

**CITY OF MARION**

Marion, South Carolina

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

June 30, 2021

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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

Michael E. Baker

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Council  
Marion, South Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, 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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows 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 51 through 56 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 Uniform Schedule of Court Fines, Assessments, and Surcharges on Pages 60-61, listed in the table of contents under Compliance, is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and the the Uniform Schedule of Court Fines, Assessments, and Surcharges, 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 and the Uniform Schedule of Court Fines, Assessments, and Surcharges, 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 March 2, 2022, on our consideration of the City of Marion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marion's internal control over financial reporting and compliance.

*Kenneth Cobb & Company P.C.*

Mullins, South Carolina

March 2, 2022

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2021

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, 2021. 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, 2021 by \$6.9 million (net position). Of this amount a deficit of \$2.6 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.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.0 million, an increase of \$312 thousand in comparison with the prior year. Approximately 89.7 percent of this total or \$5.4 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 function of the City.

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2021

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, 2021

**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 \$6.9 million at the close of the most recent fiscal year.

The largest portion of the City's net position is \$8.9 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, 2021

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 6,148	\$ 5,958	\$ 113	\$ 89	\$ 6,261	\$ 6,047
Capital Assets	8,749	9,017	311	344	9,060	9,361
Other Assets	1,552	1,289	0	0	1,552	1,289
Total Assets	<u>16,449</u>	<u>16,264</u>	<u>424</u>	<u>433</u>	<u>16,873</u>	<u>16,697</u>
Deferred Outflow of Resources	1,704	1,264	0	0	1,704	1,264
Long Term Liabilities	9,669	9,198	164	229	9,833	9,427
Other Liabilities	1,219	1,058	68	66	1,287	1,124
Total Liabilities	<u>10,888</u>	<u>10,256</u>	<u>232</u>	<u>295</u>	<u>11,120</u>	<u>10,551</u>
Deferred Inflow of Resources	607	617	0	0	607	617
Net Investment in Capital Assets	8,796	8,774	82	49	8,878	8,823
Restricted	610	529	0	0	610	529
Unrestricted	(2,748)	(2,648)	110	89	(2,683)	(2,559)
Total Net Position	<u>\$ 6,658</u>	<u>\$ 6,655</u>	<u>\$ 192</u>	<u>\$ 138</u>	<u>\$ 6,850</u>	<u>\$ 6,793</u>

A portion of the City's net position (8.9 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 governmental net position increased by \$3 thousand. Approximately 35.5 percent of the City's total governmental revenue came from taxes, while 15.0 percent resulted from restricted grants and contributions (including state and federal aid). Charges for various goods and services provided 45.9 percent of the total revenues. The City's expenses cover a range of services. The largest expenses were for public safety and general government. In 2021, governmental activity expenses exceeded program revenues, resulting in the use of \$2.7 million in general revenues (mostly taxes).

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2021

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$3,131	\$ 3,017	\$171	\$ 214	\$3,302	\$ 3,231
Operating Grants & Contributions	976	1,210	0	0	976	1,210
Capital Grants & Contributions	50	620	0	0	50	620
General Revenues:						
Taxes	2,420	2,183	0	0	2,420	2,183
Investment Earnings	23	72	0	0	23	72
Other	225	174	0	0	225	174
Total Revenues	<u>6,825</u>	<u>7,276</u>	<u>171</u>	<u>214</u>	<u>6,996</u>	<u>7,490</u>
Expenses:						
General Government	1,682	1,715	0	0	1,682	1,715
Public Safety	2,632	2,697	0	0	2,632	2,697
Public Works	1,625	1,483	0	0	1,625	1,483
Community Development	291	183	0	0	291	183
Culture and Recreation	517	648	0	0	517	648
Interest	20	26	0	0	20	26
Depreciation, Unallocated	55	62	0	0	55	62
Stormwater	0	0	117	90	117	90
Total Expenses	<u>6,822</u>	<u>6,814</u>	<u>117</u>	<u>90</u>	<u>6,939</u>	<u>6,904</u>
Excess (Deficiency) Revenues over Expenses	<u>3</u>	<u>462</u>	<u>54</u>	<u>124</u>	<u>57</u>	<u>586</u>
Change in Net Position	3	462	54	124	57	586
Net Position, Beginning of Year	6,655	6,181	138	14	6,793	6,195
Prior Period Adjustment	0	12	0	0	0	12
Net Position, End of Year	<u>\$6,658</u>	<u>\$ 6,655</u>	<u>\$ 192</u>	<u>\$ 138</u>	<u>\$ 6,850</u>	<u>\$ 6,793</u>

**FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS**

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

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2021

**Governmental funds**

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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$6.0 million. As a measure of the liquidity, it may be useful to compare the unreserved fund balance to total governmental fund expenditures. Unassigned fund balance of \$5,351,007 represents 88.8 percent of total governmental fund expenditures.

The fund balances of the City's governmental funds increased by \$312 thousand during the current fiscal year. This is a 5.5 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, 2021. General fund revenues were over the approved budgeted revenues by \$536 thousand. This was largely due to increased revenue from local option sales taxes, business licenses and rural fire dues. General fund expenditures were under the approved budget by \$12 thousand. This was largely due to favorable variances in insurance expenditures. The favorable variances were reduced by the purchase of a sanitation truck due to the poor service from the City contractor.

**FIXED ASSET AND DEBT ADMINISTRATION**

**Fixed Assets**

The City's investment in fixed assets for its governmental activities as of June 30, 2021, amounts to \$17.0 million, less accumulated depreciation of \$8.2 million, leaving a net book value of \$8.8 million. This investment in fixed assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, drainage systems and similar items.

Actual governmental expenditures to purchase or construct capital assets were \$406 thousand for the year. Depreciation charges for the year totaled \$482 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.

City of Marion, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2021

**Debt Activity**

Additional information on the City's long-term debt obligations can be found in Notes 4 and 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, 2022. The following are some factors considered in preparing this budget.

Marion County's unemployment rate has improved over the past year. In October, 2021 Marion County ranked 5th in South Carolina at 5.4%. The State average was 3.9% in October 2021.

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 5.3% health insurance increase. The funds from the sale of the water and sewer system to GSWSA are still being invested and should generate approximately \$20,000 in interest which is included in the fiscal year 21/22 budget. Also, the City expects to receive a franchise fee of approximately \$148,000 from GSWSA. There was no tax millage 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, 2021

	Governmental Activities	Business-type Activity	Total
<b>ASSETS</b>			
Cash	\$4,805,537	\$0	\$4,805,537
Due from Other Agencies	939,530	0	939,530
Accounts Receivable	212,437	30,751	243,188
Accounts Receivable-Sanitation	175,375	0	175,375
Interest Receivable	311	0	311
Taxes Receivable- Net of Allowance	96,599	0	96,599
Internal Balances	(82,000)	82,000	0
Restricted Cash	1,552,472	0	1,552,472
Land	513,050	0	513,050
Real Estate and Buildings	9,589,392	0	9,589,392
Furniture, Fixtures and Equipment	4,900,976	379,866	5,280,842
Infrastructure	1,992,139	0	1,992,139
Accumulated Depreciation	(8,246,888)	(68,269)	(8,315,157)
<b>TOTAL ASSETS</b>	<b>16,448,930</b>	<b>424,348</b>	<b>16,873,278</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	997,275	0	997,275
Deferred OPEB Charges	707,047	0	707,047
<b>TOTAL DEFERED OUTFLOWS OF RESOURCES</b>	<b>1,704,322</b>	<b>0</b>	<b>1,704,322</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	292,774	0	292,774
Accrued Liabilities	13,522	0	13,522
Due to Other Agencies	2,819	0	2,819
Due to Retirees	71,907	0	71,907
Payroll Deductions	53,719	0	53,719
Revenues Received in Advance	621,674	0	621,674
Long Term Liabilities- Due within one year			
Lease Obligations	74,833	17,733	92,566
Debt Obligations	87,492	49,959	137,451
Long Term Liabilities- Due in greater than one year			
Lease Obligations	0	57,341	57,341
Debt Obligations	451,407	104,418	555,825
OPEB obligations	4,155,256	0	4,155,256
Pension obligations	4,906,460	0	4,906,460
Compensated Absences Payable	156,231	2,761	158,992
<b>TOTAL LIABILITIES</b>	<b>10,888,094</b>	<b>232,212</b>	<b>11,120,306</b>
<b>DEFERED INFLOWS OF RESOURCES</b>			
Deferred OPEB Credits	341,487	0	341,487
Deferred Pension Credits	265,502	0	265,502
<b>TOTAL DEFERED INFLOWS OF RESOURCES</b>	<b>606,989</b>	<b>0</b>	<b>606,989</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,795,844	82,146	8,877,990
Restricted for:			
Cemetery-Non-expendable	32,845	0	32,845
Local Hospitality Tax	546,019	0	546,019
Housing Rehabilitation	29,628	0	29,628
Drug Fund	2,232	0	2,232
Unrestricted	(2,748,399)	109,990	(2,638,409)
<b>TOTAL NET POSITION</b>	<b>\$6,658,169</b>	<b>\$192,136</b>	<b>\$6,850,305</b>

