



ANNUAL FINANCIAL REPORT

Hancock County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
HANCOCK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2023

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

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

HANCOCK COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Hancock County, Tennessee
For the Year Ended June 30, 2023

Scope

We have audited the basic financial statements of Hancock County as of and for the year ended June 30, 2023.

Results

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

Our audit resulted in ten findings and recommendations, which we have reviewed with Hancock 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:

HANCOCK COUNTY

- ◆ The county's audit committee is not a functioning committee.
 - ◆ County officials did not file state prisoner medical expense reimbursements.
-

OFFICE OF COUNTY MAYOR

- ◆ The county mayor had a direct conflict of interest.
 - ◆ The office had deficiencies in budget operations.
 - ◆ The office had deficiencies in purchasing procedures.
 - ◆ The county did not employ an architect or engineer for re-roofing the county's jail.
 - ◆ The office had accounting deficiencies.
-



OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The school department had deficiencies in purchasing procedures.
-

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.
- ◆ Duties were not segregated adequately.



INTRODUCTORY SECTION

Hancock County Officials

June 30, 2023

Officials

Thomas Harrison, County Mayor
Laymon Burke, Road Superintendent
Charlotte Mullins, Director of Schools
Chuck Johnson, Trustee
William Seal, Assessor of Property
Jessie Royston, County Clerk
Micah Wallen, Circuit and General Sessions Courts Clerk
Judy Trent, Clerk and Master
Janie Lamb, Register of Deeds
Bradley Brewer, Sheriff

Board of County Commissioners

Bobby Johnson, Chairman
Jerry Anderson
Tommy Belcher, Jr.
Chad Burke
Scott Collins
Cruz Cope
Devin Johnson
Jacky Johnson
Robert Johnson

Kenny Lamb
Junior Martin
John McDaniel
John McNeil
Brennen Nichols
Clayton Ramsey
Kenneth Rasnic
Matthew Waddell

Board of Education

David Jones, Chairman
Dennis Holt
Jerry Hopkins
Jack Mullins

Adam Nichols
Jamie Stanifer
Adam Trent

Audit Committee

Scott Collins, Chairman
Jessie Royston
Sherry Ramsey

Kenneth Rasnic
Matthew Waddell

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

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 Hancock County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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 Hancock County, Tennessee, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Other General Government, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund, a special revenue fund of the discretely presented Hancock County School Department, which represent .76 percent, .8 percent, and 2.4 percent, respectively, of the assets, net position, and revenues of the discretely presented Hancock County School Department. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Hancock County School Department, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of

Hancock County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hancock County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Hancock County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hancock County’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (asset) and related ratios, schedules of county and school contributions, schedules of school’s proportionate share of the net pension liability (asset), and schedule of school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock County’s basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of Hancock 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 Hancock 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 Hancock County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 18, 2023

JEM/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Hancock County, Tennessee
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type	Total	Hancock
	Activities	Activities		County School Department
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,939	\$ 0	\$ 3,939	\$ 195,041
Equity in Pooled Cash and Investments	8,568,616	780,188	9,348,804	5,616,021
Accounts Receivable	239,107	6,582	245,689	4,086
Allowance for Uncollectibles	(111,768)	(425)	(112,193)	0
Due from Other Governments	679,494	0	679,494	1,426,565
Due from Primary Government	0	0	0	4,274
Due from Component Units	4,685	0	4,685	0
Property Taxes Receivable	2,166,242	0	2,166,242	1,039,796
Allowance for Uncollectible Property Taxes	(146,649)	0	(146,649)	(70,391)
Leases Receivable - Long-term	1,881,505	0	1,881,505	96,852
Net Pension Asset - Teacher Retirement Plan	0	0	0	26,501
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	1,404,191
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	97,283
Capital Assets:				
Assets Not Depreciated:				
Land	632,474	26,350	658,824	519,250
Construction in Progress	86,680	0	86,680	612,644
Assets Net of Accumulated Depreciation/Amortization:				
Buildings and Improvements	3,676,429	225,625	3,902,054	10,858,011
Machinery and Equipment	768,483	0	768,483	1,292,911
Infrastructure	8,814,445	0	8,814,445	0
Total Assets	\$ 27,263,682	\$ 1,038,320	\$ 28,302,002	\$ 23,123,035

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Hancock
	Activities	Activities		County School Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 0	\$ 0	\$ 0	\$ 232,433
Pension Changes in Assumptions	30,635	0	30,635	910,703
Pension Changes in Investment Earnings	7,469	0	7,469	32,364
Pension Changes in Proportion	0	0	0	27,542
Pension Contributions After Measurement Date	123,066	0	123,066	374,630
OPEB Changes in Experience	0	0	0	111,928
OPEB Changes in Assumptions	0	0	0	144,654
OPEB Changes in Proportion	0	0	0	26,664
OPEB Contributions After Measurement Date	0	0	0	48,701
Total Deferred Outflows of Resources	\$ 161,170	\$ 0	\$ 161,170	\$ 1,909,619
<u>LIABILITIES</u>				
Accounts Payable	\$ 173,083	\$ 402	\$ 173,485	\$ 236,588
Accrued Payroll	112,405	13,119	125,524	1,995
Accrued Interest Payable	40,880	0	40,880	0
Payroll Deductions Payable	40,987	44,087	85,074	0
Contracts Payable	46,800	0	46,800	0
Due to Primary Government	0	0	0	4,685
Due to Component Unit	4,274	0	4,274	0
Due to the State of Tennessee	15,777	5,198	20,975	0
Due to Other Governments	822,862	0	822,862	0
Other Current Liabilities	5,666	0	5,666	261,629
Noncurrent Liabilities:				
Due Within One Year - Debt	806,929	0	806,929	0
Due Within One Year - Other	66,154	0	66,154	0
Due in More Than One Year - Debt	9,778,403	0	9,778,403	0
Due in More Than One Year - Other	486,859	0	486,859	940,533
Total Liabilities	\$ 12,401,079	\$ 62,806	\$ 12,463,885	\$ 1,445,430

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hancock County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,938,123	\$ 0	\$ 1,938,123	\$ 930,299
Deferred Leases Receivable	1,881,505	0	1,881,505	96,852
Pension Changes in Experience	60,898	0	60,898	253,367
Pension Changes in Proportion	0	0	0	6,177
OPEB Changes in Experience	0	0	0	127,977
OPEB Changes in Assumptions	0	0	0	154,108
OPEB Changes in Proportion	0	0	0	79,116
Total Deferred Inflows of Resources	<u>\$ 3,880,526</u>	<u>\$ 0</u>	<u>\$ 3,880,526</u>	<u>\$ 1,647,896</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 13,874,536	\$ 251,975	\$ 14,126,511	\$ 13,282,816
Restricted For:				
General Government	57,157	0	57,157	0
Administration of Justice	36,225	0	36,225	0
Public Safety	202,993	0	202,993	0
Public Health and Welfare	88,636	0	88,636	0
Highways	2,990,311	0	2,990,311	0
Debt Service	2,165,106	0	2,165,106	0
Capital Projects	972,274	0	972,274	0
Education	0	0	0	1,277,623
Pensions	0	0	0	1,527,975
Unrestricted	(9,243,991)	723,539	(8,520,452)	5,850,914
Total Net Position	<u>\$ 11,143,247</u>	<u>\$ 975,514</u>	<u>\$ 12,118,761</u>	<u>\$ 21,939,328</u>

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

Hancock County, Tennessee
Statement of Activities
For the Year Ended June 30, 2023

Exhibit B

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit Hancock County School Department
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 968,739	\$ 49,134	\$ 18,955	\$ 168,024	\$ (732,626)	\$ 0	\$ (732,626)	\$ 0
Finance	608,122	196,672	0	0	(411,450)	0	(411,450)	0
Administration of Justice	404,822	160,630	13,083	0	(231,109)	0	(231,109)	0
Public Safety	3,177,673	1,072,959	483,888	0	(1,620,826)	0	(1,620,826)	0
Public Health and Welfare	2,113,132	1,325,086	62,441	1,580,635	855,030	0	855,030	0
Social, Cultural and Rec Services	83,193	1,938	0	0	(81,255)	0	(81,255)	0
Agriculture & Natural Resources	71,878	0	0	0	(71,878)	0	(71,878)	0
Other Operations	12,696	0	0	0	(12,696)	0	(12,696)	0
Highways/Public Works	1,837,637	44,038	1,904,811	0	111,212	0	111,212	0
Education	1,263	0	0	0	(1,263)	0	(1,263)	0
Interest on Long-term Debt	235,182	0	0	0	(235,182)	0	(235,182)	0
Total Governmental Activities	\$ 9,514,337	\$ 2,850,457	\$ 2,483,178	\$ 1,748,659	\$ (2,432,043)	\$ 0	\$ (2,432,043)	\$ 0
Business-type Activities:								
Home Health	\$ 1,445,444	\$ 1,133,511	\$ 0	\$ 0	\$ 0	\$ (311,933)	\$ (311,933)	\$ 0
Total Business-type Activities	\$ 1,445,444	\$ 1,133,511	\$ 0	\$ 0	\$ 0	\$ (311,933)	\$ (311,933)	\$ 0
Total Primary Government	\$ 10,959,781	\$ 3,983,968	\$ 2,483,178	\$ 1,748,659	\$ (2,432,043)	\$ (311,933)	\$ (2,743,976)	\$ 0
Component Unit:								
Hancock County School Department	\$ 14,145,398	\$ 82,413	\$ 4,230,981	\$ 606,303	\$ 0	\$ 0	\$ 0	\$ (9,225,701)
Total Component Unit	\$ 14,145,398	\$ 82,413	\$ 4,230,981	\$ 606,303	\$ 0	\$ 0	\$ 0	\$ (9,225,701)

(Continued)

Hancock County, Tennessee
Statement of Activities (Cont.)

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Hancock 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					\$ 1,885,718	\$ 0	\$ 1,885,718	\$ 993,731
Property Taxes Levied for Debt Service					113,860	0	113,860	0
Local Option Sales Taxes					145,854	0	145,854	359,201
Wheel Tax					199,043	0	199,043	64,196
Litigation Tax - General					7,607	0	7,607	0
Litigation Tax - Special Purpose					3,661	0	3,661	0
Litigation Tax - Jail, Workhouse, or Courthouse					5,733	0	5,733	0
Litigation Tax - Courtroom Security					922	0	922	0
Business Tax					33,560	0	33,560	0
Gas Severance Tax					3,414	0	3,414	0
Wholesale Beer Tax					2,242	0	2,242	1,121
Grants and Contributions Not Restricted to Specific Programs					1,374,386	0	1,374,386	8,676,034
Unrestricted Investment Income					567,314	0	567,314	25,733
Lease Interest					120,629	0	120,629	0
Gain on Investments					0	0	0	0
Gain on Disposal of Capital Assets					0	0	0	0
Miscellaneous					48,463	0	48,463	86,173
Total General Revenues					\$ 4,512,406	\$ 0	\$ 4,512,406	\$ 10,206,189
Transfers					\$ 26,000	\$ (26,000)	\$ 0	\$ 0
Change in Net Position					\$ 2,106,363	\$ (337,933)	\$ 1,768,430	\$ 980,488
Net Position, July 1, 2022					9,036,884	1,313,447	10,350,331	20,958,840
Net Position, June 30, 2023					\$ 11,143,247	\$ 975,514	\$ 12,118,761	\$ 21,939,328

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

Exhibit C-1

Hancock County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				
	General	Other General Government Fund	Highway / Public Works	General Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 825	\$ 0	\$ 0	\$ 0	0
Equity in Pooled Cash and Investments	776,517	915,920	2,669,242	2,205,503	1,025,724
Accounts Receivable	239,104	0	0	3	0
Allowance for Uncollectibles	(111,768)	0	0	0	0
Due from Other Governments	347,311	0	332,130	7	0
Due from Other Funds	131,628	27,200	0	0	1,536
Due from Component Units	4,685	0	0	0	0
Property Taxes Receivable	1,805,201	0	0	14,442	0
Allowance for Uncollectible Property Taxes	(122,207)	0	0	(978)	0
Leases Receivable - Long-term	0	0	0	1,881,505	0
Total Assets	<u>\$ 3,071,296</u>	<u>\$ 943,120</u>	<u>\$ 3,001,372</u>	<u>\$ 4,100,482</u>	<u>\$ 1,027,260</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 169,157	\$ 0	\$ 1,926	\$ 0	0
Accrued Payroll	109,788	0	0	0	0
Payroll Deductions Payable	36,940	0	692	0	0
Contracts Payable	0	0	0	0	46,800
Due to Other Funds	28,736	120,258	0	70	8,186
Due to Component Units	4,274	0	0	0	0
Due to State of Tennessee	14,970	0	0	0	0
Due to Other Governments	0	822,862	0	0	0
Other Current Liabilities	725	0	4,941	0	0
Total Liabilities	<u>\$ 364,590</u>	<u>\$ 943,120</u>	<u>\$ 7,559</u>	<u>\$ 70</u>	<u>\$ 54,986</u>

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Other General Government Fund	Highway / Public Works	General Debt Service	General Capital Projects
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 1,615,102	\$ 0	\$ 0	\$ 12,921	\$ 0
Deferred Delinquent Property Taxes	67,566	0	0	540	0
Deferred Leases Receivable	0	0	0	1,881,505	0
Other Deferred/Unavailable Revenue	114,491	0	163,901	2	0
Total Deferred Inflows of Resources	<u>\$ 1,797,159</u>	<u>\$ 0</u>	<u>\$ 163,901</u>	<u>\$ 1,894,968</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 57,157	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	36,225	0	0	0	0
Restricted for Public Safety	91,699	0	0	0	0
Restricted for Public Health and Welfare	60,219	0	0	0	0
Restricted for Highways/Public Works	0	0	2,829,912	0	0
Restricted for Debt Service	0	0	0	2,205,444	0
Restricted for Capital Projects	0	0	0	0	972,274
Committed:					
Committed for Public Health and Welfare	0	0	0	0	0
Committed for Capital Projects	0	0	0	0	0
Assigned:					
Assigned for Public Safety	1,395	0	0	0	0
Assigned for Public Health and Welfare	5,545	0	0	0	0
Unassigned	657,307	0	0	0	0
Total Fund Balances	<u>\$ 909,547</u>	<u>\$ 0</u>	<u>\$ 2,829,912</u>	<u>\$ 2,205,444</u>	<u>\$ 972,274</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,071,296</u>	<u>\$ 943,120</u>	<u>\$ 3,001,372</u>	<u>\$ 4,100,482</u>	<u>\$ 1,027,260</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 3,114		\$ 3,939
Equity in Pooled Cash and Investments	975,710		8,568,616
Accounts Receivable	0		239,107
Allowance for Uncollectibles	0		(111,768)
Due from Other Governments	46		679,494
Due from Other Funds	0		160,364
Due from Component Units	0		4,685
Property Taxes Receivable	346,599		2,166,242
Allowance for Uncollectible Property Taxes	(23,464)		(146,649)
Leases Receivable - Long-term	0		1,881,505
Total Assets	\$ 1,302,005	\$	13,445,535
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,000	\$	173,083
Accrued Payroll	2,617		112,405
Payroll Deductions Payable	3,355		40,987
Contracts Payable	0		46,800
Due to Other Funds	3,114		160,364
Due to Component Units	0		4,274
Due to State of Tennessee	807		15,777
Due to Other Governments	0		822,862
Other Current Liabilities	0		5,666
Total Liabilities	\$ 11,893	\$	1,382,218

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	<u>Other Govern- mental Funds</u>		<u>Governmental Funds</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 310,100	\$	1,938,123
Deferred Delinquent Property Taxes	12,972		81,078
Deferred Leases Receivable	0		1,881,505
Other Deferred/Unavailable Revenue	7		278,401
Total Deferred Inflows of Resources	<u>\$ 323,079</u>	\$	<u>4,179,107</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for General Government	\$ 0	\$	57,157
Restricted for Administration of Justice	0		36,225
Restricted for Public Safety	40,254		131,953
Restricted for Public Health and Welfare	0		60,219
Restricted for Highways/Public Works	0		2,829,912
Restricted for Debt Service	0		2,205,444
Restricted for Capital Projects	0		972,274
Committed:			
Committed for Public Health and Welfare	24,572		24,572
Committed for Capital Projects	902,207		902,207
Assigned:			
Assigned for Public Safety	0		1,395
Assigned for Public Health and Welfare	0		5,545
Unassigned	0		657,307
Total Fund Balances	<u>\$ 967,033</u>	\$	<u>7,884,210</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,302,005</u>	\$	<u>13,445,535</u>

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

Exhibit C-2

Hancock County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

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)		\$	7,884,210
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	632,474	
Add: construction in progress		86,680	
Add: buildings and improvements net of accumulated depreciation		3,676,429	
Add: machinery and equipment net of accumulated depreciation		768,483	
Add: infrastructure net of accumulated depreciation		<u>8,814,445</u>	13,978,511
(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	\$	(7,863,975)	
Less: other loans payable		(2,540,793)	
Less: unamortized premium on debt		(180,564)	
Less: compensated absences payable		(120,487)	
Less: landfill closure/postclosure care costs		(20,124)	
Less: accrued interest on bonds and notes		(40,880)	
Less: net pension liability		<u>(412,402)</u>	(11,179,225)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of expense in future years.			
Add: deferred outflows of resources related to pensions	\$	161,170	
Less: deferred inflows of resources related to pensions		<u>(60,898)</u>	100,272
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>359,479</u>
Net position of governmental activities (Exhibit A)			<u>\$ 11,143,247</u>

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

Exhibit C-3

Hancock County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds				
	General	Other General Government Fund	Highway / Public Works	General Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 2,063,522	\$ 0	\$ 0	\$ 13,116	\$ 0
Licenses and Permits	7,570	0	0	0	0
Fines, Forfeitures, and Penalties	61,624	0	0	0	0
Charges for Current Services	1,347,592	0	0	0	0
Other Local Revenues	717,188	0	44,621	0	0
Fees Received From County Officials	307,346	0	0	0	0
State of Tennessee	1,629,958	0	1,912,628	1	1,000,000
Federal Government	298,982	238,995	0	0	308,247
Other Governments and Citizens Groups	150,476	0	0	1,062,107	0
Total Revenues	\$ 6,584,258	\$ 238,995	\$ 1,957,249	\$ 1,075,224	\$ 1,308,247
<u>Expenditures</u>					
Current:					
General Government	\$ 967,129	\$ 0	\$ 0	\$ 0	\$ 0
Finance	604,364	0	0	0	0
Administration of Justice	401,599	0	0	0	0
Public Safety	2,951,970	0	0	0	0
Public Health and Welfare	1,299,944	238,995	0	0	0
Social, Cultural, and Recreational Services	74,751	0	0	0	0
Agriculture and Natural Resources	71,878	0	0	0	0
Other Operations	12,696	0	0	0	0
Highways	0	0	1,231,640	0	0
Debt Service:					
Principal on Debt	0	0	0	794,277	0
Interest on Debt	0	0	0	267,686	0
Other Debt Service	0	0	0	1,263	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Other General Government Fund	Highway / Public Works	General Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 369,704
Total Expenditures	\$ 6,384,331	\$ 238,995	\$ 1,231,640	\$ 1,063,226	\$ 369,704
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,927	\$ 0	\$ 725,609	\$ 11,998	\$ 938,543
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 3,757	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	275,000	0	0	0	5,856
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 278,757	\$ 0	\$ 0	\$ 0	\$ 5,856
Net Change in Fund Balances	\$ 478,684	\$ 0	\$ 725,609	\$ 11,998	\$ 944,399
Fund Balance, July 1, 2022	430,863	0	2,104,303	2,193,446	27,875
Fund Balance, June 30, 2023	\$ 909,547	\$ 0	\$ 2,829,912	\$ 2,205,444	\$ 972,274

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
<u>Revenues</u>			
Local Taxes	\$ 314,318	\$	2,390,956
Licenses and Permits	0		7,570
Fines, Forfeitures, and Penalties	11,291		72,915
Charges for Current Services	3,400		1,350,992
Other Local Revenues	19,842		781,651
Fees Received From County Officials	0		307,346
State of Tennessee	32,412		4,574,999
Federal Government	0		846,224
Other Governments and Citizens Groups	0		1,212,583
Total Revenues	<u>\$ 381,263</u>	<u>\$</u>	<u>11,545,236</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	967,129
Finance	0		604,364
Administration of Justice	1,650		403,249
Public Safety	17,586		2,969,556
Public Health and Welfare	375,581		1,914,520
Social, Cultural, and Recreational Services	0		74,751
Agriculture and Natural Resources	0		71,878
Other Operations	0		12,696
Highways	0		1,231,640
Debt Service:			
Principal on Debt	0		794,277
Interest on Debt	0		267,686
Other Debt Service	0		1,263

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<hr/>				
<u>Expenditures (Cont.)</u>				
Capital Projects	\$	134,076	\$	503,780
Total Expenditures	<u>\$</u>	<u>528,893</u>	<u>\$</u>	<u>9,816,789</u>
 Excess (Deficiency) of Revenues Over Expenditures	 \$	 (147,630)	 \$	 <u>1,728,447</u>
 <u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$	0	\$	3,757
Transfers In		71,000		351,856
Transfers Out		(325,856)		(325,856)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>(254,856)</u>	<u>\$</u>	<u>29,757</u>
 Net Change in Fund Balances	 \$	 (402,486)	 \$	 1,758,204
Fund Balance, July 1, 2022		<u>1,369,519</u>		<u>6,126,006</u>
 Fund Balance, June 30, 2023	 \$	 <u>967,033</u>	 \$	 <u>7,884,210</u>

