

ANNUAL FINANCIAL REPORT
HANCOCK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2020

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

HANCOCK COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Hancock County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of Hancock County as of and for the year ended June 30, 2020.

Results

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

Our audit resulted in seven 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.
- ◆ The office did not file a report on debt obligation with the State Comptroller's Office.
- ◆ The office had deficiencies in budget operations.

OFFICES OF COUNTY MAYOR AND SHERIFF

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

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies in its commissary operations and its maintenance of the cash journal.
- ◆ The sheriff's department had deficiencies in handling seized cash.
- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Hancock County Officials

June 30, 2020

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	Junior Martin
Jerry Anderson	John McDaniel
Tommy Belcher, Jr.	John McNeil
Johnny Bunch	Clayton Ramsey
Chad Burke	Kenneth Rasnic
Ronald Cantwell	Gary Seal
Robert Johnson	Jason Sizemore
Darin Jones	Matthew Waddell
Kenny Lamb	

Board of Education

Jack Mullins, Chairman	Freddie Mullins
Dennis Holt	Carl Reed
David Jones	Jeff Stapleton
Hugh Livesay	

Audit Committee

Scott Collins, Chairman	John McDaniel
Carlin Greene	Sherry Ramsey
Hugh Livesay	Matthew Waddell
Joe McDaniel	

FINANCIAL SECTION



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, 2020, 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, 2020, 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 other information such as the introductory section 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.

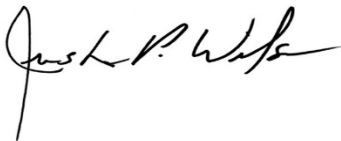
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), schedule 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 has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, 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 30, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Hancock County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hancock County School Department
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,068	\$ 0	\$ 2,068	\$ 17,803
Equity in Pooled Cash and Investments	4,474,098	1,298,877	5,772,975	3,614,534
Accounts Receivable	157,508	52,082	209,590	1,074
Allowance for Uncollectibles	(99,193)	(8,315)	(107,508)	0
Due from Other Governments	1,558,636	0	1,558,636	162,747
Internal Balances	84,024	(84,024)	0	0
Due from Primary Government	0	0	0	968,989
Property Taxes Receivable	1,670,781	0	1,670,781	801,975
Allowance for Uncollectible Property Taxes	(113,239)	0	(113,239)	(54,355)
Capital Lease Receivable	2,675,324	0	2,675,324	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	43,891
Net Pension Asset - Teacher Legacy Retirement Plan	0	0	0	1,238,786
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	38,621
Capital Assets:				
Assets Not Depreciated:				
Land	572,474	26,350	598,824	520,150
Construction in Progress	0	0	0	968,989
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	3,868,988	251,310	4,120,298	7,594,890
Machinery and Equipment	904,789	0	904,789	868,843
Infrastructure	10,486,427	0	10,486,427	0
Total Assets	\$ 26,242,685	\$ 1,536,280	\$ 27,778,965	\$ 16,786,937

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hancock County School Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 301,700	\$ 0	\$ 301,700	\$ 62,133
Pension Changes in Assumptions	22,180	0	22,180	168,458
Pension Contributions after Measurement Date	82,753	0	82,753	440,219
Pension Changes in Proportion	0	0	0	19,819
OPEB Changes in Experience	0	0	0	89,970
OPEB Changes in Assumptions	0	0	0	10,048
OPEB Changes in Proportion	0	0	0	9,256
OPEB Contributions After Measurement Date	0	0	0	32,721
Total Deferred Outflows of Resources	<u>\$ 406,633</u>	<u>\$ 0</u>	<u>\$ 406,633</u>	<u>\$ 832,624</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 187,124	\$ 7,161	\$ 194,285	\$ 97,847
Accrued Payroll	53,160	15,793	68,953	0
Payroll Deductions Payable	3,754	7,403	11,157	0
Contracts Payable	55,572	0	55,572	0
Accrued Interest Payable	80,176	0	80,176	0
Due to Component Unit	968,989	0	968,989	0
Due to the State of Tennessee	3,647	1,455	5,102	0
Other Current Liabilities	35,215	0	35,215	192,431
Noncurrent Liabilities:				
Due Within One Year - Debt	690,042	0	690,042	0
Due Within One Year - Other	36,862	6,128	42,990	0
Due in More Than One Year - Debt	10,361,062	0	10,361,062	0
Due in More Than One Year - Other	700,933	6,128	707,061	778,447
Total Liabilities	<u>\$ 13,176,536</u>	<u>\$ 44,068</u>	<u>\$ 13,220,604</u>	<u>\$ 1,068,725</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hancock County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,501,270	\$ 0	\$ 1,501,270	\$ 720,610
Pension Changes in Experience	30,327	0	30,327	764,337
Pension Changes in Investment Earnings	30,309	0	30,309	355,801
Pension Changes in Proportion	0	0	0	17,574
OPEB Changes in Experience	0	0	0	107,310
OPEB Changes in Assumptions	0	0	0	86,035
OPEB Changes in Proportion	0	0	0	33,952
Total Deferred Inflows of Resources	<u>\$ 1,561,906</u>	<u>\$ 0</u>	<u>\$ 1,561,906</u>	<u>\$ 2,085,619</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 15,475,753	\$ 277,660	\$ 15,753,413	\$ 9,952,872
Restricted For:				
General Government	20,830	0	20,830	0
Administration of Justice	15,938	0	15,938	0
Public Safety	86,086	0	86,086	0
Public Health and Welfare	64,903	0	64,903	0
Highways	2,086,420	0	2,086,420	0
Debt Service	2,216,676	0	2,216,676	0
Capital Projects	4,092	0	4,092	0
Education	0	0	0	568,057
Pensions	0	0	0	1,321,298
Unrestricted	(8,059,822)	1,214,552	(6,845,270)	2,622,990
Total Net Position	<u>\$ 11,910,876</u>	<u>\$ 1,492,212</u>	<u>\$ 13,403,088</u>	<u>\$ 14,465,217</u>

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

Hancock County, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Hancock County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 872,254	\$ 36,431	\$ 25,975	\$ 1,764	\$ (808,084)	\$ 0	\$ (808,084)	\$ 0
Finance	554,887	155,937	8,539	0	(390,411)	0	(390,411)	0
Administration of Justice	345,736	173,120	9,000	0	(163,616)	0	(163,616)	0
Public Safety	2,294,391	1,092,276	97,729	8,800	(1,095,586)	0	(1,095,586)	0
Public Health and Welfare	1,748,319	801,692	103,787	199,154	(643,686)	0	(643,686)	0
Social, Cultural, and Recreational Services	100,143	2,117	11,200	1,244	(85,582)	0	(85,582)	0
Agriculture and Natural Resources	60,869	0	0	0	(60,869)	0	(60,869)	0
Highways	2,720,979	18,375	1,729,841	488,181	(484,582)	0	(484,582)	0
Education	968,989	0	0	0	(968,989)	0	(968,989)	0
Interest on Long-term Debt	363,364	0	0	0	(363,364)	0	(363,364)	0
Total Governmental Activities	\$ 10,029,931	\$ 2,279,948	\$ 1,986,071	\$ 699,143	\$ (5,064,769)	\$ 0	\$ (5,064,769)	\$ 0
Business-type Activities:								
Home Health	\$ 2,005,975	\$ 2,047,876	\$ 3,210	\$ 0	\$ 0	\$ 45,111	\$ 45,111	\$ 0
Total Business-type Activities	\$ 2,005,975	\$ 2,047,876	\$ 3,210	\$ 0	\$ 0	\$ 45,111	\$ 45,111	\$ 0
Total Primary Government	\$ 12,035,906	\$ 4,327,824	\$ 1,989,281	\$ 699,143	\$ (5,064,769)	\$ 45,111	\$ (5,019,658)	\$ 0
Component Unit:								
Hancock County School Department	\$ 10,881,848	\$ 49,861	\$ 2,067,962	\$ 1,163,362	\$ 0	\$ 0	\$ 0	\$ (7,600,663)
Total Component Unit	\$ 10,881,848	\$ 49,861	\$ 2,067,962	\$ 1,163,362	\$ 0	\$ 0	\$ 0	\$ (7,600,663)

(Continued)

Hancock County, Tennessee
Statement of Activities (Cont.)

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Hancock County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 1,546,366	\$ 0	\$ 1,546,366	\$ 748,380
Property Taxes Levied for Debt Service					10,364	0	10,364	0
Local Option Sales Taxes					79,111	0	79,111	287,877
Wheel Tax					178,971	0	178,971	57,726
Litigation Tax - General					7,474	0	7,474	0
Litigation Tax - Special Purpose					3,743	0	3,743	0
Litigation Tax - Jail, Workhouse, or Courthouse					5,048	0	5,048	0
Litigation Tax - Courtroom Security					880	0	880	0
Business Tax					23,051	0	23,051	0
Wholesale Beer Tax					2,966	0	2,966	1,423
Grants and Contributions Not Restricted to Specific Programs					1,212,955	0	1,212,955	8,240,554
Unrestricted Investment Income					182,423	0	182,423	10,559
Gain on Investments					0	0	0	1,193
Gain on Disposal of Capital Assets					3,295	0	3,295	0
Miscellaneous					45,127	0	45,127	75,305
Total General Revenues					\$ 3,301,774	\$ 0	\$ 3,301,774	\$ 9,423,017
Transfers								
					\$ 404,024	\$ (404,024)	\$ 0	\$ 0
Change in Net Position					\$ (1,358,971)	\$ (358,913)	\$ (1,717,884)	\$ 1,822,354
Net Position, July 1, 2019					13,269,847	1,851,125	15,120,972	12,642,863
Net Position, June 30, 2020					\$ 11,910,876	\$ 1,492,212	\$ 13,403,088	\$ 14,465,217

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, 2020

	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	\$ 1,968	\$ 2,068
Equity in Pooled Cash and Investments	241,538	1,891,185	2,292,713	6,900	41,762	4,474,098
Accounts Receivable	150,066	908	6,494	0	40	157,508
Allowance for Uncollectibles	(99,193)	0	0	0	0	(99,193)
Due from Other Governments	337,465	205,208	41	1,015,046	876	1,558,636
Due from Other Funds	39,739	0	0	47,789	49,024	136,552
Property Taxes Receivable	1,392,317	0	11,139	0	267,325	1,670,781
Allowance for Uncollectible Property Taxes	(94,366)	0	(755)	0	(18,118)	(113,239)
Capital Lease Receivable	0	0	2,675,324	0	0	2,675,324
Total Assets	\$ 1,967,666	\$ 2,097,301	\$ 4,984,956	\$ 1,069,735	\$ 342,877	\$ 10,462,535
<u>LIABILITIES</u>						
Accounts Payable	\$ 134,121	\$ 0	\$ 0	\$ 41,082	\$ 11,921	\$ 187,124
Accrued Payroll	50,350	0	0	0	2,810	53,160
Payroll Deductions Payable	3,515	0	0	0	239	3,754
Contracts Payable	0	0	0	55,572	0	55,572
Due to Other Funds	47,789	0	2,771	0	1,968	52,528
Due to Component Units	0	0	0	968,989	0	968,989
Due to State of Tennessee	3,511	0	0	0	136	3,647
Other Current Liabilities	30,149	5,066	0	0	0	35,215
Total Liabilities	\$ 269,435	\$ 5,066	\$ 2,771	\$ 1,065,643	\$ 17,074	\$ 1,359,989

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,251,058	\$ 0	\$ 10,009	\$ 0	\$ 240,203	\$ 1,501,270
Deferred Delinquent Property Taxes	44,753	0	358	0	8,593	53,704
Other Deferred/Unavailable Revenue	102,595	102,604	2,675,337	0	292	2,880,828
Total Deferred Inflows of Resources	\$ 1,398,406	\$ 102,604	\$ 2,685,704	\$ 0	\$ 249,088	\$ 4,435,802
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 20,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,830
Restricted for Administration of Justice	15,938	0	0	0	0	15,938
Restricted for Public Safety	55,891	0	0	0	30,195	86,086
Restricted for Public Health and Welfare	56,018	0	0	0	0	56,018
Restricted for Highways/Public Works	0	1,989,631	0	0	0	1,989,631
Restricted for Debt Service	0	0	2,296,481	0	0	2,296,481
Restricted for Capital Projects	0	0	0	4,092	0	4,092
Committed:						
Committed for Public Health and Welfare	0	0	0	0	46,520	46,520
Assigned:						
Assigned for General Government	8,328	0	0	0	0	8,328
Assigned for Finance	275	0	0	0	0	275
Assigned for Administration of Justice	172	0	0	0	0	172
Assigned for Public Safety	56,531	0	0	0	0	56,531
Assigned for Public Health and Welfare	28,709	0	0	0	0	28,709
Assigned for Social, Cultural, and Recreational Services	798	0	0	0	0	798
Unassigned	56,335	0	0	0	0	56,335
Total Fund Balances	\$ 299,825	\$ 1,989,631	\$ 2,296,481	\$ 4,092	\$ 76,715	\$ 4,666,744
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,967,666	\$ 2,097,301	\$ 4,984,956	\$ 1,069,735	\$ 342,877	\$ 10,462,535

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, 2020

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)		\$	4,666,744
(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		3,868,988	
Add: machinery and equipment net of accumulated depreciation		904,789	
Add: infrastructure net of accumulated depreciation		<u>10,486,427</u>	15,832,678
(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	\$	(226,339)	
Less: bonds payable		(9,818,811)	
Less: other loans payable		(968,989)	
Less: unamortized premium on debt		(36,965)	
Less: compensated absences payable		(56,797)	
Less: landfill closure/postclosure care costs		(31,139)	
Less: accrued interest on bonds, notes, and capital leases		(80,176)	
Less: net pension liability		<u>(649,859)</u>	(11,869,075)
(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	\$	406,633	
Less: deferred inflows of resources related to pensions		<u>(60,636)</u>	345,997
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,934,532</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,910,876</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, 2020

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 1,616,718	\$ 0	\$ 11,394	\$ 0	\$ 249,349	\$ 1,877,461
Licenses and Permits	7,095	0	0	0	0	7,095
Fines, Forfeitures, and Penalties	66,381	0	0	0	23,179	89,560
Charges for Current Services	881,283	0	0	0	1,293	882,576
Other Local Revenues	184,881	39,179	91,906	0	13,984	329,950
Fees Received From County Officials	264,449	0	0	0	0	264,449
State of Tennessee	1,529,729	2,260,828	0	0	4,319	3,794,876
Federal Government	49,084	0	0	199,154	0	248,238
Other Governments and Citizens Groups	146,999	0	967,584	0	0	1,114,583
Total Revenues	\$ 4,746,619	\$ 2,300,007	\$ 1,070,884	\$ 199,154	\$ 292,124	\$ 8,608,788
<u>Expenditures</u>						
Current:						
General Government	\$ 631,582	\$ 0	\$ 0	\$ 0	\$ 0	\$ 631,582
Finance	554,364	0	0	0	0	554,364
Administration of Justice	344,669	0	0	0	1,293	345,962
Public Safety	2,208,423	0	0	0	30,940	2,239,363
Public Health and Welfare	994,711	0	0	0	336,727	1,331,438
Social, Cultural, and Recreational Services	93,633	0	0	0	0	93,633
Agriculture and Natural Resources	60,869	0	0	0	0	60,869
Other Operations	32,775	0	0	0	0	32,775
Highways	0	2,250,941	0	0	0	2,250,941
Debt Service:						
Principal on Debt	96,450	0	614,567	0	0	711,017
Interest on Debt	6,309	0	367,103	0	0	373,412
Other Debt Service	0	0	728	0	0	728

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 326,017	\$ 0	\$ 326,017
Capital Projects - Donated	0	0	0	968,989	0	968,989
Total Expenditures	\$ 5,023,785	\$ 2,250,941	\$ 982,398	\$ 1,295,006	\$ 368,960	\$ 9,921,090
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (277,166)	\$ 49,066	\$ 88,486	\$ (1,095,852)	\$ (76,836)	\$ (1,312,302)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 968,989	\$ 0	\$ 968,989
Insurance Recovery	27,274	0	0	0	0	27,274
Transfers In	300,000	0	0	47,789	104,024	451,813
Transfers Out	(47,789)	0	0	0	0	(47,789)
Total Other Financing Sources (Uses)	\$ 279,485	\$ 0	\$ 0	\$ 1,016,778	\$ 104,024	\$ 1,400,287
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2019	\$ 297,506	\$ 1,940,565	\$ 2,207,995	\$ 83,166	\$ 49,527	\$ 4,578,759
Fund Balance, June 30, 2020	\$ 299,825	\$ 1,989,631	\$ 2,296,481	\$ 4,092	\$ 76,715	\$ 4,666,744

