

OFFICIAL STATEMENT

New Issues
Book-Entry Only

Rating: S&P "AA"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$4,315,000

MARION COUNTY, TENNESSEE

COUNTY DISTRICT SCHOOL REFUNDING BONDS, SERIES 2020

(BANK QUALIFIED)

Dated: Date of Issuance

Due: April 1, as shown below

Marion County, Tennessee (the "County") will issue its \$4,315,000 County District School Refunding Bonds, Series 2020 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are being issued to refund outstanding indebtedness of the County in order to achieve debt service savings. The Bonds are not subject to optional redemption prior to their scheduled maturity. The Bonds are payable on April 1 of each year as follows:

| Maturity (April 1) | Principal | Interest Rate | Price or Yield | CUSIP Number |
|-----------------------|-------------|------------------|-------------------|-----------------|
| 2021 | \$1,070,000 | 5.000% | 0.150% | 569356TN8 |
| 2022 | 1,035,000 | 5.000 | 0.170 | 569356TP3 |
| 2023 | 1,080,000 | 5.000 | 0.190 | 569356TQ1 |
| 2024 | 1,130,000 | 5.000 | 0.260 | 569356TR9 |

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Richard City and Deptford Independent School District. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by William L. Gouger, Esq., counsel to the County. Stephens Inc. is serving as Municipal Advisor to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about August 12, 2020.

July 28, 2020

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the “Official Statement”) by Marion County, Tennessee (the “County”), is an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the “Municipal Advisor”) to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein is subject to copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the County nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, Resolution, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Bonds.

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**Marion County, Tennessee
1 Courthouse Square
Jasper, Tennessee 37347**

Officials

David Jackson
County Mayor

Board of Commissioners

David Abbott
Donald Blansett
Gary Reames
Matt Blansett
Joey Blevins, Jr.

Gene Hargis
Don Adkins
Steven Franklin
Allen Kirk
Kenny Cookston

Mack Reeves
Tommy Thompson
Roger Grayson
Jim Nunley
Kenneth Skiles

County Officials

County Clerk
Trustee

Dwight Minter
Diane Massengale

Counsel for the County

William L. Gouger, Esq.
Jasper, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent and Refunding Escrow Agent

U.S. Bank National Association
Nashville, Tennessee

Municipal Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

Huntington Capital Markets
Chicago, Illinois

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Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

| | |
|----------------------------------|---|
| ISSUER | Marion County, Tennessee (the "County"). |
| ISSUE | \$4,315,000 County District School Refunding Bonds, Series 2020 (the "Bonds"). |
| PURPOSE | To refund the County's outstanding General Obligation County District School Refunding Bonds, Series 2011, dated January 6, 2011, maturing April 1, 2021 through April 1, 2024, inclusive, and to pay issuance costs of the Bonds. |
| SECURITY | The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Richard City and Deptford Independent School District. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. |
| DATED DATE | Settlement Date. |
| INTEREST DUE | Each April 1 and October 1, commencing October 1, 2020. |
| PRINCIPAL DUE | April 1, 2021 through April 1, 2024. |
| SETTLEMENT DATE | August 12, 2020. |
| OPTIONAL REDEMPTION | The Bonds are not subject to redemption at the option of the County prior to maturity. |
| RATING | "AA" by S&P Global Ratings ("S&P") based on documents and other information provided by the County. The rating reflects only the view of S&P and neither the County, the Municipal Advisor nor the Underwriter makes any representations as to the appropriateness of such rating. |

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from S&P. See "Rating" herein.

| | |
|--|---|
| TAX MATTERS | In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County (i) interest on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “Tax Matters” herein). |
| BANK QUALIFICATION..... | The Bonds will be "qualified tax-exempt obligations" pursuant Section 265(b) of the Internal Revenue Code of 1986, as amended. |
| REGISTRATION AND PAYING AGENT AND REFUNDING ESCROW AGENT..... | U.S. Bank National Association, Nashville, Tennessee. |
| MUNICIPAL ADVISOR..... | Stephens Inc. |
| UNDERWRITER..... | Huntington Capital Markets, Chicago, Illinois. |

Official Statement

Marion County, Tennessee

\$4,315,000 County District School Refunding Bonds, Series 2020 (Bank Qualified)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Marion County, Tennessee (the "County") of \$4,315,000 County District School Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution adopted by the Board of County Commissioners of the County on June 22, 2020 (the "Resolution") authorizing the execution, terms, issuance and sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive documents, including the forms of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued for the purpose of providing funds to refund the County's outstanding General Obligation County District School Refunding Bonds, Series 2011, dated January 6, 2011, maturing April 1, 2021 through April 1, 2024, inclusive (the "Refunded Bonds"), and to pay costs of issuing the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on April 1 and October 1 of each year (herein an "Interest Payment Date"), commencing October 1, 2020.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

Registration and Payment

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds.

U.S. Bank National Association, Nashville, Tennessee (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business

on the fifteenth day of the month next preceding the Interest Payment Date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity of the Bonds will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants'

accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information

from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that County believes to be reliable, but County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Optional Redemption

The Bonds are not subject to redemption prior to maturity at the option of the County.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration

Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Security and Sources of Payment

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Richard City and Deptford Independent School District. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the respective Resolution.

Remedies of Bondholders

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to

pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Plan of Financing

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

| | |
|-------------------------------|-----------------------|
| Par Amount | \$4,315,000.00 |
| Reoffering Premium (Discount) | 444,835.25 |
| Issuer Contribution | <u>67,977.34</u> |
| Total Sources | <u>\$4,827,812.59</u> |

Uses of Funds

| | |
|----------------------------------|-----------------------|
| Deposit to Escrow Fund | \$4,755,492.68 |
| Costs of Issuance ⁽¹⁾ | <u>72,319.91</u> |
| Total Uses | <u>\$4,827,812.59</u> |

(1) Includes all fees and expenses, including underwriter's discount and expenses

Plan of Refunding

The portion of the proceeds of the Bonds being issued to refund the Refunded Bonds will be deposited with U.S. Bank National Association, Nashville, Tennessee (the "Escrow Agent"), pursuant to a Refunding Escrow Agreement between the County and the Escrow Agent, and will be used to United States Treasury Securities – State and Local Government Series (the "Escrow Investments"). The Escrow Investments will be held in a separate fund established by the Escrow Agent with the interest earned and the principal amount of the Escrow Investments being sufficient to pay principal of and interest on the Refunded Bonds. Neither the principal of nor the interest on the Escrow Investments will be available for payment of the Bonds. The County, or the Escrow Agent, as applicable, will give the paying agent for the Refunded Bonds irrevocable directions to redeem the Refunded Bonds on or about September 11, 2020.

Rating

The Bonds have been assigned a rating of "AA" by S&P Global Ratings ("S&P") based on documents and other information provided by the County. The rating reflects only the view of S&P and neither the

County, the Municipal Advisor nor the Underwriter makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from S&P.

Continuing Disclosure

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to (i) provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2020 (the “Annual Report”), (ii) provide notice of the occurrence of certain enumerated events and (iii) provide notice of failure to timely provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board (“MSRB”) at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the “SID”). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the “Rule”).

Except as described below, in the past five years, the County has not failed to comply, in any material respect, with any previous undertakings with regard to the Rule. The County failed to timely file a notice of Moody’s rating upgrade on the Issuer’s General Obligation County District School Refunding Bonds, Series 2011. This notice has since been filed.

Future Issues

The County has no additional debt planned or authorized for new capital projects at this time.

COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the County and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other “social distancing” measures in affected regions. While effects of COVID-19 on the County may be temporary, the virus has affected travel, commerce and financial markets across the world.

The County is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the County. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the County cannot accurately predict the magnitude of the impact of COVID-19 on the County and its financial condition. The County is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential County operations.

Although the County cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the County's finances, the County is carefully monitoring the potential effects of the COVID-19 outbreak on the County's finances. The County's largest source of revenues is property tax revenues. Property tax revenues are due by October 1 of each year, so all tax year 2019 taxes were required to be paid without any penalty by February 28, 2020. The County's second largest source of revenues is sales and use tax revenues. To date, the County has experienced a slight increase in sales and use tax revenues. The County's 2021 fiscal year budget is relatively stable when compared to the prior fiscal year budget, and does not anticipate (i) a decline in revenues due to COVID-19 or (ii) any significant depletion of the County's fund balances.

The County expects to receive some federal and/or State assistance to offset costs to the County of addressing the COVID-19 outbreak. As this point, the County has not been informed as to the timing or amount of federal or State assistance that may be provided, nor does the County know the scope of expenses that will be payable from such assistance. The County's proposed budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The County's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the County.

Various types of information regarding employment and income trends within the County are detailed in APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the County, have increased significantly since the COVID-19 outbreak. Furthermore, APPENDIX B lists the largest employers in the County. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the County, and many of the employers listed in APPENDIX B have been forced to reduce their employment levels from the levels described in APPENDIX B.

Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the County believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the County's financial condition.

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by William L Gouger, Esq., Counsel to the County.

Tax Matters

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Issuer and assuming compliance by the Issuer with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals.

The Code imposes requirements on the Bonds that the Issuer must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Issuer has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "Bond premium" on that Bond. The tax accounting treatment of Bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with Bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with Bond premium, it should consult its tax advisor regarding the tax accounting treatment of Bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that

any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Qualified Tax-Exempt Obligations

Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon

existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the County in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the County and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

Huntington Securities, Inc. dba Huntington Capital Markets, Chicago, Illinois, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$4,752,698.59, which is par, plus original issue premium of \$444,835.25, less underwriter's discount of \$7,136.66.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

Certificate of County Mayor

I, David Jackson, do hereby certify that I am the duly qualified and acting County Mayor of Marion County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated July 28, 2020 issued in connection with the sale of the County's \$4,315,000 County District School Refunding Bonds, Series 2020 and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of acceptance of the winning bids and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bids and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 12th day of August, 2020.

/s/ David Jackson

County Mayor

I, Dwight Minter, do hereby certify that I am the duly qualified and acting County Clerk of Marion County, Tennessee, and as such official, I do hereby certify that David Jackson is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said Marion County, Tennessee as of the date subscribed to the foregoing certificate.

/s/ Dwight Minter

County Clerk

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APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

August 12, 2020

We have acted as bond counsel to Marion County, Tennessee (the "Issuer") in connection with the issuance of \$4,315,000 County District School Refunding Bonds, Series 2020, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Richard City and Deptford Independent School District.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds

in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

BASS, BERRY & SIMS PLC

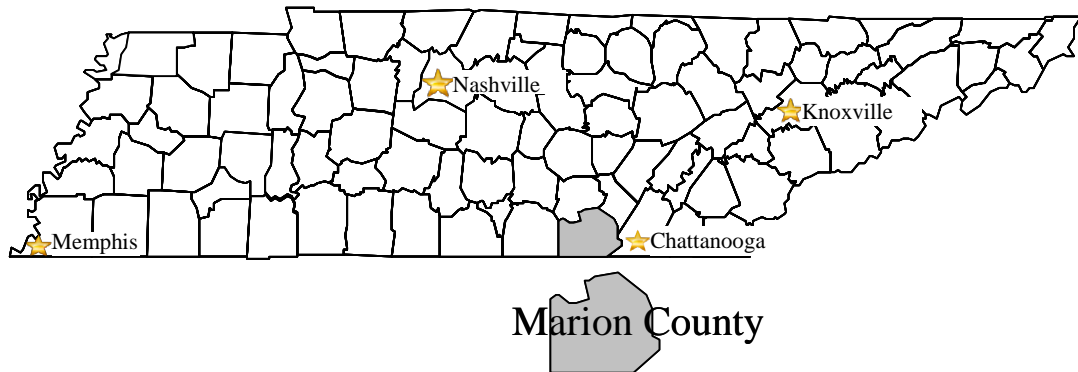
APPENDIX B

Demographic and General Financial Information
Related to the County

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GENERAL INFORMATION

Marion County is located on the southern border of Tennessee adjoining the state borders of Alabama and Georgia. In addition to the county seat of Jasper, other towns and cities in the County are Kimball, Monteagle, New Hope, Orme, Powells Crossroads, South Pittsburg, and Whitwell. The County is also contiguous to Hamilton County, Tennessee where Chattanooga is the county seat and the major city in the area.



The County is one of six counties in the Chattanooga Metropolitan Statistical Area, which had an estimated total population of 565,194 in 2019. The County is approximately 25 miles northwest of Chattanooga via Interstate 24 with a thirty minute or less commuting distance for many residents employed in Hamilton County.

DEMOGRAPHIC DATA

According to the U.S. Census population estimate data for 2019, the County's population of 28,907 has grown 17% since 1990. Various socioeconomic factors are indicated below.

| | <u>County</u> | <u>Tennessee</u> |
|---------------------------|---------------|------------------|
| 1990 U.S. Census | 24,712 | 4,890,626 |
| 2000 U.S. Census | 27,733 | 5,703,719 |
| 2010 U.S. Census | 28,220 | 6,355,311 |
| 2011 U.S. Census Estimate | 28,099 | 6,399,291 |
| 2012 U.S. Census Estimate | 28,226 | 6,453,898 |
| 2013 U.S. Census Estimate | 28,326 | 6,494,340 |
| 2014 U.S. Census Estimate | 28,405 | 6,541,223 |
| 2015 U.S. Census Estimate | 28,397 | 6,591,170 |
| 2016 U.S. Census Estimate | 28,383 | 6,646,010 |
| 2017 U.S. Census Estimate | 28,406 | 6,708,799 |
| 2018 U.S. Census Estimate | 28,598 | 6,771,631 |
| 2019 U.S. Census Estimate | 28,907 | 6,829,174 |

Source: U.S. Bureau of Census

Per Capita Personal Income

The County's per capita personal income according to the Bureau of Economic Analysis was \$38,450 in 2018. This reflects a 32% increase since 2009.

| | County | Tennessee | % of State |
|---------------------------------|---------------|------------------|-------------------|
| 2009 Per Capita Personal Income | \$29,021 | \$34,260 | 84.7% |
| 2010 Per Capita Personal Income | \$30,863 | \$35,653 | 86.6% |
| 2011 Per Capita Personal Income | \$31,831 | \$37,616 | 84.6% |
| 2012 Per Capita Personal Income | \$32,788 | \$39,296 | 83.4% |
| 2013 Per Capita Personal Income | \$32,759 | \$39,421 | 83.1% |
| 2014 Per Capita Personal Income | \$33,576 | \$40,799 | 82.3% |
| 2015 Per Capita Personal Income | \$34,582 | \$42,590 | 81.2% |
| 2016 Per Capita Personal Income | \$35,950 | \$43,720 | 82.2% |
| 2017 Per Capita Personal Income | \$36,950 | \$44,950 | 82.2% |
| 2018 Per Capita Personal Income | \$38,450 | \$46,889 | 82.0% |

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

Median Housing Value

| | Marion County | Tennessee | % of State |
|---------------------------|--------------------------|------------------|-------------------|
| 2009 Median Housing Value | 115,000 | 148,000 | 77.7% |
| 2010 Median Housing Value | 125,000 | 149,900 | 83.4% |
| 2011 Median Housing Value | 110,000 | 150,925 | 72.9% |
| 2012 Median Housing Value | 114,050 | 160,000 | 71.3% |
| 2013 Median Housing Value | 119,500 | 165,000 | 72.4% |
| 2014 Median Housing Value | 130,000 | 166,000 | 78.3% |
| 2015 Median Housing Value | 142,000 | 175,000 | 81.1% |
| 2016 Median Housing Value | 123,500 | 185,000 | 66.8% |
| 2017 Median Housing Value | 127,900 | 196,500 | 65.1% |
| 2018 Median Housing Value | 143,000 | 210,000 | 68.1% |

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County or State.

Major Employers

The following are the largest employers and their respective number of employees for the communities in the County.

| Employer | Estimated Employees | Product or Service |
|-------------------------------|--------------------------------|---------------------------|
| Marion County School District | 476 | Education |
| Lodge Manufacturing Co. | 330 | Iron Castings |
| Shaw Industries, Inc. | 300 | Hardwood Flooring |
| Westrock Rkt Group | 226 | Packaging material |
| Valmont Industries, Inc. | 200 | Communication Poles |
| Wal-Mart SuperCenter | 195 | Retail |
| Variform, Inc. | 192 | Vinyl Siding |
| Lowe's Home Centers | 150 | Retail |
| Marion County Government | 130 | Government |
| Signature Healthcare | 120 | Medical Facility |

Source: Tennessee Department of Economic and Community Development

Labor Force, Employment and Unemployment Data

| Year | Employment | Unemployment | Total Labor Force | Unemployment Percent | | |
|-------------|-------------------|---------------------|------------------------------|-----------------------------|--------------|-------------|
| | | | | County | State | U.S. |
| 2010 | 11,149 | 1,392 | 12,541 | 11.1% | 9.6% | 9.6% |
| 2011 | 11,199 | 1,314 | 12,513 | 10.5% | 9.0% | 8.9% |
| 2012 | 11,164 | 1,118 | 12,282 | 9.1% | 7.8% | 8.1% |
| 2013 | 10,903 | 1,092 | 11,995 | 9.1% | 7.7% | 7.4% |
| 2014 | 10,671 | 915 | 11,586 | 7.9% | 6.6% | 6.2% |
| 2015 | 10,881 | 794 | 11,675 | 6.8% | 5.6% | 5.3% |
| 2016 | 11,130 | 748 | 11,878 | 6.3% | 4.7% | 4.9% |
| 2017 | 11,421 | 588 | 12,009 | 4.9% | 3.8% | 4.3% |
| 2018 | 11,742 | 579 | 12,321 | 4.7% | 3.5% | 3.9% |
| 2019 | 12,056 | 542 | 12,598 | 4.3% | 3.4% | 3.7% |
| Apr-20 | 10,612 | 1,814 | 12,426 | 14.6% | 14.7% | 14.7% |

Source: Bureau of Labor Statistics

Transportation

Interstate 24 runs through the County providing easy access to the Chattanooga area. In addition to Interstate 24, U.S. Highways 41, 64, and 72 and numerous state highways service the County.

Rail Transport

In addition to an excellent highway system, two major railroads cross the County. The Sequatchie Valley Railroad system runs southwest to northeast through the County. CSX Railroad also serves the County.

Air Transport

The County Airport has a 3,500 foot runway. The nearest commercial airport is Chattanooga Metropolitan Airport approximately 25 miles from the County seat. Chattanooga Metropolitan Airport is served by Allegiant, American Airlines, Delta, and United. Nonstop destinations include Atlanta, Charlotte, Chicago, Dallas, Detroit, New York, Washington DC, Orlando and Tampa / St. Petersburg.

Water Transport

The County has a port facility in New Hope on the Tennessee River, with a nine-foot channel. The river links the region to intermediate points on the Ohio and Mississippi Rivers, the Tennessee-Tombigbee Waterway, and on to the Gulf of Mexico.

Health Care

The County has several health care facilities with the largest being Parkridge West Hospital, a part of the Parkridge Health System in HCA Healthcare's TriStar Division.

Tourism

Physically defined by the incredible Tennessee River Gorge, Nickajack Reservoir and the lower Sequatchie Valley, Marion County is a region of rich contrasts. The state-designated Wildlife Observation Area surrounding the TVA's Raccoon Mountain Pump Storage Project, the cabins at Jim Oliver's Smokehouse, the Monteagle Winery, and the many trails in the South Cumberland State Park, Prentice Cooper State Park, Grundy Forest National Area, Savage Gulf Natural Area, and Nickajack Lake are all interesting destinations that draw visitors into the County.

Higher Education

Students who choose to pursue higher education have excellent choices in the area around Marion County. The University of Tennessee at Chattanooga, Tennessee Temple University, and Chattanooga State Community College are located approximately 25 miles away in Chattanooga. In addition, Sewanee: The University of the South is located in Sewanee, Tennessee near the Marion County/Franklin County line.

Public Education

The average daily membership of the Marion County School System was 3,927 during the 2018-2019 school year. The average daily membership of the Richard City School System was 244 during the 2018-2019 school year.

| Average Daily Membership | | |
|---------------------------------|------------------------------|-----------------------------|
| School Year | Marion County Schools | Richard City Schools |
| 2009-2010 | 4,271 | 312 |
| 2010-2011 | 4,224 | 322 |
| 2011-2012 | 4,227 | 339 |
| 2012-2013 | 4,176 | 297 |
| 2013-2014 | 4,161 | 277 |
| 2014-2015 | 4,077 | 270 |
| 2015-2016 | 4,030 | 278 |
| 2016-2017 | 3,992 | 251 |
| 2017-2018 | 3,959 | 248 |
| 2018-2019 | 3,927 | 244 |

Source: Tennessee Department of Education

GOVERNMENTAL STRUCTURE

County Government

Marion County government operates under the general laws and uniform structure for counties in Tennessee with a County Mayor, Superintendent of Highways, Director of Schools, various county officials and a county legislative body, the Board of County Commissioners (the "*Board*").

All powers of the County are vested in and exercised by the Board. The Board consists of 15 members, serving 4-year terms.

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REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “*General Assembly*”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the *Tennessee Code Annotated*.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and

- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

Valuation for Property Tax Purposes

The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Highway/Public Works Fund, Special Revenue Funds, General Debt Service Fund, Education Debt Service Fund, County District Debt Service Fund, Capital Projects Funds, and Internal Service Funds. For additional information regarding the component units, see Notes to the latest published Comprehensive Annual Financial Report for the year ending June 30, 2019 in APPENDIX C hereto. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

Accounting Method

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund, the Education Debt Service Fund and the County District Debt Service Fund for payments to be made early in the following year.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

FUNDING OF COUNTY DISTRICT DEBT SERVICE REQUIREMENTS

The County District Bonds are considered overlapping debt because the security for the County District Bonds is different as described below.

Historically, in Tennessee, counties with multiple school systems within the same county have issued "County District" School Bonds secured by a general obligation (full, faith and credit pledge) of the property in the county lying outside any city or special school district created as an optional school system by the state. These school bonds are called "County District School Bonds" or "Rural School Bonds". The word "County District" is used to designate the area outside any city or special school district in the county. In Marion County, for example, all eight towns or cities in the County are located in the County School District.

The state law authorizes different methods for funding capital improvements for schools by the County. The County may issue general obligation bonds secured by a general obligation pledge of a property tax on all property within the County with bond proceeds for school purposes divided between the County System and the District based upon the average daily attendance in those grades offered by both school systems. Alternatively, the County may issue "County District" School Bonds secured by a general obligation pledge of a property tax on property within the County lying outside the District. In this case, the County would not be required to distribute a portion of the bond proceeds to the District.

The state law requires each county to operate "a local public school system". The State of Tennessee has authorized a second school system in the County called Richard City School District. The average daily attendance (ADA) for both school systems was 3,913 for the school year 2018-2019. Marion County operated a public school system with 3,679 or 94% of the total pupils in the County attending. The Richard City School District operated a public school system with 234 or 6% of the total pupils in the County attending. In Tax Year 2019, the Richard City School District had 1.7% of the County's assessed property values subject to property taxes. The County has previously issued County District School Bonds with the annual principal and interest payments secured by an unlimited property tax on all the property located outside the Richard City School District. In Tax Year 2019, the County levied a \$0.2036 per \$100 property tax rate on all property assessed values outside of the Richard City School District specifically dedicated to the County District Debt Service Fund for the payment of principal and interest on the Bonds.

LOCAL SALES TAX

Pursuant to Sections 67-6-701 et seq. *Tennessee Code Annotated*, the County is authorized to levy a county-wide local option sales and use tax not to exceed 2.75% on the sale of most merchandise subject to a referendum of the majority of voters. The state law also directs how the proceeds from the local sales tax shall be distributed unless there is a contract of the various cities, county and school systems authorizing a different distribution. For the current 2.75% collected in the County, the first half of the local sales tax must be used for school purposes and divided within a county among the school systems providing public education based on a weighted average daily attendance. The second half of the local sales tax proceeds must be returned to the governmental entity where the original sale was made.

RETIREMENT COMMITMENTS

See Appendix C, page 68, Note G of the Marion County Annual Financial Report for the fiscal year ending June 30, 2019 as presented and prepared by the State Comptroller's Division of County Audit.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB") DISCLOSURE STATEMENT

See Appendix C, page 85, Note H of the Marion County Annual Financial Report for the fiscal year ending June 30, 2019 as presented and prepared by the State Comptroller's Division of County Audit.

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PART ONE

GENERAL FINANCIAL INFORMATION - COUNTY-WIDE

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**MARION COUNTY
GENERAL FINANCIAL INFORMATION
COUNTY-WIDE SUMMARY OF CURRENT OUTSTANDING DEBT**

| Amount Issued | Issue | Date Issued | Maturity Date | Interest Rate | Principal Outstanding 06/30/19 |
|------------------------------------|----------------------------------|------------------------|--------------------------|--------------------------|---|
| <u>Total Bonds</u> | | | | | |
| 3,675,000 | GO Bonds, Series 2010 | 03/31/10 | 04/01/30 | 2.50% - 4.00% | 2,000,000 |
| 15,485,000 | GO Refunding Bonds, Series 2014 | 10/15/14 | 06/01/31 | 2.00% - 5.00% | 12,915,000 |
| 3,345,000 | GO Refunding Bonds, Series 2015A | 02/25/15 | 04/01/29 | 2.00% - 2.35% | 2,480,000 |
| Total Bonds | | | | | \$17,395,000 |
| <u>Total Notes</u> | | | | | |
| \$377,000 | Jasper Public Works Project | 12/02/12 | 04/01/23 | 1.94% | \$160,000 |
| \$550,000 | Kenworth Dump Trucks | 07/10/17 | 04/19/24 | 3.09% | \$400,674 |
| Total Notes | | | | | \$560,674 |
| <u>Total Capital Leases</u> | | | | | |
| \$78,764 | Computers | 12/05/18 | 12/05/23 | 4.54% | \$61,581 |
| \$168,140 | Promethean Boards | 05/03/19 | 05/03/24 | 0.00% | \$134,512 |
| Total Capital Leases | | | | | \$196,093 |
| Total Outstanding Debt | | | | | \$18,151,767 |

COUNTY-WIDE DEBT STATEMENT (as of June 30, 2019)

| | | |
|---|--|--------------------------|
| Outstanding Debt | | |
| Total Current Outstanding Debt | | \$18,151,767 |
| Less: General Debt Service Fund Balance as of June 30, 2019 | | (1,844,155) |
| Net Direct Debt | | \$16,307,612 |
| Net Overlapping Debt (as of June 30, 2019) | | |
| Jasper | | \$0 |
| Kimball | | 0 |
| Marion County - County-District | | 6,525,000 ⁽¹⁾ |
| Monteagle | | 355,000 |
| New Hope | | 0 |
| Orme | | 0 |
| Powells Crossroads | | 0 |
| South Pittsburg | | 395,803 |
| Whitwell | | 59,873 |
| Total Net Overlapping Debt | | \$7,335,676 |
| Overall Net Debt | | \$23,643,288 |

COUNTY-WIDE DEBT RECORD OF MARION COUNTY

There is no record of a default on bond principal and interest from information available.

(1) - As of 6/30/2019 and adjusted for County District School Refunding Bonds, Series 2020.

Note - The Rural School Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County lying outside the Richard City School District.

Sources: Annual Financial Reports for the fiscal year ending June 30, 2019 as presented and prepared by the State Comptroller's Division of County Audit, County officials, and individual Cities and Towns.

COUNTY-WIDE POPULATION

| | <u>County</u> | <u>Tennessee</u> |
|---------------------------|---------------|------------------|
| 1990 U.S. Census | 24,712 | 4,890,626 |
| 2000 U.S. Census | 27,733 | 5,703,719 |
| 2010 U.S. Census | 28,220 | 6,355,311 |
| 2011 U.S. Census Estimate | 28,099 | 6,399,291 |
| 2012 U.S. Census Estimate | 28,226 | 6,453,898 |
| 2013 U.S. Census Estimate | 28,326 | 6,494,340 |
| 2014 U.S. Census Estimate | 28,405 | 6,541,223 |
| 2015 U.S. Census Estimate | 28,397 | 6,591,170 |
| 2016 U.S. Census Estimate | 28,383 | 6,646,010 |
| 2017 U.S. Census Estimate | 28,406 | 6,708,799 |
| 2018 U.S. Census Estimate | 28,598 | 6,771,631 |
| 2019 U.S. Census Estimate | 28,907 | 6,829,174 |

Source: U.S. Bureau of Census

COUNTY-WIDE PER CAPITA DEBT RATIOS

| | |
|----------------------------|----------|
| Current Outstanding Debt | \$627.94 |
| Net Direct Debt | \$564.14 |
| Total Net Overlapping Debt | \$253.77 |
| Overall Net Debt | \$817.91 |

COUNTY-WIDE DEBT RATIOS

| | <u>Assessed Value</u> | <u>Estimated Actual Value</u> |
|-------------------------------|---------------------------|-----------------------------------|
| Property Values | \$ 713,249,660 | \$ 2,664,004,046 |
| Current Outstanding Debt to | 2.54% | 0.68% |
| Net Direct Debt to | 2.29% | 0.61% |
| Total Net Overlapping Debt to | 1.03% | 0.28% |
| Overall Net Debt to | 3.31% | 0.89% |

COUNTY-WIDE DEBT TREND

Fiscal Years Ending

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds | \$17,395,000 | \$18,570,000 | \$19,720,000 | \$20,840,000 | \$22,015,000 |
| Notes | 560,674 | 674,593 | 237,000 | 272,000 | 307,000 |
| Capitalized Leases | 196,093 | - | 41,191 | 80,716 | 118,640 |
| Total Debt | <u>\$18,151,767</u> | <u>\$19,244,593</u> | <u>\$19,998,191</u> | <u>\$21,192,716</u> | <u>\$22,440,640</u> |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared by the State Comptroller's Division of County Audit and County officials.

COUNTY-WIDE DEBT SERVICE REQUIREMENTS

(as of June 30, 2019)

| | | <u>Principal</u> | | <u>Interest</u> | |
|----|--------------------------|-------------------------------------|---------------------------------|-------------------------------------|--|
| | Year Ended June 30 | Existing Debt as of 6/30/2019 | Percent Principal Retired | Existing Debt as of 6/30/2019 | Total Debt Service Requirements |
| 1 | 2020 | 1,364,183 | | 576,879 | 1,941,062 |
| 2 | 2021 | 1,407,223 | | 531,062 | 1,938,285 |
| 3 | 2022 | 1,495,334 | | 483,775 | 1,979,109 |
| 4 | 2023 | 1,548,551 | | 432,708 | 1,981,259 |
| 5 | 2024 | 1,516,476 | 40.39% | 369,462 | 1,885,938 |
| 6 | 2025 | 1,460,000 | | 334,694 | 1,794,694 |
| 7 | 2026 | 1,505,000 | | 297,756 | 1,802,756 |
| 8 | 2027 | 1,575,000 | | 256,744 | 1,831,744 |
| 9 | 2028 | 1,670,000 | | 210,525 | 1,880,525 |
| 10 | 2029 | 1,740,000 | 84.19% | 157,553 | 1,897,553 |
| 11 | 2030 | 1,530,000 | | 101,700 | 1,631,700 |
| 12 | 2031 | 1,340,000 | 100.00% | 46,900 | 1,386,900 |
| | | <u>\$18,151,767</u> | | <u>\$3,799,758</u> | <u>\$21,951,525</u> |

Note- Excludes Rural School Bonds

Source: Annual Financial Report and Auditor's Report Prepared by State Comptroller of the Treasury for the fiscal year ending June 30, 2019 and County officials.

COUNTY-WIDE PROPERTY VALUATION AND PROPERTY TAX

| Fiscal Year Tax Year | 2019-2020 2019 | 2018-2019 2018 | 2017-2018 2017 | 2016-2017 2016 | 2015-2016 2015 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| ESTIMATED ACTUAL VALUES | | | | | |
| Residential & Farm | \$2,019,198,548 | \$1,964,765,613 | \$1,829,450,600 | \$1,784,091,000 | \$1,793,873,700 |
| Commercial & Industrial | 372,728,678 | 360,282,371 | 336,747,400 | 337,304,800 | 321,558,300 |
| Personal Tangible Property | 142,982,126 | 145,108,413 | 138,499,161 | 133,942,679 | 128,671,645 |
| Public Utilities | 129,094,694 | 121,096,793 | 176,560,646 | 126,506,964 | 113,500,458 |
| Total Estimated Actual Values | \$2,664,004,046 | \$2,591,253,190 | \$2,481,257,807 | \$2,381,845,443 | \$2,357,604,103 |
| Annual Percentage Change | 2.81% | 4.43% | 4.17% | 1.03% | -0.21% |
| Estimated Per Capita Amount | \$92,158 | \$90,610 | \$85,836 | \$83,287 | \$82,997 |
| ASSESSED VALUES | | | | | |
| Residential & Farm (at 25%) | \$475,743,705 | \$462,916,860 | \$457,334,375 | \$446,022,750 | \$448,468,425 |
| Commercial & Industrial (at 40%) | 140,486,100 | 135,794,340 | 134,696,560 | 134,921,920 | 128,623,320 |
| Personal Tangible Property (at 30%) | 40,670,021 | 41,344,384 | 41,549,800 | 40,182,857 | 38,601,539 |
| Public Utilities (at 30%-55%) | 56,349,834 | 52,858,750 | 77,068,711 | 55,220,290 | 49,542,950 |
| Total Assessed Values | \$713,249,660 | \$692,914,334 | \$710,649,446 | \$676,347,817 | \$665,236,234 |
| Annual Percentage Change | 2.93% | -2.50% | 5.07% | 1.67% | -0.31% |
| Estimated Per Capita Amount | \$24,674 | \$24,229 | \$24,584 | \$23,650 | \$23,419 |
| Appraisal Ratio | 94.24% | 94.24% | 100.00% | 100.00% | 100.00% |
| Assessed Values to Actual Values | 26.77% | 26.74% | 28.64% | 28.40% | 28.22% |
| Property Tax Rate | | | | | |
| General Fund | \$0.9371 | \$0.9871 | \$0.9871 | \$0.9871 | \$0.9871 |
| General Purpose School Fund | \$0.7877 | \$0.7877 | \$0.7877 | \$0.7877 | \$0.7877 |
| General Purpose Debt Fund | \$0.0902 | \$0.0902 | \$0.0902 | \$0.0902 | \$0.0902 |
| Rural Debt Fund | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 |
| Other Capital Projects | \$0.1500 | \$0.1000 | \$0.1000 | \$0.1000 | \$0.1000 |
| Total Property Tax Rate | \$2.1686 | \$2.1686 | \$2.1686 | \$2.1686 | \$2.1686 |
| Taxes Levied | \$15,467,532 | \$15,026,540 | \$15,411,144 | \$14,667,279 | \$14,426,313 |
| Collections | | | | | |
| Current Fiscal Year | In Process | \$14,022,418 | \$14,045,984 | \$13,622,705 | \$13,379,730 |
| Percent Collected Current FY | In Process | 93.32% | 91.14% | 92.88% | 92.75% |

Sources: State Board of Equalization, 2015 - 2019 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2015 - 2019 as prepared by the Comptroller of the Treasury and County Officials.