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

Hancock 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, 2023

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)		\$ 1,758,204
(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	\$ 299,741	
Less: current-year depreciation expense	<u>(910,821)</u>	(611,080)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2023	\$ 359,479	
Less: deferred delinquent property taxes and other deferred June 30, 2022	<u>(310,015)</u>	49,464
(3) 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 effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on bonds	\$ 638,565	
Add: principal payments on other loans	155,712	
Add: change in premium on debt issuances	<u>25,690</u>	819,967
(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 accrued interest payable	\$ 6,814	
Change in compensated absences payable	(51,746)	
Change in net pension asset/liability	(276,216)	
Change in deferred outflows related to pensions	(22,743)	
Change in deferred inflows related to pensions	411,863	
Change in landfill closure/postclosure care costs	<u>21,836</u>	89,808
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,106,363</u>

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

Exhibit C-5

Hancock County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,063,522	\$ 0	\$ 0	\$ 2,063,522	\$ 1,778,010	\$ 1,775,010	\$ 288,512
Licenses and Permits	7,570	0	0	7,570	7,000	7,000	570
Fines, Forfeitures, and Penalties	61,624	0	0	61,624	55,800	55,800	5,824
Charges for Current Services	1,347,592	0	0	1,347,592	834,800	834,800	512,792
Other Local Revenues	717,188	0	0	717,188	126,850	142,914	574,274
Fees Received From County Officials	307,346	0	0	307,346	255,000	255,000	52,346
State of Tennessee	1,629,958	0	0	1,629,958	1,562,167	1,599,644	30,314
Federal Government	298,982	0	0	298,982	0	138,189	160,793
Other Governments and Citizens Groups	150,476	0	0	150,476	62,500	61,925	88,551
Total Revenues	\$ 6,584,258	\$ 0	\$ 0	\$ 6,584,258	\$ 4,682,127	\$ 4,870,282	\$ 1,713,976
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 171,458	\$ (1,381)	\$ 0	\$ 170,077	\$ 125,485	\$ 169,156	\$ (921)
Board of Equalization	2,500	0	0	2,500	1,500	2,500	0
County Mayor/Executive	241,072	0	0	241,072	210,014	235,230	(5,842)
County Attorney	16,490	0	0	16,490	15,240	15,240	(1,250)
Election Commission	264,292	0	0	264,292	133,992	134,425	(129,867)
Register of Deeds	135,474	(2,437)	0	133,037	134,428	134,428	1,391
County Buildings	135,843	(143)	0	135,700	137,252	137,541	1,841
<u>Finance</u>							
Purchasing	31,623	0	0	31,623	29,991	30,953	(670)
Property Assessor's Office	138,810	0	0	138,810	137,304	137,304	(1,506)
Reappraisal Program	28,514	0	0	28,514	23,042	23,677	(4,837)
County Trustee's Office	164,211	0	0	164,211	161,190	161,190	(3,021)
County Clerk's Office	186,518	(265)	0	186,253	178,153	179,912	(6,341)
Other Finance	54,688	0	0	54,688	41,000	41,000	(13,688)
<u>Administration of Justice</u>							
Circuit Court	164,104	0	0	164,104	177,937	186,995	22,891
General Sessions Court	102,163	0	0	102,163	97,195	98,116	(4,047)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 135,332	\$ 0	\$ 0	\$ 135,332	\$ 131,320	\$ 133,351	\$ (1,981)
<u>Public Safety</u>							
Sheriff's Department	1,060,165	(4,601)	0	1,055,564	566,694	1,111,345	55,781
Jail	1,811,476	(4,219)	1,395	1,808,652	1,130,684	1,664,299	(144,353)
Juvenile Services	12,513	0	0	12,513	13,297	13,405	892
Commissary	11,092	0	0	11,092	51,774	51,774	40,682
Civil Defense	25,236	0	0	25,236	20,336	20,336	(4,900)
Rescue Squad	2,548	(2,387)	0	161	2,360	4,014	3,853
County Coroner/Medical Examiner	28,778	(1,038)	0	27,740	31,000	31,000	3,260
Other Public Safety	162	(162)	0	0	6,700	6,700	6,700
<u>Public Health and Welfare</u>							
Local Health Center	54,077	0	0	54,077	60,000	60,000	5,923
Ambulance/Emergency Medical Services	1,141,241	(111,571)	0	1,029,670	785,119	1,278,735	249,065
Other Local Health Services	32,805	0	0	32,805	43,303	43,303	10,498
Sanitation Management	39,278	(1,600)	5,545	43,223	44,200	44,200	977
Sanitation Education/Information	170	0	0	170	0	0	(170)
Other Public Health and Welfare	32,373	0	0	32,373	33,743	33,743	1,370
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	6,730	0	0	6,730	8,749	8,749	2,019
Libraries	68,021	0	0	68,021	77,163	76,588	8,567
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	50,847	0	0	50,847	64,449	64,449	13,602
Soil Conservation	21,031	0	0	21,031	24,780	24,780	3,749
<u>Other Operations</u>							
Veterans' Services	12,696	0	0	12,696	10,893	12,974	278
Total Expenditures	\$ 6,384,331	\$ (129,804)	\$ 6,940	\$ 6,261,467	\$ 4,710,287	\$ 6,371,412	\$ 109,945
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,927	\$ 129,804	\$ (6,940)	\$ 322,791	\$ (28,160)	\$ (1,501,130)	\$ 1,823,921

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,757	\$ 0	\$ 0	\$ 3,757	\$ 0	\$ 2,908	\$ 849
Transfers In	275,000	0	0	275,000	265,000	540,000	(265,000)
Total Other Financing Sources	\$ 278,757	\$ 0	\$ 0	\$ 278,757	\$ 265,000	\$ 542,908	\$ (264,151)
Net Change in Fund Balance	\$ 478,684	\$ 129,804	\$ (6,940)	\$ 601,548	\$ 236,840	\$ (958,222)	\$ 1,559,770
Fund Balance, July 1, 2022	430,863	(129,804)	0	301,059	146,667	1,829,092	(1,528,033)
Fund Balance, June 30, 2023	\$ 909,547	\$ 0	\$ (6,940)	\$ 902,607	\$ 383,507	\$ 870,870	\$ 31,737

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

Exhibit C-6

Hancock County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other General Government Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 238,995	\$ 0	\$ 238,995	\$ 0
Total Revenues	\$ 238,995	\$ 0	\$ 238,995	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 238,995	\$ 0	\$ 238,995	\$ 0
Total Expenditures	\$ 238,995	\$ 0	\$ 238,995	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2022	0	0	0	0
Fund Balance, June 30, 2023	\$ 0	\$ 0	\$ 0	\$ 0

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

Exhibit C-7

Hancock County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 44,621	\$ 25,000	\$ 25,000	\$ 19,621
State of Tennessee	1,912,628	1,904,200	1,904,200	8,428
Total Revenues	<u>\$ 1,957,249</u>	<u>\$ 1,929,200</u>	<u>\$ 1,929,200</u>	<u>\$ 28,049</u>
<u>Expenditures</u>				
<u>Finance</u>				
Data Processing	\$ 0	\$ 12,958	\$ 0	\$ 0
<u>Highways</u>				
Administration	533,161	601,086	614,044	80,883
Highway and Bridge Maintenance	300,782	657,500	657,500	356,718
Operation and Maintenance of Equipment	206,894	315,000	316,000	109,106
Other Charges	79,557	93,500	93,500	13,943
Employee Benefits	107,867	149,638	150,238	42,371
Capital Outlay	3,379	114,500	114,500	111,121
Total Expenditures	<u>\$ 1,231,640</u>	<u>\$ 1,944,182</u>	<u>\$ 1,945,782</u>	<u>\$ 714,142</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 725,609</u>	<u>\$ (14,982)</u>	<u>\$ (16,582)</u>	<u>\$ 742,191</u>
Net Change in Fund Balance	\$ 725,609	\$ (14,982)	\$ (16,582)	\$ 742,191
Fund Balance, July 1, 2022	2,104,303	1,851,071	1,851,071	253,232
Fund Balance, June 30, 2023	<u>\$ 2,829,912</u>	<u>\$ 1,836,089</u>	<u>\$ 1,834,489</u>	<u>\$ 995,423</u>

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

Exhibit D-1

Hancock County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2023

Business-type
 Activities -
 Major
 Enterprise
 Fund
 Home
 Health
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 780,188
Accounts Receivable	6,582
Allowance for Uncollectibles	(425)
Total Current Assets	<u>\$ 786,345</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 26,350
Assets Net of Accumulated Depreciated:	
Buildings and Improvements	225,625
Total Noncurrent Assets	<u>\$ 251,975</u>
Total Assets	<u>\$ 1,038,320</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 402
Accrued Payroll	13,119
Payroll Deductions Payable	44,087
Due to State of Tennessee	5,198
Total Current Liabilities	<u>\$ 62,806</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$ 251,975
Unrestricted	<u>723,539</u>
Total Net Position	<u>\$ 975,514</u>

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

Exhibit D-2

Hancock County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Business-type Activities - Major Enterprise Fund
	<u>Home Health Fund</u>
<u>Operating Revenues</u>	
Patient Charges	\$ 1,133,511
Total Operating Revenues	<u>\$ 1,133,511</u>
<u>Operating Expenses</u>	
<u>Cost of Sales and Services</u>	
Supervisor/Director	\$ 7,775
Medical Personnel	668,525
Clerical Personnel	58,860
Custodial Personnel	6,087
Bous Payments	1,516
In-service Training	525
Social Security	46,165
Employee and Dependent Insurance	25,282
Unemployment Compensation	1,361
Employer Medicare	10,797
Advertising	2,106
Communication	7,191
Contributions	75
Data Processing	41,718
Dues and Memberships	78
Lease Payments	661
Legal Notices, Recording, and Court Costs	100
Licenses	3,308
Maintenance and Repair Services - Buildings	1,001

(Continued)

Exhibit D-2

Hancock County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund (Cont.)

	Business-type Activities - Major Enterprise Fund
	Home Health Fund
<u>Operating Expenses (Cont.)</u>	
<u>Cost of Sales and Services (Cont.)</u>	
Medical and Dental Services	\$ 665
Printing, Stationery, and Forms	795
Postal Charges	3,980
Travel	58,162
Other Contracted Services	425,080
Custodial Supplies	192
Drugs and Medical Supplies	25,920
Electricity	2,241
Office Supplies	10,432
Propane Gas	2,227
Water and Sewer	1,061
Other Supplies and Materials	1,056
Liability Insurance	8,941
Refunds	5,862
Depreciation	8,562
Other Charges	6,809
Building Improvements	328
Total Operating Expenses	<u>\$ 1,445,444</u>
Operating Income (Loss)	<u>\$ (311,933)</u>
Income (Loss) Before Transfers	\$ (311,933)
Transfers Out	(26,000)
Change in Net Position	\$ (337,933)
Net Position, July 1, 2022	<u>1,313,447</u>
Net Position, June 30, 2023	<u>\$ 975,514</u>

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

Exhibit D-3

Hancock County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Business-type Activities - Major Enterprise Fund
	<u>Home Health Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,198,950
Payments to Employees and Board Members	(762,687)
Payments for Fringe Benefits	(47,280)
Payments to Suppliers	(609,394)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (220,411)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers Out	\$ (26,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (26,000)</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (246,411)
Cash, July 1, 2022	<u>1,026,599</u>
Cash, June 30, 2023	<u><u>\$ 780,188</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (311,933)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	8,562
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	67,289
Increase (Decrease) in Allowance for Uncollectibles	(1,850)
Increase (Decrease) in Operating Accounts Payable	402
Increase (Decrease) in Accrued Payroll	(3,750)
Increase (Decrease) in Payroll Deductions Payable	36,849
Increase (Decrease) in Due to State of Tennessee	194
Increase (Decrease) in Compensated Absences	(16,174)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (220,411)</u></u>

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

Exhibit E-1

Hancock County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 494,349
Accounts Receivable	4,067
Due from Other Governments	<u>40,972</u>
Total Assets	<u>\$ 539,388</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 40,972</u>
Total Liabilities	<u>\$ 40,972</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 498,416</u>
Total Net Position	<u><u>\$ 498,416</u></u>

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

Hancock County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 243,351
Fines/Fees and Other Collections	<u>1,159,864</u>
Total Additions	<u>\$ 1,403,215</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 243,351
Payments to State	576,171
Payments to Individuals and Others	<u>407,956</u>
Total Deductions	<u>\$ 1,227,478</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 175,737
Net Position, July 1, 2022	<u>322,679</u>
Net Position, June 30, 2023	<u><u>\$ 498,416</u></u>

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

HANCOCK COUNTY, TENNESSEE
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HANCOCK COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hancock 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 Hancock County:

A. Reporting Entity

Hancock County is a public municipal corporation governed by an elected 17-member board. As required by GAAP, these financial statements present Hancock County (the primary government) and its component units. Although required by GAAP, the financial statements of the Hancock 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 Hancock County School Department operates the public school system in the county, and the voters of Hancock 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 Hancock County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hancock County, and the Hancock 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 Hancock County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Hancock 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 Hancock County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hancock County Emergency Communications District
P.O. Box 347
Sneedville, TN 37869

Related Organization – The Hancock County Industrial Development Board is a related organization of Hancock County. The county mayor nominates, and the Hancock County Commission confirms the board members, but the county’s accountability for the organization does not extend beyond making the appointments.

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 Hancock 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.

Hancock County issues all debt for the discretely presented Hancock County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2023.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), 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. 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 Hancock 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. Hancock County only reports one proprietary fund, an enterprise fund.

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. Hancock 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, including lease obligations, are recognized as fund liabilities when due or when

amounts have been accumulated in the General Debt Service Fund 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.

Proprietary and fiduciary funds financial statements are reported using the economic resources 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. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

Hancock 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.

Other General Government Fund – This fund accounts for and reports financial resources and expenditures related to the American Rescue Plan Act.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s highway department. State gasoline tax is the foundational revenue of this fund.

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

General Capital Projects Fund – This fund accounts for the general capital expenditures of the county.

Hancock County reports the following major proprietary fund:

Home Health Fund – This enterprise fund accounts for the transactions related to the Hancock County Home Health Care Program.

Additionally, Hancock County reports the following fund type:

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Hancock County.

The discretely presented Hancock 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.

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

Central Cafeteria Fund – This special revenue fund is used to account for cafeteria operations in each of the schools. Service charges and federal grants are the foundational revenues of this fund.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 23) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 22) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund, which is used to account for the county's home health operations. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the enterprise fund are patient charges. Operating expenses of the enterprise fund include various expenses associated with the operation of the county's home health services.

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

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; the State Treasurer's Intermediate Term Investment Fund; 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 Hancock County School Department. 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. Hancock 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and

operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Hancock County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. Other than the school department's investment in the TCRS Stabilization Trust, as discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

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 ambulance, home health, and property taxes receivable are shown with an allowance for uncollectibles. Ambulance and home health receivable allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 3.64 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 of 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.

Lease receivables are recognized in the governmental funds and government-wide financial statements. At the commencement of a lease, a lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Interest received from the lessee is recognized as revenue when received. Any accumulated interest on June 30 will result in accrued interest receivable in the governmental funds and government-wide financial statements.

Most payables are disaggregated on the face of the financial statements. Due to other governments in the Other General Government Fund represents American Rescue Plan Act funds received in advance. Other current liabilities in the primary government's General and Highway/Public Works funds represent balances in the payroll tax clearing accounts at June 30, 2023. Other current liabilities in the school department's General Purpose School Fund represent amounts in the teachers' insurance and other payroll related clearing accounts (\$243,040) and the school board members' scholarship account (\$18,589) at June 30, 2023.

3. 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 Hancock 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 Hancock County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Hancock County School Department has not withdrawn any funds from the trust to pay pension costs. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. **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 \$5,000 or more and an estimated useful life of five or more 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	15 - 40
Machinery and Equipment	5 - 15
Infrastructure:	
Roads	40
Bridges	40

5. **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 assets 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. These items are for pension and other postemployment benefits changes in experience, assumptions, and proportion; pension changes in investment earnings; and employer contributions made to the pension and other postemployment benefit 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 assets 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 and other postemployment benefit changes in experience and proportion, other postemployment benefit changes in assumptions, deferred leases receivable, and various receivables for revenues, which do not meet the availability criteria for governmental funds. Deferred receivables are recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the policy of Hancock County to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation of service. Also, the Hancock County Highway Department permits employees to accumulate a limited amount of earned but unused vacation benefits and sick leave, which will be paid to employees upon separation of service. These guaranteed payments are accrued when incurred in the government-wide financial statements. The granting of sick leave for other Hancock County employees has no guaranteed payment. A liability for vacation and sick leave benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation benefits for employees of the school department do not vest or accumulate and must be used within the year or they are lost. There is no liability for unpaid accumulated sick leave since the school department does not have a policy to pay any amounts when employees separate from service with the government.

7. Long-term Debt and Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and are 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 services expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, and other loans 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, other postemployment benefits, net pension liability, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. 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, 2023, Hancock County had \$8,685,793 in outstanding debt for capital purposes for the discretely presented Hancock County School Department. This debt is a liability of Hancock County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Hancock County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets. Hancock County

also reports \$1,615,000 of non-capital debt related to assets acquired and leased to Wellmont Health Systems. That lease is discussed in Note IV.B.

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 and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances (\$6,940).

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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

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 Hancock County's participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hancock County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Pension 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 Pension Plan of TCRS. Investments are reported at fair value.

Discretely Presented Hancock 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) Plan

Discretely Presented Hancock 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 Hancock 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 Hancock 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 Hancock 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 and the school department's Internal School Fund (special revenue funds), which are not budgeted and the General Capital Projects Fund, which adopts 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.

At June 30, 2023, Hancock County reported the following encumbrances:

Funds	Amount
Primary Government:	
Major Fund:	
General	\$ 6,940

B. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the county commission in several major appropriations categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General Fund:	
County Commission	\$ 921
County Mayor/Executive	5,842
County Attorney	1,250
Election Commission	129,867
Purchasing	670
Property Assessor's Office	1,506
Reappraisal Program	4,837
County Trustee's Office	3,021
County Clerk's Office	6,341
Other Finance	13,688
General Sessions Court	4,047
Chancery Court	1,981
Jail	144,353
Civil Defense	4,900
Sanitation Education/Information	170

Expenditures that exceed appropriations are a violation of state statutes. Expenditures in excess of appropriations in the General Fund were funded by available fund balances.

C. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments approved by the county commission for the Solid Waste/Sanitation Fund resulted in appropriations exceeding estimated available funding by \$9,622. The county commission appropriated for certain capital expenditures that will be funded with future revenues.

D. Conflict of Interest

During the year, the county made rent payments totaling \$4,800 to the spouse of the county mayor for rental property owned by the mayor and his spouse. These payments violate section 12-4-101(a)(1), *Tennessee Code Annotated*. See the Schedule of Findings and Questioned Costs in the Single Audit section of this report for further details of those payments.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hancock County and the Hancock County School Department 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, 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 reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of three 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 90 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 the 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 fair 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance

coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. 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.

Other than the school department's investment in the TCRS Stabilization Trust as discussed below, the county had no pooled or nonpooled investments as of June 30, 2023.

TCRS Stabilization Trust

Legal Provisions. The Hancock 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 Hancock County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2023, the Hancock County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 30,158
Developed Market International Equity	N/A	N/A	13,620
Emerging Market International Equity	N/A	N/A	3,891
U.S. Fixed Income	N/A	N/A	19,457
Real Estate	N/A	N/A	19,457
Short-term Securities	N/A	N/A	9,728
NAV - Private Equity and Strategic Lending	N/A	N/A	972
Total			\$ 97,283

For further information concerning the legal provisions, investment policies, investment types, and credit risks of 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/2020/ag20045.pdf>.

B. Leases Receivable

Primary Government

The General Debt Service Fund reports a lease receivable totaling \$1,881,505 at June 30, 2023. This lease receivable resulted from an agreement entered into by Hancock County and Wellmont Health System (Wellmont), which required the county to construct a hospital facility and lease it to Wellmont through 2028. Wellmont has an option to purchase the facility for ten dollars at the end of the lease term. The underlying leased assets (hospital facility) were derecognized under standards in effect prior to GASB Statement No. 87,

Leases, and pursuant to paragraph 94 of Statement 87, those underlying assets were not restated during implementation of that standard.

The schedule of future lease payments is presented in the following table.

Year Ending June 30	Principal	Interest	Total
2024	\$ 266,175	\$ 105,903	\$ 372,078
2025	267,001	91,450	358,451
2026	267,852	76,972	344,824
2027	268,731	62,616	331,347
2028	269,637	47,934	317,571
2029	542,109	52,153	594,262
Total Lease Payments	\$ 1,881,505	\$ 437,028	\$ 2,318,533

In the financial statements of the General Debt Service Fund, revenues of \$386,003 (\$265,374 principal and \$120,629 interest) have been recognized from Wellmont during the year. The entire amount of the balance for the lease receivable at June 30, 2023, is offset by deferred inflows of resources in the General Debt Service Fund and in the governmental activities on the Statement of Net Position.