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, 2020

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)		\$ 87,985
(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	\$ 178,244	
Less: current-year depreciation expense	<u>(905,426)</u>	(727,182)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		8,800
(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, 2020	\$ 2,934,532	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(3,285,184)</u>	(350,652)
(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	\$ 602,725	
Add: principal payments on notes	108,292	
Less: other loan proceeds	(968,989)	
Add: change in premium on debt issuances	<u>2,187</u>	(255,785)
(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	\$ 7,861	
Change in compensated absences payable	(4,624)	
Change in net pension liability	(385,292)	
Change in deferred outflows related to pensions	237,009	
Change in deferred inflows related to pensions	19,090	
Change in landfill closure/postclosure care costs	<u>3,819</u>	(122,137)
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,358,971)</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,616,718	\$ 0	\$ 0	\$ 1,616,718	\$ 1,565,718	\$ 1,563,718	\$ 53,000
Licenses and Permits	7,095	0	0	7,095	3,000	3,000	4,095
Fines, Forfeitures, and Penalties	66,381	0	0	66,381	39,750	41,125	25,256
Charges for Current Services	881,283	0	0	881,283	829,100	829,100	52,183
Other Local Revenues	184,881	0	0	184,881	71,500	113,662	71,219
Fees Received From County Officials	264,449	0	0	264,449	232,000	232,000	32,449
State of Tennessee	1,529,729	0	0	1,529,729	1,441,264	1,444,508	85,221
Federal Government	49,084	0	0	49,084	0	4,000	45,084
Other Governments and Citizens Groups	146,999	0	0	146,999	53,000	193,979	(46,980)
Total Revenues	\$ 4,746,619	\$ 0	\$ 0	\$ 4,746,619	\$ 4,235,332	\$ 4,425,092	\$ 321,527
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 105,816	\$ 0	\$ 3,045	\$ 108,861	\$ 70,307	\$ 109,149	\$ 288
Board of Equalization	1,500	0	0	1,500	1,500	1,500	0
County Mayor/Executive	138,756	0	0	138,756	141,161	142,495	3,739
County Attorney	15,240	0	0	15,240	15,240	15,240	0
Election Commission	106,678	0	0	106,678	116,724	118,488	11,810
Register of Deeds	125,367	0	0	125,367	124,711	125,535	168
County Buildings	138,225	(845)	5,283	142,663	134,764	151,438	8,775
<u>Finance</u>							
Purchasing	67,999	(150)	0	67,849	65,741	66,877	(972)
Property Assessor's Office	123,718	0	0	123,718	125,205	125,205	1,487
Reappraisal Program	21,126	0	0	21,126	22,122	22,122	996
County Trustee's Office	142,206	0	0	142,206	143,264	143,264	1,058
County Clerk's Office	161,740	0	275	162,015	159,807	163,402	1,387
Other Finance	37,575	0	0	37,575	41,000	41,000	3,425
<u>Administration of Justice</u>							
Circuit Court	132,043	0	0	132,043	139,046	139,046	7,003
General Sessions Court	88,927	0	0	88,927	86,904	88,953	26

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 123,699	\$ (50)	\$ 172	\$ 123,821	\$ 129,565	\$ 129,565	\$ 5,744
<u>Public Safety</u>							
Sheriff's Department	833,432	(4,745)	12,342	841,029	591,882	856,729	15,700
Drug Enforcement	198	0	0	198	0	198	0
Jail	1,284,120	0	35,385	1,319,505	1,006,221	1,289,435	(30,070)
Juvenile Services	14,850	0	0	14,850	14,447	15,047	197
Commissary	16,325	0	8,189	24,514	51,774	51,774	27,260
Civil Defense	21,624	0	0	21,624	19,768	20,285	(1,339)
Rescue Squad	3,192	0	530	3,722	2,361	3,561	(161)
County Coroner/Medical Examiner	33,336	0	0	33,336	31,000	33,336	0
Other Public Safety	1,346	0	200	1,546	6,700	6,700	5,154
<u>Public Health and Welfare</u>							
Local Health Center	54,102	(844)	4,773	58,031	60,000	60,000	1,969
Ambulance/Emergency Medical Services	793,648	(5,247)	12,409	800,810	763,695	832,184	31,374
Crippled Children Services	415	0	0	415	415	415	0
Other Local Health Services	20,987	0	0	20,987	48,400	41,927	20,940
Sanitation Management	38,580	0	8,618	47,198	44,200	44,200	(2,998)
Sanitation Education/Information	501	0	0	501	0	0	(501)
Other Public Health and Welfare	86,478	(36)	2,794	89,236	15,769	17,769	(71,467)
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	7,934	0	0	7,934	7,934	7,934	0
Libraries	75,699	0	598	76,297	72,028	76,466	169
Other Social, Cultural, and Recreational	10,000	0	0	10,000	0	10,000	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	39,435	0	0	39,435	54,612	54,612	15,177
Soil Conservation	21,434	0	0	21,434	20,720	21,434	0
<u>Other Operations</u>							
Veterans' Services	12,775	0	0	12,775	9,943	12,800	25
Contributions to Other Agencies	20,000	0	0	20,000	0	20,000	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)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Principal on Debt</u>							
General Government	\$ 96,450	\$ 0	\$ 0	\$ 96,450	\$ 102,924	\$ 96,450	\$ 0
<u>Interest on Debt</u>							
General Government	6,309	0	0	6,309	0	6,474	165
Total Expenditures	\$ 5,023,785	\$ (11,917)	\$ 94,613	\$ 5,106,481	\$ 4,441,854	\$ 5,163,009	\$ 56,528
Excess (Deficiency) of Revenues Over Expenditures	\$ (277,166)	\$ 11,917	\$ (94,613)	\$ (359,862)	\$ (206,522)	\$ (737,917)	\$ 378,055
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 250,000	\$ (250,000)
Insurance Recovery	27,274	0	0	27,274	0	25,854	1,420
Transfers In	300,000	0	0	300,000	300,000	300,000	0
Transfers Out	(47,789)	0	0	(47,789)	0	(47,789)	0
Total Other Financing Sources	\$ 279,485	\$ 0	\$ 0	\$ 279,485	\$ 550,000	\$ 528,065	\$ (248,580)
Net Change in Fund Balance	\$ 2,319	\$ 11,917	\$ (94,613)	\$ (80,377)	\$ 343,478	\$ (209,852)	\$ 129,475
Fund Balance, July 1, 2019	297,506	(11,917)	0	285,589	279,813	279,813	5,776
Fund Balance, June 30, 2020	\$ 299,825	\$ 0	\$ (94,613)	\$ 205,212	\$ 623,291	\$ 69,961	\$ 135,251

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 39,179	\$ 0	\$ 0	\$ 39,179
State of Tennessee	2,260,828	2,362,920	2,362,920	(102,092)
Total Revenues	<u>\$ 2,300,007</u>	<u>\$ 2,362,920</u>	<u>\$ 2,362,920</u>	<u>\$ (62,913)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 557,976	\$ 644,418	\$ 644,418	\$ 86,442
Highway and Bridge Maintenance	713,086	1,702,500	1,702,500	989,414
Operation and Maintenance of Equipment	147,963	172,500	172,500	24,537
Other Charges	67,792	106,500	106,500	38,708
Employee Benefits	134,694	173,500	173,500	38,806
Capital Outlay	629,430	1,030,000	1,030,000	400,570
Total Expenditures	<u>\$ 2,250,941</u>	<u>\$ 3,829,418</u>	<u>\$ 3,829,418</u>	<u>\$ 1,578,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 49,066</u>	<u>\$ (1,466,498)</u>	<u>\$ (1,466,498)</u>	<u>\$ 1,515,564</u>
Net Change in Fund Balance	\$ 49,066	\$ (1,466,498)	\$ (1,466,498)	\$ 1,515,564
Fund Balance, July 1, 2019	<u>1,940,565</u>	<u>1,925,000</u>	<u>1,925,000</u>	<u>15,565</u>
Fund Balance, June 30, 2020	<u>\$ 1,989,631</u>	<u>\$ 458,502</u>	<u>\$ 458,502</u>	<u>\$ 1,531,129</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, 2020

Business-type
 Activities -
 Major
Enterprise Fund
 Home
 Health
Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,298,877
Accounts Receivable	52,082
Allowance for Uncollectibles	(8,315)
Total Current Assets	<u>\$ 1,342,644</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 26,350
Assets Net of Accumulated Depreciated:	
Buildings and Improvements	251,310
Total Noncurrent Assets	<u>\$ 277,660</u>
Total Assets	<u>\$ 1,620,304</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 7,161
Accrued Payroll	15,793
Payroll Deductions Payable	7,403
Due to Other Funds	84,024
Due to State of Tennessee	1,455
Accrued Leave - Current	6,128
Total Current Liabilities	<u>\$ 121,964</u>
Noncurrent Liabilities:	
Accrued Leave - Long-term	<u>\$ 6,128</u>
Total Noncurrent Liabilities	<u>\$ 6,128</u>
Total Liabilities	<u>\$ 128,092</u>

(Continued)

Exhibit D-1

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

	<u>Business-type Activities - Major Enterprise Fund Home Health Fund</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 277,660
Net Position - Unrestricted	<u>1,214,552</u>
Total Net Position	<u><u>\$ 1,492,212</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, 2020

	Business-type Activities - Major Enterprise Fund
	<u>Home Health Fund</u>
<u>Operating Revenues</u>	
Patient Charges	\$ 1,990,838
Sale of Material and Supplies	56,535
Miscellaneous Refunds	503
Total Operating Revenues	<u>\$ 2,047,876</u>
<u>Operating Expenses</u>	
<u>Cost of Sales and Services</u>	
Supervisors/Directors	\$ 57,556
Medical Personnel	629,636
Clerical Personnel	99,572
Custodial Personnel	11,115
Overtime Pay	14
Bonus Payments	2,224
Other Salaries and Wages	12,797
In-service Training	4,735
Social Security	51,424
Employee and Dependent Insurance	32,064
Unemployment Compensation	3,363
Employer Medicare	12,027
Advertising	4,392
Communication	29,367
Data Processing	39,793
Dues and Memberships	202
Legal Services	3,200
Legal Notices, Recording, and Court Costs	1,433
Licenses	6,447
Maintenance and Repair Services - Buildings	1,173
Maintenance and Repair Services - Office Equipment	815
Maintenance and Repair Services - Vehicles	86

(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	\$ 1,635
Printing, Stationery, and Forms	1,190
Postal Charges	3,046
Rentals	18,000
Travel	67,269
Other Contracted Services	743,104
Custodial Supplies	1,870
Drugs and Medical Supplies	117,453
Electricity	8,295
Gasoline	168
Office Supplies	12,991
Propane Gas	2,043
Water and Sewer	2,323
Other Supplies and Materials	3,804
Liability Insurance	5,234
Premium on Corporate Surety Bonds	518
Refunds	222
Vehicle and Equipment Insurance	1,834
Depreciation	8,561
Other Charges	2,649
Building Improvements	113
Office Equipment	218
Total Operating Expenses	<u>\$ 2,005,975</u>
Operating Income (Loss)	<u>\$ 41,901</u>
<u>Nonoperating Revenues (Expenses)</u>	
Provider Relief Fund - COVID	<u>\$ 3,210</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 3,210</u>
Income (Loss) Before Transfers	\$ 45,111
Transfers Out	(404,024)
Change in Net Position	<u>\$ (358,913)</u>
Net Position, July 1, 2019	<u>1,851,125</u>
Net Position, June 30, 2020	<u>\$ 1,492,212</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, 2020

	Business-type Activities - Major Enterprise Fund <hr/> Home Health Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 2,053,689
Payments to Employees and Board Members	(813,628)
Payments for Fringe Benefits	(104,161)
Payments to Suppliers	(1,073,743)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 62,157</u>
 <u>Cash Flows from Noncapital Financing Activities</u>	
Provider Relief Fund - COVID	\$ 3,210
Transfers to Other Funds	(320,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (316,790)</u>
 Increase (Decrease) in Cash	\$ (254,633)
Cash, July 1, 2019	<u>1,553,510</u>
 Cash, June 30, 2020	<u><u>\$ 1,298,877</u></u>
 <u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 41,901
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	8,656
Increase (Decrease) in Allowance for Uncollectibles	(2,843)
Increase (Decrease) in Accounts Payable and Other Current Liabilities	4,920
Increase (Decrease) in Compensated Absences	962
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 62,157</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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 246,371
Equity in Pooled Cash and Investments	1,429,438
Accounts Receivable	5,689
Due from Other Governments	<u>36,697</u>
Total Assets	<u><u>\$ 1,718,195</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,468,144
Due to Litigants, Heirs, and Others	<u>250,051</u>
Total Liabilities	<u><u>\$ 1,718,195</u></u>

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

HANCOCK COUNTY, TENNESSEE
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HANCOCK COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 \$52,000 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. Net debt issues totaling \$968,989 were contributed by the county to the school department during the year ended June 30, 2020.

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 fund:

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.

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

Special Revenue Funds – These funds 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.

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hancock County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hancock County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other

funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Hancock County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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

2. Receivables and Payables

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

All ambulance, home health, and property taxes receivable are shown with an allowance for uncollectibles. Ambulance and home health receivable allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 3.668 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, 2020. Other current liabilities in the school department's General Purpose School Fund represent amounts in the teachers' insurance and other payroll related clearing accounts (\$174,628) and the School Board members' scholarship account (\$17,803) at June 30, 2020.

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 and other postemployment benefits changes in experience, pension and other postemployment benefits changes in assumptions, employer contributions made to the pension and other postemployment benefit plans after the measurement date, pension and other postemployment benefit plan changes in proportion.

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 and other

postemployment benefits changes in proportion, 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, 2020, Hancock County had \$8,137,549 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 (\$94,613) and for library books (\$200). Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances (\$1,955,615), education (\$7,827), and amount appropriated for use in the 2020-21 year budget (\$280,352).

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

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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.

At June 30, 2020, Hancock County and the Hancock County School Department reported the following significant encumbrances:

Funds	Amount
Primary Government	
Major Fund:	
General	\$ 94,613
Nonmajor Funds:	
Solid/Waste Sanitation	4,674
Drug Control	45
School Department:	
Major Fund:	
General Purpose School	1,955,615

B. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Purchasing	\$ 972
Jail	30,070
Civil Defense	1,339
Rescue Squad	161
Sanitation Management	2,998
Sanitation Education/Information	501
Other Public Health and Welfare	71,467

Total expenditures exceeded total appropriations approved by the county commission in the Drug Control Fund by \$250.

Transfers from the Home Health Fund (enterprise fund) to the Solid Waste/Sanitation Fund (a nonmajor governmental fund) exceeded amounts approved by the county commission by \$55,000.

Expenditures and transfers that exceed amounts approved by county commission are a violation of state statutes. Expenditures in excess of appropriations in the General and Drug Control funds were funded by available fund balances in those funds. Transfers in excess of amounts approved were funded by available net position in the Home Health Fund.

C. Conflict of Interest

During the year, the county made purchases totaling \$9,198 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.

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

the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Other than the school department's investment in the TCRS Stabilization Trust as discussed below, the county had no pooled or nonpooled investments as of June 30, 2020.

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. 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 value of investments and interest and dividend income. Interest income is recognized when earned. 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, 2020, 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 where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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, 2020, 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	\$ 11,973
Developed Market International Equity	N/A	N/A	5,407
Emerging Market International Equity	N/A	N/A	1,545
U.S. Fixed Income	N/A	N/A	7,724
Real Estate	N/A	N/A	3,862
Short-term Securities	N/A	N/A	386
NAV - Private Equity and Strategic Lending	N/A	N/A	7,724
Total			\$ 38,621

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value 6-30-20	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity Developed Market	\$ 11,973	\$ 11,973	\$ 0	\$ 0	0	
International Equity Emerging Market	5,407	5,407	0	0	0	
International Equity	1,545	1,545	0	0	0	
U.S. Fixed Income	7,724	0	7,724	0	0	
Real Estate	3,862	0	0	3,862	0	
Short-term Securities	386	0	386	0	0	
Private Equity and Strategic Lending	7,724	0	0	0	7,724	
Total	\$ 38,621	\$ 18,925	\$ 8,110	\$ 3,862	7,724	

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/2020/ag19091.pdf>

B. Lease Receivable

Primary Government

The General Debt Service Fund reports a lease receivable totaling \$2,675,324 at June 30, 2020. 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
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	267,001	91,450	358,451
2026-2030	1,348,330	239,674	1,588,004
Total Minimum Lease Payments	<u>\$ 2,675,324</u>	<u>\$ 841,501</u>	<u>\$ 3,516,825</u>

In the financial statements of the General Debt Service Fund, revenues of \$426,584 have been recognized from Wellmont during the year. The entire amount of the balance for the lease receivable at June 30, 2020, 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, 2020, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 572,474	\$ 0	\$ 0	\$ 572,474
Total Capital Assets Not Depreciated	<u>\$ 572,474</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 572,474</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,398,648	\$ 0	\$ 0	\$ 6,398,648
Machinery and Equipment	3,458,768	187,044	100,898	3,544,914
Infrastructure	22,428,406	0	0	22,428,406
Total Capital Assets Depreciated	<u>\$ 32,285,822</u>	<u>\$ 187,044</u>	<u>\$ 100,898</u>	<u>\$ 32,371,968</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,373,565	\$ 156,095	\$ 0	\$ 2,529,660
Machinery and Equipment	2,552,404	188,619	100,898	2,640,125
Infrastructure	11,381,267	560,712	0	11,941,979
Total Accumulated Depreciation	<u>\$ 16,307,236</u>	<u>\$ 905,426</u>	<u>\$ 100,898</u>	<u>\$ 17,111,764</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,978,586</u>	<u>\$ (718,382)</u>	<u>\$ 0</u>	<u>\$ 15,260,204</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,551,060</u>	<u>\$ (718,382)</u>	<u>\$ 0</u>	<u>\$ 15,832,678</u>

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

Governmental Activities:

General Government	\$ 79,547
Public Safety	92,259
Public Health and Welfare	110,674
Social, Cultural, and Recreational Services	6,500
Highway/Public Works	<u>616,446</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 905,426</u></u>

Business-type Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 26,350	\$ 0	\$ 26,350
Total Capital Assets Not Depreciated	<u>\$ 26,350</u>	<u>\$ 0</u>	<u>\$ 26,350</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 342,466	\$ 0	\$ 342,466
Total Capital Assets Depreciated	<u>\$ 342,466</u>	<u>\$ 0</u>	<u>\$ 342,466</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 82,595	\$ 8,561	\$ 91,156
Total Accumulated Depreciation	<u>\$ 82,595</u>	<u>\$ 8,561</u>	<u>\$ 91,156</u>
Total Capital Assets Depreciated, Net	<u>\$ 259,871</u>	<u>\$ (8,561)</u>	<u>\$ 251,310</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 286,221</u></u>	<u><u>\$ (8,561)</u></u>	<u><u>\$ 277,660</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2020.