COUNTY-WIDE TOP PROPERTY TAXPAYERS

| <u>Business</u> | <u>Type of Business</u> | <u>Tax Year 2019</u> | <u>Assessed Value</u> as a % of 2019 |
|----------------------------------|---------------------------|-----------------------|---|
| | | <u>Assessed Value</u> | <u>Total Assessment</u> |
| Sequatchie Valley Electric Co-op | Electric Utility | \$23,646,660 | 3.32% |
| East Tn Natural Gas | Gas Utility | 7,428,841 | 1.04% |
| Regency Kimball LLC | Commercial Real Estate | 4,919,960 | 0.69% |
| CSX Transportation | Railroad | 3,715,686 | 0.52% |
| Lowes Home Centers | Retail | 3,623,360 | 0.51% |
| Valmont Industries | Agricultural Equipment | 3,532,581 | 0.50% |
| Variform Inc. | Vinyl Siding Manufacturer | 3,472,662 | 0.49% |
| M Cty Industrial | N/A | 3,152,840 | 0.44% |
| RGGS Land & Minerals | Minerals | 2,905,150 | 0.41% |
| BRE Retail | Retail | 2,876,440 | 0.40% |

Source: Office of the Trustee of Marion County.

COUNTY-WIDE FUND BALANCES

For Fiscal Years Ending June 30

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| GOVERNMENTAL FUNDS | | | | | |
| General Government Fund | \$9,189,128 | \$9,105,315 | \$8,829,547 | \$10,844,090 | \$10,019,370 |
| Highway/Public Works Fund | 1,514,713 | 999,032 | 1,282,418 | 976,266 | 906,584 |
| Special Revenue Funds | 762,790 | 710,455 | 900,285 | 845,044 | 999,372 |
| Education Funds | 7,202,239 | 7,168,996 | 5,894,351 | 5,023,483 | 4,105,868 |
| Debt Service Fund | 1,844,155 | 1,780,511 | 1,700,891 | 1,665,896 | 1,622,655 |
| Education Debt Service Fund | 3,808,255 | 3,190,177 | 2,667,632 | 2,136,147 | 1,758,902 |
| Rural Debt Service Fund | 6,661,327 | 6,780,910 | 6,253,251 | 5,807,960 | 5,331,899 |
| Capital Projects - Education | 968,139 | 407,576 | 1,514,654 | 1,497,748 | 1,135,058 |
| Capital Projects - General | 6,858,363 | 5,809,476 | 5,231,770 | 1,575,225 | 929,226 |
| Total Governmental Funds | \$38,809,109 | \$35,952,448 | \$34,274,799 | \$30,371,859 | \$26,808,934 |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared by the State Comptroller's Division of County Audit.

COUNTY-WIDE LOCAL SALES TAX

For Fiscal Years Ending June 30

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|
| Rate (Percent of retail sales) | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Distribution to Following Funds | | | | | |
| Solid Waste/Sanitation | \$482,118 | \$382,905 | \$315,565 | \$277,524 | \$263,727 |
| Education Debt Service | 1,828,536 | 1,739,310 | 1,746,530 | 1,690,307 | 1,578,760 |
| General Purpose School | 3,907,396 | 3,677,142 | 3,692,284 | 3,593,997 | 3,323,404 |
| Special School District | 207,568 | 238,295 | 235,625 | 232,917 | 207,795 |
| Cities Portion | 3,597,273 | 3,559,937 | 3,590,757 | 3,523,769 | 3,268,694 |
| Total Amount Collected | \$10,022,891 | \$9,597,589 | \$9,580,761 | \$9,318,514 | \$8,642,380 |
| % of Increase | 4.43% | 0.18% | 2.81% | 7.82% | 6.07% |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared by the State Comptroller's Division of County Audit.

BASIC EDUCATION PROGRAM FUNDING

For Fiscal Years Ending June 30

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total BEP Funding | \$20,332,319 | \$20,090,319 | \$19,925,319 | \$19,449,319 | \$19,120,000 |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared by the State Comptroller's Division of County Audit.

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PART TWO

GENERAL FINANCIAL INFORMATION – COUNTY DISTRICT

The County District area is that portion of the County lying outside the territorial limits of the Richard City and Deptford Independent School District.

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**COUNTY-DISTRICT OF MARION COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT⁽¹⁾**

| Amount Issued | Issue | Date Issued | Maturity Date | Interest Rate | Principal Outstanding 6/30/2019⁽¹⁾ |
|--------------------------------------|---|------------------------|--------------------------|--------------------------|--|
| \$13,045,000 | Rural School Refunding Bonds, Series 2011 | 01/06/11 | 04/01/20 | 4.00% | \$1,060,000 ⁽²⁾ |
| 1,805,000 | Rural School GO Refunding Bonds, Series 2015 | 02/25/15 | 04/01/25 | 2.00% -4.00% | 1,150,000 |
| 4,315,000 | County District School Refunding Bonds, Series 2020 | 08/12/20 | 04/01/24 | 5.00% | 4,315,000 |
| Total Current Outstanding Rural Debt | | | | | <u>\$6,525,000</u> |

COUNTY-DISTRICT DEBT STATEMENT (as of June 30, 2019)

Outstanding Debt

| | |
|---|--------------------|
| Total Current Outstanding Debt | \$6,525,000 |
| Less: Debt Service Fund Balance as of June 30, 2019 | <u>(6,661,327)</u> |

Net Direct Debt

(\$136,327)

Net Overlapping Debt (as of June 30, 2019)

| | |
|---|---------------------|
| Jasper | \$0 |
| Kimball | 0 |
| Marion County - General Debt (98.29% of Assessed Valuation) | 17,841,344 |
| Monteagle | 355,000 |
| New Hope | 0 |
| Orme | 0 |
| Powell's Crossroads | 0 |
| South Pittsburg | 395,803 |
| Whitwell | 59,873 |
| Total Net Overlapping Debt | <u>\$18,652,020</u> |

Overall Net Debt

\$18,515,693

(1) As of 6/30/19 and adjusted for County District School Refunding Bonds, Series 2020.

(2) Excludes Bonds being refunded.

Sources: Annual Financial Reports for the fiscal year ending June 30, 2019 as presented and prepared by the State Comptroller's Division of County Audit and individual Cities and Towns.

DEBT RECORD OF COUNTY-DISTRICT OF MARION COUNTY

There is no record of a default of payment of principal and interest from information available.

POPULATION

| | <u>District</u> (Estimated) | <u>County</u> | <u>Tennessee</u> |
|---------------------------|--------------------------------|---------------|------------------|
| | (1) | | |
| 1990 U.S. Census | 23,862 | 24,712 | 4,890,626 |
| 2000 U.S. Census | 26,786 | 27,733 | 5,703,719 |
| 2010 U.S. Census | 27,273 | 28,220 | 6,355,311 |
| 2011 U.S. Census Estimate | 27,152 | 28,099 | 6,399,291 |
| 2012 U.S. Census Estimate | 27,279 | 28,226 | 6,453,898 |
| 2013 U.S. Census Estimate | 27,379 | 28,326 | 6,494,340 |
| 2014 U.S. Census Estimate | 27,458 | 28,405 | 6,541,223 |
| 2015 U.S. Census Estimate | 27,450 | 28,397 | 6,591,170 |
| 2016 U.S. Census Estimate | 27,436 | 28,383 | 6,646,010 |
| 2017 U.S. Census Estimate | 27,459 | 28,406 | 6,708,799 |
| 2018 U.S. Census Estimate | 27,651 | 28,598 | 6,771,631 |
| 2019 U.S. Census Estimate | 27,960 | 28,907 | 6,829,174 |

Source: U.S. Bureau of Census

⁽¹⁾ Based on US Census estimated population of the Richard City School District of 947.

COUNTY-DISTRICT PER CAPITA DEBT RATIOS

| | |
|----------------------------|----------|
| Current Outstanding Debt | \$233.37 |
| Net Direct Debt | (\$4.88) |
| Total Net Overlapping Debt | \$667.10 |
| Overall Net Debt | \$662.22 |

COUNTY-DISTRICT DEBT RATIOS

| | <u>Assessed</u> <u>Value</u> | <u>Estimated</u> <u>Actual Value</u> |
|-------------------------------|---------------------------------|---|
| Property Values | \$ 701,051,992 | \$ 2,621,404,975 |
| Current Outstanding Debt to | 0.93% | 0.25% |
| Net Direct Debt to | -0.02% | -0.01% |
| Total Net Overlapping Debt to | 2.66% | 0.71% |
| Overall Net Debt to | 2.64% | 0.71% |

COUNTY-DISTRICT DEBT TREND

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|-----------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| Gross Debt | | | | | |
| Rural Debt | \$6,875,000 | \$8,825,000 | \$10,125,000 | \$11,380,000 | \$12,605,000 |
| Total Net Debt | <u>\$6,875,000</u> | <u>\$8,825,000</u> | <u>\$10,125,000</u> | <u>\$11,380,000</u> | <u>\$12,605,000</u> |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared by the State Comptroller's Division of County Audit.

COUNTY-DISTRICT DEBT SERVICE REQUIREMENTS

(as of June 30, 2019)

| Principal | | | | | | Interest | | | | |
|---|---------------------|----------------------|--------------------|--------------------|-------------------|---|--------------------|------------------|------------------|--------------------|
| Plus: County District School Refunding Bonds, Series 2020 | | | | | | Plus: County District School Refunding Bonds, Series 2020 | | | | |
| Year Ended | Existing Debt as of | Less: Bonds | | Total | Percent | Existing Debt as of | Less: Bonds | | Total | Debt Service |
| June 30 | 6/30/2019 | Being Refunded | 2020 | Principal | Principal Retired | 6/30/2019 | Being Refunded | 2020 | Interest | Requirements |
| 1 2020 | 1,235,000 | | | 1,235,000 | | 282,000 | | | 282,000 | 1,517,000 |
| 2 2021 | 1,285,000 | (1,105,000) | 1,070,000 | 1,250,000 | | 236,100 | (204,400) | 137,241 | 168,941 | 1,418,941 |
| 3 2022 | 1,325,000 | (1,140,000) | 1,035,000 | 1,220,000 | | 188,300 | (160,200) | 162,250 | 190,350 | 1,410,350 |
| 4 2023 | 1,380,000 | (1,185,000) | 1,080,000 | 1,275,000 | | 133,300 | (108,900) | 110,500 | 134,900 | 1,409,900 |
| 5 2024 | 1,440,000 | (1,235,000) | 1,130,000 | 1,335,000 | 96.78% | 72,175 | (55,575) | 56,500 | 73,100 | 1,408,100 |
| 6 2025 | 210,000 | | | 210,000 | 100.00% | 8,400 | | | 8,400 | 218,400 |
| | <u>\$6,875,000</u> | <u>(\$4,665,000)</u> | <u>\$4,315,000</u> | <u>\$6,525,000</u> | | <u>\$920,275</u> | <u>(\$529,075)</u> | <u>\$466,491</u> | <u>\$857,691</u> | <u>\$7,382,691</u> |

(1) As of 6/30/19 and adjusted for County District School Refunding Bonds, Series 2020.

Source: Annual Financial Reports for the fiscal year ending June 30, 2019 as presented and prepared by the State Comptroller's Division of County Audit.

COUNTY-DISTRICT PROPERTY VALUATION AND PROPERTY TAX

| Fiscal Year Tax Year | 2019-2020 2019 | 2018-2019 2018 | 2017-2018 2017 | 2016-2017 2016 | 2015-2016 2015 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| ESTIMATED ACTUAL VALUES | | | | | |
| Residential & Farm | \$1,992,290,234 | \$1,938,199,298 | \$1,804,432,600 | \$1,759,294,400 | \$1,761,638,300 |
| Commercial & Industrial | 358,765,829 | 346,580,347 | 324,629,000 | 324,305,300 | 306,836,500 |
| Personal Tangible Property | 141,935,739 | 143,645,666 | 136,577,039 | 131,345,017 | 123,568,273 |
| Public Utilities | 128,413,173 | 120,410,355 | 175,866,609 | 125,747,885 | 100,452,888 |
| Total Estimated Actual Values | \$2,621,404,975 | \$2,548,835,666 | \$2,441,505,248 | \$2,340,692,602 | \$2,292,495,961 |
| Annual Percentage Change | 2.85% | 4.40% | 4.31% | 2.10% | -1.12% |
| Estimated Per Capita Amount | \$93,756 | \$92,179 | \$88,853 | \$85,508 | \$83,579 |
| ASSESSED VALUES | | | | | |
| Residential & Farm (at 25%) | \$469,404,105 | \$456,657,835 | \$451,079,875 | \$439,823,600 | \$442,088,850 |
| Commercial & Industrial (at 40%) | 135,222,660 | 130,629,220 | 129,849,200 | 129,722,120 | 122,845,680 |
| Personal Tangible Property (at 30%) | 40,372,877 | 40,928,489 | 40,973,162 | 39,403,556 | 38,032,980 |
| Public Utilities (at 30%-55%) | 56,052,350 | 52,559,120 | 76,765,764 | 54,888,952 | 49,236,684 |
| Total Assessed Values | \$701,051,992 | \$680,774,664 | \$698,668,001 | \$663,838,228 | \$652,204,194 |
| Annual Percentage Change | 2.98% | -2.56% | 5.25% | 1.78% | -0.25% |
| Estimated Per Capita Amount | \$25,073 | \$24,620 | \$25,426 | \$24,251 | \$23,778 |
| Appraisal Ratio | 94.24% | 94.24% | 100.00% | 100.00% | 100.00% |
| Assessed Values to Actual Values | 26.74% | 26.71% | 28.62% | 28.36% | 28.45% |
| Property Tax Rate | | | | | |
| Rural Debt Fund | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 |
| Total Property Tax Rate | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 | \$0.2036 |
| Taxes Levied⁽¹⁾ | \$1,427,342 | \$1,386,057 | \$1,422,488 | \$1,351,575 | \$1,327,888 |
| Collections⁽²⁾ | | | | | |
| Current Fiscal Year | In Process | \$1,299,957 | \$1,294,551 | \$1,258,779 | \$1,232,982 |
| Percent Collected Current FY | In Process | 93.79% | 91.01% | 93.13% | 92.85% |

⁽¹⁾ The Rural Debt Service Fund was established July 1, 2000.

⁽²⁾ Delinquent property taxes for prior years are not maintained for the Rural Debt Service Fund. However when they are collected, they are deposited to the Fund.

Sources: State Board of Equalization, 2015 - 2019 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2015 - 2019 as prepared by the Comptroller of the Treasury and County Officials.

COUNTY-DISTRICT DEBT SERVICE FUND BALANCES

| | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GOVERNMENTAL FUNDS | | | | | |
| Rural Debt Service Fund | \$6,661,327 | \$6,780,910 | \$6,253,251 | \$5,807,960 | \$5,331,899 |

Sources: Annual Financial Reports for the fiscal years ending June 30, 2015 - 2019 as presented and prepared
by the State Comptroller's Division of County Audit.

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APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2019

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ANNUAL FINANCIAL REPORT

MARION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

JESSICA COX, CPA, CGFM
Senior Auditor

DEVAN MCDOWELL, CFE
KAITLYN SILVERS
DANNIELLE VICARS
JENI PALADENI, CISA
State Auditors

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

MARION COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Marion County as of and for the year ended June 30, 2019.

Results

Our report on Marion County's financial statements is unmodified.

Our audit resulted in three findings and recommendations, which we have reviewed with Marion County management. Detailed findings, recommendations and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND COUNTY CLERK

- ◆ Employees shared usernames and passwords.

OFFICE OF HIGHWAY SUPERVISOR

- ◆ The office had purchasing deficiencies.

OFFICE OF SHERIFF

- ◆ Two employees shared a username and password.

INTRODUCTORY SECTION

Marion County Officials June 30, 2019

Officials

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

Board of County Commissioners

| | |
|------------------------|----------------------|
| David Abbott, Chairman | Robert Eugene Hargis |
| Don Adkins, Jr. | Allen Kirk |
| Donald Blansett | Jim Nunley |
| Matt Blansett | Gary Reames |
| Joey Blevins | Mack Reeves |
| Kenneth Cookston | Kenneth Skiles |
| Steven Franklin | Thomas Thompson |
| Roger Grayson | |

Board of Education

Julie Bennett, Chairman
Lance Brown
Linda Hooper
Brian Nunley
Ryan Phillips

Audit Committee

John Moore, Chairman
David Abbott
Don Adkins
Gary Hooper
Steve Moss

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marion County Conservation Commission (a major enterprise fund), which represent 100 percent of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marion County Conservation Commission is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and schools changes in total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service and Other Capital Projects funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

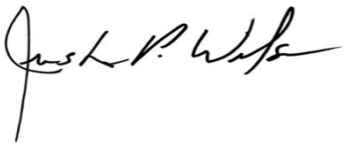
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Rural Debt Service and Other Capital Projects funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented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

The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of Marion County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marion County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 24, 2019

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Marion County, Tennessee
Statement of Net Position
June 30, 2019

| | Primary Government | | | Component Unit |
|--|--------------------|---------------|---------------|----------------|
| | Governmental | Business-type | Total | Marion |
| | Activities | Activities | | County |
| | | | | School |
| | | | | Department |
| <u>ASSETS</u> | | | | |
| Cash | \$ 212,928 | \$ 65,928 | \$ 278,856 | \$ 7,727 |
| Equity in Pooled Cash and Investments | 30,605,992 | 0 | 30,605,992 | 6,714,413 |
| Inventories | 0 | 0 | 0 | 85,844 |
| Accounts Receivable | 72,256 | 0 | 72,256 | 26,150 |
| Due from Other Governments | 1,065,731 | 0 | 1,065,731 | 557,714 |
| Due from Component Units | 198,020 | 0 | 198,020 | 0 |
| Property Taxes Receivable | 10,327,045 | 0 | 10,327,045 | 5,590,433 |
| Allowance for Uncollectible Property Taxes | (409,900) | 0 | (409,900) | (221,895) |
| Restricted Assets: | | | | |
| Amounts Accumulated for Pension Benefits | 0 | 0 | 0 | 48,782 |
| Net Pension Asset - Agent Plan | 265,768 | 0 | 265,768 | 184,916 |
| Net Pension Asset - Teacher Retirement Plan | 0 | 0 | 0 | 92,040 |
| Net Pension Asset - Teacher Legacy Plan | 0 | 0 | 0 | 1,419,523 |
| Assets Not Depreciated: | | | | |
| Land | 2,739,127 | 0 | 2,739,127 | 1,118,836 |
| Construction in Progress | 535,705 | 19,834 | 555,539 | 0 |
| Assets Net of Accumulated Depreciation: | | | | |
| Buildings and Improvements | 13,095,727 | 0 | 13,095,727 | 33,228,907 |
| Infrastructure | 6,723,781 | 0 | 6,723,781 | 0 |
| Other Capital Assets | 1,546,425 | 181,039 | 1,727,464 | 416,136 |
| Total Assets | \$ 66,978,605 | \$ 266,801 | \$ 67,245,406 | \$ 49,269,526 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Pension Changes in Experience | \$ 13,681 | \$ 0 | \$ 13,681 | \$ 301,666 |
| Pension Changes in Assumptions | 278,357 | 0 | 278,357 | 1,036,394 |
| Pension Other Deferrals | 0 | 0 | 0 | 65,792 |
| Pension Contributions After Measurement Date | 408,381 | 0 | 408,381 | 1,751,937 |
| OPEB Changes in Assumptions | 16,592 | 0 | 16,592 | 87,629 |
| OPEB Changes in Proportionate Share | 0 | 0 | 0 | 47,215 |
| OPEB Changes in Contributions After Measurement Date | 2,933 | 0 | 2,933 | 162,126 |
| Total Deferred Outflows of Resources | \$ 719,944 | \$ 0 | \$ 719,944 | \$ 3,452,759 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 1,707 | \$ 13,623 | \$ 15,330 | \$ 142,381 |
| Accrued Payroll | 0 | 0 | 0 | 106,088 |
| Payroll Deductions Payable | 3,471 | 0 | 3,471 | 0 |
| Due to Primary Government | 0 | 0 | 0 | 198,020 |
| Due to Litigants, Heirs, and Others | 171,941 | 0 | 171,941 | 0 |
| Accrued Interest Payable | 143,272 | 0 | 143,272 | 0 |
| Noncurrent Liabilities: | | | | |
| Due Within One Year - Debt | 2,599,183 | 0 | 2,599,183 | 0 |
| Due Within One Year - Other | 148,527 | 0 | 148,527 | 0 |
| Due in More Than One Year - Debt | 23,286,911 | 0 | 23,286,911 | 0 |
| Due in More Than One Year - Other | 306,243 | 0 | 306,243 | 2,422,498 |
| Total Liabilities | \$ 26,661,255 | \$ 13,623 | \$ 26,674,878 | \$ 2,868,987 |

(Continued)

Exhibit A

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

| | Primary Government | | | Component Units |
|--|----------------------|-------------------|----------------------|----------------------|
| | Governmental | Business-type | Total | Marion |
| | Activities | Activities | | County |
| | | | | School |
| | | | | Department |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 9,497,655 | \$ 0 | \$ 9,497,655 | \$ 5,141,452 |
| Pension Changes in Experience | 96,816 | 0 | 96,816 | 1,986,077 |
| Pension Changes in Investment Earnings | 81,684 | 0 | 81,684 | 370,980 |
| Pension Changes in Proportionate Share | 0 | 0 | 0 | 19,310 |
| OPEB Changes in Experience | 40,336 | 0 | 40,336 | 671,132 |
| OPEB Changes in Assumptions | 12,473 | 0 | 12,473 | 110,087 |
| Total Deferred Inflows of Resources | <u>\$ 9,728,964</u> | <u>\$ 0</u> | <u>\$ 9,728,964</u> | <u>\$ 8,299,038</u> |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | \$ 19,535,948 | \$ 200,873 | \$ 19,736,821 | \$ 34,763,879 |
| Restricted for: | | | | |
| General Government | 92,431 | 0 | 92,431 | 0 |
| Finance | 136,653 | 0 | 136,653 | 0 |
| Administration of Justice | 281,602 | 0 | 281,602 | 0 |
| Public Safety | 381,019 | 0 | 381,019 | 0 |
| Public Health and Welfare | 303,361 | 0 | 303,361 | 0 |
| Highways/Public Works | 1,639,218 | 0 | 1,639,218 | 0 |
| Debt Service | 8,485,340 | 0 | 8,485,340 | 0 |
| Capital Projects | 6,901,520 | 0 | 6,901,520 | 0 |
| Education | 0 | 0 | 0 | 2,247,134 |
| Pensions | 265,768 | 0 | 265,768 | 1,745,261 |
| Unrestricted | <u>(6,714,530)</u> | <u>52,305</u> | <u>(6,662,225)</u> | <u>2,797,986</u> |
| Total Net Position | <u>\$ 31,308,330</u> | <u>\$ 253,178</u> | <u>\$ 31,561,508</u> | <u>\$ 41,554,260</u> |

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

Exhibit B

Marion County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

| | | | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|---|---------------|----------------------------|---|---|---|-----------------------------|----------------|-----------------|--|
| | | | | | | | | Component Unit | |
| | | | | | | | | Marion | |
| | | | | | | | | County | |
| | | | | | | | | School | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Department | |
| Primary Government: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General Government | \$ 2,289,797 | \$ 597,579 | \$ 84,658 | \$ 259,044 | \$ (1,348,516) | \$ 0 | \$ (1,348,516) | \$ 0 | |
| Finance | 971,578 | 851,046 | 0 | 0 | (120,532) | 0 | (120,532) | 0 | |
| Administration of Justice | 1,248,435 | 798,429 | 9,000 | 0 | (441,006) | 0 | (441,006) | 0 | |
| Public Safety | 5,250,013 | 238,897 | 346,343 | 0 | (4,664,773) | 0 | (4,664,773) | 0 | |
| Public Health and Welfare | 1,754,158 | 53,306 | 353,385 | 411,672 | (935,795) | 0 | (935,795) | 0 | |
| Social, Cultural, and Recreational Services | 551,854 | 214,192 | 119,291 | 0 | (218,371) | 0 | (218,371) | 0 | |
| Agriculture and Natural Resources | 102,656 | 0 | 37,215 | 0 | (65,441) | 0 | (65,441) | 0 | |
| Highways/Public Works | 2,559,780 | 95,996 | 2,511,209 | 1,738,745 | 1,786,170 | 0 | 1,786,170 | 0 | |
| Interest on Long-term Debt | 919,924 | 0 | 0 | 0 | (919,924) | 0 | (919,924) | 0 | |
| Education | 55,444 | 0 | 0 | 903,582 | 848,138 | 0 | 848,138 | 0 | |
| Total Governmental Activities | \$ 15,703,639 | \$ 2,849,445 | \$ 3,461,101 | \$ 3,313,043 | \$ (6,080,050) | \$ 0 | \$ (6,080,050) | \$ 0 | |
| Business-type Activities: | | | | | | | | | |
| Marion County Conservation Commission | \$ 119,541 | \$ 142,294 | \$ 0 | \$ 0 | \$ 0 | \$ 22,753 | \$ 22,753 | \$ 0 | |
| Total Primary Government | \$ 15,823,180 | \$ 2,991,739 | \$ 3,461,101 | \$ 3,313,043 | \$ (6,080,050) | \$ 22,753 | \$ (6,057,297) | \$ 0 | |
| Component Unit: | | | | | | | | | |
| Marion County School Department | \$ 36,330,234 | \$ 357,434 | \$ 5,961,253 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (30,011,547) | |
| Total Component Units | \$ 36,330,234 | \$ 357,434 | \$ 5,961,253 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (30,011,547) | |

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Marion County School Department |
|--|----------|----------------------------|---|---|---|-----------------------------|---------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | | | |
| | | | | | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 7,691,164 | \$ 0 | \$ 7,691,164 | \$ 5,284,168 |
| Property Taxes Levied for Debt Service | | | | | 2,059,935 | 0 | 2,059,935 | 0 |
| Local Option Sales Taxes | | | | | 2,124,654 | 0 | 2,124,654 | 3,612,396 |
| Hotel/Motel Tax | | | | | 0 | 0 | 0 | 24,688 |
| Litigation Tax - General | | | | | 131,275 | 0 | 131,275 | 0 |
| Litigation Tax - Special Purpose | | | | | 11,745 | 0 | 11,745 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | | | | | 17,892 | 0 | 17,892 | 0 |
| Business Tax | | | | | 323,074 | 0 | 323,074 | 0 |
| Wholesale Beer Tax | | | | | 0 | 0 | 0 | 96,151 |
| Other Local Taxes | | | | | 0 | 0 | 0 | 14,430 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 856,904 | 0 | 856,904 | 21,432,532 |
| Unrestricted Investment Earnings | | | | | 275,414 | 0 | 275,414 | 10,066 |
| Miscellaneous | | | | | 188,763 | 0 | 188,763 | 106,185 |
| Total General Revenues | | | | | \$ 13,680,820 | \$ 0 | \$ 13,680,820 | \$ 30,580,616 |
| Insurance Recovery | | | | | \$ 253,222 | \$ 0 | 253,222 | \$ 0 |
| Total Revenues and Other Sources (Uses) | | | | | \$ 13,934,042 | \$ 0 | \$ 13,934,042 | \$ 30,580,616 |
| Change in Net Position | | | | | \$ 7,853,992 | \$ 22,753 | \$ 7,876,745 | \$ 569,069 |
| Net Position, July 1, 2018 | | | | | 23,454,338 | \$ 230,425 | 23,684,763 | 40,985,191 |
| Net Position, June 30, 2019 | | | | | \$ 31,308,330 | \$ 253,178 | \$ 31,561,508 | \$ 41,554,260 |

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

Exhibit C-1

Marion County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2019

| | Major Funds | | | | Nonmajor Funds Other Govern- mental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|--------------------------|------------------------------|--|--------------------------------|
| | General | Highway / Public Works | Rural Debt Service | Other Capital Projects | | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 98,779 | \$ 0 | \$ 0 | \$ 0 | \$ 114,149 | \$ 212,928 |
| Equity in Pooled Cash and Investments | 8,762,572 | 1,160,765 | 6,658,058 | 6,855,953 | 7,177,517 | 30,614,865 |
| Accounts Receivable | 71,292 | 740 | 0 | 0 | 224 | 72,256 |
| Due from Other Governments | 316,894 | 549,686 | 0 | 0 | 199,151 | 1,065,731 |
| Due from Other Funds | 390 | 0 | 0 | 0 | 63,180 | 63,570 |
| Due from Component Units | 0 | 1,927 | 0 | 0 | 0 | 1,927 |
| Property Taxes Receivable | 7,008,092 | 0 | 1,522,620 | 1,121,773 | 674,560 | 10,327,045 |
| Allowance for Uncollectible Property Taxes | (278,164) | 0 | (60,436) | (44,525) | (26,775) | (409,900) |
| Total Assets | <u>\$ 15,979,855</u> | <u>\$ 1,713,118</u> | <u>\$ 8,120,242</u> | <u>\$ 7,933,201</u> | <u>\$ 8,202,006</u> | <u>\$ 41,948,422</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 0 | \$ 1,707 | \$ 0 | \$ 0 | \$ 0 | \$ 1,707 |
| Payroll Deductions Payable | 3,471 | 0 | 0 | 0 | 0 | 3,471 |
| Due to Other Funds | 72,053 | 0 | 0 | 0 | 390 | 72,443 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 0 | 171,941 | 171,941 |
| Total Liabilities | <u>\$ 75,524</u> | <u>\$ 1,707</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 172,331</u> | <u>\$ 249,562</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 6,445,255 | \$ 0 | \$ 1,400,335 | \$ 1,031,681 | \$ 620,384 | \$ 9,497,655 |
| Deferred Delinquent Property Taxes | 269,624 | 0 | 58,580 | 43,157 | 25,952 | 397,313 |
| Other Deferred/Unavailable Revenue | 324 | 196,698 | 0 | 0 | 0 | 197,022 |
| Total Deferred Inflows of Resources | <u>\$ 6,715,203</u> | <u>\$ 196,698</u> | <u>\$ 1,458,915</u> | <u>\$ 1,074,838</u> | <u>\$ 646,336</u> | <u>\$ 10,091,990</u> |

(Continued)

Exhibit C-1

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

| | Major Funds | | | | Nonmajor Funds | |
|---|----------------------|------------------------------|--------------------------|------------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | Rural Debt Service | Other Capital Projects | Other Govern- mental Funds | Total Governmental Funds |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for General Government | \$ 67,382 | \$ 0 | \$ 0 | \$ 0 | \$ 25,049 | \$ 92,431 |
| Restricted for Finance | 22,604 | 0 | 0 | 0 | 114,049 | 136,653 |
| Restricted for Administration of Justice | 281,602 | 0 | 0 | 0 | 0 | 281,602 |
| Restricted for Public Safety | 56,512 | 0 | 0 | 0 | 324,507 | 381,019 |
| Restricted for Public Health and Welfare | 4,176 | 0 | 0 | 0 | 299,185 | 303,361 |
| Restricted for Highways/Public Works | 0 | 1,514,713 | 0 | 0 | 0 | 1,514,713 |
| Restricted for Debt Service | 0 | 0 | 6,661,327 | 0 | 1,844,155 | 8,505,482 |
| Restricted for Capital Projects | 0 | 0 | 0 | 6,858,363 | 0 | 6,858,363 |
| Committed: | | | | | | |
| Committed for Debt Service | 0 | 0 | 0 | 0 | 3,808,255 | 3,808,255 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 968,139 | 968,139 |
| Assigned: | | | | | | |
| Assigned for Social, Cultural, and Recreational Services | 13,561 | 0 | 0 | 0 | 0 | 13,561 |
| Unassigned | 8,743,291 | 0 | 0 | 0 | 0 | 8,743,291 |
| Total Fund Balances | <u>\$ 9,189,128</u> | <u>\$ 1,514,713</u> | <u>\$ 6,661,327</u> | <u>\$ 6,858,363</u> | <u>\$ 7,383,339</u> | <u>\$ 31,606,870</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 15,979,855</u> | <u>\$ 1,713,118</u> | <u>\$ 8,120,242</u> | <u>\$ 7,933,201</u> | <u>\$ 8,202,006</u> | <u>\$ 41,948,422</u> |

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

Exhibit C-2

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

| | | | |
|---|----|------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ | 31,606,870 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 2,739,127 | |
| Add: construction in progress | | 535,705 | |
| Add: buildings and improvements net of accumulated depreciation | | 13,095,727 | |
| Add: infrastructure net of accumulated depreciation | | 6,723,781 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,546,425</u> | 24,640,765 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: bonds payable | \$ | (24,270,000) | |
| Less: notes payable | | (560,674) | |
| Less: capital leases payable | | (196,093) | |
| Add: debt to be contributed by the School Department | | 196,093 | |
| Less: compensated absences payable | | (157,550) | |
| Less: OPEB liability | | (297,220) | |
| Less: accrued interest on bonds | | (137,760) | |
| Less: accrued interest on notes | | (3,880) | |
| Less: accrued interest on capital leases | | (1,632) | |
| Less: unamortized premium on debt | | <u>(859,327)</u> | (26,288,043) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years: | | | |
| Add: deferred outflows of resources related to pensions | \$ | 700,419 | |
| Less: deferred inflows of resources related to pensions | | (178,500) | |
| Add: deferred outflows of resources related to OPEB | | 19,525 | |
| Less: deferred inflows of resources related to OPEB | | <u>(52,809)</u> | 488,635 |
| (4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds. | | | |
| Add: net pension assets - agent plan | | | 265,768 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>594,335</u> |
| Net position of governmental activities (Exhibit A) | | \$ | <u><u>31,308,330</u></u> |

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

Exhibit C-3

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

| | Major Funds | | | | Nonmajor Funds | |
|---|---------------|------------------------------|--------------------------|------------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | Rural Debt Service | Other Capital Projects | Other Govern- mental Funds | Total Governmental Funds |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 7,095,081 | \$ 0 | \$ 1,417,970 | \$ 1,052,340 | \$ 2,958,085 | \$ 12,523,476 |
| Licenses and Permits | 276,524 | 0 | 0 | 0 | 0 | 276,524 |
| Fines, Forfeitures, and Penalties | 130,373 | 0 | 0 | 0 | 25,816 | 156,189 |
| Charges for Current Services | 76,932 | 68,903 | 0 | 0 | 549,485 | 695,320 |
| Other Local Revenues | 523,038 | 44,102 | 0 | 0 | 200,980 | 768,120 |
| Fees Received From County Officials | 1,146,691 | 0 | 0 | 0 | 0 | 1,146,691 |
| State of Tennessee | 1,647,517 | 4,204,954 | 0 | 32,615 | 173,963 | 6,059,049 |
| Federal Government | 358,512 | 0 | 0 | 0 | 139,219 | 497,731 |
| Other Governments and Citizens Groups | 345,958 | 0 | 773,614 | 4,600 | 50,811 | 1,174,983 |
| Total Revenues | \$ 11,600,626 | \$ 4,317,959 | \$ 2,191,584 | \$ 1,089,555 | \$ 4,098,359 | \$ 23,298,083 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 2,460,181 | \$ 0 | \$ 0 | \$ 7,317 | \$ 1,830 | \$ 2,469,328 |
| Finance | 464,729 | 0 | 0 | 0 | 494,008 | 958,737 |
| Administration of Justice | 1,221,852 | 0 | 0 | 0 | 685 | 1,222,537 |
| Public Safety | 5,049,474 | 0 | 0 | 0 | 91,262 | 5,140,736 |
| Public Health and Welfare | 1,113,335 | 0 | 0 | 0 | 603,965 | 1,717,300 |
| Social, Cultural, and Recreational Services | 222,457 | 0 | 0 | 0 | 0 | 222,457 |
| Agriculture and Natural Resources | 99,722 | 0 | 0 | 0 | 0 | 99,722 |
| Other Operations | 892,803 | 0 | 0 | 33,351 | 44,985 | 971,139 |
| Highways | 0 | 3,746,964 | 0 | 0 | 0 | 3,746,964 |
| Debt Service: | | | | | | |
| Principal on Debt | 0 | 73,919 | 1,950,000 | 0 | 1,225,811 | 3,249,730 |
| Interest on Debt | 0 | 14,665 | 332,057 | 0 | 591,562 | 938,284 |
| Other Debt Service | 0 | 0 | 29,110 | 0 | 650 | 29,760 |