Discretely Presented Hancock County School Department

The General Purpose School Fund reports a lease receivable totaling \$96,852 at June 30, 2023. This lease receivable resulted from an agreement entered into by Hancock County School Department and East Tennessee State University (ETSU), which allows the use of school facilities for a medical clinic through 2029 as a part of the Health Resources and Services Administration School Based Health Center program.

The schedule of future lease payments is presented in the following table.

Year Ending June 30	Principal	Interest	Total
2024	\$ 15,547	\$ 1,453	\$ 17,000
2025	15,780	1,220	17,000
2026	16,017	983	17,000
2027	16,257	743	17,000
2028	16,501	499	17,000
2029	16,750	250	17,000
Total Lease Payments	\$ 96,852	\$ 5,148	\$ 102,000

In the financial statements of the General Purpose School Fund, revenues of \$17,000 (\$15,317 principal and \$1,683 interest) have been recognized from ETSU during the year. The entire amount of the balance for the lease receivable at June 30, 2023, is offset by deferred inflows of resources in the General Purpose School Fund and in the governmental activities on the Statement of Net Position. This lease receivable was inadvertently omitted from the prior year financial report.

C. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 632,474	\$ 0	\$ 0	\$ 632,474
Construction in Progress	86,680	0	0	86,680
Total Capital Assets Not Depreciated	<u>\$ 719,154</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 719,154</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,716,789	\$ 0	\$ 0	\$ 6,716,789
Machinery and Equipment	3,632,479	299,741	53,807	3,878,413
Infrastructure	22,428,406	0	0	22,428,406
Total Capital Assets Depreciated	<u>\$ 32,777,674</u>	<u>\$ 299,741</u>	<u>\$ 53,807</u>	<u>\$ 33,023,608</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,863,057	\$ 177,303	\$ 0	\$ 3,040,360
Machinery and Equipment	2,985,855	177,882	53,807	3,109,930
Infrastructure	13,058,325	555,636	0	13,613,961
Total Accumulated Depreciation	<u>\$ 18,907,237</u>	<u>\$ 910,821</u>	<u>\$ 53,807</u>	<u>\$ 19,764,251</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,870,437</u>	<u>\$ (611,080)</u>	<u>\$ 0</u>	<u>\$ 13,259,357</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,589,591</u>	<u>\$ (611,080)</u>	<u>\$ 0</u>	<u>\$ 13,978,511</u>

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

Governmental Activities:

General Government	\$ 101,836
Public Safety	80,776
Public Health and Welfare	100,865
Social, Cultural, and Recreational Services	6,500
Highway/Public Works	<u>620,844</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 910,821</u>

Net Investment in Capital Assets

Capital Assets	\$ 13,978,511
Less:	
Outstanding principal of capital debt	<u>(103,975)</u>
Net Investment in Capital Assets	<u>\$ 13,874,536</u>

Business-type Activities:

	Balance 7-1-22	Increases	Balance 6-30-23
Capital Assets Not Depreciated:			
Land	\$ 26,350	\$ 0	\$ 26,350
Total Capital Assets Not Depreciated	\$ 26,350	\$ 0	\$ 26,350
Capital Assets Depreciated:			
Buildings and Improvements	\$ 342,466	\$ 0	\$ 342,466
Total Capital Assets Depreciated	\$ 342,466	\$ 0	\$ 342,466
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 108,279	\$ 8,562	\$ 116,841
Total Accumulated Depreciation	\$ 108,279	\$ 8,562	\$ 116,841
Total Capital Assets Depreciated, Net	\$ 234,187	\$ (8,562)	\$ 225,625
Business-type Activities Capital Assets, Net	\$ 260,537	\$ (8,562)	\$ 251,975

There were no decreases in capital assets to report during the year ended June 30, 2023.

Depreciation expense totaling \$8,562 was charged to the Home Health Fund (enterprise fund).

Discretely Presented Hancock County School Department

Governmental Activities:

	Balance				Balance
	7-1-22	Increases	Decreases		6-30-23
	<u> </u>				<u> </u>
Capital Assets Not Depreciated:					
Land	\$ 519,250	\$ 0	\$ 0		\$ 519,250
Construction in Progress	0	612,644	0		612,644
Total Capital Assets Not Depreciated	<u>\$ 519,250</u>	<u>\$ 612,644</u>	<u>\$ 0</u>		<u>\$ 1,131,894</u>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 20,533,885	\$ 291,189	\$ 0		\$ 20,825,074
Machinery and Equipment	2,220,427	569,406	159,945		2,629,888
Total Capital Assets Depreciated	<u>\$ 22,754,312</u>	<u>\$ 860,595</u>	<u>\$ 159,945</u>		<u>\$ 23,454,962</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 9,147,274	\$ 819,789	\$ 0		\$ 9,967,063
Machinery and Equipment	1,286,235	168,496	117,754		1,336,977
Total Accumulated Depreciation	<u>\$ 10,433,509</u>	<u>\$ 988,285</u>	<u>\$ 117,754</u>		<u>\$ 11,304,040</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,320,803</u>	<u>\$ (127,690)</u>	<u>\$ 42,191</u>		<u>\$ 12,150,922</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 12,840,053</u></u>	<u><u>\$ 484,954</u></u>	<u><u>\$ 42,191</u></u>		<u><u>\$ 13,282,816</u></u>

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

Governmental Activities:

Instruction	\$ 825,213
Support Services	151,549
Operation of Non-instructional Services	<u>11,523</u>
 Total Depreciation and Amortization Expense - Governmental Activities	 <u>\$ 988,285</u>

D. Construction Commitments

At June 30, 2023, the school department had uncompleted construction contracts of approximately \$435,356 for the renovation of the vocational complex. Funding for these future expenditures is expected to be received from federal grants.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Other General Government	\$ 120,258
"	Nonmajor Governmental	3,114
"	General Debt Service	70
"	General Capital Projects	8,186
Other General Government	General Fund	27,200
General Capital Projects	"	1,536

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: General	School Department: General Purpose School	\$ 4,685
Component Unit: School Department: General Purpose School Central Cafeteria	Primary Government: General "	1,102 3,172

Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Capital Projects Fund	Nonmajor Governmental Funds
Nonmajor Governmental Funds	\$ 275,000	\$ 5,856	\$ 45,000
Major Enterprise Fund	0	0	26,000
Total	\$ 275,000	\$ 5,856	\$ 71,000

Transfers from the nonmajor governmental funds were for expenditures using the state direct appropriations funds. Transfers from the Home Health (enterprise) fund supplemented operational activities of the nonmajor governmental funds.

Discretely Presented Hancock County School Department

Transfers Out	Transfers In	
	General Purpose School	Purpose
School Federal Projects	\$ 176,153	Indirect costs
"	1,064	IDEA program expenditures
Total	\$ 177,217	

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.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Hancock 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 outstanding were issued for original terms of up to 25 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, 2023, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placement – Hancock County has issued other loans to provide for major capital outlays for the discretely presented school department. Capital outlay notes have also been issued to fund capital facilities and other capital outlay purchases, such as equipment for the primary government. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Hancock County had no outstanding capital outlay notes at June 30, 2023. The other loan outstanding was issued for an original term of 17 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2023, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2023, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-23
General Obligation Bonds	3.5 to 5.6 %	6-20-33	\$ 6,144,000	\$ 1,543,975
Refunding Bonds	2.0 to 2.75	6-1-37	7,105,000	6,320,000
Direct Borrowing and Direct Placement:				
Other Loans - Energy Efficient Schools Initiative	1.5	12-1-37	2,773,485	2,540,793

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2023, including interest payments are presented in the tables below.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 648,865	\$ 208,059	\$ 856,924
2025	654,175	186,122	840,297
2026	664,496	164,224	828,720
2027	664,829	141,815	806,644
2028	675,173	119,545	794,718
2029-2033	3,061,437	338,946	3,400,383
2034-2037	1,495,000	99,600	1,594,600
Total	\$ 7,863,975	\$ 1,258,311	\$ 9,122,286

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2024	\$ 158,064	\$ 36,780	\$ 194,844
2025	160,452	34,392	194,844
2026	162,864	31,980	194,844
2027	165,324	29,520	194,844
2028	167,832	27,012	194,844
2029-2033	877,932	96,288	974,220
2034-2038	848,325	28,400	876,725
Total	\$ 2,540,793	\$ 284,372	\$ 2,825,165

There is \$2,205,444 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,180, based on the 2020 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums totaled \$1,589 based on the 2020 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government. During the year, the school department contributed \$676,104 to the primary government's General Debt Service Fund. This includes \$481,260 discussed in Note IV.H. and \$194,844 for requirements of the Energy Efficient Schools Loan.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	<u>Bonds</u>	<u>Other Loans - Direct Placement</u>
Balance, June 30, 2022	\$ 8,502,540	\$ 2,696,505
Reductions	(638,565)	(155,712)
Balance, June 30, 2023	<u>\$ 7,863,975</u>	<u>\$ 2,540,793</u>
Balance Due Within One Year	<u>\$ 648,865</u>	<u>\$ 158,064</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 10,404,768
Less: Balance Due Within One Year - Debt	(806,929)
Add: Unamortized Premium on Debt	<u>180,564</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 9,778,403</u>

G. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	Landfill Postclosure Care Costs	Compensated Absences	Net Pension Liability
Balance, June 30, 2022	\$ 41,960	\$ 68,741	\$ 136,186
Additions	0	89,451	441,927
Reductions	(21,836)	(37,705)	(165,711)
Balance, June 30, 2023	<u>\$ 20,124</u>	<u>\$ 120,487</u>	<u>\$ 412,402</u>
Balance Due Within One Year	<u>\$ 4,025</u>	<u>\$ 62,129</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 553,013
Less: Balance Due Within One Year - Other	<u>(66,154)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 486,859</u>

Compensated absences and net pension liability will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Hancock County Home Health (Enterprise) Fund

Changes in Long-term Obligations

Long-term obligations activity for the Home Health Fund (enterprise fund) for the year ended June 30, 2023, was as follows:

Business-type Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2022	\$ 16,174
Reductions	<u>(16,174)</u>
Balance, June 30, 2023	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

Discretely Presented Hancock County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hancock County School Department for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2022	\$ 1,140,371
Additions	75,471
Reductions	<u>(275,309)</u>
Balance, June 30, 2023	<u>\$ 940,533</u>
Balance Due Within One Year	<u>\$ 0</u>

H. Pledges of Future Revenues

The Board of Education pledged, by resolution, Basic Education Program Funds to the General Debt Service Fund in order to retire bonded debt issued for school construction. The amount of the pledge is equal to the annual principal and interest requirements on the debt up to a maximum of \$541,000 per year until the debt matures in 2037. During the year, the school department contributed \$481,260 to the General Debt Service Fund for the retirement of these bonds.

I. On-Behalf Payments – Discretely Presented Hancock County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hancock County School Department. These payments are made by the state to the Local Education Group Insurance Plan. This plan is administered by the State of Tennessee and reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2023, were \$36,883. 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

Hancock County purchases commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. However, except as discussed in the following paragraph, Hancock County does not maintain workers' compensation insurance.

The Hancock County Highway Department purchases commercial insurance for general liability and workers' compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Hancock County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance 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*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Annual Comprehensive 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. Hancock County has opted to not allow its retirees to participate in this health insurance plan.

Discretely Presented Hancock County School Department

The school department 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 school department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The 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, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Annual Comprehensive 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.

B. Accounting Changes

GASB Statement No. 91, *Conduit Debt Obligations*, became effective for fiscal year ending June 30, 2023. This statement clarifies what is considered conduit debt and the requirements of when to disclose liabilities and commitments concerning conduit debt.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, became effective for fiscal year ending June 30, 2023. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, became effective for fiscal year ending June 30, 2023. This standard establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also establishes criteria for the recognition of implementation costs and requires a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

GASB Statement No. 99, *Omnibus 2022*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including Financial Guarantees; Derivative Instruments; Leases, PPPs, and SBITAs; LIBOR rate replacement; and other technical updates and corrections.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

The attorneys for the county and the school department advised that there were no pending lawsuits, unasserted claims, or assessments that would materially affect the county or school department's financial statements.

D. Landfill Postclosure Care Costs

Hancock 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 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 sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Hancock County closed its sanitary landfill in 1997. The \$20,124 reported as postclosure liability at June 30, 2023, represents amounts based on what it would cost to perform all postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District; Greene, Hamblen, Hancock, and Hawkins 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 participating law enforcement agencies within each judicial district. Hancock County made no contributions to the DTF for the year ended June 30, 2023, 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:

District Attorney General
Third Judicial District
109 South Main Street, Suite 501
Greeneville, TN 37743

F. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins,

Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center and to further the economy and growth of the region served by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayor's/executive's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agricultural Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of daily operations of the center.

In prior years, Hancock County participated in the joint governance of the Alliance for Business and Training (AB&T) which administered funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. AB&T's contracts with the Tennessee Department of Labor for the administration of the funds terminated at June 30, 2022, and AB&T was dissolved in January 2023.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Certain employees of Hancock County are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 100 percent of the Hancock County 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 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	15
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	3
Active Employees	11
 Total	 <u>29</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. Hancock 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, 2023, the employer contribution for Hancock County was \$123,066 based on a rate of 14.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hancock 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)

Hancock County's net pension liability (asset) was measured as of June 30, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 Hancock 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, 2021	\$ 3,454,163	\$ 3,317,977	\$ 136,186
Changes for the Year:			
Service Cost	\$ 81,722	\$ 0	\$ 81,722
Interest	232,647	0	232,647
Differences Between Expected and Actual Experience	(10,172)	0	(10,172)
Contributions-Employer	0	115,013	(115,013)
Contributions-Employees	0	40,526	(40,526)
Net Investment Income	0	(126,472)	126,472
Benefit Payments, Including Refunds of Employee	(178,515)	(178,515)	0
Administrative Expense	0	(1,086)	1,086
Net Changes	\$ 125,682	\$ (150,534)	\$ 276,216
Balance, June 30, 2022	\$ 3,579,845	\$ 3,167,443	\$ 412,402

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hancock County calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Hancock County	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$ 789,858	\$ 412,402	\$ 88,872

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, Hancock County recognized pension expense of \$10,161.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, Hancock 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	\$ 0	\$ 60,898
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,469	0
Changes in Assumptions	30,635	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	<u>123,066</u>	<u>N/A</u>
Total	<u>\$ 161,170</u>	<u>\$ 60,898</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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
2024	\$ (44,412)
2025	(19,974)
2026	(28,332)
2027	69,925
2028	0
Thereafter	0

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

Discretely Presented Hancock County School Department

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Hancock 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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 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 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, 2023, to the Teacher Retirement Plan were \$47,558, which is 2.87 percent of covered payroll. In addition, employer contributions of \$17,821, which is 1.13 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2023, the Hancock County School Department reported a liability (asset) of (\$26,501) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hancock County School Department's proportion of the net pension liability (asset) was based on the Hancock County 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, 2022, the Hancock County School Department's proportion was .087485 percent. The proportion as of June 30, 2021, was .079671.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the Hancock County School Department recognized pension expense of \$37,097.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the Hancock County 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	\$ 1,449	\$ 16,101
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,353	0
Changes in Assumptions	31,045	0
Changes in Proportion of Net Pension Liability (Asset)	1,575	6,089
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	<u>47,558</u>	N/A
Total	<u>\$ 89,980</u>	<u>\$ 22,190</u>

The Hancock County School Department's employer contributions of \$47,558, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 252
2025	337
2026	(1,035)
2027	13,514
2028	1,179
Thereafter	5,985

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, 2022, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income Real Estate	6.57	20
Short-term Securities	1.20	20
	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75%, 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 (5.75 %) or one percentage point higher (7.75 %) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 139,117 \$ (26,501) \$ (147,453)

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 Hancock 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 <https://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 nonservice-related disability eligibility. The service related and nonservice-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 automatic cost of living adjustments (COLAs) 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.

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 Hancock County School Department for the year ended June 30, 2023, to the Teacher Legacy Pension Plan were \$327,072, which is 8.69 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2023, the Hancock County School Department reported a liability (asset) of (\$1,404,191) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hancock County School Department's proportion of the net pension liability (asset) was based on the Hancock County 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, 2022, the Hancock County School Department's proportion was .114496 percent. The proportion measured at June 30, 2021, was .115666 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the Hancock County School Department recognized pension expense (negative pension expense) of \$20,384.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the Hancock County 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	\$ 230,984	\$ 237,266
Changes in Assumptions	879,658	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,011	0
Changes in Proportion of Net Pension Liability (Asset)	25,967	88
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	<u>327,072</u>	<u>N/A</u>
Total	<u>\$ 1,487,692</u>	<u>\$ 237,354</u>

The Hancock County School Department's employer contributions of \$327,072 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 150,460
2025	271,482
2026	(239,807)
2027	741,131
2028	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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 Hancock County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what the Hancock County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 2,781,218 \$ (1,404,191) \$ (4,890,359)

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 \$84,013 and teachers contributed \$47,417 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Hancock County School Department

The discretely presented Hancock County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is 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.

The school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Hancock County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The school department's total OPEB liability for the plan was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2022, actuarial valuation 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, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.54%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 8.37% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 7-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under Benefits Provided

The discount rate was 3.54%, based on the daily rate of Bond Buyer'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, 2022, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to reflect more closely 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 PUB-2010 Headcount-weighted employee mortality table for non-disabled pre-retirement mortality projected generationally with MP-2020 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 19 percent load for males and an 18 percent load for females, projected generationally with MP-2020 from 2010. 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, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of the measurement date of June 30, 2022. This change in assumption decreased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2022 plan year was revised from 7.36 percent to 8.37 percent.

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

Plan Description. Employees of the Hancock 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 Hancock 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 the retiree premiums. The school department 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, 2022, the following employees were covered by the benefit terms:

	<u>Total</u>
Inactive Employees Currently Receiving Benefit Payments	9
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	<u>95</u>
 Total	 <u><u>104</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 \$48,701 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Hancock County School Department 59.4%	State of TN 40.6%	Total OPEB Liability
Balance July 1, 2021	\$ 1,140,371	\$ 703,217	\$ 1,843,588
Changes for the Year:			
Service Cost	\$ 51,275	\$ 35,047	\$ 86,322
Interest	24,196	16,538	40,734
Difference between Expected and Actuarial Experience	(65,266)	(44,609)	(109,875)
Changes in Proportion	(45,317)	45,317	0
Changes in Assumption and Other Inputs	(112,090)	(76,614)	(188,704)
Benefit Payments	(52,636)	(35,977)	(88,613)
Net Changes	<u>\$ (199,838)</u>	<u>\$ (60,298)</u>	<u>\$ (260,136)</u>
Balance June 30, 2022	<u>\$ 940,533</u>	<u>\$ 642,919</u>	<u>\$ 1,583,452</u>

The Hancock 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 Hancock County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers' 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 \$56,902 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Hancock County School Department's proportionate share of the collective OPEB Liability was 59.4 percent and the State of Tennessee's Share was 40.6 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized OPEB expense of \$122,872, which includes expenses funded by subsidies provided by the state. At June 30, 2023, 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	\$ 111,928	\$ 127,977
Changes of Assumptions/Inputs	144,654	154,108
Changes in Proportion	26,664	79,116
Benefits Paid After the Measurement Date of June 30, 2022	48,701	N/A
Total	<u>\$ 331,947</u>	<u>\$ 361,201</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following fiscal period.

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
2024	\$ (9,498)
2025	(9,498)
2026	(9,498)
2027	(9,498)
2028	(9,145)
Thereafter	(30,818)

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>	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,017,211	\$ 940,533	\$ 868,625
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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% Decrease	Current Rate	1% Increase
	7.37 to 3.5%	8.37 to 4.5%	9.37 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 836,748	\$ 940,533	\$ 1,063,336
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I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 149, Private Acts of 1941, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the highway department. These statutes require all purchases exceeding \$25,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Hancock County School Department are governed by purchasing laws applicable to 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 chairman of the Board of Education), to make all purchases. This statute also requires competitive bids be solicited through newspaper advertisement on all purchases exceeding \$25,000.

J. Subsequent Events

Subsequent to June 30, 2023, Hancock County entered into an agreement to purchase land to construct a park and recreation area. The agreement is to purchase land for \$250,000 with financing at 4% interest over 5 years.

During the year ended June 30, 2023, Hancock County decided to cease operations of Home Health (enterprise fund). No new patients were accepted beginning in April 2023. As of June 30, 2023, any remaining contractual agreements were being fulfilled. The county plans to discontinue the operations by June 30, 2024.