Depreciation expense totaling \$8,561 was charged to the Home Health Fund (enterprise fund).

Discretely Presented Hancock County School Department

Governmental Activities:

	Balance				Balance
	7-1-19	Increases	Decreases		6-30-20
	<u> </u>				<u> </u>
Capital Assets Not Depreciated:					
Land	\$ 520,150	\$ 0	\$ 0		\$ 520,150
Construction in Progress	0	968,989	0		968,989
Total Capital Assets Not Depreciated	<u>\$ 520,150</u>	<u>\$ 968,989</u>	<u>\$ 0</u>		<u>\$ 1,489,139</u>
 Capital Assets Depreciated:					
Buildings and Improvements	\$ 15,618,812	\$ 39,687	\$ 0		\$ 15,658,499
Machinery and Equipment	1,914,153	329,069	216,365		2,026,857
Total Capital Assets Depreciated	<u>\$ 17,532,965</u>	<u>\$ 368,756</u>	<u>\$ 216,365</u>		<u>\$ 17,685,356</u>
 Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 7,650,400	\$ 413,209	\$ 0		\$ 8,063,609
Machinery and Equipment	1,253,379	107,150	202,515		1,158,014
Total Accumulated Depreciation	<u>\$ 8,903,779</u>	<u>\$ 520,359</u>	<u>\$ 202,515</u>		<u>\$ 9,221,623</u>
 Total Capital Assets Depreciated, Net	<u>\$ 8,629,186</u>	<u>\$ (151,603)</u>	<u>\$ 13,850</u>		<u>\$ 8,463,733</u>
 Governmental Activities Capital Assets, Net	<u>\$ 9,149,336</u>	<u>\$ 817,386</u>	<u>\$ 13,850</u>		<u>\$ 9,952,872</u>

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

Governmental Activities:

Instruction	\$ 419,283
Support Services	91,121
Operation of Non-instructional Services	<u>9,955</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 520,359</u>

D. Construction Commitments

At June 30, 2020, the discretely presented Hancock County School Department had uncompleted construction contracts of \$1,755,258 for school improvements. Funding for these future expenditures is being provided through the Energy Efficient Schools Initiative Loan discussed in Note IV.F.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Major Enterprise	\$ 35,000
"	General Debt Service	2,771
"	Nonmajor governmental	1,968
General Capital Projects	General	47,789
Nonmajor governmental	Major Enterprise	49,024

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General Capital Projects	\$ 968,989

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Capital Projects Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 47,789	\$ 0
Major Enterprise Fund	300,000	0	104,024
Total	\$ 300,000	\$ 47,789	\$ 104,024

The transfers from the Home Health (enterprise) Fund supplemented general operations of the General and Solid Waste/Sanitation (nonmajor governmental) Funds. The county made a one-time transfer of \$47,789 from the General Fund to subsidize the county’s matching share of a federal grant for waterline construction.

Discretely Presented Hancock County School Department

Transfer Out	Transfer In	
	General Purpose School	Purpose
School Federal Projects	\$ 14,384	Indirect Cost
Total	\$ 14,384	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Hancock County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department.

In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds 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, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placement – Hancock County issues other loans to provide for major capital outlays for the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans 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 for the other loan will be determined upon project completion. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2020, will be retired from the General and General Debt Service Funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	3.5 to 5.6%	6-20-33	\$6,144,000	\$2,288,811
Refunding Bonds	2.0 to 3.5	6-1-37	9,205,000	7,530,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	3 to 3.9	3-31-29	374,518	226,339
Other Loans - Energy Efficient Schools Initiative	1.5	(1) (2)	2,724,247	968,989

- (1) Final maturity and repayment schedule to be determined upon project completion in subsequent period.
- (2) \$1,755,258 remains available for future draws as of June 30, 2020.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2020, including interest payments are presented in the tables below. Annual requirements for other loans outstanding as of June 30, 2020 are not available as repayments do not begin until sixty days after the project associated with this debt is completed, at which time a final amortization schedule will be developed. The project is expected to be

completed early in the subsequent fiscal year. Interest will continue to accrue on the outstanding balance.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2026-2030	3,120,924	925,812	4,046,736
2031-2035	2,480,011	447,928	2,927,939
2036-2037	1,095,000	57,750	1,152,750
Total	\$ 9,818,811	\$ 2,938,079	\$ 12,756,890

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
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
2026-2029	55,416	3,244	58,660
Total	\$ 226,339	\$ 21,550	\$ 247,889

There is \$2,296,481 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled, \$1,440, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, and unamortized debt premiums totaled \$1,621, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Bonds	Notes- Direct Placement	Other Loans - Direct Placement (1)
Balance, July 1, 2019	\$ 10,421,536	\$ 334,631	\$ 0
Additions	0	0	968,989
Reductions	(602,725)	(108,292)	0
Balance, June 30, 2020	<u>\$ 9,818,811</u>	<u>\$ 226,339</u>	<u>\$ 968,989</u>
Balance Due Within One Year	<u>\$ 607,996</u>	<u>\$ 82,046</u>	<u>\$ 0</u>

(1) Amount due within one year is unknown as the final repayment schedule will not be determined until project completion.

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 11,014,139
Less: Balance Due Within One Year - Debt	(690,042)
Add: Unamortized Premium on Debt	<u>36,965</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 10,361,062</u>

G. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Landfill Postclosure Care Costs	Compensated Absences
Balance, July 1, 2019	\$ 34,958	\$ 52,173
Additions	0	37,094
Reductions	(3,819)	(32,470)
	<u>\$ 31,139</u>	<u>\$ 56,797</u>
Balance, June 30, 2020		
Balance Due Within One Year	<u>\$ 4,370</u>	<u>\$ 32,492</u>

	Net Pension Liability
Balance, July 1, 2019	\$ 264,567
Additions	501,504
Reductions	(116,212)
	<u>\$ 649,859</u>
Balance, June 30, 2020	
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 737,795
Less: Balance Due Within One Year - Other	<u>(36,862)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 700,933</u>

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

Hancock County Home Health (Enterprise) Fund

Changes in Long-term Obligations

Long-term obligations activity for the Home Health Fund (enterprise fund) for the year ended June 30, 2020, was as follows:

Business-type Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 11,294
Additions	4,900
Reductions	<u>(3,938)</u>
Balance, June 30, 2020	<u>\$ 12,256</u>
Balance Due Within One Year	<u>\$ 6,128</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 12,256
Less: Balance Due Within One Year - Other	<u>(6,128)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 6,128</u>

Discretely Presented Hancock County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hancock County School Department for the year ended June 30, 2020, was as follows:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2019	\$ 761,259
Additions	165,370
Reductions	<u>(148,182)</u>
Balance, June 30, 2020	<u>\$ 778,447</u>
Balance Due Within One Year	<u>\$ 0</u>

H. Pledges of Future Revenues

The Board of Education pledged, by resolution, Basic Education Program Funds to the General Debt Service Fund in order to retire 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.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hancock County School Department. These payments are made by the state to the Local Education Group Insurance Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2020, were \$33,162. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

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

Hancock County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the 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. Hancock County has opted to not allow its retirees to participate in this health insurance plan.

Discretely Presented Hancock County School Department

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays annual premiums to the TN-

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

The school department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the 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. 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 \$31,139 reported as postclosure liability at June 30, 2020, represents amounts based on what it would cost to perform all postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

C. 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, 2020, 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

D. 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

E. 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.

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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to But Not Yet Receiving Benefits	5
Active Employees	11
Total	29

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, 2020, the employer contribution for Hancock County was \$82,753 based on a rate of 10.78 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, 2019, 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, 2019, 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, 2019, 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 asset 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 asset 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, 2018	\$ 2,737,808	\$ 2,473,241	\$ 264,567
Changes for the Year:			
Service Cost	\$ 66,668	\$ 0	\$ 66,668
Interest	197,163	0	197,163
Differences Between Expected and Actual Experience	413,307	0	413,307
Contributions-Employer	0	73,014	(73,014)
Contributions-Employees	0	37,910	(37,910)
Net Investment Income	0	181,920	(181,920)
Benefit Payments, Including Refunds of Employee Contributions	(169,983)	(169,983)	0
Administrative Expense	0	(998)	998
Net Changes	\$ 507,155	\$ 121,863	\$ 385,292
Balance, June 30, 2019	\$ 3,244,963	\$ 2,595,104	\$ 649,859

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 (Asset) \$ 974,544 \$ 649,859 \$ 370,257

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, Hancock County recognized pension expense of \$212,022.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 301,700	\$ 30,327
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	30,309
Changes in Assumptions	22,180	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	<u>82,752</u>	<u>N/A</u>
Total	<u>\$ 406,632</u>	<u>\$ 60,636</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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
<u>June 30</u>	<u>Amount</u>
2021	\$ 154,027
2022	115,966
2023	(5,789)
2024	(957)
2025	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.

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, 2020, to the Teacher Retirement Plan were \$20,504, which is 2.04 percent of covered payroll. In addition, employer contributions of \$19,814, which is 1.97 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2020, the Hancock County School Department reported a liability (asset) of (\$43,891) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the Hancock County School Department's proportion was .077753 percent. The proportion as of June 30, 2018, was .079603 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the Hancock County School Department recognized pension expense of \$13,896.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the Hancock County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,820	\$ 7,662
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,856
Changes in Assumptions	1,525	0
Changes in Proportion of Net Pension Liability (Asset)	1,964	624
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	20,504	N/A
Total	<u>\$ 25,813</u>	<u>\$ 10,142</u>

The Hancock County School Department's employer contributions of \$20,504, 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, 2021. 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
2021	\$ (808)
2022	(1,092)
2023	(572)
2024	(306)
2025	(231)
Thereafter	(1,822)

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, 2019, 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, 2019, 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 asset 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 asset class are summarized in the following table:

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

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

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

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

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

Net Pension Liability (Asset) \$ 13,906 \$ (43,891) \$ (86,613)

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.

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, 2020, to the Teacher Legacy Pension Plan were \$419,715, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2020, the Hancock County School Department reported a liability (asset) of (\$1,238,786) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the Hancock County School Department's proportion was .120483 percent. The proportion measured at June 30, 2018, was .119932 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the Hancock County School Department recognized pension expense of \$160,737.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 60,313	\$ 756,675
Changes in Assumptions	166,933	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	353,945
Changes in Proportion of Net Pension Liability (Asset)	17,855	16,950
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>419,715</u>	<u>N/A</u>
Total	<u>\$ 664,816</u>	<u>\$ 1,127,570</u>

The Hancock County School Department's employer contributions of \$419,715 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, 2021. 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
<u>June 30</u>	<u>Amount</u>
2021	\$ (257,345)
2022	(349,127)
2023	(158,405)
2024	(117,592)
2025	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, 2019, 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, 2019, 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 asset 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	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 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 %) 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 (Asset)	\$ 2,532,960	\$ (1,238,786)	\$ (4,239,106)
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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.

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 \$50,807 and teachers contributed \$19,536 to this deferred compensation pension plan.

F. Other Postemployment Benefits (OPEB)

Discretely Presented Hancock County School Department

The discretely presented Hancock County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

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

The school department's total OPEB liability for the plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.
Retirees Share of Benefit Related Cost	Discussed under Benefits Provided

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 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, 2019, 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 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 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, 25 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, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>121</u>
Total	<u><u>128</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 \$32,721 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Hancock County</u>		
	School Department 60.97%	State of TN 39.03%	Total OPEB Liability
Balance July 1, 2018	\$ 761,259	\$ 434,937	\$ 1,196,196
Changes for the Year:			
Service Cost	\$ 38,210	\$ 24,461	\$ 62,671
Interest	26,843	17,185	44,028
Difference between Expected and Actuarial Experience	99,911	63,961	163,872
Changes in Proportion	(31,952)	31,952	0
Changes in Assumption and Other Inputs	(63,389)	(40,580)	(103,969)
Benefit Payments	(52,436)	(33,568)	(86,004)
Net Changes	<u>\$ 17,188</u>	<u>\$ 63,410</u>	<u>\$ 80,598</u>
Balance June 30, 2019	<u>\$ 778,447</u>	<u>\$ 498,347</u>	<u>\$ 1,276,794</u>

The Hancock County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Hancock County School

Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$37,519 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 60.97 percent and the State of Tennessee's Share was 39.03 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$89,119, which includes expenses funded by subsidies provided by the state. At June 30, 2020, 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	\$ 89,970	\$ 107,310
Changes of Assumptions/Inputs	10,048	86,035
Changes in Proportion	9,256	33,952
Benefits Paid After the Measurement Date of June 30, 2019	<u>32,721</u>	<u>0</u>
Total	<u>\$ 141,995</u>	<u>\$ 227,297</u>

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

Year Ending June 30	School Department
2021	\$ (13,453)
2022	(13,453)
2023	(13,453)
2024	(13,453)
2025	(13,453)
Thereafter	(50,759)

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

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.51%	3.51%	4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 844,089	\$ 778,447	\$ 717,182
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Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rate	1% Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 688,338	\$ 778,447	\$ 886,320
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G. 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.

H. Subsequent Events

Subsequent to June 30, 2020, 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.

On August 10, 2020, the county commission approved to early retire the Call Center capital outlay. The amount including interest was \$120,482.

Director of Schools Tony Seal retired June 30, 2020 and was succeeded by Michael Belcher effective July 1, 2020. Michael Belcher passed away on September 20, 2020 and the board appointed Charlotte Mullins as director on October 1, 2020.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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	2019
Total Pension Liability						
Service Cost	\$ 38,224	\$ 47,067	\$ 51,139	\$ 63,452	\$ 60,807	\$ 66,668
Interest	161,315	172,749	179,823	185,230	184,503	197,163
Differences Between Actual and Expected Experience	46,171	(15,079)	(39,127)	(121,305)	78,488	413,307
Changes in Assumptions	0	0	0	88,723	0	0
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)
Net Change in Total Pension Liability	\$ 142,961	\$ 103,296	\$ 64,280	\$ 79,555	\$ 183,697	\$ 507,155
Total Pension Liability, Beginning	2,164,019	2,306,980	2,410,276	2,474,556	2,554,111	2,737,808
Total Pension Liability, Ending (a)	\$ 2,306,980	\$ 2,410,276	\$ 2,474,556	\$ 2,554,111	\$ 2,737,808	\$ 3,244,963
Plan Fiduciary Net Position						
Contributions - Employer	\$ 47,079	\$ 51,508	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014
Contributions - Employee	32,375	33,798	34,133	53,863	36,324	37,910
Net Investment Income	291,889	62,485	54,687	236,793	190,895	181,920
Benefit Payments, Including Refunds of Employee Contributions	(102,749)	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)
Administrative Expense	(494)	(558)	(832)	(934)	(1,045)	(998)
Net Change in Plan Fiduciary Net Position	\$ 268,100	\$ 45,792	\$ 12,424	\$ 218,280	\$ 156,033	\$ 121,863
Plan Fiduciary Net Position, Beginning	1,772,612	2,040,712	2,086,504	2,098,928	2,317,208	2,473,241
Plan Fiduciary Net Position, Ending (b)	\$ 2,040,712	\$ 2,086,504	\$ 2,098,928	\$ 2,317,208	\$ 2,473,241	\$ 2,595,104
Net Pension Liability (Asset), Ending (a - b)	\$ 266,268	\$ 323,772	\$ 375,628	\$ 236,903	\$ 264,567	\$ 649,859
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.46%	86.57%	84.82%	90.72%	90.34%	79.97%
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193
Net Pension Liability (Asset) as a Percentage of Covered Payroll	41.12%	47.90%	55.49%	34.24%	36.42%	85.71%

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

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

Exhibit F-2

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

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 47,079	\$ 51,311	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014	\$ 82,753
Less Contributions in Relation to the Actuarially Determined Contribution	(47,079)	(51,311)	(51,991)	(65,103)	(69,960)	(73,014)	(82,753)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 647,511	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193	\$ 775,687
Contributions as a Percentage of Covered Payroll	7.27%	7.59%	7.68%	9.41%	9.63%	9.63%	10.78%

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

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

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 8,174	\$ 13,445	\$ 21,804	\$ 27,825	\$ 15,962	\$ 20,504
Less Contributions in Relation to the Contractually Required Contribution	(8,174)	(13,445)	(21,804)	(27,825)	(15,962)	(20,504)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774	\$ 1,006,284
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.04%

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

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 416,058	\$ 399,809	\$ 404,735	\$ 390,829	\$ 381,326	\$ 422,582	\$ 419,715
Less Contributions in Relation to the Contractually Required Contribution	(416,058)	(399,809)	(404,735)	(390,829)	(381,326)	(422,582)	(419,715)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,685,336	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979	\$ 3,948,412
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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

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

Exhibit F-5

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Asset	0.098350%	0.076393%	0.083051%	0.079603%	0.077753%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,957)	\$ (7,953)	\$ (21,913)	\$ (36,102)	\$ (43,891)
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.119372%	0.118143%	0.124028%	0.122302%	0.119932%	0.120483%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (19,398)	\$ 48,395	\$ 775,105	\$ (40,016)	\$ (422,030)	\$ (1,238,786)
Covered Payroll	\$ 4,685,336	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094252%	17.31%	(.93)%	(10.05)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Exhibit F-7