(Continued)

Exhibit C-3

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

| | Major Funds | | | | Nonmajor Funds | |
|--|----------------------|------------------------------|--------------------------|------------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | Rural Debt Service | Other Capital Projects | Other Govern- mental Funds | Total Governmental Funds |
| <u>Expenditures (Cont.)</u> | | | | | | |
| Capital Projects | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 312,316 | \$ 312,316 |
| Capital Projects - Donated | 0 | 0 | 0 | 0 | 246,904 | 246,904 |
| Total Expenditures | <u>\$ 11,524,553</u> | <u>\$ 3,835,548</u> | <u>\$ 2,311,167</u> | <u>\$ 40,668</u> | <u>\$ 3,613,978</u> | <u>\$ 21,325,914</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 76,073 | \$ 482,411 | \$ (119,583) | \$ 1,048,887 | \$ 484,381 | \$ 1,972,169 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Capital Leases Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 246,904 | \$ 246,904 |
| Proceeds from Sale of Capital Assets | 0 | 15,737 | 0 | 0 | 0 | 15,737 |
| Insurance Recovery | 17,740 | 7,533 | 0 | 0 | 563,335 | 588,608 |
| Transfers In | 0 | 10,000 | 0 | 0 | 0 | 10,000 |
| Transfers Out | (10,000) | 0 | 0 | 0 | 0 | (10,000) |
| Total Other Financing Sources (Uses) | <u>\$ 7,740</u> | <u>\$ 33,270</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 810,239</u> | <u>\$ 851,249</u> |
| Net Change in Fund Balances | \$ 83,813 | \$ 515,681 | \$ (119,583) | \$ 1,048,887 | \$ 1,294,620 | \$ 2,823,418 |
| Fund Balance, July 1, 2018 | <u>9,105,315</u> | <u>999,032</u> | <u>6,780,910</u> | <u>5,809,476</u> | <u>6,088,719</u> | <u>28,783,452</u> |
| Fund Balance, June 30, 2019 | <u>\$ 9,189,128</u> | <u>\$ 1,514,713</u> | <u>\$ 6,661,327</u> | <u>\$ 6,858,363</u> | <u>\$ 7,383,339</u> | <u>\$ 31,606,870</u> |

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

Exhibit C-4

Marion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

| | | | |
|---|----|-------------|------------------|
| Net change in fund balances - total governmental funds (Exhibit C-3) | | \$ | 2,823,418 |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | | |
| Add: capital assets purchased in the current period | \$ | 3,136,058 | |
| Less: current-year depreciation expense | | (1,387,738) | 1,748,320 |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | | |
| Less: book value of capital assets disposed | | | (171,372) |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2019 | \$ | 594,335 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2018 | | (630,468) | (36,133) |
| (4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: | | | |
| Add: principal payments on bonds | \$ | 2,365,000 | |
| Add: principal payments on notes | | 873,919 | |
| Add: principal payments on capital leases | | 50,811 | |
| Less: capital lease proceeds | | 246,904 | |
| Add: contributions from Primary Government to the School Department for capital leases | | (246,904) | |
| Add: changes in premium on debt issuance | | 93,270 | |
| Less: contributions from the School Department for capital lease | | (50,811) | 3,332,189 |
| (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | | |
| Change in accrued interest payable | \$ | 18,360 | |
| Change in compensated absences payable | | (74,835) | |
| Change in net pension liability/asset | | 320,199 | |
| Change in deferred outflows related to pensions | | (49,296) | |
| Change in deferred inflows related to pensions | | (28,430) | |
| Change in OPEB liability | | (6,065) | |
| Change in deferred outflows related to OPEB | | 16,190 | |
| Change in deferred inflows related to OPEB | | (38,553) | 157,570 |
| Change in net position of governmental activities (Exhibit B) | | \$ | <u>7,853,992</u> |

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

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------|------------------|---------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 7,095,081 | \$ 7,123,364 | \$ 7,123,364 | \$ (28,283) |
| Licenses and Permits | 276,524 | 252,000 | 252,000 | 24,524 |
| Fines, Forfeitures, and Penalties | 130,373 | 116,800 | 116,800 | 13,573 |
| Charges for Current Services | 76,932 | 72,700 | 72,700 | 4,232 |
| Other Local Revenues | 523,038 | 452,300 | 452,300 | 70,738 |
| Fees Received From County Officials | 1,146,691 | 1,095,000 | 1,095,000 | 51,691 |
| State of Tennessee | 1,647,517 | 1,577,119 | 1,549,953 | 97,564 |
| Federal Government | 358,512 | 125,658 | 397,597 | (39,085) |
| Other Governments and Citizens Groups | 345,958 | 300,500 | 300,500 | 45,458 |
| Total Revenues | \$ 11,600,626 | \$ 11,115,441 | \$ 11,360,214 | \$ 240,412 |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Commission | \$ 122,457 | \$ 173,300 | \$ 173,300 | \$ 50,843 |
| Board of Equalization | 1,130 | 6,200 | 6,200 | 5,070 |
| Beer Board | 2,907 | 2,925 | 2,925 | 18 |
| Budget and Finance Committee | 5,087 | 6,500 | 6,500 | 1,413 |
| County Mayor/Executive | 334,748 | 338,301 | 372,501 | 37,753 |
| Election Commission | 634,791 | 686,486 | 686,486 | 51,695 |
| Register of Deeds | 239,471 | 245,792 | 245,792 | 6,321 |
| Development | 50,000 | 50,000 | 50,000 | 0 |
| Building | 135,039 | 143,725 | 143,725 | 8,686 |
| County Buildings | 811,135 | 1,128,376 | 1,256,376 | 445,241 |
| Other General Administration | 123,416 | 132,835 | 132,835 | 9,419 |
| <u>Finance</u> | | | | |
| Property Assessor's Office | 246,213 | 259,861 | 259,861 | 13,648 |
| Reappraisal Program | 77,204 | 87,862 | 87,862 | 10,658 |
| County Trustee's Office | 61,748 | 76,239 | 76,239 | 14,491 |
| County Clerk's Office | 79,564 | 105,620 | 105,620 | 26,056 |
| <u>Administration of Justice</u> | | | | |
| Circuit Court | 589,425 | 544,590 | 594,352 | 4,927 |
| General Sessions Court | 131,215 | 133,512 | 133,512 | 2,297 |
| Chancery Court | 249,047 | 257,592 | 257,592 | 8,545 |
| Juvenile Court | 252,165 | 261,240 | 261,240 | 9,075 |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | 3,360,449 | 3,455,997 | 3,472,360 | 111,911 |
| Administration of the Sexual Offender Registry | 0 | 950 | 950 | 950 |
| Jail | 1,378,129 | 1,526,215 | 1,526,215 | 148,086 |
| Correctional Incentive Program Improvements | 20,106 | 26,610 | 26,610 | 6,504 |
| Fire Prevention and Control | 226,683 | 220,311 | 226,683 | 0 |
| Civil Defense | 31,777 | 20,000 | 33,948 | 2,171 |
| Rescue Squad | 15,000 | 15,000 | 15,000 | 0 |
| County Coroner/Medical Examiner | 17,330 | 15,050 | 17,350 | 20 |
| <u>Public Health and Welfare</u> | | | | |
| Local Health Center | 870,185 | 738,225 | 881,123 | 10,938 |
| Ambulance/Emergency Medical Services | 157,575 | 154,500 | 157,600 | 25 |
| Alcohol and Drug Programs | 1,200 | 6,400 | 6,400 | 5,200 |
| Other Local Health Services | 34,195 | 56,500 | 56,500 | 22,305 |

(Continued)

Exhibit C-5

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|----------------------|-----------------------|-----------------------|--|
| | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | |
| <u>Public Health and Welfare (Cont.)</u> | | | | |
| Sanitation Education/Information | \$ 50,180 | \$ 59,711 | \$ 59,711 | \$ 9,531 |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Libraries | 165,496 | 165,496 | 165,496 | 0 |
| Parks and Fair Boards | 26,818 | 27,400 | 27,400 | 582 |
| Other Social, Cultural, and Recreational | 30,143 | 67,000 | 67,000 | 36,857 |
| <u>Agriculture and Natural Resources</u> | | | | |
| Agricultural Extension Service | 54,623 | 70,500 | 70,500 | 15,877 |
| Soil Conservation | 45,099 | 45,941 | 45,941 | 842 |
| <u>Other Operations</u> | | | | |
| Industrial Development | 15,378 | 34,100 | 40,400 | 25,022 |
| Other Economic and Community Development | 112,413 | 170,368 | 251,797 | 139,384 |
| Airport | 305,500 | 334,927 | 508,427 | 202,927 |
| Veterans' Services | 20,065 | 21,690 | 21,690 | 1,625 |
| Other Charges | 439,447 | 511,000 | 632,680 | 193,233 |
| Total Expenditures | <u>\$ 11,524,553</u> | <u>\$ 12,384,847</u> | <u>\$ 13,164,699</u> | <u>\$ 1,640,146</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 76,073</u> | <u>\$ (1,269,406)</u> | <u>\$ (1,804,485)</u> | <u>\$ 1,880,558</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 17,740 | \$ 5,000 | \$ 5,000 | \$ 12,740 |
| Transfers Out | (10,000) | (235,000) | (235,000) | 225,000 |
| Total Other Financing Sources | <u>\$ 7,740</u> | <u>\$ (230,000)</u> | <u>\$ (230,000)</u> | <u>\$ 237,740</u> |
| Net Change in Fund Balance | \$ 83,813 | \$ (1,499,406) | \$ (2,034,485) | \$ 2,118,298 |
| Fund Balance, July 1, 2018 | <u>9,105,315</u> | <u>8,757,066</u> | <u>8,757,066</u> | <u>348,249</u> |
| Fund Balance, June 30, 2019 | <u>\$ 9,189,128</u> | <u>\$ 7,257,660</u> | <u>\$ 6,722,581</u> | <u>\$ 2,466,547</u> |

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

Exhibit C-6

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 0 | \$ 2,793 | \$ 0 | \$ 0 |
| Charges for Current Services | 68,903 | 120,000 | 68,631 | 272 |
| Other Local Revenues | 44,102 | 25,300 | 43,463 | 639 |
| State of Tennessee | 4,204,954 | 4,082,532 | 4,828,275 | (623,321) |
| Total Revenues | <u>\$ 4,317,959</u> | <u>\$ 4,230,625</u> | <u>\$ 4,940,369</u> | <u>\$ (622,410)</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | 360,937 | 346,318 | 373,976 | 13,039 |
| Highway and Bridge Maintenance | 1,412,023 | 1,381,341 | 1,618,958 | 206,935 |
| Operation and Maintenance of Equipment | 301,003 | 357,709 | 363,309 | 62,306 |
| Other Charges | 53,209 | 60,407 | 61,113 | 7,904 |
| Employee Benefits | 269,561 | 289,020 | 289,020 | 19,459 |
| Capital Outlay | 1,350,231 | 1,876,031 | 2,000,172 | 649,941 |
| <u>Principal on Debt</u> | | | | |
| Highways and Streets | 73,919 | 73,920 | 73,920 | 1 |
| <u>Interest on Debt</u> | | | | |
| Highways and Streets | 14,665 | 14,665 | 14,665 | 0 |
| Total Expenditures | <u>\$ 3,835,548</u> | <u>\$ 4,399,411</u> | <u>\$ 4,795,133</u> | <u>\$ 959,585</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 482,411</u> | <u>\$ (168,786)</u> | <u>\$ 145,236</u> | <u>\$ 337,175</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Proceeds from Sale of Capital Assets | \$ 15,737 | \$ 30,000 | \$ 15,737 | \$ 0 |
| Insurance Recovery | 7,533 | 0 | 7,533 | 0 |
| Transfers In | 10,000 | 10,000 | 10,000 | 0 |
| Total Other Financing Sources | <u>\$ 33,270</u> | <u>\$ 40,000</u> | <u>\$ 33,270</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ 515,681 | \$ (128,786) | \$ 178,506 | \$ 337,175 |
| Fund Balance, July 1, 2018 | 999,032 | 1,419,334 | 1,419,334 | (420,302) |
| Fund Balance, June 30, 2019 | <u>\$ 1,514,713</u> | <u>\$ 1,290,548</u> | <u>\$ 1,597,840</u> | <u>\$ (83,127)</u> |

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

Exhibit D-1

Marion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2019

| | Major Enterprise Fund Marion County Conservation Commission |
|---|---|
| <u>ASSETS</u> | |
| Cash | \$ 65,928 |
| Assets Not Depreciated: | |
| Construction in Progress | 19,834 |
| Assets Net of Accumulated Depreciation: | |
| Other Capital Assets | <u>181,039</u> |
| Total Assets | <u>\$ 266,801</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | <u>\$ 13,623</u> |
| Total Liabilities | <u>\$ 13,623</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | \$ 200,873 |
| Unrestricted | <u>52,305</u> |
| Total Net Position | <u><u>\$ 253,178</u></u> |

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

Exhibit D-2

Marion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

| | Major Enterprise Fund Marion County Conservation Commission |
|-----------------------------|---|
| <u>Operating Revenues</u> | |
| User Fees/Vending | \$ 142,294 |
| Total Operating Revenues | <u>\$ 142,294</u> |
| <u>Operating Expenses</u> | |
| Salaries and Benefits | \$ 26,038 |
| Utilities | 31,064 |
| Contract Services | 5,390 |
| Telephone | 2,785 |
| Equipment | 8,743 |
| Depreciation | 22,118 |
| Professional Fees | 5,500 |
| Insurance | 1,110 |
| Fuel | 2,637 |
| Supplies | 10,925 |
| Printing | 849 |
| Security | 1,460 |
| Miscellaneous | 922 |
| Total Operating Expenses | <u>\$ 119,541</u> |
| Operating Income | <u>\$ 22,753</u> |
| Change in Net Position | \$ 22,753 |
| Net Position, July 1, 2018 | <u>230,425</u> |
| Net Position, June 30, 2019 | <u><u>\$ 253,178</u></u> |

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

Exhibit D-3

Marion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

| | Major Enterprise Fund |
|---|--|
| | Marion County Conservation Commission |
| <u>Cash Flows from Operating Activities</u> | |
| Receipts from Customers and Users | \$ 142,294 |
| Payments to Suppliers | (72,159) |
| Payments to Employees | (26,038) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ 44,097</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Acquisition of Capital Assets | \$ (82,012) |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | <u>\$ (82,012)</u> |
| Net Increase (Decrease) in Cash | \$ (37,915) |
| Cash, July 1, 2018 | <u>103,843</u> |
| Cash, June 30, 2019 | <u><u>\$ 65,928</u></u> |
| <u>Reconciliation of Net Operating Income (Loss)</u> | |
| <u>to Net Cash Provided By (Used In) Operating Activities</u> | |
| Operating Income | \$ 22,753 |
| Adjustments to Reconcile Net Operating Income (Loss) | |
| to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 22,118 |
| Changes in Assets and Liabilities: | |
| Increase (Decrease) in Accounts Payable | <u>(774)</u> |
| Net Cash Provided By (Used In) Operating Activities | <u><u>\$ 44,097</u></u> |

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

Exhibit E

Marion County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

| | <u>Agency Funds</u> |
|--|----------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 1,068,153 |
| Equity in Pooled Cash and Investments | 154,218 |
| Accounts Receivable | 4,842 |
| Due from Other Governments | 338,500 |
| Due from Other Funds | 8,873 |
| Property Taxes Receivable | 336,560 |
| Allowance for Uncollectible Property Taxes | <u>(13,056)</u> |
| Total Assets | <u><u>\$ 1,898,090</u></u> |
| <u>LIABILITIES</u> | |
| Payroll Deductions Payable | \$ 64 |
| Due to Other Taxing Units | 663,183 |
| Due to Litigants, Heirs, and Others | 1,071,906 |
| Due to Joint Ventures | <u>162,937</u> |
| Total Liabilities | <u><u>\$ 1,898,090</u></u> |

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

MARION COUNTY, TENNESSEE

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MARION COUNTY, TENNESSEE
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MARION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marion County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Marion County:

A. Reporting Entity

Marion County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Marion County (the primary government) and its component units. In addition, the financial statements of the Marion County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Marion County School Department operates the public school system in the county, and the voters of Marion County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Marion County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Marion County, and the Marion County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Marion County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Marion County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Marion County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Marion County Emergency
Communications District
P.O. Box 818
Jasper, TN 37347

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Marion County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Marion County issues all debt for the discretely presented Marion County School Department. Net debt issues totaling \$246,904 were contributed by the county to the School Department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental

funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Marion County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Marion County only reports one proprietary fund, an enterprise fund. It has no internal service funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Marion County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Marion County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

Rural Debt Service Fund – This fund accounts for the resources accumulated and payments made for the principal and interest on rural school long-term general obligation debt of governmental funds.

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

Marion County reports the following major proprietary fund:

Marion County Conservation Commission Fund – This fund accounts for the management of the Marion County Park located on Nickajack Lake.

Additionally, Marion County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, property taxes levied on residents of Richard City, local sales taxes received by the state to be forwarded to the various cities in Marion County, the city school system’s share of educational revenues, and state grants and other restricted revenues held for the benefit of the Twelfth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal

liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Marion County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

Additionally, the Marion County School Department reports the following fund type:

Private Purpose Trust Fund – The Other Trust Fund is used to account for resources legally held in trust to fund two scholarships. One scholarship is for graduates of Whitwell Middle School who become graduates of Whitwell High School and plan to pursue a post-secondary education. The other scholarship is for graduating seniors of Marion County who plan to attend college and major in education. Earnings on invested resources may be used to fund the scholarships, but the principal must be maintained intact.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Marion County School Department (excluding the School Department's Private Purpose Trust Fund). Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. In addition, investments are held separately by the discretely presented School Department's Private Purpose Trust Fund. Marion County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.13 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow or resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Inventories

Inventories of the discretely presented Marion County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Marion County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Marion County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Marion County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

5. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience, pension changes in assumptions, pension changes in proportionate share of contributions, OPEB changes in assumptions and changes in proportionate share of contributions, and employer contributions made to the pension and OPEB plans after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension changes in proportionate share of

contributions, OPEB changes in experience, assumptions, and proportionate share, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since Marion County does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. It is Marion County's policy to pay a separated employee a maximum of 15 days accrued vacation leave.

The general policy of the discretely presented Marion County School Department allows 12-month employees to earn one day annual leave for each 20 days worked. Any accumulated vacation days, in excess of 20 days, at the end of the school year are converted to sick leave. There is no lump sum payment or compensation for unused annual vacation leave. All professional and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of vacation and sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

8. Long-term Debt and Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported

as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

In the government-wide financial statements, and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2019, Marion County had \$19,986,093 in outstanding debt for capital purposes for the discretely presented Marion County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Richard City School System) based on an average daily attendance proration. This debt is a liability of Marion County, but the capital assets acquired are reported in the financial statements of the School Department and the Richard City School System. Therefore, Marion County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would

be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

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

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

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Marion County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Marion County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Marion County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Marion County School Department

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Marion County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Marion County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and certain capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Shortage – Prior Year

A cash shortage of \$7,268 was reported in the Office of County Clerk in the prior year. This shortage was the result of the county clerk receiving salary payments in excess of the amount authorized by state statute for the year. During the current year, the county clerk was paid \$7,268 less than the approved minimum salary to reimburse the county for the overpayment; therefore, as of June 30, 2019, the shortage had been liquidated.

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

At June 30, 2019, the government's brokerage firm was holding investments of \$596,938 for the discretely presented Marion County School Department's Private Purpose Trust Fund, which were exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Marion County and the Marion County School Department (excluding the Private Purpose Trust Fund) participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing,

and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash and investments reflected in the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the

securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2019, the discretely presented Marion County School Department had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. All the investments are nonpooled investments held by the School Department's Private Purpose Trust Fund.

| Investment | Weighted Average Maturity (days) | Maturities | Fair Value |
|--|---|------------|-------------------|
| Private Purpose Trust Fund: | | | |
| Nonpooled Investments: | | | |
| SunTrust Bank - U.S. Certificates of Deposit | N/A | 4-29-21 | \$ 163,195 |
| Corporate Bonds - Morgan Stanley | N/A | 7-24-20 | 103,224 |
| Corporate Bonds - National Rural Utilities | N/A | 6-15-22 | 49,656 |
| Corporate Bonds - Caterpillar Financial | N/A | 12-15-22 | 49,546 |
| Corporate Bonds - General Electric | N/A | 1-9-23 | 40,354 |
| Corporate Bonds - Wells Fargo | N/A | 2-13-23 | 41,109 |
| Corporate Bonds - Ford Motor Credit | N/A | 5-20-24 | 74,823 |
| Corporate Bonds - Goldman Sachs Group | N/A | 11-30-24 | <u>75,031</u> |
| Total | | | <u>\$ 596,938</u> |

| Investment by fair value level | Fair Value 6-30-19 | Fair Value Measurements Using | | |
|--|-----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| SunTrust Bank - | | | | |
| U.S. Certificates of Deposit | \$ 163,195 | \$ 163,195 | \$ 0 | \$ 0 |
| Corporate Bonds - Morgan Stanley | 103,224 | 103,224 | 0 | 0 |
| Corporate Bonds - National Rural Utilities | 49,656 | 49,656 | 0 | 0 |
| Corporate Bonds - Caterpillar Financial | 49,546 | 49,546 | 0 | 0 |
| Corporate Bonds - General Electric | 40,354 | 40,354 | 0 | 0 |
| Corporate Bonds - Wells Fargo | 41,109 | 41,109 | 0 | 0 |
| Corporate Bonds - Ford Motor Credit | 74,823 | 74,823 | 0 | 0 |
| Corporate Bonds - Goldman Sachs Group | <u>75,031</u> | <u>75,031</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$ 596,938</u> | <u>\$ 596,938</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Marion County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Marion County has no investment policy that would further limit its investment choices. The following is the rating given each nonpooled investment by Moody's Investor's Service and Standard & Poor's Ratings:

| Investment | Moody's Investor's Service | Standard & Poor's Rating |
|--|----------------------------------|--------------------------------|
| SunTrust Bank - U.S. Certificates of Deposit | A1 | A- |
| Corporate Bonds - Morgan Stanley | A3 | BBB+ |
| Corporate Bonds - National Rural Utilities | A2 | A |
| Corporate Bonds - Caterpillar Financial | A3 | A |
| Corporate Bonds - General Electric | Baa1 | BBB+ |
| Corporate Bonds - Wells Fargo | A3 | BBB+ |
| Corporate Bonds - Ford Motor Credit | Baa3 | BBB |
| Corporate Bonds - Goldman Sachs Groups | A3 | BBB+ |

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Marion County places no limit on the amount the county may invest in one issuer.

The nonpooled investments (\$596,938) represent the entire investments of the School Department's Private Purpose Trust Fund. These investments are as follows: SunTrust Bank – U.S. Certificates of Deposit (27 percent), Corporate Bonds – Morgan Stanley (17 percent), Corporate Bonds – National Rural Utilities (eight percent), Corporate Bonds – Caterpillar Financial (eight percent), Corporate Bonds – General Electric (seven percent), Corporate Bonds – Wells Fargo (seven percent), Corporate Bonds – Ford Motor Credit (13 percent) and Corporate Bonds – Goldman Sachs Group (13 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Department has a custodial credit risk exposure of \$596,938 for all of the investments in corporate bonds because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. The School Department does not have a formal policy that limits custodial credit risk for investments.

TCRS Stabilization Trust

Legal Provisions. The Marion County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Marion County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the

highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Marion County School Department had the following investments held by the trust on its behalf.

| Investment | Weighted Average Maturity (days) | Maturities | Fair Value |
|--|---|------------|-------------------------|
| Investments at Fair Value: | | | |
| U.S. Equity | N/A | N/A | \$ 15,123 |
| Developed Market International Equity | N/A | N/A | 6,830 |
| Emerging Market International Equity | N/A | N/A | 1,951 |
| U.S. Fixed Income | N/A | N/A | 9,756 |
| Real Estate | N/A | N/A | 4,878 |
| Short-term Securities | N/A | N/A | 488 |
| Investments at Amortized Cost using the NAV: | | | |
| Private Equity and Strategic Lending | N/A | N/A | <u>9,756</u> |
| Total | | | <u><u>\$ 48,782</u></u> |

| Investment by Fair Value Level | Fair Value 6-30-19 | Fair Value Measurements Using | | | Amortized Cost |
|--------------------------------------|--------------------|--|---|---|----------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | NAV |
| U.S. Equity Developed Market | \$ 15,123 | \$ 15,123 | 0 | 0 | 0 |
| International Equity Emerging Market | 6,830 | 6,830 | 0 | 0 | 0 |
| International Equity | 1,951 | 1,951 | 0 | 0 | 0 |
| U.S. Fixed Income | 9,756 | 0 | 9,756 | 0 | 0 |
| Real Estate | 4,878 | 0 | 0 | 4,878 | 0 |
| Short-term Securities | 488 | 0 | 488 | 0 | 0 |
| Private Equity and Strategic Lending | 9,756 | 0 | 0 | 0 | 9,756 |
| Total | \$ 48,782 | \$ 23,904 | \$ 10,244 | \$ 4,878 | \$ 9,756 |

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Marion County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Marion County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Marion County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will

not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Marion County School Department to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>

B. Capital Assets

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

Primary Government

Governmental Activities:

| | Balance 7-1-18 | Increases | Decreases | Balance 6-30-19 |
|---|-------------------|--------------|----------------|--------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 2,739,127 | \$ 0 | \$ 0 | \$ 2,739,127 |
| Construction in Progress | 3,910,478 | 535,706 | (3,910,479) | 535,705 |
| Total Capital Assets Not Depreciated | \$ 6,649,605 | \$ 535,706 | \$ (3,910,479) | \$ 3,274,832 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 15,128,348 | \$ 4,153,031 | \$ (106,298) | \$ 19,175,081 |
| Infrastructure | 27,626,048 | 1,869,245 | (48,086) | 29,447,207 |
| Other Capital Assets | 4,245,404 | 488,555 | (356,417) | 4,377,542 |
| Total Capital Assets Depreciated | \$ 46,999,800 | \$ 6,510,831 | \$ (510,801) | \$ 52,999,830 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 5,628,844 | \$ 453,716 | \$ (3,206) | \$ 6,079,354 |
| Infrastructure | 22,147,448 | 624,064 | (48,086) | 22,723,426 |
| Other Capital Assets | 2,809,296 | 309,958 | (288,137) | 2,831,117 |
| Total Accumulated Depreciation | \$ 30,585,588 | \$ 1,387,738 | \$ (339,429) | \$ 31,633,897 |
| Total Capital Assets Depreciated, Net | \$ 16,414,212 | \$ 5,123,093 | \$ (171,372) | \$ 21,365,933 |
| Governmental Activities Capital Assets, Net | \$ 23,063,817 | \$ 5,658,799 | \$ (4,081,851) | \$ 24,640,765 |

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

Governmental Activities:

| | |
|---------------------------|----------------|
| General Government | \$ 389,481 |
| Public Safety | 329,754 |
| Public Health and Welfare | 17,701 |
| Highways/Public Works | <u>650,802</u> |

| | |
|---|----------------------------|
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,387,738</u></u> |
|---|----------------------------|

Discretely Presented Marion County School Department

Governmental Activities:

| | Balance 7-1-18 | Increases | Balance 6-30-19 |
|--|-----------------------------|----------------------------|-----------------------------|
| Capital Assets Not Depreciated: | | | |
| Land | \$ 1,118,836 | \$ 0 | \$ 1,118,836 |
| Total Capital Assets Not Depreciated | <u>\$ 1,118,836</u> | <u>\$ 0</u> | <u>\$ 1,118,836</u> |
| Capital Assets Depreciated: | | | |
| Buildings and Improvements | \$ 60,482,568 | \$ 444,902 | \$ 60,927,470 |
| Other Capital Assets | <u>737,502</u> | <u>116,630</u> | <u>854,132</u> |
| Total Capital Assets Depreciated | <u>\$ 61,220,070</u> | <u>\$ 561,532</u> | <u>\$ 61,781,602</u> |
| Less Accumulated Depreciation For: | | | |
| Buildings and Improvements | \$ 26,219,869 | \$ 1,478,694 | \$ 27,698,563 |
| Other Capital Assets | <u>385,563</u> | <u>52,433</u> | <u>437,996</u> |
| Total Accumulated Depreciation | <u>\$ 26,605,432</u> | <u>\$ 1,531,127</u> | <u>\$ 28,136,559</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 34,614,638</u> | <u>\$ (969,595)</u> | <u>\$ 33,645,043</u> |
| Governmental Activities Capital Assets, Net | <u><u>\$ 35,733,474</u></u> | <u><u>\$ (969,595)</u></u> | <u><u>\$ 34,763,879</u></u> |

There were no decreases in capital assets to report during the year ended June 30, 2019.

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

Governmental Activities:

| | |
|---|----------------------------|
| Instruction | \$ 1,464,070 |
| Support Services | 27,287 |
| Operation of Non-instructional Services | <u>39,770</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,531,127</u></u> |

C. Insurance Recovery

In the prior year, the old Chattanooga State building was destroyed by fire. During the current year, the county received insurance proceeds of \$563,335; however, a large portion of the construction costs to rebuild the site were paid in the prior year. Insurance recovery of \$253,222 reflected in the financial statements of this report represents the total proceeds received net of construction costs for rebuilding in the current period.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

| Receivable Fund | Payable Fund | Amount |
|--|-----------------------|--------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 390 |
| Nonmajor governmental | General | 63,180 |
| Nonmajor fiduciary | General | 8,873 |
| Discretely Presented School Department: | | |
| General Purpose School | Nonmajor governmental | 2,675 |

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

Due to/from Primary Government and Component Unit:

| Receivable Fund | Payable Fund | Amount |
|-------------------------|------------------------|----------|
| Primary Government: | Component Unit: | |
| Highway/Public Works | School Department: | |
| | General Purpose School | \$ 1,927 |
| Governmental Activities | School Department | 196,093 |

A portion of the amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position (\$196,093) represents debt issued by the primary government for the schools. The principal is being contributed by the school department to the primary government to retire this debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

| Transfers Out | Transfers In | |
|---------------|-------------------------------------|---------------------|
| | Highway/ Public Works Fund | Purpose |
| General Fund | \$ 10,000 | Bridge Construction |

Discretely Presented Marion County School Department

| Transfers Out | Transfers In | |
|----------------------------|--------------------------------------|---------------|
| | General Purpose School Fund | Purpose |
| Nonmajor governmental fund | \$ 73,497 | Indirect Cost |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

On December 5, 2018, Marion County entered into a five-year lease-purchase agreement to acquire computers for the School Department. The terms of the agreement require total lease payments of \$78,764 plus interest of 4.54 percent. Title to the computers transfers to the School Department at the end of the lease period. The lease payments are made from Education Debt Service Fund through contributions from the School Department's General Purpose School Fund. These items do not meet the county's capitalization threshold.

On May 3, 2019, Marion County entered into a five-year lease-purchase agreement to acquire Promethean boards for the School Department. The terms of the agreement require total lease payments of \$168,140. Title to the computers transfers to the School Department at the end of the lease period. The lease payments are made from Education Debt Service Fund through contributions from the School Department's General Purpose School and School Federal Projects Funds. These items do not meet the county's capitalization threshold.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

| Year Ending June 30 | Governmental Funds |
|--|-----------------------|
| 2020 | \$ 50,811 |
| 2021 | 50,811 |
| 2022 | 50,811 |
| 2023 | 50,811 |
| Total Minimum Lease Payments | \$ 203,244 |
| Less: Amount Representing Interest | (7,151) |
| Present Value of Minimum Lease Payments | <u>\$ 196,093</u> |

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

General Obligation Bonds – Marion County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General

obligation bonds were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service, Rural Debt Service, and Education Debt Service Funds.

Direct Borrowing and Direct Placements - Marion County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes outstanding were issued for original terms of up to 11 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General, Highway/Public Works, and Rural Debt Service funds.

On December 21, 2012, Marion County issued a \$377,000 capital outlay note for a public works project. This capital outlay note will finance a portion of the cost of a sewer line extension and sewer pump station construction on the City of Jasper's existing sewer system to serve a commercial development and other properties within a newly-annexed portion of the city. Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note. The City of Jasper will remit to the county on or before March 15, of each of the next four years, an amount between \$40,776 and \$43,104, depending on the debt service (principal and interest payments) for that particular year.

