

# ANNUAL FINANCIAL REPORT

## HANCOCK COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
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***Director***

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***GREG BRUSH, CISA***  
***State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## HANCOCK COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in 12 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:

### **OFFICE OF COUNTY MAYOR**

- ◆ The office had purchasing deficiencies.
- ◆ Two payroll tax deposits to the Internal Revenue Service were not properly remitted resulting in the assessment of interest and penalties totaling \$2,107.48.
- ◆ Two capital outlay notes were not issued in compliance with state statute.
- ◆ The office had budget operation deficiencies.
- ◆ The office had deficiencies in computer system backup procedures.

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### **OFFICES OF COUNTY MAYOR AND SHERIFF**

- ◆ The county violated the conflict of interest statute and made purchases from a business owned by the sheriff.

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### **OFFICE OF TRUSTEE**

- ◆ The office did not review software audit logs.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ A theft occurred at the School Department.
  - ◆ Competitive bids were not solicited for the purchase and installation of lights at the high school baseball field.
- 

## **OFFICE OF SHERIFF**

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

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## INTRODUCTORY SECTION

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## Hancock County Officials

June 30, 2019

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### **Officials**

Thomas Harrison, County Mayor  
Henry Shockley, Road Superintendent  
Tony Seal, 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.  
Johnny Bunch  
Chad Burke  
Ronald Cantwell  
Robert Johnson  
Darin Jones  
Kenny Lamb

Junior Martin  
John McDaniel  
John McNeil  
Clayton Ramsey  
Kenneth Rasnic  
Gary Seal  
Jason Sizemore  
Matthew Waddell

### **Board of Education**

David Jones, Chairman  
Dennis Holt  
Hugh Livesay  
Freddie Mullins

Jack Mullins  
Carl Reed  
Jeff Stapleton

### **Audit Committee**

Scott Collins, Chairman  
Carlin Greene  
Lois Gulliver  
Hugh Livesay

Joe McDaniel  
Sherry Ramsey  
Matthew Waddell

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy 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 Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of

additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

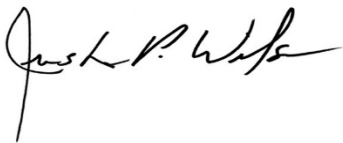
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), schedule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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2019, 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,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 11, 2019

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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## Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Hancock
	Activities	Activities	Total	County
				School
				Department
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,729	\$ 0	\$ 2,729	\$ 17,874
Equity in Pooled Cash and Investments	4,575,459	1,553,510	6,128,969	3,945,450
Accounts Receivable	284,676	60,736	345,412	192
Allowance for Uncollectibles	(182,253)	(11,158)	(193,411)	0
Due from Other Governments	677,679	0	677,679	133,329
Due from Component Units	1,643	0	1,643	0
Property Taxes Receivable	1,639,676	0	1,639,676	778,650
Allowance for Uncollectible Property Taxes	(108,723)	0	(108,723)	(48,044)
Capital Lease Receivable	2,938,440	0	2,938,440	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	36,102
Net Pension Asset - Teacher Legacy Retirement Plan	0	0	0	422,030
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	17,614
Capital Assets:				
Assets Not Depreciated:				
Land	572,474	26,350	598,824	520,150
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,025,083	259,871	4,284,954	7,968,412
Machinery and Equipment	906,364	0	906,364	660,774
Infrastructure	11,047,139	0	11,047,139	0
Total Assets	\$ 26,380,386	\$ 1,889,309	\$ 28,269,695	\$ 14,452,533

(Continued)

## Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Hancock
	Activities	Activities	Total	County
				School
				Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 52,325	\$ 0	\$ 52,325	\$ 87,352
Pension Changes in Assumptions	44,361	0	44,361	250,956
Pension Contributions after Measurement Date	72,938	0	72,938	437,343
Pensions - Changes in Proportion	0	0	0	28,083
OPEB Changes in Assumptions	0	0	0	11,641
OPEB Changes in Proportionate Share	0	0	0	10,273
OPEB Contributions After Measurement Date	0	0	0	52,842
Total Deferred Outflows of Resources	<u>\$ 169,624</u>	<u>\$ 0</u>	<u>\$ 169,624</u>	<u>\$ 878,490</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 370,812	\$ 0	\$ 370,812	\$ 63,486
Accrued Payroll	37,983	17,469	55,452	0
Payroll Deductions Payable	6,426	7,950	14,376	0
Contracts Payable	42,388	0	42,388	0
Retainage Payable	24,849	0	24,849	0
Accrued Interest Payable	88,037	0	88,037	0
Due to Primary Government	0	0	0	1,643
Due to the State of Tennessee	3,985	1,471	5,456	0
Other Current Liabilities	4,709	0	4,709	302,717
Noncurrent Liabilities:				
Due Within One Year - Debt	711,017	0	711,017	0
Due Within One Year - Other	33,858	5,647	39,505	0
Due in More Than One Year - Debt	10,084,302	0	10,084,302	0
Due in More Than One Year - Other	317,840	5,647	323,487	761,259
Total Liabilities	<u>\$ 11,726,206</u>	<u>\$ 38,184</u>	<u>\$ 11,764,390</u>	<u>\$ 1,129,105</u>

(Continued)



## Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Hancock
	Activities	Activities	Total	School
				Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,474,231	\$ 0	\$ 1,474,231	\$ 707,631
Pension Changes in Experience	70,434	0	70,434	570,790
Pension Changes in Investment Earnings	9,292	0	9,292	93,890
Pensions - Changes in Proportion	0	0	0	28,377
OPEB Changes in Experience	0	0	0	124,319
OPEB Changes in Assumptions	0	0	0	34,048
Total Deferred Inflows of Resources	<u>\$ 1,553,957</u>	<u>\$ 0</u>	<u>\$ 1,553,957</u>	<u>\$ 1,559,055</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 16,078,013	\$ 286,221	\$ 16,364,234	\$ 9,149,336
Restricted For:				
General Government	25,823	0	25,823	0
Administration of Justice	15,009	0	15,009	0
Public Safety	82,109	0	82,109	0
Public Health and Welfare	135,247	0	135,247	0
Highways	2,078,973	0	2,078,973	0
Debt Service	2,121,409	0	2,121,409	0
Capital Projects	83,166	0	83,166	0
Education	0	0	0	515,107
Pensions	0	0	0	475,746
Unrestricted	<u>(7,349,902)</u>	<u>1,564,904</u>	<u>(5,784,998)</u>	<u>2,502,674</u>
Total Net Position	<u>\$ 13,269,847</u>	<u>\$ 1,851,125</u>	<u>\$ 15,120,972</u>	<u>\$ 12,642,863</u>

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

Exhibit B

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

					Net (Expense) Revenue and Changes in Net Position					Component Unit		
					Program Revenues						Hancock	
								Primary Government			County	
					Charges for	Operating	Capital					School
Functions/Programs	Expenses	Services	Contributions	Contributions	Governmental	Business-type	Total	Department				
											Activities	
											Activities	
											Total	
Primary Government:												
Governmental Activities:												
General Government	\$ 658,982	\$ 38,881	\$ 15,164	\$ 986,962	\$ 382,025	\$ 0	\$ 382,025	\$		0		
Finance	547,216	152,875	6,342	0	(387,999)	0	(387,999)			0		
Administration of Justice	365,935	155,324	9,072	0	(201,539)	0	(201,539)			0		
Public Safety	2,071,149	984,280	8,400	0	(1,078,469)	0	(1,078,469)			0		
Public Health and Welfare	1,385,992	944,706	134,640	147,053	(159,593)	0	(159,593)			0		
Social, Cultural, and Recreational Services	93,088	3,035	2,500	0	(87,553)	0	(87,553)			0		
Agriculture and Natural Resources	121,154	0	0	0	(121,154)	0	(121,154)			0		
Highways	1,927,822	26,689	1,761,560	35,103	(104,470)	0	(104,470)			0		
Interest on Long-term Debt	381,779	0	0	0	(381,779)	0	(381,779)			0		
Total Governmental Activities	\$ 7,553,117	\$ 2,305,790	\$ 1,937,678	\$ 1,169,118	\$ (2,140,531)	\$ 0	\$ (2,140,531)	\$		0		
Business-type Activities:												
Home Health	\$ 2,219,369	\$ 2,295,801	\$ 0	\$ 0	\$ 0	\$ 76,432	\$ 76,432	\$		0		
Total Business-type Activities	\$ 2,219,369	\$ 2,295,801	\$ 0	\$ 0	\$ 0	\$ 76,432	\$ 76,432	\$		0		
Total Primary Government	\$ 9,772,486	\$ 4,601,591	\$ 1,937,678	\$ 1,169,118	\$ (2,140,531)	\$ 76,432	\$ (2,064,099)	\$		0		
Component Unit:												
Hancock County School Department	\$ 10,255,380	\$ 66,631	\$ 2,118,856	\$ 0	\$ 0	\$ 0	\$ 0	\$		(8,069,893)		
Total Component Unit	\$ 10,255,380	\$ 66,631	\$ 2,118,856	\$ 0	\$ 0	\$ 0	\$ 0	\$		(8,069,893)		

(Continued)

Exhibit B

Hancock County, Tennessee  
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			
								Component Unit
								Hancock
					Primary Government			County
					Governmental	Business-type		School
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities	Activities	Total	Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 1,510,760	\$ 0	\$ 1,510,760	\$ 725,388
Property Taxes Levied for Debt Service					14,542	0	14,542	0
Local Option Sales Taxes					58,870	0	58,870	237,490
Wheel Tax					138,713	0	138,713	58,605
Litigation Tax - General					7,436	0	7,436	0
Litigation Tax - Special Purpose					4,078	0	4,078	0
Litigation Tax - Jail, Workhouse, or Courthouse					4,967	0	4,967	0
Litigation Tax - Courtroom Security					1,059	0	1,059	0
Business Tax					22,167	0	22,167	0
Wholesale Beer Tax					3,520	0	3,520	1,611
Interstate Telecommunications Tax					3,784	0	3,784	5,233
Grants and Contributions Not Restricted to Specific Programs					1,218,739	0	1,218,739	7,908,543
Unrestricted Investment Income					244,354	0	244,354	9,515
Gain on Investments					0	0	0	889
Miscellaneous					12,204	0	12,204	52,829
Total General Revenues					\$ 3,245,193	\$ 0	\$ 3,245,193	\$ 9,000,103
Special Item (See Note I.D.9)								
Transfers					\$ 71,961	\$ 0	\$ 71,961	\$ 0
Change in Net Position					300,000	(300,000)	0	0
Net Position, July 1, 2018					\$ 1,476,623	\$ (223,568)	\$ 1,253,055	\$ 930,210
					11,793,224	2,074,693	13,867,917	11,712,653
Net Position, June 30, 2019								
					\$ 13,269,847	\$ 1,851,125	\$ 15,120,972	\$ 12,642,863

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, 2019

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 2,629	\$ 2,729
Equity in Pooled Cash and Investments	394,044	1,906,876	2,187,795	26,343	60,401	4,575,459
Accounts Receivable	262,568	2,079	19,965	0	64	284,676
Allowance for Uncollectibles	(182,253)	0	0	0	0	(182,253)
Due from Other Governments	188,672	290,820	250	196,564	1,373	677,679
Due from Other Funds	2,629	0	0	0	0	2,629
Due from Component Units	1,643	0	0	0	0	1,643
Property Taxes Receivable	1,364,506	0	13,020	0	262,150	1,639,676
Allowance for Uncollectible Property Taxes	(89,669)	0	(1,756)	0	(17,298)	(108,723)
Capital Lease Receivable	0	0	2,938,440	0	0	2,938,440
Total Assets	<u>\$ 1,942,240</u>	<u>\$ 2,199,775</u>	<u>\$ 5,157,714</u>	<u>\$ 222,907</u>	<u>\$ 309,319</u>	<u>\$ 9,831,955</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 179,575	\$ 109,116	\$ 0	\$ 72,504	\$ 9,617	\$ 370,812
Accrued Payroll	35,572	0	0	0	2,411	37,983
Payroll Deductions Payable	6,372	0	0	0	54	6,426
Contracts Payable	0	0	0	42,388	0	42,388
Retainage Payable	0	0	0	24,849	0	24,849
Due to Other Funds	0	0	0	0	2,629	2,629
Due to State of Tennessee	3,786	0	0	0	199	3,985
Other Current Liabilities	25	4,684	0	0	0	4,709
Total Liabilities	<u>\$ 225,330</u>	<u>\$ 113,800</u>	<u>\$ 0</u>	<u>\$ 139,741</u>	<u>\$ 14,910</u>	<u>\$ 493,781</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,228,526	\$ 0	\$ 9,828	\$ 0	\$ 235,877	\$ 1,474,231
Deferred Delinquent Property Taxes	44,103	0	1,368	0	8,547	54,018
Other Deferred/Unavailable Revenue	146,775	145,410	2,938,523	0	458	3,231,166
Total Deferred Inflows of Resources	\$ 1,419,404	\$ 145,410	\$ 2,949,719	\$ 0	\$ 244,882	\$ 4,759,415
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 25,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,823
Restricted for Administration of Justice	15,009	0	0	0	0	15,009
Restricted for Public Safety	48,933	0	0	0	33,176	82,109
Restricted for Public Health and Welfare	126,242	0	0	0	0	126,242
Restricted for Highways/Public Works	0	1,940,565	0	0	0	1,940,565
Restricted for Debt Service	0	0	2,207,995	0	0	2,207,995
Restricted for Capital Projects	0	0	0	83,166	0	83,166
Committed:						
Committed for Public Health and Welfare	0	0	0	0	16,351	16,351
Assigned:						
Assigned for General Government	845	0	0	0	0	845
Assigned for Finance	150	0	0	0	0	150
Assigned for Administration of Justice	50	0	0	0	0	50
Assigned for Public Safety	4,744	0	0	0	0	4,744
Assigned for Public Health and Welfare	6,128	0	0	0	0	6,128
Assigned for Social, Cultural, and Recreational Services	971	0	0	0	0	971
Unassigned	68,611	0	0	0	0	68,611
Total Fund Balances	\$ 297,506	\$ 1,940,565	\$ 2,207,995	\$ 83,166	\$ 49,527	\$ 4,578,759
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,942,240	\$ 2,199,775	\$ 5,157,714	\$ 222,907	\$ 309,319	\$ 9,831,955

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,578,759
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	572,474	
Add: buildings and improvements net of accumulated depreciation		4,025,083	
Add: machinery and equipment net of accumulated depreciation		906,364	
Add: infrastructure net of accumulated depreciation		<u>11,047,139</u>	16,551,060
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(334,631)	
Less: bonds payable		(10,421,536)	
Less: unamortized premium on debt		(39,152)	
Less: compensated absences payable		(52,173)	
Less: landfill closure/postclosure care costs		(34,958)	
Less: accrued interest on bonds, notes, and capital leases		(88,037)	
Less: net pension liability		<u>(264,567)</u>	(11,235,054)
(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	\$	169,624	
Less: deferred inflows of resources related to pensions		<u>(79,726)</u>	89,898
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,285,184</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>13,269,847</u></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, 2019

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 1,528,511	\$ 0	\$ 14,608	\$ 0	\$ 245,208	\$ 1,788,327
Licenses and Permits	7,250	0	0	0	0	7,250
Fines, Forfeitures, and Penalties	51,087	0	0	0	11,963	63,050
Charges for Current Services	922,323	0	0	0	10,035	932,358
Other Local Revenues	67,328	29,883	246,604	0	18,097	361,912
Fees Received From County Officials	261,310	0	0	0	0	261,310
State of Tennessee	1,523,963	1,767,594	166	4,725	3,090	3,299,538
Federal Government	41,053	35,103	0	1,020,140	0	1,096,296
Other Governments and Citizens Groups	98,137	0	981,659	0	1,030	1,080,826
Total Revenues	\$ 4,500,962	\$ 1,832,580	\$ 1,243,037	\$ 1,024,865	\$ 289,423	\$ 8,890,867
<u>Expenditures</u>						
Current:						
General Government	\$ 652,956	\$ 0	\$ 0	\$ 0	\$ 0	\$ 652,956
Finance	545,909	0	0	0	0	545,909
Administration of Justice	355,817	0	0	0	9,910	365,727
Public Safety	2,056,966	0	0	0	16,915	2,073,881
Public Health and Welfare	1,050,420	0	0	0	329,024	1,379,444
Social, Cultural, and Recreational Services	86,552	0	0	0	0	86,552
Agriculture and Natural Resources	121,154	0	0	0	0	121,154
Other Operations	28,891	0	0	1,075,590	0	1,104,481
Highways	0	1,570,080	0	0	0	1,570,080
Debt Service:						
Principal on Debt	78,180	0	595,369	0	0	673,549
Interest on Debt	7,443	0	384,685	0	0	392,128
Other Debt Service	0	0	802	0	0	802

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 4,235	\$ 0	\$ 4,235
Total Expenditures	\$ 4,984,288	\$ 1,570,080	\$ 980,856	\$ 1,079,825	\$ 355,849	\$ 8,970,898
Excess (Deficiency) of Revenues Over Expenditures	\$ (483,326)	\$ 262,500	\$ 262,181	\$ (54,960)	\$ (66,426)	\$ (80,031)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 69,518	\$ 0	\$ 0	\$ 135,000	\$ 0	\$ 204,518
Insurance Recovery	12,232	0	0	0	0	12,232
Transfers In	300,000	0	0	29,567	0	329,567
Transfers Out	(29,567)	0	0	0	0	(29,567)
Total Other Financing Sources (Uses)	\$ 352,183	\$ 0	\$ 0	\$ 164,567	\$ 0	\$ 516,750
Net Change in Fund Balances	\$ (131,143)	\$ 262,500	\$ 262,181	\$ 109,607	\$ (66,426)	\$ 436,719
Fund Balance, July 1, 2018	428,649	1,678,065	1,945,814	(26,441)	115,953	4,142,040
Fund Balance, June 30, 2019	\$ 297,506	\$ 1,940,565	\$ 2,207,995	\$ 83,166	\$ 49,527	\$ 4,578,759

