

**CITY OF MARION**

Marion, South Carolina

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

June 30, 2019

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**MAYOR**

The Honorable Ashley Brady

**CITY TREASURER**

Patricia Brown

**COUNCIL MEMBERS**

Emerson C. Hunt, Mayor Pro Tem

Ronald D. Atkinson

Ralph A. Atkinson

Tassie Lewis

Joseph W. Frazier

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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, the business-type activity, the major fund, and the aggregate remaining fund information of the City of Marion as of and for the year ended June 30, 2019, 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, the business-type activity, the major fund, and the aggregate remaining fund information of the City of Marion as of June 30, 2019, 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 Other Post Employment Benefits Plan (OPEB) schedules, and the pension schedules on pages 6 through 12 and 49 through 54 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.

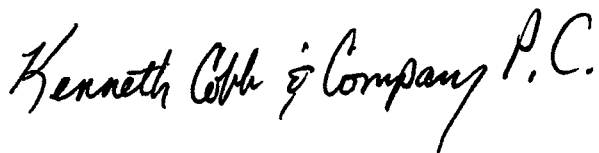
*Other Information*

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 January 6, 2020, 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.



Mullins, South Carolina

January 6, 2020

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019

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, 2019. 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, 2019 by \$6.2 million (net position). Of this amount a deficit of \$2.3 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 added a business-type activity, the Stormwater Fund.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5.8 million, an increase of \$4 thousand in comparison with the prior year. Approximately 92.3 percent of this total or \$5.3 million was unassigned fund balance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the 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

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019

function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, 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, 2019

**Proprietary funds**

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its stormwater operations.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

**Notes to the Financial Statements**

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

**Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information including budgetary comparison schedules. This section also includes the required pension and OPEB 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 \$6.2 million at the close of the most recent fiscal year.

The largest portion of the City's net position is \$8.1 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, 2019

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

	Governmental Activities		Business-type Activities		Total	
	As Restated 2018	2019	2018	2019	2018	2019
Current Assets	\$ 5,327	\$ 5,759	\$ 0	\$ (12)	\$ 5,327	\$ 5,747
Capital Assets	8,499	8,612	0	276	8,499	8,888
Other Assets	1,272	923	0	0	1,272	923
Total Assets	<u>15,098</u>	<u>15,294</u>	<u>0</u>	<u>264</u>	<u>15,098</u>	<u>15,558</u>
Deferred Outflow of Resources	<u>956</u>	<u>920</u>	<u>0</u>	<u>0</u>	<u>956</u>	<u>920</u>
Long Term Liabilities	8,435	8,581	0	203	8,435	8,784
Other Liabilities	880	985	0	47	880	1,032
Total Liabilities	<u>9,315</u>	<u>9,566</u>	<u>0</u>	<u>250</u>	<u>9,315</u>	<u>9,816</u>
Deferred Inflow of Resources	<u>273</u>	<u>467</u>	<u>0</u>	<u>0</u>	<u>273</u>	<u>467</u>
Net Investment in Capital Assets	8,207	8,038	0	26	8,207	8,064
Restricted	423	434	0	0	423	434
Unrestricted	<u>(2,164)</u>	<u>(2,291)</u>	<u>0</u>	<u>(12)</u>	<u>(2,164)</u>	<u>(2,303)</u>
Total Net Position	<u>\$ 6,466</u>	<u>\$ 6,181</u>	<u>\$ 0</u>	<u>\$ 14</u>	<u>\$ 6,466</u>	<u>\$ 6,195</u>

A portion of the City's net position (7 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.

**Change in Net Position**

The City's net position decreased by \$271 thousand. Approximately 33.2 percent of the City's total revenue came from taxes, while 15.9 percent resulted from restricted grants and contributions (including state and federal aid). Charges for various goods and services provided 46.1 percent of

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019

the total revenues. The City's expenses cover a range of services. The largest expenses were for public safety and general government. In 2019, governmental activity expenses exceeded program revenues, resulting in the use of \$2.5 million in general revenues (mostly taxes).

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 2,862	\$ 3,003	\$ 0	0	\$ 2,862	\$ 3,003
Operating Grants & Contributions	389	885	0	0	389	885
Capital Grants & Contributions	274	150	0	0	274	150
<b>General Revenues:</b>						
Taxes	2,401	2,161	0	0	2,401	2,161
Investment Earnings	53	80	0	0	53	80
Other	189	238	0	0	189	238
Transfers	0	(26)	0	26	0	0
<b>Total Revenues</b>	<b><u>6,168</u></b>	<b><u>6,491</u></b>	<b><u>0</u></b>	<b><u>26</u></b>	<b><u>6,168</u></b>	<b><u>6,517</u></b>
<b>Expenses:</b>						
General Government	1,600	1,633	0	0	1,600	1,633
Public Safety	2,546	2,653	0	0	2,546	2,653
Highways and Streets	427	0	0	0	427	0
Public Works	1,156	1,511	0	0	1,156	1,511
Community Development	0	183	0	0	0	183
Culture and Recreation	721	757	0	0	721	757
Interest	8	9	0	0	8	9
Depreciation, Unallocated	61	61	0	0	61	61
Stormwater	0	0	0	12	0	12
<b>Total Expenses</b>	<b><u>6,519</u></b>	<b><u>6,807</u></b>	<b><u>0</u></b>	<b><u>12</u></b>	<b><u>6,519</u></b>	<b><u>6,819</u></b>
Excess (Deficiency) Revenues over Expenses	(351)	(316)	0	14	(351)	(302)
Special Items	19	31	0	0	19	31
<b>Change in Net Position</b>	<b><u>(332)</u></b>	<b><u>(285)</u></b>	<b><u>0</u></b>	<b><u>14</u></b>	<b><u>(332)</u></b>	<b><u>(271)</u></b>
Net Position, Beginning of Year	9,241	6,466	0	0	9,241	6,466
Change in acct. principal-GASB 75	(2,443)	0	0	0	(2,443)	0
<b>Net Position, End of Year</b>	<b><u>\$ 6,466</u></b>	<b><u>\$ 6,181</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 14</u></b>	<b><u>\$ 6,466</u></b>	<b><u>\$ 6,195</u></b>

**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, 2019

**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 \$5.8 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 \$5,315,135 represents 77.6 percent of total governmental fund expenditures.

The fund balances of the City's governmental funds increased by \$4 thousand during the current fiscal year. This is a .07 percent increase from the prior year fund balance.

**Proprietary funds**

The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail. See comments above in the business-type activities section.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original approved general fund budget was not amended for the fiscal year ended June 30, 2019. General fund revenues were over the approved budgeted revenues by \$369 thousand. This was largely due to the City receiving disaster assistance of \$26,115 due to prior ice storms, \$48,000 from SCMIRF for insurance claims due to a hurricane and \$78,524 more in Local Option Sales Tax due to an improved economy. The City also received \$151,000 more in business license which includes \$35,000 due to DataMax procedures, a Duke Energy increase of \$52,000 and more collections from contractors due to hurricane repairs. General fund expenditures were over the approved budget by \$175 thousand. This was largely due to Hurricane Florence expenditures of \$85,000 and capital outlay. Capital outlay was approved by Council and funded by the City's fund balance and through debt. It included \$349,900 for a new fire truck, \$22,992 for a public works vehicle, and \$96,310 for a grappler truck..

**FIXED ASSET AND DEBT ADMINISTRATION**

**Fixed Assets**

The City's investment in fixed assets for its governmental activities as of June 30, 2019, amounts to \$16.2 million, less accumulated depreciation of \$7.6 million, leaving a net book value of \$8.6 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.

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019

Actual governmental expenditures to purchase or construct capital assets were \$621 thousand for the year. Depreciation charges for the year totaled \$509 thousand. Additional information on the City's capital assets can be found in Note 11 of the notes to the financial statements of this report.

**Debt Activity**

Additional information on the City's long-term debt obligations can be found in Note 5 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, 2019. The following are some factors considered in preparing this budget.

Marion County's unemployment rate has improved over the past year. In October, 2019 Marion County ranked number 10 in South Carolina at 3.1% . The State average was 2.6% in October 2019.

Personnel costs make up a significant portion of the City's operating costs. The City gave a 3% cost of living increase. There was a 3.4% 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 \$50,000 in interest which is included in the fiscal year 19/20 budget. Also, the City expects to receive a franchise fee of approximately \$140,000 from GSWSA. There was a 3 mil tax increase.

**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, 2019

	Governmental Activities	Business-type Activity	Total
<b>ASSETS</b>			
Cash	\$4,750,409	\$0	\$4,750,409
Due from Other Agencies	509,738	0	509,738
Accounts Receivable	195,255	0	195,255
Accounts Receivable-Sanitation	193,155	0	193,155
Interest Receivable	14,332	0	14,332
Taxes Receivable- Net of Allowance	81,339	0	81,339
Internal Balances	11,838	(11,838)	0
Prepaid expenses	2,500	0	2,500
Restricted Cash	923,197	0	923,197
Land	513,050	0	513,050
Real Estate and Buildings	8,851,247	0	8,851,247
Furniture, Fixtures and Equipment	4,859,661	287,707	5,147,368
Infrastructure	1,992,139	0	1,992,139
Accumulated Depreciation	(7,604,090)	(11,811)	(7,615,901)
<b>TOTAL ASSETS</b>	<b>15,293,770</b>	<b>264,058</b>	<b>15,557,828</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	827,708	0	827,708
Deferred OPEB Charges	92,471	0	92,471
<b>TOTAL DEFERED OUTFLOWS OF RESOURCES</b>	<b>920,179</b>	<b>0</b>	<b>920,179</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	340,460	0	340,460
Accrued Liabilities	6,802	0	6,802
Due to State/Federal Governments	12,786	0	12,786
Due to Retirees	59,973	0	59,973
Payroll Deductions	42,928	0	42,928
Revenues Received in Advance	411,062	0	411,062
Long Term Liabilities- Due within one year			
Lease Obligations	70,747	0	70,747
Debt Obligations	40,807	47,164	87,971
Long Term Liabilities- Due in greater than one year			
Lease Obligations	147,342	0	147,342
Debt Obligations	308,532	202,836	511,368
OPEB obligations	3,531,251	0	3,531,251
Pension obligations	4,430,017	0	4,430,017
Compensated Absences Payable	163,425	0	163,425
<b>TOTAL LIABILITIES</b>	<b>9,566,132</b>	<b>250,000</b>	<b>9,816,132</b>
<b>DEFERED INFLOWS OF RESOURCES</b>			
Deferred OPEB Credits	171,416	0	171,416
Deferred Pension Credits	295,455	0	295,455
<b>TOTAL DEFERED INFLOWS OF RESOURCES</b>	<b>466,871</b>	<b>0</b>	<b>466,871</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,037,777	25,896	8,063,673
Restricted for:			
Cemetery-Non-expendable	32,845	0	32,845
Local Hospitality Tax	369,441	0	369,441
Housing Rehabilitation	29,628	0	29,628
Drug Fund	2,232	0	2,232
Unrestricted	(2,290,977)	(11,838)	(2,302,815)
<b>TOTAL NET POSITION</b>	<b>\$6,180,946</b>	<b>\$14,058</b>	<b>\$6,195,004</b>

