



ANNUAL FINANCIAL REPORT

Hancock County, Tennessee

For the Year Ended June 30, 2025

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
HANCOCK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2025

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

ROBERT J. ANDERSON, CPA, CGFM
Audit Manager

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

HANCOCK COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
INTRODUCTORY SECTION		7
Hancock County Officials		8
FINANCIAL SECTION		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	24-25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	26
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	27-30
Highway/Public Works Fund	C-6	31
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Position	D-1	32
Statement of Cash Flows	D-2	33
Fiduciary Funds:		
Statement of Net Position	E-1	34
Statement of Changes in Net Position	E-2	35
Index and Notes to the Financial Statements		36-81
REQUIRED SUPPLEMENTARY INFORMATION:		82
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	83
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	84

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Hancock County School Department	F-3	85
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Hancock County School Department	F-4	86
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Retirement Plan of TCRS – Discretely Presented Hancock County School Department	F-5	87
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Hancock County School Department	F-6	88
Schedule of Changes in the Total OPEB Liability and Related Ratios – Local Education Plan – Discretely Presented Hancock County School Department	F-7	89
Notes to the Required Supplemental Information		90
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		91
Nonmajor Governmental Funds:		92
Combining Balance Sheet	G-1	93-96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	97-100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	101
Drug Control Fund	G-4	102
Other General Government Fund	G-5	103
Major Governmental Fund:		104
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	105
Fiduciary Funds:		106
Combining Statement of Net Position - Custodial Funds	I-1	107
Combining Statement of Changes in Net Position - Custodial Funds	I-2	108
Component Unit:		
Discretely Presented Hancock County School Department:		109
Statement of Activities	J-1	110
Balance Sheet – Governmental Funds	J-2	111-112
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	113
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	114-115
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	116

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	117-119
School Federal Projects Fund	J-7	120
Central Cafeteria Fund	J-8	121
Miscellaneous Schedules:		122
Schedule of Changes in Long-term Bonds, Notes, and Other Loans	K-1	123
Schedule of Long-term Debt Requirements by Year	K-2	124
Schedule of Changes in Leases Receivable	K-3	125
Schedule of Transfers – Primary Government and Discretely Presented Hancock County School Department	K-4	126
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hancock County School Department	K-5	127
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	128-143
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hancock County School Department	K-7	144-147
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	148-166
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hancock County School Department	K-9	167-178
SINGLE AUDIT SECTION		179
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		180-181
Independent Auditor's 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 Uniform Guidance		182-184
Schedule of Expenditures of Federal Awards and State Grants		185-186
Summary Schedule of Prior-year Findings		187
Schedule of Findings and Questioned Costs		188-193
Management's Corrective Action Plan		194-199
Best Practice		200

Summary of Audit Findings

Annual Financial Report
Hancock County, Tennessee
For the Year Ended June 30, 2025

Scope

We have audited the basic financial statements of Hancock County as of and for the year ended June 30, 2025.

Results

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

Our audit resulted in six 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 county mayor had a direct conflict of interest.
- ◆ Deficiencies were noted in the financial management of the Solid Waste/Sanitation Fund.
- ◆ The office had deficiencies in purchasing procedures and travel expenses.
- ◆ The office had deficiencies in budget operations.

OFFICE OF ROAD SUPERINTENDENT

- ◆ Competitive bids were not solicited for insurance.

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies in the commissary operations.



INTRODUCTORY SECTION

HANCOCK COUNTY OFFICIALS

June 30, 2025

Officials

Thomas Harrison, County Mayor
Laymon Burke, Road Superintendent
Charlotte Mullins, Director of Schools
Chuck Johnson, Trustee
Rhonda Hurd, 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
Sam Anderson
Tommy Belcher, Jr.
Chad Burke
Scott Collins
Cruz Cope
Devin Johnson
Jacky Johnson
Robert Johnson

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

Board of Education

David Jones, Chairman
Dennis Holt
Jerry Hopkins
Jack Mullins

Adam Nichols
Jamie Stanifer
Adam Trent

Audit Committee

Scott Collins, Chairman
Jerry Brooks
Matthew Waddell

Sherri Ramsey
Alyssa Large

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Tennessee, as of June 30, 2025, 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.

We did not audit the financial statements of the Internal School Fund, a special revenue fund of the discretely presented Hancock County School Department, which represents one percent, 1.1 percent, and three percent, respectively, of the assets, net position, and revenues of the discretely presented Hancock County School Department. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Hancock County School Department, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hancock County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note V.B., Hancock County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. GASB 102 provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hancock County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hancock County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hancock County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


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

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

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025, on our consideration of Hancock County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hancock County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hancock County's internal control over financial reporting and compliance.

Very truly yours,


Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 15, 2025

JEM/gc

BASIC FINANCIAL STATEMENTS SECTION

HANCOCK COUNTY, TENNESSEE
Statement of Net Position
June 30, 2025

	Primary Government	Component Unit
	Governmental Activities	Hancock County School Department
ASSETS		
Cash and Cash Equivalents	\$ 3,258	\$ 260,179
Equity in Pooled Cash and Investments	9,928,593	5,834,876
Accounts Receivable	244,466	257,866
Allowance for Uncollectibles	(85,017)	0
Due from Other Governments	1,742,767	1,053,944
Due from Primary Government	0	4,910
Due from Component Units	0	0
Property Taxes Receivable	2,180,703	1,046,738
Allowance for Uncollectible Property Taxes	(155,749)	(74,759)
Leases Receivable - Long-term	1,348,330	129,337
Net Pension Asset - Teacher Retirement Plan	0	58,332
Net Pension Asset - Teacher Legacy Pension Plan	0	1,907,394
Restricted Assets - Amounts Accumulated for Pension Benefits	0	154,905
Capital Assets:		
Assets Not Depreciated:		
Land	908,824	519,250
Construction in Progress	1,372,759	29,200
Assets Net of Accumulated Depreciation/Amortization:		
Buildings and Improvements	3,530,318	11,299,569
Machinery and Equipment	1,375,290	1,293,248
Infrastructure	7,703,174	0
Total Assets	<u>\$ 30,097,716</u>	<u>\$ 23,774,989</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Changes in Experience	\$ 50,448	\$ 513,469
Pension Changes in Assumptions	0	23,180
Pension Changes in Proportion	0	79,023
Pension Contributions After Measurement Date	135,040	295,774
OPEB Changes in Experience	0	100,339
OPEB Changes in Proportion	0	19,878
OPEB Changes in Assumptions	0	155,566
OPEB Contributions After Measurement Date	0	35,451
Total Deferred Outflows of Resources	<u>\$ 185,488</u>	<u>\$ 1,222,680</u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Statement of Net Position (Cont.)