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



Exhibit C-4

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	436,719
(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	\$	1,460,471	
Less: current-year depreciation expense		(811,419)	649,052
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(3,972)
(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, 2019	\$	3,285,184	
Less: deferred delinquent property taxes and other deferred June 30, 2018		(3,514,300)	(229,116)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on bonds	\$	592,464	
Add: principal payments on notes		81,085	
Less: note proceeds		(204,518)	
Add: change in premium on debt issuances		2,187	471,218
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	8,162	
Change in compensated absences payable		(13,427)	
Change in net OPEB liability		70,314	
Change in net pension liability		(27,664)	
Change in deferred outflows related to pensions		32,905	
Change in deferred inflows related to pensions		34,585	
Change in landfill closure/postclosure care costs		46,200	
Change in deferred outflows related to OPEB		(1,179)	
Change in deferred inflows related to OPEB		2,826	152,722
Change in net position of governmental activities (Exhibit B)		\$	<u>1,476,623</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, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,528,511	\$ 0	\$ 1,528,511	\$ 1,360,518	\$ 1,430,786	\$ 97,275
Licenses and Permits	7,250	0	7,250	0	7,250	0
Fines, Forfeitures, and Penalties	51,087	0	51,087	43,400	43,400	7,687
Charges for Current Services	922,323	0	922,323	830,100	838,038	84,285
Other Local Revenues	67,328	0	67,328	90,350	190,204	(122,876)
Fees Received From County Officials	261,310	0	261,310	230,300	230,300	31,010
State of Tennessee	1,523,963	0	1,523,963	1,436,764	1,556,764	(32,801)
Federal Government	41,053	0	41,053	0	41,053	0
Other Governments and Citizens Groups	98,137	0	98,137	48,500	138,566	(40,429)
Total Revenues	\$ 4,500,962	\$ 0	\$ 4,500,962	\$ 4,039,932	\$ 4,476,361	\$ 24,601
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 99,810	\$ 0	\$ 99,810	\$ 76,986	\$ 106,093	\$ 6,283
Board of Equalization	1,500	0	1,500	1,500	1,500	0
County Mayor/Executive	139,198	0	139,198	138,556	144,528	5,330
County Attorney	22,623	0	22,623	15,240	22,623	0
Election Commission	114,577	0	114,577	113,852	114,577	0
Register of Deeds	120,953	0	120,953	120,737	121,140	187
County Buildings	154,295	845	155,140	136,725	162,453	7,313
<u>Finance</u>						
Purchasing	65,648	150	65,798	65,729	66,315	517
Property Assessor's Office	120,398	0	120,398	125,642	125,642	5,244
Reappraisal Program	24,338	0	24,338	25,292	25,291	953
County Trustee's Office	139,124	0	139,124	138,401	139,656	532
County Clerk's Office	159,031	0	159,031	156,575	159,942	911

(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)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Other Finance	\$ 37,370	\$ 0	\$ 37,370	\$ 41,000	\$ 41,000	\$ 3,630
<u>Administration of Justice</u>						
Circuit Court	144,937	0	144,937	126,361	145,577	640
General Sessions Court	86,070	0	86,070	86,079	86,079	9
Chancery Court	124,810	50	124,860	125,761	125,761	901
<u>Public Safety</u>						
Sheriff's Department	780,404	4,745	785,149	582,254	793,958	8,809
Jail	1,197,300	0	1,197,300	1,006,221	1,199,022	1,722
Juvenile Services	12,210	0	12,210	14,477	14,477	2,267
Commissary	18,091	0	18,091	51,774	51,774	33,683
Civil Defense	12,252	0	12,252	37,036	37,036	24,784
Rescue Squad	3,340	0	3,340	2,362	4,747	1,407
County Coroner/Medical Examiner	31,217	0	31,217	31,000	31,217	0
Other Public Safety	2,152	0	2,152	6,700	6,700	4,548
<u>Public Health and Welfare</u>						
Local Health Center	52,548	844	53,392	60,000	60,000	6,608
Ambulance/Emergency Medical Services	912,778	5,247	918,025	707,484	935,240	17,215
Alcohol and Drug Programs	8,440	0	8,440	0	8,440	0
Crippled Children Services	415	0	415	415	415	0
Other Local Health Services	24,801	0	24,801	48,400	48,400	23,599
Sanitation Management	38,743	0	38,743	44,200	44,200	5,457
Sanitation Education/Information	804	0	804	0	804	0
Other Public Health and Welfare	11,891	36	11,927	15,769	132,769	120,842
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	7,585	0	7,585	7,585	7,585	0

(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)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Libraries	\$ 78,541	\$ 0	\$ 78,541	\$ 68,993	\$ 78,272	\$ (269)
Other Social, Cultural, and Recreational	426	0	426	0	446	20
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	47,324	0	47,324	54,612	54,612	7,288
Soil Conservation	20,395	0	20,395	20,720	20,720	325
Storm Water Management	53,435	0	53,435	0	53,435	0
<u>Other Operations</u>						
Veterans' Services	8,891	0	8,891	9,978	9,978	1,087
Contributions to Other Agencies	20,000	0	20,000	0	20,000	0
<u>Principal on Debt</u>						
General Government	78,180	0	78,180	89,854	82,411	4,231
<u>Interest on Debt</u>						
General Government	7,443	0	7,443	0	7,443	0
Total Expenditures	\$ 4,984,288	\$ 11,917	\$ 4,996,205	\$ 4,354,270	\$ 5,292,278	\$ 296,073
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (483,326)	\$ (11,917)	\$ (495,243)	\$ (314,338)	\$ (815,917)	\$ 320,674
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 69,518	\$ 0	\$ 69,518	\$ 0	\$ 69,518	\$ 0
Insurance Recovery	12,232	0	12,232	0	0	12,232
Transfers In	300,000	0	300,000	350,000	350,000	(50,000)
Transfers Out	(29,567)	0	(29,567)	0	(29,567)	0
Total Other Financing Sources	\$ 352,183	\$ 0	\$ 352,183	\$ 350,000	\$ 389,951	\$ (37,768)

(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)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (131,143)	\$ (11,917)	\$ (143,060)	\$ 35,662	\$ (425,966)	\$ 282,906
Fund Balance, July 1, 2018	428,649	0	428,649	428,649	428,649	0
Fund Balance, June 30, 2019	<u>\$ 297,506</u>	<u>\$ (11,917)</u>	<u>\$ 285,589</u>	<u>\$ 464,311</u>	<u>\$ 2,683</u>	<u>\$ 282,906</u>

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  
Highway/Public Works Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 29,883	\$ 0	\$ 0	\$ 29,883
State of Tennessee	1,767,594	2,379,483	2,379,483	(611,889)
Federal Government	35,103	83,000	83,000	(47,897)
Total Revenues	<u>\$ 1,832,580</u>	<u>\$ 2,462,483</u>	<u>\$ 2,462,483</u>	<u>\$ (629,903)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 481,357	\$ 630,726	\$ 630,726	\$ 149,369
Highway and Bridge Maintenance	500,492	1,301,000	1,301,000	800,508
Operation and Maintenance of Equipment	124,673	151,000	151,000	26,327
Other Charges	84,697	102,000	102,000	17,303
Employee Benefits	140,415	189,600	189,600	49,185
Capital Outlay	238,446	1,214,500	1,214,500	976,054
Total Expenditures	<u>\$ 1,570,080</u>	<u>\$ 3,588,826</u>	<u>\$ 3,588,826</u>	<u>\$ 2,018,746</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 262,500</u>	<u>\$ (1,126,343)</u>	<u>\$ (1,126,343)</u>	<u>\$ 1,388,843</u>
Net Change in Fund Balance	\$ 262,500	\$ (1,126,343)	\$ (1,126,343)	\$ 1,388,843
Fund Balance, July 1, 2018	<u>1,678,065</u>	<u>1,524,182</u>	<u>1,524,182</u>	<u>153,883</u>
Fund Balance, June 30, 2019	<u><u>\$ 1,940,565</u></u>	<u><u>\$ 397,839</u></u>	<u><u>\$ 397,839</u></u>	<u><u>\$ 1,542,726</u></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, 2019

Business-type  
Activities -  
Major  
Enterprise Fund  
Home  
Health  
Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,553,510
Accounts Receivable	60,736
Allowance for Uncollectibles	(11,158)
Total Current Assets	<u>\$ 1,603,088</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 26,350
Assets Net of Accumulated Depreciated:	
Buildings and Improvements	259,871
Total Noncurrent Assets	<u>\$ 286,221</u>
Total Assets	<u>\$ 1,889,309</u>

LIABILITIES

Current Liabilities:	
Accrued Payroll	\$ 17,469
Payroll Deductions Payable	7,950
Due to State of Tennessee	1,471
Accrued Leave - Current	5,647
Total Current Liabilities	<u>\$ 32,537</u>
Noncurrent Liabilities:	
Accrued Leave - Long-term	\$ 5,647
Total Noncurrent Liabilities	<u>\$ 5,647</u>
Total Liabilities	<u>\$ 38,184</u>

(Continued)

Exhibit D-1

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

Business-type  
 Activities -  
 Major  
Enterprise Fund  
 Home  
 Health  
Fund

NET POSITION

Net Investment in Capital Assets	\$ 286,221
Net Position - Unrestricted	<u>1,564,904</u>
Total Net Position	<u><u>\$ 1,851,125</u></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, 2019

	Business-type Activities - Major Enterprise Fund
	Home Health Fund
<u>Operating Revenues</u>	
Patient Charges	\$ 2,116,938
Sale of Material and Supplies	178,545
Miscellaneous Refunds	318
Total Operating Revenues	<u>\$ 2,295,801</u>
<u>Operating Expenses</u>	
<u>Cost of Sales and Services</u>	
Supervisors/Directors	\$ 76,728
Medical Personnel	675,963
Night Watchmen	3,600
Clerical Personnel	130,145
Custodial Personnel	3,747
Bonus Payments	2,491
Other Salaries and Wages	3,346
Board and Committee Members Fees	900
In-service Training	7,386
Social Security	56,264
Employee and Dependent Insurance	31,437
Unemployment Compensation	3,725
Employer Medicare	13,159
Advertising	13,082
Communication	32,649
Contributions	500
Data Processing	48,363
Dues and Memberships	3,133
Legal Services	3,150
Legal Notices, Recording, and Court Costs	2,299
Licenses	6,624
Maintenance and Repair Services - Buildings	241
Maintenance and Repair Services - Office Equipment	921
Maintenance and Repair Services - Vehicles	352

(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	\$ 2,402
Printing, Stationery, and Forms	1,918
Postal Charges	3,230
Rentals	18,000
Travel	86,393
Other Contracted Services	793,732
Custodial Supplies	1,922
Drugs and Medical Supplies	139,281
Electricity	7,133
Office Supplies	14,576
Propane Gas	2,221
Water and Sewer	2,440
Other Supplies and Materials	1,841
Liability Insurance	2,266
Refunds	3,806
Vehicle and Equipment Insurance	2,502
Premium on Corporate Surety Bonds	257
Depreciation	8,560
Other Charges	6,144
Office Equipment	540
Total Operating Expenses	<u>\$ 2,219,369</u>
Operating Income (Loss)	<u>\$ 76,432</u>
Income (Loss) Before Transfers	\$ 76,432
Transfers Out	(300,000)
Change in Net Position	<u>\$ (223,568)</u>
Net Position, July 1, 2018	<u>2,074,693</u>
Net Position, June 30, 2019	<u><u>\$ 1,851,125</u></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, 2019

	Business-type Activities - Major Enterprise Fund
	Home Health Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 2,341,362
Payments to Employees and Board Members	(904,255)
Payments for Fringe Benefits	(110,265)
Payments to Suppliers	(1,210,185)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 116,657</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (300,000)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (300,000)</u>
Increase (Decrease) in Cash	\$ (183,343)
Cash, July 1, 2018	<u>1,736,853</u>
Cash, June 30, 2019	<u><u>\$ 1,553,510</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 76,432
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	8,561
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	96,963
Increase (Decrease) in Allowance for Uncollectibles	(51,402)
Increase (Decrease) in Accounts Payable and Other Current Liabilities	(5,137)
Increase (Decrease) in Compensated Absences	(8,760)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 116,657</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 471,516
Equity in Pooled Cash and Investments	1,321,919
Accounts Receivable	4,111
Due from Other Governments	<u>32,327</u>
Total Assets	<u><u>\$ 1,829,873</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,750
Due to Other Taxing Units	1,355,390
Due to Litigants, Heirs, and Others	<u>472,733</u>
Total Liabilities	<u><u>\$ 1,829,873</u></u>

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

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**HANCOCK COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**HANCOCK COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements (Cont.)**

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

**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. During the year, the district contributed \$45,000 to the Hancock County General Fund to subsidize emergency dispatcher salaries. 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, 2019.

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, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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.

**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 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:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Hancock County, and assets held in a custodial capacity for the Hancock County Emergency Communications District. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented 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.

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

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; 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 Debt Service 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. State statutes require that the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. 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 3.497 percent of total taxes levied.

Capital leases receivable in the General Debt Service Fund represent future lease amounts due from a health care organization that operates the hospital. These receivables are offset with deferred inflows of resources in the fund financial statements.

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.

Most payables are disaggregated on the face of the financial statements. 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, 2019. Other current liabilities in the School Department's General Purpose School Fund represent amounts in the teachers' insurance and other payroll related clearing accounts (\$284,843) and the School Board members' scholarship account (\$17,874) at June 30, 2019.

Retainage payable in the primary government's General Capital Project's Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

### **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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that

qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, changes in assumptions for the pension and other postemployment benefit plans, employer contributions made to the pension and other postemployment benefit plans after the measurement date, pension other deferrals, and changes in the proportionate share of the other postemployment benefit plan.

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

## **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 and notes 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, 2019, Hancock County had \$7,506,520 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.

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 (\$11,917) and for library books (\$971). Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts appropriated for use in the 2019-20 year budget (\$42,201).

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.

**9. Special Item**

During the year, Hancock County elected to cease providing Other Postemployment Benefits (OPEB) to retirees other than School Department Employees. As a result, a special item totaling \$71,961 was recognized in the government-wide Statement of Activities and all OPEB related liabilities and deferrals were removed from the Statement of Net Position.

**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 Retirement 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 Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

### **Discretely Presented 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 (special revenue fund), which is not budgeted and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Libraries major appropriations category (the legal level of control) of the General Fund by \$269 and in the Principal on Debt – General Government major appropriations category of the General Debt Service Fund by \$7,464. Expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$12,205. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances in those funds.

**C. Capital Outlay Notes Issued Without Required Approval**

During the year, two capital outlay notes in amounts of \$135,000 and \$69,518 were issued without advance approval of the state Comptroller's Office. State statutes require the comptroller's approval before the issuance of all capital outlay notes. Approval was obtained retroactively from the Comptroller's Office.

**D. Conflict of Interest**

During the year, the county made purchases totaling \$10,228 from a business owned by the sheriff in violation of 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 these purchases.

**E. Theft of School Department Property**

Items were stolen from a locked storage building on School Department property and sold via a School Department employee's personal eBay account. See the Schedule of Findings and Questioned Costs in the Single Audit section of this report for further details of the theft.

**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 two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for 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 market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

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

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, 2019.

### **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.

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

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

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

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

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

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

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

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



The appraisals are performed using generally accepted valuation approaches applicable to the property type.

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

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

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 5,460
Developed Market International Equity	N/A	N/A	2,466
Emerging Market International Equity	N/A	N/A	705
U.S. Fixed Income	N/A	N/A	3,523
Real Estate	N/A	N/A	1,761
Short-term Securities	N/A	N/A	176
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>3,523</u>
Total			<u><u>\$ 17,614</u></u>

Investment by fair value level	Fair Value Measurements Using				Amortized
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
	6-30-19	(Level 1)	(Level 2)	(Level 3)	NAV
U.S. Equity	\$ 5,460	\$ 5,460	0	0	0
Developed Market					
International Equity	2,466	2,466	0	0	0
Emerging Market					
International Equity	705	705	0	0	0
U.S. Fixed Income	3,523	0	3,523	0	0
Real Estate	1,761	0	0	1,761	0
Short-term Securities	176	0	176	0	0
Private Equity and Strategic Lending	3,523	0	0	0	3,523
Total	\$ 17,614	\$ 8,631	\$ 3,699	\$ 1,761	3,523

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

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

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

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

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Hancock County School Department to pay retirement benefits of the School Department employees.

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

## **B. Lease Receivable**

### **Primary Government**

The General Debt Service Fund reports a lease receivable totaling \$2,938,440 at June 30, 2019. This lease receivable resulted from an agreement entered into by Hancock County and Wellmont Health System (Wellmont) to operate the hospital facility through 2028. Hancock County completed construction of the new hospital facility during the 2004-05 year and financed the facility through long-term debt and federal grants.

Wellmont has an option to purchase the facility for ten dollars at the end of the lease term.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 263,117	\$ 163,468	\$ 426,585
2021	263,846	149,112	412,958
2022	264,598	134,733	399,331
2023	265,374	120,629	386,003
2024	266,175	105,903	372,078
2025-2029	1,343,793	312,344	1,656,137
2030	271,537	18,781	290,318
Total Minimum Lease Payments	\$ 2,938,440	\$ 1,004,970	\$ 3,943,410

In the financial statements of the General Debt Service Fund, revenues of \$440,659 have been recognized from Wellmont during the year. The entire amount of the balance for the lease receivable at June 30, 2019, is offset by deferred inflows of resources in the General Debt Service Fund.

**C. Capital Assets**

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

**Primary Government**

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 572,474	\$ 0	\$ 0	\$ 572,474
Construction in Progress	1,640,592	1,075,590	2,716,182	0
Total Capital Assets Not Depreciated	<u>\$ 2,213,066</u>	<u>\$ 1,075,590</u>	<u>\$ 2,716,182</u>	<u>\$ 572,474</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,618,060	\$ 2,780,588	\$ 0	\$ 6,398,648
Machinery and Equipment	3,210,293	320,475	72,000	3,458,768
Infrastructure	22,428,406	0	0	22,428,406
Total Capital Assets Depreciated	<u>\$ 29,256,759</u>	<u>\$ 3,101,063</u>	<u>\$ 72,000</u>	<u>\$ 32,285,822</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,286,986	\$ 86,579	\$ 0	\$ 2,373,565
Machinery and Equipment	2,457,573	162,859	68,028	2,552,404
Infrastructure	10,819,286	561,981	0	11,381,267
Total Accumulated Depreciation	<u>\$ 15,563,845</u>	<u>\$ 811,419</u>	<u>\$ 68,028</u>	<u>\$ 16,307,236</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,692,914</u>	<u>\$ 2,289,644</u>	<u>\$ 3,972</u>	<u>\$ 15,978,586</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 15,905,980</u></u>	<u><u>\$ 3,365,234</u></u>	<u><u>\$ 2,720,154</u></u>	<u><u>\$ 16,551,060</u></u>

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

**Governmental Activities:**

General Government	\$ 11,642
Public Safety	87,204
Public Health and Welfare	109,054
Social, Cultural, and Recreational Services	6,500
Highway/Public Works	<u>597,019</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 811,419</u></u>

**Business-type Activities:**

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	<u>\$ 26,350</u>	<u>\$ 0</u>	<u>\$ 26,350</u>
Total Capital Assets Not Depreciated	<u>\$ 26,350</u>	<u>\$ 0</u>	<u>\$ 26,350</u>
Capital Assets Depreciated:			
Buildings and Improvements	<u>\$ 342,466</u>	<u>\$ 0</u>	<u>\$ 342,466</u>
Total Capital Assets Depreciated	<u>\$ 342,466</u>	<u>\$ 0</u>	<u>\$ 342,466</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	<u>\$ 74,035</u>	<u>\$ 8,560</u>	<u>\$ 82,595</u>
Total Accumulated Depreciation	<u>\$ 74,035</u>	<u>\$ 8,560</u>	<u>\$ 82,595</u>
Total Capital Assets Depreciated, Net	<u>\$ 268,431</u>	<u>\$ (8,560)</u>	<u>\$ 259,871</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 294,781</u></u>	<u><u>\$ (8,560)</u></u>	<u><u>\$ 286,221</u></u>

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

Depreciation expense totaling \$8,560 was charged to the Home Health Fund (enterprise fund).

