	194
Miscellaneous	500	511	(11)
	<u>\$54,986</u>	<u>\$53,845</u>	<u>\$1,141</u>

CITY OF MARION
GENERAL FUND
SCHEDULE OF RECREATION DEPARTMENT EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Officials	\$24,000	\$23,822	\$178
Salary	185,000	174,925	10,075
Salaries-Part Time	20,000	18,521	1,479
Retirement	20,400	17,867	2,533
Social Security	15,700	14,562	1,138
Insurance	36,500	35,251	1,249
Unemployment Insurance	100	0	100
Supplies	2,200	1,817	383
Membership & Dues	2,000	1,462	538
Convention & Travel	4,000	400	3,600
Gas & Oil	12,500	9,572	2,928
Vehicle Expenditures	2,500	4,402	(1,902)
Electricity & Gas	55,000	42,727	12,273
Electricity -Athletic Field	38,000	32,144	5,856
Telephone	9,300	8,251	1,049
Maintenance/Service Agreements	750	2,133	(1,383)
Mower Repairs	3,000	3,438	(438)
Repairs/Maintenance Buildings/Grounds/Radios	37,500	38,617	(1,117)
Maintenance-Green St. Drainage	5,000	0	5,000
Maintenance-Ballfield Re-sand	6,000	0	6,000
Uniforms	600	871	(271)
Uniforms-Athletics	20,000	24,672	(4,672)
Janitorial Supplies	2,800	3,721	(921)
Athletic Supplies	10,000	10,792	(792)
Pool Operation	8,000	10,206	(2,206)
Tournament Funds	0	570	(570)
Special Events	500	328	172
General Insurance	2,500	1,860	640
Advertising & Printing	400	294	106
Trophy Account	1,500	1,484	16
Summer Camp	4,500	3,861	639
Summer Camp Donations	0	1,275	(1,275)
Recreation Programs	7,000	4,484	2,516
Miscellaneous	1,500	1,241	259
	<u>\$538,750</u>	<u>\$495,570</u>	<u>\$43,180</u>

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2016

	PROJECT #3-L-87023	PROJECT #3-L-89002	DRUG ENFORCEMENT FUND	HISTORIC MARION DEPOT
ASSETS				
Cash-Restricted	\$18,288	\$11,340	\$20,160	\$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	\$20,160	\$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	15,660	0
TOTAL LIABILITIES	0	0	15,660	510
FUND BALANCE/(DEFICIT)				
Restricted For:				
Hospitality Fund	0	0	0	0
Drug Enforcement	0	0	4,500	0
Committed To:				
Housing Rehabilitation	18,288	11,340	0	0
TOTAL FUND BALANCE	18,288	11,340	4,500	0
TOTAL LIABILITIES AND FUND BALANCES	\$18,288	\$11,340	\$20,160	\$510

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2016

	JAG	LOCAL HOSPITALITY TAX	SUMMER CAMP	TOTAL
ASSETS				
Cash-Restricted	\$0	\$354,981	\$0	\$404,769
Accounts Receivable	0	24,403	0	24,403
Due from State/Federal Govt.	760	0	0	760
Due From Other Funds	0	0	3,510	4,020
TOTAL ASSETS	\$760	\$379,384	\$3,510	\$433,952
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$0	\$121,633	\$0	\$121,633
Due to State/Federal Govt.	0	0	0	510
Due To Other Funds	760	0	0	760
Revenue Received in Advance	0	0	3,510	19,170
TOTAL LIABILITIES	760	121,633	3,510	142,073
FUND BALANCE/(DEFICIT)				
Restricted For:				
Hospitality Fund	0	257,751	0	257,751
Drug Enforcement	0	0	0	4,500
Committed To:				
Housing Rehabilitation	0	0	0	29,628
TOTAL FUND BALANCE	0	257,751	0	291,879
TOTAL LIABILITIES AND FUND BALANCES	\$760	\$379,384	\$3,510	\$433,952