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 77,343	\$ 71,586	\$ 62,671
Interest	40,819	49,045	44,028
Differences Between Actual and Expected Experience	0	(214,689)	163,872
Changes in Assumptions or Other Inputs	(65,522)	20,103	(103,969)
Benefit Payments	(62,358)	(71,874)	(86,004)
Net Change in Total OPEB Liability	\$ (9,718)	\$ (145,829)	\$ 80,598
Total OPEB Liability, Beginning	1,351,743	1,342,025	1,196,196
Total OPEB Liability, Ending	<u>\$ 1,342,025</u>	<u>\$ 1,196,196</u>	<u>\$ 1,276,794</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 500,944	\$ 434,937	\$ 498,347
Employer Proportionate Share of the Total OPEB Liability	841,081	761,259	778,447
Covered Employee Payroll	\$ 5,612,756	\$ 5,596,657	\$ 5,575,047
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.99%	13.60%	13.96%

Notes:

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

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

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%

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

HANCOCK COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the July 1, 2018, 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%

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Exhibit G-1

Hancock County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,968	\$ 1,968
Equity in Pooled Cash and Investments	11,567	30,195	0	41,762
Accounts Receivable	40	0	0	40
Due from Other Governments	876	0	0	876
Due from Other Funds	49,024	0	0	49,024
Property Taxes Receivable	267,325	0	0	267,325
Allowance for Uncollectible Property Taxes	(18,118)	0	0	(18,118)
Total Assets	\$ 310,714	\$ 30,195	\$ 1,968	\$ 342,877
<u>LIABILITIES</u>				
Accounts Payable	\$ 11,921	\$ 0	\$ 0	\$ 11,921
Accrued Payroll	2,810	0	0	2,810
Payroll Deductions Payable	239	0	0	239
Due to Other Funds	0	0	1,968	1,968
Due to State of Tennessee	136	0	0	136
Total Liabilities	\$ 15,106	\$ 0	\$ 1,968	\$ 17,074
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 240,203	\$ 0	\$ 0	\$ 240,203
Deferred Delinquent Property Taxes	8,593	0	0	8,593
Other Deferred/Unavailable Revenue	292	0	0	292
Total Deferred Inflows of Resources	\$ 249,088	\$ 0	\$ 0	\$ 249,088

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 30,195	\$ 0	\$ 30,195
Committed:				
Committed for Public Health and Welfare	46,520	0	0	46,520
Total Fund Balances	<u>\$ 46,520</u>	<u>\$ 30,195</u>	<u>\$ 0</u>	<u>\$ 76,715</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 310,714</u>	<u>\$ 30,195</u>	<u>\$ 1,968</u>	<u>\$ 342,877</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, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 249,349	\$ 0	\$ 0	\$ 249,349
Fines, Forfeitures, and Penalties	0	23,179	0	23,179
Charges for Current Services	0	0	1,293	1,293
Other Local Revenues	11,036	2,948	0	13,984
State of Tennessee	2,487	1,832	0	4,319
Total Revenues	<u>\$ 262,872</u>	<u>\$ 27,959</u>	<u>\$ 1,293</u>	<u>\$ 292,124</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 1,293	\$ 1,293
Public Safety	0	30,940	0	30,940
Public Health and Welfare	336,727	0	0	336,727
Total Expenditures	<u>\$ 336,727</u>	<u>\$ 30,940</u>	<u>\$ 1,293</u>	<u>\$ 368,960</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,855)</u>	<u>\$ (2,981)</u>	<u>\$ 0</u>	<u>\$ (76,836)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 104,024	\$ 0	\$ 0	\$ 104,024
Total Other Financing Sources (Uses)	<u>\$ 104,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,024</u>
Net Change in Fund Balances	\$ 30,169	\$ (2,981)	\$ 0	\$ 27,188
Fund Balance, July 1, 2019	16,351	33,176	0	49,527
Fund Balance, June 30, 2020	<u>\$ 46,520</u>	<u>\$ 30,195</u>	<u>\$ 0</u>	<u>\$ 76,715</u>

Exhibit G-3

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 249,349	\$ 0	\$ 249,349	\$ 235,845	\$ 235,845	\$ 13,504
Other Local Revenues	11,036	0	11,036	18,100	18,100	(7,064)
State of Tennessee	2,487	0	2,487	0	0	2,487
Total Revenues	<u>\$ 262,872</u>	<u>\$ 0</u>	<u>\$ 262,872</u>	<u>\$ 253,945</u>	<u>\$ 253,945</u>	<u>\$ 8,927</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 336,727	\$ 4,674	\$ 341,401	\$ 297,705	\$ 373,561	\$ 32,160
Total Expenditures	<u>\$ 336,727</u>	<u>\$ 4,674</u>	<u>\$ 341,401</u>	<u>\$ 297,705</u>	<u>\$ 373,561</u>	<u>\$ 32,160</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,855)</u>	<u>\$ (4,674)</u>	<u>\$ (78,529)</u>	<u>\$ (43,760)</u>	<u>\$ (119,616)</u>	<u>\$ 41,087</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 104,024	\$ 0	\$ 104,024	\$ 0	\$ 104,024	\$ 0
Total Other Financing Sources	<u>\$ 104,024</u>	<u>\$ 0</u>	<u>\$ 104,024</u>	<u>\$ 0</u>	<u>\$ 104,024</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 30,169	\$ (4,674)	\$ 25,495	\$ (43,760)	\$ (15,592)	\$ 41,087
Fund Balance, July 1, 2019	16,351	0	16,351	80,478	80,478	(64,127)
Fund Balance, June 30, 2020	<u>\$ 46,520</u>	<u>\$ (4,674)</u>	<u>\$ 41,846</u>	<u>\$ 36,718</u>	<u>\$ 64,886</u>	<u>\$ (23,040)</u>

Exhibit G-4

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 23,179	\$ 0	\$ 23,179	\$ 7,500	\$ 7,500	\$ 15,679
Other Local Revenues	2,948	0	2,948	0	700	2,248
State of Tennessee	1,832	0	1,832	0	0	1,832
Total Revenues	\$ 27,959	\$ 0	\$ 27,959	\$ 7,500	\$ 8,200	\$ 19,759
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 30,940	\$ 45	\$ 30,985	\$ 20,035	\$ 30,735	\$ (250)
Total Expenditures	\$ 30,940	\$ 45	\$ 30,985	\$ 20,035	\$ 30,735	\$ (250)
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,981)	\$ (45)	\$ (3,026)	\$ (12,535)	\$ (22,535)	\$ 19,509
Net Change in Fund Balance	\$ (2,981)	\$ (45)	\$ (3,026)	\$ (12,535)	\$ (22,535)	\$ 19,509
Fund Balance, July 1, 2019	33,176	0	33,176	33,176	33,176	0
Fund Balance, June 30, 2020	\$ 30,195	\$ (45)	\$ 30,150	\$ 20,641	\$ 10,641	\$ 19,509

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,394	\$ 15,850	\$ 15,850	\$ (4,456)
Other Local Revenues	91,906	103,000	103,000	(11,094)
Other Governments and Citizens Groups	967,584	967,584	967,584	0
Total Revenues	<u>\$ 1,070,884</u>	<u>\$ 1,086,434</u>	<u>\$ 1,086,434</u>	<u>\$ (15,550)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 276,607	\$ 247,725	\$ 276,607	\$ 0
Education	337,960	355,000	337,960	0
<u>Interest on Debt</u>				
General Government	153,879	154,672	169,224	15,345
Education	213,224	223,975	213,224	0
<u>Other Debt Service</u>				
General Government	228	22,143	6,000	5,772
Education	500	0	500	0
Total Expenditures	<u>\$ 982,398</u>	<u>\$ 1,003,515</u>	<u>\$ 1,003,515</u>	<u>\$ 21,117</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,486</u>	<u>\$ 82,919</u>	<u>\$ 82,919</u>	<u>\$ 5,567</u>
Net Change in Fund Balance	\$ 88,486	\$ 82,919	\$ 82,919	\$ 5,567
Fund Balance, July 1, 2019	<u>2,207,995</u>	<u>1,945,813</u>	<u>1,945,813</u>	<u>262,182</u>
Fund Balance, June 30, 2020	<u>\$ 2,296,481</u>	<u>\$ 2,028,732</u>	<u>\$ 2,028,732</u>	<u>\$ 267,749</u>

Fiduciary Funds

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

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

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, 2020

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 246,371	\$ 0	\$ 246,371
Equity in Pooled Cash and Investments	0	0	1,429,438	1,429,438
Accounts Receivable	0	3,680	2,009	5,689
Due from Other Governments	36,697	0	0	36,697
Total Assets	<u>\$ 36,697</u>	<u>\$ 250,051</u>	<u>\$ 1,431,447</u>	<u>\$ 1,718,195</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 36,697	\$ 0	\$ 1,431,447	\$ 1,468,144
Due to Litigants, Heirs, and Others	0	250,051	0	250,051
Total Liabilities	<u>\$ 36,697</u>	<u>\$ 250,051</u>	<u>\$ 1,431,447</u>	<u>\$ 1,718,195</u>

Exhibit I-2

Hancock County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 203,321	\$ 203,321	\$ 0
Due from Other Governments	32,327	36,697	32,327	36,697
Total Assets	<u>\$ 32,327</u>	<u>\$ 240,018</u>	<u>\$ 235,648</u>	<u>\$ 36,697</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 32,327	\$ 240,018	\$ 235,648	\$ 36,697
Total Liabilities	<u>\$ 32,327</u>	<u>\$ 240,018</u>	<u>\$ 235,648</u>	<u>\$ 36,697</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 471,516	\$ 1,275,689	\$ 1,500,834	\$ 246,371
Accounts Receivable	1,217	3,680	1,217	3,680
Total Assets	<u>\$ 472,733</u>	<u>\$ 1,279,369</u>	<u>\$ 1,502,051</u>	<u>\$ 250,051</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 472,733	\$ 1,279,369	\$ 1,502,051	\$ 250,051
Total Liabilities	<u>\$ 472,733</u>	<u>\$ 1,279,369</u>	<u>\$ 1,502,051</u>	<u>\$ 250,051</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,321,919	\$ 272,480	\$ 164,961	\$ 1,429,438
Accounts Receivable	2,894	2,009	2,894	2,009
Total Assets	<u>\$ 1,324,813</u>	<u>\$ 274,489</u>	<u>\$ 167,855</u>	<u>\$ 1,431,447</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,750	\$ 0	\$ 1,750	\$ 0
Due to Other Taxing Units	1,323,063	274,489	166,105	1,431,447
Total Liabilities	<u>\$ 1,324,813</u>	<u>\$ 274,489</u>	<u>\$ 167,855</u>	<u>\$ 1,431,447</u>

(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	\$ 471,516	\$ 1,275,689	\$ 1,500,834	\$ 246,371
Equity in Pooled Cash and Investments	1,321,919	475,801	368,282	1,429,438
Accounts Receivable	4,111	5,689	4,111	5,689
Due from Other Governments	32,327	36,697	32,327	36,697
Total Assets	<u>\$ 1,829,873</u>	<u>\$ 1,793,876</u>	<u>\$ 1,905,554</u>	<u>\$ 1,718,195</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,750	\$ 0	\$ 1,750	\$ 0
Due to Other Taxing Units	1,355,390	514,507	401,753	1,468,144
Due to Litigants, Heirs, and Others	472,733	1,279,369	1,502,051	250,051
Total Liabilities	<u>\$ 1,829,873</u>	<u>\$ 1,793,876</u>	<u>\$ 1,905,554</u>	<u>\$ 1,718,195</u>

Hancock County School Department

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

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

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

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

Exhibit J-1

Hancock County, Tennessee
Statement of Activities
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,132,801	\$ 13,211	\$ 518,383	\$ 968,989	\$ (4,632,218)
Support Services	3,658,282	0	506,908	194,373	(2,957,001)
Operation of Non-instructional Services	1,090,765	36,650	1,042,671	0	(11,444)
Total Governmental Activities	\$ 10,881,848	\$ 49,861	\$ 2,067,962	\$ 1,163,362	\$ (7,600,663)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 748,380	
Local Option Sales Taxes				287,877	
Wheel Tax				57,726	
Wholesale Beer Tax				1,423	
Grants and Contributions Not Restricted for Specific Programs				8,240,554	
Unrestricted Investment Income				10,559	
Gain on Investments				1,193	
Miscellaneous				75,305	
Total General Revenues				\$ 9,423,017	
Change in Net Position				\$ 1,822,354	
Net Position, July 1, 2019				12,642,863	
Net Position, June 30, 2020				\$ 14,465,217	

Exhibit J-2

Hancock County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hancock County School Department
June 30, 2020

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
	Funds	Funds	Funds
<u>ASSETS</u>			
Cash	\$ 17,803	\$ 0	\$ 17,803
Equity in Pooled Cash and Investments	2,961,161	653,373	3,614,534
Accounts Receivable	1,074	0	1,074
Due from Other Governments	129,896	32,851	162,747
Due from Primary Government	968,989	0	968,989
Property Taxes Receivable	801,975	0	801,975
Allowance for Uncollectible Property Taxes	(54,355)	0	(54,355)
Restricted Assets	38,621	0	38,621
Total Assets	<u>\$ 4,865,164</u>	<u>\$ 686,224</u>	<u>\$ 5,551,388</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 79,088	\$ 18,759	\$ 97,847
Other Current Liabilities	192,431	0	192,431
Total Liabilities	<u>\$ 271,519</u>	<u>\$ 18,759</u>	<u>\$ 290,278</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 720,610	\$ 0	\$ 720,610
Deferred Delinquent Property Taxes	25,778	0	25,778
Other Deferred/Unavailable Revenue	26,018	0	26,018
Total Deferred Inflows of Resources	<u>\$ 772,406</u>	<u>\$ 0</u>	<u>\$ 772,406</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 25,592	\$ 542,465	\$ 568,057
Restricted for Hybrid Retirement Stabilization Funds	38,621	0	38,621
Committed:			
Committed for Education	0	125,000	125,000
Assigned:			
Assigned for Education	2,243,794	0	2,243,794
Unassigned	1,513,232	0	1,513,232
Total Fund Balances	<u>\$ 3,821,239</u>	<u>\$ 667,465</u>	<u>\$ 4,488,704</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,865,164</u>	<u>\$ 686,224</u>	<u>\$ 5,551,388</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, 2020

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)		\$	4,488,704
(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: construction in progress		968,989	
Add: building and improvements net of accumulated depreciation		7,594,890	
Add: machinery and equipment net of accumulated depreciation		<u>868,843</u>	9,952,872
(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			(778,447)
(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	\$	690,629	
Less: deferred inflows of resources related to pensions		(1,137,712)	
Add: deferred outflows of resources related to OPEB		141,995	
Less: deferred inflows of resources related to OPEB		<u>(227,297)</u>	(532,385)
(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	\$	43,891	
Add: net pension asset - teacher legacy retirement plan		<u>1,238,786</u>	1,282,677
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>51,796</u>
Net position of governmental activities (Exhibit A)			<u>\$ 14,465,217</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, 2020

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,088,139	\$ 0	\$ 1,088,139
Licenses and Permits	494	0	494
Charges for Current Services	0	36,650	36,650
Other Local Revenues	301,330	9,366	310,696
State of Tennessee	8,572,570	3,274	8,575,844
Federal Government	679	1,691,406	1,692,085
Other Governments and Citizens Groups	988,989	0	988,989
Total Revenues	<u>\$ 10,952,201</u>	<u>\$ 1,740,696</u>	<u>\$ 12,692,897</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,847,989	\$ 600,163	\$ 5,448,152
Support Services	3,455,074	434,908	3,889,982
Operation of Non-Instructional Services	424,886	655,924	1,080,810
Capital Outlay	968,989	0	968,989
Debt Service:			
Other Debt Service	541,000	0	541,000
Total Expenditures	<u>\$ 10,237,938</u>	<u>\$ 1,690,995</u>	<u>\$ 11,928,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 714,263</u>	<u>\$ 49,701</u>	<u>\$ 763,964</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 14,384	\$ 0	\$ 14,384
Transfers Out	0	(14,384)	(14,384)
Total Other Financing Sources (Uses)	<u>\$ 14,384</u>	<u>\$ (14,384)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 728,647	\$ 35,317	\$ 763,964
Fund Balance, July 1, 2019	3,092,592	632,148	3,724,740
Fund Balance, June 30, 2020	<u>\$ 3,821,239</u>	<u>\$ 667,465</u>	<u>\$ 4,488,704</u>

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, 2020

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)		\$ 763,964
(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	\$ 1,337,745	
Less: current-year depreciation expense	<u>(520,359)</u>	817,386
(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		(13,850)
(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, 2020	\$ 51,796	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(44,848)</u>	6,948
(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	\$ (17,188)	
Change in net pension asset/liability	824,545	
Change in deferred outflows related to pensions	(113,105)	
Change in deferred inflows related to pensions	(444,655)	
Change in deferred outflows related to OPEB	67,239	
Change in deferred inflows related to OPEB	<u>(68,930)</u>	<u>247,906</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,822,354</u>

Exhibit J-6

Hancock County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hancock County School Department
June 30, 2020

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 110,127	\$ 543,246	\$ 653,373
Due from Other Governments	32,851	0	32,851
Total Assets	<u>\$ 142,978</u>	<u>\$ 543,246</u>	<u>\$ 686,224</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 17,852	\$ 907	\$ 18,759
Total Liabilities	<u>\$ 17,852</u>	<u>\$ 907</u>	<u>\$ 18,759</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 126	\$ 542,339	\$ 542,465
Committed:			
Committed for Education	125,000	0	125,000
Total Fund Balances	<u>\$ 125,126</u>	<u>\$ 542,339</u>	<u>\$ 667,465</u>
Total Liabilities and Fund Balances	<u>\$ 142,978</u>	<u>\$ 543,246</u>	<u>\$ 686,224</u>