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

CITY OF MARION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General Government	\$1,633,346	\$1,329,746	\$587,017	\$0	\$283,417		\$283,417
Public Safety	2,652,792	244,698	98,280	50,000	(2,259,814)		(2,259,814)
Public Works	1,510,881	1,061,735	183,409	100,000	(165,737)		(165,737)
Community Development	183,409	29,700	7,404	0	(146,305)		(146,305)
Culture and Recreation	756,486	336,688	9,403	0	(410,395)		(410,395)
Depreciation *	61,114	0	0	0	(61,114)		(61,114)
Interest	9,307	0	0	0	(9,307)		(9,307)
<b>Total Governmental Activities</b>	<b>\$6,807,335</b>	<b>\$3,002,567</b>	<b>\$885,513</b>	<b>\$150,000</b>	<b>(2,769,255)</b>		<b>(2,769,255)</b>
<b>Business-type activities:</b>							
Stormwater	11,811	0	0	0		(11,811)	(11,811)
<b>Total primary government</b>	<b>\$6,819,146</b>	<b>\$3,002,567</b>	<b>\$885,513</b>	<b>\$150,000</b>	<b>(2,769,255)</b>	<b>(11,811)</b>	<b>(2,781,066)</b>
<b>Property taxes levied for:</b>							
General Purposes					2,161,330	0	2,161,330
Unrestricted Investment Earnings					79,789	0	79,789
Miscellaneous					238,032	0	238,032
Transfers					(25,869)	25,869	0
<b>Total general revenues and transfers</b>					<b>2,453,282</b>	<b>25,869</b>	<b>2,479,151</b>
<b>Special Items:</b>							
Gain/(Loss) on disposal of assets					30,936	0	30,936
<b>Total Special Items</b>					<b>30,936</b>	<b>0</b>	<b>30,936</b>
<b>Changes in net position</b>					<b>(285,037)</b>	<b>14,058</b>	<b>(270,979)</b>
Net position, beginning of year					6,465,983	0	6,465,983
<b>Net position, end of year</b>					<b>\$6,180,946</b>	<b>\$14,058</b>	<b>\$6,195,004</b>

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, 2019

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash				
Cash	\$4,750,409	\$0	\$0	\$4,750,409
Restricted Cash	367,512	473,488	82,197	923,197
Receivables				
Interest	14,332	0	0	14,332
Taxes - Net of Allowance	24,019	0	0	24,019
Accounts-Miscellaneous	161,306	33,949	0	195,255
Accounts-Sanitation	193,155	0	0	193,155
Due from Other Funds	47,918	4,436	5,904	58,258
Due from Agencies	473,658	0	36,080	509,738
Prepaid Expenditures	2,500	0	0	2,500
<b>TOTAL ASSETS</b>	<u>\$6,034,809</u>	<u>\$511,873</u>	<u>\$124,181</u>	<u>\$6,670,863</u>
 <b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Revenue Received in Advance	\$387,666	\$0	\$23,396	\$411,062
Accounts Payable & Accrued Expenditures	198,028	142,432	0	340,460
Payroll Deductions & Employer Contributions	42,928	0	0	42,928
Due to Other Funds	10,340	0	36,080	46,420
Due to Retirees	59,973	0	0	59,973
Due to Other Agencies	12,786	0	0	12,786
<b>TOTAL LIABILITIES</b>	<u>711,721</u>	<u>142,432</u>	<u>59,476</u>	<u>913,629</u>
<b>FUND EQUITY</b>				
Fund Equity				
Restricted For:				
Permanent Fund-Cemetery Fund	0	0	32,845	32,845
Special Revenue Fund-Hospitality Fund	0	369,441	0	369,441
Special Revenue Fund-Drug Fund	0	0	2,232	2,232
Committed To:				
Special Revenue Fund-Housing Rehabilitation	0	0	29,628	29,628
Assigned	7,953	0	0	7,953
Unassigned				
General Fund	5,315,135	0	0	5,315,135
<b>TOTAL FUND EQUITY</b>	<u>5,323,088</u>	<u>369,441</u>	<u>64,705</u>	<u>5,757,234</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$6,034,809</u>	<u>\$511,873</u>	<u>\$124,181</u>	<u>\$6,670,863</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  
Year Ended June 30, 2019

Fund Balances - total governmental funds	\$5,757,234
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 \$16,216,097 and the accumulated depreciation is \$7,604,090.	8,612,007
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.	(6,802)
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.	57,320
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	(218,089)
Debt obligations	(349,339)
Compensated absences	(163,425)
Net OPEB obligation and deferred charges and credits	(3,610,196)
Net pension obligations and deferred charges and credits	(3,897,764)
Net Position - Governmental Activities	\$6,180,946

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, 2019

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$2,144,177	\$0	\$0	\$2,144,177
Licenses and Permits	1,353,589	0	0	1,353,589
Charges for Services	1,061,735	0	0	1,061,735
Fines and Forfeits	126,111	0	0	126,111
Operational Revenues	1,205,867	296,174	3,360	1,505,401
Grants	0	0	340,001	340,001
<b>TOTAL REVENUES</b>	<b>5,891,479</b>	<b>296,174</b>	<b>343,361</b>	<b>6,531,014</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General Government	1,422,964	0	0	1,422,964
Public Safety	2,403,786	0	512	2,404,298
Community Development	0	0	183,409	183,409
Public Works	1,423,267	0	0	1,423,267
Culture and Recreation	450,302	245,319	9,403	705,024
<b>Debt Service</b>				
Principal	0	0	68,836	68,836
Interest	0	0	7,830	7,830
Capital Outlay	471,395	39,200	124,131	634,726
<b>TOTAL EXPENDITURES</b>	<b>6,171,714</b>	<b>284,519</b>	<b>394,121</b>	<b>6,850,354</b>
Excess (deficiency) of revenues over expenditures	(280,235)	11,655	(50,760)	(319,340)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	349,339	0	0	349,339
Operating Transfers In	25	0	76,666	76,691
Operating Transfer Out	(76,666)	0	(25,894)	(102,560)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>272,698</b>	<b>0</b>	<b>50,772</b>	<b>323,470</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(7,537)	11,655	12	4,130
Fund Balances at beginning of year	5,330,625	357,786	64,693	5,753,104
Fund Balances at end of year	<u>\$5,323,088</u>	<u>\$369,441</u>	<u>\$64,705</u>	<u>\$5,757,234</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  
Year Ended June 30, 2019

Total net change in fund balance-governmental funds	\$4,130
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Add - Capital outlay per fund financial statements	634,726
Deduct - Depreciation expense	(508,820)
Deduct - Capital outlay that does not meet the depreciation requirements and add depreciable assets not reported as capital outlay	(13,200)
The increase 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.	(15,450)
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.	68,836
The issuance of long-term debt provides current financial resources to the governmental funds in the period issued, but it increases long term liabilities in the Statement of Net Position, and therefore, is not reflected in the Statement of Activities.	(349,339)
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, 2018 amount of \$40,167 and the June 30, 2019 amount of \$57,320.	17,153
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, 2018 interest in the amount of \$5,325 and the June 30, 2019 interest in the amount of \$6,802.	(1,477)
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.	(121,596)
Change in Net Position of Governmental Activities	<u><u>(\$285,037)</u></u>

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

CITY OF MARION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2019

	Business-Type Activities - Enterprise Fund Stormwater
<b>ASSETS</b>	
Property, plant, and equipment (net)	<u>\$275,896</u>
TOTAL ASSETS	<u>275,896</u>
<b>LIABILITIES</b>	
Due to other funds	11,838
Bonds payable-due within one year	47,164
Bonds payable-due in more than one year	<u>202,836</u>
TOTAL LIABILITIES	<u>261,838</u>
<b>NET POSITION</b>	
Net investment in capital assets	25,896
Unrestricted	<u>(11,838)</u>
TOTAL NET POSITION	<u><u>\$14,058</u></u>

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

CITY OF MARION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Fund Stormwater
OPERATING EXPENSES	
Depreciation	\$11,811
TOTAL OPERATING EXPENSES	11,811
NET INCOME (LOSS) FROM OPERATIONS	(11,811)
OTHER FINANCING SOURCES (USES)	
Transfer from other funds	25,869
TOTAL OTHER FINANCING SOURCES (USES)	25,869
CHANGE IN NET POSITION	14,058
NET POSITION, beginning of year	0
NET POSITION, end of year	\$14,058

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

CITY OF MARION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Fund Stormwater
<b>CASH FLOWS OF CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfer from general fund	\$37,707
Purchase of capital assets	(287,707)
Debt proceeds	250,000
<b>NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>0</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>\$0</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	\$14,058
Adjustments to reconcile net operating income to net cash and cash equivalents provided by operating activities:	
Depreciation	11,811
Transfer from other funds	(25,869)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$0</b>

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, 2019

**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.

**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 City's funds are grouped into two broad categories for financial statement presentation purposes. Governmental funds include the general, special revenue, permanent, and debt service funds. Proprietary funds include the enterprise (Stormwater) fund.