## Discretely Presented Hancock County School Department

### Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 453,150	\$ 67,000	\$ 0	\$ 520,150
Total Capital Assets Not Depreciated	\$ 453,150	\$ 67,000	\$ 0	\$ 520,150
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,618,812	\$ 0	\$ 0	\$ 15,618,812
Machinery and Equipment	1,839,822	204,931	130,600	1,914,153
Total Capital Assets Depreciated	\$ 17,458,634	\$ 204,931	\$ 130,600	\$ 17,532,965
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,237,478	\$ 412,922	\$ 0	\$ 7,650,400
Machinery and Equipment	1,262,051	98,659	107,331	1,253,379
Total Accumulated Depreciation	\$ 8,499,529	\$ 511,581	\$ 107,331	\$ 8,903,779
Total Capital Assets Depreciated, Net	\$ 8,959,105	\$ (306,650)	\$ 23,269	\$ 8,629,186
Governmental Activities Capital Assets, Net	\$ 9,412,255	\$ (239,650)	\$ 23,269	\$ 9,149,336

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

**Governmental Activities:**

Instruction	\$ 418,900
Support Services	81,600
Operation of Non-instructional Services	<u>11,081</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 511,581</u></u>

**D. Interfund Receivables, Payables, and Transfers**

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 2,629

This balance 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	Component Unit: School Department: General Purpose School	\$ 1,643

**Interfund Transfers:**

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

## Primary Government

Transfers Out	Transfers In	
	General Fund	General Capital Projects Fund
General Fund	\$ 0	\$ 29,567
Major Enterprise Fund	300,000	0
Total	\$ 300,000	\$ 29,567

The transfer from the Home Health (enterprise) Fund supplemented general operations of the General Fund. The county made a one-time transfer of \$29,567 from the General Fund to subsidize the county's matching share to obtain a federal grant for waterline construction.

## Discretely Presented Hancock County School Department

Transfer Out	Transfer In	
	General Purpose School	Purpose
School Federal Projects	\$ 14,385	Indirect Cost
Total	\$ 14,385	

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.

## E. Long-term Debt

### Primary Government

#### General Obligation Bonds and Notes

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 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, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placement – Hancock County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes were issued for original terms of up to 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General and General Debt Service Funds.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	3.5 to 5.6%	6-20-33	\$6,144,000	\$2,536,536
Refunding Bonds	2.0 to 3.5	6-1-37	9,205,000	7,885,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	3.25 to 3.9	3-31-29	455,115	334,631

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 602,725	\$ 365,020	\$ 967,745
2021	607,996	344,023	952,019
2022	618,275	323,216	941,491
2023	623,565	301,601	925,166
2024	633,865	280,174	914,039
2025-2029	3,304,202	1,049,230	4,353,432
2030-2034	2,415,908	525,560	2,941,468
2035-2037	1,615,000	114,275	1,729,275
Total	<u>\$ 10,421,536</u>	<u>\$ 3,303,099</u>	<u>\$ 13,724,635</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 108,292	\$ 10,940	\$ 119,232
2021	82,046	7,175	89,221
2022	48,815	4,264	53,079
2023	12,956	2,687	15,643
2024	13,350	2,293	15,643
2025-2029	69,172	5,131	74,303
Total	<u>\$ 334,631</u>	<u>\$ 32,490</u>	<u>\$ 367,121</u>

There is \$2,207,995 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled, \$1,528, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums totaled \$1,583, based on the 2010 federal census.

#### Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes- Direct Placement
Balance, July 1, 2018	\$ 11,014,000	\$ 211,198
Additions	0	204,518
Reductions	(592,464)	(81,085)
Balance, June 30, 2019	<u>\$ 10,421,536</u>	<u>\$ 334,631</u>
Balance Due Within One Year	<u>\$ 602,725</u>	<u>\$ 108,292</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 10,756,167
Less: Balance Due Within One Year - Debt	(711,017)
Add: Unamortized Premium on Debt	<u>39,152</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 10,084,302</u>

**F. Long-term Obligations**

Changes in Long-term Obligations

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

Governmental Activities:

	Landfill Postclosure Care Costs	Compensated Absences
Balance, July 1, 2018	\$ 81,158	\$ 38,746
Additions	0	37,696
Reductions	(46,200)	(24,269)
Balance, June 30, 2019	<u>\$ 34,958</u>	<u>\$ 52,173</u>
Balance Due Within One Year	<u>\$ 4,271</u>	<u>\$ 29,587</u>
	Other Postemployment Benefits	Net Pension Liability
Balance, July 1, 2018	\$ 70,314	\$ 236,903
Additions	0	129,184
Reductions	(70,314) (1)	(101,520)
Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 264,567</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

(1) Hancock County elected to cease providing Other Postemployment Benefits (OPEB) to retirees other than School Department Employees. See Note 1.D.9.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 351,698
Less: Balance Due Within One Year	<u>(33,858)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 317,840</u>

Compensated absences, net pension liability, and other postemployment benefits 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, 2019, was as follows:

Business-type Activities:

	Compensated Absences
	<hr/>
Balance, July 1, 2018	\$ 20,054
Additions	11,294
Reductions	<hr/> (20,054)
	<hr/>
Balance, June 30, 2019	<u>\$ 11,294</u>
	<hr/>
Balance Due Within One Year	<u>\$ 5,647</u>
	<hr/>

### **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, 2019, was as follows:

	Other Postemployment Benefits
	<hr/>
Balance, July 1, 2018	\$ 841,081
Additions	76,769
Reductions	<hr/> (156,591)
	<hr/>
Balance, June 30, 2019	<u>\$ 761,259</u>
	<hr/>
Balance Due Within One Year	<u>\$ 0</u>
	<hr/>

**G. 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 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 \$541,000 to the General Debt Service Fund for the retirement of school debt.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the 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 Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2019, were \$28,403. 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 general liability on county assets. However, except as discussed in the following paragraph, Hancock County does not maintain workers' compensation or insurance coverage on county buildings and their contents.

The Hancock County Emergency Medical Services Department has purchased commercial insurance coverage for its building and contents. 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 Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this

fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **Discretely Presented 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 Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

## **B. Accounting Changes**

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

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

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

significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

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

**C. Changes in Administration**

On August 31, 2019, Ralph Seal left the Office of Sheriff and was succeeded by Bradley Brewer.

**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 \$34,958 reported as postclosure liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. 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, 2019, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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.

Hancock County is a participant in the joint governance of the Alliance for Business and Training (AB&T) which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.



Mayors of the participating counties, along with four members jointly appointed by the mayors serve as the governing board of AB&T. The consortium agreement calls for any liability for disallowed costs of the grant programs to be shared by member counties of the consortium based on each county's percent of the population of the local workforce development area. However, that contingent liability is to be mitigated by \$3 million of insurance coverage provided by AB&T to indemnify the counties pursuant to the consortium agreement.

Complete financial information for the Alliance for Business and Training can be obtained from the following address.

Alliance for Business and Training  
386 Hwy 91  
PO Box 249  
Elizabethton, TN 37643

**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 Retirement 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 [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

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

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	11
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	6
Active Employees	11
Total	<u>28</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, 2019, the employer contribution for Hancock County was \$72,938 based on a rate of 9.63 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, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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, 2017	\$ 2,554,111	\$ 2,317,208	\$ 236,903
Changes for the Year:			
Service Cost	\$ 60,807	\$ 0	\$ 60,807
Interest	184,503	0	184,503
Differences Between Expected and Actual Experience	78,488	0	78,488
Changes in Assumptions	0	0	0
Contributions-Employer	0	69,960	(69,960)
Contributions-Employees	0	36,324	(36,324)
Net Investment Income	0	190,895	(190,895)
Benefit Payments, Including Refunds of Employee Contributions	(140,101)	(140,101)	0
Administrative Expense	0	(1,045)	1,045
Other Changes	0	0	0
Net Changes	\$ 183,697	\$ 156,033	\$ 27,664
Balance, June 30, 2018	\$ 2,737,808	\$ 2,473,241	\$ 264,567

*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 7.25 percent, 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Hancock County	6.25%	7.25%	8.25%
Net Pension Liability	\$ 543,877	\$ 264,567	\$ 24,205

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

*Pension Expense.* For the year ended June 30, 2019, Hancock County recognized pension expense of \$32,982.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 52,325	\$ 70,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,292
Changes in Assumptions	44,361	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	72,938	N/A
Total	<u>\$ 169,624</u>	<u>\$ 79,726</u>

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

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

Year Ending June 30	Amount
2020	\$ 25,421
2021	17,215
2022	(20,846)
2023	(4,832)
2024	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 [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$13,852, which is 1.73 percent of covered payroll. In addition, employer contributions of \$16,725, which is 2.09 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2019, the Hancock County School Department reported a liability (asset) of (\$36,102) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The 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, 2018, the Hancock County School Department's proportion was .079603 percent. The proportion as of June 30, 2017 was .083051 percent.



*Pension Expense.* For the year ended June 30, 2019, the Hancock County School Department recognized pension expense of \$12,385.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 2,045	\$ 1,438
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,039
Changes in Assumptions	1,703	0
Changes in Proportion of Net Pension Liability (Asset)	1,300	680
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	13,852	N/A
Total	<u>\$ 18,900</u>	<u>\$ 4,157</u>

The Hancock County School Department's employer contributions of \$13,852, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension assets in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (208)
2021	(273)
2022	(563)
2023	(30)
2024	241
Thereafter	1,723

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

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

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.725% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	5,581	\$	(36,102)	\$	(66,813)
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*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 [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hancock County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$423,491, which is 10.43 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2019, the Hancock County School Department reported a liability (asset) of (\$422,030) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The 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, 2018, the Hancock County School Department's proportion was .119932 percent. The proportion measured at June 30, 2017, was .122302 percent.

*Pension Expense.* For the year ended June 30, 2019, the Hancock County School Department recognized negative pension expense of (\$125,156).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 85,307	\$ 569,352
Changes in Assumptions	249,253	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	91,851
Changes in Proportion of Net Pension Liability (Asset)	26,783	27,697
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	423,491	N/A
Total	<u>\$ 784,834</u>	<u>\$ 688,900</u>

The Hancock County School Department's employer contributions of \$423,491 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 82,652
2021	(139,124)
2022	(230,452)
2023	(40,634)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Hancock County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:



School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability      \$ 3,253,274      \$ (422,030)      \$ (3,462,832)

*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 \$41,688 and teachers contributed \$14,125 to this deferred compensation pension plan.

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

### **Primary Government**

Hancock County previously offered other postemployment benefits to its employees as disclosed in the prior year annual financial report. During the 2018-19 year, Hancock County elected to discontinue that benefit and as discussed in Note I.D.9., the county has removed the associated liability and deferrals from its government-wide Statement of Net Position.

### **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, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the 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, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The

mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

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

*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 and disabled participants. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Hancock County School Department does not provide a direct subsidy toward the cost of the insurance plan and is subject only to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

### Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	128
Active Employees Not Eligible for Future Benefits	<u>5</u>
Total	<u><u>142</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 \$52,842 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 63.64%	State of TN 36.36%	Total OPEB Liability
Balance July 1, 2017	\$ 841,081	\$ 500,944	\$ 1,342,025
Changes for the Year:			
Service Cost	\$ 45,557	\$ 26,029	\$ 71,586
Interest	31,212	17,833	49,045
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(136,628)	(78,061)	(214,689)
Changes in Proportion	12,984	(12,984)	0
Changes in Assumption and Other Inputs	12,794	7,309	20,103
Benefit Payments	(45,741)	(26,133)	(71,874)
Net Changes	\$ (79,822)	\$ (66,007)	\$ (145,829)
Balance June 30, 2018	\$ 761,259	\$ 434,937	\$ 1,196,196

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 \$34,285 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 63.64 percent and the State of Tennessee's Share was 36.36 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the School Department recognized OPEB expense of \$97,090, which includes expenses funded by subsidies provided by the state. At June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 124,319
Changes of Assumptions/Inputs	11,641	34,048
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	10,273	0
Benefits Paid After the Measurement Date	52,842	0
Total	<u>\$ 74,756</u>	<u>\$ 158,367</u>

The amount shown above for “Contributions Subsequent to the Measurement Date” of June 30, 2018, will be recognized as a reduction to net pension liability in the following measurement 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
2020	\$ (13,964)
2021	(13,964)
2022	(13,964)
2023	(13,964)
2024	(13,964)
Thereafter	(66,633)

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 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 817,426	\$ 761,259	\$ 708,496
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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 5.75 to 2.85%	Curent Rate 6.75 to 3.85%	1% Increase 7.75 to 4.85%
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Proportionate Share of the Collective Total OPEB Liability	\$ 680,322	\$ 761,259	\$ 857,555
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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 \$10,000 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 \$10,000.

#### **J. Subsequent Events**

Subsequent to June 30, 2019, the County Commission approved the issuance of tax anticipation notes of \$250,000 for the General Fund. These notes had not been issued as of the date of this report.



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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

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
<b>Total Pension Liability</b>					
Service Cost	\$ 38,224	\$ 47,067	\$ 51,139	\$ 63,452	\$ 60,807
Interest	161,315	172,749	179,823	185,230	184,503
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	46,171	(15,079)	(39,127)	(121,305)	78,488
Changes in Assumptions	0	0	0	88,723	0
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)
Net Change in Total Pension Liability	\$ 142,961	\$ 103,296	\$ 64,280	\$ 79,555	\$ 183,697
Total Pension Liability, Beginning	2,164,019	2,306,980	2,410,276	2,474,556	2,554,111
Total Pension Liability, Ending (a)	\$ 2,306,980	\$ 2,410,276	\$ 2,474,556	\$ 2,554,111	\$ 2,737,808
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 47,079	\$ 51,508	\$ 51,991	\$ 65,103	\$ 69,960
Contributions - Employee	32,375	33,798	34,133	53,863	36,324
Net Investment Income	291,889	62,485	54,687	236,793	190,895
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)
Administrative Expense	(494)	(558)	(832)	(934)	(1,045)
Net Change in Plan Fiduciary Net Position	\$ 268,100	\$ 45,792	\$ 12,424	\$ 218,280	\$ 156,033
Plan Fiduciary Net Position, Beginning	1,772,612	2,040,712	2,086,504	2,098,928	2,317,208
Plan Fiduciary Net Position, Ending (b)	\$ 2,040,712	\$ 2,086,504	\$ 2,098,928	\$ 2,317,208	\$ 2,473,241
Net Pension Liability (Asset), Ending (a - b)	\$ 266,268	\$ 323,772	\$ 375,628	\$ 236,903	\$ 264,567
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.46%	86.57%	84.82%	90.72%	90.34%
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481
Net Pension Liability (Asset) as a Percentage of Covered Payroll	41.12%	47.90%	55.49%	34.24%	36.42%

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

Note: Data presented includes the primary government only. The discretely presented School Department does not have any employees that participate in this plan.

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
Actuarially Determined Contribution	\$ 47,079	\$ 51,311	\$ 51,991	\$ 65,103	\$ 69,960	\$ 72,938
Less Contributions in Relation to the Actuarially Determined Contribution	(47,079)	(51,311)	(51,991)	(65,103)	(69,960)	(72,938)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 757,397
Contributions as a Percentage of Covered Payroll	7.27%	7.59%	7.68%	9.41%	9.63%	9.63%

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

Note: Data presented includes the primary government only. The discretely presented School Department does not have any employees that participate in this plan.

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 8,174	\$ 13,445	\$ 21,804	\$ 27,825	\$ 13,852
Less Contributions in Relation to the Contractually Required Contribution	(8,174)	(13,445)	(21,804)	(27,825)	(13,852)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 801,044
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.73%

\* - In FY 2019 the School Department placed the actuarially determined contribution into the pension plan and placed \$16,725 into the Pension Stabilization Reserve Trust.

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

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
Contractually Required Contribution	\$ 416,058	\$ 399,809	\$ 404,735	\$ 390,829	\$ 381,326	\$ 423,491
Less Contributions in Relation to the Contractually Required Contribution	(416,058)	(399,809)	(404,735)	(390,829)	(381,326)	(423,491)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 4,685,336	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,062,009
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.43%

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

Exhibit F-5

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.098350%	0.076393%	0.083051%	0.079603%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,957)	\$ (7,953)	\$ (21,913)	\$ (36,102)
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

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
School Department's Proportion of the Net Pension Asset	0.119372%	0.118143%	0.124028%	0.122302%	0.119932%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (19,398) \$	48,395 \$	775,105 \$	(40,016) \$	(422,030)
Covered Payroll	\$ 4,685,336 \$	4,422,675 \$	4,477,161 \$	4,323,325 \$	4,199,710
School Department's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	(.414002)%	1.094252%	17.31%	(.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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
<b>Total OPEB Liability</b>		
Service Cost	\$ 77,343	\$ 71,586
Interest	40,819	49,045
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(214,689)
Changes in Assumptions or Other Inputs	(65,522)	20,103
Benefit Payments	(62,358)	(71,874)
Net Change in Total OPEB Liability	\$ (9,718)	\$ (145,829)
Total OPEB Liability, Beginning	1,351,743	1,342,025
Total OPEB Liability, Ending	<u>\$ 1,342,025</u>	<u>\$ 1,196,196</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 500,944	\$ 434,937
Employer Proportionate Share of the Total OPEB Liability	841,081	761,259
Covered Employee Payroll	\$ 5,577,734	\$ 5,575,047
Net OPEB Liability as a Percentage of Covered Employee Payroll	15.08%	13.65%

\* The amounts presented were determined as of the measurement date.

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:

2017	2.92%
2018	3.56%
2019	3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.



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

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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.