General obligation bonds and capital outlay notes outstanding as of June 30, 2019, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-19 |
|---|------------------|-------------------|--------------------------------|--------------------|
| General Obligation Bonds | 2.5 to 4 % | 4-1-30 | \$ 3,675,000 | \$ 2,000,000 |
| General Obligation Bonds - Refunding | 2 to 5 | 6-1-31 | 33,680,000 | 22,270,000 |

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2019, including interest payments, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,435,000 | \$ 840,562 | \$ 3,275,562 |
| 2021 | 2,525,000 | 752,662 | 3,277,662 |
| 2022 | 2,650,000 | 661,462 | 3,311,462 |
| 2023 | 2,755,000 | 559,388 | 3,314,388 |
| 2024 | 2,875,000 | 439,113 | 3,314,113 |
| 2025-2029 | 8,160,000 | 1,265,672 | 9,425,672 |
| 2030-2031 | 2,870,000 | 148,600 | 3,018,600 |
| Total | <u>\$ 24,270,000</u> | <u>\$ 4,667,459</u> | <u>\$ 28,937,459</u> |

| Year Ending June 30 | Notes - Direct Placement | | |
|------------------------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2020 | \$ 116,170 | \$ 15,519 | \$ 131,689 |
| 2021 | 118,557 | 12,355 | 130,912 |
| 2022 | 120,984 | 9,152 | 130,136 |
| 2023 | 123,487 | 5,873 | 129,360 |
| 2024 | 81,476 | 2,524 | 84,000 |
| Total | <u>\$ 560,674</u> | <u>\$ 45,423</u> | <u>\$ 606,097</u> |

There is \$12,313,737 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$860, based on the 2010 federal census. Total debt per capita, including bonds, notes, capital leases, and unamortized debt premiums totaled \$917, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

| Description of Debt | Outstanding 6-30-19 |
|--|------------------------|
| <u>Capital Leases - Direct Placement</u> | |
| <u>Contributions from the General Purpose School Fund</u> | |
| Computers | \$ 61,581 |
| Promethean Boards | 18,880 |
| <u>Contributions from the School Federal Projects Fund</u> | |
| Promethean Boards | <u>115,632</u> |
| Total | <u>\$ 196,093</u> |

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

| Governmental Activities: | Bonds | Notes - Direct Placement | Capital Leases - Direct Placement |
|-----------------------------|----------------------|--------------------------------|--|
| Balance, July 1, 2018 | \$ 26,635,000 | \$ 1,434,593 | \$ 0 |
| Additions | 0 | 0 | 246,904 |
| Reductions | (2,365,000) | (873,919) | (50,811) |
| Balance, June 30, 2019 | <u>\$ 24,270,000</u> | <u>\$ 560,674</u> | <u>\$ 196,093</u> |
| Balance Due Within One Year | <u>\$ 2,435,000</u> | <u>\$ 116,170</u> | <u>\$ 48,013</u> |

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

| | |
|--|----------------------|
| Total Noncurrent Liabilities - Debt, June 30, 2019 | \$ 25,026,767 |
| Less: Balance Due Within One Year - Debt | (2,599,183) |
| Add: Unamortized Premium on Debt | <u>859,327</u> |
| Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A | <u>\$ 23,286,911</u> |

G. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

| | Net Pension Liability - | | Other Post- employment Benefits | |
|-----------------------------|----------------------------|-------------------------|--|----------|
| | Agent Plan # | Compensated Absences | | |
| Balance, July 1, 2018 | \$ 54,431 | \$ 82,715 | \$ | 291,155 |
| Additions | 199,456 | 233,670 | | 54,771 |
| Reductions | (519,655) | (158,835) | | (48,706) |
| Balance, June 30, 2019 | \$ (265,768) | \$ 157,550 | \$ | 297,220 |
| Balance Due Within One Year | \$ 0 | \$ 148,527 | \$ | 0 |

Agent Plan had a net pension asset at June 30, 2019

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|-------------------|
| Total Noncurrent Liabilities, June 30, 2019 | \$ 454,770 |
| Less: Balance Due Within One Year - Other | <u>(148,527)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u>\$ 306,243</u> |

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Marion County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Marion County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

| | Other Post- employment Benefits | Net Pension Liability - Agent Plan # |
|-----------------------------|--|---|
| Balance, July 1, 2018 | \$ 2,956,239 | \$ 38,916 |
| Additions | 422,223 | 138,349 |
| Reductions | (955,964) | (362,181) |
| Balance, June 30, 2019 | <u>\$ 2,422,498</u> | <u>\$ (184,916)</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 0</u> |

Agent Plan had a net pension asset at June 30, 2019

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|--------------|
| Total Noncurrent Liabilities, June 30, 2019 | \$ 2,422,498 |
| Less: Balance Due Within One Year - Other | <u>0</u> |

| | |
|---|----------------------------|
| Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u><u>\$ 2,422,498</u></u> |
|---|----------------------------|

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

H. On-Behalf Payments

Discretely Presented Marion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2019, were \$110,904 and \$48,601, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Marion County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Marion County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Marion County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Marion County School Department

The discretely presented Marion County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Effective July 1, 2016, the School Department began carrying commercial insurance for all other risks of loss, including general liability, property,

casualty, workers' compensation, and environmental. Settled claims did not exceed commercial insurance coverage during the fiscal year.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Marion County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

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

D. Landfill Closure/Postclosure Care Costs

Marion County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as

required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. Marion County has contracted with Solid Waste Disposal, Inc., a private company, to operate the county's landfill. This contract was amended on November 26, 2012, and requires Solid Waste Disposal, Inc., to be responsible for all closure and postclosure care costs of the county's landfill during the term of the contract. The terms of the 2012 amendment to the contract run for three consecutive ten-year periods. Prior to expiration of the initial ten-year term, the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the second ten-year term. Prior to expiration of the second ten-year term, the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the third ten-year term. The \$580,252 estimated closure and postclosure costs of the landfill at June 30, 2019, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. This amount is based on estimates of what it would cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Rhea, Bledsoe, Franklin, Grundy, Marion, and Sequatchie counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Marion County made no contributions to the DTF for the year ended June 30, 2019 and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of the District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

F. Jointly Governed Organization

The Marion County Railroad Authority is jointly operated by the county and the cities of Jasper, Kimball, and South Pittsburg. The Marion County Railroad Authority's board comprises the Marion County Mayor, Marion County Highway Supervisor, and the mayors of the three cities; however, the county and cities do not have any ongoing financial interest in or responsibility for the entity.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Plan Description. Employees of Marion County and non-certified employees of the discretely presented Marion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 58.97 percent, the non-certified employees of the discretely presented School Department comprise 41.03 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided

regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive Employees or Beneficiaries Currently | |
| Receiving Benefits | 173 |
| Inactive Employees Entitled to But Not Yet Receiving | |
| Benefits | 241 |
| Active Employees | 310 |
| Total | <u><u>724</u></u> |

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Marion County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Marion County was \$679,417 based on a rate of 6.86 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Marion County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Marion County's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

| Asset Class | Percentage Long-term Expected Real Rate of Return | Percentage Target Allocations |
|---|---|-------------------------------------|
| U.S. Equity Developed Market | 5.69 % | 31 % |
| International Equity Emerging Market | 5.29 | 14 |
| International Equity Private Equity and Strategic Lending | 6.36 | 4 |
| U.S. Fixed Income | 5.79 | 20 |
| Real Estate | 2.01 | 20 |
| Short-term Securities | 4.32 | 10 |
| | 0.00 | 1 |
| Total | | 100 % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Marion County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|---|--------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a)-(b) |
| Balance, July 1, 2017 | \$ 31,025,057 | \$ 30,931,711 | \$ 93,346 |
| Changes for the Year: | | | |
| Service Cost | \$ 905,238 | \$ 0 | \$ 905,238 |
| Interest | 2,258,565 | 0 | 2,258,565 |
| Differences Between Expected and Actual Experience | 29,000 | 0 | 29,000 |
| Changes in Assumptions | 0 | 0 | 0 |
| Contributions-Employer | 0 | 701,746 | (701,746) |
| Contributions-Employees | 0 | 511,863 | (511,863) |
| Net Investment Income | 0 | 2,552,131 | (2,552,131) |
| Benefit Payments, Including Refunds of Employee Contributions | (1,555,358) | (1,555,358) | 0 |
| Administrative Expense | 0 | (28,907) | 28,907 |
| Other Changes | 0 | 0 | 0 |
| Net Changes | \$ 1,637,445 | \$ 2,181,475 | \$ (544,030) |
| Balance, June 30, 2018 | \$ 32,662,502 | \$ 33,113,186 | \$ (450,684) |

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

| | | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--------------------|--------|-------------------------------|--------------------------------------|--|
| Primary Government | 58.97% | \$ 19,261,077 | \$ 19,526,846 | \$ (265,768) |
| School Department | 41.03% | 13,401,425 | 13,586,340 | (184,916) |
| Total | | \$ 32,662,502 | \$ 33,113,186 | \$ (450,684) |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Marion County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------|----------------|-----------------------------|----------------|
| Marion County | 6.25% | 7.25% | 8.25% |

Net Pension Liability \$ 3,705,984 \$ (450,684) \$ (3,913,337)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Marion County recognized pension expense of \$337,189.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Marion County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 23,200 | \$ 164,178 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 138,518 |
| Changes in Assumptions | 472,032 | 0 |
| Contributions Subsequent to the Measurement Date of June 30, 2018 (1) | 679,417 | N/A |
| Total | <u>\$ 1,174,649</u> | <u>\$ 302,696</u> |

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------|--------------------------------------|-------------------------------------|
| Primary Government | \$ 700,419 | \$ 178,499 |
| School Department | 474,230 | 124,197 |
| Total | <u>\$ 1,174,649</u> | <u>\$ 302,696</u> |

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|------------|
| 2020 | \$ 299,121 |
| 2021 | 85,285 |
| 2022 | (133,061) |
| 2023 | (58,804) |
| 2024 | 0 |
| Thereafter | 0 |

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

Discretely Presented Marion County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Marion County and non-certified employees of the discretely presented Marion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 58.97 percent and the non-certified employees of the discretely presented School Department comprise 41.03 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marion County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee

contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$44,508, which is 1.94 percent of covered payroll. In addition, employer contributions of \$46,344, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$92,040) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .202942 percent. The proportion as of June 30, 2017, was .219605 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized pension expense of \$31,857.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 5,213 | \$ 3,666 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 5,199 |
| Changes in Assumptions | 4,342 | 0 |
| Changes in Proportion of Net Pension Liability (Asset) | 5,463 | 547 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 | 44,508 | N/A |
| Total | \$ 59,526 | \$ 9,412 |

The School Department's employer contributions of \$44,508 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|----------|
| 2020 | \$ (248) |
| 2021 | (413) |
| 2022 | (1,154) |
| 2023 | 205 |
| 2024 | 897 |
| Thereafter | 6,318 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

| Asset Class | Percentage Long-term Expected Real Rate of Return | | Percentage Target Allocations | |
|---|---|---|-------------------------------------|---|
| U.S. Equity Developed Market | 5.69 | % | 31 | % |
| International Equity Emerging Market | 5.29 | | 14 | |
| International Equity Private Equity and Strategic Lending | 6.36 | | 4 | |
| U.S. Fixed Income | 5.79 | | 20 | |
| Real Estate | 2.01 | | 20 | |
| Short-term Securities | 4.32 | | 10 | |
| | 0.00 | | 1 | |
| Total | | | 100 | % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| | | | |
|------------------------|----------|----------|----------|
| School Department's | | Current | |
| Proportionate Share of | 1% | Discount | 1% |
| the Net Pension | Decrease | Rate | Increase |
| Liability (Asset) | 6.25% | 7.25% | 8.25% |

| | | | | | | |
|-----------------------|----|--------|----|----------|----|-----------|
| Net Pension Liability | \$ | 14,229 | \$ | (92,040) | \$ | (170,335) |
|-----------------------|----|--------|----|----------|----|-----------|

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marion County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are

reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Marion County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,436,393, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$1,419,523) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .403398

percent. The proportion measured at June 30, 2017, was .397957 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized negative pension expense of (\$404,179).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 286,934 | \$ 1,915,049 |
| Changes in Assumptions | 838,377 | 0 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 308,947 |
| Changes in Proportion of Net Pension Liability (Asset) | 60,329 | 18,763 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 | 1,436,393 | N/A |
| Total | \$ 2,622,033 | \$ 2,242,759 |

The School Department's employer contributions of \$1,436,393 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|------------|
| 2020 | \$ 294,793 |
| 2021 | (451,161) |
| 2022 | (773,225) |
| 2023 | (127,527) |
| 2024 | 0 |
| Thereafter | 0 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

| Asset Class | Percentage Long-term Expected Real Rate of Return | Percentage Target Allocations |
|-----------------------|---|-------------------------------------|
| U.S. Equity | 5.69 % | 31 % |
| Developed Market | | |
| International Equity | 5.29 | 14 |
| Emerging Market | | |
| International Equity | 6.36 | 4 |
| Private Equity and | | |
| Strategic Lending | 5.79 | 20 |
| U.S. Fixed Income | 2.01 | 20 |
| Real Estate | 4.32 | 10 |
| Short-term Securities | 0.00 | 1 |
| Total | | 100 % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|-------------------------|--------------------------------------|-------------------------|
|---|-------------------------|--------------------------------------|-------------------------|

Net Pension Liability \$ 10,942,580 \$ (1,419,523) \$ (11,647,441)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$115,072 and teachers contributed \$73,878 to this deferred compensation pension plan.

H. **Other Postemployment Benefits (OPEB)**

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

OPEB Provided through State Administered Public Entity Risk Pools

Primary Government

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

The county's total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.25% |
| Salary Increases | Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation |
| Discount Rate | 3.62% |
| Healthcare Cost Trend Rates | LGP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .28% added to approximate the effect of the excise tax |
| Retirees Share of Benefit | |
| Related Cost | Discussed under each plan |

The discount rate was 3.62 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a 3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are

taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Closed Local Government OPEB Plan (Primary Government)

Plan description. Employees of Marion County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits provided. Marion County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Marion County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | Marion County | Hwy Dept | Total |
|--|------------------|-------------|-------|
| Retirees and Beneficiaries | 0 | 0 | 0 |
| Inactive, Nonretired Members | 0 | 0 | 0 |
| Active Members Eligible for Future Benefits | 131 | 22 | 153 |
| Active Members Not Eligible for Future Benefits | 30 | 2 | 32 |
| Total | 161 | 24 | 185 |

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$2,933 (Marion County - \$1,406, Highway Dept - \$1,527) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

| | Marion County | Hwy Dept. | Total OPEB Liability |
|--|------------------|--------------|-------------------------|
| Balance July 1, 2017 | \$ 226,216 | \$ 64,939 | \$ 291,155 |
| Changes for the Year: | | | |
| Service Cost | \$ 19,438 | \$ 5,411 | \$ 24,849 |
| Interest | 8,711 | 2,479 | 11,190 |
| Changes in Benefit Terms | 0 | 0 | |
| Difference between Expected and Actuarial Experience | (37,646) | (7,725) | (45,371) |
| Changes in Assumption and Other Inputs | 13,278 | 5,454 | 18,732 |
| Benefit Payments | (1,923) | (1,412) | (3,335) |
| Net Changes | \$ 1,858 | \$ 4,207 | \$ 6,065 |
| Balance June 30, 2018 | \$ 228,074 | \$ 69,146 | \$ 297,220 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$31,361 (Marion County - \$24,275, Highway Dept - \$7,086). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience (County \$33,641, Hwy \$6,695) | \$ 0 | \$ 40,336 |
| Changes of Assumptions/Inputs (DO - County \$11,865, Hwy \$4,727 and DI - County \$9,867, Hwy \$2,606) | 16,592 | 12,473 |
| Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$1,406, Hwy \$1,527) | <u>2,933</u> | <u>0</u> |
| Total | <u>\$ 19,525</u> | <u>\$ 52,809</u> |

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

| Year Ending June 30 | County | Hwy | Total Amount |
|------------------------|------------|----------|-----------------|
| 2020 | \$ (3,874) | \$ (804) | \$ (4,678) |
| 2021 | (3,874) | (804) | (4,678) |
| 2022 | (3,874) | (804) | (4,678) |
| 2023 | (3,874) | (804) | (4,678) |
| 2024 | (3,874) | (804) | (4,678) |
| Thereafter | (12,273) | (554) | (12,827) |

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

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

| | 1% Decrease 2.62% | Current Discount Rate 3.62% | 1% Increase 4.62% |
|----------------------|-------------------------|--------------------------------------|-------------------------|
| County | \$ 248,625 | \$ 228,074 | \$ 209,127 |
| Hwy | 75,612 | 69,146 | 63,207 |
| Total OPEB Liability | <u>\$ 324,237</u> | <u>\$ 297,220</u> | <u>\$ 272,334</u> |

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

| | 1% Decrease 5.75 to 2.81% | Current Trend Rate 6.75 to 3.81% | 1% Increase 7.75 to 4.81% |
|----------------------|---------------------------------|---|---------------------------------|
| County | \$ 198,316 | \$ 228,074 | \$ 263,791 |
| Hwy | 60,218 | 69,146 | 79,837 |
| Total OPEB Liability | <u>\$ 258,534</u> | <u>\$ 297,220</u> | <u>\$ 343,628</u> |

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

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

Benefits Provided. The Marion County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard

PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Marion County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | <u>School Department</u> |
|--|------------------------------|
| Retirees and Beneficiaries | 24 |
| Inactive, Nonretired Members | 0 |
| Active Members Eligible for Future Benefits | 393 |
| Active Members Not Eligible for Future Benefits | 37 |
| Total | <u><u>454</u></u> |

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$162,126 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | Share of Collective Liability | | |
|------------------------|-------------------------------|--------------|--------------|
| | Marion County | State of | Total OPEB |
| | School Department 66.47% | TN 33.53% | |
| | | | Liability |
| Balance July 1, 2017 | \$ 2,956,239 | \$ 1,572,792 | \$ 4,529,031 |
| Changes for the Year: | | | |
| Service Cost | \$ 161,781 | \$ 81,614 | \$ 243,395 |
| Interest | 109,157 | 55,067 | 164,224 |
| Changes in Proportion | 54,131 | (54,131) | 0 |
| Difference between | | | |
| Expected and Actuarial | | | |
| Experience | (744,081) | (375,372) | (1,119,453) |
| Changes in Assumption | | | |
| and Other Inputs | 97,154 | 49,012 | 146,166 |
| Benefit Payments | (211,882) | (106,890) | (318,772) |
| Net Changes | \$ (533,741) | \$ (350,699) | \$ (884,440) |
| Balance June 30, 2018 | \$ 2,422,498 | \$ 1,222,093 | \$ 3,644,591 |

The Marion County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Marion County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$92,524 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Marion County School Department's proportionate share of the collective OPEB liability was 66.47% and the State of Tennessee's share was 33.53%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department recognized OPEB expense of \$291,234, including the state's share of the expense. At June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 671,132 |
| Changes of Assumptions/Inputs | 87,629 | 110,087 |
| Changes in Proportions | 47,215 | 0 |
| Benefits Paid After the Measurement Date | 162,126 | 0 |
| Total | <u>\$ 296,970</u> | <u>\$ 781,219</u> |

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

| Year Ending June 30 | School Department |
|------------------------|----------------------|
| 2020 | \$ (72,227) |
| 2021 | (72,227) |
| 2022 | (72,227) |
| 2023 | (72,227) |
| 2024 | (72,227) |
| Thereafter | (285,240) |

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

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

| <u>Discount Rate</u> | Current Discount Rate |
|----------------------|-----------------------------|
| 1% Decrease 2.62% | 1% Increase 3.62% |

| | | | |
|--|--------------|--------------|--------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 2,595,863 | \$ 2,422,498 | \$ 2,256,252 |
|--|--------------|--------------|--------------|

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

| <u>Healthcare Cost Trend Rate</u> | | | |
|--|---------------|---------------|---------------|
| | 1% | Curent | 1% |
| | Decrease | Rate | Increase |
| | 5.75 to 2.85% | 6.75 to 3.85% | 7.75 to 4.85% |
| Proportionate Share of the Collective Total OPEB Liability | \$ 2,147,328 | \$ 2,422,498 | \$ 2,747,134 |

I. Termination Benefits

The discretely presented Marion County School Department offers a retirement incentive to support staff with at least 20 years with the School Department, and to teachers who retire from the School Department. Employees must notify the School Department of their plans to retire by April 15 in the year they choose to retire. In accordance with contract provisions, eligible retirees receive a \$500 retirement incentive. During the year ended June 30, 2019, six School Department employees accepted the retirement incentive; therefore, the total cost of the cash payments reported in the government-wide Statement of Net Position by function was \$3,000.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 24, Private Acts of 1933, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*. Provisions of the Private Act provide for the highway supervisor and county mayor to jointly approve all machinery purchases. Provisions of the County Uniform Road Law require that competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

K. Subsequent Events

Clerk and Master Levoy Gudger retired September 20, 2019, and was succeeded by Paige Mashburn effective September 23, 2019.

On September 23, 2019, the county commission accepted \$1.5 million plus court fees and mediation fees to settle a lawsuit the county had filed against the bonding company of the developers of the failed Sequatchie Pointe subdivision.

VI. OTHER NOTES – MARION COUNTY CONSERVATION COMMISSION (ENTERPRISE FUND)

The financial statements of Marion County Conservation Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

The following is a summary of the more significant accounting policies:

A. Summary of Significant Accounting Policies

Reporting Entity

Marion County Conservation Commission was organized in 1989 for the purpose of managing the Marion County Park located on Nickajack Lake.

The primary source of revenue of the Marion County Conservation Commission is service fees charged for the use of the park, primarily camping fees.

The Marion County Board of Commissioners serves as the Board of Directors for the conservation commission as well as appoints two individuals outside of the county commission to serve on the board. As the governing board is not elected, but instead is entirely appointed by the county, the commission cannot be a primary government. Instead, it qualifies as a proprietary fund of Marion County, Tennessee (the primary government). The county commission may

appropriate funds for the operation and maintenance of the conservation commission and must approve long-term debt issued by the commission.

The financial statements present only the Marion County Conservation Commission of Marion County, Tennessee, as of June 30, 2019. These financial statements are in no way intended to represent the government wide financial position of Marion County, Tennessee, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basic Financial Statements

All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and /or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus – Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The commission's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with the operations are included on the Statement of Net Position. Net position (i.e., assets + deferred outflows - liabilities - deferred inflows) are segregated into net investment in capital assets, restricted components and unrestricted components.

The financial records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The allowance method is used to estimate the uncollectible accounts. Unbilled service receivables are recorded at year-end.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the commission's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the commission's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

For purposes of reporting cash on the Statement of Cash Flows, the commission considers all unrestricted highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. At June 30, 2019, the commission had no cash equivalents.

Investments

Investments are reported at fair value, which is based on quoted market prices. The commission is authorized by Tennessee statutes to invest in the following:

1. Bonds, notes or treasury bills of the United States.
2. Non-convertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association.
3. Any obligations which are guaranteed as to principal and interest by the United States or any of its agencies.
4. Certificates-of-deposit and other evidence of deposit at state and federal chartered banks and savings and loan associations.
5. Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested.
6. Money market funds whose portfolios consist of any of the foregoing investments.
7. The local government investment pool.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses. At year-end, there were no prepaid expenses.

Inventory

Supplies and materials are recorded as expenses at the time items are purchased and are not inventories at year-end, due to lack of materiality.

Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets to be reported.

Capital Assets

Capital assets are defined by the commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The commission's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the entity has no items that qualify for reporting as a deferred outflow of resources.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the entity has no items that qualify for reporting as a deferred inflow of resources.

Compensated Absences

Policies regarding employee vacation and sick leave benefits do not meet the criteria, which would require accrual of a liability for future benefits.

Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represents capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring after Reporting Date

The commission has evaluated events and transactions that occurred between June 30, 2019, and October 7, 2019, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

B. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure the commission's deposits may not be returned to it. The commission does not have a deposit or investment policy for custodial credit risk; however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under *TCA* Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2019, the carrying amount of the commission's deposits was \$65,928, and the bank balance was \$65,928. None of the commission's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool.

Investments

The commission had no investments at year-end.

C. Capital Assets

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

| | Balance 7-1-18 | Additions | Deletions | Balance 6-30-19 |
|---------------------------------------|-------------------|-----------|-------------|--------------------|
| Business-type Activities: | | | | |
| Capital Assets Not Depreciated: | | | | |
| Construction in Progress | \$ 0 | \$ 19,834 | \$ 0 | \$ 19,834 |
| Capital Assets Depreciated: | | | | |
| Mobile Home | \$ 13,758 | \$ 52,148 | \$ (13,758) | \$ 52,148 |
| Bathhouse | 39,677 | 0 | 0 | 39,677 |
| Land Improvements | 98,147 | 0 | 0 | 98,147 |
| Equipment | 49,070 | 6,000 | 0 | 55,070 |
| Picnic Pavilion | 61,656 | 4,030 | 0 | 65,686 |
| Total Assets | \$ 262,308 | \$ 82,012 | \$ (13,758) | \$ 330,562 |
| Less Accumulated Depreciation for: | | | | |
| Mobile Home | \$ 11,186 | \$ 3,875 | \$ (13,758) | \$ 1,303 |
| Bathhouse | 16,285 | 3,261 | 0 | 19,546 |
| Land Improvements | 58,641 | 4,542 | 0 | 63,183 |
| Equipment | 32,303 | 6,692 | 0 | 38,995 |
| Picnic Pavilion | 2,914 | 3,748 | 0 | 6,662 |
| Total Accumulated Depreciation | \$ 121,329 | \$ 22,118 | \$ (13,758) | \$ 129,689 |
| Net Capital Assets | \$ 140,979 | \$ 59,894 | \$ 0 | \$ 200,873 |

D. Land Use

The Marion County Park is located on land owned by the Tennessee Valley Authority (TVA). TVA permits Marion County to use the park land at no charge.

E. Wages

The managers of the park are compensated by the general government of Marion County. During the year ended June 30, 2019, the commission reimbursed the county \$26,038 relating to the salaries, payroll taxes and workers compensation insurance. Additionally, the manager is permitted to live in the mobile home rent free, including utilities.

F. Compliance with Finance Related Legal and Contractual Provisions

The commission has no material violations of finance related to legal and contractual provisions.

G. Contingent Liabilities

As of June 30, 2019, the commission does not have any material contingent liabilities that would have a material effect on the commission's financial condition.

H. Litigation

As of June 30, 2019, the commission was not involved in any litigation that would have a material effect on the commission's financial condition.

I. Commercial Insurance

It is the policy of the commission to purchase commercial insurance or to be covered under the entire Marion County Government for the risks of losses to which it is exposed. The risks include general liability, property and casualty, worker's compensation, employee fidelity, and directors' and officers' liability. The commission reimburses Marion County for the cost of insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Marion County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 766,971 | \$ 752,309 | \$ 787,075 | \$ 818,011 | \$ 905,238 |
| Interest | 1,832,858 | 1,941,251 | 2,054,385 | 2,160,673 | 2,258,565 |
| Differences Between Actual and Expected Experience | (37,596) | (72,712) | (228,892) | (86,350) | 29,000 |
| Changes in Assumptions | 0 | 0 | 0 | 786,720 | 0 |
| Benefit Payments, Including Refunds of Employee Contributions | (1,073,082) | (1,131,572) | (1,162,760) | (1,289,908) | (1,555,358) |
| Net Change in Total Pension Liability | \$ 1,489,151 | \$ 1,489,276 | \$ 1,449,808 | \$ 2,389,146 | \$ 1,637,445 |
| Total Pension Liability, Beginning | 24,207,676 | 25,696,827 | 27,186,103 | 28,635,911 | 31,025,057 |
| Total Pension Liability, Ending (a) | \$ 25,696,827 | \$ 27,186,103 | \$ 28,635,911 | \$ 31,025,057 | \$ 32,662,502 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 581,841 | \$ 601,407 | \$ 611,505 | \$ 649,560 | \$ 701,746 |
| Contributions - Employee | 465,460 | 451,664 | 459,052 | 487,916 | 511,863 |
| Net Investment Income | 3,782,091 | 819,239 | 725,465 | 3,161,152 | 2,552,131 |
| Benefit Payments, Including Refunds of Employee Contributions | (1,073,082) | (1,131,572) | (1,162,760) | (1,289,908) | (1,555,358) |
| Administrative Expense | (12,205) | (15,587) | (22,153) | (26,408) | (28,907) |
| Net Change in Plan Fiduciary Net Position | \$ 3,744,105 | \$ 725,151 | \$ 611,109 | \$ 2,982,312 | \$ 2,181,475 |
| Plan Fiduciary Net Position, Beginning | 22,869,034 | 26,613,139 | 27,338,290 | 27,949,399 | 30,931,711 |
| Plan Fiduciary Net Position, Ending (b) | \$ 26,613,139 | \$ 27,338,290 | \$ 27,949,399 | \$ 30,931,711 | \$ 33,113,186 |
| Net Pension Liability (Asset), Ending (a - b) | \$ (916,312) | \$ (152,187) | \$ 686,512 | \$ 93,346 | \$ (450,684) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 103.57% | 100.56% | 97.60% | 99.70% | 101.38% |
| Covered Payroll | \$ 8,937,781 | \$ 9,028,233 | \$ 9,181,418 | \$ 9,753,157 | \$ 10,086,009 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (10.25%) | (1.69%) | 7.48% | 0.96% | (4.47%) |

Note: Ten-year information will be presented when available.

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented School Department.

Exhibit F-2

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|---------------|--------------|
| Actuarially Determined Contribution | \$ 581,841 | \$ 601,407 | \$ 611,505 | \$ 649,560 | \$ 701,746 | \$ 679,417 |
| Less Contributions in Relation to the Actuarially Determined Contribution | (581,841) | (601,407) | (611,505) | (649,560) | (701,746) | (679,417) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 8,937,781 | \$ 9,028,233 | \$ 9,181,418 | \$ 9,753,157 | \$ 10,086,009 | \$ 9,903,988 |
| Contributions as a Percentage of Covered Payroll | 6.51% | 6.66% | 6.66% | 6.66% | 6.96% | 6.86% |

Note: Ten-year information will be presented when available.

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented School Department.

Exhibit F-3

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

| | 2015 | 2016 | 2017 | 2018 | 2019* |
|--|------------|------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 23,373 | \$ 37,708 | \$ 57,654 | \$ 70,939 | \$ 44,508 |
| Less Contributions in Relation to the Contractually Required Contribution | (23,373) | (37,708) | (57,654) | (70,939) | (44,508) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 584,315 | \$ 942,703 | \$ 1,441,355 | \$ 1,773,467 | \$ 2,289,727 |
| Contributions as a Percentage of Covered Payroll | 4.00% | 4.00% | 4.00% | 4.00% | 1.94% |

* - In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit F-4

Marion County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 1,361,307 | \$ 1,311,722 | \$ 1,290,031 | \$ 1,271,709 | \$ 1,282,612 | \$ 1,436,393 |
| Less Contributions in Relation to the Contractually Required Contribution | (1,361,307) | (1,311,722) | (1,290,031) | (1,271,709) | (1,282,612) | (1,436,393) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 15,330,020 | \$ 14,510,210 | \$ 14,270,258 | \$ 14,067,577 | \$ 14,125,683 | \$ 13,732,244 |
| Contributions as a Percentage of Covered Payroll | 8.88% | 9.04% | 9.04% | 9.04% | 9.08% | 10.46% |

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

Exhibit F-5

Marion County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

| | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|--------------|--------------|
| School Department's Proportion of the Net Pension Asset | 0.275422% | 0.214248% | 0.219605% | 0.202942% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (11,314) | \$ (22,304) | \$ (57,940) | \$ (92,040) |
| Covered Payroll | \$ 584,315 | \$ 942,703 | \$ 1,441,355 | \$ 1,773,467 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (1.94%) | (2.37%) | (4.02%) | (5.19%) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 127.46% | 121.88% | 126.81% | 126.97% |

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

Marion County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Marion County School Department
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|----------------|
| School Department's Proportion of the Net Pension Asset/Liability | 0.390575% | 0.387610% | 0.395320% | 0.397957% | 0.403398% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (63,467) | \$ 158,778 | \$ 2,470,530 | \$ (130,206) | \$ (1,419,523) |
| Covered Payroll | \$ 15,330,037 | \$ 14,510,210 | \$ 14,270,258 | \$ 14,067,577 | \$ 14,125,683 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.41%) | 1.09% | 17.31% | (0.93%) | (10.05%) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability | 100.08% | 99.81% | 97.14% | 100.14% | 101.49% |

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

Marion County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
For the Fiscal Year Ended June 30

Marion County Plan

| | 2017 | 2018 |
|--|-------------------|-------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 19,909 | \$ 19,438 |
| Interest | 6,771 | 8,711 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | 0 | (37,646) |
| Changes in Assumptions or Other Inputs | (12,431) | 13,278 |
| Benefit Payments | 0 | (1,923) |
| Net Change in Total OPEB Liability | \$ 14,249 | \$ 1,858 |
| Total OPEB Liability, Beginning | 211,967 | 226,216 |
| Total OPEB Liability, Ending | <u>\$ 226,216</u> | <u>\$ 228,074</u> |
| Covered Employee Payroll | \$ 4,590,400 | \$ 4,893,419 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 4.93% | 4.66% |

Highway Department Plan

| | 2017 | 2018 |
|--|------------------|------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 5,721 | \$ 5,411 |
| Interest | 1,945 | 2,479 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | 0 | (7,725) |
| Changes in Assumptions or Other Inputs | (3,608) | 5,454 |
| Benefit Payments | 0 | (1,412) |
| Net Change in Total OPEB Liability | \$ 4,058 | \$ 4,207 |
| Total OPEB Liability, Beginning | 60,881 | 64,939 |
| Total OPEB Liability, Ending | <u>\$ 64,939</u> | <u>\$ 69,146</u> |
| Covered Employee Payroll | \$ 988,686 | \$ 1,059,611 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 6.57% | 6.53% |

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

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

| | |
|------|-------|
| 2017 | 2.92% |
| 2018 | 3.56% |
| 2019 | 3.62% |

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

Exhibit F-8

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

| | 2017 | 2018 |
|---|---------------------|---------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 263,146 | \$ 243,395 |
| Interest | 138,598 | 164,224 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | 0 | (1,119,453) |
| Changes in Assumptions or Other Inputs | (207,554) | 146,166 |
| Benefit Payments | (297,066) | (318,772) |
| Net Change in Total OPEB Liability | \$ (102,876) | \$ (884,440) |
| Total OPEB Liability, Beginning | 4,631,907 | 4,529,031 |
| Total OPEB Liability, Ending | <u>\$ 4,529,031</u> | <u>\$ 3,644,591</u> |
| Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability | \$ 1,572,792 | \$ 1,222,093 |
| Employer Proportionate Share of the Total OPEB Liability | 2,956,239 | 2,422,498 |
| Covered Employee Payroll | \$ 18,435,435 | \$ 19,972,929 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 24.57% | 18.25% |

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

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

| | |
|------|-------|
| 2017 | 2.92% |
| 2018 | 3.56% |
| 2019 | 3.62% |

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

MARION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed (Not to Exceed 20 Years) |
| Remaining Amortization Period | Varies by Year |
| Asset Valuation | 10-Year Smoothed Within a 20% Corridor to Market Value |
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Investment Expense, Including Inflation |
| Retirement Age | Pattern of Retirement Determined by Experience Study |
| Mortality | Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement |
| Cost of Living Adjustment | 2.25% |

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

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the contribution to the primary government of, education related long-term debt principal, interest, and related costs.

Capital Projects Fund

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Marion County that is subsequently contributed to the discretely presented Marion County School Department.