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

CITY OF MARION  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

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	
Governmental activities:							
General Government	\$1,681,873	\$1,304,314	\$661,115	\$0	\$283,556		\$283,556
Public Safety	2,632,450	381,274	171	0	(2,251,005)		(2,251,005)
Public Works	1,624,608	1,059,196	291,325	50,000	(224,087)		(224,087)
Community Development	291,325	36,400	23,928	0	(230,997)		(230,997)
Culture and Recreation	517,207	349,854	0	0	(167,353)		(167,353)
Depreciation *	55,002	0	0	0	(55,002)		(55,002)
Interest	19,576	0	0	0	(19,576)		(19,576)
Total Governmental Activities	<u>\$6,822,041</u>	<u>\$3,131,038</u>	<u>\$976,539</u>	<u>\$50,000</u>	<u>(2,664,464)</u>		<u>(2,664,464)</u>
Business-type activities:							
Stormwater	117,081	170,980	0	0		\$53,899	53,899
Total primary government	<u>\$6,939,122</u>	<u>\$3,302,018</u>	<u>\$976,539</u>	<u>\$50,000</u>	<u>(2,664,464)</u>	<u>53,899</u>	<u>(2,610,565)</u>
Property taxes levied for:							
General Purposes					2,420,285	0	2,420,285
Unrestricted Investment Earnings					22,670	0	22,670
Gain/(loss) on disposed assets					44,460	0	44,460
Miscellaneous					180,121	0	180,121
Total general revenues and transfers					<u>2,667,536</u>	<u>0</u>	<u>2,667,536</u>
Changes in net position					3,072	53,899	56,971
Net position, beginning of year					6,655,097	138,237	6,793,334
Net position, end of year					<u>\$6,658,169</u>	<u>\$192,136</u>	<u>\$6,850,305</u>

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

\* Unallocated--see Note 11 for depreciation charged to functions

CITY OF MARION  
BALANCE SHEET -- GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash				
Cash	\$4,805,537	\$0	\$0	\$4,805,537
Restricted Cash	823,916	630,577	97,979	1,552,472
Receivables				
Interest	311	0	0	311
Taxes - Net of Allowance	21,785	0	0	21,785
Accounts-Miscellaneous	185,121	27,316	0	212,437
Accounts-Sanitation	175,375	0	0	175,375
Due from Other Funds	0	4,436	32,893	37,329
Due from Agencies	319,851	0	0	319,851
<b>TOTAL ASSETS</b>	<b>\$6,331,896</b>	<b>\$662,329</b>	<b>\$130,872</b>	<b>\$7,125,097</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Revenue Received in Advance	\$555,507	\$0	\$66,167	\$621,674
Accounts Payable & Accrued Expenditures	176,464	116,310	0	292,774
Payroll Deductions & Employer Contributions	53,719	0	0	53,719
Due to Agencies	2,819	0	0	2,819
Due to Other Funds	119,329	0	0	119,329
Due to Retirees	71,907	0	0	71,907
<b>TOTAL LIABILITIES</b>	<b>979,745</b>	<b>116,310</b>	<b>66,167</b>	<b>1,162,222</b>
<b>FUND EQUITY</b>				
Fund Equity				
Restricted For:				
Permanent Fund-Cemetery Fund	0	0	32,845	32,845
Special Revenue Fund-Hospitality Fund	0	546,019	0	546,019
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	1,144	0	0	1,144
Unassigned				
General Fund	5,351,007	0	0	5,351,007
<b>TOTAL FUND EQUITY</b>	<b>5,352,151</b>	<b>546,019</b>	<b>64,705</b>	<b>5,962,875</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$6,331,896</b>	<b>\$662,329</b>	<b>\$130,872</b>	<b>\$7,125,097</b>

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, 2021

Fund Balances - total governmental funds	\$5,962,875
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 \$16,995,557 and the accumulated depreciation is \$8,246,888.	8,748,669
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.	(13,522)
Reimbursement from Marion County for the purchase of a building for the recreation department from the capital sales tax program which will be collected in the subsequent period. A receivable on the government wide statements was recorded in the prior year.	619,679
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.	74,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Debt obligations	(538,899)
Lease obligations	(74,833)
Compensated absences	(156,231)
Net OPEB obligation and deferred charges and credits	(3,789,696)
Net pension obligations and deferred charges and credits	(4,174,687)
Net Position - Governmental Activities	\$6,658,169

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, 2021

	General Fund	Local Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$2,403,922	\$0	\$0	\$2,403,922
Licenses and Permits	1,350,967	0	0	1,350,967
Charges for Services	1,059,196	0	0	1,059,196
Fines and Forfeits	147,534	0	0	147,534
Operational Revenues	1,087,118	333,714	1,484	1,422,316
Grants	88,859	0	291,496	380,355
<b>TOTAL REVENUES</b>	<b>6,137,596</b>	<b>333,714</b>	<b>292,980</b>	<b>6,764,290</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General Government	1,466,807	0	0	1,466,807
Public Safety	2,400,099	0	1,636	2,401,735
Community Development	0	0	291,325	291,325
Public Works	1,502,604	0	0	1,502,604
Culture and Recreation	302,812	174,173	0	476,985
<b>Debt Service</b>				
Principal	0	0	127,168	127,168
Interest	0	0	18,864	18,864
Capital Outlay	356,667	52,503	0	409,170
<b>TOTAL EXPENDITURES</b>	<b>6,028,989</b>	<b>226,676</b>	<b>438,993</b>	<b>6,694,658</b>
Excess (deficiency) of revenues over expenditures	108,607	107,038	(146,013)	69,632
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	236,884	0	0	236,884
Debt Proceeds	5,000	0	0	5,000
Operating Transfers In	25,019	0	146,032	171,051
Operating Transfer Out	(146,032)	(25,000)	(19)	(171,051)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>120,871</b>	<b>(25,000)</b>	<b>146,013</b>	<b>241,884</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	229,478	82,038	0	311,516
Fund Balances at beginning of year	5,122,673	463,981	64,705	5,651,359
Fund Balances at end of year	<u>\$5,352,151</u>	<u>\$546,019</u>	<u>\$64,705</u>	<u>\$5,962,875</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, 2021

Total net change in fund balance-governmental funds	\$311,516
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	409,170
Deduct - Depreciation expense	(482,005)
Deduct - Capital outlay that does not meet the depreciation requirements and add depreciable assets not reported as capital outlay	(2,760)
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.	16,503
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.	127,168
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.	(5,000)
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, 2020 amount of \$58,452 and the June 30, 2021 amount of \$74,814.	16,362
In the Statement of Activities, the loss or gain on sale of disposal of capital assets is recognized; however, the fund financial statement recognized the proceeds from these sales.	(192,424)
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, 2020 interest in the amount of \$12,810 and the June 30, 2021 interest in the amount of \$13,522.	(712)
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.	(194,746)
Change in Net Position of Governmental Activities	\$3,072

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, 2021

	Business-Type Activities - Enterprise Fund Stormwater
<b>ASSETS</b>	
Accounts receivable	\$30,751
Due from other funds	82,000
Property, plant, and equipment (net)	<u>311,597</u>
<b>TOTAL ASSETS</b>	<u>424,348</u>
<b>LIABILITIES</b>	
Bonds & leases payable-due within one year	67,692
Compensated absences payable	2,761
Bonds & leases payable-due in more than one year	<u>161,759</u>
<b>TOTAL LIABILITIES</b>	<u>232,212</u>
<b>NET POSITION</b>	
Net investment in capital assets	82,146
Unrestricted	<u>109,990</u>
<b>TOTAL NET POSITION</b>	<u><u>\$192,136</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, 2021

	Business-Type Activities - Enterprise Fund Stormwater
OPERATING REVENUE	
Billings	\$170,980
TOTAL OPERATING REVENUE	170,980
OPERATING EXPENSES	
Salaries	40,564
Employee Benefits	16,401
Maintenance & Repairs	2,156
Supplies	9,667
Miscellaneous	5,627
Depreciation	32,837
TOTAL OPERATING EXPENSES	107,252
NET INCOME (LOSS) FROM OPERATIONS	63,728
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(9,829)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(9,829)
CHANGE IN NET POSITION	53,899
NET POSITION, beginning of year	138,237
NET POSITION, end of year	\$192,136

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, 2021

	Business-Type Activities - Enterprise Fund Stormwater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$184,232
Cash payments to employees	(54,204)
Cash payments to suppliers for goods and services	(17,450)
	112,578
<b>CASH FLOWS OF CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Increase in due to other funds	(37,205)
Principal payments on notes/leases payable	(65,544)
Interest payments on debt	(9,829)
	(112,578)
<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)	\$63,728
Adjustments to reconcile net operating income to net cash and cash equivalents provided by operating activities:	
Depreciation	32,837
Decrease in accounts receivable	13,252
Increase in compensated absences payable	2,761
	\$112,578
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$112,578</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, 2021

**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 (Storm water) 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 balances 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, 2021

**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 Fund Financial Statements**

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 Storm water fees. The principal operating revenues of the Storm water fund are charges to citizens for the Storm water fee. Operating expenses of the Storm water fund include the costs of providing Storm water services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Major Funds**

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

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, 2021

**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, 2021

**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, 2021

**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.

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, 2021

**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, 2021

**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 \$182,760 net of an allowance for uncollectibles of \$7,385 are recorded in the general fund for sanitation fees due from City customers. Gross receivables of \$32,046 net of an allowance for uncollectibles of \$1,295 are recorded in the enterprise fund for stormwater fees.