## Exhibit G-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,629	\$ 2,629
Equity in Pooled Cash and Investments	27,225	33,176	0	60,401
Accounts Receivable	64	0	0	64
Due from Other Governments	1,373	0	0	1,373
Property Taxes Receivable	262,150	0	0	262,150
Allowance for Uncollectible Property Taxes	(17,298)	0	0	(17,298)
Total Assets	<u>\$ 273,514</u>	<u>\$ 33,176</u>	<u>\$ 2,629</u>	<u>\$ 309,319</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 9,617	\$ 0	\$ 0	\$ 9,617
Accrued Payroll	2,411	0	0	2,411
Payroll Deductions Payable	54	0	0	54
Due to Other Funds	0	0	2,629	2,629
Due to State of Tennessee	199	0	0	199
Total Liabilities	<u>\$ 12,281</u>	<u>\$ 0</u>	<u>\$ 2,629</u>	<u>\$ 14,910</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 235,877	\$ 0	\$ 0	\$ 235,877
Deferred Delinquent Property Taxes	8,547	0	0	8,547
Other Deferred/Unavailable Revenue	458	0	0	458
Total Deferred Inflows of Resources	<u>\$ 244,882</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 244,882</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 33,176	\$ 0	\$ 33,176
Committed:				
Committed for Public Health and Welfare	16,351	0	0	16,351
Total Fund Balances	<u>\$ 16,351</u>	<u>\$ 33,176</u>	<u>\$ 0</u>	<u>\$ 49,527</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 273,514</u>	<u>\$ 33,176</u>	<u>\$ 2,629</u>	<u>\$ 309,319</u>

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, 2019

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 245,208	\$ 0	\$ 0	\$ 245,208
Fines, Forfeitures, and Penalties	0	11,963	0	11,963
Charges for Current Services	125	0	9,910	10,035
Other Local Revenues	17,345	752	0	18,097
State of Tennessee	3,090	0	0	3,090
Other Governments and Citizens Groups	0	1,030	0	1,030
Total Revenues	<u>\$ 265,768</u>	<u>\$ 13,745</u>	<u>\$ 9,910</u>	<u>\$ 289,423</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 9,910	\$ 9,910
Public Safety	0	16,915	0	16,915
Public Health and Welfare	329,024	0	0	329,024
Total Expenditures	<u>\$ 329,024</u>	<u>\$ 16,915</u>	<u>\$ 9,910</u>	<u>\$ 355,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,256)</u>	<u>\$ (3,170)</u>	<u>\$ 0</u>	<u>\$ (66,426)</u>
Net Change in Fund Balances	\$ (63,256)	\$ (3,170)	\$ 0	\$ (66,426)
Fund Balance, July 1, 2018	79,607	36,346	0	115,953
Fund Balance, June 30, 2019	<u><u>\$ 16,351</u></u>	<u><u>\$ 33,176</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 49,527</u></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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 245,208	\$ 235,845	\$ 235,845	\$ 9,363
Charges for Current Services	125	0	0	125
Other Local Revenues	17,345	18,100	18,100	(755)
State of Tennessee	3,090	0	0	3,090
Total Revenues	<u>\$ 265,768</u>	<u>\$ 253,945</u>	<u>\$ 253,945</u>	<u>\$ 11,823</u>
<u>Expenditures</u>				
Public Health and Welfare				
Sanitation Management	\$ 329,024	\$ 299,120	\$ 316,819	\$ (12,205)
Total Expenditures	<u>\$ 329,024</u>	<u>\$ 299,120</u>	<u>\$ 316,819</u>	<u>\$ (12,205)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,256)</u>	<u>\$ (45,175)</u>	<u>\$ (62,874)</u>	<u>\$ (382)</u>
Net Change in Fund Balance	\$ (63,256)	\$ (45,175)	\$ (62,874)	\$ (382)
Fund Balance, July 1, 2018	<u>79,607</u>	<u>71,812</u>	<u>71,812</u>	<u>7,795</u>
Fund Balance, June 30, 2019	<u><u>\$ 16,351</u></u>	<u><u>\$ 26,637</u></u>	<u><u>\$ 8,938</u></u>	<u><u>\$ 7,413</u></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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,963	\$ 7,500	\$ 7,500	\$ 4,463
Other Local Revenues	752	0	0	752
Other Governments and Citizens Groups	1,030	0	0	1,030
Total Revenues	<u>\$ 13,745</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 6,245</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 16,915	\$ 3,035	\$ 17,148	\$ 233
Total Expenditures	<u>\$ 16,915</u>	<u>\$ 3,035</u>	<u>\$ 17,148</u>	<u>\$ 233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,170)</u>	<u>\$ 4,465</u>	<u>\$ (9,648)</u>	<u>\$ 6,478</u>
Net Change in Fund Balance	\$ (3,170)	\$ 4,465	\$ (9,648)	\$ 6,478
Fund Balance, July 1, 2018	<u>36,346</u>	<u>36,346</u>	<u>36,346</u>	<u>0</u>
Fund Balance, June 30, 2019	<u><u>\$ 33,176</u></u>	<u><u>\$ 40,811</u></u>	<u><u>\$ 26,698</u></u>	<u><u>\$ 6,478</u></u>



# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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## 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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 14,608	\$ 16,350	\$ 16,350	\$ (1,742)
Other Local Revenues	246,604	83,000	83,000	163,604
State of Tennessee	166	0	0	166
Other Governments and Citizens Groups	981,659	981,659	981,659	0
Total Revenues	<u>\$ 1,243,037</u>	<u>\$ 1,081,009</u>	<u>\$ 1,081,009</u>	<u>\$ 162,028</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 266,929	\$ 240,000	\$ 259,465	\$ (7,464)
Education	328,440	345,000	328,440	0
<u>Interest on Debt</u>				
General Government	164,892	163,968	176,055	11,163
Education	219,793	230,875	219,793	0
<u>Other Debt Service</u>				
General Government	302	6,500	6,000	5,698
Education	500	0	500	0
Total Expenditures	<u>\$ 980,856</u>	<u>\$ 986,343</u>	<u>\$ 990,253</u>	<u>\$ 9,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 262,181</u>	<u>\$ 94,666</u>	<u>\$ 90,756</u>	<u>\$ 171,425</u>
Net Change in Fund Balance	\$ 262,181	\$ 94,666	\$ 90,756	\$ 171,425
Fund Balance, July 1, 2018	<u>1,945,814</u>	<u>2,031,867</u>	<u>2,031,867</u>	<u>(86,053)</u>
Fund Balance, June 30, 2019	<u>\$ 2,207,995</u>	<u>\$ 2,126,533</u>	<u>\$ 2,122,623</u>	<u>\$ 85,372</u>

# Fiduciary Funds

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

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

Other Agency Fund – The Other Agency Fund is used to account for amounts received and disbursed in an agency capacity for the Hancock County Emergency Communications District.

Exhibit I-1

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

	Agency Funds			
	Cities -	Constitu-		
	Sales	tional	Other	
	Tax	Officers -	Agency	Total
		Agency		
<u>ASSETS</u>				
Cash	\$ 0	\$ 471,516	\$ 0	\$ 471,516
Equity in Pooled Cash and Investments	0	0	1,321,919	1,321,919
Accounts Receivable	0	1,217	2,894	4,111
Due from Other Governments	32,327	0	0	32,327
Total Assets	\$ 32,327	\$ 472,733	\$ 1,324,813	\$ 1,829,873
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 1,750	\$ 1,750
Due to Other Taxing Units	32,327	\$ 0	1,323,063	1,355,390
Due to Litigants, Heirs, and Others	0	472,733	0	472,733
Total Liabilities	\$ 32,327	\$ 472,733	\$ 1,324,813	\$ 1,829,873

## Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 190,890	\$ 190,890	\$ 0
Due from Other Governments	36,792	32,327	36,792	32,327
Total Assets	\$ 36,792	\$ 223,217	\$ 227,682	\$ 32,327
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 36,792	\$ 223,217	\$ 227,682	\$ 32,327
Total Liabilities	\$ 36,792	\$ 223,217	\$ 227,682	\$ 32,327
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 412,724	\$ 1,505,255	\$ 1,446,463	\$ 471,516
Accounts Receivable	1,454	1,217	1,454	1,217
Total Assets	\$ 414,178	\$ 1,506,472	\$ 1,447,917	\$ 472,733
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 414,178	\$ 1,506,472	\$ 1,447,917	\$ 472,733
Total Liabilities	\$ 414,178	\$ 1,506,472	\$ 1,447,917	\$ 472,733
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,135,137	\$ 303,502	\$ 116,720	\$ 1,321,919
Accounts Receivable	0	2,894	0	2,894
Total Assets	\$ 1,135,137	\$ 306,396	\$ 116,720	\$ 1,324,813
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,750	\$ 0	\$ 1,750
Due to Other Taxing Units	1,135,137	304,646	116,720	1,323,063
Total Liabilities	\$ 1,135,137	\$ 306,396	\$ 116,720	\$ 1,324,813

(Continued)

## Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 412,724	\$ 1,505,255	\$ 1,446,463	\$ 471,516
Equity in Pooled Cash and Investments	1,135,137	494,392	307,610	1,321,919
Accounts Receivable	1,454	4,111	1,454	4,111
Due from Other Governments	36,792	32,327	36,792	32,327
Total Assets	<u>\$ 1,586,107</u>	<u>\$ 2,036,085</u>	<u>\$ 1,792,319</u>	<u>\$ 1,829,873</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,750	\$ 0	\$ 1,750
Due to Other Taxing Units	\$ 1,171,929	\$ 527,863	\$ 344,402	\$ 1,355,390
Due to Litigants, Heirs, and Others	414,178	1,506,472	1,447,917	472,733
Total Liabilities	<u>\$ 1,586,107</u>	<u>\$ 2,036,085</u>	<u>\$ 1,792,319</u>	<u>\$ 1,829,873</u>

# Hancock County School Department

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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 two Special Revenue Funds.

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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.

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 5,651,104	\$ 22,871	\$ 713,920	\$ (4,914,313)
Support Services	3,465,689	0	306,531	(3,159,158)
Operation of Non-instructional Services	1,138,587	43,760	1,098,405	3,578
Total Governmental Activities	<u>\$ 10,255,380</u>	<u>\$ 66,631</u>	<u>\$ 2,118,856</u>	<u>\$ (8,069,893)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 725,388
Local Option Sales Taxes				237,490
Wheel Tax				58,605
Wholesale Beer Tax				1,611
Interstate Telecommunications Tax				5,233
Grants and Contributions Not Restricted for Specific Programs				7,908,543
Unrestricted Investment Income				9,515
Gain on Investments				889
Miscellaneous				52,829
Total General Revenues				<u>\$ 9,000,103</u>
Change in Net Position				\$ 930,210
Net Position, July 1, 2018				<u>11,712,653</u>
Net Position, June 30, 2019				<u>\$ 12,642,863</u>



## Exhibit J-2

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

	Major Funds		Nonmajor Fund	Total
	General Purpose School	Central Cafeteria	School Federal Projects	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 17,874	\$ 0	\$ 0	\$ 17,874
Equity in Pooled Cash and Investments	3,358,184	492,637	94,629	3,945,450
Accounts Receivable	192	0	0	192
Due from Other Governments	81,754	14,942	36,633	133,329
Property Taxes Receivable	778,650	0	0	778,650
Allowance for Uncollectible Property Taxes	(48,044)	0	0	(48,044)
Restricted Assets	17,614	0	0	17,614
Total Assets	<u>\$ 4,206,224</u>	<u>\$ 507,579</u>	<u>\$ 131,262</u>	<u>\$ 4,845,065</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 56,793	\$ 431	\$ 6,262	\$ 63,486
Due to Primary Government	1,643	0	0	1,643
Other Current Liabilities	302,717	0	0	302,717
Total Liabilities	<u>\$ 361,153</u>	<u>\$ 431</u>	<u>\$ 6,262</u>	<u>\$ 367,846</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 707,631	\$ 0	\$ 0	\$ 707,631
Deferred Delinquent Property Taxes	21,880	0	0	21,880
Other Deferred/Unavailable Revenue	22,968	0	0	22,968
Total Deferred Inflows of Resources	<u>\$ 752,479</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 752,479</u>

(Continued)

Exhibit J-2

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

	Major Funds		Nonmajor Fund	Total
	General Purpose School	Central Cafeteria	School Federal Projects	Governmental Funds
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 7,959	\$ 507,148	\$ 0	\$ 515,107
Restricted for Hybrid Retirement Stabilization Funds	17,614	0	0	17,614
Committed:				
Committed for Education	0	0	125,000	125,000
Assigned:				
Assigned for Education	42,201	0	0	42,201
Unassigned	3,024,818	0	0	3,024,818
Total Fund Balances	<u>\$ 3,092,592</u>	<u>\$ 507,148</u>	<u>\$ 125,000</u>	<u>\$ 3,724,740</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,206,224</u>	<u>\$ 507,579</u>	<u>\$ 131,262</u>	<u>\$ 4,845,065</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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,724,740
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	520,150	
Add: building and improvements net of accumulated depreciation		7,968,412	
Add: machinery and equipment net of accumulated depreciation		<u>660,774</u>	9,149,336
(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			(761,259)
(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	\$	803,734	
Less: deferred inflows of resources related to pensions		(693,057)	
Add: deferred outflows of resources related to OPEB		74,756	
Less: deferred inflows of resources related to OPEB		<u>(158,367)</u>	27,066
(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	\$	36,102	
Add: net pension asset - teacher legacy retirement plan		<u>422,030</u>	458,132
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>44,848</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,642,863</u></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, 2019

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 1,035,720	\$ 0	\$ 0	\$ 1,035,720
Licenses and Permits	332	0	0	332
Charges for Current Services	0	43,760	0	43,760
Other Local Revenues	306,134	13,537	0	319,671
State of Tennessee	8,002,107	6,895	0	8,009,002
Federal Government	0	725,046	1,044,538	1,769,584
Other Governments and Citizens Groups	20,000	0	0	20,000
Total Revenues	\$ 9,364,293	\$ 789,238	\$ 1,044,538	\$ 11,198,069
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,595,220	\$ 0	\$ 700,272	\$ 5,295,492
Support Services	3,165,979	0	329,752	3,495,731
Operation of Non-Instructional Services	434,135	693,242	129	1,127,506
Capital Outlay	67,000	0	0	67,000
Debt Service:				
Other Debt Service	541,000	0	0	541,000
Total Expenditures	\$ 8,803,334	\$ 693,242	\$ 1,030,153	\$ 10,526,729
Excess (Deficiency) of Revenues Over Expenditures	\$ 560,959	\$ 95,996	\$ 14,385	\$ 671,340
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 14,385	\$ 0	\$ 0	\$ 14,385
Transfers Out	0	0	(14,385)	(14,385)
Total Other Financing Sources (Uses)	\$ 14,385	\$ 0	\$ (14,385)	\$ 0

(Continued)

Exhibit J-4

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

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
Net Change in Fund Balances	\$ 575,344	\$ 95,996	\$ 0	\$ 671,340
Fund Balance, July 1, 2018	2,517,248	411,152	125,000	3,053,400
Fund Balance, June 30, 2019	\$ 3,092,592	\$ 507,148	\$ 125,000	\$ 3,724,740

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	671,340
(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	\$	271,931	
Less: current-year depreciation expense		<u>(511,581)</u>	(239,650)
(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			(23,269)
(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, 2019	\$	44,848	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(63,209)</u>	(18,361)
(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	\$	79,822	
Change in net pension asset/liability - teacher retirement plan		14,189	
Change in net pension asset/liability - teacher legacy retirement plan		382,014	
Change in deferred outflows related to pensions		(13,436)	
Change in deferred inflows related to pensions		167,346	
Change in deferred outflows related to OPEB		31,285	
Change in deferred inflows related to OPEB		<u>(121,070)</u>	<u>540,150</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>930,210</u>

## Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,035,720	\$ 909,338	\$ 909,338	\$ 126,382
Licenses and Permits	332	600	600	(268)
Other Local Revenues	306,134	257,692	283,542	22,592
State of Tennessee	8,002,107	7,795,604	7,992,646	9,461
Other Governments and Citizens Groups	20,000	0	20,000	0
Total Revenues	\$ 9,364,293	\$ 8,963,234	\$ 9,206,126	\$ 158,167
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,556,937	\$ 3,703,268	\$ 3,776,034	\$ 219,097
Alternative Instruction Program	53,403	63,874	63,874	10,471
Special Education Program	641,289	656,057	659,244	17,955
Career and Technical Education Program	343,591	422,270	422,270	78,679
<u>Support Services</u>				
Attendance	194,776	216,303	211,505	16,729
Health Services	97,793	97,615	99,288	1,495
Other Student Support	343,477	348,453	362,959	19,482
Regular Instruction Program	269,381	244,447	283,446	14,065
Special Education Program	96,438	98,790	98,790	2,352
Career and Technical Education Program	178,790	80,561	180,561	1,771
Technology	66,171	75,014	81,264	15,093
Other Programs	28,403	0	28,403	0
Board of Education	194,389	206,686	207,838	13,449
Director of Schools	124,464	119,562	129,040	4,576
Office of the Principal	267,633	271,947	271,947	4,314
Fiscal Services	114,929	120,469	122,499	7,570
Operation of Plant	610,047	682,715	685,315	75,268
Maintenance of Plant	59,540	102,444	102,444	42,904
Transportation	519,748	545,292	644,021	124,273
<u>Operation of Non-Instructional Services</u>				
Community Services	101,336	69,690	102,177	841
Early Childhood Education	332,799	329,938	333,788	989
<u>Capital Outlay</u>				
Regular Capital Outlay	67,000	3,000	70,000	3,000
<u>Other Debt Service</u>				
Education	541,000	541,000	541,000	0
Total Expenditures	\$ 8,803,334	\$ 8,999,395	\$ 9,477,707	\$ 674,373
Excess (Deficiency) of Revenues Over Expenditures	\$ 560,959	\$ (36,161)	\$ (271,581)	\$ 832,540
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 14,385	\$ 0	\$ 14,385	\$ 0
Total Other Financing Sources	\$ 14,385	\$ 0	\$ 14,385	\$ 0
Net Change in Fund Balance	\$ 575,344	\$ (36,161)	\$ (257,196)	\$ 832,540
Fund Balance, July 1, 2018	2,517,248	36,161	257,196	2,260,052
Fund Balance, June 30, 2019	\$ 3,092,592	\$ 0	\$ 0	\$ 3,092,592

## Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,044,538	\$ 897,399	\$ 1,135,623	\$ (91,085)
Total Revenues	\$ 1,044,538	\$ 897,399	\$ 1,135,623	\$ (91,085)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 463,988	\$ 401,457	\$ 515,696	\$ 51,708
Special Education Program	189,356	169,093	202,700	13,344
Career and Technical Education Program	46,928	12,218	46,928	0
<u>Support Services</u>				
Other Student Support	48,807	92,043	49,797	990
Regular Instruction Program	182,749	159,970	198,692	15,943
Special Education Program	66,533	38,400	71,585	5,052
Career and Technical Education Program	5,956	5,700	5,956	0
Board of Education	0	0	196	196
Transportation	25,707	18,373	29,344	3,637
<u>Operation of Non-Instructional Services</u>				
Food Service	129	0	344	215
Total Expenditures	\$ 1,030,153	\$ 897,254	\$ 1,121,238	\$ 91,085
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,385	\$ 145	\$ 14,385	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (14,385)	\$ (145)	\$ (14,385)	\$ 0
Total Other Financing Sources	\$ (14,385)	\$ (145)	\$ (14,385)	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2018	125,000	0	0	125,000
Fund Balance, June 30, 2019	\$ 125,000	\$ 0	\$ 0	\$ 125,000



## Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 43,760	\$ 25,000	\$ 25,000	\$ 18,760
Other Local Revenues	13,537	1,000	5,000	8,537
State of Tennessee	6,895	0	3,643	3,252
Federal Government	725,046	691,243	691,243	33,803
Total Revenues	<u>\$ 789,238</u>	<u>\$ 717,243</u>	<u>\$ 724,886</u>	<u>\$ 64,352</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 693,242	\$ 770,405	\$ 778,048	\$ 84,806
Total Expenditures	<u>\$ 693,242</u>	<u>\$ 770,405</u>	<u>\$ 778,048</u>	<u>\$ 84,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 95,996</u>	<u>\$ (53,162)</u>	<u>\$ (53,162)</u>	<u>\$ 149,158</u>
Net Change in Fund Balance	\$ 95,996	\$ (53,162)	\$ (53,162)	\$ 149,158
Fund Balance, July 1, 2018	411,152	53,162	53,162	357,990
Fund Balance, June 30, 2019	<u>\$ 507,148</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 507,148</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>NOTES PAYABLE</u>									
<u>Payable through General Fund</u>									
Ambulance	\$ 80,000	2.98	%	4-19-16	4-30-19	\$ 18,474	\$ 0	\$ 18,474	\$ 0
Sheriff Vehicles	170,000	3.25		3-1-17	3-1-22	138,165	0	32,881	105,284
Ambulance	80,597	3.35		6-7-17	5-25-20	54,559	0	26,825	27,734
Ambulance	69,518	3.9		6-26-19	6-26-21	0	69,518	0	69,518
<u>Payable through General Debt Service Fund</u>									
Call Center	135,000	3.0		4-20-19	3-31-29	\$ 0	\$ 135,000	\$ 2,905	\$ 132,095
Total Notes Payable						<u>\$ 211,198</u>	<u>\$ 204,518</u>	<u>\$ 81,085</u>	<u>\$ 334,631</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Hospital Bond (A)	6,000,000	5.6		12-15-03	12-15-28	\$ 2,640,000	\$ 0	\$ 240,000	\$ 2,400,000
General Obligation Refunding Bonds - Series 2015	9,205,000	2.0 - 3.5		9-25-15	6-1-37	8,230,000	0	345,000	7,885,000
General Obligation Bond - Series 2018 (USDA)	144,000	3.5		6-20-18	6-20-33	144,000	0	7,464	136,536
Total Bonds Payable						<u>\$ 11,014,000</u>	<u>\$ 0</u>	<u>\$ 592,464</u>	<u>\$ 10,421,536</u>