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Hancock County School Department</u>
LIABILITIES		
Accounts Payable	\$ 117,340	\$ 201,085
Accrued Payroll	116,410	2,218
Accrued Interest Payable	27,328	0
Cash Overdraft	908	0
Payroll Deductions Payable	11,708	0
Due to Component Unit	4,910	0
Contracts Payable	395,135	0
Retainage Payable	23,710	0
Due to the State of Tennessee	17,034	0
Other Current Liabilities	10,525	202,291
Noncurrent Liabilities:		
Due Within One Year - Debt	924,623	0
Due Within One Year - Other	62,645	68,624
Due in More Than One Year - Debt	8,403,792	0
Due in More Than One Year - Other	377,803	936,982
Total Liabilities	<u>\$ 10,493,871</u>	<u>\$ 1,411,200</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 1,937,717	\$ 930,105
Deferred Leases Receivable	1,348,330	129,337
Pension Changes in Experience	0	17,921
Pension Changes in Investment Earnings	38,610	381,323
Pension Changes in Proportion	0	19,881
OPEB Changes in Experience	0	159,091
OPEB Changes in Proportion	0	83,560
OPEB Changes in Assumptions	0	106,057
Total Deferred Inflows of Resources	<u>\$ 3,324,657</u>	<u>\$ 1,827,275</u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Statement of Net Position (Cont.)

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Hancock County School Department</u>
NET POSITION		
Net Investment in Capital Assets	\$ 13,974,661	\$ 13,141,267
Restricted For:		
General Government	56,561	0
Administration of Justice	26,623	0
Public Safety	431,889	0
Public Health and Welfare	187,809	0
Highways	3,887,773	0
Debt Service	2,203,952	0
Capital Projects	1,844,495	0
Education	0	1,424,568
Pensions	0	2,120,631
Unrestricted	<u>(6,149,087)</u>	<u>5,072,728</u>
Total Net Position	<u><u>\$ 16,464,676</u></u>	<u><u>\$ 21,759,194</u></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, 2025

						Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit	
		Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total	Hancock	
			Grants and Contributions	Grants and Contributions				County School Department	
Primary Government:									
Governmental Activities:									
General Government	\$ 1,273,768	\$ 53,949	\$ 15,916	\$ 60,000	\$ (1,143,903)	\$ 0	\$ (1,143,903)	\$ 0	
Finance	589,564	207,403	12,619	0	(369,542)	0	(369,542)	0	
Administration of Justice	406,539	116,617	9,000	0	(280,922)	0	(280,922)	0	
Public Safety	3,595,519	982,301	447,151	0	(2,166,067)	0	(2,166,067)	0	
Public Health and Welfare	2,282,896	1,303,160	124,994	1,455,632	600,890	0	600,890	0	
Social, Cultural and Rec Services	301,913	2,360	897	1,000,000	701,344	0	701,344	0	
Agriculture & Natural Resources	107,115	0	0	0	(107,115)	0	(107,115)	0	
Highways/Public Works	3,955,575	34,073	1,964,994	1,749,675	(206,833)	0	(206,833)	0	
Education	1,259	0	0	0	(1,259)	0	(1,259)	0	
Interest on Long-term Debt	219,498	0	0	0	(219,498)	0	(219,498)	0	
Total Governmental Activities	<u>\$ 12,733,646</u>	<u>\$ 2,699,863</u>	<u>\$ 2,575,571</u>	<u>\$ 4,265,307</u>	<u>\$ (3,192,905)</u>	<u>\$ 0</u>	<u>\$ (3,192,905)</u>	<u>\$ 0</u>	
Business-type Activities:									
Home Health	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Total Primary Government	<u>\$ 12,733,646</u>	<u>\$ 2,699,863</u>	<u>\$ 2,575,571</u>	<u>\$ 4,265,307</u>	<u>\$ (3,192,905)</u>	<u>\$ 0</u>	<u>\$ (3,192,905)</u>	<u>\$ 0</u>	
Component Unit:									
Hancock County School Department	<u>\$ 15,720,258</u>	<u>\$ 80,344</u>	<u>\$ 3,876,403</u>	<u>\$ 90,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,673,511)</u>	
Total Component Unit	<u>\$ 15,720,258</u>	<u>\$ 80,344</u>	<u>\$ 3,876,403</u>	<u>\$ 90,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,673,511)</u>	

(Continued)

HANCOCK COUNTY, TENNESSEE
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Hancock County School Department
					Governmental Activities	Business-type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 1,955,055	\$ 0	\$ 1,955,055	\$ 943,351
Property Taxes Levied for Debt Service					13,145	0	13,145	0
Local Option Sales Taxes					152,289	0	152,289	455,078
Wheel Tax					201,994	0	201,994	64,411
Litigation Tax - General					8,226	0	8,226	0
Litigation Tax - Special Purpose					4,244	0	4,244	0
Litigation Tax - Jail, Workhouse, or Courthouse					5,484	0	5,484	0
Litigation Tax - Courtroom Security					949	0	949	0
Business Tax					28,665	0	28,665	0
Gas Severance Tax					1,760	0	1,760	0
Wholesale Beer Tax					1,793	0	1,793	1,056
Hotel Motel Tax					2,938	0	2,938	0
Grants and Contributions Not Restricted to Specific Programs					1,378,604	0	1,378,604	9,139,438
Unrestricted Investment Income					758,042	0	758,042	51,830
Lease Interest					91,450	0	91,450	2,062
Miscellaneous					71,761	500,000	571,761	28,487
Total General Revenues					\$ 4,676,399	\$ 500,000	\$ 5,176,399	\$ 10,685,713
Transfers					\$ 1,376,421	\$ (1,376,421)	\$ 0	\$ 0
Change in Net Position					\$ 2,859,915	\$ (876,421)	\$ 1,983,494	\$ (987,798)
Net Position, July 1, 2024					13,625,368	876,421	14,501,789	22,766,083
Restatement - See Note I.D.9.					(20,607)	0	(20,607)	(19,091)
Net Position, June 30, 2025					\$ 16,464,676	\$ 0	\$ 16,464,676	\$ 21,759,194