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the Governmental and Business-Type 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, except for those representing balances between governmental and business-type activities which are presented as internal balance and eliminated in the total column.

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.

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.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

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

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.

**Proprietary Funds**

The proprietary funds are accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. This fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are generated from the stormwater fees. The principal operating revenues of the stormwater fund are charges to citizens for the stormwater fee. Operating expenses of the stormwater fund include the costs of providing stormwater services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2019

**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.

Enterprise Funds - To account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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. (The City did not report this type for the current year.)

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.

Deposits and Investments

The City's cash and cash equivalents are considered to be demand deposit accounts and short-term securities purchased with a maturity of three months or less from the date of acquisition.

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.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

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

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;
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:

<b>Description</b>	<b>Useful Life</b>
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

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

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

**Net Position/Fund Balances**

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

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

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

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

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

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

**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, 2019

**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.
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.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
 Year Ended June 30, 2019

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

**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

**NOTE 2 - RECEIVABLES**

Gross receivables of \$200,951 net of an allowance for uncollectibles of \$7,796 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 \$253,817 net of a deferral of \$229,798 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 \$172,478 on the full accrual basis of accounting.

Only those receivables with allowances or deferrals are presented above.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 3 - NET POSITION/FUND BALANCES**

As of June 30, 2019 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	4,459
Police Department	<u>448</u>
	<u>\$ 7,953</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, 2019 was \$179,365. 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>
2019			\$179,365
2020	\$62,567	\$4,158	120,956
2021	62,567	2,805	61,194
2022	62,567	1,373	0

Musco Finance, LLC

On March 12, 2015, the City signed a lease obligation with Musco Finance, LLC for \$82,949.56. The purpose of this lease was to purchase recreation field lighting. The lease requires annual payments of \$14,098.25 at an interest rate of 4.45%. The balance on this lease at June 30, 2019 was \$38,724. The following table reflects principal and interest requirements until maturity. This obligation has been 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>
2019			\$38,724
2020	\$14,098	\$1,760	26,386
2021	14,098	1,198	13,486
2022	14,098	612	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 \$246,640.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 4 - LEASE OBLIGATIONS - (continued)**

<u>Governmental Activities</u>	<u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/19</u>	<u>Due Within One Year</u>
Lease obligations	\$ 286,925	\$ 0	\$ 68,836	\$ 218,089	\$ 70,747

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 \$4,620 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 - DEBT OBLIGATIONS**

On January 11, 2019 the City signed a promissary note with Anderson Brothers Bank for \$349,339. The purpose of the note was to purchase a fire truck. The note carries an interest rate of 4.00% and requires annual payments of \$51,412 beginning October 15, 2019. Th note is secured by a 2018 fire truck. The note will deemed to be in default if payments are not made when due, a default occurs on any other loan with the lender, the property is transferred or the property's value declines or is impaired.

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE 6/30/2019</u>
2019			\$349,339
2020	\$40,807	\$10,605	308,532
2021	39,037	12,375	269,495
2022	40,632	10,780	228,863
2023	42,257	9,155	186,606
2024	43,948	7,464	142,658
2025-2027	142,658	11,578	0

<u>Governmental Activities</u>	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>	<u>Due Within One Year</u>
Notes from direct borrowing	<u>\$ 0</u>	<u>\$ 349,339</u>	<u>\$ 0</u>	<u>\$ 349,339</u>	<u>\$ 40,807</u>

**NOTE 6 - SUBSEQUENT EVENTS**

On October 31,2019 the City purchased land for \$625,000. The land is to be used for the recreation department and was funded by the capital sales tax.

The City has received a loan for \$118,466 from the SC Energy Office to fund LED lighting upgrades.

Subsequent events have been evaluated through the date in which the financial statements were available to be issued.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT**

The South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SEAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense information about the fiduciary net positions of the Systems and additions to/deductions from the Systems’ fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned, and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Dr., Columbia, SC 29223. 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 and other benefits for teachers and employees of the state, its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individual newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined 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 and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

*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 on the next page:



CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

- 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.

*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.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

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. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain the amortization period set in statute, the board shall increase the employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

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
6/30/19	\$142,325	14.41%	\$1,482	.15%
6/30/18	\$129,160	13.41%	\$1,445	.15%
6/30/17	\$115,148	11.41%	\$1,514	.15%

SCRS Employee Contributions	Amount	% of Covered Payroll
6/30/19	\$88,891	9.00%
6/30/18	\$86,644	9.00%
6/30/17	\$87,304	8.66%

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

PORS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Accidental Death	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/19	\$205,880	16.84%	\$2,445	.2%	\$2,445	.2%
6/30/18	\$181,699	15.84%	\$2,262	.2%	\$2,262	.2%
6/30/17	\$147,138	13.84%	\$2,126	.2%	\$2,126	.2%

PORS Employee Contributions	Amount	% of Covered Payroll
6/30/19	\$119,199	9.75%
6/30/18	\$111,823	9.75%
6/30/17	\$98,231	9.24%

**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, 2018, 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 calculated on the basis of historical employer contributions. For the measurement period ended at June 30, 2018, the City's proportion was 0.009294%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-SCRS</u>
2018	2019	\$ 2,082,579
2017	2018	\$ 2,248,685

For the year ended June 30, 2019, the City recognized pension expense of \$124,320. At June 30, 2019, 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	\$ 3,759	\$ 12,255
Changes of assumptions	82,625	0
Net difference between projected and actual earnings on plan investments	33,082	0
Changes in proportion and differences between City contributions and proportionate share of contributions	0	163,636
City contributions subsequent to the measurement date	<u>143,807</u>	<u>0</u>
Total	<u>\$ 263,273</u>	<u>\$ 175,891</u>

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

The \$143,807 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, 2020.

**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, 2018, 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 calculated on the basis of historical employer contributions. For the measurement period ended June 30, 2018, the City's proportion was 0.082845%.

Measurement Period	Fiscal Year	Net Pension
<u>Ended June 30</u>	<u>Ending June 30</u>	<u>Liability-PORS</u>
2018	2019	\$ 2,347,438
2017	2018	\$ 2,162,746

For the year ended June 30, 2019, the City recognized pension expense of \$286,451. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	\$ 72,328	\$ 0
Changes of assumptions	154,778	0
Net difference between projected and actual earnings on plan investments	46,944	0
Changes in proportion and differences between City contributions and proportionate share of contributions	79,615	119,564
City contributions subsequent to the measurement date	<u>210,770</u>	<u>0</u>
Total	<u>\$ 564,435</u>	<u>\$ 119,564</u>

The \$210,770 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, 2020.

The difference between projected and actual earnings on pension plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The difference between expected and actual experience and the change in proportionate share of contributions are reported as deferred outflows (inflows) of resources and will be amortized over the average remaining service lives of all plan participants. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2018, measurement date was 4.08 years for SCRS and 4.348 years for PORS. The following schedule reflects the amortization of the City's proportional share of the net balance of remaining deferred outflows and inflows of resources at June 30, 2019.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

Measurement Period	Fiscal Year Ending	<u>SCRS</u>	<u>PORS</u>
<u>Ending June 30,</u>	<u>June 30,</u>		
2019	2020	\$ (3,445)	\$ (122,498)
2020	2021	(5,080)	(78,090)
2021	2022	58,712	(23,145)
2022	2023	<u>6,238</u>	<u>(10,368)</u>
Totals		<u>\$ 56,425</u>	<u>\$ (234,101)</u>

**Actuarial Assumptions**

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2017 total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year ended, June 30, 2018, using generally accepted actuarial principles.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
 Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return <sup>1</sup>	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>	3.5% to 9.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%		

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the 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 rates 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, is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.0% real rate of return and a 2.25% inflation component.

**Non-Employer Contribution**

The City recognized revenue of \$21,365 from the State of South Carolina for pension contributions.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - 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>
<b>Global Equity</b>	<b>47.0%</b>		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
<b>Real Assets</b>	<b>10.0%</b>		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic</b>	<b>13.0%</b>		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	<u>2.0%</u>	0.34%	<u>0.01%</u>
Total Expected Real Return	<u>100.0%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</u>

**Sensitivity Analysis**

The following table presents the collective net pension liability, of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
SCRS	\$2,661,035	\$2,082,579	\$1,668,885
PORS	\$3,164,654	\$2,347,438	\$1,678,088

**Plan Fiduciary Net Position**

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. The City's proportionate share of NPL totals, as of June 30, 2018, for SCRS and PORS are presented on the next page.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 7 - RETIREMENT - (continued)**

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage Total pension Liability</u>
SCRS	\$ 4,537,581	\$ 2,455,002	\$ 2,082,579	54.1%
PORS	\$ 6,133,811	\$ 3,786,373	\$ 2,347,438	61.7%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. Liability calculations performed by the Systems' actuary for the purpose of disclosure are not applicable for other purposes, such as determining the plans' funding requirements.

Payables to the Pension Plans

At June 30, 2019, the City reported a payable of \$18,705 and \$24,978 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.