Exhibit J-7

Hancock County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hancock County School Department
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 36,650	\$ 36,650
Other Local Revenues	0	9,366	9,366
State of Tennessee	0	3,274	3,274
Federal Government	1,049,581	641,825	1,691,406
Total Revenues	<u>\$ 1,049,581</u>	<u>\$ 691,115</u>	<u>\$ 1,740,696</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 600,163	\$ 0	\$ 600,163
Support Services	434,908	0	434,908
Operation of Non-Instructional Services	0	655,924	655,924
Total Expenditures	<u>\$ 1,035,071</u>	<u>\$ 655,924</u>	<u>\$ 1,690,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,510</u>	<u>\$ 35,191</u>	<u>\$ 49,701</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (14,384)	\$ 0	\$ (14,384)
Total Other Financing Sources (Uses)	<u>\$ (14,384)</u>	<u>\$ 0</u>	<u>\$ (14,384)</u>
Net Change in Fund Balances	\$ 126	\$ 35,191	\$ 35,317
Fund Balance, July 1, 2019	125,000	507,148	632,148
Fund Balance, June 30, 2020	<u>\$ 125,126</u>	<u>\$ 542,339</u>	<u>\$ 667,465</u>

Exhibit J-8

Hancock County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hancock County School Department
General Purpose School Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,088,139	\$ 0	\$ 1,088,139	\$ 929,327	\$ 929,327	\$ 158,812
Licenses and Permits	494	0	494	600	600	(106)
Other Local Revenues	301,330	0	301,330	257,653	2,028,376	(1,727,046)
State of Tennessee	8,572,570	0	8,572,570	8,355,395	8,719,011	(146,441)
Federal Government	679	0	679	0	679	0
Other Governments and Citizens Groups	988,989	0	988,989	0	988,989	0
Total Revenues	\$ 10,952,201	\$ 0	\$ 10,952,201	\$ 9,542,975	\$ 12,666,982	\$ (1,714,781)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,754,144	\$ 0	\$ 3,754,144	\$ 3,907,321	\$ 4,021,116	\$ 266,972
Alternative Instruction Program	61,562	0	61,562	60,908	61,822	260
Special Education Program	658,781	0	658,781	698,840	707,890	49,109
Career and Technical Education Program	373,502	0	373,502	373,955	382,710	9,208
<u>Support Services</u>						
Attendance	149,569	0	149,569	154,374	154,675	5,106
Health Services	118,200	0	118,200	119,750	120,445	2,245
Other Student Support	474,076	0	474,076	410,557	529,061	54,985
Regular Instruction Program	195,874	0	195,874	210,348	233,408	37,534
Special Education Program	97,630	0	97,630	100,423	100,423	2,793
Career and Technical Education Program	155,075	0	155,075	81,198	156,198	1,123
Technology	63,822	0	63,822	77,553	77,553	13,731
Other Programs	33,162	0	33,162	0	33,162	0
Board of Education	205,311	0	205,311	211,542	224,954	19,643
Director of Schools	125,950	0	125,950	131,661	131,661	5,711

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 280,959	\$ 0	\$ 280,959	\$ 310,762	\$ 315,093	\$ 34,134
Fiscal Services	119,241	0	119,241	127,271	128,464	9,223
Operation of Plant	606,729	0	606,729	683,186	711,119	104,390
Maintenance of Plant	104,607	0	104,607	102,399	108,799	4,192
Transportation	724,869	200,357	925,226	852,873	1,089,554	164,328
<u>Operation of Non-Instructional Services</u>						
Community Services	98,104	0	98,104	99,317	103,104	5,000
Early Childhood Education	326,103	0	326,103	329,938	328,333	2,230
COVID-19 Expenditures	679	0	679	0	679	0
<u>Capital Outlay</u>						
Regular Capital Outlay	968,989	1,755,258	2,724,247	0	2,724,247	0
<u>Other Debt Service</u>						
Education	541,000	0	541,000	541,000	541,000	0
Total Expenditures	\$ 10,237,938	\$ 1,955,615	\$ 12,193,553	\$ 9,585,176	\$ 12,985,470	\$ 791,917
Excess (Deficiency) of Revenues Over Expenditures	\$ 714,263	\$ (1,955,615)	\$ (1,241,352)	\$ (42,201)	\$ (318,488)	\$ (922,864)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 14,384	\$ 0	\$ 14,384	\$ 0	\$ 14,384	\$ 0
Total Other Financing Sources	\$ 14,384	\$ 0	\$ 14,384	\$ 0	\$ 14,384	\$ 0
Net Change in Fund Balance	\$ 728,647	\$ (1,955,615)	\$ (1,226,968)	\$ (42,201)	\$ (304,104)	\$ (922,864)
Fund Balance, July 1, 2019	3,092,592	0	3,092,592	3,074,978	3,074,978	17,614
Fund Balance, June 30, 2020	\$ 3,821,239	\$ (1,955,615)	\$ 1,865,624	\$ 3,032,777	\$ 2,770,874	\$ (905,250)

Exhibit J-9

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,049,581	\$ 919,460	\$ 1,190,933	\$ (141,352)
Total Revenues	\$ 1,049,581	\$ 919,460	\$ 1,190,933	\$ (141,352)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 405,635	\$ 436,464	\$ 457,140	\$ 51,505
Special Education Program	169,015	173,979	184,825	15,810
Career and Technical Education Program	25,513	13,528	25,513	0
<u>Support Services</u>				
Other Student Support	158,934	36,869	178,237	19,303
Regular Instruction Program	163,403	161,628	201,991	38,588
Special Education Program	89,614	66,247	99,757	10,143
Career and Technical Education Program	2,233	3,815	2,233	0
Transportation	20,724	26,930	26,930	6,206
Total Expenditures	\$ 1,035,071	\$ 919,460	\$ 1,176,626	\$ 141,555
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,510	\$ 0	\$ 14,307	\$ 203
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (14,384)	\$ 0	\$ (14,384)	\$ 0
Total Other Financing Sources	\$ (14,384)	\$ 0	\$ (14,384)	\$ 0
Net Change in Fund Balance	\$ 126	\$ 0	\$ (77)	\$ 203
Fund Balance, July 1, 2019	125,000	125,077	125,077	(77)
Fund Balance, June 30, 2020	\$ 125,126	\$ 125,077	\$ 125,000	\$ 126

Exhibit J-10

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 36,650	\$ 25,000	\$ 25,000	\$ 11,650
Other Local Revenues	9,366	1,000	1,000	8,366
State of Tennessee	3,274	0	390	2,884
Federal Government	641,825	691,243	691,243	(49,418)
Total Revenues	<u>\$ 691,115</u>	<u>\$ 717,243</u>	<u>\$ 717,633</u>	<u>\$ (26,518)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 655,924	\$ 770,405	\$ 771,241	\$ 115,317
Total Expenditures	<u>\$ 655,924</u>	<u>\$ 770,405</u>	<u>\$ 771,241</u>	<u>\$ 115,317</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 35,191</u>	<u>\$ (53,162)</u>	<u>\$ (53,608)</u>	<u>\$ 88,799</u>
Net Change in Fund Balance	\$ 35,191	\$ (53,162)	\$ (53,608)	\$ 88,799
Fund Balance, July 1, 2019	<u>507,148</u>	<u>507,148</u>	<u>507,148</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 542,339</u></u>	<u><u>\$ 453,986</u></u>	<u><u>\$ 453,540</u></u>	<u><u>\$ 88,799</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hancock County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff Vehicles	\$ 170,000	3.25 %	3-1-17	3-1-22	\$ 105,284	\$ 0	\$ 33,957	\$ 71,327
Ambulance	80,597	3.35	6-7-17	5-25-20	27,734	0	27,734	0
Ambulance	69,518	3.9	6-26-19	6-26-21	69,518	0	34,759	34,759
Total Payable through General Fund					<u>\$ 202,536</u>	<u>\$ 0</u>	<u>\$ 96,450</u>	<u>\$ 106,086</u>
<u>Payable through General Debt Service Fund</u>								
Call Center	135,000	3.0	4-20-19	3-31-29	\$ 132,095	\$ 0	\$ 11,842	\$ 120,253
Total Notes Payable					<u>\$ 334,631</u>	<u>\$ 0</u>	<u>\$ 108,292</u>	<u>\$ 226,339</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Hospital Bond	6,000,000	5.6	12-15-03	12-15-28	\$ 2,400,000	\$ 0	\$ 240,000	\$ 2,160,000
General Obligation Refunding Bonds - Series 2015	9,205,000	2.0 - 3.5	9-25-15	6-1-37	7,885,000	0	355,000	7,530,000
General Obligation Bond - Series 2018 (USDA)	144,000	3.5	6-20-18	6-20-33	136,536	0	7,725	128,811
Total Bonds Payable					<u>\$ 10,421,536</u>	<u>\$ 0</u>	<u>\$ 602,725</u>	<u>\$ 9,818,811</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Energy Efficient Schools Initiative	(1)	1.5	2-12-20	(2)	\$ 0	\$ 968,989	\$ 0	\$ 968,989
Total Other Loans Payable					<u>\$ 0</u>	<u>\$ 968,989</u>	<u>\$ 0</u>	<u>\$ 968,989</u>

(1) Total amount approved for Energy Efficient Schools Initiative Loan was \$2,724,247, of which \$1,755,258 remains available to be drawn as of June 30, 2020.

(2) Final maturity date and repayment schedule is to be determined upon project completion.

Exhibit K-2

Hancock County, Tennessee
Schedule of Long-term Debt Requirements by Year (1)

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 226,339	\$ 21,550	\$ 247,889

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 9,818,811	\$ 2,938,079	\$ 12,756,890

(1) Schedule does not include requirements for the Energy Efficient Schools Initiative with a principal balance of \$968,989 at June 30, 2020. Actual requirements for this loan are to be determined at project completion in the subsequent period.

Exhibit K-3

Hancock County, Tennessee
Schedule of Capital Lease Receivable
Primary Government
June 30, 2020

<u>Description</u>	<u>Original Amount of Note/ Lease</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-20</u>
<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>\$ 2,675,324</u>
Total Primary Government					<u><u>\$ 2,675,324</u></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, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Home Health (enterprise fund)	General	Operations	\$ 300,000
Home Health (enterprise fund)	Solid Waste/Sanitation	Operations	104,024
General	General Capital Projects	Grant Matching	<u>47,789</u>
Total Transfers Primary Government			<u><u>\$ 451,813</u></u>
<u>DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 14,384</u>
Total Transfers Discretely Presented Hancock County School Department			<u><u>\$ 14,384</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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond/ Insurance	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,083	\$ 100,000	Western Surety Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	75,318	100,000	"
Director of Schools	State Board of Education and County Board of Education	89,004 (1)	(4)	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	68,471	500,515	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,471	50,000	Western Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	68,471 (2)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	76,118 (3)	100,000	"
Employee Blanket Bonds:				
	Public Employee Dishonesty - County Departments		150,000	U.S. Specialty Insurance Company
	Public Employee Dishonesty - Highway Department		150,000	Houston Casualty 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 \$1,100.

(2) Does not include special commissioner fees of \$1,200.

(3) Includes \$800 law enforcement training supplement.

(4) 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, 2020

	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	\$ 1,182,552	\$ 227,051	\$ 0	\$ 0	\$ 0	\$ 9,461
Trustee's Collections - Prior Year	37,813	7,256	0	0	0	252
Circuit Clerk/Clerk and Master Collections - Prior Years	69,018	13,140	0	0	0	1,602
Interest and Penalty	7,416	1,424	0	0	0	59
Payments in-Lieu-of Taxes - T.V.A.	19	4	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	77,916	0	0	0	0	0
Wheel Tax	178,971	0	0	0	0	0
Litigation Tax - General	7,474	0	0	0	0	0
Litigation Tax - Special Purpose	3,743	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,048	0	0	0	0	0
Litigation Tax - Courthouse Security	880	0	0	0	0	0
Business Tax	23,051	0	0	0	0	0
Other County Local Option Taxes	1,449	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	18,896	0	0	0	0	0
Wholesale Beer Tax	2,472	474	0	0	0	20
Total Local Taxes	\$ 1,616,718	\$ 249,349	\$ 0	\$ 0	\$ 0	\$ 11,394
<u>Licenses and Permits</u>						
<u>Permits</u>						
Beer Permits	\$ 95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	7,000	0	0	0	0	0
Total Licenses and Permits	\$ 7,095	\$ 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	\$ 1,357	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,867	0	0	0	0	0
Drug Control Fines	1,054	0	2,698	0	0	0
Drug Court Fees	307	0	0	0	0	0
DUI Treatment Fines	190	0	0	0	0	0
Data Entry Fee - Circuit Court	468	0	0	0	0	0
<u>Criminal Court</u>						
Jail Fees	1,011	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	7,840	0	0	0	0	0
Officers Costs	14,208	0	0	0	0	0
Drug Control Fines	4,161	0	3,969	0	0	0
Drug Court Fees	2,142	0	0	0	0	0
Jail Fees	19,068	0	0	0	0	0
DUI Treatment Fines	1,235	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,720	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	337	0	0	0	0	0
Officers Costs	641	0	0	0	0	0
Data Entry Fee - Juvenile Court	175	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	228	0	0	0	0	0
Data Entry Fee - Chancery Court	295	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	250	0	1,021	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>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 7,827	\$ 0	\$ 15,491	\$ 0	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 66,381	\$ 0	\$ 23,179	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 836,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	23,551	0	0	0	0	0
Other General Service Charges	139	0	0	0	0	0
<u>Fees</u>						
Copy Fees	864	0	0	0	0	0
Library Fees	2,117	0	0	0	0	0
Telephone Commissions	14,838	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	93	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	1,200	0	0
Data Processing Fee - Register	2,014	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,350	0	0	0	0	0
Total Charges for Current Services	\$ 881,283	\$ 0	\$ 0	\$ 1,293	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 91,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,156
Lease/Rentals	50	100	0	0	0	750
Sale of Materials and Supplies	419	0	0	0	18,375	0
Commissary Sales	60,169	0	0	0	0	0
Sale of Recycled Materials	0	10,936	0	0	0	0
Miscellaneous Refunds	21,067	0	1,748	0	20,804	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>Nonrecurring Items</u>						
Sale of Equipment	\$ 8,014	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Property	331	0	0	0	0	0
Contributions and Gifts	3,502	0	1,200	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	62	0	0	0	0	0
Total Other Local Revenues	\$ 184,881	\$ 11,036	\$ 2,948	\$ 0	\$ 39,179	\$ 91,906
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 60,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	21,130	0	0	0	0	0
General Sessions Court Clerk	30,675	0	0	0	0	0
Clerk and Master	28,132	0	0	0	0	0
Juvenile Court Clerk	2,330	0	0	0	0	0
Register	24,808	0	0	0	0	0
Sheriff	1,437	0	0	0	0	0
Trustee	95,796	0	0	0	0	0
Total Fees Received From County Officials	\$ 264,449	\$ 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	2,233	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	13,600	0	0	0	0	0
Drug Control Grants	0	0	1,832	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>						
Health Department Programs	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	488,181	0
Litter Program	37,089	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	1,267	254	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Alcoholic Beverage Tax	26,955	0	0	0	0	0
State Revenue Sharing - T.V.A.	294,472	0	0	0	0	0
State Revenue Sharing - Telecommunications	4,124	0	0	0	0	0
Emergency Hospital - Prisoners	686	0	0	0	0	0
Contracted Prisoner Boarding	1,060,150	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,767,727	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	34,555	0	0	0	0	0
Other State Revenues	13,492	0	0	0	0	0
Total State of Tennessee	\$ 1,529,729	\$ 2,487	\$ 1,832	\$ 0	\$ 2,260,828	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	3,008	0	0	0	0	0
<u>Direct Federal Revenue</u>						
COVID-19 Grant #6	46,076	0	0	0	0	0
Total Federal Government	\$ 49,084	\$ 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 Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 54,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 541,000
<u>Citizens Groups</u>						
Donations	2,000	0	0	0	0	0
<u>Other</u>						
Other	90,499	0	0	0	0	426,584
Total Other Governments and Citizens Groups	\$ 146,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 967,584
Total	\$ 4,746,619	\$ 262,872	\$ 27,959	\$ 1,293	\$ 2,300,007	\$ 1,070,884

(Continued)

Exhibit K-6

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 1,419,064
Trustee's Collections - Prior Year	0	45,321
Circuit Clerk/Clerk and Master Collections - Prior Years	0	83,760
Interest and Penalty	0	8,899
Payments in-Lieu-of Taxes - T.V.A.	0	23
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	77,916
Wheel Tax	0	178,971
Litigation Tax - General	0	7,474
Litigation Tax - Special Purpose	0	3,743
Litigation Tax - Jail, Workhouse, or Courthouse	0	5,048
Litigation Tax - Courthouse Security	0	880
Business Tax	0	23,051
Other County Local Option Taxes	0	1,449
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	18,896
Wholesale Beer Tax	0	2,966
Total Local Taxes	<u>\$ 0</u>	<u>\$ 1,877,461</u>
<u>Licenses and Permits</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 95
Building Permits	0	7,000
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 7,095</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	\$ 1,357
Officers Costs	0	1,867
Drug Control Fines	0	3,752
Drug Court Fees	0	307
DUI Treatment Fines	0	190
Data Entry Fee - Circuit Court	0	468
<u>Criminal Court</u>		
Jail Fees	0	1,011
<u>General Sessions Court</u>		
Fines	0	7,840
Officers Costs	0	14,208
Drug Control Fines	0	8,130
Drug Court Fees	0	2,142
Jail Fees	0	19,068
DUI Treatment Fines	0	1,235
Data Entry Fee - General Sessions Court	0	1,720
<u>Juvenile Court</u>		
Fines	0	337
Officers Costs	0	641
Data Entry Fee - Juvenile Court	0	175
<u>Chancery Court</u>		
Officers Costs	0	228
Data Entry Fee - Chancery Court	0	295
<u>Judicial District Drug Program</u>		
Drug Task Force Forfeitures and Seizures	0	1,271