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

HANCOCK COUNTY, TENNESSEE
Balance Sheet - Governmental Funds
June 30, 2025

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 3,158	\$ 3,258
Equity in Pooled Cash and Investments	566,689	3,638,358	2,230,699	2,000,892	1,491,955	9,928,593
Accounts Receivable	219,893	5,134	0	0	19,439	244,466
Allowance for Uncollectibles	(85,017)	0	0	0	0	(85,017)
Due from Other Governments	514,632	336,038	0	24,323	867,774	1,742,767
Due from Other Funds	90,300	0	0	0	0	90,300
Property Taxes Receivable	1,817,252	0	14,538	0	348,913	2,180,703
Allowance for Uncollectible Property Taxes	(129,790)	0	(1,039)	0	(24,920)	(155,749)
Leases Receivable - Long-term	0	0	1,348,330	0	0	1,348,330
Total Assets	<u>\$ 2,994,059</u>	<u>\$ 3,979,530</u>	<u>\$ 3,592,528</u>	<u>\$ 2,025,215</u>	<u>\$ 2,706,319</u>	<u>\$ 15,297,651</u>
LIABILITIES						
Accounts Payable	\$ 14,350	\$ 80,537	\$ 0	\$ 0	\$ 22,453	\$ 117,340
Accrued Payroll	114,440	0	0	0	1,970	116,410
Payroll Deductions Payable	9,942	36	0	0	1,730	11,708
Cash Overdraft	0	0	0	0	908	908
Contracts Payable	0	0	0	86,131	309,004	395,135
Retainage Payable	0	0	0	7,447	16,263	23,710
Due to Other Funds	0	0	0	87,142	3,158	90,300

(Continued)

HANCOCK COUNTY, TENNESSEE**Balance Sheet - Governmental Funds (Cont.)**

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
LIABILITIES (Cont.)						
Due to Component Units	\$ 4,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,910
Due to State of Tennessee	16,129	0	0	0	905	17,034
Other Current Liabilities	3,656	6,869	0	0	0	10,525
Total Liabilities	<u>\$ 163,427</u>	<u>\$ 87,442</u>	<u>\$ 0</u>	<u>\$ 180,720</u>	<u>\$ 356,391</u>	<u>\$ 787,980</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 1,614,764	\$ 0	\$ 12,918	\$ 0	\$ 310,035	\$ 1,937,717
Deferred Delinquent Property Taxes	72,360	0	578	0	13,893	86,831
Deferred Leases Receivable	0	0	1,348,330	0	0	1,348,330
Other Deferred/Unavailable Revenue	342,409	167,873	0	0	0	510,282
Total Deferred Inflows of Resources	<u>\$ 2,029,533</u>	<u>\$ 167,873</u>	<u>\$ 1,361,826</u>	<u>\$ 0</u>	<u>\$ 323,928</u>	<u>\$ 3,883,160</u>

FUND BALANCES

Restricted:

Restricted for General Government	\$ 56,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,561
Restricted for Administration of Justice	26,623	0	0	0	0	26,623
Restricted for Public Safety	114,060	0	0	0	37,883	151,943
Restricted for Public Health and Welfare	139,698	0	0	0	0	139,698
Restricted for Highways/Public Works	0	3,724,215	0	0	0	3,724,215

(Continued)

HANCOCK COUNTY, TENNESSEE
Balance Sheet - Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
FUND BALANCES (Cont.)						
Restricted (Cont.):						
Restricted for Debt Service	\$ 0	\$ 0	\$ 2,230,702	\$ 0	\$ 0	\$ 2,230,702
Restricted for Capital Projects	0	0	0	1,844,495	0	1,844,495
Committed:						
Committed for Public Health and Welfare	0	0	0	0	128,600	128,600
Committed for Capital Projects	0	0	0	0	1,178,042	1,178,042
Committed for Other Purposes	0	0	0	0	700,000	700,000
Assigned:						
Assigned for Social, Cultural, and Recreational Services	100	0	0	0	0	100
Assigned for Agriculture and Natural Resources	3,240	0	0	0	0	3,240
Unassigned	460,817	0	0	0	(18,525)	442,292
Total Fund Balances	\$ 801,099	\$ 3,724,215	\$ 2,230,702	\$ 1,844,495	\$ 2,026,000	\$ 10,626,511
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,994,059	\$ 3,979,530	\$ 3,592,528	\$ 2,025,215	\$ 2,706,319	\$ 15,297,651

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

HANCOCK COUNTY, TENNESSEE
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2025

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)		\$ 10,626,511
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 908,824	
Add: construction in progress	1,372,759	
Add: buildings and improvements net of accumulated depreciation	3,530,318	
Add: machinery and equipment net of accumulated depreciation	1,375,290	
Add: infrastructure net of accumulated depreciation	<u>7,703,174</u>	14,890,365
(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	\$ (410,924)	
Less: bonds payable	(6,560,935)	
Less: other loans payable	(2,222,277)	
Less: unamortized premium on debt	(134,279)	
Less: compensated absences payable	(106,112)	
Less: landfill closure/postclosure care costs	(10,695)	
Less: accrued interest on bonds, notes, and other loans	(27,328)	
Less: net pension liability	<u>(323,641)</u>	(9,796,191)
(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	\$ 185,488	
Less: deferred inflows of resources related to pensions	<u>(38,610)</u>	146,878
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>597,113</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 16,464,676</u></u>

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

HANCOCK COUNTY, TENNESSEE
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	Major Funds				Nonmajor Funds	
				<i>Formerly Nonmajor</i>	<i>Other</i>	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Govern- mental Funds	Total Governmental Funds
Revenues						
Local Taxes	\$ 2,064,865	\$ 0	\$ 13,064	\$ 0	\$ 311,932	\$ 2,389,861
Licenses and Permits	22,001	0	0	0	0	22,001
Fines, Forfeitures, and Penalties	44,103	0	0	0	2,216	46,319
Charges for Current Services	1,348,444	0	0	0	1,091	1,349,535
Other Local Revenues	1,010,936	44,009	358,451	0	20,226	1,433,622
Fees Received From County Officials	303,170	0	0	0	0	303,170
State of Tennessee	1,560,887	3,704,654	0	1,000,000	1,854	6,267,395
Federal Government	87,992	0	0	527,594	867,774	1,483,360
Other Governments and Citizens Groups	77,988	0	676,704	0	0	754,692
Total Revenues	<u>\$ 6,520,386</u>	<u>\$ 3,748,663</u>	<u>\$ 1,048,219</u>	<u>\$ 1,527,594</u>	<u>\$ 1,205,093</u>	<u>\$ 14,049,955</u>
Expenditures						
Current:						
General Government	\$ 1,197,639	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,197,639
Finance	605,877	0	0	0	0	605,877
Administration of Justice	421,153	0	0	0	990	422,143
Public Safety	3,652,585	0	0	0	10,481	3,663,066
Public Health and Welfare	1,594,962	0	0	0	511,873	2,106,835
Social, Cultural, and Recreational Services	82,543	0	0	0	0	82,543
Agriculture and Natural Resources	107,115	0	0	0	0	107,115
Other Operations	10,863	0	0	0	0	10,863
Highways	0	3,396,260	0	0	0	3,396,260