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 \$337,271 net of a deferral of \$315,486 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 \$240,672 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, 2021

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

As of June 30, 2021 the assigned fund balance components of the general and special revenue funds consist of the following:

<u>General Fund</u>	
Auction proceeds	\$1,144

**NOTE 4 - LEASE PURCHASE 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, 2021 was \$61,348. 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>
2021			\$61,348
2022	\$62,567	\$1,219	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, 2021 was \$13,485. 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>
2021			\$13,485
2022	\$14,098	\$613	0
2023			

On June 2, 2020 the City signed a lease obligation with NCL Government Capital. The purpose of this lease was to purchase a mini-excavator. The lease requires monthly payments of \$1,686 at an interest rate of 3.73%. The balance on this lease at June 30, 2021 was \$75,074. The lease is secured by a 2020 Yanmar mini-excavator and associated equipment. The lease will be deemed to be in default if any payments are not made after 15 days past the due date. The payments will be funded by the Storm water fund. The following table reflects principal and interest requirements until maturity.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

<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>
2021			\$75,074
2022	\$20,233	\$2,500	57,341
2023	20,233	1,827	38,935
2024	20,233	1,128	19,830
2025	20,233	403	0

The previous 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 \$322,971.

	<u>6/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/21</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities	<u>\$ 147,344</u>	<u>\$ 0</u>	<u>\$ 72,511</u>	<u>\$ 74,833</u>	<u>\$ 74,833</u>
Business-type activities	<u>\$ 92,159</u>	<u>\$ 0</u>	<u>\$ 17,085</u>	<u>\$ 75,074</u>	<u>\$ 17,733</u>

The City has commitments with various entities and individuals to lease certain land, buildings and equipment. The lease periods range from monthly to 10 years. These leases have cancellation provisions and are subject to annual appropriations. During the current fiscal year a total of \$6,641 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. The 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. The repayment will be funded by the general fund.

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE</u>
2021			\$273,421
2022	\$40,475	\$10,937	232,946
2023	42,094	9,318	190,852
2024	43,778	7,634	147,074
2025	45,529	5,883	101,545
2026	47,350	4,062	54,195
2027-2028	54,195	2,366	0

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**NOTE 5 - DEBT OBLIGATIONS - (continued)**

On June 17, 2020 the City signed a promissary note with Pee Dee Federal for \$163,189. The purpose of the note was to purchase an excavator. The note carries an interest rate of 2.99% and requires annual payments of \$35,664 beginning July 1, 2021. The note is secured by the excavator. The note will be deemed to be in default if payments are not made when due, or any warranty, representation or statement made by the borrower to the lender under this note becomes false or misleading. The payment will be funded by the general fund.

<b>YEAR ENDED</b>			
<u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE</u>
2021			\$163,189
2022	\$30,597	\$5,067	132,592
2023	31,699	3,965	100,893
2024	32,647	3,017	68,246
2025	33,618	2,046	34,628
2026	34,628	1,036	0

On July 22, 2019 the City signed a promissary note with the SC Office of Regulatory Staff (ORS) for \$118,466. The purpose of the note was to replace existing lighting with LED lights at various City buildings. The note carries an interest rate of 1.5% and requires annual payments of \$17,954.25 beginning October 1, 2020. The note is unsecured. The note will be deemed to be in default if payments are not made within 30 days after the scheduled date for payment and ORS may require immediate payment of the entire unpaid balance, as well as accrued interest and late charges. The payment will be funded by the general fund.

<b>YEAR ENDED</b>			
<u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE</u>
2021			\$102,289
2022	\$16,420	\$1,534	85,869
2023	16,666	1,288	69,203
2024	16,916	1,038	52,287
2025	17,170	784	35,117
2026	17,427	527	17,690
2027	17,690	264	0

On May 9, 2019 the City signed a promissary note with First Citizens Bank for \$250,000. The purpose of the note was to purchase a vactor truck and related equipment. The note carries an interest rate of 2.92% and requires annual payments of \$54,464.01 beginning May 9, 2020. The note is secured by the vactor truck. The note will be deemed to be in default if payments are not made when due. The payments will be funded by the Storm water fund.

<b>YEAR ENDED</b>			
<u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE</u>
2021			\$154,377
2022	\$49,959	\$4,505	104,418
2023	51,418	3,046	53,000
2024	53,000	1,544	0



CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**NOTE 5 - DEBT OBLIGATIONS - (continued)**

Note Payable Direct Borrowing

	Balance <u>7/1/20</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/21</u>	Due Within <u>One Year</u>
Governmental	\$ <u>588,556</u>	\$ <u>5,000</u>	\$ <u>54,657</u>	\$ <u>538,899</u>	\$ <u>87,492</u>
Business-type Activity	\$ <u>202,836</u>	\$ <u>0</u>	\$ <u>48,459</u>	\$ <u>154,377</u>	\$ <u>49,959</u>

**NOTE 6 - SUBSEQUENT EVENTS**

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

**NOTE 7 - RETIREMENT**

The South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012, 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. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust fund’s assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for 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 position 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 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.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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

*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 and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals 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 to 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 below:

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent positions or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health, 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/current salary. 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.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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

An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program

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

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

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

*Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 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 85 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 85 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 to or greater than 85 percent.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

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

SCRS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/21	\$163,153	15.41%	\$1,588	.15%
6/30/20	\$159,826	15.41%	\$1,556	.15%
6/30/19	\$142,325	14.41%	\$1,482	.15%

SCRS Employee Contributions	Amount	% of Covered Payroll
6/30/21	\$95,287	9.00%
6/30/20	\$93,344	9.00%
6/30/19	\$88,891	9.00%

PORS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Accidental Death	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll
6/30/21	\$215,344	17.84%	\$2,414	.2%	\$2,414	.2%
6/30/20	\$205,689	17.84%	\$2,306	.2%	\$2,306	.2%
6/30/19	\$205,880	16.84%	\$2,445	.2%	\$2,445	.2%

PORS Employee Contributions	Amount	% of Covered Payroll
6/30/21	\$117,691	9.75%
6/30/20	\$112,414	9.75%
6/30/19	\$119,199	9.75%

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

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

The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was 0.009297%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-SCRS</u>
2020	2021	\$2,375,435
2019	2020	\$2,135,744

For the year ended June 30, 2021 the City recognized pension expense of \$218,314. At June 30, 2021, 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	\$ 27,409	\$ 8,983
Changes of assumptions	2,910	0
Net difference between projected and actual earnings on plan investments	174,733	0
Changes in proportion and differences between City contributions and proportionate share of contributions	6,227	47,798
City contributions subsequent to the measurement date	<u>164,741</u>	<u>0</u>
Total	<u>\$ 376,020</u>	<u>\$ 56,781</u>

The \$164,741 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, 2022.

**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, 2020, 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, 2020, the City's proportion was 0.076323%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-PORS</u>
2020	2021	\$2,531,025
2019	2020	\$2,437,165

For the year ended June 30, 2021, the City recognized pension expense of \$295,729. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,789	\$ 11,141
Changes of assumptions	30,887	0
Net difference between projected and actual earnings on plan investments	259,171	0
Changes in proportion and differences between City contributions and proportionate share of contributions	57,236	197,580
City contributions subsequent to the measurement date	<u>220,172</u>	<u>0</u>
Total	<u>\$ 621,255</u>	<u>\$ 208,721</u>

The \$220,172 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, 2022.

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, 2020, measurement date was 3.984 years for SCRS and 4.176 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, 2021.

Measurement Period	Fiscal Year Ending	<u>SCRS</u>	<u>PORS</u>
<u>Ending June 30,</u>	<u>June 30,</u>		
2021	2022	\$ 158	\$ (58,104)
2022	2023	(52,322)	(46,759)
2023	2024	(57,747)	(30,402)
2024	2025	<u>(44,587)</u>	<u>(57,097)</u>
Totals		<u>\$ (154,498)</u>	<u>\$ (192,362)</u>

**Actuarial Assumptions**

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, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019 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, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year ended, June 30, 2020, using generally accepted actuarial principles.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020 for SCRS and PORS.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

	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%		

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. Assumptions used in the determination of the June 30, 2020, TPL are as follows:

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%

**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 20 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 2020 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 5.00% real rate of return and a 2.25% inflation component.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	<u>1.0%</u>	0.56%	<u>0.01%</u>
Total Expected Return	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>8.05%</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	\$2,944,060	\$2,375,435	\$1,900,626
PORS	\$3,350,652	\$2,531,025	\$1,872,918

**Plan Fiduciary Net Position and Net Pension Liability**

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, 2020, for SCRS and PORS are presented on the next page.



CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

<u>System</u>	Total Pension <u>Liability</u>	Plan Fiduciary Net <u>Position</u>	Employers' Net Pension <u>Liability (Asset)</u>	Plan Fiduciary Net Position as a Percentage <u>Total pension Liability</u>
SCRS	\$ 4,819,954	\$ 2,444,519	\$ 2,375,435	50.7%
PORS	\$ 6,141,244	\$ 3,610,219	\$ 2,531,025	58.8%

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, 2021, the City reported a payable of \$24,933 and \$31,231 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.