Exhibit G-1

Marion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

| | Special Revenue Funds | | | | | Debt Service Funds |
|--|---------------------------------------|--------------------------------|-------------------|--|-------------------|----------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Total | General Debt Service |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 114,149 | \$ 114,149 | \$ 0 |
| Equity in Pooled Cash and Investments | 25,049 | 259,821 | 491,706 | 0 | 776,576 | 1,842,706 |
| Accounts Receivable | 0 | 0 | 0 | 224 | 224 | 0 |
| Due from Other Governments | 0 | 39,430 | 0 | 0 | 39,430 | 0 |
| Due from Other Funds | 0 | 0 | 4,742 | 0 | 4,742 | 0 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 | 0 | 674,560 |
| Allowance for Uncollectible Property Taxes | 0 | 0 | 0 | 0 | 0 | (26,775) |
| Total Assets | <u>\$ 25,049</u> | <u>\$ 299,251</u> | <u>\$ 496,448</u> | <u>\$ 114,373</u> | <u>\$ 935,121</u> | <u>\$ 2,490,491</u> |
| <u>LIABILITIES</u> | | | | | | |
| Due to Other Funds | \$ 0 | \$ 66 | \$ 0 | \$ 324 | \$ 390 | \$ 0 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 171,941 | 0 | 171,941 | 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 66</u> | <u>\$ 171,941</u> | <u>\$ 324</u> | <u>\$ 172,331</u> | <u>\$ 0</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 620,384 |
| Deferred Delinquent Property Taxes | 0 | 0 | 0 | 0 | 0 | 25,952 |
| Total Deferred Inflows of Resources | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 646,336</u> |

(Continued)

Exhibit G-1

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

| | Special Revenue Funds | | | | | Debt Service Funds |
|---|---------------------------------------|--------------------------------|-------------------|--|-------------------|----------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Total | General Debt Service |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for General Government | \$ 25,049 | \$ 0 | \$ 0 | \$ 0 | \$ 25,049 | \$ 0 |
| Restricted for Finance | 0 | 0 | 0 | 114,049 | 114,049 | 0 |
| Restricted for Public Safety | 0 | 0 | 324,507 | 0 | 324,507 | 0 |
| Restricted for Public Health and Welfare | 0 | 299,185 | 0 | 0 | 299,185 | 0 |
| Restricted for Debt Service | 0 | 0 | 0 | 0 | 0 | 1,844,155 |
| Committed: | | | | | | |
| Committed for Debt Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>\$ 25,049</u> | <u>\$ 299,185</u> | <u>\$ 324,507</u> | <u>\$ 114,049</u> | <u>\$ 762,790</u> | <u>\$ 1,844,155</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 25,049</u> | <u>\$ 299,251</u> | <u>\$ 496,448</u> | <u>\$ 114,373</u> | <u>\$ 935,121</u> | <u>\$ 2,490,491</u> |

(Continued)

Exhibit G-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Due to Other Funds
Due to Litigants, Heirs, and Others
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Total Deferred Inflows of Resources

| <u>Debt Service Funds (Cont.)</u> | | <u>Capital Projects Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------------------|--------------|---|--|
| <u>Education Debt Service</u> | <u>Total</u> | <u>Education Capital Projects</u> | |
| \$ 0 | \$ 0 | \$ 0 | \$ 114,149 |
| 3,648,534 | 5,491,240 | 909,701 | 7,177,517 |
| 0 | 0 | 0 | 224 |
| 159,721 | 159,721 | 0 | 199,151 |
| 0 | 0 | 58,438 | 63,180 |
| 0 | 674,560 | 0 | 674,560 |
| 0 | (26,775) | 0 | (26,775) |
| <hr/> | | <hr/> | |
| \$ 3,808,255 | \$ 6,298,746 | \$ 968,139 | \$ 8,202,006 |
| <hr/> | | <hr/> | |
| \$ 0 | \$ 0 | \$ 0 | \$ 390 |
| 0 | 0 | 0 | 171,941 |
| <hr/> | | <hr/> | |
| \$ 0 | \$ 0 | \$ 0 | \$ 172,331 |
| <hr/> | | <hr/> | |
| \$ 0 | \$ 620,384 | \$ 0 | \$ 620,384 |
| 0 | 25,952 | 0 | 25,952 |
| <hr/> | | <hr/> | |
| \$ 0 | \$ 646,336 | \$ 0 | \$ 646,336 |
| <hr/> | | <hr/> | |

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Debt Service

Committed:

Committed for Debt Service

Committed for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

| <u>Debt Service Funds (Cont.)</u> | | <u>Capital Projects Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------------------|---------------------|---|--|
| <u>Education Debt Service</u> | <u>Total</u> | <u>Education Capital Projects</u> | |
| \$ 0 | \$ 0 | \$ 0 | \$ 25,049 |
| 0 | 0 | 0 | 114,049 |
| 0 | 0 | 0 | 324,507 |
| 0 | 0 | 0 | 299,185 |
| 0 | 1,844,155 | 0 | 1,844,155 |
| 3,808,255 | 3,808,255 | 0 | 3,808,255 |
| 0 | 0 | 968,139 | 968,139 |
| <u>\$ 3,808,255</u> | <u>\$ 5,652,410</u> | <u>\$ 968,139</u> | <u>\$ 7,383,339</u> |
| <u>\$ 3,808,255</u> | <u>\$ 6,298,746</u> | <u>\$ 968,139</u> | <u>\$ 8,202,006</u> |

Exhibit G-2

Marion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | Debt Service Funds |
|---------------------------------------|---------------------------------------|--------------------------------|-----------------|--|--------------|----------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Total | General Debt Service |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 10,715 | \$ 482,118 | \$ 0 | \$ 0 | \$ 492,833 | \$ 636,716 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 25,816 | 0 | 25,816 | 0 |
| Charges for Current Services | 0 | 53,306 | 0 | 496,179 | 549,485 | 0 |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| State of Tennessee | 0 | 173,963 | 0 | 0 | 173,963 | 0 |
| Federal Government | 0 | 0 | 9,251 | 0 | 9,251 | 0 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | \$ 10,715 | \$ 709,387 | \$ 35,067 | \$ 496,179 | \$ 1,251,348 | \$ 636,716 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 1,830 | \$ 0 | \$ 0 | \$ 0 | \$ 1,830 | \$ 0 |
| Finance | 0 | 0 | 0 | 494,008 | 494,008 | 0 |
| Administration of Justice | 0 | 0 | 0 | 685 | 685 | 0 |
| Public Safety | 0 | 0 | 91,262 | 0 | 91,262 | 0 |
| Public Health and Welfare | 0 | 603,965 | 0 | 0 | 603,965 | 0 |
| Other Operations | 116 | 7,030 | 117 | 0 | 7,263 | 12,641 |
| Debt Service: | | | | | | |
| Principal on Debt | 0 | 0 | 0 | 0 | 0 | 425,000 |
| Interest on Debt | 0 | 0 | 0 | 0 | 0 | 134,781 |
| Other Debt Service | 0 | 0 | 0 | 0 | 0 | 650 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Projects - Donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 1,946 | \$ 610,995 | \$ 91,379 | \$ 494,693 | \$ 1,199,013 | \$ 573,072 |

(Continued)

Exhibit G-2

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

| | Special Revenue Funds | | | | | Debt Service Funds |
|--|---------------------------------------|--------------------------------|-----------------|--|------------|----------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Total | General Debt Service |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 8,769 | \$ 98,392 | \$ (56,312) | \$ 1,486 | \$ 52,335 | \$ 63,644 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Capital Leases Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Insurance Recovery | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Net Change in Fund Balances | \$ 8,769 | \$ 98,392 | \$ (56,312) | \$ 1,486 | \$ 52,335 | \$ 63,644 |
| Fund Balance, July 1, 2018 | 16,280 | 200,793 | 380,819 | 112,563 | 710,455 | 1,780,511 |
| Fund Balance, June 30, 2019 | \$ 25,049 | \$ 299,185 | \$ 324,507 | \$ 114,049 | \$ 762,790 | \$ 1,844,155 |

(Continued)

Exhibit G-2

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

| | <u>Debt Service Funds (Cont.)</u> | | <u>Capital</u> <u>Projects Fund</u> | <u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> |
|---------------------------------------|---|--------------|---|--|
| | <u>Education</u> <u>Debt</u> <u>Service</u> | <u>Total</u> | <u>Education</u> <u>Capital</u> <u>Projects</u> | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,828,536 | \$ 2,465,252 | \$ 0 | \$ 2,958,085 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 25,816 |
| Charges for Current Services | 0 | 0 | 0 | 549,485 |
| Other Local Revenues | 14,561 | 14,561 | 186,419 | 200,980 |
| State of Tennessee | 0 | 0 | 0 | 173,963 |
| Federal Government | 0 | 0 | 129,968 | 139,219 |
| Other Governments and Citizens Groups | 50,811 | 50,811 | 0 | 50,811 |
| Total Revenues | \$ 1,893,908 | \$ 2,530,624 | \$ 316,387 | \$ 4,098,359 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| General Government | \$ 0 | \$ 0 | \$ 0 | \$ 1,830 |
| Finance | 0 | 0 | 0 | 494,008 |
| Administration of Justice | 0 | 0 | 0 | 685 |
| Public Safety | 0 | 0 | 0 | 91,262 |
| Public Health and Welfare | 0 | 0 | 0 | 603,965 |
| Other Operations | 18,238 | 30,879 | 6,843 | 44,985 |
| Debt Service: | | | | |
| Principal on Debt | 800,811 | 1,225,811 | 0 | 1,225,811 |
| Interest on Debt | 456,781 | 591,562 | 0 | 591,562 |
| Other Debt Service | 0 | 650 | 0 | 650 |
| Capital Projects | 0 | 0 | 312,316 | 312,316 |
| Capital Projects - Donated | 0 | 0 | 246,904 | 246,904 |
| Total Expenditures | \$ 1,275,830 | \$ 1,848,902 | \$ 566,063 | \$ 3,613,978 |

(Continued)

Exhibit G-2

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

| | <u>Debt Service Funds (Cont.)</u> | | <u>Capital</u> <u>Projects Fund</u> | <u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> |
|--|---|--------------|---|--|
| | <u>Education</u> <u>Debt</u> <u>Service</u> | <u>Total</u> | <u>Education</u> <u>Capital</u> <u>Projects</u> | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 618,078 | \$ 681,722 | \$ (249,676) | \$ 484,381 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Capital Leases Issued | \$ 0 | \$ 0 | \$ 246,904 | \$ 246,904 |
| Insurance Recovery | 0 | 0 | 563,335 | 563,335 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 810,239 | \$ 810,239 |
| Net Change in Fund Balances | \$ 618,078 | \$ 681,722 | \$ 560,563 | \$ 1,294,620 |
| Fund Balance, July 1, 2018 | 3,190,177 | 4,970,688 | 407,576 | 6,088,719 |
| Fund Balance, June 30, 2019 | \$ 3,808,255 | \$ 5,652,410 | \$ 968,139 | \$ 7,383,339 |

Exhibit G-3

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-----------|------------------|------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 10,715 | \$ 8,000 | \$ 8,000 | \$ 2,715 |
| Total Revenues | \$ 10,715 | \$ 8,000 | \$ 8,000 | \$ 2,715 |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 1,830 | \$ 14,000 | \$ 14,000 | \$ 12,170 |
| <u>Other Operations</u> | | | | |
| Other Charges | 116 | 100 | 116 | 0 |
| Total Expenditures | \$ 1,946 | \$ 14,100 | \$ 14,116 | \$ 12,170 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 8,769 | \$ (6,100) | \$ (6,116) | \$ 14,885 |
| Net Change in Fund Balance | \$ 8,769 | \$ (6,100) | \$ (6,116) | \$ 14,885 |
| Fund Balance, July 1, 2018 | 16,280 | 14,512 | 14,512 | 1,768 |
| Fund Balance, June 30, 2019 | \$ 25,049 | \$ 8,412 | \$ 8,396 | \$ 16,653 |

Exhibit G-4

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 482,118 | \$ 315,000 | \$ 315,000 | \$ 167,118 |
| Charges for Current Services | 53,306 | 47,000 | 47,000 | 6,306 |
| State of Tennessee | 173,963 | 150,000 | 150,000 | 23,963 |
| Total Revenues | <u>\$ 709,387</u> | <u>\$ 512,000</u> | <u>\$ 512,000</u> | <u>\$ 197,387</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Convenience Centers | \$ 603,965 | \$ 676,545 | \$ 676,545 | \$ 72,580 |
| <u>Other Operations</u> | | | | |
| Other Charges | 7,030 | 6,000 | 7,030 | 0 |
| Total Expenditures | <u>\$ 610,995</u> | <u>\$ 682,545</u> | <u>\$ 683,575</u> | <u>\$ 72,580</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 98,392</u> | <u>\$ (170,545)</u> | <u>\$ (171,575)</u> | <u>\$ 269,967</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 0 | \$ 225,000 | \$ 225,000 | \$ (225,000) |
| Total Other Financing Sources | <u>\$ 0</u> | <u>\$ 225,000</u> | <u>\$ 225,000</u> | <u>\$ (225,000)</u> |
| Net Change in Fund Balance | \$ 98,392 | \$ 54,455 | \$ 53,425 | \$ 44,967 |
| Fund Balance, July 1, 2018 | <u>200,793</u> | <u>127,528</u> | <u>127,528</u> | <u>73,265</u> |
| Fund Balance, June 30, 2019 | <u><u>\$ 299,185</u></u> | <u><u>\$ 181,983</u></u> | <u><u>\$ 180,953</u></u> | <u><u>\$ 118,232</u></u> |

Exhibit G-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 25,816 | \$ 14,000 | \$ 14,000 | \$ 11,816 |
| Federal Government | 9,251 | 0 | 0 | 9,251 |
| Total Revenues | <u>\$ 35,067</u> | <u>\$ 14,000</u> | <u>\$ 14,000</u> | <u>\$ 21,067</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 91,262 | \$ 115,050 | \$ 115,050 | \$ 23,788 |
| <u>Other Operations</u> | | | | |
| Other Charges | 117 | 500 | 500 | 383 |
| Total Expenditures | <u>\$ 91,379</u> | <u>\$ 115,550</u> | <u>\$ 115,550</u> | <u>\$ 24,171</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (56,312)</u> | <u>\$ (101,550)</u> | <u>\$ (101,550)</u> | <u>\$ 45,238</u> |
| Net Change in Fund Balance | \$ (56,312) | \$ (101,550) | \$ (101,550) | \$ 45,238 |
| Fund Balance, July 1, 2018 | <u>380,819</u> | <u>383,126</u> | <u>383,126</u> | <u>(2,307)</u> |
| Fund Balance, June 30, 2019 | <u><u>\$ 324,507</u></u> | <u><u>\$ 281,576</u></u> | <u><u>\$ 281,576</u></u> | <u><u>\$ 42,931</u></u> |

Exhibit G-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 636,716 | \$ 652,454 | \$ 652,454 | \$ (15,738) |
| Total Revenues | \$ 636,716 | \$ 652,454 | \$ 652,454 | \$ (15,738) |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 12,641 | \$ 15,000 | \$ 15,000 | \$ 2,359 |
| <u>Principal on Debt</u> | | | | |
| General Government | 425,000 | 425,000 | 425,000 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 134,781 | 134,782 | 134,782 | 1 |
| <u>Other Debt Service</u> | | | | |
| General Government | 650 | 1,000 | 1,000 | 350 |
| Total Expenditures | \$ 573,072 | \$ 575,782 | \$ 575,782 | \$ 2,710 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 63,644 | \$ 76,672 | \$ 76,672 | \$ (13,028) |
| Net Change in Fund Balance | \$ 63,644 | \$ 76,672 | \$ 76,672 | \$ (13,028) |
| Fund Balance, July 1, 2018 | 1,780,511 | 1,774,202 | 1,774,202 | 6,309 |
| Fund Balance, June 30, 2019 | \$ 1,844,155 | \$ 1,850,874 | \$ 1,850,874 | \$ (6,719) |

Exhibit G-7

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,828,536 | \$ 1,500,000 | \$ 1,500,000 | \$ 328,536 |
| Other Local Revenues | 14,561 | 7,500 | 7,500 | 7,061 |
| Other Governments and Citizens Groups | 50,811 | 0 | 50,811 | 0 |
| Total Revenues | \$ 1,893,908 | \$ 1,507,500 | \$ 1,558,311 | \$ 335,597 |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 18,238 | \$ 17,500 | \$ 18,238 | \$ 0 |
| <u>Principal on Debt</u> | | | | |
| Education | 800,811 | 750,000 | 800,811 | 0 |
| <u>Interest on Debt</u> | | | | |
| Education | 456,781 | 456,782 | 456,782 | 1 |
| Total Expenditures | \$ 1,275,830 | \$ 1,224,282 | \$ 1,275,831 | \$ 1 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 618,078 | \$ 283,218 | \$ 282,480 | \$ 335,598 |
| Net Change in Fund Balance | \$ 618,078 | \$ 283,218 | \$ 282,480 | \$ 335,598 |
| Fund Balance, July 1, 2018 | 3,190,177 | 2,910,182 | 2,910,182 | 279,995 |
| Fund Balance, June 30, 2019 | \$ 3,808,255 | \$ 3,193,400 | \$ 3,192,662 | \$ 615,593 |

Major Governmental Funds

Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds issued for the construction and renovation of the county's rural schools.

Capital Projects Fund

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

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

Exhibit H-1

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,417,970 | \$ 1,466,177 | \$ 1,466,177 | \$ (48,207) |
| Other Governments and Citizens Groups | 773,614 | 773,614 | 773,614 | 0 |
| Total Revenues | <u>\$ 2,191,584</u> | <u>\$ 2,239,791</u> | <u>\$ 2,239,791</u> | <u>\$ (48,207)</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| Education | \$ 1,950,000 | \$ 1,335,000 | \$ 1,950,177 | \$ 177 |
| <u>Interest on Debt</u> | | | | |
| Education | 332,057 | 340,944 | 340,867 | 8,810 |
| <u>Other Debt Service</u> | | | | |
| Education | 29,110 | 36,500 | 36,500 | 7,390 |
| Total Expenditures | <u>\$ 2,311,167</u> | <u>\$ 1,712,444</u> | <u>\$ 2,327,544</u> | <u>\$ 16,377</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (119,583)</u> | <u>\$ 527,347</u> | <u>\$ (87,753)</u> | <u>\$ (31,830)</u> |
| Net Change in Fund Balance | \$ (119,583) | \$ 527,347 | \$ (87,753) | \$ (31,830) |
| Fund Balance, July 1, 2018 | 6,780,910 | 6,767,094 | 6,767,094 | 13,816 |
| Fund Balance, June 30, 2019 | <u><u>\$ 6,661,327</u></u> | <u><u>\$ 7,294,441</u></u> | <u><u>\$ 6,679,341</u></u> | <u><u>\$ (18,014)</u></u> |

Exhibit H-2

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,052,340 | \$ 1,039,927 | \$ 1,039,927 | \$ 12,413 |
| State of Tennessee | 32,615 | 38,566 | 38,566 | (5,951) |
| Other Governments and Citizens Groups | 4,600 | 0 | 0 | 4,600 |
| Total Revenues | <u>\$ 1,089,555</u> | <u>\$ 1,078,493</u> | <u>\$ 1,078,493</u> | <u>\$ 11,062</u> |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 7,317 | \$ 33,447 | \$ 33,447 | \$ 26,130 |
| <u>Other Operations</u> | | | | |
| Other Economic and Community Development | 12,475 | 6,809 | 28,809 | 16,334 |
| Other Charges | 20,876 | 22,000 | 22,000 | 1,124 |
| Total Expenditures | <u>\$ 40,668</u> | <u>\$ 62,256</u> | <u>\$ 84,256</u> | <u>\$ 43,588</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 1,048,887</u> | <u>\$ 1,016,237</u> | <u>\$ 994,237</u> | <u>\$ 54,650</u> |
| Net Change in Fund Balance | \$ 1,048,887 | \$ 1,016,237 | \$ 994,237 | \$ 54,650 |
| Fund Balance, July 1, 2018 | 5,809,476 | 5,765,749 | 5,765,749 | 43,727 |
| Fund Balance, June 30, 2019 | <u><u>\$ 6,858,363</u></u> | <u><u>\$ 6,781,986</u></u> | <u><u>\$ 6,759,986</u></u> | <u><u>\$ 98,377</u></u> |

Fiduciary Funds

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

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

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

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

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

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

Exhibit I-1

Marion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

| | Agency Funds | | | | | |
|--|--------------------------|-------------------------------|---|--|------------------------------|---------------------|
| | Cities - Sales Tax | Special School District | City School ADA - Richard City | Constitu - tional Officers - Agency | Judicial District Drug | Total |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 1,068,153 | \$ 0 | \$ 1,068,153 |
| Equity in Pooled Cash and Investments | 0 | 90 | 0 | 0 | 154,128 | 154,218 |
| Accounts Receivable | 0 | 0 | 1,089 | 3,753 | 0 | 4,842 |
| Due from Other Governments | 319,942 | 0 | 18,558 | 0 | 0 | 338,500 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 8,873 | 8,873 |
| Property Taxes Receivable | 0 | 36,188 | 300,372 | 0 | 0 | 336,560 |
| Allowance for Uncollectible Property Taxes | 0 | (1,134) | (11,922) | 0 | 0 | (13,056) |
| Total Assets | <u>\$ 319,942</u> | <u>\$ 35,144</u> | <u>\$ 308,097</u> | <u>\$ 1,071,906</u> | <u>\$ 163,001</u> | <u>\$ 1,898,090</u> |
| <u>LIABILITIES</u> | | | | | | |
| Payroll Deductions Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 64 | \$ 64 |
| Due to Other Taxing Units | 319,942 | 35,144 | 308,097 | 0 | 0 | 663,183 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 1,071,906 | 0 | 1,071,906 |
| Due to Joint Ventures | 0 | 0 | 0 | 0 | 162,937 | 162,937 |
| Total Liabilities | <u>\$ 319,942</u> | <u>\$ 35,144</u> | <u>\$ 308,097</u> | <u>\$ 1,071,906</u> | <u>\$ 163,001</u> | <u>\$ 1,898,090</u> |

Exhibit I-2

Marion County, Tennessee
Combining Statements of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2019

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 3,597,273 | \$ 3,597,273 | \$ 0 |
| Due from Other Governments | 596,075 | 319,942 | 596,075 | 319,942 |
| Total Assets | \$ 596,075 | \$ 3,917,215 | \$ 4,193,348 | \$ 319,942 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 596,075 | \$ 3,917,215 | \$ 4,193,348 | \$ 319,942 |
| Total Liabilities | \$ 596,075 | \$ 3,917,215 | \$ 4,193,348 | \$ 319,942 |
| <u>Special School District Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 75 | \$ 18,333 | \$ 18,318 | \$ 90 |
| Taxes Receivable | 32,867 | 36,188 | 32,867 | 36,188 |
| Allowance for Uncollectible Taxes | (1,306) | (1,134) | (1,306) | (1,134) |
| Total Assets | \$ 31,636 | \$ 53,387 | \$ 49,879 | \$ 35,144 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 31,636 | \$ 53,387 | \$ 49,879 | \$ 35,144 |
| Total Liabilities | \$ 31,636 | \$ 53,387 | \$ 49,879 | \$ 35,144 |
| <u>City School ADA - Richard City Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 29,454 | \$ 505,642 | \$ 535,096 | \$ 0 |
| Accounts Receivable | 558 | 1,089 | 558 | 1,089 |
| Due from Other Governments | 41,622 | 18,558 | 41,622 | 18,558 |
| Taxes Receivable | 345,805 | 300,372 | 345,805 | 300,372 |
| Allowance for Uncollectible Taxes | (15,837) | (11,922) | (15,837) | (11,922) |
| Total Assets | \$ 401,602 | \$ 813,739 | \$ 907,244 | \$ 308,097 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 401,602 | \$ 813,739 | \$ 907,244 | \$ 308,097 |
| Total Liabilities | \$ 401,602 | \$ 813,739 | \$ 907,244 | \$ 308,097 |

(Continued)

Exhibit I-2

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

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------|---------------|-------------------|
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 911,905 | \$ 6,704,144 | \$ 6,547,896 | \$ 1,068,153 |
| Accounts Receivable | 1,238 | 3,753 | 1,238 | 3,753 |
| Total Assets | \$ 913,143 | \$ 6,707,897 | \$ 6,549,134 | \$ 1,071,906 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 913,143 | \$ 6,707,897 | \$ 6,549,134 | \$ 1,071,906 |
| Total Liabilities | \$ 913,143 | \$ 6,707,897 | \$ 6,549,134 | \$ 1,071,906 |
| <u>Judicial District Drug Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 99,954 | \$ 371,583 | \$ 317,409 | \$ 154,128 |
| Due from Other Funds | 0 | 8,873 | 0 | 8,873 |
| Total Assets | \$ 99,954 | \$ 380,456 | \$ 317,409 | \$ 163,001 |
| <u>Liabilities</u> | | | | |
| Payroll Deduction Payable | \$ 0 | \$ 64 | \$ 0 | \$ 64 |
| Due to Joint Ventures | 99,954 | 380,392 | 317,409 | 162,937 |
| Total Liabilities | \$ 99,954 | \$ 380,456 | \$ 317,409 | \$ 163,001 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 911,905 | \$ 6,704,144 | \$ 6,547,896 | \$ 1,068,153 |
| Equity in Pooled Cash and Investments | 129,483 | 4,492,831 | 4,468,096 | 154,218 |
| Accounts Receivable | 1,796 | 4,842 | 1,796 | 4,842 |
| Due from Other Governments | 637,697 | 338,500 | 637,697 | 338,500 |
| Due from Other Funds | 0 | 8,873 | 0 | 8,873 |
| Taxes Receivable | 378,672 | 336,560 | 378,672 | 336,560 |
| Allowance for Uncollectible Taxes | (17,143) | (13,056) | (17,143) | (13,056) |
| Total Assets | \$ 2,042,410 | \$ 11,872,694 | \$ 12,017,014 | \$ 1,898,090 |
| <u>Liabilities</u> | | | | |
| Payroll Deduction Payable | \$ 0 | \$ 64 | \$ 0 | \$ 64 |
| Due to Other Taxing Units | 1,029,313 | 4,784,341 | 5,150,471 | 663,183 |
| Due to Litigants, Heirs, and Others | 913,143 | 6,707,897 | 6,549,134 | 1,071,906 |
| Due to Joint Ventures | 99,954 | 380,392 | 317,409 | 162,937 |
| Total Liabilities | \$ 2,042,410 | \$ 11,872,694 | \$ 12,017,014 | \$ 1,898,090 |

Marion County School Department

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

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

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

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

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

Exhibit J-1

Marion County, Tennessee
Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position Total Governmental Activities |
|--|----------------------|----------------------------|---|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instruction | \$ 20,647,181 | \$ 26,701 | \$ 1,922,155 | \$ 0 | \$ (18,698,325) |
| Support Services | 12,106,273 | 0 | 767,796 | 0 | (11,338,477) |
| Operation of Non-instructional Services | 3,576,780 | 330,733 | 3,271,302 | 0 | 25,255 |
| Total Governmental Activities | <u>\$ 36,330,234</u> | <u>\$ 357,434</u> | <u>\$ 5,961,253</u> | <u>\$ 0</u> | <u>\$ (30,011,547)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 5,284,168 |
| Local Option Sales Taxes | | | | | 3,612,396 |
| Hotel/Motel Tax | | | | | 24,688 |
| Wholesale Beer Tax | | | | | 96,151 |
| Other Local Taxes | | | | | 14,430 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 21,432,532 |
| Unrestricted Investment Earnings | | | | | 10,066 |
| Miscellaneous | | | | | 106,185 |
| Total General Revenues | | | | | <u>\$ 30,580,616</u> |
| Change in Net Position | | | | | \$ 569,069 |
| Net Position, July 1, 2018 | | | | | <u>40,985,191</u> |
| Net Position, June 30, 2019 | | | | | <u>\$ 41,554,260</u> |

Exhibit J-2

Marion County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Marion County School Department
 June 30, 2019

| | Major Funds | | Nonmajor Fund | Total |
|--|------------------------|-------------------|-------------------------|--------------------|
| | General Purpose School | Central Cafeteria | School Federal Projects | Governmental Funds |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 7,727 | \$ 0 | \$ 7,727 |
| Equity in Pooled Cash and Investments | 4,663,464 | 2,023,494 | 27,455 | 6,714,413 |
| Inventories | 0 | 85,844 | 0 | 85,844 |
| Accounts Receivable | 25,089 | 1,061 | 0 | 26,150 |
| Due from Other Governments | 355,818 | 86,791 | 115,105 | 557,714 |
| Due from Other Funds | 2,675 | 0 | 0 | 2,675 |
| Property Taxes Receivable | 5,590,433 | 0 | 0 | 5,590,433 |
| Allowance for Uncollectible Property Taxes | (221,895) | 0 | 0 | (221,895) |
| Restricted Assets | 48,782 | 0 | 0 | 48,782 |
| Total Assets | \$ 10,464,366 | \$ 2,204,917 | \$ 142,560 | \$ 12,811,843 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 124,104 | \$ 9,879 | \$ 8,398 | \$ 142,381 |
| Accrued Payroll | 28,950 | 0 | 77,138 | 106,088 |
| Due to Other Funds | 0 | 0 | 2,675 | 2,675 |
| Due to Primary Government | 1,927 | 0 | 0 | 1,927 |
| Total Liabilities | \$ 154,981 | \$ 9,879 | \$ 88,211 | \$ 253,071 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 5,141,452 | \$ 0 | \$ 0 | \$ 5,141,452 |
| Deferred Delinquent Property Taxes | 215,081 | 0 | 0 | 215,081 |
| Total Deferred Inflows of Resources | \$ 5,356,533 | \$ 0 | \$ 0 | \$ 5,356,533 |

(Continued)

Exhibit J-2

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

| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | |
|---|-------------------------------|--------------------------|--------------------------------|---------------------------------|
| | <u>General Purpose School</u> | <u>Central Cafeteria</u> | <u>School Federal Projects</u> | <u>Total Governmental Funds</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 0 | \$ 85,844 | \$ 0 | \$ 85,844 |
| Restricted: | | | | |
| Restricted for Education | 47,747 | 2,109,194 | 4,349 | 2,161,290 |
| Restricted for Hybrid Retirement Stabilization Funds | 48,782 | 0 | 0 | 48,782 |
| Committed: | | | | |
| Committed for Education | 0 | 0 | 50,000 | 50,000 |
| Unassigned | 4,856,323 | 0 | 0 | 4,856,323 |
| Total Fund Balances | <u>\$ 4,952,852</u> | <u>\$ 2,195,038</u> | <u>\$ 54,349</u> | <u>\$ 7,202,239</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 10,464,366</u> | <u>\$ 2,204,917</u> | <u>\$ 142,560</u> | <u>\$ 12,811,843</u> |

Exhibit J-3

Marion County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Discretely Presented Marion County School Department

June 30, 2019

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

| | | |
|---|--------------------|----------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit J-2) | | \$ 7,202,239 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 1,118,836 | |
| Add: buildings and improvements net of accumulated depreciation | 33,228,907 | |
| Add: other capital assets net of accumulated depreciation | <u>416,136</u> | 34,763,879 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Less: contributions due to primary government for capital leases | \$ (196,093) | |
| Less: OPEB liability | <u>(2,422,498)</u> | (2,618,591) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years: | | |
| Add: deferred outflows of resources related to pensions | \$ 3,155,789 | |
| Less: deferred inflows of resources related to pensions | (2,376,367) | |
| Add: deferred outflows of resources related to OPEB | 296,970 | |
| Less: deferred inflows of resources related to OPEB | <u>(781,219)</u> | 295,173 |
| (4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds. | | |
| Add: net pension assets - agent plan | \$ 184,916 | |
| Add: net pension assets - teacher retirement plan | 92,040 | |
| Add: net pension assets - teacher legacy plan | <u>1,419,523</u> | 1,696,479 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>215,081</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ 41,554,260</u> |

Exhibit J-4

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

| | Major Funds | | Nonmajor Fund | |
|---|------------------------|---------------------|-------------------------|--------------------------|
| | General Purpose School | Central Cafeteria | School Federal Projects | Total Governmental Funds |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 9,422,892 | \$ 0 | \$ 0 | \$ 9,422,892 |
| Licenses and Permits | 1,680 | 0 | 0 | 1,680 |
| Charges for Current Services | 140,617 | 216,817 | 0 | 357,434 |
| Other Local Revenues | 112,183 | 7,751 | 0 | 119,934 |
| State of Tennessee | 22,049,317 | 25,279 | 92,934 | 22,167,530 |
| Federal Government | 142,752 | 2,640,834 | 2,380,808 | 5,164,394 |
| Other Governments and Citizens Groups | 246,904 | 0 | 0 | 246,904 |
| Total Revenues | <u>\$ 32,116,345</u> | <u>\$ 2,890,681</u> | <u>\$ 2,473,742</u> | <u>\$ 37,480,768</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 18,515,672 | \$ 0 | \$ 1,609,294 | \$ 20,124,966 |
| Support Services | 11,572,481 | 0 | 786,602 | 12,359,083 |
| Operation of Non-Instructional Services | 716,653 | 2,915,848 | 0 | 3,632,501 |
| Capital Outlay | 540,178 | 0 | 0 | 540,178 |
| Debt Service: | | | | |
| Principal on Debt | 17,183 | 0 | 0 | 17,183 |
| Other Debt Service | 773,614 | 0 | 0 | 773,614 |
| Total Expenditures | <u>\$ 32,135,781</u> | <u>\$ 2,915,848</u> | <u>\$ 2,395,896</u> | <u>\$ 37,447,525</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | <u>\$ (19,436)</u> | <u>\$ (25,167)</u> | <u>\$ 77,846</u> | <u>\$ 33,243</u> |

(Continued)

Exhibit J-4

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marion County School Department (Cont.)

| | Major Funds | | Nonmajor Fund | |
|--------------------------------------|------------------------------|----------------------|-------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | School Federal Projects | Total Governmental Funds |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 73,497 | \$ 0 | \$ 0 | \$ 73,497 |
| Transfers Out | 0 | 0 | (73,497) | (73,497) |
| Total Other Financing Sources (Uses) | \$ 73,497 | \$ 0 | \$ (73,497) | \$ 0 |
| Net Change in Fund Balances | \$ 54,061 | \$ (25,167) | \$ 4,349 | \$ 33,243 |
| Fund Balance, July 1, 2018 | 4,898,791 | 2,220,205 | 50,000 | 7,168,996 |
| Fund Balance, June 30, 2019 | \$ 4,952,852 | \$ 2,195,038 | \$ 54,349 | \$ 7,202,239 |

Exhibit J-5

Marion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

| | | | |
|--|----|--------------------|-----------------------|
| Net change in fund balances - total governmental funds (Exhibit J-4) | | \$ | 33,243 |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | | |
| Add: capital assets purchased in the current period | \$ | 561,532 | |
| Less: current-year depreciation expense | | <u>(1,531,127)</u> | (969,595) |
| (2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2019 | \$ | 215,081 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2018 | | <u>(482,661)</u> | (267,580) |
| (3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | | |
| Less: capital lease proceeds contributed from the primary government | \$ | (246,904) | |
| Add: principal contributions on capital leases to primary government | | <u>50,811</u> | (196,093) |
| (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | | |
| Change in net pension liability - agent plan | \$ | 223,832 | |
| Change in net pension asset - teacher legacy retirement plan | | 1,289,318 | |
| Change in net pension asset - teacher retirement plan | | 34,100 | |
| Change in deferred outflows related to pensions | | 3,168 | |
| Change in deferred inflows related to pensions | | 455,260 | |
| Change in OPEB liability | | 533,741 | |
| Change in deferred outflows related to OPEB | | 89,102 | |
| Change in deferred inflows related to OPEB | | <u>(659,427)</u> | <u>1,969,094</u> |
| Change in net position of governmental activities (Exhibit B) | | \$ | <u><u>569,069</u></u> |