**NOTE 8 - 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, 2019, the book balance of the City's deposits was \$5,672,332 and the bank balance was \$6,029,513. The difference between bank and book balance is due to outstanding items. The financial statement balance also includes \$1,274 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>FDIC Insurance</u>	<u>Letter of Credit &amp; Pledged Securities (MKT Value)</u>	<u>Uncollateralized Amount</u>
Anderson Brothers Bank	\$ 3,256,747	\$ 250,000	\$ 2,235,000	\$ 771,747
TD Bank	479,989	250,000	700,000	0
BB&T	59,973	59,973	0	0
First Citizens Bank & Securities	2,220,046	2,020,046	0	200,000
Pee Dee Federal	12,758	12,758	0	0
	<u>\$ 6,029,513</u>	<u>\$ 2,592,777</u>	<u>\$ 2,935,000</u>	<u>\$ 971,747</u>

Risk-Deposits and Investments

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, 2019.

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, 2019.



CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 8 - CASH AND CASH EQUIVALENTS - (continued)**

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 \$59,973 for post-65 retirees, for property tax rollbacks pertaining to local option sales tax \$307,539; \$29,628 for the CDBG programs, \$19,724 for the drug enforcement fund, \$473,488 for the hospitality tax fund and \$32,845 for the cemetery funds.

**NOTE 9 - 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, 2019.

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, 2019, there were legal claims outstanding that are being handled by the Insurance Reserve fund on the City's behalf.

Encumbrances

At June 30, 2019, the City had no significant encumbrances outstanding.

**NOTE 10 - 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.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 10 - RISKS AND UNCERTAINTIES - (continued)**

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claims losses and estimable premium adjustments. The City has not reported a supplemental premium assessment expenditure and the related liability at June 30, 2019, 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, 2019 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, 2019 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, 2019, 2018, and 2017.

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>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	\$ 1,992,139	\$ 0	\$ 0	\$ 1,992,139
Buildings & Improvements	8,851,247	0	0	8,851,247
Furniture, Fixtures, & Equipment	<u>4,445,902</u>	<u>621,526</u>	<u>207,767</u>	<u>4,859,661</u>
Total capital assets being depreciated	<u>15,289,288</u>	<u>621,526</u>	<u>207,767</u>	<u>15,703,047</u>
Less accumulated depreciation for				
Buildings & Improvements	3,222,262	178,187	0	3,400,449
Infrastructure	1,038,675	61,114	0	1,099,789
Furniture, Fixtures, & Equipment	<u>3,042,100</u>	<u>269,519</u>	<u>207,767</u>	<u>3,103,852</u>
Total accumulated depreciation	<u>7,303,037</u>	<u>508,820</u>	<u>207,767</u>	<u>7,604,090</u>
Total capital assets being depreciated, net	<u>\$ 7,986,251</u>	<u>\$ 112,706</u>	<u>\$ 0</u>	<u>\$ 8,098,957</u>

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 191,494
Public Safety	162,232
Public Works	67,112
Culture and Recreation	26,868
Unallocated	<u>61,114</u>
<b>TOTAL DEPRECIATION EXPENSE</b>	<b><u>\$ 508,820</u></b>

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 11 - CAPITAL ASSETS - (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Fixed assets depreciable:				
Equipment & Vehicles	\$ 0	\$ 287,707	\$ 0	\$ 287,707
Total fixed assets-depreciable	<u>0</u>	<u>287,707</u>	<u>0</u>	<u>287,707</u>
Less accumulated depreciation for:				
Equipment & Vehicles	0	(11,811)	0	(11,811)
Total accumulated depreciation	<u>0</u>	<u>(11,811)</u>	<u>0</u>	<u>(11,811)</u>
Total fixed assets depreciable, net	<u>\$ 0</u>	<u>\$ 275,896</u>	<u>\$ 0</u>	<u>\$ 275,896</u>

**NOTE 12 - INTERFUND BALANCES/TRANSFERS**

The composition of interfund balances as of June 30, 2019 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Major Governmental Fund		
General Fund	Special Revenue Funds	\$ <u>10,340</u>
Other Governmental Funds	General Fund	\$ <u>36,080</u>
Enterprise Fund	General Fund	\$ <u>11,838</u>

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

The composition of interfund transfers are as follows:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service	\$ 76,666	To fund debt repayment
Special Revenue Fund	Enterprise Fund	25,869	To transfer truck
Fiduciary Fund	General Fund	<u>25</u>	To transfer interest earnings
		<u>\$ 102,560</u>	

**NOTE 13 - OTHER POST- EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The City's defined benefit OPEB plan provides OPEB for employees who meet the eligibility requirements. It is a single employer defined benefit OPEB plan. City Council has the authority to establish and amend the benefit terms of the plan. The plan does not issue a financial report.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**NOTE 13 - POST RETIREMENT BENEFITS - (continued)**

**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.

**Benefits**

The City provides medical coverage for retirees and their dependents prior to Medicare eligibility. The monthly premiums as of July 1, 2018 are based on age and range from \$513 to \$1,085.

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.

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.

Service is credited from the date of hire.

**Employees Covered by Benefit Terms**

At January 1, 2017 (valuation date) the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	28
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	<u>63</u>
Total Membership	<u><u>91</u></u>

**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.

Employees are not required to contribute to the plan.

**Life Insurance**

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

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 13 - POST RETIREMENT BENEFITS - (continued)**

**Trust**

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, 2019, the City contributed \$4,000 to the Trust.

**Net OPEB Liability**

The City's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017.

*Actuarial Assumptions.* The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.55%
Measurement Date	4.10%
Year FNP is projected to be depleted	
Prior Measurement Date	2019
Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.55%
Measurement Date	4.10%
Health Care Cost Rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2016 decreasing to an ultimate rate of 5.00% by 2020

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 13 - POST RETIREMENT BENEFITS - (continued)**

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

Mortality rates were based on the RP-2014 Mortality for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2017 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) Used in the January 1, 2017 valuation were based on a review of recent plan experience done concurrently with the January 1, 2017 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Fixed Income	94.3%
Equity Funds	0.0%
Cash and Cash Equivalents	<u>5.7%</u>
Total	100.0%

The long-term expected rate of return assumption is 4.75%.

*Discount rate (SEIR).* The discount rate used to measure the TOL as of the Measurement Date was 4.10%. The projection of cash flows used to determine the discount rate performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of January 1, 2017. In addition to the actuarial methods and assumptions of the January 1, 2017 actuarial valuation, the following actuarial methods and assumption were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- Cash flows occur mid-year.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 13 - POST RETIREMENT BENEFITS - (continued)**

- In all future years, the employer is assumed to contribute an amount equal to the average of the contributions over that last five years.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in determination of the SEIR. Here, the long-term expected rate of return of 4.75% on Plan investments was applied to periods through 2019 and the Municipal Bond Index Rate at the Measurement Date (4.10%) was applied to periods on and after 2019, resulting in an SEIR at the Measurement Date (4.10%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.55% at the Prior Measurement Date to 4.10% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

**Changes in the Net OPEB Liability**

The TOL is based upon an actuarial valuation performed as of the Valuation Date, January 1, 2017. An expected TOL is determined as of December 31, 2018 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of January 1, 2017, subtracts the actual benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). Actuarial gains and losses arising from the change in the SEIR from 3.55% on the Prior Measurement Date to 4.10% on the Measurement Date are accounted for as changes of assumptions or other inputs. The procedure used to determine the TOL, as of December 31, 2018, is shown in the following table:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balance as of December 31, 2017</b>	\$ 3,681,702	\$ 24,127	\$ 3,657,575
<b>Changes for the year:</b>			
Service Cost at the end of the year*	109,357	0	109,357
Interest on TOL and Cash Flows	127,940	0	127,940
Change in benefit terms	0	0	0
Difference between expected and actual experience	(530)	0	(530)
Changes of assumptions or other inputs	(206,230)	0	(206,230)
Contributions - employer	0	160,630	(160,630)
Contributions - non-employer	0	0	0
Net investment income (loss)	0	(18)	18
Benefit payments and implicit subsidy credit	(156,879)	(156,879)	0
Plan administrative expenses	0	(3,751)	3,751
Other	0	0	0
<b>Net changes</b>	<u>(126,342)</u>	<u>(18)</u>	<u>(126,324)</u>
<b>Balance as of December 31, 2018</b>	<u>\$ 3,555,360</u>	<u>\$ 24,109</u>	<u>\$ 3,531,251</u>

\* The service cost includes interest for the year.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

**NOTE 13 - POST RETIREMENT BENEFITS - (continued)**

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(3.10%)</u>	<u>(4.10%)</u>	<u>(5.10%)</u>
Net OPEB liability (asset)	\$ 3,277,536	\$ 3,531,251	\$ 3,833,127

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 3,919,679	\$ 3,531,251	\$ 3,197,253

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is not available in a publicly available separately issued financial report.

**OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resource Related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expenses of \$228,587. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,830	\$ 439
Changes of assumptions or other inputs	77,438	170,977
Net differences between projected and actual earnings on OPEB plan investments	<u>1,203</u>	<u>0</u>
Total	<u>\$ 92,471</u>	<u>\$ 171,416</u>

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

Measurement Period ended December 31,	
2019	\$ (11,315)
2020	(11,315)
2021	(11,313)
2022	(14,962)
2023	(30,040)
Thereafter	0

**Payable to the OPEB Plan**

At June 30, 2019, the City reported no payables to the plan.



CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**NOTE 14 - PENDING IMPLEMENTATION OF GASB STATEMENTS**

GASB issued Statement No. 84, Fiduciary Activities, to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The effect of implementation of this statement has not been determined at this time. This statement is required to be implemented by the City no later than the fiscal year ended June 30, 2020.

GASB issued Statement No. 87, Leases, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The effect of implementation of this Statement has not been determined at this time. This Statement is required to be implemented by the City no later than the fiscal year ended June 30, 2021.