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2016

	DRUG ENFORCEMENT FUND	SCDOT	LOCAL HOSPITALITY TAX	SCMIT SOFT BODY ARMOR PROGRAM
REVENUES				
LOCAL				
Interest Income	\$0	\$0	\$133	\$0
Other Income	22,900	0	273,676	0
STATE				
Grants	0	108,034	0	1,415
FEDERAL				
Grants	0	0	0	0
TOTAL REVENUES	<u>22,900</u>	<u>108,034</u>	<u>273,809</u>	<u>1,415</u>
EXPENDITURES				
CURRENT				
Public Safety	3,600	0	0	1,415
Community Development	0	108,034	0	0
Culture & Recreation	0	0	188,973	0
CAPITAL OUTLAY	<u>14,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>18,400</u>	<u>108,034</u>	<u>188,973</u>	<u>1,415</u>
Excess (deficiency) of revenues over expenditures	4,500	0	84,836	0
Fund Balance/(Deficit) at beginning of year	<u>0</u>	<u>0</u>	<u>172,915</u>	<u>0</u>
Fund Balance/(Deficit) at end of year	<u><u>\$4,500</u></u>	<u><u>\$0</u></u>	<u><u>\$257,751</u></u>	<u><u>\$0</u></u>

CITY OF MARION
 ALL SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2016

	JAG #2015-MU-BX-0408	SUMMER CAMP	Total Current Year
REVENUES			
LOCAL			
Interest Income	\$0	\$0	\$133
Other Income	0	6,087	302,663
STATE			
Grants	0	0	109,449
FEDERAL			
Grants	15,399	0	15,399
TOTAL REVENUES	15,399	6,087	427,644
EXPENDITURES			
CURRENT			
Public Safety	0	0	5,015
Community Development	0	0	108,034
Culture & Recreation	0	6,087	195,060
CAPITAL OUTLAY	15,399	0	30,199
TOTAL EXPENDITURES	15,399	6,087	338,308
Excess (deficiency) of revenues over expenditures	0	0	89,336
Fund Balance/(Deficit) at beginning of year	0	0	172,915
Fund Balance/(Deficit) at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$262,251</u>

CITY OF MARION
 DRUG ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2016

REVENUES	
LOCAL	
Drug Forfeitures	<u>\$22,900</u>
TOTAL REVENUES	<u>22,900</u>
EXPENDITURES	
CURRENT	
Public Safety	
Professional Services	3,600
CAPITAL OUTLAY	<u>14,800</u>
TOTAL EXPENDITURES	<u>18,400</u>
Excess (deficiency) of revenues over expenditures	4,500
Fund Balances at beginning of year	<u>0</u>
Fund Balances at end of year	<u><u>\$4,500</u></u>

CITY OF MARION
 SCDOT GRANTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2016

	<u>#27419</u>	<u>#27420</u>	<u>#28445</u>	<u>Total Current Year</u>
REVENUES				
STATE				
Grants	<u>\$72,000</u>	<u>\$29,890</u>	<u>\$6,144</u>	<u>\$108,034</u>
TOTAL REVENUES	<u>72,000</u>	<u>29,890</u>	<u>6,144</u>	<u>108,034</u>
EXPENDITURES				
CURRENT				
Community Development				
Street Signs	0	0	6,144	6,144
Street/Sidewalk/Driveway Repairs	<u>72,000</u>	<u>29,890</u>	<u>0</u>	<u>101,890</u>
TOTAL EXPENDITURES	<u>72,000</u>	<u>29,890</u>	<u>6,144</u>	<u>108,034</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund Balances at beginning of year	<u>0</u>	<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>	<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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$115,607</u>	<u>\$72,000</u>	<u>(\$43,607)</u>
TOTAL REVENUES	<u>115,607</u>	<u>72,000</u>	<u>(43,607)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>115,607</u>	<u>72,000</u>	<u>43,607</u>
TOTAL EXPENDITURES	<u>115,607</u>	<u>72,000</u>	<u>43,607</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><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$99,894</u>	<u>\$29,890</u>	<u>(\$70,004)</u>
TOTAL REVENUES	<u>99,894</u>	<u>29,890</u>	<u>(70,004)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>99,894</u>	<u>29,890</u>	<u>70,004</u>
TOTAL EXPENDITURES	<u>99,894</u>	<u>29,890</u>	<u>70,004</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 #28445
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
STATE			
Grants	\$8,000	\$6,144	(\$1,856)
TOTAL REVENUES	8,000	6,144	(1,856)
EXPENDITURES			
CURRENT			
Community Development			
Street Signs	8,000	6,144	1,856
TOTAL EXPENDITURES	8,000	6,144	1,856
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
LOCAL HOSPITALITY TAX
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Hospitality Tax	\$265,000	\$273,676	\$8,676
Interest	0	133	133
TOTAL REVENUES	<u>265,000</u>	<u>273,809</u>	<u>8,809</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
Contributions-United Negro College Fund	0	1,500	(1,500)
Contributions-Foxtrot Festival	5,000	5,000	0
Foxtrot Festival Salaries and Fringes	20,000	16,351	3,649
CD Joyner Events	12,500	988	11,512
City Planner	11,000	8,632	2,368
Advertising & Promotion	30,000	15,996	14,004
Street Lights	60,000	57,512	2,488
Opera House Expenditures	11,000	10,849	151
Depot Expenditures	7,000	4,348	2,652
Beautification Expenditures	24,000	11,035	12,965
Christmas Festival Expenditures	32,000	23,068	8,932
Contingency	22,350	6,069	16,281
Miscellaneous	2,525	0	2,525
TOTAL EXPENDITURES	<u>265,000</u>	<u>188,973</u>	<u>76,027</u>
Excess (deficiency) of revenues over expenditures	0	84,836	84,836
Fund Balances at beginning of year	<u>172,915</u>	<u>172,915</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$172,915</u></u>	<u><u>\$257,751</u></u>	<u><u>\$84,836</u></u>