(Continued)

HANCOCK COUNTY, TENNESSEE
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
		Highway / Public Works	General Debt Service	Formerly Nonmajor General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
	General					
Expenditures (Cont.)						
Debt Service:						
Principal on Debt	\$ 93,979	\$ 0	\$ 814,627	\$ 0	\$ 0	\$ 908,606
Interest on Debt	28,788	0	219,730	0	0	248,518
Other Debt Service	0	0	1,259	0	0	1,259
Capital Projects	0	0	0	315,957	879,234	1,195,191
Capital Projects - Donated	0	0	0	350,507	0	350,507
Total Expenditures	<u>\$ 7,795,504</u>	<u>\$ 3,396,260</u>	<u>\$ 1,035,616</u>	<u>\$ 666,464</u>	<u>\$ 1,402,578</u>	<u>\$ 14,296,422</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,275,118)</u>	<u>\$ 352,403</u>	<u>\$ 12,603</u>	<u>\$ 861,130</u>	<u>\$ (197,485)</u>	<u>\$ (246,467)</u>
Other Financing Sources (Uses)						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,253,670	\$ 1,253,670
Transfers Out	(107,000)	0	0	0	(13,662)	(120,662)
Total Other Financing Sources (Uses)	<u>\$ (107,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,240,008</u>	<u>\$ 1,133,008</u>
Net Change in Fund Balances	\$ (1,382,118)	\$ 352,403	\$ 12,603	\$ 861,130	\$ 1,042,523	\$ 886,541
Change to or Within the Reporting Entity	0	0	0	983,365	(983,365)	0
Fund Balance, July 1, 2024	<u>2,183,217</u>	<u>3,371,812</u>	<u>2,218,099</u>	<u>0</u>	<u>1,966,842</u>	<u>9,739,970</u>
Fund Balance, June 30, 2025	<u><u>\$ 801,099</u></u>	<u><u>\$ 3,724,215</u></u>	<u><u>\$ 2,230,702</u></u>	<u><u>\$ 1,844,495</u></u>	<u><u>\$ 2,026,000</u></u>	<u><u>\$ 10,626,511</u></u>

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

HANCOCK COUNTY, TENNESSEE**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities****For the Year Ended June 30, 2025**

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)		\$ 886,541
(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	\$ 1,526,523	
Less: current-year depreciation expense	<u>(1,016,563)</u>	509,960
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: capital assets, net of accumulated depreciation, contributed from enterprise fund		243,413
(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, 2025	\$ 597,113	
Less: deferred delinquent property taxes and other deferred June 30, 2024	<u>(381,038)</u>	216,075
(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	\$ 654,175	
Add: principal payments on notes	93,979	
Add: principal payments on other loans	160,452	
Add: change in premium on debt issuances	<u>22,281</u>	930,887
(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	\$ 6,739	
Change in compensated absences payable	1,098	
Change in net pension asset/liability	123,814	
Change in deferred outflows related to pensions	(28,363)	
Change in deferred inflows related to pensions	(35,220)	
Change in landfill closure/postclosure care costs	<u>4,971</u>	<u>73,039</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,859,915</u>

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

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, 2025

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,064,865	\$ 0	\$ 0	\$ 2,064,865	\$ 2,005,918	\$ 2,092,873	\$ (28,008)
Licenses and Permits	22,001	0	0	22,001	12,000	20,500	1,501
Fines, Forfeitures, and Penalties	44,103	0	0	44,103	78,950	80,350	(36,247)
Charges for Current Services	1,348,444	0	0	1,348,444	1,043,600	1,237,229	111,215
Other Local Revenues	1,010,936	0	0	1,010,936	430,000	904,874	106,062
Fees Received From County Officials	303,170	0	0	303,170	262,000	293,000	10,170
State of Tennessee	1,560,887	0	0	1,560,887	1,603,431	1,981,806	(420,919)
Federal Government	87,992	0	0	87,992	0	11,166	76,826
Other Governments and Citizens Groups	77,988	0	0	77,988	62,500	101,887	(23,899)
Total Revenues	\$ 6,520,386	\$ 0	\$ 0	\$ 6,520,386	\$ 5,498,399	\$ 6,723,685	\$ (203,299)
Expenditures							
General Government							
County Commission	\$ 222,679	\$ (1,227)	\$ 0	\$ 221,452	\$ 143,566	\$ 240,987	\$ 19,535
Board of Equalization	2,500	0	0	2,500	2,500	2,500	0
County Mayor/Executive	265,309	0	0	265,309	234,285	270,859	5,550
County Attorney	15,240	0	0	15,240	15,240	15,240	0
Election Commission	177,079	0	0	177,079	164,261	178,172	1,093
Register of Deeds	147,684	(169)	0	147,515	148,538	151,958	4,443
County Buildings	367,148	(102,404)	21,200	285,944	152,694	758,562	472,618

(Continued)