(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>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	\$ 0	\$ 23,318
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 89,560</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 836,410
Work Release Charges for Board	0	23,551
Other General Service Charges	0	139
<u>Fees</u>		
Copy Fees	0	864
Library Fees	0	2,117
Telephone Commissions	0	14,838
Constitutional Officers' Fees and Commissions	0	93
Special Commissioner Fees/Special Master Fees	0	1,200
Data Processing Fee - Register	0	2,014
Sexual Offender Registration Fee - Sheriff	0	1,350
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 882,576</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 182,423
Lease/Rentals	0	900
Sale of Materials and Supplies	0	18,794
Commissary Sales	0	60,169
Sale of Recycled Materials	0	10,936
Miscellaneous Refunds	0	43,619

(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>Other Local Revenues (Cont.)</u>		
<u>Nonrecurring Items</u>		
Sale of Equipment	\$ 0	\$ 8,014
Sale of Property	0	331
Contributions and Gifts	0	4,702
<u>Other Local Revenues</u>		
Other Local Revenues	0	62
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 329,950</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 60,141
Circuit Court Clerk	0	21,130
General Sessions Court Clerk	0	30,675
Clerk and Master	0	28,132
Juvenile Court Clerk	0	2,330
Register	0	24,808
Sheriff	0	1,437
Trustee	0	95,796
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 264,449</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Solid Waste Grants	0	2,233
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	13,600
Drug Control Grants	0	1,832

(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>		
Health Department Programs	\$ 0	\$ 1,000
<u>Public Works Grants</u>		
State Aid Program	0	488,181
Litter Program	0	37,089
<u>Other State Revenues</u>		
Income Tax	0	1,521
Beer Tax	0	18,175
Alcoholic Beverage Tax	0	26,955
State Revenue Sharing - T.V.A.	0	294,472
State Revenue Sharing - Telecommunications	0	4,124
Emergency Hospital - Prisoners	0	686
Contracted Prisoner Boarding	0	1,060,150
Gasoline and Motor Fuel Tax	0	1,767,727
Petroleum Special Tax	0	4,920
Registrar's Salary Supplement	0	15,164
Other State Grants	0	34,555
Other State Revenues	0	13,492
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 3,794,876</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Appalachian Regional Commission	\$ 199,154	\$ 199,154
Other Federal through State	0	3,008
<u>Direct Federal Revenue</u>		
COVID-19 Grant #6	0	46,076
Total Federal Government	<u>\$ 199,154</u>	<u>\$ 248,238</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
<hr/>		
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 595,500
<u>Citizens Groups</u>		
Donations	0	2,000
<u>Other</u>		
Other	0	517,083
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,114,583</u>
 Total	 <u>\$ 199,154</u>	 <u>\$ 8,608,788</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, 2020

	<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	\$ 680,055	\$ 0	\$ 0	\$ 680,055
Trustee's Collections - Prior Year	23,052	0	0	23,052
Circuit Clerk/Clerk and Master Collections - Prior Years	37,104	0	0	37,104
Interest and Penalty	4,271	0	0	4,271
Payments in-Lieu-of Taxes - T.V.A.	11	0	0	11
<u>County Local Option Taxes</u>				
Local Option Sales Tax	284,497	0	0	284,497
Wheel Tax	57,726	0	0	57,726
<u>Statutory Local Taxes</u>				
Wholesale Beer Tax	1,423	0	0	1,423
Total Local Taxes	<u>\$ 1,088,139</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,088,139</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 494	\$ 0	\$ 0	\$ 494
Total Licenses and Permits	<u>\$ 494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 494</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 0	\$ 0	\$ 36,650	\$ 36,650
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,650</u>	<u>\$ 36,650</u>

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,193	\$ 0	\$ 9,366	\$ 10,559
Lease/Rentals	13,211	0	0	13,211
Miscellaneous Refunds	58,406	0	0	58,406
<u>Nonrecurring Items</u>				
Sale of Equipment	17,752	0	0	17,752
Damages Recovered from Individuals	340	0	0	340
Contributions and Gifts	210,358	0	0	210,358
<u>Other Local Revenues</u>				
Other Local Revenues	70	0	0	70
Total Other Local Revenues	\$ 301,330	\$ 0	\$ 9,366	\$ 310,696
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 33,162	\$ 0	\$ 0	\$ 33,162
<u>State Education Funds</u>				
Basic Education Program	7,352,664	0	0	7,352,664
Early Childhood Education	328,332	0	0	328,332
School Food Service	0	0	3,274	3,274
Other State Education Funds	212,386	0	0	212,386
Coordinated School Health	85,000	0	0	85,000
Internet Connectivity	1,479	0	0	1,479
Family Resource Centers	29,612	0	0	29,612
Career Ladder Program	25,808	0	0	25,808
Other Vocational	75,000	0	0	75,000

(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</u>				
Income Tax	\$ 1,753	\$ 0	\$ 0	\$ 1,753
State Revenue Sharing - Telecommunications	5,248	0	0	5,248
Other State Grants	275,484	0	0	275,484
Other State Revenues	146,642	0	0	146,642
Total State of Tennessee	<u>\$ 8,572,570</u>	<u>\$ 0</u>	<u>\$ 3,274</u>	<u>\$ 8,575,844</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 363,413	\$ 363,413
USDA - Commodities	0	0	45,561	45,561
Breakfast	0	0	106,189	106,189
USDA - Other	0	0	126,662	126,662
Vocational Education - Basic Grants to States	0	31,304	0	31,304
Title I Grants to Local Education Agencies	0	670,286	0	670,286
Special Education - Grants to States	0	271,204	0	271,204
Special Education Preschool Grants	0	8,075	0	8,075
Rural Education	0	22,939	0	22,939
Eisenhower Professional Development State Grants	0	45,773	0	45,773
COVID-19 Grant #1	679	0	0	679
Total Federal Government	<u>\$ 679</u>	<u>\$ 1,049,581</u>	<u>\$ 641,825</u>	<u>\$ 1,692,085</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 988,989	\$ 0	\$ 0	\$ 988,989
Total Other Governments and Citizens Groups	<u>\$ 988,989</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 988,989</u>
Total	<u>\$ 10,952,201</u>	<u>\$ 1,049,581</u>	<u>\$ 691,115</u>	<u>\$ 12,692,897</u>

Exhibit K-8

Hancock County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General Fund

General Government

County Commission

Bonus Payments	\$	1,516	
Other Salaries and Wages		13,530	
Board and Committee Members Fees		50,249	
Social Security		3,945	
Employee and Dependent Insurance		2,730	
Unemployment Compensation		1,071	
Employer Medicare		922	
Audit Services		3,491	
Bank Charges		245	
Contributions		6,903	
Dues and Memberships		5,532	
Legal Notices, Recording, and Court Costs		352	
Maintenance and Repair Services - Vehicles		120	
Travel		578	
Other Contracted Services		6,200	
Liability Insurance		7,117	
Premiums on Corporate Surety Bonds		800	
Other Charges		515	
Total County Commission			\$ 105,816

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	79,083	
Clerical Personnel		3,000	
Other Salaries and Wages		452	
Social Security		5,125	
Pensions		8,525	
Unemployment Compensation		28	
Employer Medicare		1,199	
Communication		7,113	
Data Processing Services		14,374	
Dues and Memberships		3,278	
Legal Notices, Recording, and Court Costs		941	
Postal Charges		5,533	
Travel		3,695	
Office Supplies		1,172	
Premiums on Corporate Surety Bonds		512	
Vehicle and Equipment Insurance		4,726	
Total County Mayor/Executive			138,756

County Attorney

Other Contracted Services	\$	15,240	
Total County Attorney			15,240

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	61,624	
Bonus Payments		541	
Other Salaries and Wages		735	
Election Commission		6,700	
Election Workers		5,720	
Social Security		4,270	
Pensions		6,643	
Unemployment Compensation		145	
Employer Medicare		999	
Communication		2,247	
Data Processing Services		7,100	
Legal Notices, Recording, and Court Costs		1,915	
Maintenance and Repair Services - Equipment		458	
Postal Charges		41	
Printing, Stationery, and Forms		464	
Rentals		2,469	
Travel		1,335	
Other Contracted Services		2,199	
Data Processing Supplies		573	
Office Supplies		500	
Total Election Commission			\$ 106,678

Register of Deeds

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		23,393	
Bonus Payments		108	
Social Security		5,673	
Pensions		7,381	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		140	
Employer Medicare		1,327	
Communication		3,246	
Data Processing Services		1,906	
Dues and Memberships		1,517	
Operating Lease Payments		1,446	
Travel		721	
Office Supplies		3,623	
Premiums on Corporate Surety Bonds		175	
Total Register of Deeds			125,367

County Buildings

Supervisor/Director	\$	7,200	
Custodial Personnel		20,417	
Bonus Payments		108	
Other Salaries and Wages		11,142	
Social Security		2,363	
Employee and Dependent Insurance		3,924	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Unemployment Compensation	\$	490	
Employer Medicare		553	
Maintenance and Repair Services - Buildings		20,177	
Travel		577	
Other Contracted Services		4,701	
Custodial Supplies		4,227	
Electricity		40,817	
Water and Sewer		17,586	
Other Supplies and Materials		3,678	
Other Charges		265	
Total County Buildings			\$ 138,225

Finance

Purchasing

Data Processing Personnel	\$	58,881	
Bonus Payments		217	
Social Security		3,591	
Unemployment Compensation		261	
Employer Medicare		840	
Communication		136	
Operating Lease Payments		1,257	
Office Supplies		2,816	
Total Purchasing			67,999

Property Assessor's Office

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		27,930	
Bonus Payments		108	
Social Security		5,948	
Pensions		7,381	
Employee and Dependent Insurance		3,120	
Unemployment Compensation		140	
Employer Medicare		1,391	
Audit Services		1,400	
Communication		1,571	
Data Processing Services		4,552	
Legal Notices, Recording, and Court Costs		815	
Travel		100	
Office Supplies		616	
Premiums on Corporate Surety Bonds		175	
Total Property Assessor's Office			123,718

Reappraisal Program

Clerical Personnel	\$	19,090	
Bonus Payments		108	
Social Security		1,166	
Unemployment Compensation		140	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Employer Medicare	\$	273	
Maintenance and Repair Services - Vehicles		349	
Total Reappraisal Program			\$ 21,126

County Trustee's Office

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		30,624	
Bonus Payments		108	
Social Security		6,112	
Pensions		7,381	
Employee and Dependent Insurance		6,306	
Unemployment Compensation		140	
Employer Medicare		1,429	
Communication		5,508	
Data Processing Services		9,451	
Dues and Memberships		1,252	
Printing, Stationery, and Forms		3,475	
Travel		958	
Office Supplies		991	
Total County Trustee's Office			142,206

County Clerk's Office

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		50,525	
Bonus Payments		217	
Social Security		7,358	
Pensions		7,381	
Employee and Dependent Insurance		9,359	
Unemployment Compensation		280	
Employer Medicare		1,721	
Communication		3,695	
Data Processing Services		8,365	
Dues and Memberships		1,119	
Legal Notices, Recording, and Court Costs		95	
Postal Charges		55	
Office Supplies		2,924	
Premiums on Corporate Surety Bonds		175	
Total County Clerk's Office			161,740

Other Finance

Trustee's Commission	\$	37,575	
Total Other Finance			37,575

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		26,444	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Bonus Payments	\$	108	
Jury and Witness Expense		4,110	
Social Security		5,895	
Pensions		7,381	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		140	
Employer Medicare		1,379	
Communication		5,002	
Data Processing Services		350	
Dues and Memberships		517	
Operating Lease Payments		3,066	
Travel		83	
Office Supplies		2,607	
Premiums on Corporate Surety Bonds		250	
Total Circuit Court			\$ 132,043

General Sessions Court

Judge(s)	\$	73,519	
Bonus Payments		108	
Social Security		4,565	
Pensions		7,925	
Employer Medicare		1,068	
Dues and Memberships		352	
Travel		1,390	
Total General Sessions Court			88,927

Chancery Court

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		18,649	
Social Security		5,378	
Pensions		7,381	
Employee and Dependent Insurance		3,900	
Unemployment Compensation		262	
Employer Medicare		1,258	
Communication		5,468	
Data Processing Services		6,136	
Dues and Memberships		697	
Operating Lease Payments		1,691	
Legal Notices, Recording, and Court Costs		328	
Travel		1,252	
Office Supplies		1,456	
Other Supplies and Materials		100	
Premiums on Corporate Surety Bonds		350	
Office Equipment		922	
Total Chancery Court			123,699

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,118	
Deputy(ies)		377,228	
Investigator(s)		61,370	
Bonus Payments		1,299	
Other Salaries and Wages		21,787	
In-service Training		14,353	
Social Security		33,740	
Pensions		7,805	
Employee and Dependent Insurance		11,829	
Unemployment Compensation		3,174	
Employer Medicare		7,891	
Contributions		700	
Dues and Memberships		1,000	
Maintenance Agreements		360	
Maintenance and Repair Services - Vehicles		39,354	
Towing Services		900	
Gasoline		43,988	
Law Enforcement Supplies		25,883	
Tires and Tubes		10,343	
Uniforms		3,794	
Liability Insurance		39,601	
Premiums on Corporate Surety Bonds		500	
Vehicle and Equipment Insurance		29,201	
Building Construction		7,064	
Law Enforcement Equipment		750	
Motor Vehicles		13,400	
Total Sheriff's Department			\$ 833,432

Drug Enforcement

Other Charges	\$	198	
Total Drug Enforcement			198

Jail

Accountants/Bookkeepers	\$	18,791	
Dispatchers/Radio Operators		82,862	
Guards		411,119	
Clerical Personnel		26,256	
Cafeteria Personnel		22,087	
Bonus Payments		1,733	
Other Salaries and Wages		33,254	
Social Security		36,919	
Employee and Dependent Insurance		11,569	
Unemployment Compensation		6,860	
Employer Medicare		8,634	
Communication		30,835	
Operating Lease Payments		3,704	
Legal Notices, Recording, and Court Costs		929	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance Agreements	\$	250	
Maintenance and Repair Services - Buildings		60	
Medical and Dental Services		111,252	
Postal Charges		1,783	
Rentals		75	
Travel		6,763	
Other Contracted Services		10,806	
Custodial Supplies		20,043	
Drugs and Medical Supplies		153	
Electricity		51,940	
Food Preparation Supplies		6,095	
Food Supplies		167,060	
Gasoline		703	
General Construction Materials		4,050	
Office Supplies		9,150	
Propane Gas		5,220	
Water and Sewer		47,339	
Other Supplies and Materials		27,895	
Specialized Medical Treatment		117,317	
Other Charges		614	
Total Jail			\$ 1,284,120

Juvenile Services

Youth Service Officer(s)	\$	11,104	
Bonus Payments		108	
Social Security		695	
Unemployment Compensation		140	
Employer Medicare		163	
Contracts with Other Public Agencies		1,800	
Contributions		840	
Total Juvenile Services			14,850

Commissary

Other Supplies and Materials	\$	16,325	
Total Commissary			16,325

Civil Defense

Bonus Payments	\$	325	
Other Salaries and Wages		6,706	
Social Security		436	
Unemployment Compensation		141	
Employer Medicare		102	
Other Supplies and Materials		280	
Vehicle and Equipment Insurance		13,634	
Total Civil Defense			21,624

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$	1,361	
Gasoline		1,831	
Total Rescue Squad			\$ 3,192

County Coroner/Medical Examiner

Other Contracted Services	\$	33,336	
Total County Coroner/Medical Examiner			33,336

Other Public Safety

Road Signs	\$	1,346	
Total Other Public Safety			1,346

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	9,150	
Social Security		567	
Unemployment Compensation		76	
Employer Medicare		133	
Communication		9,171	
Maintenance and Repair Services - Buildings		6,171	
Maintenance and Repair Services - Equipment		1,493	
Pest Control		342	
Postal Charges		723	
Custodial Supplies		2,792	
Electricity		11,420	
Office Supplies		2,559	
Water and Sewer		1,468	
Other Supplies and Materials		581	
Building and Contents Insurance		4,588	
Other Charges		2,458	
Other Equipment		410	
Total Local Health Center			54,102

Ambulance/Emergency Medical Services

Supervisor/Director	\$	24,140	
Medical Personnel		219,389	
Part-time Personnel		163,794	
Overtime Pay		165,158	
Bonus Payments		1,191	
In-service Training		1,455	
Social Security		34,891	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		2,637	
Employer Medicare		8,160	
Ambulance Services		24	
Communication		3,729	
Data Processing Services		34,691	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Dues and Memberships	\$	19,277	
Legal Notices, Recording, and Court Costs		453	
Licenses		11,148	
Maintenance and Repair Services - Buildings		1,798	
Maintenance and Repair Services - Vehicles		8,872	
Medical and Dental Services		280	
Disposal Fees		1,095	
Other Contracted Services		539	
Custodial Supplies		1,969	
Diesel Fuel		17,557	
Drugs and Medical Supplies		26,973	
Electricity		5,028	
Office Supplies		976	
Propane Gas		2,779	
Tires and Tubes		4,390	
Uniforms		2,905	
Water and Sewer		1,953	
Other Supplies and Materials		3,447	
Vehicle and Equipment Insurance		15,339	
Communication Equipment		1,371	
Total Ambulance/Emergency Medical Services			\$ 793,648