CITY OF MARION  
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS  
Year Ended June 30, 2019

	SCRS					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$143,807	\$130,604	\$116,662	\$108,693	\$108,142	\$105,338
Contributions made to pension plan	<u>143,807</u>	<u>130,604</u>	<u>116,662</u>	<u>108,693</u>	<u>108,142</u>	<u>105,338</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$987,683	\$963,159	\$1,009,244	\$982,761	\$992,126	\$993,754
Contributions as a percentage of covered employee payroll	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%
	PORS					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$210,770	\$186,223	\$151,391	\$151,403	\$153,789	\$134,979
Contributions made to pension plan	<u>210,770</u>	<u>186,223</u>	<u>151,391</u>	<u>151,403</u>	<u>153,789</u>	<u>134,979</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$1,222,566	\$1,147,092	\$1,063,138	\$1,101,916	\$1,146,825	\$1,051,240
Contributions as a percentage of covered employee payroll	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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

CITY OF MARION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Year Ended June 30, 2019

	SCRS					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	0.009294%	0.009989%	0.010166%	0.010933%	0.010944%	0.010944%
The City's proportionate share of the net pension liability	\$2,082,579	\$2,248,685	\$2,171,443	\$2,073,496	\$1,884,194	\$1,962,963
The City's covered employee payroll	\$963,159	\$1,009,244	\$982,761	\$992,126	\$993,754	\$1,000,963
The City's proportionate share of the net pension liability as a percentage of its covered payroll	216.22%	222.81%	220.95%	209.00%	189.60%	196.11%
The Plan's fiduciary net position as a percentage of the total pension liability	54.10%	53.30%	52.90%	57.00%	59.90%	56.39%

	PORS					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	0.08285%	0.07895%	0.08639%	0.08999%	0.08740%	0.08740%
The City's proportionate share of the net pension liability	\$2,347,438	\$2,162,746	\$2,191,159	\$1,961,351	\$1,673,267	\$1,811,840
The City's covered employee payroll	\$1,147,092	\$1,063,138	\$1,101,916	\$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	204.64%	203.43%	198.85%	171.02%	159.17%	161.60%
The Plan's fiduciary net position as a percentage of the total pension liability	61.70%	60.90%	60.40%	64.60%	67.50%	62.98%

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

CITY OF MARION  
SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS  
Year Ended June 30, 2019

	December 31, 2018	December 31, 2017
Actuarially determine employer contribution (ADEC)	\$228,887	\$231,204
Contributions in relation to the ADEC	160,630	160,520
Annual contribution deficiency (excess)	\$68,257	\$70,684
City's covered payroll*	\$1,704,576	\$1,704,576
Contributions as a percentage of covered employee payroll	9.42%	9.42%

**NOTES TO SCHEDULE**

Valuation date: January 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	5 year smoothed market
Inflation	2.25 percent
Healthcare cost trend rates	Pre-Medicare 7.5% for 2017 decreasing to an ultimate rate of 5% by 2023 Medicare 5.5% for 2016 decreasing to an ultimate rate of 5% by 2020
Medical cost trend rate	7.5%-5%
Ultimate trend rate	5.00%
Year of ultimate trend rate	2023
Salary increases	SCRS 3% - 7% PORS 3.5% - 9.5%
Investment rate of return	4.75%, net of OPEB plan investment expense, including inflation
Retirement age	See Note to Financial Statements number 6
Mortality	In the January 1, 2017 valuation, mortality rates were based on the RP-2014 Mortality Table for Employees with 95% multiplier

\* For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

The City implemented GASB 75 during fiscal year 2018, as such only two years of data are available.

CITY OF MARION  
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITIES AND RELATED RATIOS  
Year Ended June 30, 2019

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<b>Total OPEB Liability</b>			
Service Cost at the end of the year	\$109,357	\$98,805	
Interest on the total OPEB liability	127,940	130,867	
Changes of benefit terms	0	0	
Difference between expected and actual experience	(530)	21,014	
Changes of assumptions or other inputs	(206,230)	117,666	
Benefit payments	* <u>(156,879)</u>	<u>(152,520)</u>	
<b>Net change in total OPEB liability</b>	(126,342)	215,832	
<b>Total OPEB liability - beginning</b>	<u>3,681,702</u>	<u>3,465,870</u>	
<b>Total OPEB liability - ending</b>	<u><u>\$3,555,360</u></u>	<u><u>\$3,681,702</u></u>	<u><u>\$3,465,870</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	** \$160,630	\$160,520	
Contributions - non-employer	0	0	
Contributions - active member	0	0	
Net investment income (loss)	(18)	489	
Benefit payments	* (156,879)	(152,520)	
Administrative expenses	(3,751)	(455)	
Other	<u>0</u>	<u>0</u>	
<b>Net change in plan fiduciary net position</b>	(18)	8,034	
<b>Plan Fiduciary Net Position - beginning</b>	<u>24,127</u>	<u>16,093</u>	
<b>Plan Fiduciary Net Position - ending</b>	<u><u>\$24,109</u></u>	<u><u>\$24,127</u></u>	<u><u>\$16,093</u></u>
<b>Net OPEB liability - ending</b>	<u><u>\$3,531,251</u></u>	<u><u>\$3,657,575</u></u>	<u><u>\$3,449,777</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.68%	0.66%	0.46%
Covered Payroll	\$1,704,576	\$1,704,576	\$1,704,576 ***
Net OPEB liability as a percentage of covered payroll	207.16%	214.57%	202.38%

\* Benefit payments are net of participant contributions and include an amount for the implicit subsidy, if applicable, as well as benefits paid outside the Trust, if applicable.

\*\* The employer contribution includes amounts for the implicit subsidy, if applicable, and benefit payments paid outside the Trust if applicable.

\*\*\* For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent year.

The City implemented GASB 75 during fiscal year 2018, as such only two years of data are available.

CITY OF MARION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
<b>LOCAL</b>				
Taxes	\$2,127,000	\$2,127,000	\$2,144,177	\$17,177
Operational Revenues	2,878,550	2,878,550	3,160,285	281,735
<b>STATE</b>				
Operational Revenues	516,000	516,000	560,902	44,902
<b>FEDERAL</b>				
Disaster Assistance	0	0	26,115	26,115
<b>TOTAL REVENUES</b>	<u>5,521,550</u>	<u>5,521,550</u>	<u>5,891,479</u>	<u>369,929</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General Government	1,412,686	1,412,686	1,422,964	(10,278)
Public Safety	2,462,125	2,462,125	2,403,786	58,339
Public Works	1,603,473	1,603,473	1,423,267	180,206
Culture and Recreation	518,200	518,200	450,302	67,898
Capital Outlay	0	0	471,395	(471,395)
<b>TOTAL EXPENDITURES</b>	<u>5,996,484</u>	<u>5,996,484</u>	<u>6,171,714</u>	<u>(175,230)</u>
Excess (deficiency) of revenues over expenditures	<u>(474,934)</u>	<u>(474,934)</u>	<u>(280,235)</u>	<u>194,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	0	0	349,339	349,339
Transfer to Debt Service Fund	(76,700)	(76,700)	(76,666)	34
Transfer from Fiduciary Fund	25	25	25	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(76,675)</u>	<u>(76,675)</u>	<u>272,698</u>	<u>349,373</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(551,609)</u>	<u>(551,609)</u>	<u>(7,537)</u>	<u>544,072</u>
Fund Balances at beginning of year	<u>5,330,625</u>	<u>5,330,625</u>	<u>5,330,625</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$4,779,016</u></u>	<u><u>\$4,779,016</u></u>	<u><u>\$5,323,088</u></u>	<u><u>\$544,072</u></u>

CITY OF MARION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL-LOCAL HOSPITALITY TAX  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
LOCAL				
Hospitality Tax	\$350,000	\$350,000	\$295,547	(\$54,453)
Interest	0	0	627	627
TOTAL REVENUES	<u>350,000</u>	<u>350,000</u>	<u>296,174</u>	<u>(53,826)</u>
EXPENDITURES				
CURRENT				
Culture & Recreation				
Contributions-Marion Chamber of Commerce	7,225	7,225	7,225	0
Contributions-Arts Council	1,500	1,500	0	1,500
Contributions-Marion County Museum	3,000	3,000	3,000	0
Contributions-HMRA	15,000	15,000	15,000	0
Contributions-HMRA Façade grants	15,000	15,000	14,250	750
Contributions-Foxtrot Festival	5,000	5,000	5,000	0
Foxtrot Festival Salaries and Fringes	20,000	20,000	16,643	3,357
CD Joyner Events	22,500	22,500	970	21,530
City Planner	11,500	11,500	10,827	673
Advertising & Promotion	30,000	30,000	20,573	9,427
Street Lights	69,000	69,000	64,052	4,948
Opera House Expenditures	14,000	14,000	12,239	1,761
Depot Expenditures	7,000	7,000	6,579	421
Beautification Expenditures	24,000	24,000	13,629	10,371
Christmas Festival Expenditures	30,000	30,000	25,191	4,809
Contingency	27,275	27,275	30,141	(2,866)
Miscellaneous	2,000	2,000	0	2,000
CAPITAL OUTLAY				
Truck	26,000	26,000	26,000	0
Sidewalks at Green St. Park	20,000	20,000	13,200	6,800
TOTAL EXPENDITURES	<u>350,000</u>	<u>350,000</u>	<u>284,519</u>	<u>65,481</u>
Excess (deficiency) of revenues over expenditures	0	0	11,655	11,655
Fund Balances at beginning of year	<u>357,786</u>	<u>357,786</u>	<u>357,786</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$357,786</u></u>	<u><u>\$357,786</u></u>	<u><u>\$369,441</u></u>	<u><u>\$11,655</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, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Marion as of and for the year ended June 30, 2019, 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 January 6, 2020.

**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 have not been 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 #2019-001 and #2019-002 to be significant deficiencies in internal control.

We noted certain immaterial matters that we reported to the management of the District in a separate letter dated January 6, 2020.

### **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*.

We noted certain immaterial matters that we reported to the management of the District in a separate letter dated January 6, 2020.

### **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

January 6, 2020

CITY OF MARION  
**SCHEDULE OF FINDINGS AND RESPONSES**  
July 1, 2018 to June 30, 2019

#2019-001 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.