Exhibit J-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------|------------------|----------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 9,422,892 | \$ 8,625,698 | \$ 8,625,698 | \$ 797,194 |
| Licenses and Permits | 1,680 | 2,289 | 2,289 | (609) |
| Charges for Current Services | 140,617 | 162,502 | 162,502 | (21,885) |
| Other Local Revenues | 112,183 | 90,000 | 106,000 | 6,183 |
| State of Tennessee | 22,049,317 | 21,758,916 | 22,037,210 | 12,107 |
| Federal Government | 142,752 | 0 | 163,380 | (20,628) |
| Other Governments and Citizens Groups | 246,904 | 0 | 246,904 | 0 |
| Total Revenues | \$ 32,116,345 | \$ 30,639,405 | \$ 31,343,983 | \$ 772,362 |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 14,435,713 | \$ 14,833,773 | \$ 15,023,470 | \$ 587,757 |
| Special Education Program | 2,527,180 | 2,751,752 | 2,777,091 | 249,911 |
| Career and Technical Education Program | 1,552,779 | 1,615,604 | 1,638,604 | 85,825 |
| <u>Support Services</u> | | | | |
| Attendance | 155,584 | 139,034 | 159,034 | 3,450 |
| Health Services | 398,075 | 433,271 | 433,652 | 35,577 |
| Other Student Support | 728,403 | 867,131 | 834,759 | 106,356 |
| Regular Instruction Program | 1,104,516 | 1,081,647 | 1,152,509 | 47,993 |
| Special Education Program | 426,067 | 465,801 | 465,801 | 39,734 |
| Career and Technical Education Program | 121,448 | 183,524 | 137,524 | 16,076 |
| Technology | 561,875 | 592,827 | 651,591 | 89,716 |
| Other Programs | 159,505 | 0 | 159,505 | 0 |
| Board of Education | 506,346 | 704,330 | 704,330 | 197,984 |
| Director of Schools | 345,417 | 409,824 | 409,824 | 64,407 |
| Office of the Principal | 2,114,336 | 2,212,251 | 2,212,251 | 97,915 |
| Fiscal Services | 335,459 | 373,703 | 365,856 | 30,397 |
| Human Services/Personnel | 131,807 | 133,843 | 141,690 | 9,883 |
| Operation of Plant | 2,599,226 | 3,010,686 | 3,010,686 | 411,460 |
| Maintenance of Plant | 692,542 | 734,169 | 875,246 | 182,704 |
| Transportation | 1,191,875 | 1,265,980 | 1,265,980 | 74,105 |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Community Services | 321,796 | 156,861 | 394,902 | 73,106 |
| Early Childhood Education | 394,857 | 378,985 | 397,155 | 2,298 |
| <u>Capital Outlay</u> | | | | |
| Regular Capital Outlay | 540,178 | 565,000 | 565,000 | 24,822 |
| <u>Principal on Debt</u> | | | | |
| Education | 17,183 | 30,000 | 30,000 | 12,817 |
| <u>Interest on Debt</u> | | | | |
| Education | 0 | 2,000 | 2,000 | 2,000 |
| <u>Other Debt Service</u> | | | | |
| Education | 773,614 | 773,614 | 773,614 | 0 |
| Total Expenditures | \$ 32,135,781 | \$ 33,715,610 | \$ 34,582,074 | \$ 2,446,293 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (19,436) | \$ (3,076,205) | \$ (3,238,091) | \$ 3,218,655 |

(Continued)

Exhibit J-6

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|--------------|------------------|----------------|--|
| | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 73,497 | \$ 60,000 | \$ 60,000 | \$ 13,497 |
| Total Other Financing Sources | \$ 73,497 | \$ 60,000 | \$ 60,000 | \$ 13,497 |
| Net Change in Fund Balance | \$ 54,061 | \$ (3,016,205) | \$ (3,178,091) | \$ 3,232,152 |
| Fund Balance, July 1, 2018 | 4,898,791 | 4,714,118 | 4,714,118 | 184,673 |
| Fund Balance, June 30, 2019 | \$ 4,952,852 | \$ 1,697,913 | \$ 1,536,027 | \$ 3,416,825 |

Exhibit J-7

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| State of Tennessee | \$ 92,934 | \$ 0 | \$ 92,934 | \$ 0 |
| Federal Government | 2,380,808 | 2,334,913 | 2,865,256 | (484,448) |
| Total Revenues | \$ 2,473,742 | \$ 2,334,913 | \$ 2,958,190 | \$ (484,448) |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 1,079,179 | \$ 873,936 | \$ 1,115,224 | \$ 36,045 |
| Special Education Program | 475,129 | 492,835 | 604,343 | 129,214 |
| Career and Technical Education Program | 54,986 | 54,868 | 54,986 | 0 |
| <u>Support Services</u> | | | | |
| Other Student Support | 178,508 | 216,366 | 301,565 | 123,057 |
| Regular Instruction Program | 181,537 | 199,283 | 261,585 | 80,048 |
| Special Education Program | 385,543 | 374,453 | 477,295 | 91,752 |
| Career and Technical Education Program | 3,900 | 2,500 | 3,900 | 0 |
| Transportation | 37,114 | 50,574 | 58,574 | 21,460 |
| Total Expenditures | \$ 2,395,896 | \$ 2,264,815 | \$ 2,877,472 | \$ 481,576 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 77,846 | \$ 70,098 | \$ 80,718 | \$ (2,872) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 0 | \$ 154,243 | \$ 0 | \$ 0 |
| Transfers Out | (73,497) | (224,341) | (80,716) | 7,219 |
| Total Other Financing Sources | \$ (73,497) | \$ (70,098) | \$ (80,716) | \$ 7,219 |
| Net Change in Fund Balance | \$ 4,349 | \$ 0 | \$ 2 | \$ 4,347 |
| Fund Balance, July 1, 2018 | 50,000 | 0 | 0 | 50,000 |
| Fund Balance, June 30, 2019 | \$ 54,349 | \$ 0 | \$ 2 | \$ 54,347 |

Exhibit J-8

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|--------------------------|--------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 216,817 | \$ 1,386,000 | \$ 1,386,000 | \$ (1,169,183) |
| Other Local Revenues | 7,751 | 8,200 | 8,200 | (449) |
| State of Tennessee | 25,279 | 25,000 | 25,000 | 279 |
| Federal Government | 2,640,834 | 1,733,203 | 1,733,203 | 907,631 |
| Total Revenues | <u>\$ 2,890,681</u> | <u>\$ 3,152,403</u> | <u>\$ 3,152,403</u> | <u>\$ (261,722)</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | <u>\$ 2,915,848</u> | <u>\$ 4,218,053</u> | <u>\$ 4,218,053</u> | <u>\$ 1,302,205</u> |
| Total Expenditures | <u>\$ 2,915,848</u> | <u>\$ 4,218,053</u> | <u>\$ 4,218,053</u> | <u>\$ 1,302,205</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (25,167)</u> | <u>\$ (1,065,650)</u> | <u>\$ (1,065,650)</u> | <u>\$ 1,040,483</u> |
| Net Change in Fund Balance | <u>\$ (25,167)</u> | <u>\$ (1,065,650)</u> | <u>\$ (1,065,650)</u> | <u>\$ 1,040,483</u> |
| Fund Balance, July 1, 2018 | <u>2,220,205</u> | <u>2,015,974</u> | <u>2,015,974</u> | <u>204,231</u> |
| Fund Balance, June 30, 2019 | <u><u>\$ 2,195,038</u></u> | <u><u>\$ 950,324</u></u> | <u><u>\$ 950,324</u></u> | <u><u>\$ 1,244,714</u></u> |

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2019

| | Other Trust Fund |
|---------------------------------------|-------------------------------------|
| | Private Purpose Trust Fund |
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash in Bank | \$ 38,859 |
| Equity in Pooled Cash and Investments | 20,422 |
| Investments | <u>596,938</u> |
| Total Assets | <u>\$ 656,219</u> |
| <u>NET POSITION</u> | |
| Funds Held in Trust for Scholarships | <u>\$ 656,219</u> |
| Total Net Position | <u><u>\$ 656,219</u></u> |

Exhibit J-10

Marion County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2019

| | Other Trust Fund |
|-----------------------------|-------------------------------------|
| | Private Purpose Trust Fund |
| <u>ADDITIONS</u> | |
| Contributions and Gifts | \$ 100 |
| Investment Income | 32,389 |
| Total Additions | <u>\$ 32,489</u> |
| <u>DEDUCTIONS</u> | |
| Scholarship Disbursements | <u>\$ 14,000</u> |
| Total Deductions | <u>\$ 14,000</u> |
| Change in Net Position | \$ 18,489 |
| Net Position, July 1, 2018 | <u>637,730</u> |
| Net Position, June 30, 2019 | <u><u>\$ 656,219</u></u> |

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Capital Leases
For the Year Ended June 30, 2019

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-18 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-19 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------------|----------------------------|--|-----------------------------|
| <u>BONDS PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| General Obligation Bonds, Series 2010 | \$ 3,675,000 | 2.5 to 4 % | 3-31-10 | 4-1-30 | \$ 2,200,000 | \$ 0 | \$ 200,000 | \$ 2,000,000 |
| General Obligation Refunding Bonds, 2015A Series | 3,345,000 | 2 to 2.35 | 2-25-15 | 4-1-29 | 2,705,000 | 0 | 225,000 | 2,480,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 4,905,000</u> | <u>\$ 0</u> | <u>\$ 425,000</u> | <u>\$ 4,480,000</u> |
| <u>Payable through Rural Debt Service Fund</u> | | | | | | | | |
| Rural School Refunding Bonds, Series 2011 | 13,045,000 | 3 to 4.5 | 1-6-11 | 4-1-24 | \$ 6,745,000 | \$ 0 | \$ 1,020,000 | \$ 5,725,000 |
| Rural School General Obligation Refunding Bonds, 2015 Series | 1,805,000 | 2 to 4 | 2-25-15 | 4-1-25 | 1,320,000 | 0 | 170,000 | 1,150,000 |
| Total Payable through Rural Debt Service Fund | | | | | <u>\$ 8,065,000</u> | <u>\$ 0</u> | <u>\$ 1,190,000</u> | <u>\$ 6,875,000</u> |
| <u>Payable through Education Debt Service Fund</u> | | | | | | | | |
| General Obligation Refunding Bonds, 2014 Series | 15,485,000 | 2 to 5 | 10-15-14 | 6-1-31 | \$ 13,665,000 | \$ 0 | \$ 750,000 | \$ 12,915,000 |
| Total Payable through Education Debt Service Fund | | | | | <u>\$ 13,665,000</u> | <u>\$ 0</u> | <u>\$ 750,000</u> | <u>\$ 12,915,000</u> |
| Total Bonds Payable | | | | | <u><u>\$ 26,635,000</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 2,365,000</u></u> | <u><u>\$ 24,270,000</u></u> |
| <u>NOTES PAYABLE</u> | | | | | | | | |
| <u>Payable through General Fund</u> | | | | | | | | |
| Jasper Public Works Project | (1) 377,000 | 1.94 | 12-21-12 | 4-1-23 | \$ 200,000 | \$ 0 | \$ 40,000 | \$ 160,000 |
| Total Payable through General Fund | | | | | <u>\$ 200,000</u> | <u>\$ 0</u> | <u>\$ 40,000</u> | <u>\$ 160,000</u> |
| <u>Payable through Highway/Public Works Fund</u> | | | | | | | | |
| Kenworth Dump Trucks | 550,000 | 3.09 | 7-10-17 | 4-19-24 | \$ 474,593 | \$ 0 | \$ 73,919 | \$ 400,674 |
| Total Payable through Highway/Public Works Fund | | | | | <u>\$ 474,593</u> | <u>\$ 0</u> | <u>\$ 73,919</u> | <u>\$ 400,674</u> |
| <u>Payable through Rural Debt Service Fund</u> | | | | | | | | |
| School Refunding Capital Outlay Note | 1,415,000 | 1.94 | 12-21-12 | 5-30-19 | \$ 760,000 | \$ 0 | \$ 760,000 | \$ 0 |
| Total Payable through Rural Debt Service Fund | | | | | <u>\$ 760,000</u> | <u>\$ 0</u> | <u>\$ 760,000</u> | <u>\$ 0</u> |
| Total Notes Payable | | | | | <u><u>\$ 1,434,593</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 873,919</u></u> | <u><u>\$ 560,674</u></u> |

(Continued)

Exhibit K-1

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

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-18 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-19 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>CAPITAL LEASES PAYABLE</u> | | | | | | | | |
| <u>Contributions Due by the School Department from the General Purpose School Fund to the Education Debt Service Fund</u> | | | | | | | | |
| Computers | \$ 78,764 | 4.54 % | 12-5-18 | 12-5-23 | \$ 0 | \$ 78,764 | \$ 17,183 | \$ 61,581 |
| <u>Contributions Due by the School Department from the General Purpose School and School Federal Projects funds to the Education Debt Service Fund</u> | | | | | | | | |
| Promethean Boards | (2) 168,140 | 0.00 | 5-3-19 | 5-3-24 | 0 | 168,140 | 33,628 | 134,512 |
| Total Capital Leases Payable | | | | | <u>\$ 0</u> | <u>\$ 246,904</u> | <u>\$ 50,811</u> | <u>\$ 196,093</u> |

- (1) Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note.
- (2) The school department intends to contribute approximately 14% from the General Purpose School Fund and 86% from the School Federal Projects Fund for retirement of this debt.

Exhibit K-2

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

| Year Ending June 30 | Bonds | | |
|---------------------------|---------------|--------------|---------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,435,000 | \$ 840,562 | \$ 3,275,562 |
| 2021 | 2,525,000 | 752,662 | 3,277,662 |
| 2022 | 2,650,000 | 661,462 | 3,311,462 |
| 2023 | 2,755,000 | 559,388 | 3,314,388 |
| 2024 | 2,875,000 | 439,113 | 3,314,113 |
| 2025 | 1,670,000 | 343,094 | 2,013,094 |
| 2026 | 1,505,000 | 297,756 | 1,802,756 |
| 2027 | 1,575,000 | 256,744 | 1,831,744 |
| 2028 | 1,670,000 | 210,525 | 1,880,525 |
| 2029 | 1,740,000 | 157,553 | 1,897,553 |
| 2030 | 1,530,000 | 101,700 | 1,631,700 |
| 2031 | 1,340,000 | 46,900 | 1,386,900 |
| Total | \$ 24,270,000 | \$ 4,667,459 | \$ 28,937,459 |

| Year Ending June 30 | Notes | | |
|---------------------------|------------|-----------|------------|
| | Principal | Interest | Total |
| 2020 | \$ 116,170 | \$ 15,519 | \$ 131,689 |
| 2021 | 118,557 | 12,355 | 130,912 |
| 2022 | 120,984 | 9,152 | 130,136 |
| 2023 | 123,487 | 5,873 | 129,360 |
| 2024 | 81,476 | 2,524 | 84,000 |
| Total | \$ 560,674 | \$ 45,423 | \$ 606,097 |

| Year Ending June 30 | Capital Leases | | |
|---------------------------|----------------|----------|------------|
| | Principal | Interest | Total |
| 2020 | \$ 48,013 | \$ 2,798 | \$ 50,811 |
| 2021 | 48,666 | 2,145 | 50,811 |
| 2022 | 49,350 | 1,461 | 50,811 |
| 2023 | 50,064 | 747 | 50,811 |
| Total | \$ 196,093 | \$ 7,151 | \$ 203,244 |

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2019

| <u>Fund and Type</u> | <u>Amount</u> |
|--|-------------------|
| <u>Private Purpose Trust Fund</u> | |
| SunTrust Bank - Certificates of Deposit | \$ 163,195 |
| Corporate Bonds - Morgan Stanley | 103,224 |
| Corporate Bonds - National Rural Utilities | 49,656 |
| Corporate Bonds - Caterpillar Financial | 49,546 |
| Corporate Bonds - General Electric | 40,354 |
| Corporate Bonds - Wells Fargo | 41,109 |
| Corporate Bonds - Ford Motor Credit | 74,823 |
| Corporate Bonds - Goldman Sachs Group | <u>75,031</u> |
| Total Investments | <u>\$ 596,938</u> |

Exhibit K-4

Marion County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Marion County School Department

For the Year Ended June 30, 2019

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|---|------------------------|---------------------|------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| General | Highway/Public Works | Bridge construction | <u>\$ 10,000</u> |
| Total Transfers Primary Government | | | <u>\$ 10,000</u> |
| <u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | <u>\$ 73,497</u> |
| Total Transfers Discretely Presented Marion County School Department | | | <u>\$ 73,497</u> |

Exhibit K-5

Marion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|---|---|------------------------------------|-----------|---------------------------------|
| County Mayor | Section 8-24-102, <i>TCA</i> , and County Commission | \$ 97,470 (1) | \$ (4) | |
| Highway Supervisor | Section 8-24-102, <i>TCA</i> , and County Commission | 100,039 (2) (4) | 100,000 | RLI Insurance Company |
| Director of Schools | State Board of Education and County Board of Education | 164,800 (3) | 100,000 | " |
| Trustee | Section 8-24-102, <i>TCA</i> | 76,069 | 1,228,223 | " |
| Assessor of Property | Section 8-24-102, <i>TCA</i> | 76,069 (4) | 50,000 | " |
| County Clerk | Section 8-24-102, <i>TCA</i> | 68,801 (8) | (4) | |
| Circuit and General Sessions Courts Clerk | Section 8-24-102, <i>TCA</i> | 83,676 (5) | (4) | |
| Clerk and Master | Section 8-24-102, <i>TCA</i> and Chancery Court Judge | 76,069 (6) | (4) | |
| Register of Deeds | Section 8-24-102, <i>TCA</i> | 76,069 | (4) | |
| Sheriff | Section 8-24-102, <i>TCA</i> | 100,639 (7) | (4) | |
| Employee Blanket Bond Coverage: | | | | |
| Public Employee Dishonesty - County Departments | | | 400,000 | Local Government Insurance Pool |
| Public Employee Dishonesty - Highway Department | | | 400,000 | " |
| Public Employee Dishonesty - School Department | | | 150,000 | Liberty Mutual Insurance |

- (1) Includes a local salary supplement of \$9,612.
(2) Includes prior-year underpayment of \$7,995; does not include a local salary supplement of \$1,800.
(3) Does not include a chief executive officer training supplement of \$1,000.
(4) Covered under the Public Employee Dishonesty Bond.
(5) Includes additional \$7,607 for serving more than one court (10% of base salary by statute).
(6) Does not include special commissioner fees of \$1,260.
(7) Includes a law enforcement training supplement of \$600 and prior year underpayment of \$7,995.
(8) The clerk was paid \$7,268 less than the minimum required amount due to an overpayment of authorized salary in the prior year. The current year salary was reduced as a reimbursement to the county for the overpayment.

Exhibit K-6

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 6,066,786 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Trustee's Collections - Prior Year | 264,998 | 0 | 0 | 0 | 0 | 0 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 181,515 | 0 | 0 | 0 | 0 | 0 |
| Interest and Penalty | 51,900 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - T.V.A. | 28,970 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Local Utilities | 23,393 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Other | 4,248 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 0 | 0 | 482,118 | 0 | 0 | 0 |
| Litigation Tax - General | 131,275 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 1,030 | 10,715 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 17,892 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 323,074 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | <u>\$ 7,095,081</u> | <u>\$ 10,715</u> | <u>\$ 482,118</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Cable TV Franchise | \$ 125,861 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 1,821 | 0 | 0 | 0 | 0 | 0 |
| Building Permits | 148,842 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | <u>\$ 276,524</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 6,093 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 14,818 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 11,760 | 0 | 0 |
| Jail Fees | 550 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 943 | 0 | 0 | 0 | 0 | 0 |
| <u>Criminal Court</u> | | | | | | |
| Data Entry Fee - Criminal Court | 1,236 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 27,675 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 33,793 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 700 | 0 | 0 | 0 | 0 | 0 |
| Drug Court Fees | 6,434 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 2,878 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 7,926 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - General Sessions Court | 20,076 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 717 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Data Entry Fee - Chancery Court | 3,456 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Officers Costs | 3,078 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 14,056 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 130,373 | \$ 0 | \$ 0 | \$ 25,816 | \$ 0 | \$ 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | |
|---|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Surcharge - Waste Tire Disposal | \$ 0 | \$ 0 | \$ 27,202 | \$ 0 | \$ 0 | \$ 0 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 68,903 |
| <u>Fees</u> | | | | | | |
| Airport Fees | 60,250 | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 759 | 0 | 0 | 0 | 0 | 0 |
| Greenbelt Late Application Fee | 50 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 670 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 496,179 | 0 |
| Data Processing Fee - Register | 9,895 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Sheriff | 2,206 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee - Sheriff | 2,700 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 402 | 0 | 0 | 0 | 0 | 0 |
| <u>Education Charges</u> | | | | | | |
| Other Charges for Services | 0 | 0 | 26,104 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 76,932 | \$ 0 | \$ 53,306 | \$ 0 | \$ 496,179 | \$ 68,903 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 259,560 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Lease/Rentals | 12,170 | 0 | 0 | 0 | 0 | 0 |
| Commissary Sales | 28,179 | 0 | 0 | 0 | 0 | 0 |
| Sale of Gasoline | 152,342 | 0 | 0 | 0 | 0 | 26,612 |
| Sale of Recycled Materials | 0 | 0 | 0 | 0 | 0 | 481 |
| Miscellaneous Refunds | 1,074 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>Other Local Revenues (Cont.)</u> | | | | | | |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 17,009 |
| Sale of Property | 67,856 | 0 | 0 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 907 | 0 | 0 | 0 | 0 | 0 |
| Performance Bond Forfeitures | 950 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 523,038 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 44,102 |
| <u>Fees Received From County Officials</u> | | | | | | |
| <u>Excess Fees</u> | | | | | | |
| County Clerk | \$ 27,421 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Trustee | 320,391 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees In-Lieu-of Salary</u> | | | | | | |
| Circuit Court Clerk | 212,943 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 322,231 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 115,602 | 0 | 0 | 0 | 0 | 0 |
| Register | 131,701 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 16,402 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received From County Officials | \$ 1,146,691 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Airport Maintenance Program | 14,126 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | 18,600 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | \$ 272,267 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| Bridge Program | 0 | 0 | 0 | 0 | 0 | 946,220 |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 792,525 |
| Litter Program | 37,238 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | 111,608 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 17,959 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Certificate of Title Fees | 6,653 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 75,254 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 347,925 | 0 | 173,963 | 0 | 0 | 0 |
| State Revenue Sharing - Telecommunications | 36,636 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 169,884 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 2,445,835 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 20,374 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 484,310 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 30,893 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 1,647,517 | \$ 0 | \$ 173,963 | \$ 0 | \$ 0 | 4,204,954 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Homeland Security Grants | \$ 11,777 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Other Federal through State | 290,491 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|--------------------------------|-----------------|--|------------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu - tional Officers - Fees | Highway / Public Works |
| <u>Federal Government (Cont.)</u> | | | | | | |
| <u>Direct Federal Revenue</u> | | | | | | |
| Other Direct Federal Revenue | \$ 56,244 | \$ 0 | \$ 0 | \$ 9,251 | \$ 0 | \$ 0 |
| Total Federal Government | \$ 358,512 | \$ 0 | \$ 0 | \$ 9,251 | \$ 0 | \$ 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 17,700 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Contracted Services | 327,468 | 0 | 0 | 0 | 0 | 0 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 790 | 0 | 0 | 0 | 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 345,958 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total | \$ 11,600,626 | \$ 10,715 | \$ 709,387 | \$ 35,067 | \$ 496,179 | \$ 4,317,959 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | |
|--|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|---------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | Total |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 583,959 | \$ 1,299,957 | \$ 0 | \$ 0 | \$ 971,097 | \$ 8,921,799 |
| Trustee's Collections - Prior Year | 25,608 | 56,670 | 0 | 0 | 43,629 | 390,905 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 17,044 | 38,734 | 0 | 0 | 20,810 | 258,103 |
| Interest and Penalty | 4,888 | 10,833 | 0 | 0 | 8,128 | 75,749 |
| Payments in-Lieu-of Taxes - T.V.A. | 2,556 | 5,770 | 0 | 0 | 4,251 | 41,547 |
| Payments in-Lieu-of Taxes - Local Utilities | 2,252 | 5,083 | 0 | 0 | 3,745 | 34,473 |
| Payments in-Lieu-of Taxes - Other | 409 | 923 | 0 | 0 | 680 | 6,260 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 0 | 0 | 1,828,536 | 0 | 0 | 2,310,654 |
| Litigation Tax - General | 0 | 0 | 0 | 0 | 0 | 131,275 |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 0 | 11,745 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 17,892 |
| Business Tax | 0 | 0 | 0 | 0 | 0 | 323,074 |
| Total Local Taxes | \$ 636,716 | \$ 1,417,970 | \$ 1,828,536 | \$ 0 | \$ 1,052,340 | \$ 12,523,476 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Cable TV Franchise | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 125,861 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 0 | 0 | 0 | 0 | 0 | 1,821 |
| Building Permits | 0 | 0 | 0 | 0 | 0 | 148,842 |
| Total Licenses and Permits | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 276,524 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | |
|--|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|---------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | Total |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 6,093 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 14,818 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 11,760 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 550 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 943 |
| <u>Criminal Court</u> | | | | | | |
| Data Entry Fee - Criminal Court | 0 | 0 | 0 | 0 | 0 | 1,236 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 27,675 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 33,793 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 700 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 6,434 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 2,878 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 7,926 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 0 | 0 | 0 | 20,076 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 717 |
| <u>Chancery Court</u> | | | | | | |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 0 | 3,456 |
| <u>Other Courts - In-county</u> | | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 3,078 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 14,056 |
| Total Fines, Forfeitures, and Penalties | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 156,189 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | |
|---|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|---------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | Total |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Surcharge - Waste Tire Disposal | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 27,202 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 68,903 |
| <u>Fees</u> | | | | | | |
| Airport Fees | 0 | 0 | 0 | 0 | 0 | 60,250 |
| Copy Fees | 0 | 0 | 0 | 0 | 0 | 759 |
| Greenbelt Late Application Fee | 0 | 0 | 0 | 0 | 0 | 50 |
| Telephone Commissions | 0 | 0 | 0 | 0 | 0 | 670 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 0 | 496,179 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 9,895 |
| Data Processing Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 2,206 |
| Sexual Offender Registration Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 2,700 |
| Data Processing Fee - County Clerk | 0 | 0 | 0 | 0 | 0 | 402 |
| <u>Education Charges</u> | | | | | | |
| Other Charges for Services | 0 | 0 | 0 | 0 | 0 | 26,104 |
| Total Charges for Current Services | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 695,320 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 0 | \$ 0 | 14,561 | \$ 1,293 | \$ 0 | 275,414 |
| Lease/Rentals | 0 | 0 | 0 | 178,126 | 0 | 190,296 |
| Commissary Sales | 0 | 0 | 0 | 0 | 0 | 28,179 |
| Sale of Gasoline | 0 | 0 | 0 | 0 | 0 | 178,954 |
| Sale of Recycled Materials | 0 | 0 | 0 | 0 | 0 | 481 |
| Miscellaneous Refunds | 0 | 0 | 0 | 7,000 | 0 | 8,074 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | | |
|--|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|----|-----------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | | Total |
| <u>Other Local Revenues (Cont.)</u> | | | | | | | |
| <u>Nonrecurring Items</u> | | | | | | | |
| Sale of Equipment | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 17,009 |
| Sale of Property | 0 | 0 | 0 | 0 | 0 | | 67,856 |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 0 | | 907 |
| Performance Bond Forfeitures | 0 | 0 | 0 | 0 | 0 | | 950 |
| Total Other Local Revenues | \$ 0 | \$ 0 | \$ 14,561 | \$ 186,419 | \$ 0 | \$ | 768,120 |
| <u>Fees Received From County Officials</u> | | | | | | | |
| <u>Excess Fees</u> | | | | | | | |
| County Clerk | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 27,421 |
| Trustee | 0 | 0 | 0 | 0 | 0 | | 320,391 |
| <u>Fees In-Lieu-of Salary</u> | | | | | | | |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 0 | | 212,943 |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | 0 | | 322,231 |
| Clerk and Master | 0 | 0 | 0 | 0 | 0 | | 115,602 |
| Register | 0 | 0 | 0 | 0 | 0 | | 131,701 |
| Sheriff | 0 | 0 | 0 | 0 | 0 | | 16,402 |
| Total Fees Received From County Officials | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 1,146,691 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 9,000 |
| Airport Maintenance Program | 0 | 0 | 0 | 0 | 0 | | 14,126 |
| <u>Public Safety Grants</u> | | | | | | | |
| Law Enforcement Training Programs | 0 | 0 | 0 | 0 | 0 | | 18,600 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | |
|--|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|-----------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | Total |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 272,267 |
| <u>Public Works Grants</u> | | | | | | |
| Bridge Program | 0 | 0 | 0 | 0 | 0 | 946,220 |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 792,525 |
| Litter Program | 0 | 0 | 0 | 0 | 0 | 37,238 |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | 0 | 0 | 0 | 0 | 0 | 111,608 |
| Beer Tax | 0 | 0 | 0 | 0 | 0 | 17,959 |
| Vehicle Certificate of Title Fees | 0 | 0 | 0 | 0 | 0 | 6,653 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 0 | 75,254 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 0 | 0 | 0 | 521,888 |
| State Revenue Sharing - Telecommunications | 0 | 0 | 0 | 0 | 0 | 36,636 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 0 | 169,884 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 2,445,835 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 20,374 |
| Registrar's Salary Supplement | 0 | 0 | 0 | 0 | 0 | 15,164 |
| Other State Grants | 0 | 0 | 0 | 0 | 32,615 | 516,925 |
| Other State Revenues | 0 | 0 | 0 | 0 | 0 | 30,893 |
| Total State of Tennessee | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 32,615 \$ | 6,059,049 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Homeland Security Grants | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 11,777 |
| Other Federal through State | 0 | 0 | 0 | 0 | 0 | 290,491 |

(Continued)

Exhibit K-6

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

| | Debt Service Funds | | | Capital Projects Funds | | |
|--|----------------------------|--------------------------|------------------------------|----------------------------------|------------------------------|---------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Capital Projects | Other Capital Projects | Total |
| <u>Federal Government (Cont.)</u> | | | | | | |
| <u>Direct Federal Revenue</u> | | | | | | |
| Other Direct Federal Revenue | \$ 0 | \$ 0 | \$ 0 | \$ 129,968 | \$ 0 | \$ 195,463 |
| Total Federal Government | \$ 0 | \$ 0 | \$ 0 | \$ 129,968 | \$ 0 | \$ 497,731 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 0 | \$ 773,614 | \$ 50,811 | \$ 0 | \$ 4,600 | \$ 846,725 |
| Contracted Services | 0 | 0 | 0 | 0 | 0 | 327,468 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 0 | 0 | 0 | 0 | 0 | 790 |
| Total Other Governments and Citizens Groups | \$ 0 | \$ 773,614 | \$ 50,811 | \$ 0 | \$ 4,600 | \$ 1,174,983 |
| Total | \$ 636,716 | \$ 2,191,584 | \$ 1,893,908 | \$ 316,387 | \$ 1,089,555 | \$ 23,298,083 |

Exhibit K-7

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-------------------------------|----------------------|---------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 4,824,167 | \$ 0 | \$ 0 | \$ 4,824,167 |
| Trustee's Collections - Prior Year | 227,722 | 0 | 0 | 227,722 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 141,410 | 0 | 0 | 141,410 |
| Interest and Penalty | 41,399 | 0 | 0 | 41,399 |
| Payments in-Lieu-of Taxes - T.V.A. | 23,072 | 0 | 0 | 23,072 |
| Payments in-Lieu-of Taxes - Local Utilities | 18,661 | 0 | 0 | 18,661 |
| Payments in-Lieu-of Taxes - Other | 3,389 | 0 | 0 | 3,389 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 3,907,396 | 0 | 0 | 3,907,396 |
| Hotel/Motel Tax | 24,688 | 0 | 0 | 24,688 |
| Mixed Drink Tax | 14,430 | 0 | 0 | 14,430 |
| <u>Statutory Local Taxes</u> | | | | |
| Bank Excise Tax | 100,407 | 0 | 0 | 100,407 |
| Wholesale Beer Tax | 96,151 | 0 | 0 | 96,151 |
| Total Local Taxes | <u>\$ 9,422,892</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 9,422,892</u> |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 1,680 | \$ 0 | \$ 0 | \$ 1,680 |
| Total Licenses and Permits | <u>\$ 1,680</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,680</u> |
| <u>Charges for Current Services</u> | | | | |
| <u>Education Charges</u> | | | | |
| Tuition - Summer School | \$ 3,150 | \$ 0 | \$ 0 | \$ 3,150 |

(Continued)

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

| | <u>Special Revenue Funds</u> | | | |
|---|------------------------------|-------------------------------|----------------------|------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Charges for Current Services (Cont.)</u> | | | | |
| <u>Education Charges (Cont.)</u> | | | | |
| Tuition - Out-of-state Systems | \$ 7,854 | \$ 0 | \$ 0 | \$ 7,854 |
| A la Carte Sales | 0 | 0 | 216,817 | 216,817 |
| Receipts from Individual Schools | 15,697 | 0 | 0 | 15,697 |
| Community Service Fees - Children | 113,916 | 0 | 0 | 113,916 |
| Total Charges for Current Services | \$ 140,617 | \$ 0 | \$ 216,817 | \$ 357,434 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 2,463 | \$ 0 | \$ 7,603 | \$ 10,066 |
| Miscellaneous Refunds | 105,393 | 0 | 148 | 105,541 |
| <u>Nonrecurring Items</u> | | | | |
| Sale of Property | 300 | 0 | 0 | 300 |
| Contributions and Gifts | 1,532 | 0 | 0 | 1,532 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 2,495 | 0 | 0 | 2,495 |
| Total Other Local Revenues | \$ 112,183 | \$ 0 | \$ 7,751 | \$ 119,934 |
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-behalf Contributions for OPEB | \$ 159,505 | \$ 0 | \$ 0 | \$ 159,505 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 20,332,319 | 0 | 0 | 20,332,319 |
| School Food Service | 0 | 0 | 25,279 | 25,279 |
| Driver Education | 12,182 | 0 | 0 | 12,182 |

(Continued)

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

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-------------------------------|----------------------|---------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>State of Tennessee (Cont.)</u> | | | | |
| <u>State Education Funds (Cont.)</u> | | | | |
| Other State Education Funds | \$ 624,139 | \$ 0 | \$ 0 | \$ 624,139 |
| Coordinated School Health | 95,000 | 0 | 0 | 95,000 |
| Career Ladder Program | 80,484 | 0 | 0 | 80,484 |
| <u>Other State Revenues</u> | | | | |
| State Revenue Sharing - T.V.A. | 720,702 | 0 | 0 | 720,702 |
| Other State Grants | 24,986 | 92,934 | 0 | 117,920 |
| Total State of Tennessee | \$ 22,049,317 | \$ 92,934 | \$ 25,279 | \$ 22,167,530 |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 1,596,360 | \$ 1,596,360 |
| USDA - Commodities | 0 | 0 | 203,203 | 203,203 |
| Breakfast | 0 | 0 | 717,064 | 717,064 |
| USDA - Other | 0 | 0 | 124,207 | 124,207 |
| Vocational Education - Basic Grants to States | 0 | 75,949 | 0 | 75,949 |
| Title I Grants to Local Education Agencies | 0 | 1,087,855 | 0 | 1,087,855 |
| Special Education - Grants to States | 4,404 | 881,126 | 0 | 885,530 |
| Special Education Preschool Grants | 0 | 39,785 | 0 | 39,785 |
| Safe and Drug-free Schools - State Grants | 123,869 | 0 | 0 | 123,869 |
| Rural Education | 0 | 75,298 | 0 | 75,298 |
| Eisenhower Professional Development State Grants | 0 | 132,878 | 0 | 132,878 |
| Other Federal through State | 14,479 | 87,917 | 0 | 102,396 |
| Total Federal Government | \$ 142,752 | \$ 2,380,808 | \$ 2,640,834 | \$ 5,164,394 |