On September 11, 2023, the county commission approved the issuance of capital outlay notes of \$254,903 for sheriff's department vehicles. These notes had not been issued as of the date of this report.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Hancock 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	2019	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 38,224	\$ 47,067	\$ 51,139	\$ 63,452	\$ 60,807	\$ 66,668	\$ 71,363	\$ 72,134	\$ 81,722
Interest	161,315	172,749	179,823	185,230	184,503	197,163	233,896	244,506	232,647
Differences Between Actual and Expected Experience	46,171	(15,079)	(39,127)	(121,305)	78,488	413,307	22,882	(162,351)	(10,172)
Changes in Assumptions	0	0	0	88,723	0	0	0	91,907	0
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)	(180,348)	(184,789)	(178,515)
Net Change in Total Pension Liability	\$ 142,961	\$ 103,296	\$ 64,280	\$ 79,555	\$ 183,697	\$ 507,155	\$ 147,793	\$ 61,407	\$ 125,682
Total Pension Liability, Beginning	2,164,019	2,306,980	2,410,276	2,474,556	2,554,111	2,737,808	3,244,963	3,392,756	3,454,163
Total Pension Liability, Ending (a)	\$ 2,306,980	\$ 2,410,276	\$ 2,474,556	\$ 2,554,111	\$ 2,737,808	\$ 3,244,963	\$ 3,392,756	\$ 3,454,163	\$ 3,579,845
Plan Fiduciary Net Position									
Contributions - Employer	\$ 47,079	\$ 51,508	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014	\$ 83,394	\$ 116,978	\$ 115,013
Contributions - Employee	32,375	33,798	34,133	53,863	36,324	37,910	38,680	40,339	40,526
Net Investment Income	291,889	62,485	54,687	236,793	190,895	181,920	127,250	683,328	(126,472)
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)	(180,348)	(184,789)	(178,515)
Administrative Expense	(494)	(558)	(832)	(934)	(1,045)	(998)	(975)	(984)	(1,086)
Net Change in Plan Fiduciary Net Position	\$ 268,100	\$ 45,792	\$ 12,424	\$ 218,280	\$ 156,033	\$ 121,863	\$ 68,001	\$ 654,872	\$ (150,534)
Plan Fiduciary Net Position, Beginning	1,772,612	2,040,712	2,086,504	2,098,928	2,317,208	2,473,241	2,595,104	2,663,105	3,317,977
Plan Fiduciary Net Position, Ending (b)	\$ 2,040,712	\$ 2,086,504	\$ 2,098,928	\$ 2,317,208	\$ 2,473,241	\$ 2,595,104	\$ 2,663,105	\$ 3,317,977	\$ 3,167,443
Net Pension Liability (Asset), Ending (a - b)	\$ 266,268	\$ 323,772	\$ 375,628	\$ 236,903	\$ 264,567	\$ 649,859	\$ 729,651	\$ 136,186	\$ 412,402
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.46%	86.57%	84.82%	90.72%	90.34%	79.97%	78.49%	96.06%	88.48%
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193	\$ 773,594	\$ 879,996	\$ 810,523
Net Pension Liability (Asset) as a Percentage of Covered Payroll	41.12%	47.90%	55.49%	34.24%	36.42%	85.71%	94.32%	15.48%	50.88%

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

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. Data presented includes only the primary government. The discretely presented school department does not have any employees that participate in this plan.

Exhibit F-2

Hancock 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	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 47,049	\$ 51,311	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014	\$ 83,394	\$ 116,978	\$ 115,013	\$ 123,066
Less: Contributions in Relation to the Actuarially Determined Contribution	(47,049)	(51,311)	(51,991)	(65,103)	(69,960)	(73,014)	(83,394)	(116,978)	(115,013)	(123,066)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193	\$ 773,594	\$ 879,996	\$ 810,523	\$ 867,275
Contributions as a Percentage of Covered Payroll	7.27%	7.59%	7.68%	9.41%	9.63%	9.63%	10.78%	13.29%	14.19%	14.19%

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. Data presented includes only the primary government. The discretely presented school department does not have any employees that participate in this

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 8,174	\$ 13,445	\$ 21,804	\$ 27,825	\$ 15,962	\$ 20,502	\$ 23,227	\$ 30,029	\$ 47,558
Less: Contributions in Relation to the Contractually Required Contribution	(8,174)	(13,445)	(21,804)	(27,825)	(15,962)	(20,502)	(23,227)	(30,029)	(47,558)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774	\$ 1,009,949	\$ 1,149,854	\$ 1,493,978	\$ 1,657,079
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 416,058	\$ 399,809	\$ 404,735	\$ 390,829	\$ 381,326	\$ 422,582	\$ 419,716	\$ 389,886	\$ 388,105	\$ 327,072
Less: Contributions in Relation to the Contractually Required Contribution	(416,058)	(399,809)	(404,735)	(390,829)	(381,326)	(422,582)	(419,716)	(389,886)	(388,105)	(327,072)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,685,336	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979	\$ 3,948,412	\$ 3,796,366	\$ 3,768,011	\$ 3,763,773
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%

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

Exhibit F-5

	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.098350%	0.076393%	0.083051%	0.079603%	0.077753%	0.080033%	0.079671%	0.087485%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,957)	\$ (7,953)	\$ (21,913)	\$ (36,102)	\$ (43,891)	\$ (45,510)	\$ (86,301)	\$ (26,501)
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774	\$ 1,009,949	\$ 1,149,854	\$ 1,493,978
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)%	(5.33)%	(4.51)%	(7.51)%	(1.77)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.119372%	0.118143%	0.124028%	0.122302%	0.119932%	0.120483%	0.118633%	0.115666%	0.114496%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (19,398)	\$ 48,395	\$ 775,105	\$ (40,016)	\$ (422,030)	\$ (1,238,786)	\$ (904,663)	\$ (4,988,962)	\$ (1,404,191)
Covered Payroll	\$ 4,685,336	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979	\$ 3,948,412	\$ 3,796,366	\$ 3,768,011
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094252%	17.31%	(.93)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%	(37.27)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

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

Exhibit F-7

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 77,343	\$ 71,586	\$ 62,671	\$ 63,908	\$ 84,005	\$ 86,322
Interest	40,819	49,045	44,028	46,041	35,196	40,734
Differences Between Actual and Expected Experience	0	(214,689)	163,872	23,362	94,499	(109,875)
Changes in Assumptions or Other Inputs	(65,522)	20,103	(103,969)	177,622	142,186	(188,704)
Benefit Payments	(62,358)	(71,874)	(86,004)	(58,497)	(41,528)	(88,613)
Net Change in Total OPEB Liability	\$ (9,718)	\$ (145,829)	\$ 80,598	\$ 252,436	\$ 314,358	\$ (260,136)
Total OPEB Liability, Beginning	1,351,743	1,342,025	1,196,196	1,276,794	1,529,230	1,843,588
Total OPEB Liability, Ending	\$ 1,342,025	\$ 1,196,196	\$ 1,276,794	\$ 1,529,230	\$ 1,843,588	\$ 1,583,452
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 500,944	\$ 434,937	\$ 498,347	\$ 560,218	\$ 703,217	\$ 642,919
Employer Proportionate Share of the Total OPEB Liability	8,414,081	761,259	778,447	969,012	1,140,371	940,533
Covered Employee Payroll	\$ 5,612,756	\$ 5,596,657	\$ 5,575,047	\$ 5,888,798	\$ 5,931,751	\$ 6,448,590
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.99%	13.60%	13.96%	16.46%	19.22%	14.59%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16 %
2022	3.54 %

(b) The assumed initial trend rate applicable to plan years was revised as follows:

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%
2023 plan year	- from 7.36% to 8.37%

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

HANCOCK COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the July 1, 2021, 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	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, averaging 4%
Investment Rate of Return	6.75%, 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 Adjustments	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 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 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified 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.

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.

Capital Projects Funds

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 General Capital Projects Fund is used to account for the direct appropriations grant received from the state of Tennessee.

Exhibit G-1

Hancock County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Other Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 3,114	\$ 3,114	\$ 0	\$ 3,114
Equity in Pooled Cash and Investments	33,249	40,254	0	73,503	902,207	975,710
Due from Other Governments	46	0	0	46	0	46
Property Taxes Receivable	346,599	0	0	346,599	0	346,599
Allowance for Uncollectible Property Taxes	(23,464)	0	0	(23,464)	0	(23,464)
Total Assets	\$ 356,430	\$ 40,254	\$ 3,114	\$ 399,798	\$ 902,207	\$ 1,302,005
<u>LIABILITIES</u>						
Accounts Payable	\$ 2,000	\$ 0	\$ 0	\$ 2,000	\$ 0	\$ 2,000
Accrued Payroll	2,617	0	0	2,617	0	2,617
Payroll Deductions Payable	3,355	0	0	3,355	0	3,355
Due to Other Funds	0	0	3,114	3,114	0	3,114
Due to State of Tennessee	807	0	0	807	0	807
Total Liabilities	\$ 8,779	\$ 0	\$ 3,114	\$ 11,893	\$ 0	\$ 11,893
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 310,100	\$ 0	\$ 0	\$ 310,100	\$ 0	\$ 310,100
Deferred Delinquent Property Taxes	12,972	0	0	12,972	0	12,972
Other Deferred/Unavailable Revenue	7	0	0	7	0	7
Total Deferred Inflows of Resources	\$ 323,079	\$ 0	\$ 0	\$ 323,079	\$ 0	\$ 323,079
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 40,254	\$ 0	\$ 40,254	\$ 0	\$ 40,254
Committed:						
Committed for Public Health and Welfare	24,572	0	0	24,572	0	24,572
Committed for Capital Projects	0	0	0	0	902,207	902,207
Total Fund Balances	\$ 24,572	\$ 40,254	\$ 0	\$ 64,826	\$ 902,207	\$ 967,033
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 356,430	\$ 40,254	\$ 3,114	\$ 399,798	\$ 902,207	\$ 1,302,005

Exhibit G-2

Hancock County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Other Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 314,318	\$ 0	\$ 0	\$ 314,318	\$ 0	\$ 314,318
Fines, Forfeitures, and Penalties	0	11,291	0	11,291	0	11,291
Charges for Current Services	0	1,750	1,650	3,400	0	3,400
Other Local Revenues	17,217	2,625	0	19,842	0	19,842
State of Tennessee	1,912	0	0	1,912	30,500	32,412
Total Revenues	<u>\$ 333,447</u>	<u>\$ 15,666</u>	<u>\$ 1,650</u>	<u>\$ 350,763</u>	<u>\$ 30,500</u>	<u>\$ 381,263</u>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 1,650	\$ 1,650	\$ 0	\$ 1,650
Public Safety	0	17,586	0	17,586	0	17,586
Public Health and Welfare	375,581	0	0	375,581	0	375,581
Capital Projects	0	0	0	0	134,076	134,076
Total Expenditures	<u>\$ 375,581</u>	<u>\$ 17,586</u>	<u>\$ 1,650</u>	<u>\$ 394,817</u>	<u>\$ 134,076</u>	<u>\$ 528,893</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,134)</u>	<u>\$ (1,920)</u>	<u>\$ 0</u>	<u>\$ (44,054)</u>	<u>\$ (103,576)</u>	<u>\$ (147,630)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 71,000	\$ 0	\$ 0	\$ 71,000	\$ 0	\$ 71,000
Transfers Out	0	0	0	0	(325,856)	(325,856)
Total Other Financing Sources (Uses)	<u>\$ 71,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,000</u>	<u>\$ (325,856)</u>	<u>\$ (254,856)</u>
Net Change in Fund Balances	\$ 28,866	\$ (1,920)	\$ 0	\$ 26,946	\$ (429,432)	\$ (402,486)
Fund Balance, July 1, 2022	(4,294)	42,174	0	37,880	1,331,639	1,369,519
Fund Balance, June 30, 2023	<u>\$ 24,572</u>	<u>\$ 40,254</u>	<u>\$ 0</u>	<u>\$ 64,826</u>	<u>\$ 902,207</u>	<u>\$ 967,033</u>

Exhibit G-3

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 314,318	\$ 288,451	\$ 288,451	\$ 25,867
Other Local Revenues	17,217	17,100	17,100	117
State of Tennessee	1,912	0	0	1,912
Total Revenues	<u>\$ 333,447</u>	<u>\$ 305,551</u>	<u>\$ 305,551</u>	<u>\$ 27,896</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 375,581	\$ 296,223	\$ 392,314	\$ 16,733
Total Expenditures	<u>\$ 375,581</u>	<u>\$ 296,223</u>	<u>\$ 392,314</u>	<u>\$ 16,733</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,134)</u>	<u>\$ 9,328</u>	<u>\$ (86,763)</u>	<u>\$ 44,629</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 71,000	\$ 70,000	\$ 70,000	\$ 1,000
Total Other Financing Sources	<u>\$ 71,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 1,000</u>
Net Change in Fund Balance	\$ 28,866	\$ 79,328	\$ (16,763)	\$ 45,629
Fund Balance, July 1, 2022	<u>(4,294)</u>	<u>7,141</u>	<u>7,141</u>	<u>(11,435)</u>
Fund Balance, June 30, 2023	<u>\$ 24,572</u>	<u>\$ 86,469</u>	<u>\$ (9,622)</u>	<u>\$ 34,194</u>

Exhibit G-4

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,291	\$ 7,500	\$ 7,500	\$ 3,791
Charges for Current Services	1,750	0	0	1,750
Other Local Revenues	2,625	0	0	2,625
Total Revenues	<u>\$ 15,666</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 8,166</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 17,586	\$ 20,000	\$ 20,000	\$ 2,414
Total Expenditures	<u>\$ 17,586</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 2,414</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,920)</u>	<u>\$ (12,500)</u>	<u>\$ (12,500)</u>	<u>\$ 10,580</u>
Net Change in Fund Balance	\$ (1,920)	\$ (12,500)	\$ (12,500)	\$ 10,580
Fund Balance, July 1, 2022	<u>42,174</u>	<u>35,736</u>	<u>35,736</u>	<u>6,438</u>
Fund Balance, June 30, 2023	<u>\$ 40,254</u>	<u>\$ 23,236</u>	<u>\$ 23,236</u>	<u>\$ 17,018</u>

Exhibit G-5

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 30,500	\$ 0	\$ 0	\$ 30,500
Total Revenues	\$ 30,500	\$ 0	\$ 0	\$ 30,500
<u>Expenditures</u>				
<u>Capital Projects</u>				
Public Safety Projects	\$ 134,076	\$ 0	\$ 134,076	\$ 0
Total Expenditures	\$ 134,076	\$ 0	\$ 134,076	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (103,576)	\$ 0	\$ (134,076)	\$ 30,500
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (325,856)	\$ 0	\$ (325,856)	\$ 0
Total Other Financing Sources	\$ (325,856)	\$ 0	\$ (325,856)	\$ 0
Net Change in Fund Balance	\$ (429,432)	\$ 0	\$ (459,932)	\$ 30,500
Fund Balance, July 1, 2022	1,331,639	1,331,639	1,331,639	0
Fund Balance, June 30, 2023	\$ 902,207	\$ 1,331,639	\$ 871,707	\$ 30,500

Major Governmental Funds

General Debt Service Fund

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

Exhibit H

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,116	\$ 31,727	\$ 31,727	\$ (18,611)
Other Local Revenues	0	3,000	3,000	(3,000)
State of Tennessee	1	0	0	1
Other Governments and Citizens Groups	1,062,107	1,148,802	1,148,802	(86,695)
Total Revenues	<u>\$ 1,075,224</u>	<u>\$ 1,183,529</u>	<u>\$ 1,183,529</u>	<u>\$ (108,305)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 283,565	\$ 248,565	\$ 283,565	0
Education	510,712	390,000	510,712	0
<u>Interest on Debt</u>				
General Government	102,294	113,251	116,451	14,157
Education	165,392	65,230	165,392	0
<u>Other Debt Service</u>				
General Government	263	6,500	6,500	6,237
Education	1,000	194,844	1,000	0
Total Expenditures	<u>\$ 1,063,226</u>	<u>\$ 1,018,390</u>	<u>\$ 1,083,620</u>	<u>\$ 20,394</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,998</u>	<u>\$ 165,139</u>	<u>\$ 99,909</u>	<u>\$ (87,911)</u>
Net Change in Fund Balance	\$ 11,998	\$ 165,139	\$ 99,909	\$ (87,911)
Fund Balance, July 1, 2022	<u>2,193,446</u>	<u>2,188,917</u>	<u>2,188,917</u>	<u>4,529</u>
Fund Balance, June 30, 2023	<u>\$ 2,205,444</u>	<u>\$ 2,354,056</u>	<u>\$ 2,288,826</u>	<u>\$ (83,382)</u>

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, and other governments. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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.

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

Exhibit I-1

Hancock County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2023

	<u>Custodial Funds</u>		
	<u>Cities -</u>	<u>Constitu -</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	<u>Total</u>
		<u>Custodial</u>	
<u>ASSETS</u>			
Cash	\$ 0	\$ 494,349	\$ 494,349
Accounts Receivable	0	4,067	4,067
Due from Other Governments	40,972	0	40,972
Total Assets	<u>\$ 40,972</u>	<u>\$ 498,416</u>	<u>\$ 539,388</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 40,972	\$ 0	\$ 40,972
Total Liabilities	<u>\$ 40,972</u>	<u>\$ 0</u>	<u>\$ 40,972</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 498,416	\$ 498,416
Total Net Position	<u>\$ 0</u>	<u>\$ 498,416</u>	<u>\$ 498,416</u>

Exhibit I-2

Hancock County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Custodial	Total
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 243,351	\$ 0	\$ 243,351
Fines/Fees and Other Collections	0	1,159,864	1,159,864
Total Additions	<u>\$ 243,351</u>	<u>\$ 1,159,864</u>	<u>\$ 1,403,215</u>
<u>Deductions</u>			
Payment of Sales Tax Collections to Other Governments	\$ 243,351	\$ 0	\$ 243,351
Payments to State	0	576,171	576,171
Payments to Individuals and Others	0	407,956	407,956
Total Deductions	<u>\$ 243,351</u>	<u>\$ 984,127</u>	<u>\$ 1,227,478</u>
Change in Net Position	\$ 0	\$ 175,737	\$ 175,737
Net Position July 1, 2022	<u>0</u>	<u>322,679</u>	<u>322,679</u>
Net Position June 30, 2023	<u>\$ 0</u>	<u>\$ 498,416</u>	<u>\$ 498,416</u>

Hancock County School Department

This section presents combining and individual fund financial statements for the Hancock County School Department, a discretely presented component unit. The school department uses a General Fund and three Special Revenue Funds.