Crippled Children Services

Contributions	\$	415	
Total Crippled Children Services			415

Other Local Health Services

Bonus Payments	\$	217	
Other Salaries and Wages		19,033	
Social Security		1,194	
Unemployment Compensation		232	
Employer Medicare		279	
Travel		32	
Total Other Local Health Services			20,987

Sanitation Management

Guards	\$	25,618	
Clerical Personnel		2,781	
Social Security		1,652	
Unemployment Compensation		316	
Employer Medicare		386	
Gasoline		6,416	
Other Supplies and Materials		1,411	
Total Sanitation Management			38,580

Sanitation Education/Information

Guards	\$	462	
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(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Social Security	\$	29	
Unemployment Compensation		3	
Employer Medicare		7	
Total Sanitation Education/Information			\$ 501

Other Public Health and Welfare

Other Supplies and Materials	\$	86,478	
Total Other Public Health and Welfare			86,478

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	7,934	
Total Senior Citizens Assistance			7,934

Libraries

Assistant(s)	\$	18,000	
Librarians		25,104	
Bonus Payments		108	
Social Security		2,683	
Employee and Dependent Insurance		6,240	
Unemployment Compensation		280	
Employer Medicare		627	
Communication		2,894	
Dues and Memberships		75	
Travel		63	
Custodial Supplies		693	
Electricity		3,141	
Library Books/Media		4,732	
Office Supplies		4,702	
Periodicals		450	
Water and Sewer		1,090	
Other Charges		698	
Office Equipment		4,119	
Total Libraries			75,699

Other Social, Cultural, and Recreational

Other Contracted Services	\$	10,000	
Total Other Social, Cultural, and Recreational			10,000

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	5,272	
Dues and Memberships		310	
Maintenance and Repair Services - Buildings		275	
Rentals		6,000	
Travel		1,112	
Other Contracted Services		22,409	

(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	\$	160	
Electricity		1,045	
Office Supplies		569	
Water and Sewer		1,165	
Other Charges		1,118	
Total Agricultural Extension Service			\$ 39,435

Soil Conservation

Communication	\$	3,114	
Contributions		14,480	
Rentals		3,840	
Total Soil Conservation			21,434

Other Operations

Veterans' Services

Bonus Payments	\$	108	
Other Salaries and Wages		6,267	
Social Security		395	
Unemployment Compensation		127	
Employer Medicare		92	
Communication		2,449	
Travel		330	
Electricity		3,007	
Total Veterans' Services			12,775

Contributions to Other Agencies

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

Principal on Debt

General Government

Principal on Notes	\$	96,450	
Total General Government			96,450

Interest on Debt

General Government

Interest on Notes	\$	6,309	
Total General Government			6,309

Total General Fund \$ 5,023,785

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	38,763	
Truck Drivers		62,956	
Overtime Pay		4,753	

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Bonus Payments	\$	217	
Other Salaries and Wages		22,262	
Social Security		8,144	
Employee and Dependent Insurance		3,120	
Unemployment Compensation		560	
Employer Medicare		1,905	
Communication		1,032	
Contracts with Private Agencies		104,797	
Evaluation and Testing		10,800	
Legal Notices, Recording, and Court Costs		155	
Maintenance and Repair Services - Buildings		50	
Maintenance and Repair Services - Equipment		1,327	
Maintenance and Repair Services - Vehicles		3,890	
Other Contracted Services		16,995	
Diesel Fuel		15,526	
Electricity		1,905	
Tires and Tubes		5,163	
Other Supplies and Materials		349	
Trustee's Commission		5,515	
Vehicle and Equipment Insurance		3,131	
Other Charges		2,037	
Solid Waste Equipment		21,375	
Total Sanitation Management			\$ 336,727

Total Solid Waste/Sanitation Fund \$ 336,727

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	2,000	
Trustee's Commission		221	
Other Charges		28,719	
Total Drug Enforcement			\$ 30,940

Total Drug Control Fund 30,940

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	93	
Total Circuit Court			\$ 93

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,200	
Total Chancery Court			1,200

Total Constitutional Officers - Fees Fund 1,293

(Continued)

Exhibit K-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,318	
Accountants/Bookkeepers		49,820	
Laborers		402,099	
Overtime Pay		8,853	
Communication		6,481	
Data Processing Services		8,926	
Travel		232	
Office Supplies		321	
Utilities		5,926	
Total Administration			\$ 557,976

Highway and Bridge Maintenance

Contracts with Private Agencies	\$	55,703	
Asphalt		374,209	
Crushed Stone		240,378	
Pipe - Metal		29,324	
Other Supplies and Materials		13,472	
Total Highway and Bridge Maintenance			713,086

Operation and Maintenance of Equipment

Diesel Fuel	\$	45,573	
Equipment and Machinery Parts		38,068	
Gasoline		36,212	
Lubricants		6,717	
Tires and Tubes		21,393	
Total Operation and Maintenance of Equipment			147,963

Other Charges

Dues and Memberships	\$	2,377	
Trustee's Commission		18,154	
Vehicle and Equipment Insurance		39,761	
Other Charges		7,500	
Total Other Charges			67,792

Employee Benefits

Social Security	\$	33,517	
Pensions		7,253	
Life Insurance		20,961	
Medical Insurance		27,300	
Unemployment Compensation		885	
Employer Medicare		7,839	
Other Fringe Benefits		9,196	
Workers' Compensation Insurance		27,743	
Total Employee Benefits			134,694

Capital Outlay

Operating Lease Payments	\$	2,538	
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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	\$ 1,301	
Highway Equipment	137,969	
State Aid Projects	487,622	
Total Capital Outlay	<u>629,430</u>	\$ 629,430

Total Highway/Public Works Fund \$ 2,250,941

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 264,765	
Principal on Notes	11,842	
Total General Government	<u>276,607</u>	\$ 276,607

Education

Principal on Bonds	\$ 337,960	
Total Education	<u>337,960</u>	337,960

Interest on Debt

General Government

Interest on Bonds	\$ 150,079	
Interest on Notes	3,800	
Total General Government	<u>153,879</u>	153,879

Education

Interest on Bonds	\$ 213,224	
Total Education	<u>213,224</u>	213,224

Other Debt Service

General Government

Trustee's Commission	\$ 228	
Total General Government	<u>228</u>	228

Education

Other Debt Service	\$ 500	
Total Education	<u>500</u>	500

Total General Debt Service Fund 982,398

General Capital Projects Fund

Capital Projects

Public Utility Projects

Legal Notices, Recording, and Court Costs	\$ 443	
Other Contracted Services	10,000	
Site Development	315,574	
Total Public Utility Projects	<u>326,017</u>	\$ 326,017

(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>968,989</u>	
Total Capital Projects Donated to School Department			<u>\$ 968,989</u>
Total General Capital Projects Fund			<u>\$ 1,295,006</u>
Total Governmental Funds - Primary Government			<u>\$ 9,921,090</u>

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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,805,170	
Career Ladder Program	16,000	
Homebound Teachers	27,419	
Educational Assistants	31,795	
Certified Substitute Teachers	400	
Non-certified Substitute Teachers	29,805	
Social Security	171,057	
Pensions	273,323	
Medical Insurance	264,805	
Unemployment Compensation	3,094	
Employer Medicare	40,005	
Instructional Supplies and Materials	4,902	
Textbooks - Bound	86,369	
Total Regular Instruction Program		\$ 3,754,144

Alternative Instruction Program

Teachers	\$ 44,011	
Career Ladder Program	1,000	
Non-certified Substitute Teachers	914	
Social Security	2,662	
Pensions	4,785	
Medical Insurance	7,567	
Employer Medicare	623	
Total Alternative Instruction Program		61,562

Special Education Program

Teachers	\$ 390,656	
Career Ladder Program	3,000	
Educational Assistants	116,386	
Non-certified Substitute Teachers	2,766	
Social Security	30,251	
Pensions	36,582	
Medical Insurance	56,025	
Unemployment Compensation	950	
Employer Medicare	7,075	
Other Contracted Services	14,408	
Instructional Supplies and Materials	682	
Total Special Education Program		658,781

Career and Technical Education Program

Teachers	\$ 286,172	
Career Ladder Program	2,000	
Educational Assistants	9,206	
Non-certified Substitute Teachers	3,350	
Social Security	17,929	
Pensions	27,255	

(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.)

Medical Insurance	\$	23,047	
Unemployment Compensation		350	
Employer Medicare		4,193	
Total Career and Technical Education Program			\$ 373,502

Support Services

Attendance

Supervisor/Director	\$	67,616	
Career Ladder Program		1,000	
Other Salaries and Wages		42,678	
Social Security		6,072	
Pensions		7,294	
Medical Insurance		21,972	
Employer Medicare		1,420	
Other Supplies and Materials		216	
In Service/Staff Development		1,301	
Total Attendance			149,569

Health Services

Supervisor/Director	\$	34,420	
Other Salaries and Wages		50,215	
Social Security		5,187	
Pensions		3,668	
Medical Insurance		3,284	
Unemployment Compensation		182	
Employer Medicare		1,214	
Other Supplies and Materials		15,666	
In Service/Staff Development		1,864	
Other Charges		2,500	
Total Health Services			118,200

Other Student Support

Guidance Personnel	\$	97,085	
School Resource Officer		22,065	
Other Salaries and Wages		181,837	
Social Security		20,822	
Pensions		10,320	
Medical Insurance		41,915	
Unemployment Compensation		330	
Employer Medicare		4,870	
Contracts with Government Agencies		59,431	
Other Supplies and Materials		30,807	
In Service/Staff Development		4,594	
Total Other Student Support			474,076

(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	\$	31,257	
Career Ladder Program		1,000	
Librarians		97,612	
Social Security		7,591	
Pensions		13,502	
Medical Insurance		15,345	
Employer Medicare		1,775	
Other Supplies and Materials		13,919	
In Service/Staff Development		73	
Other Charges		13,800	
Total Regular Instruction Program			\$ 195,874

Special Education Program

Supervisor/Director	\$	72,917	
Career Ladder Program		1,000	
Social Security		4,232	
Pensions		7,366	
Medical Insurance		7,943	
Unemployment Compensation		50	
Employer Medicare		990	
In Service/Staff Development		3,132	
Total Special Education Program			97,630

Career and Technical Education Program

Supervisor/Director	\$	67,760	
Social Security		4,156	
Pensions		7,203	
Employer Medicare		972	
Other Equipment		74,984	
Total Career and Technical Education Program			155,075

Technology

Instructional Computer Personnel	\$	26,392	
Social Security		1,636	
Employer Medicare		383	
Maintenance and Repair Services - Equipment		20,628	
Internet Connectivity		14,083	
Cabling		200	
Software		500	
Total Technology			63,822

Other Programs

On-behalf Payments to OPEB	\$	33,162	
Total Other Programs			33,162

(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.)

Board of Education

Secretary to Board	\$	1,100	
Board and Committee Members Fees		9,500	
Social Security		641	
Employer Medicare		150	
Audit Services		7,350	
Dues and Memberships		8,506	
Legal Services		3,790	
Medical and Dental Services		10,800	
Travel		4,769	
Other Contracted Services		1,202	
Liability Insurance		74,722	
Trustee's Commission		32,069	
Workers' Compensation Insurance		36,709	
Other Charges		14,003	
Total Board of Education			\$ 205,311

Director of Schools

County Official/Administrative Officer	\$	86,904	
Career Ladder Extended Contracts		1,000	
Social Security		5,167	
Pensions		8,747	
Medical Insurance		7,943	
Employer Medicare		1,208	
Other Fringe Benefits		622	
Communication		8,741	
Postal Charges		995	
Office Supplies		166	
In Service/Staff Development		4,457	
Total Director of Schools			125,950

Office of the Principal

Principals	\$	130,181	
Assistant Principals		54,935	
Secretary(ies)		50,162	
Social Security		14,108	
Pensions		14,812	
Medical Insurance		13,368	
Employer Medicare		3,299	
In Service/Staff Development		94	
Total Office of the Principal			280,959

Fiscal Services

Accountants/Bookkeepers	\$	76,005	
Social Security		4,310	
Medical Insurance		13,163	
Employer Medicare		1,008	

(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.)

Travel	\$	196	
Other Contracted Services		19,371	
Other Supplies and Materials		4,924	
In Service/Staff Development		264	
Total Fiscal Services			\$ 119,241

Operation of Plant

Supervisor/Director	\$	52,813	
Custodial Personnel		174,684	
Social Security		13,676	
Pensions		5,614	
Medical Insurance		21,244	
Employer Medicare		3,198	
Maintenance and Repair Services - Equipment		15,262	
Disposal Fees		4,397	
Other Contracted Services		3,980	
Custodial Supplies		14,198	
Electricity		254,809	
Natural Gas		15,028	
Water and Sewer		27,826	
Total Operation of Plant			606,729

Maintenance of Plant

Supervisor/Director	\$	15,718	
Social Security		963	
Medical Insurance		5,221	
Employer Medicare		225	
Maintenance and Repair Services - Buildings		44,896	
Maintenance and Repair Services - Equipment		34,000	
Administration Equipment		3,584	
Total Maintenance of Plant			104,607

Transportation

Supervisor/Director	\$	59,554	
Mechanic(s)		32,000	
Bus Drivers		178,444	
Social Security		15,916	
Pensions		3,088	
Medical Insurance		22,533	
Employer Medicare		3,722	
Contracts with Parents		1,965	
Maintenance and Repair Services - Vehicles		33,714	
Medical and Dental Services		1,038	
Travel		2,278	
Diesel Fuel		32,376	
Gasoline		15,245	

(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.)

Tires and Tubes	\$ 12,972	
Transportation Equipment	310,024	
Total Transportation		\$ 724,869

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$ 73,011	
Social Security	4,320	
Pensions	2,657	
Medical Insurance	10,441	
Unemployment Compensation	341	
Employer Medicare	1,010	
Other Supplies and Materials	5,323	
In Service/Staff Development	1,001	
Total Community Services		98,104

Early Childhood Education

Supervisor/Director	\$ 54,146	
Teachers	130,199	
Educational Assistants	62,216	
Other Salaries and Wages	600	
Non-certified Substitute Teachers	2,969	
Social Security	14,797	
Pensions	19,759	
Medical Insurance	26,281	
Unemployment Compensation	400	
Employer Medicare	3,461	
Other Supplies and Materials	10,414	
In Service/Staff Development	861	
Total Early Childhood Education		326,103

COVID-19 Expenditures

Other Supplies and Materials	\$ 679	
Total COVID-19 Expenditures		679

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 968,989	
Total Regular Capital Outlay		968,989

Other Debt Service

Education

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

Total General Purpose School Fund \$ 10,237,938

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	11,017	
Other Salaries and Wages		263,866	
Certified Substitute Teachers		2,604	
Non-certified Substitute Teachers		3,705	
Social Security		16,154	
Pensions		28,049	
Medical Insurance		20,920	
Unemployment Compensation		660	
Employer Medicare		3,778	
Instructional Supplies and Materials		25,814	
Regular Instruction Equipment		29,068	
Total Regular Instruction Program			\$ 405,635

Special Education Program

Educational Assistants	\$	120,186	
Social Security		7,419	
Unemployment Compensation		1,140	
Employer Medicare		1,735	
Instructional Supplies and Materials		5,251	
Other Supplies and Materials		9,273	
Special Education Equipment		24,011	
Total Special Education Program			169,015

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	630	
Other Contracted Services		464	
Instructional Supplies and Materials		5,795	
Other Supplies and Materials		5,000	
Vocational Instruction Equipment		13,624	
Total Career and Technical Education Program			25,513

Support Services

Other Student Support

Travel	\$	276	
Other Contracted Services		144,560	
In Service/Staff Development		3,282	
Other Charges		10,816	
Total Other Student Support			158,934

Regular Instruction Program

Supervisor/Director	\$	31,257	
Other Salaries and Wages		69,460	
Social Security		6,047	
Pensions		10,526	
Medical Insurance		8,690	
Unemployment Compensation		190	

(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.)

Employer Medicare	\$	1,414	
Operating Lease Payments		430	
Library Books/Media		4,500	
Periodicals		1,000	
In Service/Staff Development		29,889	
Total Regular Instruction Program			\$ 163,403

Special Education Program

Secretary(ies)	\$	16,735	
Social Security		927	
Medical Insurance		5,220	
Unemployment Compensation		95	
Employer Medicare		217	
Contracts with Private Agencies		60,210	
Maintenance and Repair Services - Equipment		1,723	
In Service/Staff Development		4,487	
Total Special Education Program			89,614

Career and Technical Education Program

Travel	\$	178	
In Service/Staff Development		2,055	
Total Career and Technical Education Program			2,233

Transportation

Bus Drivers	\$	14,640	
Social Security		908	
Unemployment Compensation		95	
Employer Medicare		212	
Maintenance and Repair Services - Vehicles		729	
Gasoline		3,474	
Tires and Tubes		666	
Total Transportation			20,724

Total School Federal Projects Fund \$ 1,035,071

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	62,323	
Cafeteria Personnel		137,508	
Social Security		12,221	
Pensions		6,625	
Medical Insurance		10,441	
Employer Medicare		2,858	
Maintenance and Repair Services - Equipment		11,615	
Other Contracted Services		1,735	

(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 (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$	322,555	
USDA - Commodities		42,406	
Other Supplies and Materials		45,490	
In Service/Staff Development		147	
Total Food Service		<u> </u>	\$ <u>655,924</u>

Total Central Cafeteria Fund \$ 655,924

Total Governmental Funds - Hancock County School Department \$ 11,928,933

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, 2020

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 203,321
Total Cash Receipts	<u>\$ 203,321</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 201,288
Trustee's Commission	<u>2,033</u>
Total Cash Disbursements	<u>\$ 203,321</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
 Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2020, 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 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hancock County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2020-001, 2020-005, 2020-006, and 2020-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2020-002, 2020-003, and 2020-004.