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 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Finance							
Purchasing	\$ 25,612	\$ 0	\$ 0	\$ 25,612	\$ 29,985	\$ 33,202	\$ 7,590
Property Assessor's Office	123,359	0	0	123,359	151,925	151,925	28,566
Reappraisal Program	24,727	(343)	0	24,384	25,119	25,392	1,008
County Trustee's Office	171,588	0	0	171,588	175,272	177,575	5,987
County Clerk's Office	203,225	0	0	203,225	216,258	216,830	13,605
Other Finance	57,366	0	0	57,366	75,000	75,000	17,634
Administration of Justice							
Circuit Court	170,443	0	0	170,443	189,142	189,142	18,699
General Sessions Court	106,402	0	0	106,402	104,924	107,409	1,007
Chancery Court	144,308	0	0	144,308	144,138	148,893	4,585
Public Safety							
Sheriff's Department	1,944,253	(10,684)	0	1,933,569	582,310	2,045,834	112,265
Jail	1,608,820	(309)	0	1,608,511	1,131,214	1,830,988	222,477
Juvenile Services	12,243	0	0	12,243	13,297	13,514	1,271
Commissary	26,352	0	0	26,352	51,774	51,774	25,422
Civil Defense	29,190	0	0	29,190	22,489	28,801	(389)
Rescue Squad	1,408	(420)	0	988	2,360	2,832	1,844
County Coroner/Medical Examiner	29,317	0	0	29,317	31,000	31,262	1,945
Other Public Safety	1,002	0	0	1,002	6,700	6,700	5,698

(Continued)

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 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Public Health and Welfare							
Local Health Center	\$ 52,433	\$ 0	\$ 0	\$ 52,433	\$ 60,000	\$ 60,217	\$ 7,784
Ambulance/Emergency Medical Services	1,480,650	0	0	1,480,650	812,809	1,557,148	76,498
Other Local Health Services	26,978	0	0	26,978	59,930	60,147	33,169
Sanitation Management	34,281	0	0	34,281	44,200	44,870	10,589
Sanitation Education/Information	54	0	0	54	0	55	1
Other Public Health and Welfare	566	0	0	566	1,551	1,551	985
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	8,974	0	0	8,974	8,749	8,749	(225)
Libraries	73,569	0	0	73,569	78,745	82,557	8,988
Other Social, Cultural, and Recreational	0	0	0	0	0	51,547	51,547
Agriculture and Natural Resources							
Agricultural Extension Service	83,442	0	3,240	86,682	64,935	64,935	(21,747)
Soil Conservation	23,673	0	0	23,673	24,780	24,780	1,107
Other Operations							
Public Transportation	233	0	0	233	0	234	1
Veterans' Services	10,630	0	0	10,630	10,893	12,801	2,171
Capital Outlay							
Regular Capital Outlay	0	0	0	0	62,767	0	0

(Continued)

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 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Principal on Debt							
General Government	\$ 93,979	\$ 0	\$ 0	\$ 93,979	\$ 0	\$ 93,979	\$ 0
Interest on Debt							
General Government	28,788	0	0	28,788	0	28,788	0
Total Expenditures	<u>\$ 7,795,504</u>	<u>\$ (115,556)</u>	<u>\$ 24,440</u>	<u>\$ 7,704,388</u>	<u>\$ 5,043,350</u>	<u>\$ 8,847,709</u>	<u>\$ 1,143,321</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,275,118)</u>	<u>\$ 115,556</u>	<u>\$ (24,440)</u>	<u>\$ (1,184,002)</u>	<u>\$ 455,049</u>	<u>\$ (2,124,024)</u>	<u>\$ 940,022</u>
Other Financing Sources (Uses)							
Transfers Out	\$ (107,000)	\$ 0	\$ 0	\$ (107,000)	\$ 0	\$ (107,000)	\$ 0
Total Other Financing Sources	<u>\$ (107,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (107,000)</u>	<u>\$ 0</u>	<u>\$ (107,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,382,118)	\$ 115,556	\$ (24,440)	\$ (1,291,002)	\$ 455,049	\$ (2,231,024)	\$ 940,022
Fund Balance, July 1, 2024	<u>2,183,217</u>	<u>(115,556)</u>	<u>0</u>	<u>2,067,661</u>	<u>657,307</u>	<u>2,843,372</u>	<u>(775,711)</u>
Fund Balance, June 30, 2025	<u>\$ 801,099</u>	<u>\$ 0</u>	<u>\$ (24,440)</u>	<u>\$ 776,659</u>	<u>\$ 1,112,356</u>	<u>\$ 612,348</u>	<u>\$ 164,311</u>

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

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, 2025

			Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Actual	Original	Final		
Revenues					
Other Local Revenues	\$ 44,009	\$ 39,000	\$ 39,000	\$	5,009
State of Tennessee	3,704,654	4,855,605	4,855,605		(1,150,951)
Total Revenues	<u>\$ 3,748,663</u>	<u>\$ 4,894,605</u>	<u>\$ 4,894,605</u>	<u>\$</u>	<u>(1,145,942)</u>
Expenditures					
Finance					
Data Processing	\$ 0	\$ 3,000	\$ 0	\$	0
Highways					
Administration	700,979	768,827	771,827		70,848
Highway and Bridge Maintenance	520,315	658,500	658,500		138,185
Operation and Maintenance of Equipment	232,335	345,000	345,000		112,665
Other Charges	91,810	103,500	103,500		11,690
Employee Benefits	105,259	162,680	162,680		57,421
Capital Outlay	1,745,562	3,157,493	3,157,493		1,411,931
Total Expenditures	<u>\$ 3,396,260</u>	<u>\$ 5,199,000</u>	<u>\$ 5,199,000</u>	<u>\$</u>	<u>1,802,740</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 352,403</u>	<u>\$ (304,395)</u>	<u>\$ (304,395)</u>	<u>\$</u>	<u>656,798</u>
Net Change in Fund Balance	\$ 352,403	\$ (304,395)	\$ (304,395)	\$	656,798
Fund Balance, July 1, 2024	<u>3,371,812</u>	<u>1,851,071</u>	<u>1,851,071</u>		<u>1,520,741</u>
Fund Balance, June 30, 2025	<u>\$ 3,724,215</u>	<u>\$ 1,546,676</u>	<u>\$ 1,546,676</u>	<u>\$</u>	<u>2,177,539</u>

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

HANCOCK COUNTY, TENNESSEE
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Fund
For the Year Ended June 30, 2025

	Business-type Activities <hr/> Major Enterprise Fund <hr/> Home Health Fund <hr/>
Nonoperating Revenues	
Sale of Certificate of Need	\$ 500,000
Total Non Operating Revenues	<hr/> \$ 500,000 <hr/>
Income (Loss) Before Transfers	\$ 500,000
Transfers Out (1)	(1,376,421)
Change in Net Position	<hr/> \$ (876,421)
Net Position, July 1, 2024	<hr/> 876,421 <hr/>
Net Position, June 30, 2025	<hr/> \$ 0 <hr/>

(1) This transfer out consists of \$1,133,008 in cash which was transferred to the county's Health Department Capital Projects Fund and Net Capital Assets of \$243,413 which were transferred to Primary Government - Governmental Activities.