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.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Exhibit J-1

Hancock County, Tennessee
Statement of Activities
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 7,699,044	\$ 28,189	\$ 1,101,947	\$ 606,303	\$ (5,962,605)
Support Services	4,205,674	0	1,196,400	0	(3,009,274)
Operation of Non-instructional Services	2,240,680	54,224	1,932,634	0	(253,822)
Total Governmental Activities	\$ 14,145,398	\$ 82,413	\$ 4,230,981	\$ 606,303	\$ (9,225,701)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 993,731
Local Option Sales Taxes					359,201
Wheel Tax					64,196
Wholesale Beer Tax					1,121
Grants and Contributions Not Restricted for Specific Programs					8,676,034
Unrestricted Investment Income					25,733
Miscellaneous					86,173
Total General Revenues					\$ 10,206,189
Change in Net Position					\$ 980,488
Net Position, July 1, 2022					20,958,840
Net Position, June 30, 2023					\$ 21,939,328

Exhibit J-2

Hancock County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hancock County School Department
June 30, 2023

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Fund Internal School	
<u>ASSETS</u>					
Cash	\$ 18,589	\$ 0	\$ 0	\$ 176,452	\$ 195,041
Equity in Pooled Cash and Investments	4,479,159	433,777	703,085	0	5,616,021
Accounts Receivable	74	0	4,012	0	4,086
Due from Other Governments	465,458	800,517	160,590	0	1,426,565
Due from Primary Government	1,102	0	3,172	0	4,274
Property Taxes Receivable	1,039,796	0	0	0	1,039,796
Allowance for Uncollectible Property Taxes	(70,391)	0	0	0	(70,391)
Restricted Assets	97,283	0	0	0	97,283
Leases Receivable - Long-term	96,852	0	0	0	96,852
Total Assets	\$ 6,127,922	\$ 1,234,294	\$ 870,859	\$ 176,452	\$ 8,409,527
<u>LIABILITIES</u>					
Accounts Payable	\$ 158,369	\$ 56,541	\$ 20,535	\$ 1,143	\$ 236,588
Accrued Payroll	465	1,530	0	0	1,995
Due to Primary Government	4,685	0	0	0	4,685
Other Current Liabilities	261,629	0	0	0	261,629
Total Liabilities	\$ 425,148	\$ 58,071	\$ 20,535	\$ 1,143	\$ 504,897
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 930,299	\$ 0	\$ 0	\$ 0	\$ 930,299
Deferred Delinquent Property Taxes	38,918	0	0	0	38,918
Deferred Leases Receivable	96,852	0	0	0	96,852
Other Deferred/Unavailable Revenue	33,017	0	0	0	33,017
Total Deferred Inflows of Resources	\$ 1,099,086	\$ 0	\$ 0	\$ 0	\$ 1,099,086

(Continued)

Exhibit J-2

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

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 200,767	\$ 0	\$ 850,324	\$ 175,309	\$ 1,226,400
Restricted for Education - American Rescue Plan Act	0	51,223	0	0	51,223
Restricted for Hybrid Retirement Stabilization Funds	97,283	0	0	0	97,283
Committed:					
Committed for Education	0	1,125,000	0	0	1,125,000
Assigned:					
Assigned for Education	924,125	0	0	0	924,125
Unassigned	3,381,513	0	0	0	3,381,513
Total Fund Balances	<u>\$ 4,603,688</u>	<u>\$ 1,176,223</u>	<u>\$ 850,324</u>	<u>\$ 175,309</u>	<u>\$ 6,805,544</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,127,922</u>	<u>\$ 1,234,294</u>	<u>\$ 870,859</u>	<u>\$ 176,452</u>	<u>\$ 8,409,527</u>

Exhibit J-3

Hancock County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Hancock County School Department
June 30, 2023

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)		\$	6,805,544
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	519,250	
Add: construction in progress		612,644	
Add: building and improvements net of accumulated depreciation		10,858,011	
Add: machinery and equipment net of accumulated depreciation		<u>1,292,911</u>	13,282,816
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: net OPEB liability			(940,533)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,577,672	
Less: deferred inflows of resources related to pensions		(259,544)	
Add: deferred outflows of resources related to OPEB		331,947	
Less: deferred inflows of resources related to OPEB		<u>(361,201)</u>	1,288,874
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - teacher retirement plan	\$	26,501	
Add: net pension asset - teacher legacy pension plan		<u>1,404,191</u>	1,430,692
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>71,935</u>
Net position of governmental activities (Exhibit A)			<u>\$ 21,939,328</u>

Exhibit J-4

Hancock County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances -
 Governmental Funds
 Discretely Presented Hancock County School Department
 For the Year Ended June 30, 2023

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
Revenues					
Local Taxes	\$ 1,399,754	\$ 0	\$ 0	\$ 0	\$ 1,399,754
Licenses and Permits	276	0	0	0	276
Charges for Current Services	0	0	54,224	0	54,224
Other Local Revenues	270,224	0	31,152	363,140	664,516
State of Tennessee	8,923,442	0	6,141	0	8,929,583
Federal Government	0	2,982,241	1,056,869	0	4,039,110
Total Revenues	\$ 10,593,696	\$ 2,982,241	\$ 1,148,386	\$ 363,140	\$ 15,087,463
Expenditures					
Current:					
Instruction	\$ 5,289,362	\$ 1,086,613	\$ 0	\$ 0	\$ 6,375,975
Support Services	3,806,248	904,963	0	0	4,711,211
Operation of Non-Instructional Services	511,974	155,922	1,393,356	329,223	2,390,475
Capital Outlay	107,953	606,303	0	0	714,256
Debt Service:					
Other Debt Service	676,104	0	0	0	676,104
Total Expenditures	\$ 10,391,641	\$ 2,753,801	\$ 1,393,356	\$ 329,223	\$ 14,868,021
Excess (Deficiency) of Revenues Over Expenditures	\$ 202,055	\$ 228,440	\$ (244,970)	\$ 33,917	\$ 219,442
Other Financing Sources (Uses)					
Transfers In	\$ 177,217	\$ 0	\$ 0	\$ 0	\$ 177,217
Transfers Out	0	(177,217)	0	0	(177,217)
Total Other Financing Sources (Uses)	\$ 177,217	\$ (177,217)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 379,272	\$ 51,223	\$ (244,970)	\$ 33,917	\$ 219,442
Fund Balance, July 1, 2022	4,224,416	1,125,000	1,095,294	141,392	6,586,102
Fund Balance, June 30, 2023	\$ 4,603,688	\$ 1,176,223	\$ 850,324	\$ 175,309	\$ 6,805,544

Exhibit J-5

Hancock County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

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)	\$	219,442
(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	\$	1,473,239
Less: current-year depreciation expense		<u>(988,285)</u>
		484,954
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of assets disposed		(42,191)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2023	\$	71,935
Less: deferred delinquent property taxes and other deferred June 30, 2022		<u>(53,531)</u>
		18,404
(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 OPEB liability	\$	199,838
Change in net pension asset/liability		(3,644,571)
Change in deferred outflows related to pensions		(242,111)
Change in deferred inflows related to pensions		4,203,830
Change in deferred outflows related to OPEB		(57,168)
Change in deferred inflows related to OPEB		<u>(159,939)</u>
		<u>299,879</u>
Change in net position of governmental activities (Exhibit B)	\$	<u>980,488</u>

Exhibit J-6

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hancock County School Department
General Purpose School Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,399,754	\$ 0	\$ 1,399,754	\$ 948,916	\$ 947,916	\$ 451,838
Licenses and Permits	276	0	276	600	600	(324)
Other Local Revenues	270,224	0	270,224	78,284	351,342	(81,118)
State of Tennessee	8,923,442	0	8,923,442	8,698,906	9,181,515	(258,073)
Total Revenues	\$ 10,593,696	\$ 0	\$ 10,593,696	\$ 9,726,706	\$ 10,481,373	\$ 112,323
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,976,686	\$ 0	\$ 3,976,686	\$ 4,265,664	\$ 4,393,273	\$ 416,587
Alternative Instruction Program	80,696	0	80,696	65,709	82,813	2,117
Special Education Program	740,085	0	740,085	753,216	768,203	28,118
Career and Technical Education Program	491,895	0	491,895	406,003	685,451	193,556
<u>Support Services</u>						
Attendance	157,321	0	157,321	158,157	158,957	1,636
Health Services	86,768	0	86,768	89,900	89,900	3,132
Other Student Support	618,624	0	618,624	470,322	690,270	71,646
Regular Instruction Program	221,634	0	221,634	210,686	255,632	33,998
Special Education Program	87,159	0	87,159	85,213	87,466	307
Career and Technical Education Program	90,018	0	90,018	89,826	122,204	32,186
Technology	127,448	0	127,448	127,887	133,154	5,706
Other Programs	36,883	0	36,883	0	36,883	0
Board of Education	260,253	0	260,253	257,627	280,116	19,863
Director of Schools	121,401	0	121,401	128,515	128,856	7,455
Office of the Principal	306,732	0	306,732	297,958	307,861	1,129
Fiscal Services	136,811	0	136,811	137,969	138,169	1,358

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 561,411	\$ 0	\$ 561,411	\$ 628,946	\$ 667,629	\$ 106,218
Maintenance of Plant	328,233	0	328,233	254,331	376,531	48,298
Transportation	665,552	0	665,552	630,259	806,109	140,557
<u>Operation of Non-Instructional Services</u>						
Community Services	181,466	0	181,466	110,686	181,514	48
Early Childhood Education	330,508	0	330,508	330,508	330,508	0
<u>Capital Outlay</u>						
Regular Capital Outlay	107,953	24,765	132,718	0	315,500	182,782
<u>Interest on Debt</u>						
Education	0	0	0	735,844	0	0
<u>Other Debt Service</u>						
Education	676,104	0	676,104	0	735,844	59,740
Total Expenditures	\$ 10,391,641	\$ 24,765	\$ 10,416,406	\$ 10,235,226	\$ 11,772,843	\$ 1,356,437
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 202,055	\$ (24,765)	\$ 177,290	\$ (508,520)	\$ (1,291,470)	\$ 1,468,760
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 177,217	\$ 0	\$ 177,217	\$ 22,735	\$ 177,178	\$ 39
Total Other Financing Sources	\$ 177,217	\$ 0	\$ 177,217	\$ 22,735	\$ 177,178	\$ 39
Net Change in Fund Balance						
Fund Balance, July 1, 2022	\$ 379,272	\$ (24,765)	\$ 354,507	\$ (485,785)	\$ (1,114,292)	\$ 1,468,799
	4,224,416	0	4,224,416	3,665,372	3,665,372	559,044
Fund Balance, June 30, 2023						
	\$ 4,603,688	\$ (24,765)	\$ 4,578,923	\$ 3,179,587	\$ 2,551,080	\$ 2,027,843

Exhibit J-7

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hancock County School Department
School Federal Projects Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,982,241	\$ 0	\$ 0	\$ 2,982,241	\$ 1,040,308	\$ 4,454,559	\$ (1,472,318)
Total Revenues	\$ 2,982,241	\$ 0	\$ 0	\$ 2,982,241	\$ 1,040,308	\$ 4,454,559	\$ (1,472,318)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 760,233	\$ 0	\$ 0	\$ 760,233	\$ 495,236	\$ 1,352,301	\$ 592,068
Special Education Program	309,900	0	0	309,900	164,929	371,613	61,713
Career and Technical Education Program	16,480	0	0	16,480	14,648	16,481	1
<u>Support Services</u>							
Other Student Support	82,610	0	0	82,610	68,829	96,957	14,347
Regular Instruction Program	394,190	0	0	394,190	153,802	545,641	151,451
Special Education Program	107,117	0	0	107,117	79,409	111,328	4,211
Career and Technical Education Program	5,635	0	0	5,635	3,864	5,635	0
Operation of Plant	4,306	0	0	4,306	0	4,306	0
Maintenance of Plant	4,201	(3,125)	0	1,076	0	7,964	6,888
Transportation	306,904	(166,065)	0	140,839	36,856	336,197	195,358
<u>Operation of Non-Instructional Services</u>							
Food Service	155,922	(150,540)	0	5,382	0	157,919	152,537
<u>Capital Outlay</u>							
Regular Capital Outlay	606,303	0	435,356	1,041,659	0	1,271,000	229,341
Total Expenditures	\$ 2,753,801	\$ (319,730)	\$ 435,356	\$ 2,869,427	\$ 1,017,573	\$ 4,277,342	\$ 1,407,915
Excess (Deficiency) of Revenues Over Expenditures	\$ 228,440	\$ 319,730	\$ (435,356)	\$ 112,814	\$ 22,735	\$ 177,217	\$ (64,403)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (177,217)	\$ 0	\$ 0	\$ (177,217)	\$ (22,735)	\$ (177,217)	\$ 0
Total Other Financing Sources	\$ (177,217)	\$ 0	\$ 0	\$ (177,217)	\$ (22,735)	\$ (177,217)	\$ 0
Net Change in Fund Balance	\$ 51,223	\$ 319,730	\$ (435,356)	\$ (64,403)	\$ 0	\$ 0	\$ (64,403)
Fund Balance, July 1, 2022	1,125,000	(319,730)	0	805,270	1,125,000	1,125,000	(319,730)
Fund Balance, June 30, 2023	\$ 1,176,223	\$ 0	\$ (435,356)	\$ 740,867	\$ 1,125,000	\$ 1,125,000	\$ (384,133)

Exhibit J-8

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hancock County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 54,224	\$ 0	\$ 54,224	\$ 25,000	\$ 25,000	\$ 29,224
Other Local Revenues	31,152	0	31,152	1,000	1,000	30,152
State of Tennessee	6,141	0	6,141	0	0	6,141
Federal Government	1,056,869	0	1,056,869	766,000	824,267	232,602
Total Revenues	<u>\$ 1,148,386</u>	<u>\$ 0</u>	<u>\$ 1,148,386</u>	<u>\$ 792,000</u>	<u>\$ 850,267</u>	<u>\$ 298,119</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,393,356	\$ (366,939)	\$ 1,026,417	\$ 946,101	\$ 1,101,095	\$ 74,678
Total Expenditures	<u>\$ 1,393,356</u>	<u>\$ (366,939)</u>	<u>\$ 1,026,417</u>	<u>\$ 946,101</u>	<u>\$ 1,101,095</u>	<u>\$ 74,678</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (244,970)	\$ 366,939	\$ 121,969	\$ (154,101)	\$ (250,828)	\$ 372,797
Net Change in Fund Balance	\$ (244,970)	\$ 366,939	\$ 121,969	\$ (154,101)	\$ (250,828)	\$ 372,797
Fund Balance, July 1, 2022	<u>1,095,294</u>	<u>(366,939)</u>	<u>728,355</u>	<u>1,095,294</u>	<u>1,095,294</u>	<u>(366,939)</u>
Fund Balance, June 30, 2023	<u>\$ 850,324</u>	<u>\$ 0</u>	<u>\$ 850,324</u>	<u>\$ 941,193</u>	<u>\$ 844,466</u>	<u>\$ 5,858</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hancock County, Tennessee
Schedule of Changes in Long-term Bonds and Other Loans
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-22	Paid and/or Matured During Period	Outstanding 6-30-23
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Hospital Bond	\$ 6,000,000	5.6	% 12-15-03	12-15-28	\$ 1,680,000	\$ 240,000	\$ 1,440,000
General Obligation Bond - Series 2018 (USDA)	144,000	3.5	6-20-18	6-20-33	112,540	8,565	103,975
General Obligation Refunding Bonds - Series 2021	7,105,000	2.0-2.75	6-18-21	6-1-37	6,710,000	390,000	6,320,000
Total Bonds Payable					<u>\$ 8,502,540</u>	<u>\$ 638,565</u>	<u>\$ 7,863,975</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Energy Efficient Schools Initiative	2,773,485	1.5	2-12-20	12-1-37	\$ 2,696,505	\$ 155,712	\$ 2,540,793
Total Other Loans Payable					<u>\$ 2,696,505</u>	<u>\$ 155,712</u>	<u>\$ 2,540,793</u>

Exhibit K-2

Hancock County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2024	\$ 158,064	\$ 36,780	\$ 194,844
2025	160,452	34,392	194,844
2026	162,864	31,980	194,844
2027	165,324	29,520	194,844
2028	167,832	27,012	194,844
2029	170,364	24,480	194,844
2030	172,932	21,912	194,844
2031	175,548	19,296	194,844
2032	178,200	16,644	194,844
2033	180,888	13,956	194,844
2034	183,624	11,220	194,844
2035	186,396	8,448	194,844
2036	189,204	5,640	194,844
2037	192,072	2,772	194,844
2038	97,029	320	97,349
Total	\$ 2,540,793	\$ 284,372	\$ 2,825,165

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 648,865	\$ 208,059	\$ 856,924
2025	654,175	186,122	840,297
2026	664,496	164,224	828,720
2027	664,829	141,815	806,644
2028	675,173	119,545	794,718
2029	690,529	97,062	787,591
2030	460,897	74,267	535,164
2031	471,279	64,885	536,164
2032	476,673	55,291	531,964
2033	482,059	47,441	529,500
2034	480,000	39,500	519,500
2035	490,000	29,900	519,900
2036	500,000	20,100	520,100
2037	505,000	10,100	515,100
Total	\$ 7,863,975	\$ 1,258,311	\$ 9,122,286

Hancock County, Tennessee
Schedule of Changes in Leases Receivable
Primary Government and Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

Description	Debtor	Original Amount of Lease	Date of Issue	Date of Maturity	Interest Rate	Balance 7-1-22	Deductions	Balance 6-30-23
<u>PRIMARY GOVERNMENT</u>								
<u>General Debt Service Fund</u>								
Hospital Facility	Wellmont Health Systems	\$ 6,000,000	12-15-03	12-15-28	5.6 %	\$ 2,146,879	\$ 265,374	\$ 1,881,505
Total Leases Receivable Primary Government						<u>\$ 2,146,879</u>	<u>\$ 265,374</u>	<u>\$ 1,881,505</u>
<u>DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT</u>								
<u>General Purpose School Fund</u>								
Medical Clinic	East Tennessee State University *	170,000	7-1-18	7-1-28	1.5	\$ 112,169	\$ 15,317	\$ 96,852
Total Leases Receivable Discretely Presented Hancock County School Department						<u>\$ 112,169</u>	<u>\$ 15,317</u>	<u>\$ 96,852</u>

* This lease receivable was inadvertently omitted from the previous year financial report.

Exhibit K-4

Hancock County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Other Capital Projects	General Fund	State direct appropriations funds	\$ 275,000
"	Solid Waste/Sanitation	"	45,000
"	General Capital Projects	"	5,856
Home Health (enterprise fund)	Solid Waste/Sanitation	Operations	26,000
Total Transfers Primary Government			<u>\$ 351,856</u>
<u>DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 176,153
"	"	IDEA program expenditures	<u>1,064</u>
Total Transfers Discretely Presented Hancock County School Department			<u>\$ 177,217</u>

Exhibit K-5

Hancock County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Hancock County School Department
 For the Year Ended June 30, 2023

Official	Authorization	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 100,000	Western Surety Company
Base salary/Total compensation		<u>\$ 88,815</u>	
Road Superintendent	Section 8-24-102, TCA	50,000	"
Base salary/Total compensation		<u>\$ 84,586</u>	
Director of Schools	State Board of Education and County Board of Education	(1)	
Base salary		\$ 90,642	
Across the board bonus		1,000	
Secretary to the Board		<u>1,100</u>	
Total compensation		<u>\$ 92,742</u>	
Trustee	Section 8-24-102, TCA	623,777	Travelers Insurance Company
Base salary/Total compensation		<u>\$ 76,896</u>	
Assessor of Property	Section 8-24-102, TCA	50,000	Western Surety Company
Base salary/Total compensation		<u>\$ 76,896</u>	
County Clerk	Section 8-24-102, TCA	50,000	"
Base salary/Total compensation		<u>\$ 76,896</u>	
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	50,000	"
Base salary/Total compensation		<u>\$ 76,896</u>	
Clerk and Master	Section 8-24-102, TCA	50,000	"
Base salary		\$ 76,896	
Special commissioner fees		<u>1,650</u>	
Total compensation		<u>\$ 78,546</u>	
Register of Deeds	Section 8-24-102, TCA	50,000	"
Base salary/Total compensation		<u>\$ 76,896</u>	
Sheriff	Section 8-24-102, TCA	100,000	"
Base salary		\$ 84,586	
Law enforcement training supplement		<u>800</u>	
Total compensation		<u>\$ 85,386</u>	
Employee Blanket Bonds:			
Employee Fidelity - County Departments		150,000	U.S. Specialty Insurance
Employee Fidelity - Highway Department		150,000	U.S. Specialty Insurance
Employee Fidelity - School Department		400,000	Tennessee Risk Management Trust

(1) Official is under the employee fidelity insurance coverage.

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2023

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,550,873	\$ 297,766	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	40,119	7,703	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	37,166	7,135	0	0	0
Interest and Penalty	7,041	1,352	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	79	15	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	146,453	0	0	0	0
Wheel Tax	199,043	0	0	0	0
Litigation Tax - General	7,607	0	0	0	0
Litigation Tax - Special Purpose	3,661	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,733	0	0	0	0
Litigation Tax - Courthouse Security	922	0	0	0	0
Business Tax	33,560	0	0	0	0
Other County Local Option Taxes	3,414	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	25,975	0	0	0	0
Wholesale Beer Tax	1,876	347	0	0	0
Total Local Taxes	<u>\$ 2,063,522</u>	<u>\$ 314,318</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 570	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	7,000	0	0	0	0
Total Licenses and Permits	<u>\$ 7,570</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit K-6

Hancock County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,287	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,149	0	155	0	0
Drug Control Fines	3,253	0	4,626	0	0
Drug Court Fees	399	0	0	0	0
DUI Treatment Fines	48	0	0	0	0
Data Entry Fee - Circuit Court	704	0	0	0	0
<u>Criminal Court</u>					
Jail Fees	232	0	0	0	0
<u>General Sessions Court</u>					
Fines	7,109	0	0	0	0
Officers Costs	10,914	0	0	0	0
Game and Fish Fines	45	0	0	0	0
Drug Control Fines	5,777	0	6,510	0	0
Drug Court Fees	1,742	0	0	0	0
Jail Fees	11,571	0	0	0	0
DUI Treatment Fines	1,282	0	0	0	0
Data Entry Fee - General Sessions Court	1,569	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,508	0	0	0	0
Officers Costs	1,487	0	0	0	0
Data Entry Fee - Juvenile Court	382	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	228	0	0	0	0
Data Entry Fee - Chancery Court	252	0	0	0	0

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	\$ 3,847	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	2,839	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 61,624	\$ 0	\$ 11,291	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 1,297,502	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	14,880	0	0	0	0
<u>Fees</u>					
Copy Fees	2,879	0	0	0	0
Library Fees	1,938	0	0	0	0
Greenbelt Late Application Fee	300	0	0	0	0
Telephone Commissions	20,859	0	0	0	0
Vending Machine Collections	470	0	0	0	0
Additional Fees - Titling and Registration	5,400	0	0	0	0
Constitutional Officers' Fees and Commissions	206	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,650
Data Processing Fee - Register	2,108	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,050	0	0	0	0
<u>Education Charges</u>					
Other Charges for Services	0	0	1,750	0	0
Total Charges for Current Services	\$ 1,347,592	\$ 0	\$ 1,750	\$ 0	\$ 1,650

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 567,314	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Materials and Supplies	6,274	0	2,625	0	0
Commissary Sales	24,872	0	0	0	0
Sale of Recycled Materials	0	17,217	0	0	0
Miscellaneous Refunds	46,196	0	0	0	0
Expenditure Credits	72,224	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	308	0	0	0	0
Total Other Local Revenues	\$ 717,188	\$ 17,217	\$ 2,625	\$ 0	\$ 0
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 69,043	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	33,734	0	0	0	0
General Sessions Court Clerk	27,745	0	0	0	0
Clerk and Master	20,358	0	0	0	0
Juvenile Court Clerk	4,228	0	0	0	0
Register	28,553	0	0	0	0
Sheriff	1,456	0	0	0	0
Trustee	122,229	0	0	0	0
Total Fees Received From County Officials	\$ 307,346	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,083	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	1,898	0	0	0