CITY OF MARION
 SCMIT - SOFT BODY ARMOR PROGRAM
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2016

REVENUES	
STATE	
Grant	<u>\$1,415</u>
TOTAL REVENUES	<u>1,415</u>
EXPENDITURES	
CURRENT	
Public Safety	
Supplies	<u>1,415</u>
TOTAL EXPENDITURES	<u>1,415</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
DEPARTMENT OF JUSTICE
JAG #2015-MU-BX-0408
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
FEDERAL			
Grants	\$21,641	\$15,399	(\$6,242)
TOTAL REVENUES	21,641	15,399	(6,242)
EXPENDITURES			
CAPITAL OUTLAY			
Public Safety			
Equipment	21,641	15,399	6,242
TOTAL EXPENDITURES	21,641	15,399	6,242
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
SUMMER CAMP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2016

REVENUES	
LOCAL	
Donation	<u>\$6,087</u>
TOTAL REVENUES	<u>6,087</u>
EXPENDITURES	
CURRENT	
Culture and Recreation	
Travel	1,490
Supplies	<u>4,597</u>
TOTAL EXPENDITURES	<u>6,087</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, 2016

REVENUES	
Interest Income	\$41
TOTAL REVENUES	41
Excess (deficiency) of revenues over expenditures	41
OTHER FINANCING SOURCES (USES)	
Transfer to General Fund	(25)
TOTAL OTHER FINANCING SOURCES (USES)	(25)
Excess (deficiency) of revenues over expenditures and other sources (uses)	16
Fund Balances at beginning of year	32,702
Fund Balances at end of year	\$32,718

CITY OF MARION
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2016

EXPENDITURES	
CAPITAL OUTLAY	
Police Department	
Vehicles and Equipment	\$117,490
General Government	
Building Improvements	28,175
Fire Department	
Vehicles and Equipment	36,000
Recreation Department	
Building Improvements	14,692
Vehicles and Equipment	<u>14,159</u>
 TOTAL EXPENDITURES	 <u>210,516</u>
 Excess (deficiency) of revenues over expenditures	 <u>(210,516)</u>
 OTHER FINANCING SOURCES (USES)	
Transfer from General Fund	<u>210,516</u>
 TOTAL FINANCING SOURCES (USES)	 <u>210,516</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>

CITY OF MARION
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2016

EXPENDITURES	
DEBT SERVICE	
Principal	\$63,618
Interest	<u>13,048</u>
TOTAL EXPENDITURES	<u>76,666</u>
Excess (deficiency) of revenues over expenditures	<u>(76,666)</u>
OTHER FINANCING SOURCES (USES)	
Transfer from General Fund	<u>76,666</u>
TOTAL FINANCING SOURCES (USES)	<u>76,666</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>