**Non-Employer Contribution**

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

**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, 2021, the book balance of the City's deposits was \$6,358,009 and the bank balance was \$6,412,447. The difference between bank and book balance is due to outstanding items. 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>	Bank <u>Balance</u>	FDIC <u>Insurance</u>	Letter of Credit & Pledged Securities <u>(MKT Value)</u>	Uncollateralized <u>Amount</u>
Anderson Brothers Bank	\$ 3,219,659	\$ 3,219,659	\$ 0	\$ 0
TD Bank	917,550	250,000	800,000	0
BB&T	92,960	92,960	0	0
First Citizens Bank & Securities	2,169,521	2,169,521	0	0
Pee Dee Federal	<u>12,757</u>	<u>12,757</u>	<u>0</u>	<u>0</u>
	<u>\$ 6,412,447</u>	<u>\$ 5,744,897</u>	<u>\$ 800,000</u>	<u>\$ 0</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, 2021.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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

Credit Risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. The City does not have a policy for credit risk. The City had no investments in debt type investments at June 30, 2021.

**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 \$71,906 for post-65 retirees, for property tax rollbacks pertaining to local option sales tax \$728,202; \$23,808 bond funds for police department; \$29,628 for the CDBG programs, \$35,506 for the drug enforcement fund, \$630,577 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, 2021.

**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, 2021, there were legal claims outstanding that are being handled by the Insurance Reserve fund on the City's behalf.

**Encumbrances**

At June 30, 2021, 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)

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

Employees health and dental coverage plans are through Blue Cross and Blue Shield and Citizens Security Life.

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

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claims losses and estimable premium adjustments. The City has not reported a supplemental premium assessment expenditure and the related liability at June 30, 2021, 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, 2021 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, 2021 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, 2021, 2020, and 2019.

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated	\$ 513,050	\$ 0	\$ 0	\$ 513,050
Land & Improvements				
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	9,584,392	5,000	0	9,589,392
Furniture, Fixtures, & Equipment	5,037,649	401,410	538,083	4,900,976
Total capital assets being depreciated	<u>16,614,180</u>	<u>406,410</u>	<u>538,083</u>	<u>16,482,507</u>
Less accumulated depreciation for				
Buildings & Improvements	3,572,061	179,621	0	3,751,682
Infrastructure	1,161,703	55,001	0	1,216,704
Furniture, Fixtures, & Equipment	3,376,778	247,383	345,659	3,278,502
Total accumulated depreciation	<u>8,110,542</u>	<u>482,005</u>	<u>345,659</u>	<u>8,246,888</u>
Total capital assets being depreciated, net	<u>\$ 8,503,638</u>	<u>\$ (75,595)</u>	<u>\$ 192,424</u>	<u>\$ 8,235,619</u>

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 193,329
Public Safety	125,945
Public Works	84,890
Culture and Recreation	22,839
Unallocated	<u>55,002</u>
<b>TOTAL DEPRECIATION EXPENSE</b>	<b><u>\$ 482,005</u></b>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Fixed assets depreciable:				
Equipment & Vehicles	\$ 379,866	\$ 0	\$ 0	\$ 379,866
Total fixed assets-depreciable	<u>379,866</u>	<u>0</u>	<u>0</u>	<u>379,866</u>
Less accumulated depreciation for:				
Equipment & Vehicles	35,432	32,837	0	68,269
Total accumulated depreciation	<u>35,432</u>	<u>32,837</u>	<u>0</u>	<u>68,269</u>
Total fixed assets depreciable, net	<u>\$ 344,434</u>	<u>\$ (32,837)</u>	<u>\$ 0</u>	<u>\$ 311,597</u>

**NOTE 12 - INTERFUND BALANCES/TRANSFERS**

The composition of interfund balances as of June 30, 2021 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Major Governmental Fund		
General Fund	Special Revenue Funds	\$ <u>37,329</u>
General Fund	Enterprise Fund	\$ <u>82,000</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	\$ 146,032	To fund debt repayment
Special Revenue Funds	General Fund	25,000	To fund equipment purchase
Fiduciary Fund	General Fund	<u>19</u>	To transfer interest earnings
		<u>\$ 171,051</u>	

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**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.

**Eligibility**

Employees hired before 7/1/2019 and elected officials whose service begins before 7/1/2019:

- 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.

Disabled retired who have at least ten (10) years of creditable service with the City will be eligible to participate in the City's health and dental plan for their lifetime.

Employees hired on or after 7/1/2019 and elected officials whose service begins on or after 7/1/2019.

1. 90 rule - Age plus service must equal at least 90; the last 20 consecutive years of service with the City;
2. 28 years with SCRS, the last 15 years must be in continuous service with the City;
3. 25 years with PORS, the last 15 years must be in continuous service with the City.

Because these provisions are effective after the valuation date, they are not considered. They are listed for the sake of completeness.

**Benefits**

The City provides medical coverage for retirees prior to Medicare eligibility. The monthly premiums as of July 1, 2019 were \$531.44. The monthly dental premium was \$23.60 as of July 1, 2019.

The City sponsors a Medicare Supplement Plan for the retiree only through Blue Cross Blue Essentials Silver 19 for grandfathered retirees. 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.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

**Employees Covered by Benefit Terms**

At December 31, 2018 (valuation date) the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	29
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	59
Total Membership	88

**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.

**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, 2021, the City contributed \$4,000 to the Trust.

**Net OPEB Liability**

The City's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

*Actuarial Assumptions.* The total OPEB liability in the December 31, 2018 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%

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

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	2.74%
Measurement Date	2.12%

Year FNP is projected to be depleted	
Prior Measurement Date	2020
Measurement Date	2021

Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.74%
Measurement Date	2.12%

Health Care Cost Rates	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	No trend is applied to the City contribution for Medicare eligible retirees.

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 December 31, 2018 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 December 31, 2018 valuation were based on a review of recent plan experience done concurrently with the December 31, 2018 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.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

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	Expected Arithmetic Real Rate of Return
US Government Agency	57.50%	4.50%
US Govt MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration (Net)	<u>2.50%</u>	2.50%
Total	100.00%	

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 2.12%. 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 December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 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.
- 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 2021 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 2021 and the Municipal Bond Index Rate at the Measurement Date (2.12%) was applied to periods on and after 2021, resulting in an SEIR at the Measurement Date (2.12%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 2.74% at the Prior Measurement Date to 2.12% 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.



CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

**Changes in the Net OPEB Liability**

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2018. An expected TOL is determined as of December 31, 2020 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of December 31, 2019, subtracts the expected benefit payments for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). Information regarding changes in benefit terms and changes to assumptions or other inputs should be noted. The following changes have been made since the prior measurement date:

**Changes to benefit terms:**

- None

**Changes to assumptions or other inputs:**

- Change in discount rate

The procedure used to determine the TOL, as of December 31, 2019, 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, 2019</b>	\$ 3,873,194	\$ 29,141	\$ 3,844,053
<b>Changes for the year:</b>			
Service Cost at the end of the year*	118,178	0	118,178
Interest on TOL and Cash Flows	103,909	0	103,909
Change in benefit terms	0	0	0
Difference between expected and actual experience	(14,412)	0	(14,412)
Changes of assumptions or other inputs	266,945	0	266,945
Contributions - employer	0	166,881	(166,881)
Contributions - non-employer	0	0	0
Net investment income (loss)	0	1,354	(1,354)
Benefit payments and implicit subsidy credit	(162,881)	(162,881)	0
Plan administrative expenses	0	(4,818)	4,818
Other	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net changes</b>	<u>311,739</u>	<u>536</u>	<u>311,203</u>
<b>Balance as of December 31, 2020</b>	<u>\$ 4,184,933</u>	<u>\$ 29,677</u>	<u>\$ 4,155,256</u>

\* The service cost includes interest for the year.

*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>
Net OPEB liability (asset)	\$ 4,647,575	\$ 4,155,256	\$ 3,737,302

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

*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>	Healthcare Cost <u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 3,860,204	\$ 4,155,256	\$ 4,511,334

*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, 2021, the City recognized OPEB expenses of \$302,189. At June 30, 2021, 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	\$ 6,646	\$ 241,016
Changes of assumptions or other inputs	630,016	100,471
Net differences between projected and actual earnings on OPEB plan investments	691	0
City contributions subsequent to measurement date	<u>69,694</u>	<u>0</u>
Total	<u>\$ 707,047</u>	<u>\$ 341,487</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,	
2021	\$ 76,651
2022	73,002
2023	57,926
2024	66,169
2025	22,118
Thereafter	0

**Payable to the OPEB Plan**

At June 30, 2021, the City reported no payables to the plan.

CITY OF MARION  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

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

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, 2022.