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 36,269	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	1,000	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	19,120	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	0	14	0	0	0
Beer Tax	19,200	0	0	0	0
Alcoholic Beverage Tax	30,586	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	34,836	0	0	0	0
State Revenue Sharing - T.V.A.	306,671	0	0	0	0
State Revenue Sharing - Telecommunications	4,453	0	0	0	0
State Shared Sports Gaming Privilege Tax	8,775	0	0	0	0
Prisoner Transportation	41,259	0	0	0	0
Contracted Prisoner Boarding	924,434	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	170,917	0	0	0	0
Other State Revenues	400	0	0	0	0
Total State of Tennessee	\$ 1,629,958	\$ 1,912	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
American Rescue Plan Act Grant #1	\$ 0	\$ 0	\$ 0	\$ 238,995	\$ 0
Other Federal through State	298,982	0	0	0	0
Total Federal Government	\$ 298,982	\$ 0	\$ 0	\$ 238,995	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 2,675	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>					
Other	107,378	0	0	0	0
Opioid Settlement Funds - Past Remediation	40,423	0	0	0	0
Total Other Governments and Citizens Groups	\$ 150,476	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 6,584,258	\$ 333,447	\$ 15,666	\$ 238,995	\$ 1,650

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 12,407	\$ 0	\$ 0	\$ 1,861,046
Trustee's Collections - Prior Year	0	321	0	0	48,143
Circuit Clerk/Clerk and Master Collections - Prior Years	0	312	0	0	44,613
Interest and Penalty	0	56	0	0	8,449
Payments in-Lieu-of Taxes - T.V.A.	0	1	0	0	95
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	146,453
Wheel Tax	0	0	0	0	199,043
Litigation Tax - General	0	0	0	0	7,607
Litigation Tax - Special Purpose	0	0	0	0	3,661
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	5,733
Litigation Tax - Courthouse Security	0	0	0	0	922
Business Tax	0	0	0	0	33,560
Other County Local Option Taxes	0	0	0	0	3,414
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	25,975
Wholesale Beer Tax	0	19	0	0	2,242
Total Local Taxes	\$ 0	\$ 13,116	\$ 0	\$ 0	\$ 2,390,956
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 570
Building Permits	0	0	0	0	7,000
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,570

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	3,287
Officers Costs	0	0	0	0	3,304
Drug Control Fines	0	0	0	0	7,879
Drug Court Fees	0	0	0	0	399
DUI Treatment Fines	0	0	0	0	48
Data Entry Fee - Circuit Court	0	0	0	0	704
<u>Criminal Court</u>					
Jail Fees	0	0	0	0	232
<u>General Sessions Court</u>					
Fines	0	0	0	0	7,109
Officers Costs	0	0	0	0	10,914
Game and Fish Fines	0	0	0	0	45
Drug Control Fines	0	0	0	0	12,287
Drug Court Fees	0	0	0	0	1,742
Jail Fees	0	0	0	0	11,571
DUI Treatment Fines	0	0	0	0	1,282
Data Entry Fee - General Sessions Court	0	0	0	0	1,569
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,508
Officers Costs	0	0	0	0	1,487
Data Entry Fee - Juvenile Court	0	0	0	0	382
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	228
Data Entry Fee - Chancery Court	0	0	0	0	252

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	3,847
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	2,839
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	72,915
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	1,297,502
Work Release Charges for Board	0	0	0	0	14,880
<u>Fees</u>					
Copy Fees	0	0	0	0	2,879
Library Fees	0	0	0	0	1,938
Greenbelt Late Application Fee	0	0	0	0	300
Telephone Commissions	0	0	0	0	20,859
Vending Machine Collections	0	0	0	0	470
Additional Fees - Titling and Registration	0	0	0	0	5,400
Constitutional Officers' Fees and Commissions	0	0	0	0	206
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,650
Data Processing Fee - Register	0	0	0	0	2,108
Sexual Offender Registration Fee - Sheriff	0	0	0	0	1,050
<u>Education Charges</u>					
Other Charges for Services	0	0	0	0	1,750
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	1,350,992

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 567,314
Sale of Materials and Supplies	44,038	0	0	0	52,937
Commissary Sales	0	0	0	0	24,872
Sale of Recycled Materials	0	0	0	0	17,217
Miscellaneous Refunds	583	0	0	0	46,779
Expenditure Credits	0	0	0	0	72,224
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	308
Total Other Local Revenues	\$ 44,621	\$ 0	\$ 0	\$ 0	\$ 781,651
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,043
Circuit Court Clerk	0	0	0	0	33,734
General Sessions Court Clerk	0	0	0	0	27,745
Clerk and Master	0	0	0	0	20,358
Juvenile Court Clerk	0	0	0	0	4,228
Register	0	0	0	0	28,553
Sheriff	0	0	0	0	1,456
Trustee	0	0	0	0	122,229
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307,346
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,083
Solid Waste Grants	0	0	0	0	1,898

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,269
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	1,000
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	19,120
<u>Other State Revenues</u>					
Income Tax	0	1	0	0	15
Beer Tax	0	0	0	0	19,200
Alcoholic Beverage Tax	0	0	0	0	30,586
Opioid Settlement Funds - TN Abatement Council	0	0	0	0	34,836
State Revenue Sharing - T.V.A.	0	0	0	0	306,671
State Revenue Sharing - Telecommunications	0	0	0	0	4,453
State Shared Sports Gaming Privilege Tax	0	0	0	0	8,775
Prisoner Transportation	0	0	0	0	41,259
Contracted Prisoner Boarding	0	0	0	0	924,434
Gasoline and Motor Fuel Tax	1,908,256	0	0	0	1,908,256
Petroleum Special Tax	4,372	0	0	0	4,372
Registrar's Salary Supplement	0	0	0	0	18,955
Other State Grants	0	0	0	0	170,917
Other State Revenues	0	0	1,000,000	30,500	1,030,900
Total State of Tennessee	\$ 1,912,628	\$ 1	\$ 1,000,000	\$ 30,500	\$ 4,574,999
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	308,247	\$ 0	\$ 308,247

(Continued)

Exhibit K-6

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
American Rescue Plan Act Grant #1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,995
Other Federal through State	0	0	0	0	298,982
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 308,247</u>	<u>\$ 0</u>	<u>\$ 846,224</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 676,104	\$ 0	\$ 0	\$ 678,779
<u>Other</u>					
Other	0	386,003	0	0	493,381
Opioid Settlement Funds - Past Remediation	0	0	0	0	40,423
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,062,107</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,212,583</u>
Total	<u>\$ 1,957,249</u>	<u>\$ 1,075,224</u>	<u>\$ 1,308,247</u>	<u>\$ 30,500</u>	<u>\$ 11,545,236</u>

Exhibit K-7

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 893,301	\$ 0	\$ 0	\$ 0	\$ 0	893,301
Trustee's Collections - Prior Year	56,105	0	0	0	0	56,105
Circuit Clerk/Clerk and Master Collections - Prior Years	22,352	0	0	0	0	22,352
Interest and Penalty	4,056	0	0	0	0	4,056
Payments in-Lieu-of Taxes - T.V.A.	45	0	0	0	0	45
<u>County Local Option Taxes</u>						
Local Option Sales Tax	358,578	0	0	0	0	358,578
Wheel Tax	64,196	0	0	0	0	64,196
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	1,121	0	0	0	0	1,121
Total Local Taxes	<u>\$ 1,399,754</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,399,754</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 276	\$ 0	\$ 0	\$ 0	\$ 0	276
Total Licenses and Permits	<u>\$ 276</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>276</u>
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Receipts from Individual Schools	\$ 0	\$ 0	\$ 54,224	\$ 0	\$ 0	54,224
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,224</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>54,224</u>

(Continued)

Exhibit K-7

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ (4,457)	\$ 0	\$ 30,190	\$ 0	\$ 25,733
Lease/Rentals	28,189	0	0	0	28,189
Miscellaneous Refunds	69,218	0	962	0	70,180
<u>Nonrecurring Items</u>					
Sale of Equipment	15,158	0	0	0	15,158
Damages Recovered from Individuals	835	0	0	0	835
Contributions and Gifts	161,246	0	0	0	161,246
<u>Other Local Revenues</u>					
Other Local Revenues	35	0	0	363,140	363,175
Total Other Local Revenues	<u>\$ 270,224</u>	<u>\$ 0</u>	<u>\$ 31,152</u>	<u>\$ 363,140</u>	<u>\$ 664,516</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 36,883	\$ 0	\$ 0	\$ 0	\$ 36,883
<u>State Education Funds</u>					
Basic Education Program	7,901,000	0	0	0	7,901,000
Early Childhood Education	330,508	0	0	0	330,508
School Food Service	0	0	6,141	0	6,141
Other State Education Funds	273,231	0	0	0	273,231
Coordinated School Health	85,000	0	0	0	85,000
Family Resource Centers	29,612	0	0	0	29,612
Career Ladder Program	18,506	0	0	0	18,506
<u>Other State Revenues</u>					
State Revenue Sharing - Telecommunications	5,668	0	0	0	5,668

(Continued)

Exhibit K-7

Hancock County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Grants	\$ 9,800	\$ 0	\$ 0	\$ 0	\$ 9,800
Safe Schools	31,932	0	0	0	31,932
Other State Revenues	201,302	0	0	0	201,302
Total State of Tennessee	<u>\$ 8,923,442</u>	<u>\$ 0</u>	<u>\$ 6,141</u>	<u>\$ 0</u>	<u>\$ 8,929,583</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 677,594	\$ 0	\$ 677,594
USDA - Commodities	0	0	54,075	0	54,075
Breakfast	0	0	252,622	0	252,622
USDA - Other	0	0	72,578	0	72,578
Vocational Education - Basic Grants to States	0	31,346	0	0	31,346
Title I Grants to Local Education Agencies	0	607,935	0	0	607,935
Special Education - Grants to States	0	431,057	0	0	431,057
Special Education Preschool Grants	0	9,738	0	0	9,738
Rural Education	0	22,036	0	0	22,036
Eisenhower Professional Development State Grants	0	106,245	0	0	106,245
COVID-19 Grant B	0	1,694,220	0	0	1,694,220
COVID-19 Grant D	0	52,000	0	0	52,000
American Rescue Plan Act Grant #2	0	23,883	0	0	23,883
American Rescue Plan Act Grant #3	0	3,781	0	0	3,781
Total Federal Government	<u>\$ 0</u>	<u>\$ 2,982,241</u>	<u>\$ 1,056,869</u>	<u>\$ 0</u>	<u>\$ 4,039,110</u>
Total	<u>\$ 10,593,696</u>	<u>\$ 2,982,241</u>	<u>\$ 1,148,386</u>	<u>\$ 363,140</u>	<u>\$ 15,087,463</u>

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2023

General Fund

General Government

County Commission

Bonus Payments	\$	108	
Board and Committee Members Fees		63,405	
Social Security		5,422	
Unemployment Compensation		534	
Employer Medicare		851	
Audit Services		2,798	
Bank Charges		245	
Contributions		30,023	
Dues and Memberships		13,554	
Legal Notices, Recording, and Court Costs		1,605	
Maintenance and Repair Services - Vehicles		20	
Travel		5,902	
Other Contracted Services		11,272	
Liability Insurance		25,077	
Premiums on Corporate Surety Bonds		5,633	
Refunds		500	
Vehicle and Equipment Insurance		3,564	
Other Charges		945	
Total County Commission			\$ 171,458

Board of Equalization

Board and Committee Members Fees	\$	2,500	
Total Board of Equalization			2,500

County Mayor/Executive

County Official/Administrative Officer	\$	88,815	
Clerical Personnel		92,167	
Overtime Pay		82	
Social Security		13,056	
Pensions		12,706	
Unemployment Compensation		209	
Employer Medicare		2,538	
Communication		2,136	
Data Processing Services		17,489	
Dues and Memberships		2,393	
Postal Charges		6,112	
Travel		591	
Office Supplies		2,778	
Total County Mayor/Executive			241,072

County Attorney

Other Contracted Services	\$	16,490	
Total County Attorney			16,490

Election Commission

County Official/Administrative Officer	\$	69,206	
Bonus Payments		433	

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Salaries and Wages	\$	830	
Election Commission		7,808	
Election Workers		15,778	
Social Security		5,691	
Pensions		9,955	
Unemployment Compensation		78	
Employer Medicare		1,096	
Communication		1,703	
Data Processing Services		8,828	
Dues and Memberships		400	
Janitorial Services		160	
Legal Notices, Recording, and Court Costs		5,247	
Maintenance and Repair Services - Equipment		247	
Postal Charges		395	
Printing, Stationery, and Forms		500	
Rentals		1,350	
Travel		1,338	
Other Contracted Services		2,698	
Data Processing Supplies		500	
Office Supplies		339	
Office Equipment		129,712	
Total Election Commission	\$		264,292

Register of Deeds

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		23,394	
Bonus Payments		108	
Social Security		7,512	
Pensions		11,062	
Employee and Dependent Insurance		5,353	
Unemployment Compensation		70	
Employer Medicare		1,419	
Communication		1,693	
Data Processing Services		2,234	
Dues and Memberships		1,060	
Lease Payments		1,332	
Legal Notices, Recording, and Court Costs		18	
Office Supplies		3,323	
Total Register of Deeds			135,474

County Buildings

Supervisor/Director	\$	6,800	
Custodial Personnel		18,731	
Bonus Payments		108	
Other Salaries and Wages		7,560	
Social Security		2,165	
Employee and Dependent Insurance		543	

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Unemployment Compensation	\$	263	
Employer Medicare		458	
Communication		1,138	
Contributions		250	
Legal Notices, Recording, and Court Costs		124	
Maintenance and Repair Services - Buildings		20,916	
Other Contracted Services		12,940	
Custodial Supplies		6,030	
Electricity		35,281	
Office Supplies		980	
Water and Sewer		15,735	
Other Supplies and Materials		5,821	
Total County Buildings			\$ 135,843

Finance

Purchasing

Data Processing Personnel	\$	23,907	
Bonus Payments		217	
Social Security		1,775	
Unemployment Compensation		70	
Employer Medicare		336	
Lease Payments		2,400	
Office Supplies		2,918	
Total Purchasing			31,623

Property Assessor's Office

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		27,930	
Bonus Payments		108	
Social Security		7,847	
Pensions		11,062	
Employee and Dependent Insurance		5,353	
Unemployment Compensation		70	
Employer Medicare		1,482	
Audit Services		1,760	
Communication		374	
Data Processing Services		5,325	
Legal Notices, Recording, and Court Costs		405	
Maintenance and Repair Services - Vehicles		159	
Office Supplies		39	
Total Property Assessor's Office			138,810

Reappraisal Program

Clerical Personnel	\$	20,792	
Bonus Payments		108	
Social Security		1,538	
Employee and Dependent Insurance		5,186	

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Unemployment Compensation	\$	70	
Employer Medicare		291	
Maintenance and Repair Services - Vehicles		529	
Total Reappraisal Program			\$ 28,514

County Trustee's Office

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		33,281	
Bonus Payments		108	
Social Security		8,233	
Pensions		11,062	
Employee and Dependent Insurance		10,820	
Unemployment Compensation		70	
Employer Medicare		1,555	
Communication		1,251	
Data Processing Services		13,070	
Dues and Memberships		940	
Lease Payments		1,859	
Legal Notices, Recording, and Court Costs		378	
Office Supplies		4,688	
Total County Trustee's Office			164,211

County Clerk's Office

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		58,194	
Bonus Payments		217	
Social Security		9,688	
Pensions		11,062	
Employee and Dependent Insurance		13,332	
Unemployment Compensation		133	
Employer Medicare		1,906	
Communication		1,823	
Data Processing Services		9,807	
Dues and Memberships		942	
Legal Notices, Recording, and Court Costs		18	
Postal Charges		306	
Office Supplies		2,194	
Total County Clerk's Office			186,518

Other Finance

Trustee's Commission	\$	54,688	
Total Other Finance			54,688

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		27,594	

(Continued)

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Overtime Pay	\$	100	
Bonus Payments		108	
Jury and Witness Expense		11,176	
Social Security		6,803	
Pensions		11,062	
Unemployment Compensation		87	
Employer Medicare		1,469	
Communication		1,318	
Data Processing Services		9,920	
Evaluation and Testing		1,600	
Lease Payments		2,772	
Legal Notices, Recording, and Court Costs		800	
Office Supplies		12,399	
Total Circuit Court			\$ 164,104

General Sessions Court

Judge(s)	\$	82,736	
Bonus Payments		108	
Social Security		5,971	
Pensions		11,408	
Employer Medicare		1,127	
Travel		813	
Total General Sessions Court			102,163

Chancery Court

County Official/Administrative Officer	\$	76,896	
Clerical Personnel		20,077	
Social Security		7,255	
Pensions		11,062	
Employee and Dependent Insurance		5,353	
Unemployment Compensation		70	
Employer Medicare		1,370	
Advertising		50	
Communication		1,408	
Data Processing Services		7,500	
Dues and Memberships		1,045	
Lease Payments		1,258	
Legal Notices, Recording, and Court Costs		18	
Travel		283	
Office Supplies		1,687	
Total Chancery Court			135,332

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	85,386	
Assistant(s)		100	
Deputy(ies)		482,325	

(Continued)

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Investigator(s)	\$	47,818	
Bonus Payments		866	
Other Salaries and Wages		37,942	
In-service Training		10,718	
Social Security		40,258	
Pensions		12,170	
Employee and Dependent Insurance		8,410	
Unemployment Compensation		1,938	
Employer Medicare		9,132	
Dues and Memberships		746	
Maintenance Agreements		18,704	
Maintenance and Repair Services - Vehicles		46,926	
Gasoline		72,453	
Law Enforcement Supplies		32,836	
Tires and Tubes		7,869	
Uniforms		15,088	
Liability Insurance		57,554	
Vehicle and Equipment Insurance		16,923	
Other Charges		20,185	
Food Service Equipment		6,303	
Motor Vehicles		27,500	
Office Equipment		15	
Total Sheriff's Department			\$ 1,060,165

Jail

Investigator(s)	\$	34,110
Dispatchers/Radio Operators		123,563
Guards		333,938
Clerical Personnel		17,007
Cafeteria Personnel		24,797
Overtime Pay		2,349
Bonus Payments		758
Other Salaries and Wages		89,266
Social Security		37,395
Employee and Dependent Insurance		2,535
Unemployment Compensation		2,506
Employer Medicare		8,704
Communication		106,595
Dues and Memberships		23,000
Lease Payments		3,110
Legal Services		14,981
Legal Notices, Recording, and Court Costs		900
Maintenance Agreements		46,000
Maintenance and Repair Services - Buildings		200
Medical and Dental Services		66,745
Postal Charges		2,120
Travel		4,190

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Contracted Services	\$	18,565	
Custodial Supplies		54,558	
Drugs and Medical Supplies		25,941	
Electricity		50,951	
Food Preparation Supplies		14,026	
Food Supplies		228,072	
Gasoline		1,119	
Office Supplies		43,804	
Prisoners Clothing		8,419	
Propane Gas		8,314	
Water and Sewer		85,372	
Other Supplies and Materials		89,025	
Specialized Medical Treatment		134,001	
Building Improvements		24,155	
Food Service Equipment		30,790	
Furniture and Fixtures		11,062	
Maintenance Equipment		38,476	
Office Equipment		57	
Total Jail			\$ 1,811,476

Juvenile Services

Youth Service Officer(s)	\$	11,336	
Bonus Payments		108	
Social Security		842	
Unemployment Compensation		67	
Employer Medicare		160	
Total Juvenile Services			12,513

Commissary

Other Supplies and Materials	\$	11,092	
Total Commissary			11,092

Civil Defense

Assistant(s)	\$	600	
Bonus Payments		217	
Other Salaries and Wages		6,681	
Social Security		645	
Unemployment Compensation		70	
Employer Medicare		101	
Maintenance and Repair Services - Vehicles		729	
Diesel Fuel		65	
Other Supplies and Materials		1,266	
Liability Insurance		5,331	
Vehicle and Equipment Insurance		9,531	
Total Civil Defense			25,236

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Gasoline	\$ 2,548	
Total Rescue Squad		\$ 2,548

County Coroner/Medical Examiner

Other Contracted Services	\$ 28,778	
Total County Coroner/Medical Examiner		28,778

Other Public Safety

Road Signs	\$ 162	
Total Other Public Safety		162

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 9,322	
Social Security	567	
Unemployment Compensation	91	
Employer Medicare	133	
Communication	6,301	
Dues and Memberships	550	
Maintenance and Repair Services - Buildings	5,539	
Maintenance and Repair Services - Equipment	549	
Pest Control	420	
Postal Charges	730	
Custodial Supplies	3,364	
Electricity	13,106	
Office Supplies	2,640	
Water and Sewer	1,554	
Other Supplies and Materials	3,254	
Building and Contents Insurance	2,198	
Other Charges	2,720	
Office Equipment	1,039	
Total Local Health Center		54,077

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 51,875
Medical Personnel	287,111
Clerical Personnel	7,800
Part-time Personnel	228,188
Overtime Pay	236,174
Bonus Payments	866
In-service Training	1,323
Social Security	48,194
Employee and Dependent Insurance	2,860
Unemployment Compensation	1,562
Employer Medicare	11,272
Communication	2,233
Data Processing Services	57,548