## Exhibit K-2

Hancock County, TennesseeSchedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 108,292	\$ 10,940	\$ 119,232
2021	82,046	7,175	89,221
2022	48,815	4,264	53,079
2023	12,956	2,687	15,643
2024	13,350	2,293	15,643
2025	13,756	1,887	15,643
2026	14,174	1,469	15,643
2027	14,605	1,037	15,642
2028	15,050	593	15,643
2029	11,587	145	11,732
Total	\$ 334,631	\$ 32,490	\$ 367,121

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 602,725	\$ 365,020	\$ 967,745
2021	607,996	344,023	952,019
2022	618,275	323,216	941,491
2023	623,565	301,601	925,166
2024	633,865	280,174	914,039
2025	639,175	257,575	896,750
2026	649,496	235,001	884,497
2027	659,829	210,893	870,722
2028	670,173	185,647	855,820
2029	685,529	160,114	845,643
2030	455,897	134,157	590,054
2031	471,279	120,425	591,704
2032	481,673	106,231	587,904
2033	502,059	90,547	592,606
2034	505,000	74,200	579,200
2035	520,000	56,525	576,525
2036	540,000	38,325	578,325
2037	555,000	19,425	574,425
Total	\$ 10,421,536	\$ 3,303,099	\$ 13,724,635

## Exhibit K-3

Hancock County, Tennessee  
Schedule of Capital Lease Receivable  
Primary Government  
June 30, 2019

Description	Original Amount of Note/ Lease	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-19
<u>PRIMARY GOVERNMENT</u>					
<u>Capital Leases Receivable</u>					
<u>General Debt Service Fund</u>					
Lease Agreement - Wellmont Health Systems	\$ 6,000,000	12-15-03	12-15-28	5.6 %	<u>\$ 2,938,440</u>
Total Primary Government					<u>\$ 2,938,440</u>

Exhibit K-4

Hancock County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Hancock County School Department

For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Capital Projects	\$ 29,567
Home Health (enterprise fund)	General	Operations	<u>300,000</u>
Total Transfers Primary Government			<u><u>\$ 329,567</u></u>
<u>DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 14,385</u>
Total Transfers Discretely Presented Hancock County School Department			<u><u>\$ 14,385</u></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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond/ Insurance	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 81,886	\$ 100,000	Western Surety Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	73,226	100,000	"
Director of Schools	State Board of Education and County Board of Education	87,500 (1)	(5)	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	66,569	500,515	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	66,569	50,000	Western Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	66,569	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	66,569	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	66,569 (2)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	66,569	50,000	"
Sheriff:				
Ralph Seal (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i> , and County Commission	13,038 (3)	100,000	"
Bradley Brewer (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i> , and County Commission	65,187 (4)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Western Surety Company
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer's training supplement of \$1,000 and secretary to the board pay of \$1,300.

(2) Does not include special commissioner fees of \$9,910.

(3) Includes \$833 for serving as workhouse superintendent.

(4) Includes \$4,167 for serving as workhouse superintendent.

(5) Official insured through \$400,000 employee insurance policy.

## Exhibit K-6

Hancock County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2019

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,164,867	\$ 223,225	\$ 0	\$ 0	\$ 0	\$ 9,309
Trustee's Collections - Prior Year	38,562	7,903	0	0	0	1,265
Circuit Clerk/Clerk and Master Collections - Prior Years	56,813	12,089	0	0	0	3,806
Interest and Penalty	7,339	1,420	0	0	0	199
Payments in-Lieu-of Taxes - T.V.A.	19	4	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	5,598	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	56,300	0	0	0	0	0
Wheel Tax	138,713	0	0	0	0	0
Litigation Tax - General	7,436	0	0	0	0	0
Litigation Tax - Special Purpose	4,078	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	4,967	0	0	0	0	0
Litigation Tax - Courthouse Security	1,059	0	0	0	0	0
Business Tax	22,167	0	0	0	0	0
Other County Local Option Taxes	2,426	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	11,459	0	0	0	0	0
Wholesale Beer Tax	2,924	567	0	0	0	29
Interstate Telecommunications Tax	3,784	0	0	0	0	0
Total Local Taxes	\$ 1,528,511	\$ 245,208	\$ 0	\$ 0	\$ 0	\$ 14,608
<u>Licenses and Permits</u>						
<u>Permits</u>						
Building Permits	\$ 7,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 7,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)



Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,277	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,413	0	0	0	0	0
Drug Control Fines	2,537	0	3,789	0	0	0
Drug Court Fees	166	0	0	0	0	0
DUI Treatment Fines	142	0	0	0	0	0
Data Entry Fee - Circuit Court	384	0	0	0	0	0
<u>Criminal Court</u>						
Jail Fees	2,510	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	6,571	0	0	0	0	0
Officers Costs	11,494	0	0	0	0	0
Game and Fish Fines	22	0	0	0	0	0
Drug Control Fines	2,869	0	3,634	0	0	0
Drug Court Fees	1,249	0	0	0	0	0
Jail Fees	13,875	0	0	0	0	0
DUI Treatment Fines	1,163	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,632	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	715	0	0	0	0	0
Officers Costs	696	0	0	0	0	0
Data Entry Fee - Juvenile Court	886	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	304	0	0	0	0	0
Data Entry Fee - Chancery Court	407	0	0	0	0	0

(Continued)

## Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 4,540	\$ 0	\$ 0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	775	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 51,087	\$ 0	\$ 11,963	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 125	\$ 0	\$ 0	\$ 0	0
Patient Charges	890,858	0	0	0	0	0
Work Release Charges for Board	16,150	0	0	0	0	0
<u>Fees</u>						
Copy Fees	806	0	0	0	0	0
Library Fees	3,035	0	0	0	0	0
Telephone Commissions	8,486	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	9,910	0	0
Data Processing Fee - Register	1,938	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,050	0	0	0	0	0
Total Charges for Current Services	\$ 922,323	\$ 125	\$ 0	\$ 9,910	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	244,354
Lease/Rentals	800	0	0	0	0	2,250
Sale of Materials and Supplies	1,046	0	0	0	25,483	0
Commissary Sales	55,678	0	0	0	0	0

(Continued)

## Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Recycled Materials	\$ 0	\$ 17,345	\$ 0	\$ 0	\$ 0	0
Miscellaneous Refunds	9,804	0	752	0	3,194	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	1,206	0
Total Other Local Revenues	\$ 67,328	\$ 17,345	\$ 752	\$ 0	\$ 29,883	\$ 246,604
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 55,936	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	18,881	0	0	0	0	0
General Sessions Court Clerk	29,522	0	0	0	0	0
Clerk and Master	30,656	0	0	0	0	0
Juvenile Court Clerk	3,305	0	0	0	0	0
Register	24,791	0	0	0	0	0
Sheriff	1,280	0	0	0	0	0
Trustee	96,939	0	0	0	0	0
Total Fees Received From County Officials	\$ 261,310	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	2,175	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	8,400	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	\$ 137,300	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
Litter Program	37,303	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	4,825	915	0	0	0	166
Beer Tax	17,959	0	0	0	0	0
Alcoholic Beverage Tax	31,344	0	0	0	0	0
State Revenue Sharing - T.V.A.	283,481	0	0	0	0	0
Contracted Prisoner Boarding	900,051	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,762,674	0
Petroleum Special Tax	0	0	0	0	4,920	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	34,801	0	0	0	0	0
Other State Revenues	44,335	0	0	0	0	0
Total State of Tennessee	\$ 1,523,963	\$ 3,090	\$ 0	\$ 0	\$ 1,767,594	\$ 166
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,103	\$ 0
Community Development	0	0	0	0	0	0
Other Federal through State	41,053	0	0	0	0	0
Total Federal Government	\$ 41,053	\$ 0	\$ 0	\$ 0	\$ 35,103	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 48,500	\$ 0	\$ 1,030	\$ 0	\$ 0	\$ 541,000
<u>Other</u>						
Other	49,637	0	0	0	0	440,659
Total Other Governments and Citizens Groups	<u>\$ 98,137</u>	<u>\$ 0</u>	<u>\$ 1,030</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 981,659</u>
Total	<u>\$ 4,500,962</u>	<u>\$ 265,768</u>	<u>\$ 13,745</u>	<u>\$ 9,910</u>	<u>\$ 1,832,580</u>	<u>\$ 1,243,037</u>

(Continued)

## Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 1,397,401
Trustee's Collections - Prior Year	0	47,730
Circuit Clerk/Clerk and Master Collections - Prior Years	0	72,708
Interest and Penalty	0	8,958
Payments in-Lieu-of Taxes - T.V.A.	0	23
Payments in-Lieu-of Taxes - Local Utilities	0	5,598
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	56,300
Wheel Tax	0	138,713
Litigation Tax - General	0	7,436
Litigation Tax - Special Purpose	0	4,078
Litigation Tax - Jail, Workhouse, or Courthouse	0	4,967
Litigation Tax - Courthouse Security	0	1,059
Business Tax	0	22,167
Other County Local Option Taxes	0	2,426
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	11,459
Wholesale Beer Tax	0	3,520
Interstate Telecommunications Tax	0	3,784
Total Local Taxes	<u>\$ 0</u>	<u>\$ 1,788,327</u>
<u>Licenses and Permits</u>		
<u>Permits</u>		
Building Permits	\$ 0	\$ 7,250
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 7,250</u>

(Continued)

## Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 1,277
Officers Costs	0	1,413
Drug Control Fines	0	6,326
Drug Court Fees	0	166
DUI Treatment Fines	0	142
Data Entry Fee - Circuit Court	0	384
<u>Criminal Court</u>		
Jail Fees	0	2,510
<u>General Sessions Court</u>		
Fines	0	6,571
Officers Costs	0	11,494
Game and Fish Fines	0	22
Drug Control Fines	0	6,503
Drug Court Fees	0	1,249
Jail Fees	0	13,875
DUI Treatment Fines	0	1,163
Data Entry Fee - General Sessions Court	0	1,632
<u>Juvenile Court</u>		
Fines	0	715
Officers Costs	0	696
Data Entry Fee - Juvenile Court	0	886
<u>Chancery Court</u>		
Officers Costs	0	304
Data Entry Fee - Chancery Court	0	407

(Continued)

## Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Judicial District Drug Program</u>		
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 4,540
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	775
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 63,050</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 125
Patient Charges	0	890,858
Work Release Charges for Board	0	16,150
<u>Fees</u>		
Copy Fees	0	806
Library Fees	0	3,035
Telephone Commissions	0	8,486
Special Commissioner Fees/Special Master Fees	0	9,910
Data Processing Fee - Register	0	1,938
Sexual Offender Registration Fee - Sheriff	0	1,050
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 932,358</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 244,354
Lease/Rentals	0	3,050
Sale of Materials and Supplies	0	26,529
Commissary Sales	0	55,678

(Continued)



## Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Other Local Revenues (Cont.)</u>		
<u>Recurring Items (Cont.)</u>		
Sale of Recycled Materials	\$ 0	\$ 17,345
Miscellaneous Refunds	0	13,750
<u>Nonrecurring Items</u>		
Sale of Equipment	0	1,206
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 361,912</u>
 <u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 55,936
Circuit Court Clerk	0	18,881
General Sessions Court Clerk	0	29,522
Clerk and Master	0	30,656
Juvenile Court Clerk	0	3,305
Register	0	24,791
Sheriff	0	1,280
Trustee	0	96,939
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 261,310</u>
 <u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Solid Waste Grants	0	2,175
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	8,400

(Continued)

## Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	\$ 0	\$ 137,300
<u>Public Works Grants</u>		
Litter Program	0	37,303
<u>Other State Revenues</u>		
Income Tax	0	5,906
Beer Tax	0	17,959
Alcoholic Beverage Tax	0	31,344
State Revenue Sharing - T.V.A.	0	283,481
Contracted Prisoner Boarding	0	900,051
Gasoline and Motor Fuel Tax	0	1,762,674
Petroleum Special Tax	0	4,920
Registrar's Salary Supplement	0	15,164
Other State Grants	4,725	39,526
Other State Revenues	0	44,335
Total State of Tennessee	\$ 4,725	\$ 3,299,538
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA - Other	\$ 0	\$ 35,103
Community Development	1,020,140	1,020,140
Other Federal through State	0	41,053
Total Federal Government	\$ 1,020,140	\$ 1,096,296

(Continued)

Exhibit K-6

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 590,530
<u>Other</u>		
Other	0	490,296
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,080,826</u>
Total	<u>\$ 1,024,865</u>	<u>\$ 8,890,867</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, 2019

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 669,676	\$ 0	\$ 0	\$ 669,676
Trustee's Collections - Prior Year	20,232	0	0	20,232
Circuit Clerk/Clerk and Master Collections - Prior Years	32,346	0	0	32,346
Interest and Penalty	3,740	0	0	3,740
Payments in-Lieu-of Taxes - T.V.A.	11	0	0	11
<u>County Local Option Taxes</u>				
Local Option Sales Tax	244,266	0	0	244,266
Wheel Tax	58,605	0	0	58,605
<u>Statutory Local Taxes</u>				
Wholesale Beer Tax	1,611	0	0	1,611
Interstate Telecommunications Tax	5,233	0	0	5,233
Total Local Taxes	\$ 1,035,720	\$ 0	\$ 0	\$ 1,035,720
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 332	\$ 0	\$ 0	\$ 332
Total Licenses and Permits	\$ 332	\$ 0	\$ 0	\$ 332
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 0	\$ 0	\$ 43,760	\$ 43,760
Total Charges for Current Services	\$ 0	\$ 0	\$ 43,760	\$ 43,760

(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>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 889	\$ 0	\$ 9,515	\$ 10,404
Lease/Rentals	22,871	0	0	22,871
Miscellaneous Refunds	50,392	0	22	50,414
<u>Nonrecurring Items</u>				
Sale of Equipment	13,350	0	0	13,350
Sale of Property	250	0	0	250
Contributions and Gifts	218,312	0	4,000	222,312
<u>Other Local Revenues</u>				
Other Local Revenues	70	0	0	70
Total Other Local Revenues	\$ 306,134	\$ 0	\$ 13,537	\$ 319,671
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 28,403	\$ 0	\$ 0	\$ 28,403
<u>State Education Funds</u>				
Basic Education Program	7,101,872	0	0	7,101,872
Early Childhood Education	333,785	0	0	333,785
Other State Education Funds	208,296	0	0	208,296
Coordinated School Health	85,000	0	0	85,000
Family Resource Centers	29,612	0	0	29,612
Career Ladder Program	37,351	0	0	37,351
Other Vocational	100,000	0	0	100,000
<u>Other State Revenues</u>				
Income Tax	2,825	0	0	2,825

(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>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Grants	\$ 0	\$ 0	\$ 6,895	\$ 6,895
Other State Revenues	74,963	0	0	74,963
Total State of Tennessee	<u>\$ 8,002,107</u>	<u>\$ 0</u>	<u>\$ 6,895</u>	<u>\$ 8,009,002</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 480,948	\$ 480,948
USDA - Commodities	0	0	54,852	54,852
Breakfast	0	0	142,322	142,322
USDA - Other	0	0	46,924	46,924
Vocational Education - Basic Grants to States	0	60,523	0	60,523
Title I Grants to Local Education Agencies	0	580,915	0	580,915
Special Education - Grants to States	0	272,423	0	272,423
Special Education Preschool Grants	0	7,741	0	7,741
Rural Education	0	19,219	0	19,219
Eisenhower Professional Development State Grants	0	71,038	0	71,038
Other Federal through State	0	32,679	0	32,679
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,044,538</u>	<u>\$ 725,046</u>	<u>\$ 1,769,584</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Total Other Governments and Citizens Groups	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
Total	<u>\$ 9,364,293</u>	<u>\$ 1,044,538</u>	<u>\$ 789,238</u>	<u>\$ 11,198,069</u>

## Exhibit K-8

Hancock County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

Bonus Payments	\$	1,624	
Other Salaries and Wages		16,170	
Board and Committee Members Fees		46,921	
Social Security		4,043	
Employee and Dependent Insurance		3,141	
Unemployment Compensation		1,091	
Employer Medicare		946	
Audit Services		3,722	
Bank Charges		230	
Contributions		2,480	
Dues and Memberships		4,516	
Legal Notices, Recording, and Court Costs		1,660	
Maintenance and Repair Services - Vehicles		92	
Travel		1,705	
Other Contracted Services		364	
Premiums on Corporate Surety Bonds		2,163	
Vehicle and Equipment Insurance		3,906	
Other Charges		5,036	
Total County Commission			\$ 99,810

Board of Equalization

Board and Committee Members Fees	\$	1,500	
Total Board of Equalization			1,500

County Mayor/Executive

County Official/Administrative Officer	\$	81,886	
Clerical Personnel		3,000	
Other Salaries and Wages		894	
Social Security		5,311	
Pensions		7,886	
Unemployment Compensation		29	
Employer Medicare		1,242	
Communication		5,025	
Data Processing Services		14,685	
Dues and Memberships		1,794	
Postal Charges		6,296	
Travel		4,990	
Office Supplies		765	
Premiums on Corporate Surety Bonds		367	
Vehicle and Equipment Insurance		2,920	
Other Charges		2,108	
Total County Mayor/Executive			139,198

County Attorney

Social Security	\$	2,189	
Pensions		2,877	
Employee and Dependent Insurance		1,665	

(Continued)

## Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)County Attorney (Cont.)