#2019-002 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, SOUTH CAROLINA

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)

For The Year Ended June 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			271,051	271,051
Court fines and assessments remitted to State Treasurer			(165,952)	(165,952)
<b>Total Court Fines and Assessments retained</b>			105,099	105,099
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			3,344	3,344
Assessments retained			12,210	12,210
<b>Total Surcharges and Assessments retained for victim services</b>			15,554	15,554

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	56,515		56,515
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	12,210		12,210
Victim Service Surcharges Retained by City/County Treasurer	3,344		3,344
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			
(2) Town of			
(3) City of			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>72,069</b>		<b>72,069</b>

CITY OF MARION, SOUTH CAROLINA

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)

For The Year Ended June 30, 2019

FOR THE STATE TREASURER'S OFFICE:

<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits	10,548		10,548
Operating Expenditures	2,384		2,384
<b>Victim Service Contract(s):</b>			
(1) Entity's Name <b>Trinity Behavioral Care</b>	3,500		3,500
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:	0		0
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>16,432</b>		<b>16,432</b>
<b>Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)</b>	<b>55,637</b>		<b>55,637</b>
<b>Less: Prior Year Fund Deficit Repayment</b>			
<b>Carryforward Funds - End of Year</b>	<b>55,637</b>		<b>55,637</b>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>LOCAL</b>			
Taxes			
Current	\$1,974,000	\$1,974,539	\$539
Executions	95,000	93,746	(1,254)
In Lieu Of	32,000	38,427	6,427
In Lieu of Motor Carriers	26,000	37,465	11,465
Operational Revenues	2,878,550	3,160,285	281,735
<b>STATE</b>			
Operational Revenues	516,000	560,902	44,902
<b>FEDERAL</b>			
Disaster Assistance	0	26,115	26,115
<b>TOTAL REVENUES</b>	<b>5,521,550</b>	<b>5,891,479</b>	<b>369,929</b>
<b>EXPENDITURES</b>			
<b>Current Expenditures</b>			
General Government	1,189,860	1,217,598	(27,738)
Administrator & City Clerk	111,150	98,008	13,142
City Treasurer	70,933	69,461	1,472
Planning & Zoning	40,743	37,897	2,846
Building Inspector	90,380	86,339	4,041
Municipal Court	120,100	135,952	(15,852)
Police Department	1,644,350	1,597,727	46,623
Fire Department	607,295	583,768	23,527
Public Works Department	1,544,630	1,370,741	173,889
City Shop	58,843	52,526	6,317
Recreation Department	518,200	450,302	67,898
Capital Outlay	0	471,395	(471,395)
<b>TOTAL EXPENDITURES</b>	<b>5,996,484</b>	<b>6,171,714</b>	<b>(175,230)</b>
Excess (deficiency) of revenues over expenditures	(474,934)	(280,235)	194,699

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	\$0	\$349,339	\$349,339
Transfer to Debt Service Fund	(76,700)	(76,666)	34
Transfer from Fiduciary Fund	25	25	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,675)</u>	<u>272,698</u>	<u>349,373</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(551,609)	(7,537)	544,072
Fund Balances at beginning of year	<u>5,330,625</u>	<u>5,330,625</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$4,779,016</u></u>	<u><u>\$5,323,088</u></u>	<u><u>\$544,072</u></u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF OPERATIONAL REVENUES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Business Licenses	\$1,175,000	\$1,325,996	\$150,996
Building Permits	29,000	27,593	(1,407)
Franchise Fee GSWSA	145,000	148,074	3,074
Setoff Debt Fees	1,000	750	(250)
Sanitation Receipts	1,010,000	1,061,735	51,735
Donations - Food Boxes	0	2,941	2,941
Grass Cutting Fees	7,000	29,700	22,700
Francis Marion Run Fest	0	6,850	6,850
Recreation - Swimming Pool	2,000	1,671	(329)
Recreation - Program Registration	3,000	1,869	(1,131)
Recreation - Tournament Fund	10,000	2,159	(7,841)
Recreation - Youth Sports Registration	18,000	8,560	(9,440)
Recreation - County Registration	0	3,500	3,500
Recreation - Rent	8,000	12,990	4,990
Recreation - Youth Sponsor Fees	8,000	2,595	(5,405)
Recreation - Miscellaneous	250	0	(250)
Recreation - Insurance	6,000	3,448	(2,552)
Recreation - Game Admissions	11,000	7,879	(3,121)
Recreation - Concessions	3,100	3,000	(100)
Police Fines and Forfeits	190,000	126,111	(63,889)
Police - Miscellaneous	1,000	2,508	1,508
Police - Proceeds for School Resource Officer	93,500	97,768	4,268
Police - Training Academy	0	6,078	6,078
Opera House Income	8,000	6,460	(1,540)
Fire Department Donations	1,000	375	(625)
Fire Miscellaneous	500	121	(379)
Rural Fire Dues	89,500	88,486	(1,014)
Sale of Assets - Equipment	0	30,936	30,936
Insurance Proceeds	0	47,457	47,457
Rose Hill - Sales	4,000	3,000	(1,000)
City - Miscellaneous	4,000	13,152	9,152
Yard Sales	700	410	(290)
Interest	18,000	35,921	17,921
Investment Interest Income	30,000	43,204	13,204
Forestry	0	4,463	4,463
CD Joyner Rent	2,000	2,525	525
<b>TOTAL LOCAL OPERATIONAL REVENUES</b>	<b><u>\$2,878,550</u></b>	<b><u>\$3,160,285</u></b>	<b><u>\$281,735</u></b>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary-Mayor/Council	\$40,500	\$40,520	(\$20)
Salary	140,500	141,086	(586)
Retirement	26,350	26,449	(99)
Social Security	13,850	13,895	(45)
Insurance	64,200	65,900	(1,700)
Insurance Retirees (Pre)	75,000	75,806	(806)
Insurance Retirees (Post)	65,000	64,448	552
SC ORBET	4,000	4,000	0
Penalties	25	0	25
Supplies	6,100	5,010	1,090
Food Boxes	0	2,941	(2,941)
Postage	6,000	5,610	390
Membership & Dues	4,000	3,409	591
Convention & Travel	12,500	10,362	2,138
Gas & Oil	3,400	3,420	(20)
Electricity & Gas	11,000	9,702	1,298
Telephone	16,000	16,157	(157)
Street Lights	142,000	140,520	1,480
General Election	3,300	3,362	(62)
Refunds	130	0	130
Bank Charges-Credit Card	700	1,105	(405)
Maintenance/Service Agreements	37,000	35,251	1,749
Opera House Expenditures	3,000	3,000	0
Rental Property	1,900	1,000	900
Repairs/Maintenance Buildings/Grounds	7,500	5,076	2,424
Janitor Uniforms	300	587	(287)
County Tax - Housing Authority	22,000	26,769	(4,769)
Janitorial Supplies	1,200	559	641
Beautification	1,000	5,463	(4,463)
Advertising & Printing	4,500	4,895	(395)
Swamp Fox Scene Paper	2,300	855	1,445
Insurance - Property, Etc.	324,000	329,542	(5,542)
Professional Services	33,500	30,354	3,146
Attorney Fees	20,000	22,878	(2,878)
Summer Camp	2,500	0	2,500
Annual Awards Banquet	3,500	4,905	(1,405)
Francis Marion Runfest	0	6,850	(6,850)
Miscellaneous	4,200	4,213	(13)
Contributions	17,505	17,005	500
Hurricane Expenditures	0	84,694	(84,694)
Transfer GSWSA funds	69,400	0	69,400
	<u>\$1,189,860</u>	<u>\$1,217,598</u>	<u>(\$27,738)</u>