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Dues and Memberships	\$	1,279	
Legal Notices, Recording, and Court Costs		385	
Licenses		5,065	
Maintenance and Repair Services - Buildings		2,453	
Maintenance and Repair Services - Vehicles		42,144	
Disposal Fees		1,761	
Other Contracted Services		16,835	
Custodial Supplies		4,070	
Diesel Fuel		48,068	
Drugs and Medical Supplies		31,559	
Electricity		5,895	
Office Supplies		3,248	
Propane Gas		1,961	
Tires and Tubes		4,042	
Uniforms		11,618	
Water and Sewer		2,853	
Other Supplies and Materials		4,224	
Liability Insurance		8,162	
Refunds		2,465	
Vehicle and Equipment Insurance		5,037	
Communication Equipment		1,029	
Motor Vehicles		82	
Total Ambulance/Emergency Medical Services			\$ 1,141,241

Other Local Health Services

Bonus Payments	\$	108	
Other Salaries and Wages		28,975	
Social Security		1,728	
Unemployment Compensation		180	
Employer Medicare		404	
Travel		329	
Liability Insurance		1,081	
Total Other Local Health Services			32,805

Sanitation Management

Guards	\$	21,346	
Social Security		1,268	
Unemployment Compensation		70	
Employer Medicare		296	
Maintenance and Repair Services - Equipment		300	
Gasoline		7,900	
Other Supplies and Materials		8,098	
Total Sanitation Management			39,278

Sanitation Education/Information

Guards	\$	158	
Social Security		10	
Employer Medicare		2	
Total Sanitation Education/Information			170

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Other Supplies and Materials	\$ 32,373	
Total Other Public Health and Welfare		\$ 32,373

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 6,730	
Total Senior Citizens Assistance		6,730

Libraries

Assistant(s)	\$ 20,232	
Librarians	23,406	
Social Security	2,599	
Employee and Dependent Insurance	3,055	
Unemployment Compensation	181	
Employer Medicare	608	
Communication	2,405	
Dues and Memberships	90	
Custodial Supplies	491	
Electricity	3,271	
Library Books/Media	4,773	
Office Supplies	3,009	
Periodicals	425	
Water and Sewer	1,140	
Other Charges	1,883	
Office Equipment	453	
Total Libraries		68,021

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$ 1,776	
Rentals	8,400	
Travel	463	
Other Contracted Services	33,465	
Custodial Supplies	503	
Electricity	1,323	
Office Supplies	2,301	
Water and Sewer	1,372	
Other Supplies and Materials	334	
Office Equipment	910	
Total Agricultural Extension Service		50,847

Soil Conservation

Communication	\$ 1,019	
Contributions	17,580	
Rentals	2,400	
Electricity	32	
Total Soil Conservation		21,031

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations

Veterans' Services

Bonus Payments	\$	108	
Other Salaries and Wages		6,267	
Social Security		395	
Unemployment Compensation		64	
Employer Medicare		92	
Communication		3,897	
Travel		651	
Electricity		1,222	
Total Veterans' Services			\$ 12,696

Total General Fund \$ 6,384,331

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	26,736	
Medical Personnel		2,112	
Truck Drivers		52,687	
Overtime Pay		28,080	
Bonus Payments		217	
Other Salaries and Wages		21,180	
Social Security		7,961	
Employee and Dependent Insurance		3,055	
Unemployment Compensation		350	
Employer Medicare		1,862	
Communication		1,074	
Contracts with Private Agencies		127,035	
Evaluation and Testing		7,857	
Legal Notices, Recording, and Court Costs		205	
Maintenance and Repair Services - Equipment		7,449	
Maintenance and Repair Services - Vehicles		1,159	
Other Contracted Services		19,752	
Crushed Stone		1,146	
Diesel Fuel		30,337	
Electricity		1,851	
Tires and Tubes		4,074	
Liability Insurance		2,144	
Trustee's Commission		7,150	
Vehicle and Equipment Insurance		4,289	
Other Charges		819	
Motor Vehicles		15,000	
Total Sanitation Management			\$ 375,581

Total Solid Waste/Sanitation Fund 375,581

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Drug Control Fund

Public Safety

Drug Enforcement

Veterinary Services	\$	1,641	
Law Enforcement Supplies		379	
Trustee's Commission		93	
Other Charges		15,473	
Total Drug Enforcement			\$ 17,586

Total Drug Control Fund \$ 17,586

Other General Government Special Revenue Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$	238,995	
Total Ambulance/Emergency Medical Services			\$ 238,995

Total Other General Government Special Revenue Fund 238,995

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,650	
Total Chancery Court			\$ 1,650

Total Constitutional Officers - Fees Fund 1,650

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	84,586	
Accountants/Bookkeepers		62,275	
Laborers		351,940	
Overtime Pay		11,189	
Communication		1,949	
Data Processing Services		12,605	
Office Supplies		2,020	
Utilities		6,597	
Total Administration			\$ 533,161

Highway and Bridge Maintenance

Contracts with Private Agencies	\$	16,685	
Asphalt		90,602	
Crushed Stone		148,503	
Pipe		37,698	
Other Supplies and Materials		7,294	
Total Highway and Bridge Maintenance			300,782

Operation and Maintenance of Equipment

Diesel Fuel	\$	69,315	
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(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Equipment and Machinery Parts	\$	59,542	
Gasoline		54,288	
Lubricants		11,386	
Tires and Tubes		12,363	
Total Operation and Maintenance of Equipment			\$ 206,894

Other Charges

Dues and Memberships	\$	2,752	
Trustee's Commission		19,114	
Vehicle and Equipment Insurance		54,430	
Other Charges		3,261	
Total Other Charges			79,557

Employee Benefits

Social Security	\$	32,080	
Pensions		11,949	
Life Insurance		16,677	
Medical Insurance		17,266	
Unemployment Compensation		1,496	
Employer Medicare		7,502	
Other Fringe Benefits		7,425	
Workers' Compensation Insurance		13,472	
Total Employee Benefits			107,867

Capital Outlay

Building Improvements	\$	1,453	
Data Processing Equipment		1,926	
Total Capital Outlay			3,379

Total Highway/Public Works Fund \$ 1,231,640

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	283,565	
Total General Government			\$ 283,565

Education

Principal on Bonds	\$	355,000	
Principal on Other Loans		155,712	
Total Education			510,712

Interest on Debt

General Government

Interest on Bonds	\$	102,294	
Total General Government			102,294

(Continued)

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 126,260	
Interest on Other Loans	<u>39,132</u>	
Total Education		\$ 165,392

Other Debt Service

General Government

Trustee's Commission	\$ 263	
Total General Government		263

Education

Other Debt Service	\$ 1,000	
Total Education		<u>1,000</u>

Total General Debt Service Fund \$ 1,063,226

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 5,500	
Building Purchases	<u>169,000</u>	
Total Public Health and Welfare Projects		\$ 174,500

Public Utility Projects

Site Development	\$ 29,282	
Total Public Utility Projects		29,282

Other General Government Projects

Other Salaries and Wages	\$ 3,000	
Building Construction	<u>162,922</u>	
Total Other General Government Projects		<u>165,922</u>

Total General Capital Projects Fund 369,704

Other Capital Projects Fund

Capital Projects

Public Safety Projects

Building Improvements	\$ 134,076	
Total Public Safety Projects		<u>\$ 134,076</u>

Total Other Capital Projects Fund 134,076

Total Governmental Funds - Primary Government \$ 9,816,789

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2023

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,878,171	
Career Ladder Program	10,000	
Homebound Teachers	12,529	
Other Salaries and Wages	159,040	
Certified Substitute Teachers	4,600	
Non-certified Substitute Teachers	32,375	
Social Security	188,654	
Pensions	240,307	
Medical Insurance	264,952	
Unemployment Compensation	1,920	
Employer Medicare	44,187	
Retirement - Hybrid Stabilization	1	
Travel	916	
Instructional Supplies and Materials	1,709	
Textbooks - Bound	125,865	
Regular Instruction Equipment	11,460	
Total Regular Instruction Program		\$ 3,976,686

Alternative Instruction Program

Teachers	\$ 62,902	
Career Ladder Program	1,000	
Non-certified Substitute Teachers	58	
Social Security	3,817	
Pensions	5,553	
Medical Insurance	6,443	
Unemployment Compensation	30	
Employer Medicare	893	
Total Alternative Instruction Program		80,696

Special Education Program

Teachers	\$ 404,250	
Homebound Teachers	6,810	
Educational Assistants	140,255	
Other Salaries and Wages	2,250	
Non-certified Substitute Teachers	2,743	
Social Security	32,687	
Pensions	30,931	
Medical Insurance	52,035	
Unemployment Compensation	950	
Employer Medicare	7,644	
Other Contracted Services	39,094	
Other Supplies and Materials	19,506	
Special Education Equipment	930	
Total Special Education Program		740,085

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	356,738	
Career Ladder Program		2,000	
Educational Assistants		15,036	
Non-certified Substitute Teachers		6,988	
Social Security		22,772	
Pensions		28,521	
Medical Insurance		24,488	
Unemployment Compensation		200	
Employer Medicare		5,326	
Travel		51	
Other Supplies and Materials		6,345	
Vocational Instruction Equipment		23,430	
Total Career and Technical Education Program	\$		491,895

Support Services

Attendance

Supervisor/Director	\$	72,059	
Career Ladder Program		1,000	
Other Salaries and Wages		45,528	
Social Security		6,846	
Pensions		6,349	
Medical Insurance		19,788	
Employer Medicare		1,601	
Other Supplies and Materials		1,041	
In Service/Staff Development		3,109	
Total Attendance			157,321

Health Services

Supervisor/Director	\$	37,459	
Other Salaries and Wages		19,351	
Social Security		3,441	
Unemployment Compensation		60	
Employer Medicare		805	
Other Supplies and Materials		22,332	
In Service/Staff Development		1,552	
Other Charges		1,768	
Total Health Services			86,768

Other Student Support

Guidance Personnel	\$	174,055	
School Resource Officer		46,256	
Other Salaries and Wages		234,746	
Social Security		27,249	
Pensions		16,363	
Medical Insurance		28,988	
Unemployment Compensation		30	

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	6,324	
Contracts with Government Agencies		55,933	
Other Supplies and Materials		21,534	
In Service/Staff Development		6,645	
Other Equipment		501	
Total Other Student Support			\$ 618,624

Regular Instruction Program

Supervisor/Director	\$	37,252	
Librarians		106,560	
Social Security		8,504	
Pensions		12,351	
Medical Insurance		13,911	
Employer Medicare		1,989	
Other Supplies and Materials		26,217	
In Service/Staff Development		250	
Other Charges		14,600	
Total Regular Instruction Program			221,634

Special Education Program

Supervisor/Director	\$	59,140	
Social Security		3,566	
Pensions		5,139	
Medical Insurance		5,422	
Employer Medicare		834	
Travel		5,816	
In Service/Staff Development		7,242	
Total Special Education Program			87,159

Career and Technical Education Program

Supervisor/Director	\$	72,203	
Social Security		4,351	
Pensions		6,274	
Medical Insurance		6,172	
Employer Medicare		1,018	
Total Career and Technical Education Program			90,018

Technology

Other Salaries and Wages	\$	71,497	
Social Security		4,344	
Medical Insurance		5,645	
Employer Medicare		1,016	
Maintenance and Repair Services - Equipment		29,735	
Internet Connectivity		15,196	
Cabling		15	
Total Technology			127,448

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 36,883	
Total Other Programs		\$ 36,883

Board of Education

Secretary to Board	\$ 1,100	
Board and Committee Members Fees	9,500	
Social Security	657	
Medical Insurance	6,714	
Employer Medicare	190	
Audit Services	8,475	
Dues and Memberships	20,194	
Legal Services	4,734	
Other Contracted Services	13,510	
Liability Insurance	87,306	
Trustee's Commission	38,637	
Workers' Compensation Insurance	43,084	
In Service/Staff Development	6,140	
Other Charges	20,012	
Total Board of Education		260,253

Director of Schools

County Official/Administrative Officer	\$ 90,642	
Career Ladder Program	400	
Social Security	5,523	
Pensions	7,912	
Medical Insurance	6,309	
Employer Medicare	1,292	
Communication	7,987	
Postal Charges	480	
In Service/Staff Development	856	
Total Director of Schools		121,401

Office of the Principal

Principals	\$ 140,507	
Career Ladder Program	1,000	
Assistant Principals	61,743	
Secretary(ies)	54,343	
Social Security	15,575	
Pensions	17,662	
Medical Insurance	11,640	
Employer Medicare	3,642	
In Service/Staff Development	620	
Total Office of the Principal		306,732

Fiscal Services

Accountants/Bookkeepers	\$ 84,612	
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(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	4,724	
Medical Insurance		13,754	
Employer Medicare		1,105	
Travel		362	
Other Contracted Services		24,160	
Other Supplies and Materials		8,094	
Total Fiscal Services			\$ 136,811

Operation of Plant

Custodial Personnel	\$	130,901	
Social Security		7,833	
Medical Insurance		16,982	
Employer Medicare		1,832	
Maintenance and Repair Services - Equipment		5,283	
Disposal Fees		4,454	
Other Contracted Services		3,845	
Custodial Supplies		13,717	
Electricity		332,744	
Natural Gas		9,926	
Water and Sewer		33,894	
Total Operation of Plant			561,411

Maintenance of Plant

Supervisor/Director	\$	36,351	
Maintenance Personnel		76,072	
Social Security		6,699	
Pensions		3,159	
Medical Insurance		14,782	
Employer Medicare		1,567	
Maintenance and Repair Services - Buildings		65,995	
Maintenance and Repair Services - Equipment		94,507	
Travel		41	
Other Contracted Services		29,060	
Total Maintenance of Plant			328,233

Transportation

Supervisor/Director	\$	74,751	
Mechanic(s)		48,272	
Bus Drivers		208,389	
Social Security		20,072	
Pensions		3,451	
Medical Insurance		23,912	
Employer Medicare		4,694	
Contracts with Parents		585	
Maintenance and Repair Services - Vehicles		41,546	
Medical and Dental Services		2,155	

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Travel	\$	111	
Other Contracted Services		5,895	
Diesel Fuel		77,227	
Gasoline		31,068	
Propane Gas		19,757	
Tires and Tubes		19,311	
In Service/Staff Development		1,556	
Transportation Equipment		82,800	
Total Transportation			\$ 665,552

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	3,712	
Other Salaries and Wages		93,745	
Social Security		5,855	
Pensions		1,700	
Medical Insurance		11,585	
Unemployment Compensation		270	
Employer Medicare		1,370	
Other Supplies and Materials		58,844	
In Service/Staff Development		4,135	
Other Charges		250	
Total Community Services			181,466

Early Childhood Education

Supervisor/Director	\$	39,072	
Teachers		122,743	
Educational Assistants		67,438	
Non-certified Substitute Teachers		5,094	
Social Security		14,049	
Pensions		14,059	
Medical Insurance		20,900	
Unemployment Compensation		240	
Employer Medicare		3,286	
Other Supplies and Materials		43,627	
Total Early Childhood Education			330,508

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	77,585	
Other Capital Outlay		30,368	
Total Regular Capital Outlay			107,953

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	676,104	
Total Education			676,104

Total General Purpose School Fund \$ 10,391,641

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	122,535	
Other Salaries and Wages		437,166	
Non-certified Substitute Teachers		693	
Social Security		33,470	
Pensions		31,918	
Medical Insurance		8,276	
Unemployment Compensation		1,250	
Employer Medicare		7,828	
Instructional Supplies and Materials		49,542	
Textbooks - Bound		41,385	
Regular Instruction Equipment		26,170	
Total Regular Instruction Program			\$ 760,233

Special Education Program

Educational Assistants	\$	216,912	
Social Security		13,440	
Unemployment Compensation		850	
Employer Medicare		3,143	
Instructional Supplies and Materials		26,479	
Other Supplies and Materials		45,500	
Special Education Equipment		3,576	
Total Special Education Program			309,900

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	630	
Other Contracted Services		1,181	
Instructional Supplies and Materials		10,830	
Other Supplies and Materials		1,270	
Other Charges		979	
Vocational Instruction Equipment		1,590	
Total Career and Technical Education Program			16,480

Support Services

Other Student Support

Other Salaries and Wages	\$	2,250	
Social Security		132	
Pensions		182	
Employer Medicare		31	
Travel		6,145	
Other Contracted Services		63,213	
In Service/Staff Development		3,085	
Other Charges		7,572	
Total Other Student Support			82,610

Regular Instruction Program

Supervisor/Director	\$	101,188	
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(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	52,703	
Non-certified Substitute Teachers		924	
Social Security		9,466	
Pensions		11,408	
Medical Insurance		6,335	
Unemployment Compensation		250	
Employer Medicare		2,214	
Lease Payments		1,125	
Other Contracted Services		128,239	
Library Books/Media		18,000	
Periodicals		3,126	
In Service/Staff Development		58,962	
Other Charges		250	
Total Regular Instruction Program			\$ 394,190

Special Education Program

Secretary(ies)	\$	13,733	
Social Security		851	
Unemployment Compensation		50	
Employer Medicare		199	
Contracts with Private Agencies		82,972	
Maintenance and Repair Services - Equipment		1,654	
In Service/Staff Development		7,658	
Total Special Education Program			107,117

Career and Technical Education Program

In Service/Staff Development	\$	5,635	
Total Career and Technical Education Program			5,635

Operation of Plant

Other Salaries and Wages	\$	4,000	
Social Security		248	
Employer Medicare		58	
Total Operation of Plant			4,306

Maintenance of Plant

Other Salaries and Wages	\$	1,000	
Social Security		62	
Employer Medicare		14	
Maintenance and Repair Services - Buildings		3,125	
Total Maintenance of Plant			4,201

Transportation

Bus Drivers	\$	19,466	
Other Salaries and Wages		23,511	
Social Security		2,644	

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$	100	
Employer Medicare		618	
Maintenance and Repair Services - Vehicles		4,438	
Gasoline		4,000	
Transportation Equipment		252,127	
Total Transportation			\$ 306,904

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	5,000	
Social Security		310	
Employer Medicare		72	
Other Supplies and Materials		150,540	
Total Food Service			155,922

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	606,303	
Total Regular Capital Outlay			606,303

Total School Federal Projects Fund \$ 2,753,801

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	69,655	
Cafeteria Personnel		204,546	
Social Security		16,694	
Pensions		6,053	
Medical Insurance		17,722	
Unemployment Compensation		1,140	
Employer Medicare		3,904	
Maintenance and Repair Services - Equipment		25,158	
Other Contracted Services		211,824	
Food Supplies		539,896	
USDA - Commodities		52,000	
Other Supplies and Materials		65,149	
In Service/Staff Development		1,928	
Food Service Equipment		177,687	
Total Food Service			\$ 1,393,356

Total Central Cafeteria Fund 1,393,356

(Continued)

Exhibit K-9

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hancock County School Department (Cont.)

<u>Internal School Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Community Services</u>			
Other Charges	\$	<u>329,223</u>	
Total Community Services			<u>\$ 329,223</u>
 Total Internal School Fund			 <u>\$ 329,223</u>
 Total Governmental Funds - Hancock County School Department			 <u><u>\$ 14,868,021</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
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

Hancock County Mayor and
Board of County Commissioners
Hancock 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 Hancock County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated September 18, 2023. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the discretely presented Hancock County School Department, as described in our report on Hancock County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hancock County's internal control over financial reporting (internal control) as a basis for designing 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 Hancock County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock 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: 2023-007, 2023-008(B), 2023-009, and 2023-010.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, and 2023-008(A).

Hancock County's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Hancock County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Hancock 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 the responses.