CITY OF MARION  
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS  
Year Ended June 30, 2021

	SCRS							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$164,741	\$161,382	\$143,807	\$130,604	\$116,662	\$108,693	\$108,142	\$105,338
Contributions made to pension plan	<u>164,741</u>	<u>161,382</u>	<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>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$1,058,744	\$1,037,156	\$987,683	\$963,159	\$1,009,244	\$982,761	\$992,126	\$993,754
Contributions as a percentage of covered employee payroll	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%
	PORS							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$220,172	\$210,301	\$210,770	\$186,223	\$151,391	\$151,403	\$153,789	\$134,979
Contributions made to pension plan	<u>220,172</u>	<u>210,301</u>	<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>	<u>\$0</u>	<u>\$0</u>
City's covered payroll during the measurement period	\$1,207,083	\$1,152,967	\$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	18.24%	18.24%	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 eight years of data are available.

CITY OF MARION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Year Ended June 30, 2021

	SCRS							
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's percentage of the net pension liability	0.009297%	0.009353%	0.009294%	0.009989%	0.010166%	0.010933%	0.010944%	0.010944%
The City's proportionate share of the net pension liability	\$2,375,435	\$2,135,744	\$2,082,579	\$2,248,685	\$2,171,443	\$2,073,496	\$1,884,194	\$1,962,963
The City's covered employee payroll	\$1,037,156	\$987,683	\$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	229.03%	216.24%	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	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%	56.39%

  

	PORS							
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's percentage of the net pension liability	0.076323%	0.085039%	0.08285%	0.07895%	0.08639%	0.08999%	0.08740%	0.08740%
The City's proportionate share of the net pension liability	\$2,531,025	\$2,437,165	\$2,347,438	\$2,162,746	\$2,191,159	\$1,961,351	\$1,673,267	\$1,811,840
The City's covered employee payroll	\$1,152,967	\$1,222,566	\$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	219.52%	199.35%	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	58.80%	62.70%	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 eight years of data are available.

CITY OF MARION  
SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS  
Year Ended June 30, 2021

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Actuarially determine employer contribution (ADEC)	\$226,407	\$227,563	\$228,887	\$231,204
Contributions in relation to the ADEC	<u>166,881</u>	<u>157,959</u>	<u>160,630</u>	<u>160,520</u>
Annual contribution deficiency (excess)	<u>\$59,526</u>	<u>\$69,604</u>	<u>\$68,257</u>	<u>\$70,684</u>
City's covered payroll*	\$1,716,384	\$1,716,384	\$1,704,576	\$1,704,576
Contributions as a percentage of covered employee payroll	9.72%	9.20%	9.42%	9.42%

**NOTES TO SCHEDULE**

Valuation date: December 31, 2018

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 7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029 No trend is applied to the City contribution for Medicare eligible retirees.
Medical cost trend rate	7.5%-4.75%
Ultimate trend rate	4.75%
Year of ultimate trend rate	2029
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 13
Mortality	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 four 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, 2021

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
<b>Total OPEB Liability</b>				
Service Cost at the end of the year	\$118,178	\$99,875	\$109,357	\$98,805
Interest on the total OPEB liability	103,909	142,645	127,940	130,867
Changes of benefit terms	0	0	0	0
Difference between expected and actual experience	(14,412)	(360,573)	(530)	21,014
Changes of assumptions or other inputs	266,945	589,846	(206,230)	117,666
Benefit payments	* (162,881)	(153,959)	(156,879)	(152,520)
<b>Net change in total OPEB liability</b>	311,739	317,834	(126,342)	215,832
<b>Total OPEB liability - beginning</b>	<u>3,873,194</u>	<u>3,555,360</u>	<u>3,681,702</u>	<u>3,465,870</u>
<b>Total OPEB liability - ending</b>	<u>\$4,184,933</u>	<u>\$3,873,194</u>	<u>\$3,555,360</u>	<u>\$3,681,702</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	** \$166,881	\$157,959	\$160,630	\$160,520
Contributions - non-employer	0	0	0	0
Contributions - active member	0	0	0	0
Net investment income (loss)	1,354	1,032	(18)	489
Benefit payments	* (162,881)	(153,959)	(156,879)	(152,520)
Administrative expenses	0	0	(3,751)	(455)
Other	(4,818)	0	0	0
<b>Net change in plan fiduciary net position</b>	536	5,032	(18)	8,034
<b>Plan Fiduciary Net Position - beginning</b>	<u>29,141</u>	<u>24,109</u>	<u>24,127</u>	<u>16,093</u>
<b>Plan Fiduciary Net Position - ending</b>	<u>\$29,677</u>	<u>\$29,141</u>	<u>\$24,109</u>	<u>\$24,127</u>
<b>Net OPEB liability - ending</b>	<u>\$4,155,256</u>	<u>\$3,844,053</u>	<u>\$3,531,251</u>	<u>\$3,657,575</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.71%	0.75%	0.68%	0.66%
Covered Payroll	\$1,716,384	\$1,716,384	\$1,704,576	\$1,704,576 ***
Net OPEB liability as a percentage of covered payroll	242.09%	223.96%	207.16%	214.57%

\* 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 four years of data are available.

CITY OF MARION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND  
 Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
LOCAL				
Taxes	\$2,144,000	\$2,144,000	\$2,403,922	\$259,922
Grant	0	0	15,630	15,630
Operational Revenues	2,911,150	2,911,150	3,006,929	95,779
STATE				
Operational Revenues	546,000	546,000	637,886	91,886
FEDERAL				
Grant	0	0	50,000	50,000
Disaster Assistance	0	0	23,229	23,229
<b>TOTAL REVENUES</b>	<b>5,601,150</b>	<b>5,601,150</b>	<b>6,137,596</b>	<b>536,446</b>
EXPENDITURES				
Current Expenditures				
General Government	1,524,298	1,524,298	1,466,807	57,491
Public Safety	2,583,878	2,583,878	2,400,099	183,779
Public Works	1,486,415	1,486,415	1,502,604	(16,189)
Culture and Recreation	439,900	439,900	302,812	137,088
Capital Outlay	6,000	6,000	356,667	(350,667)
<b>TOTAL EXPENDITURES</b>	<b>6,040,491</b>	<b>6,040,491</b>	<b>6,028,989</b>	<b>11,502</b>
Excess (deficiency) of revenues over expenditures	(439,341)	(439,341)	108,607	547,948
OTHER FINANCING SOURCES (USES)				
Sale of Assets	0	0	236,884	236,884
Debt Proceeds	0	0	5,000	5,000
Transfer to Debt Service Fund	(143,902)	(143,902)	(146,032)	(2,130)
Transfer from Special Revenue Fund	0	0	25,000	25,000
Transfer from Fiduciary Fund	25	25	19	(6)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(143,877)</b>	<b>(143,877)</b>	<b>120,871</b>	<b>264,748</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(583,218)	(583,218)	229,478	812,696
Fund Balances at beginning of year	5,122,673	5,122,673	5,122,673	0
Fund Balances at end of year	<u>\$4,539,455</u>	<u>\$4,539,455</u>	<u>\$5,352,151</u>	<u>\$812,696</u>



CITY OF MARION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL-LOCAL HOSPITALITY TAX  
 Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
LOCAL				
Hospitality Tax	\$240,000	\$240,000	\$332,014	\$92,014
Interest	0	0	1,700	1,700
TOTAL REVENUES	<u>240,000</u>	<u>240,000</u>	<u>333,714</u>	<u>93,714</u>
EXPENDITURES				
CURRENT				
Culture & Recreation				
Contributions-Marion Chamber of Commerce	7,225	7,225	7,225	0
Contributions-Marion County Museum	4,500	4,500	4,500	0
Contributions-HMRA	15,000	15,000	15,000	0
Contributions-HMRA Façade grants	20,000	20,000	20,000	0
Contributions-Foxtrot Festival	5,000	5,000	0	5,000
Foxtrot Festival Salaries and Fringes	20,000	20,000	0	20,000
CD Joyner Events	16,000	16,000	1,000	15,000
Advertising & Promotion	26,000	26,000	15,003	10,997
Street Lights	74,000	74,000	63,646	10,354
Opera House Expenditures	15,000	15,000	7,114	7,886
Depot Expenditures	7,000	7,000	4,014	2,986
Beautification Expenditures	24,000	24,000	12,021	11,979
Christmas Festival Expenditures	30,000	30,000	24,614	5,386
Contingency	14,275	14,275	36	14,239
Website	2,000	2,000	0	2,000
CAPITAL OUTLAY				
Parking Lot	10,000	10,000	0	10,000
Buildings and Improvements	105,000	105,000	456	104,544
Equipment	80,000	80,000	52,047	27,953
TOTAL EXPENDITURES	<u>475,000</u>	<u>475,000</u>	<u>226,676</u>	<u>248,324</u>
Excess (deficiency) of revenues over expenditures	(235,000)	(235,000)	107,038	342,038
OTHER FINANCING SOURCES/(USES)				
Transfer to General Fund	0	0	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES/(USES)	<u>0</u>	<u>0</u>	<u>(25,000)</u>	<u>(25,000)</u>
Excess (deficiency) of revenues over expenditures and other financing sources/(uses)	(235,000)	(235,000)	82,038	317,038
Fund Balances at beginning of year	<u>463,981</u>	<u>463,981</u>	<u>463,981</u>	<u>0</u>
Fund Balances at end of year	<u>\$228,981</u>	<u>\$228,981</u>	<u>\$546,019</u>	<u>\$317,038</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council  
Marion, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2021, 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 March 2, 2022.