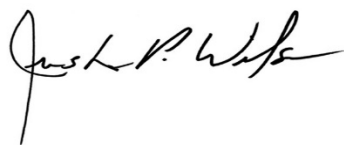
Hancock County's Responses to the Findings

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 30, 2020

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, 2020. 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, 2020.

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.

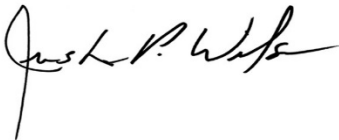
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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, 2020, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements. We issued our report thereon dated October 30, 2020, 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 30, 2020

JPW/tg

Hancock County, Tennessee, and the Hancock County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3)
For the Year-Ended June 30, 2020

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	\$ 106,189 (6)
COVID 19 - School Breakfast Program	10.553	N/A	32,146 (6)
National School Lunch Program	10.555	N/A	406,787 (6)
COVID 19 - National School Lunch Program	10.555	N/A	51,142 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	42,406 (6)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	3,155 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-20-64233-00	1,912 (7)
Total U.S. Department of Agriculture			<u>\$ 643,737</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(8)	\$ 2,049
Total U.S. Department of Transportation			<u>\$ 2,049</u>
Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Regional Development	23.001	TN-19613	\$ 199,154
Appalachian Area Development	23.002	R1900898	5,642
Total Appalachian Regional Commission			<u>\$ 204,796</u>
U.S. Institute of Museum and Library Services:			
Passed-through State Department of State:			
Grants to States	45.310	(4)	\$ 1,244
Total U.S. Institute of Museum and Library Services			<u>\$ 1,244</u>
U.S. Environmental Protection Agency:			
Passed-through East Tennessee Clean Fuels Coalition:			
State Clean Diesel Grant Program	66.040	(4)	\$ 194,373
Total U.S. Environmental Protection Agency			<u>\$ 194,373</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 670,286
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	271,278
Special Education - Preschool Grants	84.173	N/A	8,075
Career and Technical Education - Basic Grants to States	84.048	N/A	31,304
Rural Education	84.358	N/A	22,939
Improving Teacher Quality State Grants	84.367	N/A	45,574
Total U.S. Department of Education			<u>\$ 1,049,456</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Election Security Grants	90.404	30501-01919-34	\$ 1,764 (6)
COVID 19 - 2020 Supplemental Election Security Grants	90.404	N/A	535 (6)
Total U.S. Election Assistance Commission			<u>\$ 2,299</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-20-64233-00	\$ 700 (7)
COVID 19 - Provider Relief Fund	93.498	(4)	49,286
Medicaid Cluster: (5)			
Medical Assistance Program	93.778	GG-20-64233-00	2,044 (7)
Maternal and Child Health Services Block Grant to the States	93.994	GG-20-64233-00	1,027 (7)
Total U.S. Department of Health and Human Services			\$ 53,057
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
COVID 19 - Disaster Relief Fund - PPE	97.036	N/A	\$ 3,545
Total U.S. Department of Homeland Security			\$ 3,545
Total Expenditures of Federal Grants			\$ 2,154,556

<u>State Grants</u>		Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(4)	\$ 9,000
Safe Schools Act - State Department of Education	N/A	(4)	24,139
School Resource Officer - State Department of Education	N/A	(4)	45,194
School Bus Seat Restraint - State Department of Education	N/A	(4)	50,710
Local Health Center - State Department of Health	N/A	(9)	10,706 (7)
Local Parks & Recreation Fund - State Department of Environment & Conservation	N/A	2018-3566	4,200
Litter Program - State Department of Transportation	N/A	(4)	37,089
Coordinated School Health - State Department of Education	N/A	(4)	85,000
Family Resource Center Grant - State Department of Education	N/A	(4)	29,612
Early Childhood Development - State Department of Education	N/A	(4)	328,332
Solid Waste Grant - State Department of Environment and Conservation	N/A	(4)	2,233
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education	N/A	(4)	75,000
State Aid Program - State Department of Transportation	N/A	(4)	488,181
Access to Health through Healthy Active Environments (AHHABE) - State Department of Health	N/A	(4)	30,400
Adverse Childhood Experiences (ACE's) Initiative Program - State Department of Children's Services	N/A	RFS3591003982	76,288
COVID 19 - PPE - State Department of Military	N/A	(4)	1,182
Total State Grants			\$ 1,297,266

- (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 minimis cost rate permitted in the Uniform Guidance.
(3) No amounts (\$0) were passed-through to subrecipients.
(4) Information not available.
(5) Child Nutrition Cluster total \$641,825; Special Education Cluster total \$279,353; Medicaid Cluster total \$2,044.
(6) CFDA Totals: CFDA No. 10.553, \$138,335; CFDA No. 10.555, \$503,490; CFDA No. 90.404, \$2,299.
(7) Multi-service contract.
(8) Z-20-THS-101 \$594; Z-19-THS-119 \$1,455.

Additional Note for State Grants:
(9) GG-19-59376-00: \$1,874; GG-20-64233-00: \$8,832.

Hancock County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

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, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2019	185	2019-001	The office had purchasing deficiencies.	N/A	Part A. Not Corrected - See Explanation on Corrective Action Part B. Corrected
2019	186	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.	N/A	Corrected
2019	187	2019-003	Two capital outlay notes were not issued in compliance with state statute.	N/A	Corrected
2019	187	2019-004	The office had budget operation deficiencies.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	188	2019-005	The office had deficiencies in computer system backup procedures.	N/A	Corrected
<u>OFFICES OF COUNTY MAYOR AND SHERIFF</u>					
2019	189	2019-006	The county violated the conflict of interest statute and made purchases from a business owned by the sheriff.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF TRUSTEE</u>					
2019	189	2019-007	The office did not review software audit logs.	N/A	Corrected

Hancock County, Tennessee
 Summary Schedule of Prior-year Findings, (Cont.)

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2019	190	2019-008	A theft occurred at the school department.	N/A	Corrected
2019	191	2019-009	Competitive bids were not solicited for the purchase and installation of lights at the high	N/A	Corrected
<u>OFFICE OF SHERIFF</u>					
2019	191	2019-010	The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.	N/A	Parts B, D, and E. Corrected Parts A. and C. Not Corrected - See Explanation on Corrective Action
2019	192	2019-011	Inventory records were not maintained for seized cash.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	193	2019-012	Duties were not segregated adequately.	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

2019	194	2019-013	The County Mayor's Office had purchasing deficiencies.	10.923 14.228	Corrected
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HANCOCK COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hancock County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CDEA Number: 84.010 Title I Grants to Local Education Agencies
8. Dollar threshold used to distinguish between type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

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 2020-001

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 25 disbursements totaling \$151,401 from a population of approximately 3,937 vendor checks totaling \$6,654,926. Our examination revealed the following deficiencies were the result of a lack of management oversight, plus management's failure to correct the part A. finding noted in the prior-year audit report and the failure to implement their corrective action plan.

- A. Our sample revealed that in three of 19 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. For six purchases in our sample, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

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. The office should maintain adequate documentation that goods have been received or services have been rendered before invoices are paid.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. We have been consistently short staffed this year, especially due to COVID-19, and therefore have not been able to implement our planned corrective action from the prior year. However, we have now hired additional office staff and are currently providing the necessary training that we believe will correct these issues in our purchasing procedures.

FINDING 2020-002

THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE

(Noncompliance Under *Government Auditing Standards*)

On February 12, 2020, the county entered into a \$2,724,247 Energy Efficient Schools Initiative loan agreement; however, the office did not file a Report on Debt Obligation with the State Comptroller's Office as required by state statute. Section 9-21-134, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance within 45 days following the issuance of the debt as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. This debt was incurred by the county for the benefit of the Hancock County School Department through the Energy Efficient Schools Initiative Program to replace outdated lighting, HVAC, and air controls. Since the school department was the beneficiary of this debt, we thought their office reported the debt obligation to the state. However, the school department was under the impression that the mayor's office was doing the reporting. Unfortunately, due to this confusion the debt obligation was not reported to the state. We will strive for better communication between the school department and mayor's office to ensure that any required reporting is properly submitted in the future.

FINDING 2020-003

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

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

- A. Total expenditures of the Drug Control Fund exceeded total appropriations approved by the county commission by \$250.
- B. Expenditures exceeded appropriations approved by the county commission in seven of 41 major appropriation categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General Fund:	
Purchasing	\$ 972
Jail	30,070
Civil Defense	1,339
Rescue Squad	161
Sanitation Management	2,998
Sanitation Education/Information	501
Other Public Health and Welfare	71,467

- C. Salaries exceeded appropriations in 15 of 75 salary line-items of the General Fund by amounts ranging from \$108 to \$9,657.

- D. Solid Waste/Sanitation Fund transfers-in exceeded budgeted transfers-in by \$55,000. The transfers were made from the Home Health Fund, a nonbudgeted enterprise fund. The transfers were made to provide operating funds for the Solid Waste/Sanitation Fund. We reviewed the county commission minutes and were unable to determine if the transfers were authorized by county commission.

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. All transfers of funds should be authorized by county commission.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur. We have been consistently short staffed this year, especially due to COVID-19, and therefore have not been able to implement our planned corrective action from the prior year. Most of these excess expenditures can be attributed to the additional work and other expenses incurred due to COVID-19. The largest excess expenditure was due to a prior-year grant received for repairs to the health department roof. Since this grant was received late in the prior year, but the roofing project did not take place until this year, the grant proceeds were placed into a restricted fund balance. Unfortunately, due mainly to the chaos resulting from the COVID-19 pandemic, we did not amend the budget appropriating the grant funds from the restricted fund balance. We have now hired additional office staff and are currently providing the necessary training that we believe will correct these budget operation issues.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 2020-004

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 year, three payments totaling \$9,198 were made from the General Fund for vehicle towing and repairs 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." This noncompliance with state statute 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

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND SHERIFF

We concur with this finding. The largest of these payments was due to an incident in the spring involving a privately owned vehicle that was damaged by Hancock County employees. Since this damage was to private property, timely repair was of the utmost importance. However, most repair shops in the county were extremely busy, and Brad's Auto repair was the timeliest option in this scenario. The remaining payments were for towing charges for ambulances. Brad's Auto Repair is the only wrecker service in Hancock County with the capability to tow ambulances.

OFFICE OF SHERIFF

FINDING 2020-005

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

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

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

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

- A. Some commissary transactions were not recorded in the official cash journal. Although receipts and deposits were recorded in the cash journal; beginning and ending balances were not properly reflected; and checks issued during the months of March, April, May, and June were not recorded. The computer system 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. The commissary computer system program does not maintain an accounting history of inmate accounts. To compensate for this deficiency, employees maintained inmate activity on Excel spreadsheets. However, employees inadvertently deleted these spreadsheets for the months of April, May, and June and lost the information from their backup files. Employees were able to re-create the Excel spreadsheets from receipts and commissary order records on file.
- C. The bookkeeper did not always reconcile bank statements with the checkbook ledger for the sheriff's fee and seized funds accounts.

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. All county records should be maintained and stored in a manner to ensure they are adequately safeguarded.

MANAGEMENT'S RESPONSE – SHERIFF

We concur. Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in us not being able to correct the prior year issues. However, we have hired an additional office employee to assist with the bookkeeping and commissary operations.

FINDING 2020-006

THE SHERIFF'S DEPARTMENT HAD DEFICIENCIES IN HANDLING SEIZED CASH
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The sheriff's department deposits seized cash into a bank account until the amounts are refunded or awarded to the department by the Tennessee Department of Safety. However, 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. The failure to adequately inventory seized cash increases the risk of loss. We also noted that documentation from the Tennessee Department of Safety awarding seized

funds to the county was not available from the sheriff for three of 11 seized amounts remitted to the county's Drug Control Fund. These deficiencies are 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

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. Proper documentation should be maintained supporting the refund or award of seized funds.

MANAGEMENT'S RESPONSE – SHERIFF

We concur. Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in us not being able to correct the prior year issues. However, we have hired an additional office employee to assist with the bookkeeping and commissary operations.

FINDING 2020-007

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. Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in us not being able to correct the prior year issues. However, we have hired an additional office employee to assist with the bookkeeping and commissary operations.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

Hancock County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

2020-001	The Office had Purchasing Deficiencies	194
2020-002	The Office did not File a Report on Debt Obligation with the State Comptroller's Office	195
2020-003	The Office had Deficiencies in Budget Operations	195

OFFICES OF COUNTY MAYOR AND SHERIFF

2020-004	The County Violated the Conflict of Interest Statute and Made Purchases from a Business Owned by the Sheriff	197
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OFFICE OF SHERIFF

2020-005	The Office had Accounting Deficiencies in its Commissary Operations and its Maintenance of the Cash Journal	198
2020-006	The Sheriff's Department had Deficiencies in Handling Seized Cash	199
2020-007	Duties were not Segregated Adequately	199

**THOMAS J. HARRISON
HANCOCK COUNTY MAYOR**
officemanager@hancockmayor.tn.com

Hancock County Courthouse
PO Box 347
1237 Main Street
Sneedville, TN 37869

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

September 17, 2020

FINDING **The office had purchasing deficiencies
(Internal Control – Significant Decency under Governmental Auditing Standards)**

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 2020

Repeat Finding:
Yes

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

We have been consistently short staffed this year, especially due to COVID-19, and therefore have not been able to implement our planned corrective action from the prior year. However, we have now hired additional office staff and are currently providing the necessary training that we believe will correct these issues in our purchasing procedures.

FINDING

**THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE
CONTROLLER'S OFFICE (Noncompliance under Government Auditing Standards)**

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 2020

Repeat Finding:

No

Corrective Action Plan:

This debt was incurred by the county for the benefit of the Hancock County School Department through the Energy Efficient Schools Initiative Program to replace outdated lighting, HVAC, and air controls. Being that the school department was the beneficiary of this debt, we thought their office reported the debt obligation to the state. However, the school department was under the impression that the Mayor's office was doing the reporting. Unfortunately, due to this confusion the debt obligation was not reported to the state. We will strive for better communication between the school department and Mayor's office to ensure that any required reporting is properly submitted in the future.

FINDING

**THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS (Noncompliance under
Government Auditing Standards)**

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 2020

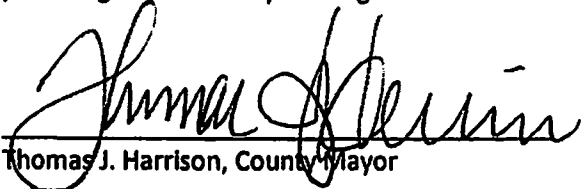
Repeat Finding:

Yes

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

We have been consistently short staffed this year, especially due to COVID-19, and therefore have not been able to implement our planned corrective action from the prior year. The majority of these excess expenditures can be attributed to the additional work and other expenses incurred due to COVID19. The largest excess expenditure is due to a prior year grant received for repairs to the Health Department roof. Since this grant was received late in the prior year but the roofing project did not take place until this year, the grant proceeds were placed into a restricted fund balance. Unfortunately, due mainly to

the chaos resulting from the COVID-19 pandemic, we did not amend the budget appropriating the grant funds from the restricted fund balance. We have now hired additional office staff and are currently providing the necessary training that we believe will correct these budget operation issues.



Thomas J. Harrison, County Mayor

THOMAS J. HARRISON
HANCOCK COUNTY MAYOR

officemanager@hancockmayortn.com

Hancock County Courthouse
PO Box 347
1237 Main Street
Sneedville, TN 37869

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

FINDING **THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY THE SHERIFF. (Noncompliance under Government Auditing Standards)**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison

Person Responsible for implementing the Corrective action:

Thomas J. Harrison and Brad Brewer

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:


Yes

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


The largest of these payments is due to an incident in the spring where privately owned vehicle was damaged by Hancock County employees. Since this damage was to private property, timely repair was of the utmost importance. However, the body shops in Hancock County were extremely busy during that period and Brad's Auto repair was the timeliest option in this scenario.

The remaining payments are for towing charges for ambulances. Brads Auto Repair is the only wrecker service in Hancock County with the capability to tow ambulances.

Any other questions I will be more than glad to explain further.



Thomas J. Harrison, County Mayor



Bradley Brewer, Sheriff

BRADLEY BREWER, SHERIFF

Office of Sheriff
Hancock County
265 New Jail Street
Sneedville, TN 37869

Phone: 423-733-2249

Fax: 423-733-8868

September 17, 2020

FINDING The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.
(Internal Control – Significant Decency under Governmental 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:
June 2021

Repeat Finding:
Yes

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

Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in our not being able to correct the prior year issues. However, we have now hired an additional office employee to assist with the bookkeeping and commissary operations.

FINDING Deficiencies were noted in the handling of seized cash
(Internal Control – Significant Deficiency 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:
June 2021

Repeat Finding:
Yes

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

Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in our not being able to correct the prior year issues. However, we have now hired an additional office employee to assist the bookkeeper.

FINDING Duties were not segregated adequately
(Internal Control – Significant Deficiency under Government Auditing Standards)

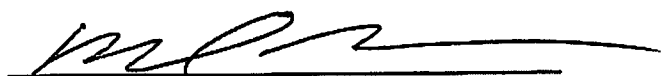
Response and Corrective Action Plan Prepared by:
Brad Brewer
Person Responsible for implementing the Corrective action:
Brad Brewer

Anticipated Completion Date of Corrective Action:
June 2021

Repeat Finding:
Yes

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

Our full-time bookkeeper has been absent much of the year due to health issues. This along with the COVID-19 pandemic has resulted in our not being able to correct the prior year issues. However, we have now hired an additional office employee to assist the bookkeeper.


Brad Brewer, Sheriff

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hancock County.

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

Hancock County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Hancock County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.