Unemployment Compensation	\$	140	
Employer Medicare		512	
Other Contracted Services		15,240	
Total County Attorney			\$ 22,623

Election Commission

County Official/Administrative Officer	\$	59,912	
Bonus Payments		541	
Other Salaries and Wages		3,822	
Election Commission		8,200	
Election Workers		7,975	
Social Security		4,256	
Pensions		5,770	
Unemployment Compensation		1,297	
Employer Medicare		995	
Communication		2,829	
Data Processing Services		7,100	
Dues and Memberships		300	
Legal Notices, Recording, and Court Costs		2,018	
Maintenance and Repair Services - Equipment		430	
Postal Charges		93	
Printing, Stationery, and Forms		729	
Rentals		2,500	
Travel		3,802	
Other Contracted Services		1,345	
Data Processing Supplies		163	
Office Supplies		500	
Total Election Commission			114,577

Register of Deeds

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		22,916	
Bonus Payments		108	
Social Security		5,541	
Pensions		6,411	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		140	
Employer Medicare		1,296	
Communication		4,024	
Data Processing Services		1,715	
Dues and Memberships		991	
Operating Lease Payments		1,470	
Legal Notices, Recording, and Court Costs		18	
Maintenance and Repair Services - Buildings		1,800	
Travel		735	
Office Supplies		787	
Premiums on Corporate Surety Bonds		192	
Total Register of Deeds			120,953

(Continued)



## Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)County Buildings

Supervisor/Director	\$	6,000	
Custodial Personnel		20,361	
Bonus Payments		325	
Other Salaries and Wages		10,818	
Social Security		2,328	
Employee and Dependent Insurance		3,597	
Unemployment Compensation		492	
Employer Medicare		544	
Communication		1,407	
Maintenance and Repair Services - Buildings		16,342	
Maintenance and Repair Services - Vehicles		126	
Other Contracted Services		5,732	
Custodial Supplies		5,554	
Electricity		59,724	
Water and Sewer		12,045	
Other Supplies and Materials		3,327	
Other Charges		5,573	
Total County Buildings			\$ 154,295

FinancePurchasing

Data Processing Personnel	\$	56,869	
Bonus Payments		217	
Social Security		3,539	
Unemployment Compensation		266	
Employer Medicare		828	
Operating Lease Payments		2,184	
Office Supplies		1,745	
Total Purchasing			65,648

Property Assessor's Office

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		27,360	
Bonus Payments		108	
Social Security		5,830	
Pensions		6,411	
Employee and Dependent Insurance		4,940	
Unemployment Compensation		140	
Employer Medicare		1,364	
Audit Services		1,400	
Communication		580	
Data Processing Services		4,540	
Dues and Memberships		65	
Legal Notices, Recording, and Court Costs		98	
Maintenance and Repair Services - Vehicles		60	
Travel		457	
Office Supplies		476	
Total Property Assessor's Office			120,398

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)Reappraisal Program

Clerical Personnel	\$	17,029	
Social Security		1,056	
Employee and Dependent Insurance		4,480	
Unemployment Compensation		140	
Employer Medicare		247	
Maintenance and Repair Services - Buildings		581	
Maintenance and Repair Services - Vehicles		574	
Travel		56	
Premiums on Corporate Surety Bonds		175	
Total Reappraisal Program			\$ 24,338

County Trustee's Office

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		29,863	
Bonus Payments		108	
Social Security		5,985	
Pensions		6,411	
Employee and Dependent Insurance		6,306	
Unemployment Compensation		140	
Employer Medicare		1,400	
Communication		4,452	
Data Processing Services		9,237	
Dues and Memberships		813	
Legal Notices, Recording, and Court Costs		178	
Printing, Stationery, and Forms		3,399	
Travel		606	
Office Supplies		520	
Premiums on Corporate Surety Bonds		3,137	
Total County Trustee's Office			139,124

County Clerk's Office

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		49,979	
Social Security		7,194	
Pensions		6,411	
Employee and Dependent Insurance		9,359	
Unemployment Compensation		280	
Employer Medicare		1,682	
Communication		2,801	
Data Processing Services		9,321	
Dues and Memberships		940	
Legal Notices, Recording, and Court Costs		18	
Postal Charges		50	
Travel		684	
Office Supplies		2,065	
Premiums on Corporate Surety Bonds		192	
Office Equipment		1,486	
Total County Clerk's Office			159,031

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)Other Finance

Trustee's Commission	\$	37,370	
Total Other Finance			\$ 37,370

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		26,870	
Bonus Payments		108	
Jury and Witness Expense		6,222	
Social Security		5,771	
Pensions		6,411	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		140	
Employer Medicare		1,350	
Communication		5,190	
Data Processing Services		13,951	
Dues and Memberships		471	
Evaluation and Testing		800	
Operating Lease Payments		2,875	
Legal Notices, Recording, and Court Costs		112	
Office Supplies		1,590	
Premiums on Corporate Surety Bonds		267	
Total Circuit Court			144,937

General Sessions Court

Judge(s)	\$	71,796	
Bonus Payments		108	
Social Security		4,458	
Pensions		6,914	
Employer Medicare		1,043	
Dues and Memberships		350	
Travel		1,401	
Total General Sessions Court			86,070

Chancery Court

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		22,336	
Bonus Payments		108	
Jury and Witness Expense		571	
Social Security		5,519	
Pensions		6,411	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		140	
Employer Medicare		1,291	
Advertising		50	
Communication		4,166	
Data Processing Services		5,841	

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Dues and Memberships	\$	651	
Operating Lease Payments		1,860	
Legal Notices, Recording, and Court Costs		308	
Travel		1,482	
Office Supplies		557	
Other Supplies and Materials		143	
Premiums on Corporate Surety Bonds		567	
Total Chancery Court			\$ 124,810

Public SafetySheriff's Department

County Official/Administrative Officer	\$	78,225	
Deputy(ies)		295,010	
Investigator(s)		56,183	
Bonus Payments		1,191	
Other Salaries and Wages		15,664	
In-service Training		15,996	
Social Security		26,602	
Pensions		4,290	
Employee and Dependent Insurance		8,713	
Unemployment Compensation		2,605	
Employer Medicare		6,207	
Dues and Memberships		1,485	
Maintenance and Repair Services - Vehicles		15,841	
Gasoline		44,927	
Law Enforcement Supplies		8,063	
Tires and Tubes		4,066	
Uniforms		11,649	
Liability Insurance		44,778	
Premiums on Corporate Surety Bonds		1,017	
Vehicle and Equipment Insurance		73,341	
Building Construction		64,406	
Data Processing Equipment		145	
Total Sheriff's Department			780,404

Jail

Accountants/Bookkeepers	\$	19,672	
Dispatchers/Radio Operators		86,527	
Guards		352,942	
Clerical Personnel		25,026	
Cafeteria Personnel		21,659	
Bonus Payments		2,166	
Other Salaries and Wages		16,950	
Social Security		32,529	
Employee and Dependent Insurance		8,189	
Unemployment Compensation		4,796	
Employer Medicare		7,608	

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Communication	\$	26,708	
Operating Lease Payments		4,001	
Legal Notices, Recording, and Court Costs		430	
Medical and Dental Services		103,384	
Postal Charges		1,612	
Rentals		1,375	
Travel		8,778	
Other Contracted Services		8,954	
Custodial Supplies		19,229	
Electricity		52,266	
Food Preparation Supplies		4,703	
Food Supplies		170,164	
Gasoline		1,596	
General Construction Materials		809	
Office Supplies		6,927	
Propane Gas		7,491	
Water and Sewer		48,474	
Other Supplies and Materials		31,406	
Specialized Medical Treatment		102,362	
Maintenance Equipment		18,567	
Total Jail			\$ 1,197,300

Juvenile Services

Youth Service Officer(s)	\$	11,104	
Bonus Payments		108	
Social Security		695	
Unemployment Compensation		140	
Employer Medicare		163	
Total Juvenile Services			12,210

Commissary

Other Supplies and Materials	\$	18,091	
Total Commissary			18,091

Civil Defense

Bonus Payments	\$	325	
Other Salaries and Wages		6,706	
Social Security		436	
Unemployment Compensation		141	
Employer Medicare		102	
Communication		57	
Diesel Fuel		44	
Vehicle and Equipment Insurance		4,441	
Total Civil Defense			12,252

Rescue Squad

Contributions	\$	1,361	
Gasoline		1,979	
Total Rescue Squad			3,340

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner

Other Contracted Services	\$ 31,217	
Total County Coroner/Medical Examiner		\$ 31,217

Other Public Safety

Road Signs	\$ 2,152	
Total Other Public Safety		2,152

Public Health and WelfareLocal Health Center

Custodial Personnel	\$ 9,004	
Social Security	518	
Unemployment Compensation	108	
Employer Medicare	121	
Communication	5,248	
Maintenance Agreements	1,170	
Maintenance and Repair Services - Buildings	5,184	
Maintenance and Repair Services - Equipment	751	
Pest Control	342	
Postal Charges	711	
Custodial Supplies	4,090	
Drugs and Medical Supplies	102	
Electricity	14,192	
Office Supplies	4,676	
Water and Sewer	1,353	
Building and Contents Insurance	2,071	
Other Charges	2,395	
Office Equipment	456	
Other Equipment	56	
Total Local Health Center		52,548

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 5,790	
Medical Personnel	230,289	
Part-time Personnel	193,282	
Overtime Pay	147,186	
Bonus Payments	1,408	
In-service Training	748	
Social Security	35,640	
Employee and Dependent Insurance	6,240	
Unemployment Compensation	3,115	
Employer Medicare	8,335	
Ambulance Services	8	
Communication	2,416	
Data Processing Services	40,822	
Dues and Memberships	1,942	
Legal Notices, Recording, and Court Costs	724	
Licenses	15,254	

(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.)

Maintenance and Repair Services - Buildings	\$	2,795	
Maintenance and Repair Services - Vehicles		32,441	
Medical and Dental Services		656	
Disposal Fees		798	
Other Contracted Services		4,228	
Custodial Supplies		2,749	
Diesel Fuel		25,537	
Drugs and Medical Supplies		19,478	
Electricity		5,430	
Office Supplies		1,401	
Propane Gas		3,540	
Tires and Tubes		1,716	
Uniforms		4,212	
Water and Sewer		1,783	
Other Supplies and Materials		4,227	
Vehicle and Equipment Insurance		31,639	
Motor Vehicles		73,674	
Office Equipment		3,275	
Total Ambulance/Emergency Medical Services			\$ 912,778

Alcohol and Drug Programs

Other Supplies and Materials	\$	8,440	
Total Alcohol and Drug Programs			8,440

Crippled Children Services

Contributions	\$	415	
Total Crippled Children Services			415

Other Local Health Services

Other Salaries and Wages	\$	22,490	
Social Security		1,388	
Unemployment Compensation		316	
Employer Medicare		325	
Travel		282	
Total Other Local Health Services			24,801

Sanitation Management

Guards	\$	26,389	
Clerical Personnel		1,966	
Bonus Payments		108	
Social Security		1,726	
Employee and Dependent Insurance		1,690	
Unemployment Compensation		239	
Employer Medicare		404	
Gasoline		5,757	
General Construction Materials		144	
Other Supplies and Materials		320	
Total Sanitation Management			38,743

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Education/Information

Guards	\$	747	
Social Security		46	
Employer Medicare		11	
Total Sanitation Education/Information			\$ 804

Other Public Health and Welfare

Other Supplies and Materials	\$	11,891	
Total Other Public Health and Welfare			11,891

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Contributions	\$	7,585	
Total Senior Citizens Assistance			7,585

Libraries

Assistant(s)	\$	17,791	
Librarians		25,196	
Bonus Payments		108	
Social Security		2,657	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		280	
Employer Medicare		621	
Communication		4,261	
Dues and Memberships		75	
Travel		190	
Custodial Supplies		496	
Electricity		3,422	
Library Books/Media		5,041	
Office Supplies		3,149	
Periodicals		447	
Water and Sewer		1,082	
Other Charges		1,471	
Office Equipment		6,014	
Total Libraries			78,541

Other Social, Cultural, and Recreational

Other Contracted Services	\$	336	
Other Charges		90	
Total Other Social, Cultural, and Recreational			426

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	4,669	
Dues and Memberships		305	
Rentals		6,000	
Travel		1,230	
Other Contracted Services		29,700	

(Continued)



## Exhibit K-8

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agricultural Extension Service (Cont.)

Custodial Supplies	\$	240	
Electricity		1,138	
Office Supplies		629	
Water and Sewer		1,150	
Other Charges		1,535	
Office Equipment		728	
Total Agricultural Extension Service			\$ 47,324

Soil Conservation

Communication	\$	2,075	
Contributions		14,480	
Rentals		3,840	
Total Soil Conservation			20,395

Storm Water Management

Other Construction	\$	53,435	
Total Storm Water Management			53,435

Other OperationsVeterans' Services

Bonus Payments	\$	108	
Other Salaries and Wages		6,267	
Social Security		395	
Unemployment Compensation		127	
Employer Medicare		92	
Communication		1,740	
Travel		162	
Total Veterans' Services			8,891

Contributions to Other Agencies

Contributions	\$	20,000	
Total Contributions to Other Agencies			20,000

Principal on DebtGeneral Government

Principal on Notes	\$	78,180	
Total General Government			78,180

Interest on DebtGeneral Government

Interest on Notes	\$	7,443	
Total General Government			7,443

Total General Fund \$ 4,984,288

(Continued)

## Exhibit K-8

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

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Supervisor/Director	\$	38,472	
Truck Drivers		59,162	
Bonus Payments		325	
Other Salaries and Wages		23,027	
Social Security		7,644	
Employee and Dependent Insurance		3,120	
Unemployment Compensation		560	
Employer Medicare		1,757	
Communication		2,077	
Contracts with Private Agencies		125,925	
Evaluation and Testing		4,129	
Legal Notices, Recording, and Court Costs		235	
Maintenance and Repair Services - Buildings		75	
Maintenance and Repair Services - Equipment		5,503	
Maintenance and Repair Services - Vehicles		3,494	
Other Contracted Services		7,306	
Crushed Stone		1,275	
Diesel Fuel		23,021	
Electricity		2,005	
Tires and Tubes		2,452	
Other Supplies and Materials		184	
Trustee's Commission		4,935	
Vehicle and Equipment Insurance		11,030	
Other Charges		1,311	
Total Sanitation Management			\$ 329,024

Total Solid Waste/Sanitation Fund \$ 329,024

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	8,000	
Maintenance and Repair Services - Vehicles		24	
Veterinary Services		280	
Trustee's Commission		126	
Vehicle and Equipment Insurance		707	
Other Charges		5,278	
Motor Vehicles		2,500	
Total Drug Enforcement			\$ 16,915

Total Drug Control Fund 16,915

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$	9,910	
Total Chancery Court			\$ 9,910

Total Constitutional Officers - Fees Fund 9,910

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	73,226	
Accountants/Bookkeepers		43,673	
Laborers		332,697	
Overtime Pay		8,045	
Communication		8,330	
Data Processing Services		8,530	
Travel		124	
Office Supplies		1,486	
Utilities		5,246	
Total Administration			\$ 481,357

Highway and Bridge Maintenance

Contracts with Private Agencies	\$	105,960	
Asphalt		231,816	
Crushed Stone		139,249	
Pipe - Metal		12,827	
Other Supplies and Materials		10,640	
Total Highway and Bridge Maintenance			500,492

Operation and Maintenance of Equipment

Diesel Fuel	\$	38,313	
Equipment and Machinery Parts		30,402	
Gasoline		37,452	
Lubricants		5,886	
Tires and Tubes		12,620	
Total Operation and Maintenance of Equipment			124,673

Other Charges

Dues and Memberships	\$	2,377	
Trustee's Commission		17,736	
Vehicle and Equipment Insurance		55,880	
Other Charges		8,704	
Total Other Charges			84,697

Employee Benefits

Social Security	\$	28,388	
Pensions		7,052	
Life Insurance		17,819	
Medical Insurance		33,300	
Unemployment Compensation		1,360	
Employer Medicare		6,639	
Other Fringe Benefits		8,125	
Workers' Compensation Insurance		37,732	
Total Employee Benefits			140,415

Capital Outlay

Operating Lease Payments	\$	2,459	
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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.)Capital Outlay (Cont.)

Building Improvements	\$ 5,002	
Highway Equipment	230,985	
Total Capital Outlay		\$ 238,446

Total Highway/Public Works Fund \$ 1,570,080

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 264,024	
Principal on Notes	2,905	
Total General Government		\$ 266,929

Education

Principal on Bonds	\$ 328,440	
Total Education		328,440

Interest on DebtGeneral Government

Interest on Bonds	\$ 163,887	
Interest on Notes	1,005	
Total General Government		164,892

Education

Interest on Bonds	\$ 219,793	
Total Education		219,793

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 302	
Total General Government		302

Education

Other Debt Service	\$ 500	
Total Education		500

Total General Debt Service Fund 980,856

General Capital Projects FundOther OperationsIndustrial Development

Site Development	\$ 1,075,590	
Total Industrial Development		\$ 1,075,590

Capital ProjectsPublic Utility Projects

Site Development	\$ 4,235	
Total Public Utility Projects		4,235

Total General Capital Projects Fund 1,079,825

Total Governmental Funds - Primary Government \$ 8,970,898

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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,642,276	
Career Ladder Program		15,000	
Homebound Teachers		27,276	
Educational Assistants		31,449	
Other Salaries and Wages		22,305	
Certified Substitute Teachers		7,400	
Non-certified Substitute Teachers		32,306	
Social Security		164,028	
Pensions		254,358	
Medical Insurance		228,913	
Unemployment Compensation		2,490	
Employer Medicare		38,360	
Instructional Supplies and Materials		6,151	
Textbooks - Bound		84,625	
Total Regular Instruction Program			\$ 3,556,937

Alternative Instruction Program

Teachers	\$	41,154	
Career Ladder Program		1,000	
Non-certified Substitute Teachers		51	
Social Security		2,425	
Pensions		4,357	
Medical Insurance		3,809	
Unemployment Compensation		40	
Employer Medicare		567	
Total Alternative Instruction Program			53,403

Special Education Program

Teachers	\$	383,065	
Career Ladder Program		2,500	
Educational Assistants		108,783	
Non-certified Substitute Teachers		3,017	
Social Security		29,567	
Pensions		38,234	
Medical Insurance		53,250	
Unemployment Compensation		400	
Employer Medicare		6,915	
Other Contracted Services		15,103	
Instructional Supplies and Materials		455	
Total Special Education Program			641,289

Career and Technical Education Program

Teachers	\$	257,250	
Career Ladder Program		3,000	
Educational Assistants		10,339	
Non-certified Substitute Teachers		3,273	

(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 (Cont.)