**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. 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 #2021-001 and #2021-002 to be significant deficiencies in internal control.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Marion's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City of Marion's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth Cobb & Company P.C.*

Mullins, South Carolina

March 2, 2022

CITY OF MARION  
**SCHEDULE OF FINDINGS AND RESPONSES**  
July 1, 2020 to June 30, 2021

#2021-001 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.

#2021-002 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, 2021

FOR THE STATE TREASURER'S OFFICE:

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b>General Sessions</b>	<b>Magistrate Court</b>	<b>Municipal Court</b>	<b>Total</b>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			339,405	339,405
Court fines and assessments remitted to State Treasurer			(197,578)	(197,578)
<b>Total Court Fines and Assessments retained</b>			141,827	141,827
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			4,485	4,485
Assessments retained			15,486	15,486
<b>Total Surcharges and Assessments retained for victim services</b>			19,971	19,971

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Carryforward from Previous Year - Beginning Balance	57,118		57,118
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	15,486		15,486
Victim Service Surcharges Retained by City/County Treasurer	4,485		4,485
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b><u>Contribution Received from Victim Service Contracts:</u></b>			
(1) Town of			
(2) Town of			
(3) City of			

<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>77,089</b>		<b>77,089</b>
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CITY OF MARION, SOUTH CAROLINA

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

For The Year Ended June 30, 2021

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	12,836		12,836
Operating Expenditures	5,236		5,236
<b>Victim Service Contract(s):</b>			
(1) Entity's Name	0		0
(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>18,072</b>		<b>18,072</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	59,017		59,017
Less: Prior Year Fund Deficit Repayment			
<b>Carryforward Funds – End of Year</b>	<b>59,017</b>		<b>59,017</b>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Taxes			
Current	\$1,980,000	\$2,018,163	\$38,163
Executions	95,000	300,693	205,693
In Lieu Of	38,000	31,116	(6,884)
In Lieu of Motor Carriers	31,000	53,950	22,950
Grant	0	15,630	15,630
Operational Revenues	2,911,150	3,006,929	95,779
STATE			
Operational Revenues	546,000	637,886	91,886
Disaster Assistance			
FEDERAL			
Grant	0	50,000	50,000
Disaster Assistance	0	23,229	23,229
TOTAL REVENUES	<u>5,601,150</u>	<u>6,137,596</u>	<u>536,446</u>
EXPENDITURES			
Current Expenditures			
General Government	1,323,500	1,277,450	46,050
Administrator & City Clerk	117,905	110,135	7,770
City Treasurer	80,443	76,982	3,461
Planning & Zoning	2,450	2,240	210
Building Inspector	113,915	112,926	989
Victim's Advocacy	17,473	18,031	(558)
Municipal Court	125,960	101,529	24,431
Police Department	1,677,800	1,585,366	92,434
Fire Department	648,730	582,247	66,483
Public Works Department	1,422,300	1,442,336	(20,036)
City Shop	64,115	60,268	3,847
Recreation Department	439,900	302,812	137,088
Capital Outlay	6,000	356,667	(350,667)
TOTAL EXPENDITURES	<u>6,040,491</u>	<u>6,028,989</u>	<u>11,502</u>
Excess (deficiency) of revenues over expenditures	<u>(439,341)</u>	<u>108,607</u>	<u>547,948</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)			
Sale of Assets	\$0	\$236,884	\$236,884
Debt Proceeds	0	5,000	5,000
Transfer to Debt Service Fund	(143,902)	(146,032)	(2,130)
Transfer from Special Revenue Fund	0	25,000	25,000
Transfer from Fiduciary Fund	25	19	(6)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(143,877)</u>	<u>120,871</u>	<u>264,748</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(583,218)	229,478	812,696
Fund Balances at beginning of year	<u>5,122,673</u>	<u>5,122,673</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$4,539,455</u></u>	<u><u>\$5,352,151</u></u>	<u><u>\$812,696</u></u>



CITY OF MARION  
GENERAL FUND  
SCHEDULE OF OPERATIONAL REVENUES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Business Licenses	\$1,212,000	\$1,300,289	\$88,289
Building Permits	29,000	50,678	21,678
Franchise Fee GSWSA	148,000	149,980	1,980
Setoff Debt Fees	1,000	225	(775)
Sanitation Receipts	1,044,000	1,059,196	15,196
Donations	0	8,298	8,298
Grass Cutting Fees	30,000	36,400	6,400
Recreation - Swimming Pool	2,000	0	(2,000)
Recreation - Program Registration	3,000	386	(2,614)
Recreation - Tournament Fund	3,000	0	(3,000)
Recreation - Youth Sports Registration	7,500	3,812	(3,688)
Recreation - County Registration	3,500	3,500	0
Recreation - Rent	15,000	3,365	(11,635)
Recreation - Youth Sponsor Fees	3,000	1,750	(1,250)
Recreation - Miscellaneous	250	0	(250)
Recreation - Insurance	3,500	1,602	(1,898)
Recreation - Game Admissions	8,000	3,590	(4,410)
Recreation - Concessions	3,500	500	(3,000)
Police Fines and Forfeits	194,500	147,534	(46,966)
Police - Miscellaneous	1,000	3,375	2,375
Opera House Income	8,000	2,700	(5,300)
Fire Department Donations	1,000	0	(1,000)
Fire Miscellaneous	500	5,205	4,705
Rural Fire Dues	123,200	178,222	55,022
Rose Hill - Sales	3,000	3,800	800
City - Miscellaneous	4,000	19,181	15,181
Yard Sales	700	340	(360)
Interest	16,000	3,210	(12,790)
Investment Interest Income	40,000	17,741	(22,259)
CD Joyner Rent	3,000	2,050	(950)
<b>TOTAL LOCAL OPERATIONAL REVENUES</b>	<u><u>\$2,911,150</u></u>	<u><u>\$3,006,929</u></u>	<u><u>\$95,779</u></u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary-Mayor/Council	\$40,500	\$40,500	\$0
Salary	158,100	132,275	25,825
Retirement	32,900	26,575	6,325
Social Security	15,200	12,851	2,349
Insurance	66,040	57,975	8,065
Insurance Retirees (Pre)	94,000	98,455	(4,455)
Insurance Retirees (Post)	61,000	60,866	134
SC ORBET	4,000	4,000	0
Penalties	25	0	25
Supplies	6,100	3,198	2,902
Coats for kids	0	1,865	(1,865)
Food Boxes	0	3,933	(3,933)
Postage	6,000	4,370	1,630
Membership & Dues	4,000	3,314	686
Convention & Travel	12,500	(782)	13,282
Gas & Oil	3,400	2,711	689
Vehicle expenditures	200	0	200
Electricity & Gas	10,500	9,210	1,290
Telephone	16,700	19,500	(2,800)
Street Lights	157,000	154,676	2,324
General Election	5,000	12,133	(7,133)
Refunds	130	0	130
Bank Charges-Credit Card	1,000	2,168	(1,168)
Maintenance/Service Agreements	37,000	36,549	451
Opera House Expenditures	3,000	3,000	0
Rental Property	1,900	1,900	0
Repairs/Maintenance Buildings/Grounds	6,000	6,638	(638)
Janitor Uniforms	600	44	556
County Tax - Housing Authority	26,000	21,557	4,443
Janitorial Supplies	1,100	654	446
Beautification	1,000	1,000	0
Advertising & Printing	4,500	2,301	2,199
Swamp Fox Scene Paper	1,000	0	1,000
Insurance - Property, Etc.	400,000	429,443	(29,443)
Professional Services	31,000	34,578	(3,578)
Attorney Fees	20,000	20,001	(1)
Summer Camp	2,500	500	2,000
Annual Awards Banquet	5,000	3,931	1,069
Miscellaneous	4,000	3,122	878
Contributions	15,205	11,561	3,644
Hometown EDG awards	0	15,630	(15,630)
Hurricane Florence expenditures	0	23,370	(23,370)
Covid-19 expenditures	0	11,878	(11,878)
Transfer GSWSA loan	69,400	0	69,400
	<u>\$1,323,500</u>	<u>\$1,277,450</u>	<u>\$46,050</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF ADMINISTRATOR AND CITY CLERK EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$75,200	\$76,197	(\$997)
Retirement	14,500	13,130	1,370
Social Security	5,755	5,621	134
Insurance	11,550	10,892	658
Supplies	900	904	(4)
Membership & Dues	900	170	730
Convention & Travel	4,500	0	4,500
Gas & Oil	4,000	2,722	1,278
Vehicle Expenditures	500	462	38
Miscellaneous	100	37	63
	<u>\$117,905</u>	<u>\$110,135</u>	<u>\$7,770</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF CITY TREASURER EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$54,353	\$54,691	(\$338)
Retirement	9,000	8,492	508
Social Security	4,200	4,110	90
Insurance	7,990	8,870	(880)
Supplies	1,400	470	930
Membership & Dues	400	214	186
Convention & Travel	2,900	135	2,765
Miscellaneous	200	0	200
	<u>\$80,443</u>	<u>\$76,982</u>	<u>\$3,461</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF PLANNING AND ZONING EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
Supplies	\$400	\$189	\$211
Planning	250	0	250
Advertising & Printing	200	131	69
Professional Services	1,500	1,920	(420)
Miscellaneous	100	0	100
	<u>\$2,450</u>	<u>\$2,240</u>	<u>\$210</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF BUILDING INSPECTOR EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$77,080	\$80,330	(\$3,250)
Retirement	14,830	13,706	1,124
Social Security	5,900	5,813	87
Insurance	11,905	10,387	1,518
Supplies	1,400	1,733	(333)
Membership & Dues	2,500	912	1,588
Miscellaneous Expense	300	45	255
	<u>\$113,915</u>	<u>\$112,926</u>	<u>\$989</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF VICTIM'S ADVOCACY DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$9,529	\$8,536	\$993
Retirement	1,578	1,328	250
Social Security	729	653	76
Insurance	2,237	2,319	(82)
Supplies	1,000	1,420	(420)
Postage	400	789	(389)
Convention & Travel	1,000	199	801
Gas & Oil	500	0	500
Telephone	0	1,563	(1,563)
Maintenance/Service Agreements	0	719	(719)
Miscellaneous	500	505	(5)
	<u>\$17,473</u>	<u>\$18,031</u>	<u>(\$558)</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF MUNICIPAL COURT DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$63,530	\$60,623	\$2,907
Retirement	10,500	9,408	1,092
Social Security	4,908	4,449	459
Insurance	7,647	7,666	(19)
Supplies	6,000	1,438	4,562
Postage	2,500	1,179	1,321
Membership & Dues	375	266	109
Convention & Travel	5,000	0	5,000
Maintenance/Service Agreements	1,500	1,500	0
Jury Pay	2,000	0	2,000
Part-time Municipal Judge	2,000	0	2,000
Professional Services-Public Defender	20,000	15,000	5,000
	<u>\$125,960</u>	<u>\$101,529</u>	<u>\$24,431</u>