(Continued)

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

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-------------------------------|----------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Other Governments and Citizens Groups</u> | | | | |
| <u>Other Governments</u> | | | | |
| Contributions | \$ 246,904 | \$ 0 | \$ 0 | \$ 246,904 |
| Total Other Governments and Citizens Groups | <u>\$ 246,904</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 246,904</u> |
| Total | <u>\$ 32,116,345</u> | <u>\$ 2,473,742</u> | <u>\$ 2,890,681</u> | <u>\$ 37,480,768</u> |

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

| | | | |
|---|----|--------|------------|
| Board and Committee Members Fees | \$ | 44,925 | |
| Social Security | | 3,437 | |
| Dues and Memberships | | 2,466 | |
| Legal Services | | 66,502 | |
| Legal Notices, Recording, and Court Costs | | 2,512 | |
| Maintenance and Repair Services - Equipment | | 700 | |
| Travel | | 1,915 | |
| Total County Commission | | | \$ 122,457 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 1,050 | |
| Social Security | | 80 | |
| Total Board of Equalization | | | 1,130 |

Beer Board

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 2,700 | |
| Social Security | | 207 | |
| Total Beer Board | | | 2,907 |

Budget and Finance Committee

| | | | |
|------------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 4,725 | |
| Social Security | | 362 | |
| Total Budget and Finance Committee | | | 5,087 |

County Mayor/Executive

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 97,470 | |
| Accountants/Bookkeepers | | 69,058 | |
| Secretary(ies) | | 33,620 | |
| Clerical Personnel | | 32,865 | |
| Bonus Payments | | 4,800 | |
| Other Salaries and Wages | | 2,819 | |
| Social Security | | 18,788 | |
| Pensions | | 16,750 | |
| Employee and Dependent Insurance | | 27,424 | |
| Unemployment Compensation | | 107 | |
| Communication | | 2,619 | |
| Dues and Memberships | | 2,132 | |
| Maintenance and Repair Services - Equipment | | 12,795 | |
| Maintenance and Repair Services - Vehicles | | 689 | |
| Postal Charges | | 1,484 | |
| Travel | | 3,071 | |
| Gasoline | | 1,058 | |
| Office Supplies | | 5,141 | |
| Office Equipment | | 2,058 | |
| Total County Mayor/Executive | | | 334,748 |

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

| | | | |
|---|----|---------|------------|
| County Official/Administrative Officer | \$ | 68,462 | |
| Deputy(ies) | | 30,464 | |
| Part-time Personnel | | 6,976 | |
| Overtime Pay | | 2,544 | |
| Bonus Payments | | 1,200 | |
| Other Salaries and Wages | | 256 | |
| Election Commission | | 12,300 | |
| Election Workers | | 42,743 | |
| Social Security | | 9,559 | |
| Pensions | | 6,903 | |
| Employee and Dependent Insurance | | 12,780 | |
| Unemployment Compensation | | 62 | |
| Contracts with Private Agencies | | 15,124 | |
| Dues and Memberships | | 350 | |
| Legal Notices, Recording, and Court Costs | | 2,822 | |
| Postal Charges | | 5,747 | |
| Rentals | | 1,600 | |
| Travel | | 5,618 | |
| Office Supplies | | 5,512 | |
| Other Supplies and Materials | | 12,565 | |
| Voting Machines | | 391,204 | |
| Total Election Commission | | | \$ 634,791 |

Register of Deeds

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 76,069 | |
| Deputy(ies) | | 34,493 | |
| Clerical Personnel | | 33,380 | |
| Bonus Payments | | 3,600 | |
| Other Salaries and Wages | | 30,464 | |
| Social Security | | 12,835 | |
| Pensions | | 11,964 | |
| Employee and Dependent Insurance | | 25,560 | |
| Unemployment Compensation | | 70 | |
| Data Processing Services | | 6,958 | |
| Dues and Memberships | | 737 | |
| Maintenance and Repair Services - Equipment | | 762 | |
| Postal Charges | | 261 | |
| Office Supplies | | 1,628 | |
| Office Equipment | | 690 | |
| Total Register of Deeds | | | 239,471 |

Development

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

Building

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 53,000 | |
|---------------------|----|--------|--|

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Clerical Personnel | \$ | 33,331 | |
| Temporary Personnel | | 450 | |
| Bonus Payments | | 2,400 | |
| Other Salaries and Wages | | 7,082 | |
| In-service Training | | 345 | |
| Social Security | | 7,236 | |
| Pensions | | 6,408 | |
| Employee and Dependent Insurance | | 6,390 | |
| Unemployment Compensation | | 43 | |
| Communication | | 782 | |
| Contracts with Government Agencies | | 10,000 | |
| Dues and Memberships | | 283 | |
| Postal Charges | | 175 | |
| Travel | | 3,335 | |
| Office Supplies | | 2,319 | |
| Office Equipment | | 1,460 | |
| Total Building | | | \$ 135,039 |

County Buildings

| | | | |
|---|----|---------|---------|
| Custodial Personnel | \$ | 32,374 | |
| Bonus Payments | | 1,200 | |
| Other Salaries and Wages | | 384 | |
| Social Security | | 2,703 | |
| Pensions | | 2,370 | |
| Employee and Dependent Insurance | | 6,917 | |
| Unemployment Compensation | | 42 | |
| Janitorial Services | | 27,600 | |
| Maintenance and Repair Services - Equipment | | 65,796 | |
| Other Contracted Services | | 20,438 | |
| Utilities | | 270,232 | |
| Other Supplies and Materials | | 248,920 | |
| Other Charges | | 18,333 | |
| Building Improvements | | 6,500 | |
| Law Enforcement Equipment | | 31,660 | |
| Other Equipment | | 15,485 | |
| Other Construction | | 60,181 | |
| Total County Buildings | | | 811,135 |

Other General Administration

| | | | |
|----------------------------------|----|--------|--|
| Maintenance Personnel | \$ | 50,822 | |
| Overtime Pay | | 1,622 | |
| Bonus Payments | | 2,400 | |
| Other Salaries and Wages | | 37,175 | |
| Social Security | | 6,683 | |
| Pensions | | 6,148 | |
| Employee and Dependent Insurance | | 12,780 | |
| Unemployment Compensation | | 42 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Other General Administration (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Communication | \$ | 1,408 | |
| Travel | | 525 | |
| Gasoline | | 3,811 | |
| Total Other General Administration | | | \$ 123,416 |

FinanceProperty Assessor's Office

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 76,069 | |
| Secretary(ies) | | 33,331 | |
| Clerical Personnel | | 32,434 | |
| Bonus Payments | | 3,600 | |
| Other Salaries and Wages | | 33,331 | |
| Social Security | | 13,492 | |
| Pensions | | 12,016 | |
| Employee and Dependent Insurance | | 19,170 | |
| Unemployment Compensation | | 63 | |
| Audit Services | | 10,900 | |
| Maintenance and Repair Services - Equipment | | 5,368 | |
| Postal Charges | | 831 | |
| Travel | | 607 | |
| Office Supplies | | 2,240 | |
| Office Equipment | | 2,761 | |
| Total Property Assessor's Office | | | 246,213 |

Reappraisal Program

| | | | |
|----------------------------------|----|--------|--------|
| Clerical Personnel | \$ | 11,913 | |
| Bonus Payments | | 1,200 | |
| Other Salaries and Wages | | 33,331 | |
| Social Security | | 3,505 | |
| Pensions | | 2,286 | |
| Employee and Dependent Insurance | | 6,390 | |
| Unemployment Compensation | | 56 | |
| Travel | | 4,377 | |
| Other Contracted Services | | 14,146 | |
| Total Reappraisal Program | | | 77,204 |

County Trustee's Office

| | | | |
|---|----|--------|--------|
| Pensions | \$ | 13,221 | |
| Employee and Dependent Insurance | | 25,560 | |
| Dues and Memberships | | 612 | |
| Maintenance and Repair Services - Equipment | | 7,715 | |
| Postal Charges | | 10,897 | |
| Office Supplies | | 3,743 | |
| Total County Trustee's Office | | | 61,748 |

County Clerk's Office

| | | | |
|----------|----|--------|--|
| Pensions | \$ | 17,103 | |
|----------|----|--------|--|

(Continued)

Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

| | | | |
|---|----|--------|-----------|
| Employee and Dependent Insurance | \$ | 25,560 | |
| Dues and Memberships | | 612 | |
| Maintenance and Repair Services - Equipment | | 21,806 | |
| Postal Charges | | 9,526 | |
| Office Supplies | | 4,957 | |
| Total County Clerk's Office | | | \$ 79,564 |

Administration of JusticeCircuit Court

| | | | |
|---|----|---------|---------|
| County Official/Administrative Officer | \$ | 83,676 | |
| Deputy(ies) | | 273,188 | |
| Bonus Payments | | 10,800 | |
| Other Salaries and Wages | | 25,599 | |
| Jury and Witness Expense | | 21,759 | |
| Social Security | | 29,196 | |
| Pensions | | 25,359 | |
| Employee and Dependent Insurance | | 44,457 | |
| Unemployment Compensation | | 103 | |
| Data Processing Services | | 44,536 | |
| Dues and Memberships | | 612 | |
| Maintenance and Repair Services - Equipment | | 3,445 | |
| Postal Charges | | 2,886 | |
| Travel | | 135 | |
| Office Supplies | | 13,324 | |
| Other Supplies and Materials | | 2,847 | |
| Other Charges | | 2,888 | |
| Office Equipment | | 4,615 | |
| Total Circuit Court | | | 589,425 |

General Sessions Court

| | | | |
|------------------------------|----|---------|---------|
| Judge(s) | \$ | 110,219 | |
| Social Security | | 8,432 | |
| Pensions | | 7,561 | |
| Travel | | 1,465 | |
| Library Books/Media | | 3,388 | |
| Office Supplies | | 150 | |
| Total General Sessions Court | | | 131,215 |

Chancery Court

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 76,069 | |
| Accountants/Bookkeepers | | 30,648 | |
| Clerical Personnel | | 33,331 | |
| Bonus Payments | | 3,600 | |
| Other Salaries and Wages | | 33,331 | |
| Social Security | | 13,232 | |
| Pensions | | 11,894 | |
| Employee and Dependent Insurance | | 25,560 | |

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

| | | | |
|---|----|--------|------------|
| Unemployment Compensation | \$ | 63 | |
| Dues and Memberships | | 612 | |
| Maintenance and Repair Services - Equipment | | 10,726 | |
| Postal Charges | | 6,778 | |
| Office Supplies | | 3,203 | |
| Total Chancery Court | | | \$ 249,047 |

Juvenile Court

| | | | |
|----------------------------------|----|--------|---------|
| Judge(s) | \$ | 66,131 | |
| Assistant(s) | | 35,549 | |
| Probation Officer(s) | | 33,368 | |
| Overtime Pay | | 15,881 | |
| Bonus Payments | | 3,600 | |
| Other Salaries and Wages | | 33,368 | |
| Social Security | | 14,127 | |
| Pensions | | 12,642 | |
| Employee and Dependent Insurance | | 22,398 | |
| Unemployment Compensation | | 63 | |
| Postal Charges | | 58 | |
| Travel | | 2,529 | |
| Other Contracted Services | | 7,673 | |
| Office Supplies | | 1,382 | |
| Office Equipment | | 3,396 | |
| Total Juvenile Court | | | 252,165 |

Public Safety

Sheriff's Department

| | | | |
|---|----|---------|--|
| County Official/Administrative Officer | \$ | 100,039 | |
| Deputy(ies) | | 800,789 | |
| Investigator(s) | | 40,539 | |
| Accountants/Bookkeepers | | 7,009 | |
| Salary Supplements | | 18,600 | |
| Dispatchers/Radio Operators | | 376,595 | |
| Clerical Personnel | | 63,261 | |
| Attendants | | 82,820 | |
| Part-time Personnel | | 5,587 | |
| School Resource Officer | | 347,768 | |
| Overtime Pay | | 158,784 | |
| Bonus Payments | | 54,000 | |
| Other Salaries and Wages | | 58,103 | |
| In-service Training | | 4,526 | |
| Social Security | | 154,280 | |
| Pensions | | 135,177 | |
| Employee and Dependent Insurance | | 270,632 | |
| Data Processing Services | | 5,000 | |
| Dues and Memberships | | 2,000 | |
| Maintenance and Repair Services - Equipment | | 8,956 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

| | | | |
|----------------------------|----|---------|--------------|
| Postal Charges | \$ | 1,401 | |
| Rentals | | 2,680 | |
| Travel | | 5,825 | |
| Other Contracted Services | | 10,356 | |
| Gasoline | | 136,470 | |
| Office Supplies | | 10,409 | |
| Tires and Tubes | | 11,630 | |
| Uniforms | | 9,630 | |
| Vehicle Parts | | 117,258 | |
| Other Charges | | 7,437 | |
| Communication Equipment | | 39,203 | |
| Law Enforcement Equipment | | 50,557 | |
| Motor Vehicles | | 262,903 | |
| Other Equipment | | 225 | |
| Total Sheriff's Department | | | \$ 3,360,449 |

Jail

| | | | |
|--------------------------------------|----|---------|-----------|
| Guards | \$ | 441,092 | |
| Cafeteria Personnel | | 57,085 | |
| Part-time Personnel | | 4,028 | |
| Overtime Pay | | 43,329 | |
| Bonus Payments | | 18,000 | |
| Other Salaries and Wages | | 15,668 | |
| In-service Training | | 400 | |
| Social Security | | 43,282 | |
| Pensions | | 38,209 | |
| Employee and Dependent Insurance | | 76,292 | |
| Medical and Dental Services | | 365,129 | |
| Transportation - Other than Students | | 4,533 | |
| Travel | | 300 | |
| Food Supplies | | 212,846 | |
| Office Supplies | | 4,062 | |
| Prisoners Clothing | | 6,353 | |
| Uniforms | | 2,807 | |
| Other Charges | | 44,714 | |
| Total Jail | | | 1,378,129 |

Correctional Incentive Program Improvements

| | | | |
|---|----|--------|--------|
| Other Salaries and Wages | \$ | 14,932 | |
| Social Security | | 1,121 | |
| Pensions | | 1,007 | |
| Employee and Dependent Insurance | | 1,801 | |
| Unemployment Compensation | | 7 | |
| Maintenance and Repair Services - Vehicles | | 952 | |
| Other Supplies and Materials | | 286 | |
| Total Correctional Incentive Program Improvements | | | 20,106 |

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

| | | | |
|-----------------------------------|----|---------|------------|
| Communication | \$ | 6,372 | |
| Contributions | | 2,000 | |
| Other Contracted Services | | 218,311 | |
| Total Fire Prevention and Control | | | \$ 226,683 |

Civil Defense

| | | | |
|-------------------------------|----|--------|--------|
| Contributions | \$ | 20,000 | |
| Equipment and Machinery Parts | | 11,777 | |
| Total Civil Defense | | | 31,777 |

Rescue Squad

| | | | |
|--------------------|----|--------|--------|
| Contributions | \$ | 15,000 | |
| Total Rescue Squad | | | 15,000 |

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|--------|--------|
| Medical Personnel | \$ | 16,350 | |
| Social Security | | 947 | |
| Unemployment Compensation | | 33 | |
| Total County Coroner/Medical Examiner | | | 17,330 |

Public Health and Welfare

Local Health Center

| | | | |
|---------------------------|----|---------|---------|
| Contributions | \$ | 76,830 | |
| Other Contracted Services | | 273,132 | |
| Building Construction | | 520,223 | |
| Total Local Health Center | | | 870,185 |

Ambulance/Emergency Medical Services

| | | | |
|--|----|---------|---------|
| Ambulance Services | \$ | 157,575 | |
| Total Ambulance/Emergency Medical Services | | | 157,575 |

Alcohol and Drug Programs

| | | | |
|---------------------------------|----|-------|-------|
| Other Salaries and Wages | \$ | 1,200 | |
| Total Alcohol and Drug Programs | | | 1,200 |

Other Local Health Services

| | | | |
|-----------------------------------|----|--------|--------|
| Pauper Burials | \$ | 300 | |
| Other Contracted Services | | 33,895 | |
| Total Other Local Health Services | | | 34,195 |

Sanitation Education/Information

| | | | |
|----------------------------------|----|--------|--|
| Guards | \$ | 19,435 | |
| Clerical Personnel | | 14,900 | |
| Social Security | | 971 | |
| Pensions | | 326 | |
| Employee and Dependent Insurance | | 538 | |
| Unemployment Compensation | | 31 | |

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

| | | |
|--|----------|-----------|
| Travel | \$ 2,928 | |
| Instructional Supplies and Materials | 11,051 | |
| Total Sanitation Education/Information | | \$ 50,180 |

Social, Cultural, and Recreational Services

Libraries

| | | |
|-----------------|------------|---------|
| Contributions | \$ 165,496 | |
| Total Libraries | | 165,496 |

Parks and Fair Boards

| | | |
|----------------------------------|----------|--------|
| Clerical Personnel | \$ 3,700 | |
| Custodial Personnel | 21,000 | |
| Social Security | 1,156 | |
| Pensions | 254 | |
| Employee and Dependent Insurance | 513 | |
| Unemployment Compensation | 45 | |
| Contributions | 150 | |
| Total Parks and Fair Boards | | 26,818 |

Other Social, Cultural, and Recreational

| | | |
|--|-----------|--------|
| Contributions | \$ 14,500 | |
| Other Charges | 15,643 | |
| Total Other Social, Cultural, and Recreational | | 30,143 |

Agriculture and Natural Resources

Agricultural Extension Service

| | | |
|--------------------------------------|-----------|--------|
| Contributions | \$ 54,023 | |
| Office Equipment | 600 | |
| Total Agricultural Extension Service | | 54,623 |

Soil Conservation

| | | |
|----------------------------------|-----------|--------|
| Clerical Personnel | \$ 32,360 | |
| Bonus Payments | 1,200 | |
| Social Security | 2,494 | |
| Pensions | 2,220 | |
| Employee and Dependent Insurance | 6,390 | |
| Unemployment Compensation | 21 | |
| Travel | 68 | |
| Other Charges | 346 | |
| Total Soil Conservation | | 45,099 |

Other Operations

Industrial Development

| | | |
|------------------------------|----------|--------|
| Dues and Memberships | \$ 9,378 | |
| Other Contracted Services | 6,000 | |
| Total Industrial Development | | 15,378 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)Other Operations (Cont.)Other Economic and Community Development

| | | | |
|--|----|--------|------------|
| Other Contracted Services | \$ | 49,043 | |
| Other Charges | | 19,490 | |
| Principal on Notes | | 40,000 | |
| Interest on Notes | | 3,880 | |
| Total Other Economic and Community Development | | | \$ 112,413 |

Airport

| | | | |
|----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 34,622 | |
| Temporary Personnel | | 10,557 | |
| Bonus Payments | | 1,200 | |
| Social Security | | 3,364 | |
| Pensions | | 2,375 | |
| Employee and Dependent Insurance | | 6,390 | |
| Unemployment Compensation | | 53 | |
| Dues and Memberships | | 319 | |
| Postal Charges | | 165 | |
| Travel | | 970 | |
| Fuel Oil | | 110,101 | |
| Office Supplies | | 1,399 | |
| Utilities | | 20,099 | |
| Other Supplies and Materials | | 49 | |
| Liability Insurance | | 1,999 | |
| Other Charges | | 5,950 | |
| Airport Improvement | | 22,373 | |
| Other Construction | | 83,515 | |
| Total Airport | | | 305,500 |

Veterans' Services

| | | | |
|---------------------------|----|--------|--------|
| Supervisor/Director | \$ | 16,300 | |
| Social Security | | 1,247 | |
| Unemployment Compensation | | 21 | |
| Communication | | 480 | |
| Travel | | 108 | |
| Office Supplies | | 1,460 | |
| Other Charges | | 449 | |
| Total Veterans' Services | | | 20,065 |

Other Charges

| | | | |
|------------------------------------|----|---------|---------|
| Audit Services | \$ | 10,730 | |
| Office Supplies | | 11,028 | |
| Building and Contents Insurance | | 29,618 | |
| Liability Insurance | | 22,828 | |
| Premiums on Corporate Surety Bonds | | 997 | |
| Refunds | | 121,680 | |
| Trustee's Commission | | 163,441 | |
| Vehicle and Equipment Insurance | | 18,559 | |
| Workers' Compensation Insurance | | 26,476 | |
| Other Charges | | 34,090 | |
| Total Other Charges | | | 439,447 |

Total General Fund \$ 11,524,553

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

| | | |
|---|----------|----------|
| Maintenance and Repair Services - Buildings | \$ 1,830 | |
| Total County Buildings | | \$ 1,830 |

Other OperationsOther Charges

| | | |
|----------------------|--------|-----|
| Trustee's Commission | \$ 116 | |
| Total Other Charges | | 116 |

Total Courthouse and Jail Maintenance Fund \$ 1,946

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

| | | |
|---|-----------|------------|
| Truck Drivers | \$ 32,388 | |
| Part-time Personnel | 187,407 | |
| Overtime Pay | 15,184 | |
| Bonus Payments | 1,200 | |
| Other Salaries and Wages | 6,468 | |
| Social Security | 18,468 | |
| Pensions | 3,707 | |
| Employee and Dependent Insurance | 6,390 | |
| Unemployment Compensation | 342 | |
| Maintenance and Repair Services - Equipment | 1,745 | |
| Disposal Fees | 273,801 | |
| Diesel Fuel | 13,908 | |
| Tires and Tubes | 6,340 | |
| Utilities | 19,799 | |
| Gravel and Chert | 7,655 | |
| Other Supplies and Materials | 7,817 | |
| Other Charges | 1,346 | |
| Total Convenience Centers | | \$ 603,965 |

Other OperationsOther Charges

| | | |
|----------------------|----------|-------|
| Trustee's Commission | \$ 7,030 | |
| Total Other Charges | | 7,030 |

Total Solid Waste/Sanitation Fund 610,995

Drug Control FundPublic SafetyDrug Enforcement

| | | |
|-------------------------|----------|--|
| Accountants/Bookkeepers | \$ 2,000 | |
| Secretary(ies) | 4,000 | |
| Overtime Pay | 30,215 | |
| Social Security | 2,770 | |
| Pensions | 2,484 | |

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

| | | | |
|--|----|--------|-----------|
| Unemployment Compensation | \$ | 12 | |
| Confidential Drug Enforcement Payments | | 8,000 | |
| Other Charges | | 149 | |
| Law Enforcement Equipment | | 14,132 | |
| Motor Vehicles | | 26,000 | |
| Office Equipment | | 1,500 | |
| Total Drug Enforcement | | | \$ 91,262 |

Other Operations

Other Charges

| | | | |
|----------------------|----|-----|-----|
| Trustee's Commission | \$ | 117 | |
| Total Other Charges | | | 117 |

Total Drug Control Fund \$ 91,379

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | | |
|---|----|---------|------------|
| Constitutional Officers' Operating Expenses | \$ | 210,059 | |
| Total County Trustee's Office | | | \$ 210,059 |

County Clerk's Office

| | | | |
|---|----|---------|---------|
| Constitutional Officers' Operating Expenses | \$ | 283,949 | |
| Total County Clerk's Office | | | 283,949 |

Administration of Justice

Circuit Court

| | | | |
|---|----|-----|-----|
| Constitutional Officers' Operating Expenses | \$ | 285 | |
| Total Circuit Court | | | 285 |

General Sessions Court

| | | | |
|---|----|-----|-----|
| Constitutional Officers' Operating Expenses | \$ | 100 | |
| Total General Sessions Court | | | 100 |

Chancery Court

| | | | |
|---|----|-----|-----|
| Constitutional Officers' Operating Expenses | \$ | 300 | |
| Total Chancery Court | | | 300 |

Total Constitutional Officers - Fees Fund 494,693

Highway/Public Works Fund

Highways

Administration

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 100,039 | |
| Assistant(s) | | 102,146 | |
| Accountants/Bookkeepers | | 86,069 | |
| Salary Supplements | | 1,800 | |

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | | |
|--|----|--------|------------|
| Custodial Personnel | \$ | 3,748 | |
| Social Security | | 18,336 | |
| Pensions | | 20,155 | |
| Employer Medicare | | 4,288 | |
| Communication | | 3,514 | |
| Data Processing Services | | 8,030 | |
| Dues and Memberships | | 4,246 | |
| Evaluation and Testing | | 1,975 | |
| Legal Notices, Recording, and Court Costs | | 250 | |
| Maintenance and Repair Services - Office Equipment | | 372 | |
| Postal Charges | | 276 | |
| Other Contracted Services | | 360 | |
| Office Supplies | | 1,323 | |
| Other Charges | | 4,010 | |
| Total Administration | | | \$ 360,937 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|-----------|
| Foremen | \$ | 45,395 | |
| Equipment Operators | | 151,453 | |
| Equipment Operators - Light | | 290,129 | |
| Truck Drivers | | 106,945 | |
| Laborers | | 68,754 | |
| Social Security | | 40,889 | |
| Pensions | | 44,993 | |
| Employer Medicare | | 9,563 | |
| Other Contracted Services | | 254,954 | |
| Asphalt - Cold Mix | | 27,324 | |
| Asphalt - Hot Mix | | 232,266 | |
| Asphalt - Liquid | | 6,456 | |
| Crushed Stone | | 104,450 | |
| Pipe | | 13,968 | |
| Road Signs | | 9,869 | |
| Wood Products | | 64 | |
| Other Supplies and Materials | | 2,990 | |
| Other Charges | | 1,561 | |
| Total Highway and Bridge Maintenance | | | 1,412,023 |

Operation and Maintenance of Equipment

| | | | |
|-------------------------------|----|--------|--|
| Foremen | \$ | 39,262 | |
| Mechanic(s) | | 70,671 | |
| Social Security | | 6,782 | |
| Pensions | | 7,541 | |
| Employer Medicare | | 1,586 | |
| Diesel Fuel | | 46,224 | |
| Equipment and Machinery Parts | | 47,499 | |
| Garage Supplies | | 9,881 | |
| Gasoline | | 57,906 | |

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

| | | | |
|--|----|-------|------------|
| Lubricants | \$ | 4,908 | |
| Propane Gas | | 349 | |
| Tires and Tubes | | 8,394 | |
| Total Operation and Maintenance of Equipment | | | \$ 301,003 |

Other Charges

| | | | |
|---------------------------------|----|--------|--------|
| Electricity | \$ | 6,221 | |
| Water and Sewer | | 142 | |
| Building and Contents Insurance | | 2,457 | |
| Liability Insurance | | 2,372 | |
| Trustee's Commission | | 24,630 | |
| Vehicle and Equipment Insurance | | 17,387 | |
| Total Other Charges | | | 53,209 |

Employee Benefits

| | | | |
|----------------------------------|----|---------|---------|
| Employee and Dependent Insurance | \$ | 218,424 | |
| Workers' Compensation Insurance | | 51,137 | |
| Total Employee Benefits | | | 269,561 |

Capital Outlay

| | | | |
|---------------------------|----|-----------|-----------|
| Bridge Construction | \$ | 1,044,304 | |
| Building Improvements | | 377 | |
| Communication Equipment | | 310 | |
| Data Processing Equipment | | 1,906 | |
| Motor Vehicles | | 29,474 | |
| Office Equipment | | 4,964 | |
| State Aid Projects | | 241,596 | |
| Other Equipment | | 27,300 | |
| Total Capital Outlay | | | 1,350,231 |

Principal on DebtHighways and Streets

| | | | |
|----------------------------|----|--------|--------|
| Principal on Notes | \$ | 73,919 | |
| Total Highways and Streets | | | 73,919 |

Interest on DebtHighways and Streets

| | | | |
|----------------------------|----|--------|--------|
| Interest on Notes | \$ | 14,665 | |
| Total Highways and Streets | | | 14,665 |

Total Highway/Public Works Fund \$ 3,835,548

General Debt Service FundOther OperationsOther Charges

| | | | |
|----------------------|----|--------|-----------|
| Trustee's Commission | \$ | 12,641 | |
| Total Other Charges | | | \$ 12,641 |

(Continued)

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

General Debt Service Fund (Cont.)

Principal on Debt

General Government

| | | |
|--------------------------|------------|------------|
| Principal on Bonds | \$ 425,000 | |
| Total General Government | | \$ 425,000 |

Interest on Debt

General Government

| | | |
|--------------------------|------------|---------|
| Interest on Bonds | \$ 134,781 | |
| Total General Government | | 134,781 |

Other Debt Service

General Government

| | | |
|--------------------------|--------|-----|
| Other Charges | \$ 650 | |
| Total General Government | | 650 |

| | | |
|---------------------------------|--|------------|
| Total General Debt Service Fund | | \$ 573,072 |
|---------------------------------|--|------------|

Rural Debt Service Fund

Principal on Debt

Education

| | | |
|--------------------|--------------|--------------|
| Principal on Bonds | \$ 1,190,000 | |
| Principal on Notes | 760,000 | |
| Total Education | | \$ 1,950,000 |

Interest on Debt

Education

| | | |
|-------------------|------------|---------|
| Interest on Bonds | \$ 326,200 | |
| Interest on Notes | 5,857 | |
| Total Education | | 332,057 |

Other Debt Service

Education

| | | |
|----------------------|-----------|--------|
| Trustee's Commission | \$ 28,160 | |
| Other Charges | 950 | |
| Total Education | | 29,110 |

| | | |
|-------------------------------|--|-----------|
| Total Rural Debt Service Fund | | 2,311,167 |
|-------------------------------|--|-----------|

Education Debt Service Fund

Other Operations

Other Charges

| | | |
|----------------------|-----------|-----------|
| Trustee's Commission | \$ 18,238 | |
| Total Other Charges | | \$ 18,238 |

Principal on Debt

Education

| | | |
|-----------------------------|------------|---------|
| Principal on Bonds | \$ 750,000 | |
| Principal on Capital Leases | 50,811 | |
| Total Education | | 800,811 |

(Continued)

Exhibit K-8

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

Education Debt Service Fund (Cont.)Interest on DebtEducation

| | | |
|-------------------|------------|------------|
| Interest on Bonds | \$ 456,781 | |
| Total Education | | \$ 456,781 |

Total Education Debt Service Fund \$ 1,275,830

Education Capital Projects FundOther OperationsOther Charges

| | | |
|----------------------|----------|----------|
| Trustee's Commission | \$ 6,843 | |
| Total Other Charges | | \$ 6,843 |

Capital ProjectsEducation Capital Projects

| | | |
|----------------------------------|----------|-------|
| Architects | \$ 2,203 | |
| Total Education Capital Projects | | 2,203 |

Capital Projects - DonatedCapital Projects Donated to School Department

| | | |
|---|------------|---------|
| Contributions | \$ 246,904 | |
| Total Capital Projects Donated to School Department | | 246,904 |

Total Education Capital Projects Fund 255,950

Other Capital Projects FundGeneral GovernmentCounty Buildings

| | | |
|------------------------|----------|----------|
| Other Capital Outlay | \$ 7,317 | |
| Total County Buildings | | \$ 7,317 |

Other OperationsOther Economic and Community Development

| | | |
|--|----------|--------|
| Water and Sewer | \$ 2,500 | |
| Other Construction | 9,975 | |
| Total Other Economic and Community Development | | 12,475 |

Other Charges

| | | |
|----------------------|-----------|--------|
| Trustee's Commission | \$ 20,876 | |
| Total Other Charges | | 20,876 |

Total Other Capital Projects Fund 40,668

Total Governmental Funds - Primary Government \$ 21,015,801

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2019

General Purpose School FundInstructionRegular Instruction Program

| | | |
|--------------------------------------|--------------|---------------|
| Teachers | \$ 9,558,810 | |
| Career Ladder Program | 39,960 | |
| Homebound Teachers | 19,029 | |
| Educational Assistants | 407,722 | |
| Certified Substitute Teachers | 37,736 | |
| Non-certified Substitute Teachers | 225,602 | |
| Social Security | 607,477 | |
| Pensions | 971,678 | |
| Medical Insurance | 1,801,142 | |
| Employer Medicare | 142,220 | |
| Other Contracted Services | 16,186 | |
| Instructional Supplies and Materials | 60,133 | |
| Textbooks - Bound | 287,329 | |
| Other Supplies and Materials | 92,549 | |
| Regular Instruction Equipment | 168,140 | |
| Total Regular Instruction Program | | \$ 14,435,713 |

Special Education Program

| | | |
|--------------------------------------|--------------|-----------|
| Teachers | \$ 1,231,326 | |
| Career Ladder Program | 6,935 | |
| Homebound Teachers | 14,579 | |
| Educational Assistants | 275,261 | |
| Speech Pathologist | 217,634 | |
| Other Salaries and Wages | 9,488 | |
| Non-certified Substitute Teachers | 39,014 | |
| Social Security | 103,593 | |
| Pensions | 164,860 | |
| Medical Insurance | 397,996 | |
| Employer Medicare | 24,365 | |
| Contracts with Private Agencies | 28,634 | |
| Other Contracted Services | 44 | |
| Instructional Supplies and Materials | 5,633 | |
| Other Supplies and Materials | 3,414 | |
| Special Education Equipment | 4,404 | |
| Total Special Education Program | | 2,527,180 |

Career and Technical Education Program

| | | |
|---|--------------|--|
| Teachers | \$ 1,021,770 | |
| Career Ladder Program | 2,985 | |
| Non-certified Substitute Teachers | 27,832 | |
| Social Security | 62,738 | |
| Pensions | 95,179 | |
| Medical Insurance | 185,261 | |
| Employer Medicare | 14,676 | |
| Contracts with Government Agencies | 24,986 | |
| Maintenance and Repair Services - Equipment | 4,418 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Instruction (Cont.)Career and Technical Education Program (Cont.)

| | | | |
|--|----|--------|--------------|
| Other Contracted Services | \$ | 2,577 | |
| Instructional Supplies and Materials | | 22,997 | |
| Textbooks - Electronic | | 18,687 | |
| Textbooks - Bound | | 18,341 | |
| Other Supplies and Materials | | 33,410 | |
| Vocational Instruction Equipment | | 16,922 | |
| Total Career and Technical Education Program | | | \$ 1,552,779 |

Support ServicesAttendance

| | | | |
|------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 67,278 | |
| Career Ladder Program | | 850 | |
| Social Workers | | 31,845 | |
| Social Security | | 6,083 | |
| Pensions | | 9,311 | |
| Medical Insurance | | 13,844 | |
| Employer Medicare | | 1,423 | |
| Travel | | 4,252 | |
| Other Contracted Services | | 636 | |
| Software | | 19,612 | |
| Other Supplies and Materials | | 450 | |
| Total Attendance | | | 155,584 |