Social Security	\$	16,273	
Pensions		25,961	
Medical Insurance		23,006	
Unemployment Compensation		400	
Employer Medicare		3,806	
Travel		283	
Total Career and Technical Education Program			\$ 343,591

Support Services

Attendance

Supervisor/Director	\$	66,290	
Career Ladder Program		1,000	
Other Salaries and Wages		76,023	
Social Security		7,600	
Pensions		7,039	
Medical Insurance		33,182	
Unemployment Compensation		100	
Employer Medicare		1,777	
Other Supplies and Materials		336	
In Service/Staff Development		1,429	
Total Attendance			194,776

Health Services

Supervisor/Director	\$	33,745	
Other Salaries and Wages		40,482	
Social Security		4,323	
Pensions		4,234	
Medical Insurance		4,957	
Unemployment Compensation		150	
Employer Medicare		1,011	
Travel		1,950	
Other Supplies and Materials		2,561	
Other Charges		4,380	
Total Health Services			97,793

Other Student Support

Guidance Personnel	\$	97,499	
School Resource Officer		21,206	
Other Salaries and Wages		124,266	
Social Security		13,737	
Pensions		10,198	
Medical Insurance		43,219	
Unemployment Compensation		300	
Employer Medicare		3,214	
Other Supplies and Materials		27,338	
In Service/Staff Development		2,500	
Total Other Student Support			343,477

(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.)Regular Instruction Program

Supervisor/Director	\$	30,656	
Career Ladder Program		1,500	
Librarians		95,698	
Materials Supervisor		43,148	
Social Security		10,181	
Pensions		17,600	
Medical Insurance		13,644	
Unemployment Compensation		100	
Employer Medicare		2,381	
Library Books/Media		8,881	
Periodicals		405	
Other Supplies and Materials		27,984	
In Service/Staff Development		4,003	
Other Charges		13,200	
Total Regular Instruction Program			\$ 269,381

Special Education Program

Supervisor/Director	\$	71,491	
Career Ladder Program		1,000	
Social Security		4,151	
Pensions		7,112	
Medical Insurance		7,943	
Unemployment Compensation		40	
Employer Medicare		971	
In Service/Staff Development		3,730	
Total Special Education Program			96,438

Career and Technical Education Program

Supervisor/Director	\$	66,410	
Social Security		4,016	
Pensions		6,947	
Employer Medicare		939	
In Service/Staff Development		478	
Other Equipment		100,000	
Total Career and Technical Education Program			178,790

Technology

Instructional Computer Personnel	\$	28,517	
Social Security		1,768	
Unemployment Compensation		40	
Employer Medicare		413	
Maintenance and Repair Services - Equipment		21,589	
Internet Connectivity		13,844	
Total Technology			66,171

(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	\$	28,403	
Total Other Programs			\$ 28,403

Board of Education

Secretary to Board	\$	1,300	
Board and Committee Members Fees		8,400	
Social Security		601	
Employer Medicare		141	
Audit Services		7,100	
Dues and Memberships		8,517	
Legal Services		2,465	
Travel		730	
Other Contracted Services		2,700	
Liability Insurance		75,148	
Trustee's Commission		34,560	
Workers' Compensation Insurance		38,506	
Other Charges		14,221	
Total Board of Education			194,389

Director of Schools

County Official/Administrative Officer	\$	85,200	
Career Ladder Extended Contracts		1,000	
Social Security		5,062	
Pensions		8,442	
Medical Insurance		7,943	
Unemployment Compensation		40	
Employer Medicare		1,184	
Other Fringe Benefits		622	
Communication		10,204	
Postal Charges		1,465	
In Service/Staff Development		3,302	
Total Director of Schools			124,464

Office of the Principal

Principals	\$	123,457	
Assistant Principals		58,754	
Secretary(ies)		38,477	
Social Security		13,409	
Pensions		19,059	
Medical Insurance		11,191	
Unemployment Compensation		150	
Employer Medicare		3,136	
Total Office of the Principal			267,633

Fiscal Services

Accountants/Bookkeepers	\$	73,345	
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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	\$	4,138	
Medical Insurance		13,163	
Unemployment Compensation		40	
Employer Medicare		968	
Travel		2,669	
Other Contracted Services		12,353	
Other Supplies and Materials		8,253	
Total Fiscal Services			\$ 114,929

Operation of Plant

Supervisor/Director	\$	52,778	
Custodial Personnel		152,516	
Social Security		12,389	
Pensions		5,521	
Medical Insurance		21,856	
Unemployment Compensation		300	
Employer Medicare		2,897	
Maintenance and Repair Services - Equipment		12,935	
Disposal Fees		4,968	
Other Contracted Services		5,309	
Custodial Supplies		10,804	
Electricity		285,091	
Natural Gas		14,270	
Water and Sewer		28,413	
Total Operation of Plant			610,047

Maintenance of Plant

Supervisor/Director	\$	17,088	
Social Security		1,069	
Medical Insurance		3,246	
Unemployment Compensation		40	
Employer Medicare		250	
Maintenance and Repair Services - Buildings		13,854	
Maintenance and Repair Services - Equipment		23,993	
Total Maintenance of Plant			59,540

Transportation

Supervisor/Director	\$	50,571	
Mechanic(s)		24,214	
Bus Drivers		195,599	
Social Security		16,461	
Pensions		3,400	
Medical Insurance		13,115	
Unemployment Compensation		652	
Employer Medicare		3,866	
Contracts with Parents		2,195	

(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.)

Maintenance and Repair Services - Vehicles	\$	53,171	
Travel		634	
Diesel Fuel		43,275	
Gasoline		23,964	
Tires and Tubes		9,674	
Other Charges		1,548	
Transportation Equipment		77,409	
Total Transportation			\$ 519,748

Operation of Non-Instructional Services

Community Services

Teachers	\$	2,432	
Other Salaries and Wages		73,499	
Social Security		4,564	
Pensions		2,537	
Medical Insurance		10,441	
Unemployment Compensation		380	
Employer Medicare		1,067	
Other Supplies and Materials		3,010	
In Service/Staff Development		3,406	
Total Community Services			101,336

Early Childhood Education

Supervisor/Director	\$	53,085	
Teachers		125,789	
Educational Assistants		62,799	
Other Salaries and Wages		640	
Non-certified Substitute Teachers		4,014	
Social Security		14,636	
Pensions		18,710	
Medical Insurance		26,316	
Unemployment Compensation		760	
Employer Medicare		3,423	
Instructional Supplies and Materials		3,848	
Other Supplies and Materials		17,205	
In Service/Staff Development		1,574	
Total Early Childhood Education			332,799

Capital Outlay

Regular Capital Outlay

Land	\$	67,000	
Total Regular Capital Outlay			67,000

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	541,000	
Total Education			541,000

Total General Purpose School Fund \$ 8,803,334

(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 FundInstructionRegular Instruction Program

Teachers	\$	15,552	
Educational Assistants		17,397	
Other Salaries and Wages		248,877	
Non-certified Substitute Teachers		11,116	
Social Security		16,682	
Pensions		27,477	
Medical Insurance		25,950	
Unemployment Compensation		665	
Employer Medicare		3,901	
Instructional Supplies and Materials		39,869	
Other Charges		405	
Regular Instruction Equipment		56,097	
Total Regular Instruction Program			\$ 463,988

Special Education Program

Educational Assistants	\$	119,262	
Social Security		7,315	
Unemployment Compensation		1,140	
Employer Medicare		1,711	
Other Contracted Services		29,571	
Instructional Supplies and Materials		5,118	
Other Supplies and Materials		11,872	
Special Education Equipment		13,367	
Total Special Education Program			189,356

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	558	
Instructional Supplies and Materials		125	
Other Supplies and Materials		1,000	
Vocational Instruction Equipment		45,245	
Total Career and Technical Education Program			46,928

Support ServicesOther Student Support

Travel	\$	5,081	
Other Contracted Services		27,348	
Other Supplies and Materials		129	
In Service/Staff Development		2,558	
Other Charges		13,691	
Total Other Student Support			48,807

Regular Instruction Program

Supervisor/Director	\$	33,806	
Other Salaries and Wages		71,207	
In-service Training		8,532	
Social Security		6,853	

(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.)

Pensions	\$	11,635	
Medical Insurance		8,690	
Unemployment Compensation		190	
Employer Medicare		1,603	
Consultants		6,340	
Operating Lease Payments		1,084	
Postal Charges		350	
Library Books/Media		4,500	
Periodicals		1,000	
In Service/Staff Development		26,959	
Total Regular Instruction Program			\$ 182,749

Special Education Program

Secretary(ies)	\$	16,635	
Social Security		935	
Medical Insurance		5,220	
Unemployment Compensation		95	
Employer Medicare		219	
Maintenance and Repair Services - Equipment		1,876	
Other Contracted Services		36,760	
In Service/Staff Development		4,793	
Total Special Education Program			66,533

Career and Technical Education Program

Travel	\$	1,276	
In Service/Staff Development		4,680	
Total Career and Technical Education Program			5,956

Transportation

Bus Drivers	\$	18,905	
Social Security		82	
Unemployment Compensation		95	
Employer Medicare		274	
Maintenance and Repair Services - Vehicles		573	
Gasoline		5,109	
Tires and Tubes		669	
Total Transportation			25,707

Operation of Non-Instructional ServicesFood Service

Food Supplies	\$	129	
Total Food Service			129

Total School Federal Projects Fund \$ 1,030,153

(Continued)

Exhibit K-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	71,263	
Cafeteria Personnel		133,858	
Social Security		12,496	
Pensions		7,454	
Medical Insurance		11,014	
Unemployment Compensation		1,140	
Employer Medicare		2,923	
Maintenance and Repair Services - Equipment		22,856	
Other Contracted Services		5,487	
Food Supplies		335,097	
USDA - Commodities		52,644	
Other Supplies and Materials		30,307	
In Service/Staff Development		1,121	
Food Service Equipment		5,277	
Other Equipment		305	
Total Food Service			\$ 693,242

Total Central Cafeteria Fund	\$ 693,242
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Total Governmental Funds - Hancock County School Department	\$ 10,526,729
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## Exhibit K-10

Hancock County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 190,890
Total Cash Receipts	<u>\$ 190,890</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 188,981
Trustee's Commission	<u>1,909</u>
Total Cash Disbursements	<u>\$ 190,890</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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, 2019, 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 October 11, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2019-001(A), 2019-007, 2019-008, 2019-010(A)(B)(C)(D), 2019-011, and 2019-012.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 2019-001(B), 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-009, and 2019-010(E).

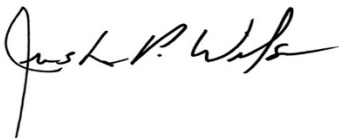
## **Hancock County's Responses to Findings**

Hancock County's responses to the findings identified in our audit are 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 them.

## **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 11, 2019

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

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**

We have audited Hancock County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hancock County's major federal programs for the year ended June 30, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hancock County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hancock County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hancock County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Hancock County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-013. Our opinion on each major federal program is not modified with respect to this matter.

Hancock County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hancock County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Hancock County is responsible for preparing a corrective action plan to address each noncompliance audit finding included in our auditor's report in accordance with the Uniform Guidance. Hancock County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the corrective action plan.

### **Report on Internal Control Over Compliance**

Management of Hancock County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hancock County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hancock County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

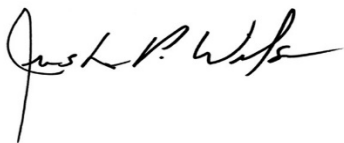
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements. We issued our report thereon dated October 11, 2019, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 11, 2019

JPW/tg

Hancock County, Tennessee, and the Hancock County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2019

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 76,156
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	142,322
National School Lunch Program	10.555	N/A	527,872 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	52,644 (5)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	2,208 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59376	2,071
Total U.S. Department of Agriculture			<u>\$ 803,273</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	(3)	\$ 982,237
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(3)	37,904
Total U.S. Department of Housing and Urban Development			<u>\$ 1,020,141</u>
Appalachian Regional Commission:			
Passed-through Marshall University:			
Appalachian Area Development	23.002	(3)	\$ 3,250
Total Appalachian Regional Commission			<u>\$ 3,250</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 580,914
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	272,423
Special Education - Preschool Grants	84.173	N/A	7,741
Career and Technical Education - Basic Grants to States	84.048	N/A	60,523
Rural Education	84.358	N/A	19,219
Supporting Effective Instruction State Grant	84.367	N/A	71,038
Total U.S. Department of Education			<u>\$ 1,011,858</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-19-59376	\$ 1,557
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	32,679
Medicaid Cluster: (4)			
Medical Assistance Program	93.778	GG-19-59376	3,539
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59376	630
Total U.S. Department of Health and Human Services			<u>\$ 38,405</u>
Total Expenditures of Federal Grants			<u>\$ 2,876,927</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Safe Schools Act - State Department of Education	N/A	(3)	14,609
School Safety - State Department of Education	N/A	(3)	36,030
School Bus Seat Restraint - State Department of Education	N/A	(3)	9,999
Family Resource Center Grant - State Department of Education	N/A	(3)	29,612
Coordinated School Health - State Department of Education	N/A	(3)	85,000
Breakfast After Bell - State Department of Education	N/A	(3)	6,895
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education	N/A	(3)	75,000
Work-Based Learning Grant - State Department of Economic and Community Development	N/A	(3)	25,000
Litter Program - State Department of Transportation	N/A	(3)	37,303
Rural Local Health Services - State Department of Health	N/A	GG-19-59376	18,163
Access to Health through Healthy Active Environments - State Department of Health	N/A	(3)	20,000
Early Childhood Development - State Department of Education	N/A	(3)	333,785
Project 95 - State Department of Economic and Community Development	N/A	(3)	4,725
Special Needs - State Department of Health	N/A	GG-18-59706	<u>106,000</u>
Total State Grants			<u>\$ 811,121</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hancock County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$725,046; Special Education Cluster total \$280,164; CCDF Cluster total \$32,679;  
Medicaid Cluster total \$3,539.
- (5) Total for CFDA No. 10.555 is \$582,724.

Hancock County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2019

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hancock County, Tennessee, for the year ended June 30, 2019.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2018	182-183	2018-001	The office had deficiencies in purchasing procedures.	N/A	Parts A. and B. Not Corrected - See Explanation on Corrective Action Plan  Part C. Corrected
<b><u>OFFICE OF COUNTY CLERK</u></b>					
2018	183	2018-002	The office did not review its software audit logs.	N/A	Corrected
<b><u>OFFICE OF SHERIFF</u></b>					
2018	184-185	2018-003	The office had deficiencies in its commissary operations.	N/A	Part B. Corrected  Parts A., C., and D. Not Corrected - See Explanation on Corrective Action Plan
2018	185	2018-004	Duties were not segregated adequately.	N/A	Not Corrected - See Explanation on Corrective Action Plan

***Prior-year Federal Awards Findings***

2018	186-187	2018-005	The County Mayor's Office had deficiencies in purchasing procedures.	10.766	Part B. Corrected  Part A. Not Corrected - See Explanation on Corrective Action Plan
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**HANCOCK COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

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**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)? **YES**
7. Identification of major federal programs:
  - \* CFDA Numbers: 10.553 and 10.555      Child Nutrition Cluster: School Breakfast Program and National School Lunch Program
  - \* CDFA Number: 14.228      Community Development Block Grants/ State's Program
8. Dollar threshold used to distinguish between type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**



## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2019-001**

#### **THE OFFICE HAD PURCHASING DEFICIENCIES**

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; and B. – Noncompliance Under *Government Auditing Standards* and Title 2 *U.S. Code of Federal Regulations Part 200*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 37 disbursements totaling \$156,095 from a population of approximately 4,515 vendor checks totaling \$7,538,108. Our examination revealed the following deficiencies, which were the result of management's failure to correct the finding noted in the prior-year audit report and a lack of management oversight:

- A. Our sample revealed that in seven of 20 applicable instances, purchase orders were issued after purchases were made. Issuing purchase orders after the purchase defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. Our sample revealed that competitive bids were not solicited in three applicable instances. Competitive bids were not solicited for a change order made to a contract for the construction of the Hancock County Call Center (\$687,108), work performed for creek bank stabilization (\$53,435), and the purchase of a mobile home (\$32,332) to be utilized as a library for the jail. Most of the funding for the Hancock County Call Center came from the Community Development Block Grant program from the United States Department of Housing and Urban Development, and the creek bank stabilization was partially funded with the Emergency Watershed Protection Program from the United States Department of Agriculture. Purchasing requirements of Title 2 *U.S. Code of Federal Regulations Part 200* require certain purchase and bid requirements. Also, purchasing procedures for the office are governed by the provisions of the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated*. This statute requires competitive bids on all purchases exceeding \$10,000.

## RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Competitive bids should be solicited for all applicable purchases as required by state statute and federal rules.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. Our office is continuing to improve on our purchasing measures. We do have a procurement policy in place that states anything over \$10,000 should be bid. We as a county strive to ensure that we have jobs for our people. We did not solicit bids for a change order, which would have been a long process and would have held up construction, keeping jobs at bay once again. We made the decision to keep things proceeding and help get our citizens working at our Call Center. We also had some major flooding throughout the county that caused multiple mud slides and caused some creek banks to become unstable. In order to get these creek banks stabilized, we had to act fast. We had the opportunity to get funding through the Emergency Watershed Protection Program but had to act quickly while those funds were available. This flooding also damaged the parking lot at our library and exposed our main water-line system, which would have resulted in contamination had it burst. The new library expansion at the county jail was a product of Tennessee Corrections Institute (TCI) telling us that we had to expand or lose our jail certification. We acted immediately, and in 120 days we set up a new mobile home to use as our library and remodeled the existing library to accommodate eight more beds. Time was of the essence; therefore, we chose not to go through procurement. By acting quickly, we have satisfied the mandates from TCI. We do not foresee having any of these deficiencies in the future.

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## FINDING 2019-002

### **TWO PAYROLL TAX DEPOSITS TO THE INTERNAL REVENUE SERVICE WERE NOT PROPERLY REMITTED RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTIES TOTALING \$2,107.48**

*(Noncompliance Under Government Auditing Standards)*

Two payroll tax deposits for the March 31, 2018, and June 30, 2018, payrolls were not properly remitted to the Internal Revenue Service (IRS). The failure to properly remit and report these tax deposits resulted in the assessment of interest and penalties totaling \$2,107.48 in the current fiscal year. This deficiency is the result of management's failure to properly remit tax deposits in compliance with IRS regulations.

## RECOMMENDATION

Payroll taxes should be deposited in a timely manner as required by IRS regulations. Officials should request that the interest and penalties be waived.

## MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with the finding. The office was just overwhelmed during that time of year; therefore, the taxes were paid a day late. Staff was not aware we could have these penalties waived. We have taken measures to correct this issue in the future.

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### FINDING 2019-003

#### **TWO CAPITAL OUTLAY NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTE** (Noncompliance Under *Government Auditing Standards*)

On April 2, 2019, the county issued a capital outlay note totaling \$135,000 for grant matching requirements on a Community Development Block Grant, which was used to fund a portion of the Hancock County Call Center. The county issued another capital outlay note on June 26, 2019, totaling \$69,518 for the purchase of an ambulance. Both capital outlay notes were issued without the prior approval of the state Comptroller’s Office as required by Section 9-21-601, *Tennessee Code Annotated*. This deficiency was the result of a lack of management oversight. It should be noted that the county did receive retroactive approval from the state Comptroller’s Office.

### RECOMMENDATION

Capital outlay notes should be issued in compliance with state statute.

## MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with the finding. The capital outlay notes were properly brought before the Hancock County Commission, and we had full support from the commission. We failed to obtain the state's approval. We have taken corrective measures so this will not happen in the future.

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### FINDING 2019-004

#### **THE OFFICE HAD BUDGET OPERATION DEFICIENCIES** (Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to a lack of management oversight, and because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Total expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$12,205.
- B. Expenditures exceeded appropriations in the Libraries major appropriation category (the legal level of control) of the General Fund by \$269, and expenditures exceeded appropriations in the General Government – Principal on Debt major appropriation category in the General Debt Service Fund by \$7,464.

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

Expenditures should be held within appropriations approved by the County Commission.

#### MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with the finding. The deficiency in the Solid Waste/Sanitation Fund was due to a miscalculation. Our staff determined that we made 12 payments to our landfill provider but did not realize that one of these was a payable from the previous year. The deficiency in the General Debt Service Fund was not budgeted, and we did not get it amended at year-end. The Library expense was due to an increase in our phone bills, and management was not aware of the increase. We have taken measures to ensure this does not happen in the future.

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#### FINDING 2019-005

#### **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied daily to storage media, and media more than one week old be stored at an off-site location. This deficiency is the result of management’s failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This deficiency was corrected in August 2019.

#### RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

#### MANAGEMENT’S RESPONSE – COUNTY MAYOR

Normally we take backups off-site weekly. Because our staff was on vacation, we failed to take the backups off-site. We have taken measures to ensure this does not happen in the future.

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## **OFFICES OF COUNTY MAYOR AND SHERIFF**

### **FINDING 2019-006**

#### **THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY THE SHERIFF**

(Noncompliance Under *Government Auditing Standards*)

During the period, two payments totaling \$10,228 were made from the General Fund for repairs to county-owned ambulances to Brad's Auto Repair, a business owned by Sheriff Bradley Brewer. 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."