CITY OF MARION  
GENERAL FUND  
SCHEDULE OF POLICE DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$915,750	\$901,896	\$13,854
Retirement	176,200	162,513	13,687
Social Security	70,050	68,074	1,976
Insurance	169,000	123,696	45,304
Unemployment Insurance	1,000	3,107	(2,107)
Supplies	17,000	21,014	(4,014)
Postage	700	95	605
Animal Control	10,000	11,245	(1,245)
Membership & Dues	1,000	0	1,000
Convention & Travel	4,500	1,221	3,279
Gas & Oil	59,000	43,305	15,695
Vehicle Expenditures	34,200	35,110	(910)
Vehicle Leases	65,200	66,326	(1,126)
Electricity	15,200	13,987	1,213
Electricity-Firing Range	250	310	(60)
Telephone	10,000	7,487	2,513
Maintenance/Service Agreements	10,500	11,067	(567)
Radio Supplies & Maintenance	2,000	0	2,000
Maintenance/Building & Grounds	9,000	13,458	(4,458)
Combined Drug Unit	7,500	3,943	3,557
Community Police Substation	800	854	(54)
Uniforms	17,000	23,876	(6,876)
Uniform allowance	3,250	2,500	750
Prisoner Safe Keeping	1,000	0	1,000
Medical - Prisoners	3,000	0	3,000
Juvenile Detention	8,000	1,675	6,325
Advertising & Printing	1,000	805	195
Professional Services	7,900	8,130	(230)
800 MHZ Systems	55,000	55,000	0
Miscellaneous Expense	2,800	2,819	(19)
Calendar Fund	0	1,853	(1,853)
	<u>\$1,677,800</u>	<u>\$1,585,366</u>	<u>\$92,434</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF FIRE DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Salary	\$321,730	\$314,090	\$7,640
Wages-Fire Attendance	30,000	18,064	11,936
Retirement	67,000	57,897	9,103
Social Security	26,900	25,308	1,592
Insurance	61,200	27,481	33,719
Unemployment Insurance	1,000	0	1,000
Supplies	4,800	2,537	2,263
Christmas Fund Supplies	0	3,413	(3,413)
Class 5 Supplies	12,000	7,106	4,894
Memberships/Conventions/School	1,300	1,256	44
Gas & Oil	17,000	9,679	7,321
Truck Expenditures	18,000	45,379	(27,379)
Vehicle leases	7,200	6,855	345
Electricity & Heat	19,000	17,481	1,519
Telephone	5,000	4,896	104
Maintenance/Service Agreements	100	100	0
Radio Maintenance	2,000	831	1,169
Equipment Maintenance	4,500	799	3,701
Repairs/Maintenance Buildings/Grounds	7,500	10,902	(3,402)
Hose & Nozzle	3,000	0	3,000
Fire Prevention	3,500	2,439	1,061
Uniforms	4,300	5,035	(735)
Medical Expenditures	4,000	0	4,000
OSHA Regulations	1,500	590	910
Training	6,500	4,419	2,081
Professional Services	500	0	500
800 MHZ Systems	15,000	15,000	0
Miscellaneous	1,200	690	510
Training Ground	3,000	0	3,000
	<u>\$648,730</u>	<u>\$582,247</u>	<u>\$66,483</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF PUBLIC WORKS DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES</b>			
Salary	\$380,400	\$372,774	\$7,626
Retirement	63,000	57,567	5,433
Social Security	29,100	28,478	622
Insurance	117,100	93,003	24,097
Unemployment Insurance	500	926	(426)
Supplies	6,500	5,865	635
Gas & Oil	48,000	39,635	8,365
Vehicle Expenditures	6,000	5,434	566
Truck Maintenance	14,000	21,447	(7,447)
Chemicals	800	486	314
Electricity/Heat	4,000	3,429	571
Telephone	1,000	1,517	(517)
Landfill Closing	15,000	2,168	12,832
Radio Maintenance	500	0	500
Contract Garbage Hauling	642,000	690,315	(48,315)
Garbage Hauling - City expenditures	0	20,236	(20,236)
Equipment Repairs - Mowers	11,500	16,848	(5,348)
Maintenance-Building	1,600	1,270	330
Rose Hill Maintenance	25,000	25,757	(757)
Heavy Equipment Maintenance	16,300	8,610	7,690
Sweeper Maintenance	6,500	24,948	(18,448)
Tree Trimming	20,000	9,345	10,655
Uniforms	8,000	9,890	(1,890)
Street Repairs	1,500	0	1,500
Sidewalk Repairs	1,000	0	1,000
Street Signs	1,000	272	728
Miscellaneous	2,000	2,116	(116)
	<u>\$1,422,300</u>	<u>\$1,442,336</u>	<u>(\$20,036)</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF CITY SHOP EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Salary	\$34,035	\$35,529	(\$1,494)
Retirement	5,640	5,509	131
Social Security	2,600	2,726	(126)
Insurance	7,990	6,010	1,980
Supplies	4,000	1,558	2,442
Gas & Oil	1,500	846	654
Vehicle Expenditures	900	35	865
Electricity & Gas	4,000	5,499	(1,499)
Telephone	800	461	339
Repairs/Maintenance Buildings/Grounds	1,000	993	7
Small Hand Tools	700	391	309
Uniforms	750	711	39
Miscellaneous	200	0	200
	<u>\$64,115</u>	<u>\$60,268</u>	<u>\$3,847</u>

CITY OF MARION  
GENERAL FUND  
SCHEDULE OF RECREATION DEPARTMENT EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
Officials	\$22,000	\$7,317	\$14,683
Salary	132,500	116,974	15,526
Salaries-Part Time	24,000	4,383	19,617
Retirement	22,000	17,465	4,535
Social Security	12,000	9,262	2,738
Insurance	16,000	16,377	(377)
Unemployment Insurance	100	119	(19)
Supplies	1,500	864	636
Membership & Dues	1,700	1,352	348
Convention & Travel	2,500	2,375	125
Gas & Oil	8,000	4,273	3,727
Vehicle Expenditures	3,000	767	2,233
Electricity & Gas	53,000	44,283	8,717
Electricity -Athletic Field	38,000	29,310	8,690
Telephone	8,200	6,037	2,163
Maintenance/Service Agreements	2,700	1,795	905
Mower Repairs	1,500	0	1,500
Repairs/Maintenance Buildings/Grounds/Radios	29,700	15,293	14,407
Uniforms	1,600	971	629
Uniforms-Athletics	25,000	5,847	19,153
Janitorial Supplies	4,000	3,138	862
Athletic Supplies	10,500	2,951	7,549
Pool Operation	9,500	7,815	1,685
Special Events	500	0	500
General Insurance	2,000	2,125	(125)
Advertising & Printing	400	0	400
Trophy Account	1,500	285	1,215
Recreation Programs	5,000	0	5,000
Miscellaneous	1,500	1,434	66
	<u>\$439,900</u>	<u>\$302,812</u>	<u>\$137,088</u>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2021