CITY OF MARION  
GENERAL FUND  
SCHEDULE OF ADMINISTRATOR AND CITY CLERK EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$72,260	\$66,969	\$5,291
Retirement	12,460	10,719	1,741
Social Security	5,530	4,769	761
Insurance	10,700	6,057	4,643
Supplies	900	888	12
Membership & Dues	800	915	(115)
Convention & Travel	4,000	3,889	111
Gas & Oil	4,000	3,210	790
Vehicle Expenditures	400	592	(192)
Miscellaneous	100	0	100
	<u>\$111,150</u>	<u>\$98,008</u>	<u>\$13,142</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF CITY TREASURER EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$48,890	\$48,907	(\$17)
Retirement	7,120	7,110	10
Social Security	3,740	3,644	96
Insurance	7,083	7,538	(455)
Supplies	1,500	594	906
Membership & Dues	300	230	70
Convention & Travel	2,100	1,438	662
Miscellaneous	200	0	200
	<u>\$70,933</u>	<u>\$69,461</u>	<u>\$1,472</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF PLANNING AND ZONING EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$22,660	\$21,983	\$677
Retirement	4,950	4,768	182
Social Security	2,600	2,505	95
Health Insurance	7,083	6,894	189
Supplies	400	145	255
Convention & Travel	1,000	1,484	(484)
Planning	250	0	250
Advertising & Printing	200	118	82
Professional Services	1,500	0	1,500
Miscellaneous	100	0	100
	<u>\$40,743</u>	<u>\$37,897</u>	<u>\$2,846</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF BUILDING INSPECTOR EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$60,040	\$59,919	\$121
Retirement	10,350	9,829	521
Social Security	4,590	4,233	357
Insurance	10,600	8,933	1,667
Supplies	1,300	1,405	(105)
Membership & Dues	3,000	1,595	1,405
Miscellaneous Expense	500	425	75
	<u>\$90,380</u>	<u>\$86,339</u>	<u>\$4,041</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF MUNICIPAL COURT DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$62,170	\$54,855	\$7,315
Retirement	9,050	6,721	2,329
Social Security	4,760	3,665	1,095
Insurance	14,200	10,328	3,872
Supplies	4,400	1,843	2,557
Postage	2,000	1,048	952
Membership & Dues	270	115	155
Convention & Travel	4,000	3,679	321
Maintenance/Service Agreements	1,500	1,500	0
Jury Pay	750	450	300
Part-time Municipal Judge	2,000	2,698	(698)
Professional Services-Public Defender	15,000	49,050	(34,050)
	<u>\$120,100</u>	<u>\$135,952</u>	<u>(\$15,852)</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF POLICE DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$932,000	\$929,257	\$2,743
Retirement	160,600	154,706	5,894
Social Security	71,300	69,506	1,794
Insurance	163,000	157,489	5,511
Unemployment Insurance	2,000	0	2,000
Supplies	18,300	14,797	3,503
Postage	500	504	(4)
Litter Control	9,300	9,461	(161)
Membership & Dues	1,000	810	190
Convention & Travel	4,500	958	3,542
Gas & Oil	65,000	52,781	12,219
Vehicle Expenditures	34,200	34,551	(351)
Electricity	15,000	15,208	(208)
Electricity-Firing Range	200	223	(23)
Telephone	11,400	8,058	3,342
Maintenance/Service Agreements	7,200	11,792	(4,592)
Radio Supplies & Maintenance	2,000	814	1,186
Maintenance/Building & Grounds	11,500	4,352	7,148
Combined Drug Unit	7,500	2,693	4,807
Community Police Substation	1,500	778	722
Jones Ave Sub Station	0	554	(554)
Uniforms	17,000	14,555	2,445
Uniform allowance	3,250	4,039	(789)
Prisoner Safe Keeping	1,200	8	1,192
Medical - Prisoners	3,000	0	3,000
Juvenile Detention	8,000	16,325	(8,325)
Advertising & Printing	1,000	373	627
Professional Services	7,900	1,535	6,365
School Resource Officers	6,500	3,276	3,224
Victims Advocacy Program	21,000	16,432	4,568
800 MHZ Systems	55,000	55,000	0
Miscellaneous Expense	2,500	1,561	939
Calendar Fund	0	1,520	(1,520)
Police Academy Buyouts	0	13,811	(13,811)
	<u>\$1,644,350</u>	<u>\$1,597,727</u>	<u>\$46,623</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF FIRE DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$296,000	\$315,296	(\$19,296)
Wages-Fire Attendance	30,000	15,896	14,104
Retirement	51,000	55,392	(4,392)
Social Security	25,000	25,159	(159)
Insurance	57,000	42,591	14,409
Unemployment Insurance	2,000	0	2,000
Supplies	4,600	4,449	151
Class 5 Supplies	17,000	8,489	8,511
Memberships/Conventions/School	1,500	1,132	368
Gas & Oil	17,000	14,920	2,080
Truck Expenditures	20,000	34,385	(14,385)
Electricity & Heat	20,000	17,595	2,405
Telephone	5,000	4,557	443
Maintenance/Service Agreements	95	0	95
Radio Maintenance	2,000	672	1,328
Equipment Maintenance	4,500	3,769	731
Repairs/Maintenance Buildings/Grounds	7,500	7,095	405
Hose & Nozzle	6,100	3,040	3,060
Fire Prevention	2,700	2,457	243
Uniforms	4,800	3,247	1,553
Medical Expenditures	4,600	0	4,600
OSHA Regulations	1,500	0	1,500
Training	6,500	6,381	119
Professional Services	700	853	(153)
800 MHZ Systems	15,000	15,000	0
Miscellaneous	1,200	1,208	(8)
Training Ground	4,000	185	3,815
	<u>\$607,295</u>	<u>\$583,768</u>	<u>\$23,527</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF PUBLIC WORKS DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$443,480	\$381,752	\$61,728
Retirement	64,570	54,284	10,286
Social Security	33,930	28,485	5,445
Insurance	127,500	108,645	18,855
Unemployment Insurance	500	158	342
Supplies	9,200	6,953	2,247
Gas & Oil	56,000	54,359	1,641
Vehicle Expenditures	9,000	9,158	(158)
Truck Maintenance	18,000	26,023	(8,023)
Chemicals	800	0	800
Electricity/Heat	3,200	3,268	(68)
Telephone	2,000	797	1,203
Landfill Closing	25,000	3,543	21,457
Radio Maintenance	800	0	800
Contract Garbage Hauling	669,000	613,395	55,605
Equipment Repairs - Mowers	14,500	16,577	(2,077)
Maintenance-Building	1,600	1,998	(398)
Rose Hill Maintenance	250	225	25
Heavy Equipment Maintenance	16,300	13,096	3,204
Sweeper Maintenance	6,500	20,943	(14,443)
Tree Trimming	25,000	17,070	7,930
Uniforms	5,500	6,736	(1,236)
Storm Drainage	4,500	27	4,473
Street Repairs	1,500	1,105	395
Catch Basins	2,000	0	2,000
Sidewalk Repairs	1,000	0	1,000
Street Signs	1,000	446	554
Miscellaneous	2,000	1,698	302
	<u>\$1,544,630</u>	<u>\$1,370,741</u>	<u>\$173,889</u>



CITY OF MARION  
GENERAL FUND  
SCHEDULE OF CITY SHOP EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$28,850	\$29,712	(\$862)
Retirement	4,200	4,314	(114)
Social Security	2,210	2,328	(118)
Insurance	7,083	7,538	(455)
Supplies	4,000	2,267	1,733
Gas & Oil	3,400	584	2,816
Vehicle Expenditures	700	929	(229)
Electricity & Gas	4,500	3,239	1,261
Telephone	1,000	569	431
Repairs/Maintenance Buildings/Grounds	1,000	375	625
Small Hand Tools	1,200	283	917
Uniforms	200	388	(188)
Miscellaneous	500	0	500
	<u>\$58,843</u>	<u>\$52,526</u>	<u>\$6,317</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF RECREATION DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Officials	\$26,000	\$18,230	\$7,770
Salary	173,000	158,180	14,820
Salaries-Part Time	22,000	21,992	8
Retirement	25,100	19,008	6,092
Social Security	14,700	13,332	1,368
Insurance	35,500	24,092	11,408
Unemployment Insurance	100	0	100
Supplies	1,500	1,210	290
Membership & Dues	1,700	1,440	260
Convention & Travel	2,500	2,493	7
Gas & Oil	12,500	9,920	2,580
Vehicle Expenditures	4,000	3,917	83
Electricity & Gas	51,000	50,461	539
Electricity -Athletic Field	40,500	35,643	4,857
Telephone	8,500	7,696	804
Maintenance/Service Agreements	3,000	2,504	496
Mower Repairs	3,000	4,246	(1,246)
Repairs/Maintenance Buildings/Grounds/Radios	29,700	33,961	(4,261)
Uniforms	1,000	2,059	(1,059)
Uniforms-Athletics	25,000	15,928	9,072
Janitorial Supplies	3,000	4,090	(1,090)
Athletic Supplies	10,000	4,070	5,930
Pool Operation	9,500	8,681	819
Tournament Funds	4,500	0	4,500
Special Events	500	307	193
General Insurance	2,000	2,109	(109)
Advertising & Printing	400	338	62
Trophy Account	1,500	633	867
Recreation Programs	5,000	2,469	2,531
Miscellaneous	1,500	1,293	207
	<u>\$518,200</u>	<u>\$450,302</u>	<u>\$67,898</u>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2019

	PROJECT #3-L-87023	PROJECT #3-L-89002	PALMETTO PRIDE	DRUG ENFORCEMENT FUND
<b>ASSETS</b>				
Cash-Restricted	\$18,288	\$11,340	\$0	\$19,724
Accounts Receivable	0	0	0	0
Due From State	0	0	0	0
Due From Other Funds	0	0	1,504	0
<b>TOTAL ASSETS</b>	<b>\$18,288</b>	<b>\$11,340</b>	<b>\$1,504</b>	<b>\$19,724</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Due To Other Funds	0	0	0	0
Revenue Received in Advance	0	0	1,504	17,492
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>1,504</b>	<b>17,492</b>
<b>FUND BALANCE/(DEFICIT)</b>				
Restricted For:				
Hospitality Fund	0	0	0	0
Drug Enforcement	0	0	0	2,232
Committed To:				
Housing Rehabilitation	18,288	11,340	0	0
<b>TOTAL FUND BALANCE</b>	<b>18,288</b>	<b>11,340</b>	<b>0</b>	<b>2,232</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$18,288</b>	<b>\$11,340</b>	<b>\$1,504</b>	<b>\$19,724</b>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2019

	SCDOT GRANTS	LOCAL HOSPITALITY TAX	PARD	SUMMER CAMP	TOTAL
<b>ASSETS</b>					
Cash-Restricted	\$0	\$473,488	\$0	\$0	\$522,840
Accounts Receivable	0	33,949	0	0	33,949
Due From State	30,000	0	6,080	0	36,080
Due From Other Funds	0	4,436	0	4,400	10,340
<b>TOTAL ASSETS</b>	<b>\$30,000</b>	<b>\$511,873</b>	<b>\$6,080</b>	<b>\$4,400</b>	<b>\$603,209</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$142,432	\$0	\$0	\$142,432
Due To Other Funds	30,000	0	6,080	0	36,080
Revenue Received in Advance	0	0	0	4,400	23,396
<b>TOTAL LIABILITIES</b>	<b>30,000</b>	<b>142,432</b>	<b>6,080</b>	<b>4,400</b>	<b>201,908</b>
<b>FUND BALANCE/(DEFICIT)</b>					
Restricted For:					
Hospitality Fund	0	369,441	0	0	369,441
Drug Enforcement	0	0	0	0	2,232
Committed To:					
Housing Rehabilitation	0	0	0	0	29,628
<b>TOTAL FUND BALANCE</b>	<b>0</b>	<b>369,441</b>	<b>0</b>	<b>0</b>	<b>401,301</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$30,000</b>	<b>\$511,873</b>	<b>\$6,080</b>	<b>\$4,400</b>	<b>\$603,209</b>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Year Ended June 30, 2019