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

HANCOCK COUNTY, TENNESSEE
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2025

	Business-type Activities
	Major Enterprise Fund
	Home Health Fund
Cash Flows from Noncapital Financing Activities	
Transfers In	\$ 0
Transfers Out	\$ (1,133,008)
Sale of Certificate of Need	500,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (633,008)</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (633,008)
Cash, July 1, 2024	<u>633,008</u>
Cash, June 30, 2025	<u><u>\$ 0</u></u>

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

HANCOCK COUNTY, TENNESSEE
Statement of Net Position - Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 207,552
Accounts Receivable	5,922
Due from Other Governments	<u>52,572</u>
Total Assets	<u>\$ 266,046</u>
LIABILITIES	
Due to Other Taxing Units	<u>\$ 52,572</u>
Total Liabilities	<u>\$ 52,572</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 213,474</u>
Total Net Position	<u><u>\$ 213,474</u></u>

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

HANCOCK COUNTY, TENNESSEE**Statement of Changes in Net Position - Fiduciary Funds****For the Year Ended June 30, 2025****Custodial
Funds****ADDITIONS**

Sales Tax Collections for Other Governments	\$ 276,937
Fines/Fees and Other Collections	1,052,054
Total Additions	<u>\$ 1,328,991</u>

DEDUCTIONS

Payment of Sales Tax Collections to Other Governments	\$ 276,937
Payments to State	778,704
Payments to Individuals and Others	325,846
Total Deductions	<u>\$ 1,381,487</u>

Net Increase (Decrease) in Fiduciary in Net Position	\$ (52,496)
Net Position, July 1, 2024	<u>265,970</u>
.	
Net Position, June 30, 2025	<u><u>\$ 213,474</u></u>

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

HANCOCK COUNTY, TENNESSEE

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note	Page(s)
I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	37
B. Government-wide and Fund Financial Statements	38
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	38
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	40
2. Receivables and Payables	41
3. Restricted Assets	42
4. Capital Assets	42
5. Deferred Outflows/Inflows of Resources	43
6. Compensated Absences	43
7. Long-term Debt and Long-term Obligations	44
8. Net Position and Fund Balance	45
9. Restatements	46
10. Change To or Within the Financial Reporting Entity	46
E. Pension Plans	47
F. Other Postemployment Benefit (OPEB) Plan	47
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	48
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	48
III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	48
B. Fund Deficit	49
C. Cash Overdraft	49
D. Expenditures and Exceeded Appropriations	49
E. Conflict of Interest	50
IV. DETAILED NOTES ON ALL FUNDS	
A. Deposits and Investments	50
B. Leases Receivable	52
C. Capital Assets	54
D. Construction Commitments	57
E. Interfund Receivables, Payables, and Transfers	57
F. Long-term Debt	58
G. Long-term Obligations	61
H. Pledges of Future Revenues	62
I. On-Behalf Payments	62
V. OTHER INFORMATION	
A. Risk Management	62
B. Accounting Changes	63
C. Contingent Liabilities	63
D. Change in Administration	64
E. Landfill Postclosure Care Costs	64
F. Joint Venture	64
G. Jointly Governed Organization	64
H. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	65
2. Deferred Compensation	77
I. Other Postemployment Benefits (OPEB)	77
J. Purchasing Laws	81
K. Subsequent Event	81

HANCOCK COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. *Reporting Entity*

Hancock County is a public municipal corporation governed by an elected 17-member board. As required by GAAP, these financial statements present Hancock County (the primary government) and its component units. Although required by GAAP, the financial statements of the Hancock County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

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

Administrative Office:

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

Related Organization – The Hancock County Industrial Development Board is a related organization of Hancock County. The county mayor nominates, and the Hancock County Commission confirms

the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

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

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

Hancock County issues all debt for the discretely presented Hancock County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2025.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Hancock County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance/fund net position, 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. The enterprise fund was closed during the year.

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

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

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

Proprietary and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

Hancock County reports the following major governmental funds:

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

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 – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Hancock County previously reported the Home Health major enterprise fund. The county discontinued operations of its Home Health Program on June 30, 2024. During the year ended June 30, 2025, the county sold the home health care certificate of need. The fund was subsequently closed (terminated), with unrestricted net position transferred to establish the Health Department Capital Projects Fund and net position invested in capital assets transferred to governmental activities.

Additionally, Hancock County reports the following fund type:

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

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

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

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

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

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 25) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 24) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found on the [Tennessee Comptroller of the Treasury's website](#).

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. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The county has one proprietary fund, an enterprise fund, which was used to account for the county's home health operations. As previously stated, the enterprise fund was closed during the year.

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hancock County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hancock County and the school department have adopted a policy of reporting U.S.

Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

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

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

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

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 3.89 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered

available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

Most payables are disaggregated on the face of the financial statements. Other current liabilities in the primary government's General and Highway/Public Works funds represent balances in the payroll tax clearing accounts on June 30, 2025. Other current liabilities in the school department's General Purpose School Fund represent amounts in the teachers' insurance and other payroll related clearing accounts (\$180,889) and the school board members' scholarship account (\$18,706) on June 30, 2025. Other current liabilities in the school department's Central Cafeteria Fund represent amounts in the nutrition bank account (\$2,696) on June 30, 2025.

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

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 column 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.

Assets	Years
Buildings and Improvements	15 - 40
Machinery and Equipment	5 - 15
Infrastructure:	
Roads	40
Bridges	40

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

Primary Government

It is the policy of Hancock County, other than the Highway Department, which is discussed below, to permit employees to accumulate a limited amount of earned but unused vacation, sick leave, and compensatory time benefits. The county's policy is to pay unused vacation and compensatory time upon an employee's separation from service. Vacation pay and compensatory time for county employees are accrued when incurred in the government wide

financial statements. Only a portion of the unpaid accumulated sick leave is accrued. The criteria for accrual includes a “more likely than not,” to be used or paid. Since Hancock County does not have a policy to pay any sick leave amounts when employees separate from service with the government, only the portion of sick leave “more likely than not” expected to be used is accrued in the government-wide financial statements. Sick leave expected to be credited to TCRS service is not accrued.