	DRUG ENFORCEMENT FUND	LOCAL HOSPITALITY TAX	PALMETTO PRIDE	SUMMER CAMP
<b>ASSETS</b>				
Cash-Restricted	\$35,506	\$630,577	\$0	\$0
Accounts Receivable	0	27,316	0	0
Due From Other Funds	0	4,436	270	2,860
<b>TOTAL ASSETS</b>	<b>\$35,506</b>	<b>\$662,329</b>	<b>\$270</b>	<b>\$2,860</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$116,310	\$0	\$0
Revenue Received in Advance	33,274	0	270	2,860
<b>TOTAL LIABILITIES</b>	<b>33,274</b>	<b>116,310</b>	<b>270</b>	<b>2,860</b>
<b>FUND BALANCE/(DEFICIT)</b>				
Restricted For:				
Hospitality Fund	0	546,019	0	0
Drug Enforcement	2,232	0	0	0
Committed To:				
Housing Rehabilitation	0	0	0	0
<b>TOTAL FUND BALANCE</b>	<b>2,232</b>	<b>546,019</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$35,506</b>	<b>\$662,329</b>	<b>\$270</b>	<b>\$2,860</b>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2021

	V SAFE	PROJECT #3-L-87023	PROJECT #3-L-89002	TOTAL
<b>ASSETS</b>				
Cash-Restricted	\$0	\$18,288	\$11,340	\$695,711
Accounts Receivable	0	0	0	27,316
Due From Other Funds	29,763	0	0	37,329
<b>TOTAL ASSETS</b>	<b>\$29,763</b>	<b>\$18,288</b>	<b>\$11,340</b>	<b>\$760,356</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$116,310
Revenue Received in Advance	29,763	0	0	66,167
<b>TOTAL LIABILITIES</b>	<b>29,763</b>	<b>0</b>	<b>0</b>	<b>182,477</b>
<b>FUND BALANCE/(DEFICIT)</b>				
Restricted For:				
Hospitality Fund	0	0	0	546,019
Drug Enforcement	0	0	0	2,232
Committed To:				
Housing Rehabilitation	0	18,288	11,340	29,628
<b>TOTAL FUND BALANCE</b>	<b>0</b>	<b>18,288</b>	<b>11,340</b>	<b>577,879</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$29,763</b>	<b>\$18,288</b>	<b>\$11,340</b>	<b>\$760,356</b>

CITY OF MARION  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Year Ended June 30, 2021

	DRUG ENFORCEMENT FUND	LOCAL HOSPITALITY TAX	SCDOT GRANTS
REVENUES			
LOCAL			
Interest Income	\$0	\$1,700	\$0
Other Income	1,465	332,014	0
STATE			
Grants	0	0	291,325
TOTAL REVENUES	<u>1,465</u>	<u>333,714</u>	<u>291,325</u>
EXPENDITURES			
CURRENT			
Public Safety	1,465	0	0
Culture & Recreation	0	174,173	0
Community Development	0	0	291,325
CAPITAL OUTLAY			
	<u>0</u>	<u>52,503</u>	<u>0</u>
TOTAL EXPENDITURES	<u>1,465</u>	<u>226,676</u>	<u>291,325</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>107,038</u>	<u>0</u>
OTHER FINANCING SOURCES/(USES)			
Transfer to General Fund	<u>0</u>	<u>(25,000)</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES/(USES)	<u>0</u>	<u>(25,000)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources/(uses)	0	82,038	0
Fund Balance/(Deficit) at beginning of year	<u>2,232</u>	<u>463,981</u>	<u>0</u>
Fund Balance/(Deficit) at end of year	<u><u>\$2,232</u></u>	<u><u>\$546,019</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, 2021

	BODY WORN CAMERAS	PROJECT #3-L-87023	PROJECT #3-L-89002	Total Current Year
REVENUES				
LOCAL				
Interest Income	\$0	\$0	\$0	\$1,700
Other Income	0	0	0	333,479
STATE				
Grants	171	0	0	291,496
<b>TOTAL REVENUES</b>	<b>171</b>	<b>0</b>	<b>0</b>	<b>626,675</b>
EXPENDITURES				
CURRENT				
Public Safety	171	0	0	1,636
Culture & Recreation	0	0	0	174,173
Community Development	0	0	0	291,325
CAPITAL OUTLAY	0	0	0	52,503
<b>TOTAL EXPENDITURES</b>	<b>171</b>	<b>0</b>	<b>0</b>	<b>519,637</b>
Excess (deficiency) of revenues over expenditures	0	0	0	107,038
OTHER FINANCING SOURCES/(USES)				
Transfer to General Fund	0	0	0	(25,000)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,000)</b>
Excess (deficiency) of revenues over expenditures and other financing sources/(uses)	0	0	0	82,038
Fund Balance/(Deficit) at beginning of year	0	18,288	11,340	495,841
<b>Fund Balance/(Deficit) at end of year</b>	<b>\$0</b>	<b>\$18,288</b>	<b>\$11,340</b>	<b>\$577,879</b>

CITY OF MARION  
LOCAL HOSPITALITY TAX  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
LOCAL			
Hospitality Tax	\$240,000	\$332,014	\$92,014
Interest	0	1,700	1,700
TOTAL REVENUES	<u>240,000</u>	<u>333,714</u>	<u>93,714</u>
EXPENDITURES			
CURRENT			
Culture & Recreation			
Contributions-Marion Chamber of Commerce	7,225	7,225	0
Contributions-Marion County Museum	4,500	4,500	0
Contributions-HMRA	15,000	15,000	0
Contributions-HMRA Façade grants	20,000	20,000	0
Contributions-Foxtrot Festival	5,000	0	5,000
Foxtrot workers	20,000	0	20,000
CD Joyner Events	16,000	1,000	15,000
Advertising & Promotion	26,000	15,003	10,997
Street Lights	74,000	63,646	10,354
Opera House Expenditures	15,000	7,114	7,886
Depot Expenditures	7,000	4,014	2,986
Beautification Expenditures	24,000	12,021	11,979
Christmas Festival Expenditures	30,000	24,614	5,386
Website	2,000	0	2,000
Contingency	14,275	36	14,239
CAPITAL OUTLY			
Parking Lot	10,000	0	10,000
Buildings and Improvements	105,000	456	104,544
Equipment	80,000	52,047	27,953
TOTAL EXPENDITURES	<u>475,000</u>	<u>226,676</u>	<u>248,324</u>
Excess (deficiency) of revenues over expenditures	<u>(235,000)</u>	<u>107,038</u>	<u>342,038</u>
OTHER FINANCING SOURCES/(USES)			
Transfer to General Fund	0	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES/(USES)	<u>0</u>	<u>(25,000)</u>	<u>(25,000)</u>
Excess (deficiency) of revenues over expenditures and other financing sources/(uses)	<u>(235,000)</u>	<u>82,038</u>	<u>317,038</u>
Fund Balances at beginning of year	<u>463,981</u>	<u>463,981</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$228,981</u></u>	<u><u>\$546,019</u></u>	<u><u>\$317,038</u></u>

CITY OF MARION  
 SCDOT GRANTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 Year Ended June 30, 2021

	<u>#40031</u>	<u>#40032</u>	<u>#40361</u>	<u>Total Current Year</u>
REVENUES				
STATE				
Grants	<u>\$62,355</u>	<u>\$154,645</u>	<u>\$74,325</u>	<u>\$291,325</u>
TOTAL REVENUES	<u>62,355</u>	<u>154,645</u>	<u>74,325</u>	<u>291,325</u>
EXPENDITURES				
CURRENT				
Community Development				
Street/Sidewalk/Driveway Repairs	<u>62,355</u>	<u>154,645</u>	<u>74,325</u>	<u>291,325</u>
TOTAL EXPENDITURES	<u>62,355</u>	<u>154,645</u>	<u>74,325</u>	<u>291,325</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund Balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF MARION  
 SC DEPARTMENT OF PUBLIC SAFETY  
 BODY WORN CAMERAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
STATE			
Grants	<u>\$171</u>	<u>\$171</u>	<u>\$0</u>
TOTAL REVENUES	<u>171</u>	<u>171</u>	<u>0</u>
EXPENDITURES			
CURRENT			
Public Safety			
Supplies	<u>171</u>	<u>171</u>	<u>0</u>
TOTAL EXPENDITURES	<u>171</u>	<u>171</u>	<u>0</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  
 DRUG ENFORCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 Year Ended June 30, 2021

REVENUES	
LOCAL	
Drug Forfeitures	<u>\$1,465</u>
TOTAL REVENUES	<u>1,465</u>
EXPENDITURES	
CURRENT	
Public Safety	
Refunds	<u>1,465</u>
TOTAL EXPENDITURES	<u>1,465</u>
Excess (deficiency) of revenues over expenditures	0
Fund Balances at beginning of year	<u>2,232</u>
Fund Balances at end of year	<u><u>\$2,232</u></u>

CITY OF MARION  
 PERMANENT FUND - CEMETERY FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 Year Ended June 30, 2021

REVENUES		
Interest Income		\$19
TOTAL REVENUES		19
Excess (deficiency) of revenues over expenditures		19
OTHER FINANCING SOURCES (USES)		
Transfer to General Fund		(19)
TOTAL FINANCING SOURCES (USES)		(19)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		0
Fund Balances at beginning of year		32,845
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, 2021

EXPENDITURES	
DEBT SERVICE	
Principal	\$127,168
Interest	<u>18,864</u>
TOTAL EXPENDITURES	<u>146,032</u>
Excess (deficiency) of revenues over expenditures	<u>(146,032)</u>
OTHER FINANCING SOURCES (USES)	
Transfer from General Fund	<u>146,032</u>
TOTAL FINANCING SOURCES (USES)	<u>146,032</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>