Health Services

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 61,731 | |
| Medical Personnel | | 138,985 | |
| Other Salaries and Wages | | 82,424 | |
| Social Security | | 16,441 | |
| Pensions | | 15,991 | |
| Medical Insurance | | 50,059 | |
| Employer Medicare | | 3,845 | |
| Maintenance and Repair Services - Equipment | | 426 | |
| Travel | | 3,776 | |
| Other Contracted Services | | 6,328 | |
| Drugs and Medical Supplies | | 3,179 | |
| Other Supplies and Materials | | 4,062 | |
| In Service/Staff Development | | 5,836 | |
| Other Charges | | 1,659 | |
| Health Equipment | | 3,333 | |
| Total Health Services | | | 398,075 |

Other Student Support

| | | | |
|--------------------------|----|---------|--|
| Career Ladder Program | \$ | 1,000 | |
| Guidance Personnel | | 478,802 | |
| Other Salaries and Wages | | 573 | |
| Social Security | | 28,137 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Pensions | \$ | 50,275 | |
| Medical Insurance | | 80,198 | |
| Employer Medicare | | 6,580 | |
| Contracts with Government Agencies | | 51,293 | |
| Evaluation and Testing | | 27,908 | |
| Travel | | 1,148 | |
| Other Contracted Services | | 429 | |
| Other Supplies and Materials | | 805 | |
| In Service/Staff Development | | 1,255 | |
| Total Other Student Support | | | \$ 728,403 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|-----------|
| Supervisor/Director | \$ | 230,422 | |
| Career Ladder Program | | 5,000 | |
| Librarians | | 467,430 | |
| Secretary(ies) | | 15,420 | |
| Other Salaries and Wages | | 10,354 | |
| Social Security | | 43,733 | |
| Pensions | | 73,747 | |
| Medical Insurance | | 107,827 | |
| Employer Medicare | | 10,228 | |
| Travel | | 3,690 | |
| Other Contracted Services | | 11,016 | |
| Library Books/Media | | 71,046 | |
| Other Supplies and Materials | | 1,418 | |
| In Service/Staff Development | | 36,313 | |
| Other Charges | | 16,872 | |
| Total Regular Instruction Program | | | 1,104,516 |

Special Education Program

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 82,400 | |
| Career Ladder Program | | 2,000 | |
| Secretary(ies) | | 29,505 | |
| Social Security | | 7,010 | |
| Pensions | | 10,852 | |
| Medical Insurance | | 14,224 | |
| Employer Medicare | | 1,640 | |
| Maintenance and Repair Services - Equipment | | 386 | |
| Travel | | 9,759 | |
| Other Contracted Services | | 240,767 | |
| Other Supplies and Materials | | 13,718 | |
| In Service/Staff Development | | 13,427 | |
| Special Education Equipment | | 379 | |
| Total Special Education Program | | | 426,067 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Career and Technical Education Program

| | | | |
|--|----|--------|------------|
| Career Ladder Program | \$ | 600 | |
| Secretary(ies) | | 28,270 | |
| Other Salaries and Wages | | 64,329 | |
| Social Security | | 1,384 | |
| Pensions | | 1,939 | |
| Medical Insurance | | 13,055 | |
| Employer Medicare | | 1,265 | |
| Other Supplies and Materials | | 2,587 | |
| In Service/Staff Development | | 6,117 | |
| Other Charges | | 1,902 | |
| Total Career and Technical Education Program | | | \$ 121,448 |

Technology

| | | | |
|------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 65,883 | |
| Other Salaries and Wages | | 200,575 | |
| Social Security | | 15,899 | |
| Pensions | | 18,107 | |
| Medical Insurance | | 40,512 | |
| Employer Medicare | | 3,718 | |
| Internet Connectivity | | 53,294 | |
| Travel | | 1,418 | |
| Other Contracted Services | | 5,623 | |
| Cabling | | 4,206 | |
| Software | | 18,501 | |
| Other Supplies and Materials | | 24,155 | |
| In Service/Staff Development | | 157 | |
| Other Equipment | | 109,827 | |
| Total Technology | | | 561,875 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-behalf Payments to OPEB | \$ | 159,505 | |
| Total Other Programs | | | 159,505 |

Board of Education

| | | | |
|--|----|---------|---------|
| Board and Committee Members Fees | \$ | 15,955 | |
| Social Security | | 989 | |
| Unemployment Compensation | | 12,157 | |
| Employer Medicare | | 231 | |
| Audit Services | | 15,500 | |
| Dues and Memberships | | 12,043 | |
| Legal Services | | 89,016 | |
| Travel | | 12,303 | |
| Premiums on Corporate Surety Bonds | | 17 | |
| Trustee's Commission | | 205,947 | |
| Workers' Compensation Insurance | | 139,204 | |
| Criminal Investigation of Applicants - TBI | | 422 | |
| Other Charges | | 2,562 | |
| Total Board of Education | | | 506,346 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Director of Schools

| | | | |
|---|----|---------|------------|
| County Official/Administrative Officer | \$ | 164,800 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 38,765 | |
| Clerical Personnel | | 15,420 | |
| Social Security | | 11,316 | |
| Pensions | | 21,060 | |
| Medical Insurance | | 17,668 | |
| Employer Medicare | | 3,152 | |
| Communication | | 39,216 | |
| Dues and Memberships | | 3,287 | |
| Maintenance and Repair Services - Equipment | | 796 | |
| Postal Charges | | 3,666 | |
| Travel | | 4,483 | |
| Other Contracted Services | | 17,367 | |
| Office Supplies | | 2,935 | |
| In Service/Staff Development | | 134 | |
| Other Charges | | 352 | |
| Total Director of Schools | | | \$ 345,417 |

Office of the Principal

| | | | |
|-------------------------------|----|---------|-----------|
| Principals | \$ | 668,604 | |
| Career Ladder Program | | 7,000 | |
| Assistant Principals | | 442,484 | |
| Secretary(ies) | | 400,232 | |
| Other Salaries and Wages | | 8,925 | |
| Social Security | | 90,613 | |
| Pensions | | 142,080 | |
| Medical Insurance | | 290,660 | |
| Employer Medicare | | 21,192 | |
| Other Contracted Services | | 40,705 | |
| Other Charges | | 862 | |
| Administration Equipment | | 979 | |
| Total Office of the Principal | | | 2,114,336 |

Fiscal Services

| | | | |
|---------------------------|----|---------|--|
| Supervisor/Director | \$ | 86,184 | |
| Accountants/Bookkeepers | | 121,815 | |
| Other Salaries and Wages | | 24,264 | |
| Social Security | | 13,712 | |
| Pensions | | 15,933 | |
| Medical Insurance | | 36,952 | |
| Employer Medicare | | 3,207 | |
| Data Processing Services | | 20,489 | |
| Dues and Memberships | | 90 | |
| Travel | | 8,452 | |
| Other Contracted Services | | 1,143 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services (Cont.)

| | | | |
|-----------------------|----|-------|------------|
| Office Supplies | \$ | 2,715 | |
| Other Charges | | 503 | |
| Total Fiscal Services | | | \$ 335,459 |

Human Services/Personnel

| | | | |
|--------------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 103,522 | |
| Social Security | | 5,815 | |
| Pensions | | 6,487 | |
| Medical Insurance | | 6,951 | |
| Employer Medicare | | 1,490 | |
| Travel | | 3,568 | |
| Other Contracted Services | | 859 | |
| Office Supplies | | 2,639 | |
| Other Charges | | 78 | |
| Other Equipment | | 398 | |
| Total Human Services/Personnel | | | 131,807 |

Operation of Plant

| | | | |
|---------------------------------|----|-----------|-----------|
| Custodial Personnel | \$ | 606,227 | |
| Social Security | | 36,482 | |
| Pensions | | 38,074 | |
| Medical Insurance | | 196,883 | |
| Employer Medicare | | 8,532 | |
| Disposal Fees | | 27,010 | |
| Other Contracted Services | | 34,517 | |
| Custodial Supplies | | 167,860 | |
| Electricity | | 1,065,075 | |
| Natural Gas | | 116,844 | |
| Water and Sewer | | 100,652 | |
| Other Supplies and Materials | | 17,447 | |
| Building and Contents Insurance | | 181,308 | |
| Other Charges | | 2,315 | |
| Total Operation of Plant | | | 2,599,226 |

Maintenance of Plant

| | | | |
|---|----|---------|--|
| Supervisor/Director | \$ | 59,745 | |
| Maintenance Personnel | | 185,545 | |
| Social Security | | 14,808 | |
| Pensions | | 15,626 | |
| Medical Insurance | | 57,449 | |
| Employer Medicare | | 3,463 | |
| Maintenance and Repair Services - Buildings | | 32,217 | |
| Maintenance and Repair Services - Equipment | | 37,226 | |
| Maintenance and Repair Services - Vehicles | | 258 | |
| Other Contracted Services | | 51,290 | |
| Other Supplies and Materials | | 133,441 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant (Cont.)

| | | | |
|----------------------------|----|--------|------------|
| Other Charges | \$ | 1,701 | |
| Administration Equipment | | 96,483 | |
| Maintenance Equipment | | 3,290 | |
| Total Maintenance of Plant | | | \$ 692,542 |

Transportation

| | | | |
|--|----|-----------|-----------|
| Supervisor/Director | \$ | 11,872 | |
| Bus Drivers | | 18,787 | |
| Other Salaries and Wages | | 21,859 | |
| Social Security | | 3,136 | |
| Pensions | | 2,543 | |
| Medical Insurance | | 1,122 | |
| Employer Medicare | | 733 | |
| Contracts with Parents | | 5,070 | |
| Contracts with Vehicle Owners | | 1,117,515 | |
| Maintenance and Repair Services - Vehicles | | 2,006 | |
| Other Contracted Services | | 919 | |
| Diesel Fuel | | 3,756 | |
| Other Supplies and Materials | | 1,114 | |
| In Service/Staff Development | | 1,443 | |
| Total Transportation | | | 1,191,875 |

Operation of Non-Instructional ServicesCommunity Services

| | | | |
|--------------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 8,775 | |
| Teachers | | 89,370 | |
| Other Salaries and Wages | | 144,708 | |
| Social Security | | 13,061 | |
| Pensions | | 20,176 | |
| Employer Medicare | | 3,393 | |
| Travel | | 670 | |
| Other Contracted Services | | 650 | |
| Instructional Supplies and Materials | | 22,117 | |
| Other Supplies and Materials | | 7,925 | |
| In Service/Staff Development | | 2,128 | |
| Other Charges | | 8,823 | |
| Total Community Services | | | 321,796 |

Early Childhood Education

| | | | |
|-----------------------------------|----|---------|--|
| Teachers | \$ | 182,565 | |
| Educational Assistants | | 69,547 | |
| Non-certified Substitute Teachers | | 7,206 | |
| Social Security | | 15,620 | |
| Pensions | | 22,524 | |
| Medical Insurance | | 60,827 | |
| Employer Medicare | | 3,653 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

| | | | |
|---|----|--------|------------|
| Other Fringe Benefits | \$ | 756 | |
| Other Contracted Services | | 940 | |
| Instructional Supplies and Materials | | 25,564 | |
| In Service/Staff Development | | 935 | |
| Debt Service Contribution to Primary Government | | 4,720 | |
| Total Early Childhood Education | | | \$ 394,857 |

Capital OutlayRegular Capital Outlay

| | | | |
|------------------------------|----|---------|---------|
| Architects | \$ | 2,500 | |
| Building Improvements | | 537,678 | |
| Total Regular Capital Outlay | | | 540,178 |

Principal on DebtEducation

| | | | |
|---|----|--------|--------|
| Debt Service Contribution to Primary Government | \$ | 17,183 | |
| Total Education | | | 17,183 |

Other Debt ServiceEducation

| | | | |
|---|----|---------|---------|
| Debt Service Contribution to Primary Government | \$ | 773,614 | |
| Total Education | | | 773,614 |

Total General Purpose School Fund \$ 32,135,781

School Federal Projects FundInstructionRegular Instruction Program

| | | | |
|---|----|---------|--------------|
| Teachers | \$ | 479,088 | |
| Educational Assistants | | 118,619 | |
| Non-certified Substitute Teachers | | 2,485 | |
| Social Security | | 35,044 | |
| Pensions | | 56,785 | |
| Medical Insurance | | 140,885 | |
| Employer Medicare | | 8,196 | |
| Other Fringe Benefits | | 1,607 | |
| Other Contracted Services | | 12,795 | |
| Instructional Supplies and Materials | | 124,715 | |
| Other Charges | | 3,512 | |
| Debt Service Contribution to Primary Government | | 28,908 | |
| Regular Instruction Equipment | | 66,540 | |
| Total Regular Instruction Program | | | \$ 1,079,179 |

Special Education Program

| | | | |
|------------------------|----|---------|--|
| Educational Assistants | \$ | 246,958 | |
| Speech Pathologist | | 1,035 | |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

| | | | |
|--------------------------------------|----|---------|------------|
| Other Salaries and Wages | \$ | 25,885 | |
| Social Security | | 16,236 | |
| Pensions | | 18,718 | |
| Medical Insurance | | 110,121 | |
| Employer Medicare | | 3,797 | |
| Other Fringe Benefits | | 822 | |
| Instructional Supplies and Materials | | 44,575 | |
| Other Supplies and Materials | | 2,150 | |
| Special Education Equipment | | 4,832 | |
| Total Special Education Program | | | \$ 475,129 |

Career and Technical Education Program

| | | | |
|--|----|--------|--------|
| Instructional Supplies and Materials | \$ | 16,448 | |
| Other Supplies and Materials | | 6,163 | |
| Vocational Instruction Equipment | | 32,375 | |
| Total Career and Technical Education Program | | | 54,986 |

Support ServicesOther Student Support

| | | | |
|------------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 111,269 | |
| Social Security | | 6,793 | |
| Pensions | | 11,638 | |
| Medical Insurance | | 13,200 | |
| Employer Medicare | | 1,589 | |
| Other Fringe Benefits | | 280 | |
| Evaluation and Testing | | 141 | |
| Other Contracted Services | | 5,302 | |
| Food Supplies | | 759 | |
| Other Supplies and Materials | | 1,781 | |
| In Service/Staff Development | | 11,600 | |
| Other Charges | | 7,645 | |
| Other Equipment | | 6,511 | |
| Total Other Student Support | | | 178,508 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 77,664 | |
| Secretary(ies) | | 25,545 | |
| Social Security | | 5,879 | |
| Pensions | | 9,882 | |
| Medical Insurance | | 21,288 | |
| Employer Medicare | | 1,375 | |
| Other Fringe Benefits | | 300 | |
| Travel | | 1,486 | |
| Other Contracted Services | | 1,142 | |
| Other Supplies and Materials | | 1,653 | |
| In Service/Staff Development | | 35,323 | |
| Total Regular Instruction Program | | | 181,537 |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Special Education Program

| | | | |
|---------------------------------|----|---------|------------|
| Psychological Personnel | \$ | 192,078 | |
| Other Salaries and Wages | | 89,135 | |
| Social Security | | 16,945 | |
| Pensions | | 28,104 | |
| Medical Insurance | | 29,932 | |
| Employer Medicare | | 3,963 | |
| Other Fringe Benefits | | 844 | |
| Operating Lease Payments | | 2,108 | |
| Other Supplies and Materials | | 6,528 | |
| In Service/Staff Development | | 6,872 | |
| Other Equipment | | 9,034 | |
| Total Special Education Program | | | \$ 385,543 |

Career and Technical Education Program

| | | | |
|--|----|-------|-------|
| In Service/Staff Development | \$ | 3,900 | |
| Total Career and Technical Education Program | | | 3,900 |

Transportation

| | | | |
|--|----|--------|--------|
| Other Salaries and Wages | \$ | 18,800 | |
| Social Security | | 1,166 | |
| Pensions | | 722 | |
| Medical Insurance | | 7,004 | |
| Employer Medicare | | 273 | |
| Other Fringe Benefits | | 56 | |
| Contracts with Vehicle Owners | | 5,000 | |
| Maintenance and Repair Services - Vehicles | | 2,977 | |
| Gasoline | | 887 | |
| Lubricants | | 229 | |
| Total Transportation | | | 37,114 |

Total School Federal Projects Fund \$ 2,395,896

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

| | | | |
|--------------------------|----|---------|--|
| Supervisor/Director | \$ | 69,118 | |
| Accountants/Bookkeepers | | 33,070 | |
| Cafeteria Personnel | | 749,118 | |
| Other Salaries and Wages | | 32,040 | |
| Social Security | | 51,734 | |
| Pensions | | 42,587 | |
| Medical Insurance | | 187,683 | |
| Employer Medicare | | 12,385 | |
| Other Fringe Benefits | | 25,600 | |
| Communication | | 6,791 | |
| Travel | | 607 | |

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | | |
|------------------------------|----|----------------|---------------------|
| Other Contracted Services | \$ | 62,551 | |
| Food Preparation Supplies | | 85,195 | |
| Food Supplies | | 1,103,852 | |
| USDA - Commodities | | 203,203 | |
| Other Supplies and Materials | | 9,476 | |
| Trustee's Commission | | 75 | |
| In Service/Staff Development | | 9,901 | |
| Other Charges | | 4,563 | |
| Food Service Equipment | | <u>226,299</u> | |
| Total Food Service | | | <u>\$ 2,915,848</u> |

| | | |
|------------------------------|--|---------------------|
| Total Central Cafeteria Fund | | <u>\$ 2,915,848</u> |
|------------------------------|--|---------------------|

| | | |
|--|--|-----------------------------|
| Total Governmental Funds - Marion County School Department | | <u><u>\$ 37,447,525</u></u> |
|--|--|-----------------------------|

Exhibit K-10

Marion County, Tennessee
Schedule of Detail Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2019

| | Cities Sales Tax Fund | Special School District Fund | City School ADA - Richard City Fund | Total |
|--|-----------------------------|---------------------------------------|---|---------------------|
| <u>Cash Receipts</u> | | | | |
| Current Property Taxes | \$ 0 | \$ 17,072 | \$ 259,380 | \$ 276,452 |
| Trustee's Collections - Prior Years | 0 | 1,068 | 12,250 | 13,318 |
| Circuit/Clerk and Master Collections - Prior Years | 0 | 0 | 8,140 | 8,140 |
| Interest and Penalty | 0 | 193 | 2,227 | 2,420 |
| Payments in-Lieu-of Taxes - T.V.A. | 0 | 0 | 1,280 | 1,280 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 0 | 1,003 | 1,003 |
| Payments in-Lieu-of Taxes - Other | 0 | 0 | 182 | 182 |
| Local Option Sales Tax | 3,597,273 | 0 | 207,568 | 3,804,841 |
| Hotel/Motel Tax | 0 | 0 | 1,517 | 1,517 |
| Mixed Drink Tax | 0 | 0 | 775 | 775 |
| Bank Excise Tax | 0 | 0 | 5,395 | 5,395 |
| Wholesale Beer Tax | 0 | 0 | 5,819 | 5,819 |
| Marriage Licenses | 0 | 0 | 106 | 106 |
| Total Cash Receipts | <u>\$ 3,597,273</u> | <u>\$ 18,333</u> | <u>\$ 505,642</u> | <u>\$ 4,121,248</u> |
| <u>Cash Disbursements</u> | | | | |
| Remittance of Revenues Collected | \$ 3,561,300 | \$ 17,953 | \$ 527,206 | \$ 4,106,459 |
| Trustee's Commission | 35,973 | 365 | 7,890 | 44,228 |
| Total Cash Disbursements | <u>\$ 3,597,273</u> | <u>\$ 18,318</u> | <u>\$ 535,096</u> | <u>\$ 4,150,687</u> |
| Excess of Cash Receipts Over (Under) | | | | |
| Cash Disbursements | \$ 0 | \$ 15 | \$ (29,454) | \$ (29,439) |
| Cash Balance, July 1, 2018 | 0 | 75 | 29,454 | 29,529 |
| Cash Balance, June 30, 2019 | <u>\$ 0</u> | <u>\$ 90</u> | <u>\$ 0</u> | <u>\$ 90</u> |

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated October 24, 2019. Our report includes a reference to other auditors who audited the financial statements of the Marion County Conservation Commission, as described in our report on Marion County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-001, 2019-002(A), and 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2019-002(B).

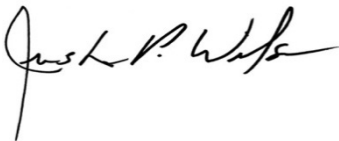
Marion County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 24, 2019

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Marion County Mayor and
Board of County Commissioners
Marion County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Marion County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Marion County's major federal programs for the year ended June 30, 2019. Marion County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marion County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marion County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Marion County's compliance.

Opinion on Each Major Federal Program

In our opinion, Marion County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Marion County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marion County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

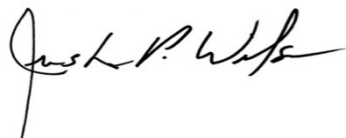
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements. We issued our report thereon dated October 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 24, 2019

JPW/kp

Marion County, Tennessee, and the Marion County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For Year Ended June 30, 2019

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster (4): | | | |
| School Breakfast Program | 10.553 | N/A | \$ 717,064 |
| National School Lunch Program | 10.555 | N/A | 1,639,967 (5) |
| Fresh Fruit and Vegetable Program | 10.582 | N/A | 80,600 |
| Passed-through State Department of Agriculture: | | | |
| Child Nutrition Cluster (4): | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 203,203 (5) |
| Total U.S. Department of Agriculture | | | <u>\$ 2,640,834</u> |
| U.S. Department of Justice: | | | |
| Passed-through Tennessee Bureau of Investigation: | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | \$ 9,251 |
| Total U.S. Department of Justice | | | <u>\$ 9,251</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Airport Improvement Program | 20.106 | N/A | \$ 70,569 |
| Alcohol Open Container Requirements | 20.607 | (6) | 9,922 |
| Total U.S. Department of Transportation | | | <u>\$ 80,491</u> |
| Appalachian Regional Commission: | | | |
| Passed-through State Department of Economic and Community Development: | | | |
| Appalachian Area Development | 23.002 | N/A | \$ 179,012 |
| Total Appalachian Regional Commission | | | <u>\$ 179,012</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Education Agencies | 84.010 | N/A | \$ 1,083,507 |
| Special Education Cluster (4): | | | |
| Special Education - Grants to States | 84.027 | N/A | 885,529 |
| Special Education - Preschool Grants | 84.173 | N/A | 39,785 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 75,949 |
| Twenty-first Century Community Learning Centers | 84.287 | N/A | 123,869 |
| Rural Education | 84.358 | (3) | 75,298 |
| Improving Teacher Quality State Grants | 84.367 | (3) | 132,878 |
| Student Support and Academic Enrichment Grants | 84.424A | (3) | 64,683 |
| Passed-through State Department of Human Services: | | | |
| Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | Z-19-54819 | 14,479 |
| Total U.S. Department of Education | | | <u>\$ 2,495,977</u> |
| U.S. Election Assistance Commission: | | | |
| Passed-through State Division of Elections: | | | |
| Help America Vote Act Requirements Payments | 90.401 | N/A | \$ 210,000 |
| Total U.S. Election Assistance Commission | | | <u>\$ 210,000</u> |
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Education: | | | |
| CCDF Cluster: (4) | | | |
| Child Care and Development Block Grant | 93.575 | N/A | \$ 23,234 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 23,234</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Homeland Security Grant Program | 97.067 | N/A | \$ 11,777 |
| Total U.S. Department of Homeland Security | | | <u>\$ 11,777</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 5,650,576</u> |

(Continued)

Marion County, Tennessee, and the Marion County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Contract Number | Expenditures |
|--|---------------------------|--------------------|---------------------|
| <u>State Grants</u> | | | |
| Coordinated School Health - State Department of Education | N/A | (3) | \$ 95,000 |
| Safe Schools Act - State Department of Education | N/A | (3) | 43,617 |
| Voluntary Pre-K for Tennessee - State Department of Education | N/A | (3) | 395,644 |
| Lottery for Education After School Programs - State Department Education | N/A | (3) | 85,676 |
| School Safety - State Department of Education | N/A | (3) | 62,592 |
| Work-Based Learning Grant Program - State Department of Economic and Community Development | N/A | (3) | 24,986 |
| Read to be Ready Coaching Network - State Department of Education | N/A | (3) | 9,991 |
| Read to be Ready Summary Literacy Grant - State Department of Education | N/A | (3) | 92,934 |
| Arts Program Categorical Grants - Arts 360 - Tennessee Arts Commission | N/A | (3) | 20,403 |
| Juvenile Services Program - Commission on Children and Youth | N/A | (3) | 9,000 |
| Local Health Services Grant - State Department of Health | N/A | GG-19-59825-00 | 272,267 |
| Heath Department Expansion - State Department of Health | N/A | GG-18-55862-00 | 411,672 |
| Healthy Built Environment - State Department of Health | N/A | (3) | 20,000 |
| Court Security Grant - State Administrative Office of the Courts | N/A | (3) | 28,494 |
| Airport Layout - State Department of Transportation | N/A | (3) | 3,144 |
| Airport Maintenance Program - State Department of Transportation | N/A | (3) | 14,126 |
| Tourism Enhancement Grant - State Department of Economic and Community Development | N/A | (3) | 15,000 |
| Litter Removal on State Routes - State Department of Transportation | N/A | (3) | 26,167 |
| Litter Program - State Department of Transportation | N/A | Z-19-LIT0-58 | 37,238 |
| Fast Track Grant - State Department of Economic and Community Development | N/A | (3) | 6,000 |
| Three Star Grant - State Department of Economic and Community Development | N/A | (3) | 5,000 |
| Clean Tennessee Energy Grant - State Department of Environment and Conservation | N/A | (3) | 27,615 |
| Total State Grants | | | <u>\$ 1,706,566</u> |

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Marion County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$2,560,234; Special Education Cluster total \$925,314; CCDF Cluster total \$23,234.
- (5) Total for CFDA No. 10.555 is \$1,843,170.
- (6) Z-19-THS-174 \$5,000 and Z-18-THS-191 \$4,922

Marion County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

| Fiscal Year | Page Number | Finding Number | Title of Finding | CFDA Number | Current Status |
|----------------|----------------|-------------------|------------------|----------------|----------------|
|----------------|----------------|-------------------|------------------|----------------|----------------|

OFFICE OF TRUSTEE

| | | | | | |
|------|-----|----------|---|-----|-----------|
| 2018 | 211 | 2018-001 | Employees shared a user name and password | N/A | Corrected |
|------|-----|----------|---|-----|-----------|

OFFICE OF COUNTY CLERK

| | | | | | |
|------|-----|----------|---|-----|-----------|
| 2018 | 212 | 2018-002 | The County Clerk received salary payments in excess of the amount authorized by state statute resulting in a cash shortage of \$7,268 as of June 30, 2018 | N/A | Corrected |
|------|-----|----------|---|-----|-----------|

| | | | | | |
|------|-----|----------|--|-----|-----------|
| 2018 | 213 | 2018-003 | Short-term bank accounts were not reconciled with the general ledger | N/A | Corrected |
|------|-----|----------|--|-----|-----------|

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Marion County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Program:
 - * CFDA Number: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR AND COUNTY CLERK

FINDING 2019-001

EMPLOYEES SHARED USERNAMES AND PASSWORDS (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, an employee in both the County Mayor's and County Clerk's Offices disclosed their username and password to another employee. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected in March 2019, when brought to the attention of management.

RECOMMENDATION

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

MANAGEMENT RESPONSE – COUNTY MAYOR

We concur with this finding. Upon the current bookkeeper's hire date, there was only one computer in the bookkeeper's office. The previous bookkeeper and current bookkeeper had to share this computer. The current bookkeeper was assigned a separate password once her computer was installed. The previous bookkeeper has since retired from Marion County (July 2019) and has been removed from the accounting system. The current bookkeeper is the only employee with access to Marion County's information in the accounting system and no one has access to her password.

AUDITOR'S COMMENT

Each user can be assigned a unique password while sharing one computer.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

OFFICE OF HIGHWAY SUPERVISOR

FINDING 2019-002

THE OFFICE HAD PURCHASING DEFICIENCIES

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 40 disbursements totaling \$439,998 from a population of 485 vendor checks totaling \$2,527,252. Our examination revealed the following deficiencies in purchasing procedures, which are the result of a lack of management oversight.

- A. In nine of 35 applicable instances, purchase orders were not properly issued. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. The failure to properly issue purchase orders increases the risks of unauthorized purchases.
- B. The Highway Department did not solicit competitive bids through newspaper advertisement for the purchase of a pickup truck totaling \$29,474. Highway Department purchasing procedures are governed by purchasing laws as set forth in Chapter 24, Private Acts of 1933, as amended, and Section 54-7-113, *Tennessee Code Annotated*, which require all purchases exceeding \$10,000 to be made based on publicly advertised competitive bids. As a result, the best and lowest price may not have been obtained for the purchase of the pickup truck.

RECOMMENDATION

The office should properly issue purchase orders for all applicable purchases to strengthen internal controls over purchasing procedures and to document purchasing commitments. Competitive bids should be solicited through newspaper advertisement for all purchases exceeding \$10,000 as required by private acts and state statute.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERVISOR

I concur with this finding.

OFFICE OF SHERIFF

FINDING 2019-003

TWO EMPLOYEES SHARED A USERNAME AND PASSWORD

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

Because an employee had not been assigned a unique username and password, work was performed using another employee's account. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees shared accounts. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected in March 2019, when brought to the attention of management.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Marion County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

| Finding Number | Title of Finding | Corrective Action Plan Page Number |
|--|--|---------------------------------------|
| <u>OFFICE OF COUNTY MAYOR</u> | | |
| 2019-001 | Employees shared a username and password | 215 |
| <u>OFFICE OF HIGHWAY SUPERVISOR</u> | | |
| 2019-002 | The office had purchasing deficiencies | 216 |
| <u>OFFICE OF COUNTY CLERK</u> | | |
| 2019-001 | Employees shared a username and password | 217 |
| <u>OFFICE OF SHERIFF</u> | | |
| 2019-003 | Two employees shared a username and password | 218 |

DAVID JACKSON

COUNTY MAYOR, MARION COUNTY
P.O. BOX 789
JASPER, TENNESSEE 37347
(423) 942-2552
FAX (423) 942-1327
djackson@marioncountyttn.net



Corrective Action Plan

FINDING: A USERNAME AND PASSWORD WERE SHARED BY AN EMPLOYEE

Response and Corrective Action Plan Prepared by:
Diane Beavers, Bookkeeper

Person Responsible for Implementing the Corrective Action:
Diane Beavers, Bookkeeper

Anticipated Completion Date of Corrective Action:
March 2019

Repeat Finding:
No

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

Planned Corrective Action:

The employee has retired from Marion County. She has been removed from the accounting system. The current bookkeeper is the only employee with access to Marion County's information in accounting system. No one has access to her password.

Signature: _____

Jim Hawk
Superintendent of Highways



Telephone (423) 942-2581
Fax: (423) 942-2592

MARION COUNTY HIGHWAY DEPARTMENT
513 East Valley Road • P.O. Box 46
Jasper, Tennessee 37347

Corrective Action Plan

FINDING: THE OFFICE HAD PURCHASING DEFICIENCIES

Response and Corrective Action Plan Prepared by:

James H. Hawk, Superintendent of Highways

Person Responsible for Implementing the Corrective Action:

James H. Hawk, Superintendent of Highways

Anticipated Completion Date of Corrective Action:

February 2019

Repeat Finding:

No

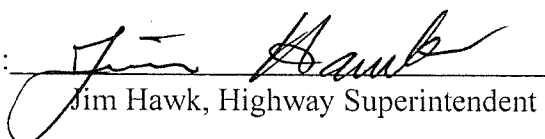
Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

The office will pay special attention to procedure in issuing purchase orders to applicable purchases, obtaining proper signatures and completion of purchase orders. Competitive bids will be solicited through newspaper advertisement for purchases exceeding \$10,000 as required by private acts and state statute.

Signature: _____


Jim Hawk, Highway Superintendent

Dwight Minter

Marion County Clerk

P.O. Box 789

Jasper, Tennessee 37347

(423) 942-2515

Corrective Action Plan

FINDING: USERNAME AND PASSWORDS WERE SHARED BY
EMPLOYEES

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

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

Anticipated Completion Date of Corrective Action:
March 7, 2019

Repeat Finding:
No

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

Planned Corrective Action:

The Chief Deputy deactivated shared username and password from the system. The Chief Deputy designated two additional users to review transactions in question/change/deletion among all deputies in office. Two additional users were assigned due to lunch rotation as well as sick/vacation leave. The County Clerk and/or Chief Deputy review audit report at the end of each work day.

Signature:



Dwight Minter, Marion County Clerk

****MARION COUNTY****

SHERIFF'S DEPT.

5 NORTH OAK AVE.

JASPER, TN. 37347

PHONE 423.942.2525 * FAX 423.942.8025



BONNIE "BO" BURNETT

****SHERIFF****

Corrective Action Plan

FINDING: A USERNAME AND PASSWORD WERE SHARED BY

TWO EMPLOYEES OF THE OFFICE

Response and Corrective Action Plan Prepared by:

PATRICIA HOOKEY, ADMIN. ASST.

Person Responsible for Implementing the Corrective Action:

PATRICIA HOOKEY, ADMIN. ASST.

Anticipated Completion Date of Corrective Action:

DATE: MARCH 2019

Repeat Finding: NO

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

Planned Corrective Action: SET USERNAME AND PASSWORD FOR
MY ASST. SHE AND I CHANGE PASSWORDS EVERY 90 DAYS.

SIGNATURE: _____

A handwritten signature in cursive script, appearing to read "Bonnie Burnett", is written over a horizontal line.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Marion County.

MARION COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Marion County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Marion County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

APPENDIX D

Form of Continuing Disclosure Agreement

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MARION COUNTY, TENNESSEE

\$4,315,000 COUNTY DISTRICT SCHOOL REFUNDING BONDS, SERIES 2020

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this 12th day of August, 2020 by Marion County, Tennessee (the “Issuer”) in connection with the issuance of its \$4,315,000 County District School Refunding Bonds, Series 2020 (the “Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated July 28, 2020, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

“Resolution” shall mean the bond Resolution adopted by the Board of Commissioners of the Issuer on June 22, 2020.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. "County-Wide Summary of Outstanding Debt";
2. "County-Wide Debt Statement";
3. "County-Wide Debt Record";
4. "County-Wide Per Capita Debt Ratios";
5. "County-Wide Debt Ratios";
6. "County-Wide Debt Trend";
7. "County-Wide Debt Service Requirements";
8. "County-Wide Property Valuation and Property Tax";
9. "County-Wide Top Property Taxpayers";
10. "County-Wide Fund Balances"; and
11. "County-Wide Local Sales Tax;"
12. "County-Wide Basic Education Program Funding;"
13. "County District Summary of Outstanding Debt";
14. "County District Debt Statement";
15. "County District Debt Record of Marion County (County District)";
16. "County District Per Capita Debt Ratios";
17. "County District Debt Ratios";
18. "County District Debt Trend";
19. "County District Debt Service Requirements";
20. "County District Property Valuation and Property Tax"; and
21. "County District Debt Service Fund Balances".

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

MARION COUNTY, TENNESSEE

By: _____
County Mayor

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