The Hancock County Highway Department permits employees to accumulate earned but unused sick leave. Vacation benefits for highway department employees must be used within the calendar year or they are lost, and unused vacation pay is not paid to employees upon separation from service. Only a portion of the accumulated sick and vacation leave is accrued. The criteria for accrual includes a “more likely than not,” to be used or paid. Since the Hancock County Highway Department does not have a policy to pay any amounts when employees separate from service with the government, only the portion of leave “more likely than not” expected to be used is accrued in the government-wide financial statements. Sick leave expected to be credited to TCRS service is not accrued.

Discretely Presented Hancock County School Department

Vacation benefits for employees of the Hancock County School Department do not vest or accumulate and must be used within the year or they are lost. Employees of the school department can accumulate earned but unused sick pay benefits. Only a portion of the unpaid accumulated sick leave is accrued. The criteria for accrual includes a “more likely than not,” to be used or paid. Since the school department does not have a policy to pay any amounts when employees separate from service with the school department, only the portion of sick leave “more likely than not” expected to be used is accrued in the government-wide financial statements. Sick leave expected to be credited to TCRS service is not accrued.

A liability for vacation pay, compensatory time, and sick leave benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and payable under the county or school department’s policies.

7. Long-term Debt and Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, notes payable, and other loans payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and

expenditures for other long-term obligations, including compensated absences, other postemployment benefits, net pension liability, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

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

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

As of June 30, 2025, Hancock County had \$7,632,277 in outstanding debt for capital purposes for the discretely presented Hancock County School Department. This debt is a liability of Hancock County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Hancock County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets. Hancock County also reports \$1,065,000 of non-capital debt related to assets acquired and leased to Ballad Health System. That lease is discussed in Note IV.B.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board

of Education, the school department’s highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund primarily consists of amounts assigned for encumbrances (\$3,240). Assigned fund balance in the school department’s General Purpose School fund includes amounts assigned for use in the 2025-2026 budget (\$969,963) encumbrances (\$96,905).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

9. Restatements

With the implementation of GASB Statement 101, *Compensated Absences*, Hancock County must recognize a restatement to the beginning net position in the Government-wide financial statements for the Primary Government and the discretely presented Hancock County School Department to record a compensated absences liability. A restatement of (\$20,607) has been presented to reflect the beginning balance of the Primary Government and (\$19,091) for the discretely presented Hancock County School Department. The following table reflects the restatement amounts necessary to implement this standard:

	Government Wide - Governmental Activities	
	Primary Government	Discretely Presented Hancock County School Department
Net Position, as previously reported	\$ 13,625,368	\$ 22,766,083
Adjustments for GASB 101 Implementation:		
Compensated Absences Liability	(20,607)	(19,091)
Net Change in Beginning Net Position	\$ (20,607)	\$ (19,091)
Net Position, June 30, 2024 Restated	<u>\$ 13,604,761</u>	<u>\$ 22,746,992</u>

10. Change To or Within the Financial Reporting Entity

Changes in Major Fund Classification (Column A)

Fund classifications are evaluated annually in accordance with the criteria established in GASB Statement No. 34. During fiscal year 2025, the following funds experienced changes in major fund status:

The General Capital Projects Fund met the criteria for major fund classification and is presented as a major governmental fund. Prior-year amounts, previously included within the Nonmajor Governmental Funds column, have been restated to reflect this fund as major.

These presentation changes are reported retrospectively in accordance with GASB Statement No. 100 and do not affect the previously reported total governmental fund balances or changes in fund balances.

	7-1-24 As Previously Reported	Change To or Within the Financial Reporting Entity (A)	7-1-24 As Restated
Primary Government			
Governmental Funds			
Major Funds:			
General Capital Projects	\$ 0	\$ 983,365	\$ 983,365
Nonmajor Funds	1,966,842	(983,365)	983,477
Total Governmental Funds	<u>\$ 1,966,842</u>	<u>\$ 0</u>	<u>\$ 1,966,842</u>

E. Pension Plans

Primary Government

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

Discretely Presented Hancock County School Department

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

F. Other Postemployment Benefit (OPEB) Plan

Discretely Presented Hancock County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. *Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position*

Primary Government

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

Discretely Presented Hancock County School Department

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

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

Primary Government

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

Discretely Presented Hancock County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund and the school department's Internal School Fund (special revenue funds), which are not budgeted and the 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.

On June 30, 2025, Hancock County reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 24,440
School Department:	
Major Fund:	
General Purpose School	96,905

B. Fund Deficit

The Hancock County Solid Waste/Sanitation Fund (special revenue fund) had a deficit in unassigned fund balance of \$18,525 on June 30, 2025. This deficit in unassigned fund balance resulted from failure to collect an equipment grant reimbursement reflected as a receivable in the prior year. Further details can be found in the Schedule of Findings and Questioned Costs section of this report. The deficit unassigned fund balance will be liquidated when revenues are recognized after June 30, 2025. As of the date of this report the grant funding has not yet been received.

C. Cash Overdraft

The Hancock County Solid Waste/Sanitation Fund (special revenue fund) had a cash overdraft of \$908 on June 30, 2025. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the trustee. The cash overdraft was liquidated subsequent to June 30, 2025. Details of this cash overdraft are discussed in the Schedule of Findings and Questioned Cost section of this report.

D. Expenditures and Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in three major appropriations categories (the legal level of control) as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount</u>
Primary Government:	
General Fund:	
Civil Defense	\$ 389
Senior Citizens Assistance	225
Agricultural Extension Service	21,747

Expenditures exceeded total appropriations approved by the county commission in the Solid Waste/Sanitation and Other General Government funds by \$103,725, and \$13,662, respectively.

Expenditures that exceed appropriations are a violation of state statutes. Expenditures in excess of appropriations in the in the Other General Government Fund were funded by available fund balances. Available fund balances were insufficient to fund the excess expenditures in the Solid Waste/Sanitation Fund, contributing to the fund deficit discussed in note III.B.

E. Conflict of Interest

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hancock County and the Hancock County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of three methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 90 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

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

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

treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Other than the school department's investment in the TCRS Stabilization Trust as discussed below, the county had no pooled or nonpooled investments as of June 30, 2025.

TCRS Stabilization Trust

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Hancock County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2025, the Hancock County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 48,021
Developed Market International Equity	N/A	N/A	21,687
Emerging Market International Equity	N/A	N/A	6,196
U.S. Fixed Income	N/A	N/A	30,981
Real Estate	N/A	N/A	15,491
Short-term Securities	N/A	N/A	1,548
NAV - Private Equity and Strategic Lending	N/A	N/A	30,981
Total			<u>\$ 154,905</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained on the [Tennessee Department of Treasury website](#).