	DRUG ENFORCEMENT FUND	LOCAL HOSPITALITY TAX	SCDOT GRANTS	PARD	SCMIT BODY ARMOR
REVENUES					
LOCAL					
Interest Income	\$0	\$627	\$0	\$0	\$0
Other Income	0	295,547	0	0	0
STATE					
Grants	0	0	183,409	6,080	512
FEDERAL					
Grants	0	0	0	0	0
TOTAL REVENUES	<u>0</u>	<u>296,174</u>	<u>183,409</u>	<u>6,080</u>	<u>512</u>
EXPENDITURES					
CURRENT					
Public Safety	0	0	0	0	512
Culture & Recreation	0	245,319	0	6,080	0
Community Development	0	0	183,409	0	0
CAPITAL OUTLAY	0	39,200	0	0	0
TOTAL EXPENDITURES	<u>0</u>	<u>284,519</u>	<u>183,409</u>	<u>6,080</u>	<u>512</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>11,655</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES/(USES)					
Transfer to Stormwater Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES/(USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	11,655	0	0	0
Fund Balance/(Deficit) at beginning of year	<u>2,232</u>	<u>357,786</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance/(Deficit) at end of year	<u><u>\$2,232</u></u>	<u><u>\$369,441</u></u>	<u><u>\$0</u></u>	<u><u>\$0</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, 2019

	SUMMER CAMP	RURAL DEVELOPMENT	PROJECT #3-L-87023	PROJECT #3-L-89002	Total Current Year
<b>REVENUES</b>					
<b>LOCAL</b>					
Interest Income	\$0	\$0	\$0	\$0	\$627
Other Income	3,323	0	0	0	298,870
<b>STATE</b>					
Grants	0	0	0	0	190,001
<b>FEDERAL</b>					
Grants	0	150,000	0	0	150,000
<b>TOTAL REVENUES</b>	<b>3,323</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>639,498</b>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Public Safety	0	0	0	0	512
Culture & Recreation	3,323	0	0	0	254,722
Community Development	0	0	0	0	183,409
<b>CAPITAL OUTLAY</b>					
	0	124,131	0	0	163,331
<b>TOTAL EXPENDITURES</b>	<b>3,323</b>	<b>124,131</b>	<b>0</b>	<b>0</b>	<b>601,974</b>
Excess (deficiency) of revenues over expenditures	0	25,869	0	0	37,524
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfer to Stormwater Fund	0	(25,869)	0	0	(25,869)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>0</b>	<b>(25,869)</b>	<b>0</b>	<b>0</b>	<b>(25,869)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	0	0	0	11,655
Fund Balance/(Deficit) at beginning of year	0	0	18,288	11,340	389,646
Fund Balance/(Deficit) at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$18,288</u>	<u>\$11,340</u>	<u>\$401,301</u>

CITY OF MARION  
LOCAL HOSPITALITY TAX  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Hospitality Tax	\$350,000	\$295,547	(\$54,453)
Interest	0	627	627
TOTAL REVENUES	<u>350,000</u>	<u>296,174</u>	<u>(53,826)</u>
EXPENDITURES			
CURRENT			
Culture & Recreation			
Contributions-Marion Chamber of Commerce	7,225	7,225	0
Contributions-Arts Council	1,500	0	1,500
Contributions-Marion County Museum	3,000	3,000	0
Contributions-HMRA	15,000	15,000	0
Contributions-HMRA Façade grants	15,000	14,250	750
Contributions-Foxtrot Festival	5,000	5,000	0
Foxtrot Festival Salaries and Fringes	20,000	16,643	3,357
CD Joyner Events	22,500	970	21,530
City Planner	11,500	10,827	673
Advertising & Promotion	30,000	20,573	9,427
Street Lights	69,000	64,052	4,948
Opera House Expenditures	14,000	12,239	1,761
Depot Expenditures	7,000	6,579	421
Beautification Expenditures	24,000	13,629	10,371
Christmas Festival Expenditures	30,000	25,191	4,809
Contingency	27,275	30,141	(2,866)
Miscellaneous	2,000	0	2,000
CAPITAL OUTLY			
Truck	26,000	26,000	0
Sidewalks at Green St Park	20,000	13,200	6,800
TOTAL EXPENDITURES	<u>350,000</u>	<u>284,519</u>	<u>65,481</u>
Excess (deficiency) of revenues over expenditures	0	11,655	11,655
Fund Balances at beginning of year	<u>357,786</u>	<u>357,786</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$357,786</u></u>	<u><u>\$369,441</u></u>	<u><u>\$11,655</u></u>

CITY OF MARION  
 SCDOT GRANTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 Year Ended June 30, 2019

	<u>#37041</u>	<u>#37042</u>	<u>#36803</u>	<u>#37999</u>	<u>Total Current Year</u>
REVENUES					
STATE					
Grants	<u>\$33,295</u>	<u>\$60,000</u>	<u>\$28,800</u>	<u>\$61,314</u>	<u>\$183,409</u>
TOTAL REVENUES	<u>33,295</u>	<u>60,000</u>	<u>28,800</u>	<u>61,314</u>	<u>183,409</u>
EXPENDITURES					
CURRENT					
Community Development					
Street/Sidewalk/Driveway Repairs	<u>33,295</u>	<u>60,000</u>	<u>28,800</u>	<u>61,314</u>	<u>183,409</u>
TOTAL EXPENDITURES	<u>33,295</u>	<u>60,000</u>	<u>28,800</u>	<u>61,314</u>	<u>183,409</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0	0
Fund Balances at beginning of year	<u>0</u>	<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>	<u><u>\$0</u></u>



CITY OF MARION  
 SCDOT GRANT -- PROJECT #37041  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$50,000</u>	<u>\$33,295</u>	<u>(\$16,705)</u>
TOTAL REVENUES	<u>50,000</u>	<u>33,295</u>	<u>(16,705)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>50,000</u>	<u>33,295</u>	<u>16,705</u>
TOTAL EXPENDITURES	<u>50,000</u>	<u>33,295</u>	<u>16,705</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 #37042  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$140,000</u>	<u>\$60,000</u>	<u>(\$80,000)</u>
TOTAL REVENUES	<u>140,000</u>	<u>60,000</u>	<u>(80,000)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>140,000</u>	<u>60,000</u>	<u>80,000</u>
TOTAL EXPENDITURES	<u>140,000</u>	<u>60,000</u>	<u>80,000</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 #36803  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$35,000</u>	<u>\$28,800</u>	<u>(\$6,200)</u>
TOTAL REVENUES	<u>35,000</u>	<u>28,800</u>	<u>(6,200)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>35,000</u>	<u>28,800</u>	<u>6,200</u>
TOTAL EXPENDITURES	<u>35,000</u>	<u>28,800</u>	<u>6,200</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 #37999  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$73,918</u>	<u>\$61,314</u>	<u>(\$12,604)</u>
TOTAL REVENUES	<u>73,918</u>	<u>61,314</u>	<u>(12,604)</u>
EXPENDITURES			
CURRENT			
Community Development			
Street/Sidewalk/Driveway Repairs	<u>73,918</u>	<u>61,314</u>	<u>12,604</u>
TOTAL EXPENDITURES	<u>73,918</u>	<u>61,314</u>	<u>12,604</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  
 PARD GRANT #2019097  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES			
STATE			
Grants	\$6,300	\$6,080	(\$220)
TOTAL REVENUES	6,300	6,080	(220)
EXPENDITURES			
CAPITAL OUTLAY			
Culture and Recreation			
Supplies	6,300	6,080	220
TOTAL EXPENDITURES	6,300	6,080	220
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  
 SCMIT - SOFT BODY ARMOR PROGRAM  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 Year Ended June 30, 2019

REVENUES		
STATE		
Grant	\$512	
TOTAL REVENUES	512	
EXPENDITURES		
CURRENT		
Public Safety		
Supplies	512	
TOTAL EXPENDITURES	512	
Excess (deficiency) of revenues over expenditures	0	
Fund Balances at beginning of year	0	
Fund Balances at end of year	\$0	

CITY OF MARION  
SUMMER CAMP  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
Year Ended June 30, 2019

REVENUES	
LOCAL	
Donation	<u>\$3,323</u>
TOTAL REVENUES	<u>3,323</u>
EXPENDITURES	
CURRENT	
Culture and Recreation	
Student Activities	<u>3,323</u>
TOTAL EXPENDITURES	<u>3,323</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  
RURAL DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES			
FEDERAL			
Grants	\$150,000	\$150,000	\$0
TOTAL REVENUES	150,000	150,000	0
EXPENDITURES			
CAPITAL OUTLAY			
Equipment	150,000	124,131	(25,869)
TOTAL EXPENDITURES	150,000	124,131	(25,869)
Excess (deficiency) of revenues over expenditures	0	25,869	25,869
OTHER FINANCING SOURCES/(USES)			
Transfer to Stormwater Fund	0	(25,869)	(25,869)
TOTAL OTHER FINANCING SOURCES/(USES)	0	(25,869)	(25,869)
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	0	0
Fund Balances at beginning of year	0	0	0
Fund Balances at end of year	\$0	\$0	\$0



CITY OF MARION  
 PERMANENT FUND - CEMETERY FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 Year Ended June 30, 2019

REVENUES	
Interest Income	\$37
TOTAL REVENUES	37
Excess (deficiency) of revenues over expenditures	37
OTHER FINANCING SOURCES (USES)	
Transfer to General Fund	(25)
TOTAL FINANCING SOURCES (USES)	(25)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	12
Fund Balances at beginning of year	32,833
Fund Balances at end of year	\$32,845

CITY OF MARION  
DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
Year Ended June 30, 2019

EXPENDITURES	
DEBT SERVICE	
Principal	\$68,836
Interest	<u>7,830</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>