### **RECOMMENDATION**

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

### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

We concur with the finding. In March 2019, the Hancock County Emergency Management Service had a single vehicle accident. The accident did enough damage to our ambulance so we could not use it, and no one in the county was able to repair our ambulance in a timely manner. Because of the lack of ambulances in operation, I decided to have Brad's Auto Repair perform the needed repairs. I felt that this was in the best interest of the Hancock County residents. We understand that it may have been a conflict of interest, but our people were and are more important than a conflict. We do not plan for this to happen in the future unless circumstances are beyond my control.

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## **OFFICE OF TRUSTEE**

### **FINDING 2019-007**

#### **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated logs that displayed changes and deletions made by users. Because these logs provided the only audit trail of these changes and deletions, they should be routinely reviewed for inappropriate activity. Management was aware of their importance and chose to discontinue the routine review of these audit logs. This deficiency was corrected in June 2019. Procedures for reviewing these logs are currently in place.

## RECOMMENDATION

Management should review all audit logs on a routine basis. Any unusual transactions should be investigated.

## MANAGEMENT'S RESPONSE – TRUSTEE

This office agrees with the audit finding. The trustee did not review a monthly report at the end of each month. The deputy trustee reviews and prints a file maintenance and corrections report, along with monthly reports, at the end of each month. The report printed by the deputy trustee shows changes and deletions, but it is not as accurate as the report requested by the auditor. The reports were printed, reviewed, and provided to the auditor by the trustee, but were not done as a monthly routine.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 2019-008

### **A THEFT OCCURRED AT THE SCHOOL DEPARTMENT** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

On October 31, 2018, a Fraud Reporting Form was filed with the state Comptroller's Office. This form alleged that an employee was selling school assets on eBay. The director of schools investigated the allegation and contacted the Sheriff's Department. They determined that the employee had obtained items from a locked storage building and had sold school-owned assets via the employee's personal online account. A listing of items that were sold on the employee's personal account was obtained by the Sheriff's Department. However, the School Department did not have an inventory listing of items stored in the storage building; therefore, they were unable to determine if the listing obtained by the Sheriff's Department included all the school assets that were missing. The director of schools dismissed the employee, and the Board of Education subsequently accepted the employee's resignation. The School Department has since changed all the locks on the storage building as well as developed an inventory listing. As of the date of this report, no charges have been filed. This finding has been reviewed with the district attorney general.

## RECOMMENDATION

The School Department should maintain accurate inventories for all school-owned assets and should ensure all assets are properly secured and identified as property of the Hancock County School Department.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with the finding. We have mitigated the risk of theft by changing the locks on the storage building, giving more oversight to who has access to the building, and ensuring accurate inventories are always maintained.

---

FINDING 2019-009

**COMPETITIVE BIDS WERE NOT SOLICITED FOR THE  
PURCHASE AND INSTALLATION OF LIGHTS AT THE  
HIGH SCHOOL BASEBALL FIELD**

(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for the purchase and installation of lights at the high school baseball field totaling \$27,586. The School Department's central office paid \$15,586 from the General Purpose School Fund, and the remaining \$12,000 was paid from the high school's activity fund. Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *Tennessee Code Annotated*. This statute requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with the finding. Hancock County Schools will publicly solicit bids for all purchases exceeding \$10,000 as required by state law.

---

OFFICE OF SHERIFF

FINDING 2019-010

**THE OFFICE HAD ACCOUNTING DEFICIENCIES IN  
THE COMMISSARY OPERATIONS AND THE  
MAINTENANCE OF THE CASH JOURNAL**

(A., B., C., and D. – Internal Control – Significant Deficiency  
Under *Government Auditing Standards*; and E. –  
Noncompliance 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 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. All commissary transactions were not recorded in the official cash journal. Although receipts, deposits, and checks were recorded in the cash journal, beginning and ending balances were not properly reflected. The computer system noted above does not maintain double-entry accounting records or a general ledger. The official cash journal is the office's control record and should reflect all financial activity.

- B. Checks were not posted to the cash journal for the sheriff's fee account.
- C. The bookkeeper did not attempt to reconcile bank statements with the checkbook ledger for the commissary account and seized funds account.
- D. An inventory tracking system was not maintained for commissary items, and the inventory was not periodically inspected by someone independent of overseeing the inventory.
- E. Backups for the commissary system were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location.

### RECOMMENDATION

The Sheriff's Department should utilize a computer system that is designed to account for commissary operations. All commissary 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. An inventory tracking system should be maintained for commissary items, and personnel independent of maintaining the inventory should periodically verify these records. Weekly backups for the commissary system should be stored at an off-site location.

### MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding. We have had several changes in this fiscal year, including a change in administration and the addition of new employees. We strive to correct these issues and properly train our staff to ensure that these deficiencies do not happen again.

---

### FINDING 2019-011

#### **INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED CASH**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Sheriff's Department deposits seized cash in a bank account until the amounts are refunded or awarded to the department by the Tennessee Department of Safety. The Sheriff's Department did not maintain inventory records of seized cash maintained in the bank account. Therefore, we were unable to determine if the office accounted for the seized cash properly and if a portion of the seized cash had been awarded to the department. The failure to adequately inventory seized cash increases the risk of loss. This deficiency is the result of a lack of management oversight.



## RECOMMENDATION

A perpetual inventory log should be maintained for all seized cash. At a minimum, this log should include the following: date received, defendant, case number, and disposition.

## MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding. We have had several changes in this fiscal year, including a change in administration and the addition of new employees. We strive to correct these issues and properly train our staff to ensure that these deficiencies do not happen again.

---

### FINDING 2018-012

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees in the Office of Sheriff. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability in 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan.

## RECOMMENDATION

The sheriff should segregate duties to the extent possible using available resources.

## MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding. We have had several changes in this fiscal year. We have had a change in administration and added new employees, which have contributed to us going outside our standard internal controls and caused us to change our segregation duties. We strive to correct these issues and properly train our staff to ensure that these deficiencies do not happen again.

### PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Findings and recommendations, as a result of our audit of federal awards of Hancock County, Tennessee, for the year ended June 30, 2019 are presented below. Our audit followed 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).

We reviewed these findings and recommendations with federal program management to provide an opportunity for their response. Responses and/or corrective action plans for all findings, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan section of this report.

Findings relating specifically to the audit of the financial statements of Hancock County, Tennessee are separately presented under Part II, Findings Relating to the Financial Statements.

#### FINDING 2019-013

#### **THE COUNTY MAYOR'S OFFICE HAD PURCHASING DEFICIENCIES**

(Noncompliance Under *Government Auditing Standards* and Title 2 *U.S. Code of Federal Regulations Part 200*)

Entity	Hancock County, Tennessee – County Mayor
Repeat Finding Number (if applicable)	2018-005
CFDA #(s)	10.923 and 14.228
CFDA Title(s)	Emergency Watershed Protection Program and Community Development, Block Grants/State's Program
Federal Agency	Department of Agriculture and Department of Housing and Urban Development
State Pass-Through Agency	Direct Program and State Department of Economic and Community Development
Grant/Contract No(s).	N/A
Federal Award Year(s)	2018-2019
Finding Type	Noncompliance – 10.923 and 14.228
Compliance Requirement	Procurement
Known Questioned Costs	\$740,543

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 37 disbursements totaling \$156,095 from a population of approximately 4,515 vendor checks totaling \$7,538,108. Our sample revealed that competitive bids were not solicited in two applicable instances. Competitive bids were not solicited for a change order made to a contract for the construction of the Hancock County Call Center (\$687,108) and work performed for creek bank stabilization (\$53,435). Most of the funding for the Hancock County Call Center came from the Community Development Block Grant program from the United States Department of Housing and Urban Development, and the creek bank stabilization was partially funded with the Emergency Watershed Protection Program from the United States Department of Agriculture. Purchasing requirements of Title 2 *U.S. Code of Federal Regulations Part 200*

require certain purchase and bid requirements. Also, purchasing procedures for the office are governed by the provisions of the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated*. This statute requires competitive bids on all purchases exceeding \$10,000. This non-compliance is the result of management's failure to correct the finding noted in the prior-year audit report and a lack of management oversight.

### RECOMMENDATION

Competitive bids should be solicited for all applicable purchases as required by state statute and federal rules.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. Our office is continuing to improve on our purchasing measures. We do have a procurement policy in place that states anything over \$10,000.00 should be bid. We as a county strive to ensure that we have jobs for our people. We did not solicit bids for a change order which would have been a long process and would have held up construction, keeping jobs at bay once again. We made the decision to keep things proceeding and help get our citizens working at our Call Center. We also had some major flooding throughout the county that caused multiple mud slides and caused some creek banks to become unstable. In order to get these creekbanks stabilized we had to act fast. We had the opportunity to get funding through the Emergency Watershed Protection Program but had to act quickly while those funds were available. This flooding also damaged the parking lot at our library and exposed our main water line system which would have resulted in contamination had it burst. The new library expansion at the County Jail was a product of TCI telling us that we had to expand or lose our jail certification. We acted immediately and in 120 days we set up a new mobile home to use as our library and remodeled the existing library to accommodate eight (8) more beds. Time was of the essence therefore we chose not to go through procurement. By acting quickly, we have satisfied the code from TCI for the time being.

**Hancock County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2019**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

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**OFFICE OF COUNTY MAYOR AND SHERIFF**

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**OFFICE OF TRUSTEE**

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**OFFICE OF DIRECTOR OF SCHOOLS**

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**OFFICE OF SHERIFF**

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2019-011	Inventory Records were not Maintained for Seized Cash	205

THOMAS J. HARRISON  
Hancock County Mayor  
[officemanager@hancockmayortn.com](mailto:officemanager@hancockmayortn.com)

Hancock County Courthouse  
PO Box 347  
Sneedville, TN 37869

Phone: 423-733-4341  
Fax: 423-733-4348

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**FINDING**

**THE OFFICE HAD PURCHASING DEFICIENCIES**

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; and B. – Noncompliance Under *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations Part 200*)

Response and Corrective Action Plan Prepared by:  
Thomas J. Harrison  
Person Responsible for Implementing the Corrective Action:  
Thomas J. Harrison

Anticipated Completion Date of Corrective Action:  
September 2019

Repeat Finding:  
Yes

**Reason Corrective Action Plan was not taken in the prior year and Corrective Action Plan:**

Our office is continuing to improve on our purchasing measures. We do have a procurement policy in place that states anything over \$10,000.00 should be bid. We as a county strive to ensure that we have jobs for our people. We did not solicit bids for a change order which would have been a long process and would have held up construction, keeping jobs at bay once again. We made the decision to keep things proceeding and help get our citizens working at our Call Center.

We also had some major flooding throughout the county that caused multiple mud slides and caused some creekbanks to become unstable. In order to get these creekbanks stabilized we had to act fast. We had the opportunity to get funding through the Emergency Watershed Protection Program but had to act quickly while those funds were available. This flooding also damaged the parking lot at our library and exposed our main water line system, which would have resulted in contamination had it burst.

The new library expansion at the County Jail was a product of TCI telling us that we had to expand or lose our jail certification. We acted immediately and in 120 days we set up a new mobile home to use as our library and remodeled the existing library to accommodate eight (8) more beds. Time was of the essence; therefore, we chose not to go through procurement. By acting quickly, we have satisfied the code from TCI for the time being.

All of these events are one-time occurrences. We do not foresee having any of these occurrences in the future.

**FINDING**

**TWO TAX DEPOSITS TO THE INTERNAL REVENUE SERVICE WERE NOT PROPERLY REMITTED RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTIES TOTALING \$2,107.48**

(Noncompliance Under *Government Auditing Standards*)

Repeat Finding:

No

**Corrective Action Plan:**

The office was just overwhelmed with the time of year therefore the taxes were paid a day late. Staff was not aware we could have these penalties waived. We have taken measures to correct this issue in the future.

**FINDING**

**TWO CAPITAL OUTLAY NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTE**

(Noncompliance Under *Government Auditing Standards*)

Repeat Finding:

No

**Corrective Action Plan:**

The Capital Outlay Notes were properly brought before the Hancock County Commission and we had full support from said commission. We failed to obtain the state's approval. We have taken corrective measures so that this may not happen in the future.

**FINDING**

**THE OFFICE HAD BUDGET OPERATION DEFICIENCIES**

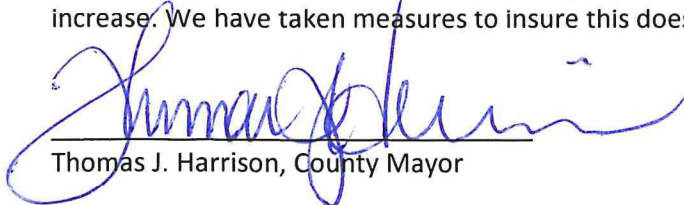
(Noncompliance Under *Government Auditing Standards*)

Repeat Finding:

No

**Corrective Action Plan:**

The deficiency in the Solid Waste fund was due to a miscalculation. Our staff determined that we made twelve payments to our landfill provider but did not realize that one of these was a payable from the previous year. The deficiency in the Debt Service fund was not budgeted for and did not amended at year end. The Library expense was due to our phone bills increase and management was not aware of the increase. We have taken measures to insure this does not happen in the future.



Thomas J. Harrison, County Mayor

THOMAS J. HARRISON  
Hancock County Mayor  
[officemanager@hancockmayor.tn.com](mailto:officemanager@hancockmayor.tn.com)

Hancock County Courthouse  
PO Box 347  
Sneedville, TN 37869

Phone: 423-733-4341  
Fax: 423-733-4348

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**FINDING**

**THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE AND  
MADE PURCHASES FROM A BUSINESSES OWNED BY THE SHERIFF**  
(Noncompliance Under *Government Auditing Standards*)

Repeat Finding:

No

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison and Brad Brewer

**Corrective Action Plan:**

In March of 2019, the Hancock County EMS had a single vehicle accident. The accident did enough damage to our ambulance so that we could not use it. No one in the county was able to repair our ambulance in a timely manner. Because of the lack of ambulances in operation, I decided to have Brad's Auto Repair perform the needed repairs. I felt that this was in the best interest of the Hancock County residents. We understand that it may have been a conflict of interest, but our people were and are more important than a conflict. We do not plan for this to happen in the future unless circumstances are beyond my control.



Thomas J. Harrison, County Mayor



Bradley Brewer, Sheriff

THOMAS J. HARRISON  
Hancock County Mayor  
[officemanager@hancockmayortn.com](mailto:officemanager@hancockmayortn.com)

Hancock County Courthouse  
PO Box 347  
Sneedville, TN 37869

Phone: 423-733-4341  
Fax: 423-733-4348

---

Response and Corrective Action Plan Prepared by:  
Thomas J. Harrison  
Person Responsible for Implementing the Corrective Action:  
Thomas J. Harrison

Anticipated Completion Date of Corrective Action:  
August 2019

FINDING

THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP  
PROCEDURES. (Noncompliance Under Government Auditing Standards.)

Normally we do take backups off site weekly, due to staff being on vacation in May 2019 our office failed to take the backup off site. We have taken measures to ensure this does not happen in the future.

  
Thomas J. Harrison



CHUCK JOHNSON

## HANCOCK COUNTY TRUSTEE

1237 MAIN STREET

P.O. BOX 269

SNEEDVILLE, TN 37869

PHONE 423-733-2939 fax 423-733-2934

### CORRECTIVE ACTION PLAN

FINDING: THE OFFICE DID NOT ROUTINELY REVIEW SOFTWARE  
AUDIT LOGS.

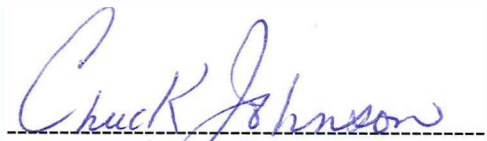
CORRECTIVE ACTION PLAN PREPARED BY: DEPUTY TRUSTEE

PERSON RESPONSIBLE FOR IMPLEMENTING THE CORRECTIVE  
ACTION: TRUSTEE

ANTICIPATED COMPLETION DATE OF CORRECTIVE ACTION:  
AUGUST 28, 2019

REPEAT FINDING: NO

PLANNED CORRECTIVE ACTION: TRUSTEE WILL PRINT AND  
REVIEW SOFTWARE AUDIT LOGS AT THE END OF EACH MONTH  
AND DEPUTY TRUSTEE WILL SIGN LOGS TO ENSURE REPORT HAS  
BEEN PRINTED AND REVIEWED BY TRUSTEE.

  
-----  
TRUSTEE  
9-10-19  
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# Hancock County Schools

Tony Seal, Director

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**Re: Corrective Action Plan**

**Finding:**

A theft occurred at the school department.

**Response and Corrective Action Plan Prepared by:**

Tony Seal, Director of Schools

**Person Responsible for Implementing the Corrective Action Plan:**

Tony Seal  
Director

**Date of Corrective Action:**

September 2019

**Repeat Finding:**

No

**Plan of Corrective Action:**

After the previous incident, we have updated and maintained accurate inventories for all school owned supplies and assets. All school property is secured and identified as assets of the Hancock County School System.

Sincerely,

Tony Seal, Director



# Hancock County Schools

Tony Seal, Director

---

**Re: Corrective Action Plan**

**Finding:**

COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE AND  
INSTALLATION OF LIGHTS AT THE HIGH SCHOOL BASEBALL FIELD

**Response and Corrective Action Plan Prepared by:**

Tony Seal, Director of Schools

**Person Responsible for Implementing the Corrective Action Plan:**

Tony Seal

Director

**Date of Corrective Action:**

September 2019

**Repeat Finding:**

No

**Plan of Corrective Action:**

Competitive bids will be solicited for all purchases exceeding \$10,000 as required by state law.

Sincerely,

Tony Seal, Director

## Bradley Brewer, Sheriff

OFFICE OF SHERIFF  
HANCOCK COUNTY  
265 NEW JAIL STREET  
SNEEDVILLE, TN 37869

PHONE: 423-733-2249

FAX: 423-733-8868

### Corrective Action Plan

FINDING: THE OFFICE HAD ACCOUNTING DEFICIENCIES IN THE COMMISSARY OPERATIONS AND THE MAINTENANCE OF THE CASH JOURNAL

(A., B., C., and D., - Internal Control – Significant Deficiency Under Government Auditing Standards; and E. - Noncompliance Under Government Auditing Standards.)

Response and Corrective Action Plan Prepared by:

Brad Brewer

Person Responsible for Implementing the Corrective Action:

Brad Brewer

Anticipated Completion Date of Corrective Action:

September 2019

Repeat Finding:

Yes

Reason Corrective Action Plan was not taken in the Prior Year:

Our Computer System does not maintain double entry accounting. We do not have funding to adequately do this recording.

Planned Corrective Action:

We are planning to attempt to acquire a double entry accounting record or purchase a computer, funding is a big issue with purchasing equipment.

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY  
(Internal Control- Significant Deficiency under Government Auditing Standards)

Repeat Finding:

Yes

Reason Corrective Action was not taken and Planned Correction Action Plan:

Our office is continuing to improve our Internal Controls, we do not have the available resources to implement the duties properly nor do we have the funding, but we are striving to correct this issue.

FINDING: INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED CASH  
(Internal Control – Significant Deficiency under Government Auditing Standards)

Repeat Finding:

No

Corrective Action Plan:

Employee was not trained properly to record inventory records.

Sheriff will put forth the effort to maintain an inventory log with the date received, defendant, case number, and disposition and train employees properly.



Bradley 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.