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 18, 2023

JEM/tg



JASON E. MUMPOWER
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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hancock County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hancock County's major federal programs for the year ended June 30, 2023. Hancock County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Hancock County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hancock County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our

audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hancock County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hancock County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hancock County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hancock County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hancock County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Hancock County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Hancock County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Hancock County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements. We issued our report thereon dated September 18, 2023, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 18, 2023

JEM/tg

Hancock County, Tennessee, and the Hancock County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8)
For the Year-Ended June 30, 2023

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	\$ 342,961
National School Lunch Program	10.555	N/A	940,674 (6)
National School Lunch Program (Supply Chain Assistance Fund)	10.555	N/A	33,503 (6)
Fresh Fruit and Vegetable Program	10.582	N/A	22,143
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	54,075 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-23-75893-00	3,616 (7)
Total U.S. Department of Agriculture			<u>\$ 1,396,972</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(4)	\$ 169,000
Passed-through State Housing Development Agency:			
HOME Investment Partnership Program	14.239	(4)	115,822
Total U.S. Department of Housing and Urban Development			<u>\$ 284,822</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Rural Violent Crime Initiative	16.039	(4)	\$ 148,599
Total U.S. Department of Justice			<u>\$ 148,599</u>
U.S. Department of the Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	(4)	\$ 17,414
Total U.S. Department of the Transportation			<u>\$ 17,414</u>
U.S. Department of the Treasury:			
Direct Award:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	(4)	\$ 238,995
Total U.S. Department of the Treasury			<u>\$ 238,995</u>
U.S. Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Area Development	23.002	(4)	\$ 23,425
Total U.S. Appalachian Regional Commission			<u>\$ 23,425</u>
U.S. Department of Education:			
Passed-through Health:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	\$ 65,047
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	607,935
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	366,010 (6)
COVID 19 - Special Education - Grants to State (ARP)	84.027	84.027X	23,883 (6)
Special Education - Preschool Grants	84.173	N/A	13,519
Career and Technical Education - Basic Grants to States	84.048	N/A	31,346
Rural Education	84.358	N/A	22,036
Improving Teacher Quality State Grants	84.367	N/A	106,245
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary			
School Emergency Relief Fund - Literacy Grant (ESSER II)	84.425D	N/A	12,000 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary			
School Emergency Relief Fund - Early Literacy Grant (ESSER II)	84.425D	N/A	40,000 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary			
School Emergency Relief Fund - Math Implementation Support Grant (ESSER II)	84.425D	N/A	71,250 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary			
School Emergency Relief Fund (ESSER II)	84.425D	N/A	207,497 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary			
School Emergency Relief Fund (ESSER-ARP)	84.425U	N/A	1,364,250 (6)
Total U.S. Department of Education			<u>\$ 2,931,018</u>

(Continued)

Hancock County, Tennessee, and the Hancock County School Department
 Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	(4)	\$ 132,969
Temporary Assistance for Needy Families	93.558	(4)	66,954
Medicaid Cluster: (5)			
Medical Assistance Program	93.778	GG-23-75893-00	1,890 (7)
Maternal and Child Health Services Block Grant to the States	93.994	GG-23-75893-00	734 (7)
Total U.S. Department of Health and Human Services			<u>\$ 202,547</u>
Total Expenditures of Federal Grants			<u>\$ 5,243,792</u>

State Grants		Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(4)	\$ 13,038
Election Grant - Tennessee Secretary of State	N/A	(4)	129,712
State Mental Health Transport - State Department of Finance and Administration	N/A	(4)	41,259
Training Equipment Grant - Tennessee Correction Institution	N/A	(4)	36,269
Safe Schools Act - State Department of Education	N/A	(4)	31,932
School Resource Officer - State Department of Education	N/A	(4)	29,032
Local Health Center - State Department of Health	N/A	GG-23-75893-00	27,153 (7)
Litter Program - State Department of Transportation	N/A	(4)	19,120
Coordinated School Health - State Department of Education	N/A	(4)	85,000
Family Resource Center Grant - State Department of Education	N/A	(4)	29,612
Early Childhood Development - State Department of Education	N/A	(4)	330,508
Solid Waste Grant - State Department of Environment and Conservation	N/A	(4)	1,898
Seat Belt Restraint Grant - State Department of Education	N/A	(4)	9,800
Adverse Childhood Experiences (ACE's) Initiative Program - State Department of Children's Services	N/A	(4)	41,735
Summer Learning Camps - State Department of Education	N/A	(4)	<u>17,453</u>
Total State Grants			<u>\$ 843,521</u>

FAL = Federal Assistance Listing
 N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hancock County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed through to subrecipients.
- (4) Information not available.
- (5) Child Nutrition Cluster total \$1,393,356; Special Education Cluster total \$403,412; Medicaid Cluster total \$1,890.
- (6) Total for FAL No. 10.555, \$1,028,252; FAL No. 84.027, \$389,893; FAL No. 84.425, \$1,694,997.
- (7) Total for federal GG-23-75893-00 is \$6,240. Total state and federal is \$33,393.
- (8) CONSOLIDATED ADMINISTRATION

Program Title	Federal Assistance Listing Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 80,765
Improving Teacher Quality State Grants	84.367	3,405
Rural Education	84.358	<u>3,863</u>
Total amounts consolidated for administration purposes		<u>\$ 88,033</u>

Hancock County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2023

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 Hancock County, Tennessee, for the year ended June 30, 2023.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2022	196	2022-001	The county mayor had a direct conflict of interest.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	196	2022-002	The office had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	197	2022-003	The Solid Waste/Sanitation fund had a cash overdraft and an unassigned fund deficit at June 30, 2022.	N/A	Corrected
2022	198	2022-004	County commissioners were not paid in compliance with state statute.	N/A	Corrected
<u>OFFICE OF SHERIFF</u>					
2022	198	2022-005	The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	199	2022-006	Duties were not segregated adequately.	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

HANCOCK COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hancock 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 programs:
 - * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
 - * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
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 responses. 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.

HANCOCK COUNTY

FINDING 2023-001

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE

(Noncompliance Under *Government Auditing Standards*)

Hancock County has created an audit committee, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, this committee did not meet or present a written committee report to the county commission detailing how it discharged its duties for the year ended June 30, 2023. Without a functioning audit committee, the county commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The county's audit committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full county commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. The Hancock County Audit Committee did meet in January 2023. Minutes were not properly documented. Hancock County will produce audit committee minutes after the meeting and provide a report to the county commission for year 2023 audit.

FINDING 2023-002

COUNTY OFFICIALS DID NOT FILE STATE PRISONER MEDICAL EXPENSE REIMBURSEMENTS

(Noncompliance Under *Government Audit Standards*)

During our examination of various accounts for Hancock County, we noted that reimbursement revenues for medical expenses for state inmates had not been requested since February 2022. Hancock County houses state inmates as provided by Section 41-8-106, *Tennessee Code Annotated (TCA)*. The county is required to file a claim for medical expenses incurred for the inmates as provided by Section 41-4-115 (b), *TCA*. The county officials had not filed all the inmate medical reimbursement request on a timely basis, which resulted in

a delay in the receipt of revenue to the county. The failure to file claims with the state for reimbursement of state prisoners' medical expenses could result in a lengthy delay of revenue to the county or forfeiture of reimbursement due to expiration of available funds. This deficiency is due to a lack of management oversight.

RECOMMENDATION

Claims for reimbursement of state prisoner medical expenses should be filed with the state monthly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Due to turnover in staffing and illness, reimbursement of medical bills was not requested. The mayor's office will assume this role and request reimbursement in a timely manner.

OFFICE OF COUNTY MAYOR

FINDING 2023-003

THE COUNTY MAYOR HAD A DIRECT CONFLICT OF INTEREST

(Noncompliance Under *Government Auditing Standards*)

During the period, Hancock County made two payments totaling \$4,800 to the spouse of the county mayor. These payments were for rent on the Hancock County Soil Conservation District Office. The county mayor informed us that when he and his spouse purchased the property, it was already rented to the Soil Conservation District. Additionally, he stated that to his knowledge there was no formal rental agreement. These payments violate the state conflict of interest statute, Section 12-4-101(a)(1), *Tennessee Code Annotated*. This statute states that "it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract." This noncompliance with state statute is the result of lack of management oversight and failure to correct prior year finding.

RECOMMENDATION

County officials should review these payments and resolve the conflict of interest.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. This agreement was established before the mayor purchased the building and there are no plans to sell this building or change tenants.

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to a lack of management oversight by failing to hold spending to the limits authorized by the county commission, the failure of management to correct the prior-year audit finding, and the failure to implement their corrective action plan.

- A. Total appropriations exceeded total available funding in the Solid Waste/Sanitation fund by \$9,622.
- B. Estimated beginning fund balance exceeded actual beginning fund balance in the General Fund by \$1,528,033.
- C. Expenditures exceeded appropriations approved by the county commission in 15 of 35 major appropriation categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
County Commission	\$ 921
County Mayor/Executive	5,842
County Attorney	1,250
Election Commission	129,867
Purchasing	670
Property Assessor's Office	1,506
Reappraisal Program	4,837
County Trustee's Office	3,021
County Clerk's Office	6,341
Other Finance	13,688
General Sessions Court	4,047
Chancery Court	1,981
Jail	144,353
Civil Defense	4,900
Sanitation Education/Information	170

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Appropriations should not exceed available funding. To ensure that funds are available to meet appropriations, estimates of beginning fund balance should approximate the actual beginning fund balance. Expenditures should be held within appropriations approved by the county commission. Budgets should be monitored periodically to ensure that estimated revenues and appropriations are accurate and amendments presented to commission as needed.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. We will more closely monitor budget operations throughout the year and adjust our budget amendment process to identify funding sources instead of using fund balance.

FINDING 2023-005

THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES

(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 31 disbursements totaling \$323,846 from a population of approximately 3,369 vendor checks totaling \$5,532,573. Our examination revealed the following deficiencies in purchasing procedures, which are the result of a lack of management oversight and the failure to follow established policies and procedures over purchasing.

- A. Competitive bids were solicited for the purchase of an ambulance; however, the bid specification for the ambulance was brand specific. Using bid specifications that apply to a specific brand violates the intent of the county's purchasing laws.
- B. Competitive bids were not solicited for mattresses and computer equipment purchased for the jail totaling \$11,062 and \$11,262, respectively. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, require public advertising and solicitation of competitive bids on purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.
- C. The sanitation department purchased a used tractor for \$25,000 less a trade-in allowance of \$10,000 for a net cost of \$15,000. The department did not solicit bids for the purchase and trade-in of the equipment. Since the equipment was used, Section 12-3-1003, *TCA*, permits the purchase of used equipment without competitive bidding if certain documentation is obtained and conditions met. However, the required documentation was not obtained. Additionally, by not selling the used tractor on the open market through competitive bids the county was unable to document that they received market value for the surplus equipment. As a result, the best and lowest price may not have been obtained for the purchase of the equipment.

RECOMMENDATION

All purchases should be made in compliance with applicable state statutes. Bids specifications should not be brand specific. Bids should be solicited for all purchases expected to exceed the bid limit. Surplus equipment should be sold through competitive bids.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. We will make sure to follow all applicable statutes regarding purchasing.

FINDING 2023-006

THE COUNTY DID NOT EMPLOY AN ARCHITECT OR ENGINEER FOR RE-ROOFING THE COUNTY’S JAIL
(Noncompliance Under *Government Auditing Standards*)

The county did not employ a registered architect or engineer to design plans, specifications, or estimates on a construction project totaling \$134,075 for the roof on the county’s jail. Section 62-2-107, *Tennessee Code Annotated*, requires that a registered architect or engineer should be employed whenever construction contracts are estimated to exceed \$50,000. This deficiency results from a lack of management oversight.

RECOMMENDATION

The county should employ a registered architect or engineer for all construction projects exceeding \$50,000 as required by state statute.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. Hancock County will monitor and ensure an architect is hired for future projects.

FINDING 2023-007

THE OFFICE HAD ACCOUNTING DEFICIENCIES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit revealed deficiencies related to the administration and maintenance of the fund accounting records and reconciliations of various bank accounts. These deficiencies are the result of a lack of management oversight.

- A. The county utilizes a prepaid debit card to make certain purchases. The county maintains a separate bank account for the debit card purchases. Deposits are made to the bank account when a purchase is requested by various departments. This bank account is not on the general ledger and is not being reconciled on a monthly basis. This could lead to errors that could go unnoticed and uncorrected.

- B. The office did not accurately reconcile its payroll or insurance clearing bank accounts. The monthly reconciliation of bank statements is a necessary procedure to ensure all transactions are recorded properly in the account records.
- C. General ledger payroll deductions were not reconciled with payroll reports and payments in the General Fund. This resulted in a negative account balance in several of the payroll liability accounts at June 30, 2023. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts resulted in insurance premiums being paid for employees who were not on the insurance billing and insurance deductions were not paid by one employee who was receiving insurance. The lack of reconciliations performed allowed errors to remain undiscovered and uncorrected.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly. Bank statements should be reconciled accurately with the general ledger monthly, and any errors discovered should be corrected promptly.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. Hancock County will implement new internal controls to correct these issues. We will reconcile all accounts on a monthly basis.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2023-008

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency 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 30 disbursements totaling \$193,663 from a population of 1,238 vendor checks totaling \$4,663,406. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and a lack of understanding of internal controls and sound business practices.

- A. As part of our audit procedures to obtain reasonable assurance that bids were solicited properly, we reviewed certain purchases that were just below or above the \$25,000 bid limit. Our examination revealed that the school department purchased a 2018 GMC Yukon for \$26,800 and it is unclear what purchasing procedure was used. Purchasing procedures for the school department are governed by Section 49-2-203(a), *Tennessee Code Annotated (TCA)*, which

provides for the Board of Education, through its executive committee, to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$25,000. Since the vehicle was used, Section 12-3-1202, *TCA*, permits the purchase of used equipment without bidding if the general range of value of the item purchased is documented as not more than five percent higher than the highest value from a listing in a nationally recognized publication. The Board of Education minutes noted awarding a solicited bid for \$39,000. However, the price awarded was more than what the school department paid for the vehicle. When auditors requested supporting documentation, the school department staff stated the vehicle was purchased based on Section 12-3-1202, *TCA*. However, the required documentation was not obtained prior to the purchase. As a result, the best and lowest price may not have been obtained for the purchase of this vehicle.

- B. During our review of construction contracts, it appears that the architect has not been reviewing and approving the contractor's invoices for renovations made to the vocational building totaling \$514,350. All contractor invoices should be approved by the architect before payment is made to ensure that the work invoiced has been completed and to track project progress.

RECOMMENDATION

Management should obtain the required documentation on all purchases for used items in compliance with state statutes. The architect should be approving and reviewing all invoices from the contractor.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

No formal management's response was submitted. However, explanation to the findings is included in the Corrective Action Plan.

OFFICE OF SHERIFF

FINDING 2023-009

THE OFFICE HAD ACCOUNTING DEFICIENCIES IN THE COMMISSARY OPERATIONS AND THE MAINTENANCE OF THE CASH JOURNAL
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The sheriff's department operates an in-house commissary to provide inmates with various items. The department utilizes a computer system to assist in accounting for the operations of the commissary; however, this computer system is not designed for commissary operations and does not adequately meet the needs of the department. Our audit revealed the accounting deficiencies noted below. In addition to the inadequate computer system, these accounting deficiencies can be attributed to a lack of management oversight, the inadequate maintenance of manual subsidiary and accounting records, the failure of management to

correct the finding noted in the prior-year audit report, and the failure to implement its corrective action plan.

- A. Some transactions were not recorded in the official cash journal. Although receipts and deposits were recorded in the cash journal; beginning and ending balances were not properly reflected for the commissary account. The commissary computer system does not maintain double-entry accounting records or a general ledger.
- B. The commissary computer system program does not maintain an accounting history of inmate accounts. To compensate for this deficiency, the client was supposed to maintain inmate activity on Excel spreadsheets. However, due to employee turnover, these spreadsheets were not properly maintained or backed-up and stored off-site. As a result, we were unable to determine if the computer system adequately reflected commissary operations or if inmates received payments for the balances remaining in their accounts upon release.
- C. The bookkeeper did not always reconcile bank statements with the checkbook ledger for the sheriff's fee account, seized funds account, and the commissary account.

RECOMMENDATION

The sheriff's department should utilize a computer system that is designed to account for commissary operations. All transactions should be posted to the official cash journal. Bank statements should be reconciled with the checkbook ledger and cash journal accounts monthly, and any errors noted should be corrected promptly. All county records should be maintained and stored in a manner to ensure they are adequately safeguarded.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with the finding. Due to changes in staffing we were not able to correct all deficiencies from the prior year. We will continue to work to make the needed corrections.

FINDING 2023-010

DUTIES WERE NOT SEGREGATED ADEQUATELY (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among employees in the sheriff's department. The employee responsible for maintaining accounting records was also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Official should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with the finding. We will segregate duties to the extent possible based on our available resources.

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, 2023.

Hancock County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

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
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OFFICE OF COUNTY MAYOR

2023-001	The county's audit committee is not a functioning committee.	200
2023-002	County officials did not file state prisoner medical expense reimbursements.	201
2023-003	The county mayor had a direct conflict of interest.	201
2023-004	The office had deficiencies in budget operations.	202
2023-005	The offices had deficiencies in purchasing procedures.	202
2023-006	The county did not employ an architect or engineer for re-roofing the county's jail.	203
2023-007	The office had accounting deficiencies.	203

OFFICE OF DIRECTOR OF SCHOOLS

2023-008	The school department had deficiencies in purchasing procedures.	205
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OFFICE OF SHERIFF

2023-009	The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.	206
2023-010	Duties were not segregated adequately.	207

THOMAS J. HARRISON
HANCOCK COUNTY MAYOR
1237 MAIN STREET P.O. BOX 347
SNEEDVILLE, TN 37869
PHONE: 423-733-4341 FAX: 423-733-4348

FINDING 2023-001

**THE COUNTY'S AUDIT COMMITTEE IS NOT A
FUNCTIONING COMMITTEE**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

No

Reasons why Corrective action was not taken in the Prior year:

N/A

Planned Corrective Action:

The Hancock County Audit Committee will produce Minutes to the County Commission and will ensure minutes are properly documented each year.

FINDING 2023-002

**COUNTY OFFICIALS DID NOT FILE STATE PRISONER
MEDICAL EXPENSE REIMBURSEMENTS**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

No

Planned Corrective Action:

The responsibility of the reimbursement for the medical bills will be taken over by the Mayor's office to ensure they are properly requested in a timely manner.

FINDING 2023-003

**THE COUNTY MAYOR HAD A DIRECT CONFLICT OF
INTEREST**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective

Action: Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Planned Corrective Action:

This property was purchased while the existing tenant rented from the previous owner. I have no plans to sell the building or ask the tenants to leave.

FINDING 2023-004 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

Yes

Reason Corrective Action Was Not Taken in the Prior Year:

We thought we had procedures in place to prevent the deficiencies from recurring.

Planned Corrective Action:

We will monitor more closely the budget operations throughout the year to insure the proper source is used for Budget Amendments instead of using fund balance.

FINDING 2023-005 **THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

No

Planned Corrective Action:

We will monitor more closely the purchasing process regarding the bidding process and ensure each department follows proper procedure.

FINDING 2023-006

THE COUNTY DID NOT EMPLOY AN ARCHITECT OR ENGINEER FOR RE-ROOFING THE COUNTY'S JAIL

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

No

Planned Corrective Action:

We will ensure we have hired an architect for upcoming projects.

FINDING 2023-007

THE OFFICE HAD ACCOUNTING DEFICIENCIES

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

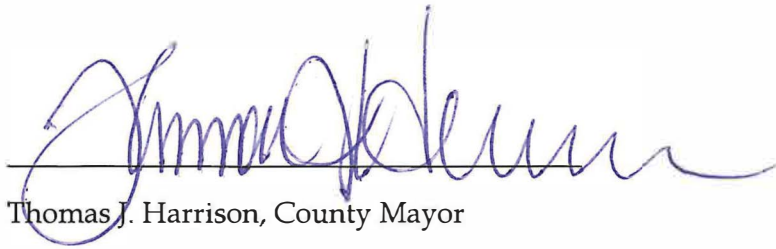
September 01, 2023

Repeat Finding:

No

Planned Corrective Action:

We plan to destroy the current card and get a credit card so that purchases can be monitored more closely and reconciled properly. We will reconcile all bank accounts and payroll liability accounts on a monthly basis and correct any errors noticed on a timely basis.



Thomas J. Harrison, County Mayor



Corrective Action Plan

FINDING: THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES

Response and Corrective Action Plan Prepared by:
Charlotte Mullins, Director of Schools

Person Responsible for Implementing the Corrective Action:
Charlotte Mullins, Director of Schools

Anticipated Completion Date of Corrective Action:
9-01-2023

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:

Although we received a bid for a used vehicle, we did not understand that we should not have requested brand specific in the bid. We did not find the specific brand and purchased a vehicle not on the bid. We now understand used equipment is permitted under Section 12-3-1202.TCA. We will receive prior information from a nationally recognized publication or get an appraisal on the value of any used vehicles/equipment. From this date forward we will following Section 12-3-1202. TCA before purchase.

Going forward we will have any architect sign off on all invoices presented by any contractors.

Signature: 

Office of the Sheriff
Hancock County
265 New Jail St.
Sneedville, TN 37869

Phone: 423-733-4475

Fax: 423-733-8868

August 30, 2023

Corrective Action Plan

*FINDING 2023-001 THE OFFICE HAD ACCOUNTING DEFICIENCIES
IN THE COMMISSARY OPERATIONS AND THE
MAINTENABCE OF THE CASH JOURNAL*

Response and Corrective Action Plan Prepared by:

Brad Brewer, Sheriff

Person Responsible for Implementing the Corrective Action:

Brad Brewer, Sheriff

Anticipated Completion Date of Corrective Action:

September 01, 2023

Repeat Finding:

Yes

Reasons why Corrective action was not taken in the Prior year:

Due to staffing turnover this past year, due to illness we were not able to adequately maintain the financials, which also cause us to get behind on inmate tracking commissary balance.

Planned Corrective Action:

The county has been awarded a grant to allow the sheriff dept to implement a new records management system that has a commissary component to help track inmate funds.

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan prepared by:

Brad Brewer, Sheriff

Person Responsible for Implementing the Corrective Action:

Brad Brewer, Sheriff

Anticipated Completion Date of Corrective Action:

09/01/2023

Repeat Finding:

Yes

Reason Corrective Action was not taken in the prior year:

Due to turnover in staff and lack of staff, duties were not segregated adequately. Planned Corrective Action:

Duties will be be segregated to ensure funds are accounted for properly.

A handwritten signature in blue ink that reads "Brad Brewer". The signature is written in a cursive style and is positioned above a horizontal line.

Brad Brewer, Sheriff

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 Hancock County.

HANCOCK COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Hancock 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 Hancock 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.