B. Leases Receivable

Primary Government

The General Debt Service Fund reports a lease receivable totaling \$1,348,330 on June 30, 2025. This lease receivable resulted from an agreement entered into by Hancock County and Wellmont Health System (Wellmont), which required the county to construct a hospital facility and lease it to Wellmont through 2028. Wellmont merged with Mountain State Health Alliance in 2018 to form the Ballard Health System (Ballad), and Ballad is now making the required lease payments. Ballad has an option to purchase the facility for ten dollars at the end of the lease term. The underlying leased assets (hospital facility) were derecognized under standards in effect prior to GASB Statement No. 87, *Leases*, and pursuant to paragraph 94 of Statement 87, those underlying assets were not restated during implementation of that standard.

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 267,852	\$ 76,972	\$ 344,824
2027	268,731	62,616	331,347
2028	269,637	47,934	317,571
2029	542,110	52,152	594,262
Total Lease Payments	<u>\$ 1,348,330</u>	<u>\$ 239,674</u>	<u>\$ 1,588,004</u>

In the financial statements of the General Debt Service Fund, revenues of \$358,451 (\$267,001 principal and \$91,450 interest) have been recognized from Ballad during the year. The entire amount of the balance for the lease receivable on June 30, 2025, is offset by deferred inflows of resources in the General Debt Service Fund and in the governmental activities on the Statement of Net Position.

Discretely Presented Hancock County School Department

The General Purpose School Fund reports a lease receivable totaling \$129,337 on June 30, 2025. This lease receivable resulted from an agreement entered into by Hancock County School Department and East Tennessee State University (ETSU), which allows the use of school facilities for a medical clinic through July 2033 as a part of the Health Resources and Services Administration School Based Health Center program.

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 15,164	\$ 1,836	\$ 17,000
2027	15,393	1,607	17,000
2028	15,625	1,375	17,000
2029	15,861	1,139	17,000
2030	16,101	899	17,000
2031-2034	51,193	1,224	52,417
Total Lease Payments	\$ 129,337	\$ 8,080	\$ 137,417

In the financial statements of the General Purpose School Fund, revenues of \$17,000 (\$14,938 principal and \$2,062 interest) have been recognized from ETSU during the year. The entire amount of the balance for the lease receivable on June 30, 2025, is offset by deferred inflows of resources in the General Purpose School Fund and in the governmental activities on the Statement of Net Position.

C. *Capital Assets*

Capital assets activity for the year ended June 30, 2025, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-24	Transfers In	Increases	Decreases	Balance 6-30-25
Capital Assets Not Depreciated:					
Land	\$ 882,474	\$ 26,350	\$ 0	\$ 0	\$ 908,824
Construction in Progress	225,455	0	1,147,304	0	1,372,759
Total Capital Assets Not Depreciated	\$ 1,107,929	\$ 26,350	\$ 1,147,304	\$ 0	\$ 2,281,583
Capital Assets Depreciated:					
Buildings and Improvements	\$ 6,716,789	\$ 342,466	\$ 0	\$ 0	\$ 7,059,255
Machinery and Equipment	4,596,696	0	379,219	48,890	4,927,025
Infrastructure	22,428,406	0	0	0	22,428,406
Total Capital Assets Depreciated	\$ 33,741,891	\$ 342,466	\$ 379,219	\$ 48,890	\$ 34,414,686
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,217,664	\$ 125,403	\$ 185,870	\$ 0	\$ 3,528,937
Machinery and Equipment	3,325,568	0	275,057	48,890	3,551,735
Infrastructure	14,169,596	0	555,636	0	14,725,232
Total Accumulated Depreciation	\$ 20,712,828	\$ 125,403	\$ 1,016,563	\$ 48,890	\$ 21,805,904
Total Capital Assets Depreciated, Net	\$ 13,029,063	\$ 217,063	\$ (637,344)	\$ 0	\$ 12,608,782
Governmental Activities Capital Assets, Net	\$ 14,136,992	\$ 243,413	\$ 509,960	\$ 0	\$ 14,890,365

Transfers In represents capital assets transferred from the Home Health Fund (business type activities, enterprise fund) to governmental activities during the year.

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

Governmental Activities:

General Government	\$ 79,997
Public Safety	205,495
Public Health and Welfare	117,470
Social, Cultural, and Recreational Services	6,500
Highway/Public Works	<u>607,101</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,016,563</u></u>

Net Investment in Capital Assets

Capital Assets	\$ 14,890,365
Less:	
Outstanding principal of capital debt	(496,859)
Outstanding principal balance of any other capital- related liabilities	<u>(418,845)</u>
Net Investment in Capital Assets	<u><u>\$ 13,974,661</u></u>

Business-type Activities:

	Balance 7-1-24	Transfers Out	Balance 6-30-25
Capital Assets Not Depreciated:			
Land	<u>\$ 26,350</u>	<u>\$ (26,350)</u>	<u>\$ 0</u>
Total Capital Assets Not Depreciated	<u>\$ 26,350</u>	<u>\$ (26,350)</u>	<u>\$ 0</u>
Capital Assets Depreciated:			
Buildings and Improvements	<u>\$ 342,466</u>	<u>\$ (342,466)</u>	<u>\$ 0</u>
Total Capital Assets Depreciated	<u>\$ 342,466</u>	<u>\$ (342,466)</u>	<u>\$ 0</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	<u>\$ 125,403</u>	<u>\$ (125,403)</u>	<u>\$ 0</u>
Total Accumulated Depreciation	<u>\$ 125,403</u>	<u>\$ (125,403)</u>	<u>\$ 0</u>
Total Capital Assets Depreciated, Net	<u>\$ 217,063</u>	<u>\$ (217,063)</u>	<u>\$ 0</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 243,413</u></u>	<u><u>\$ (243,413)</u></u>	<u><u>\$ 0</u></u>

Transfers Out represents capital assets transferred to governmental activities from the Home Health fund (business type activities, enterprise fund) during the year.

Discretely Presented Hancock County School Department

Governmental Activities:

	Balance 7-1-24	Increases	Decreases	Balance 6-30-25
Capital Assets Not Depreciated:				
Land	\$ 519,250	\$ 0	\$ 0	\$ 519,250
Construction in Progress	534,514	436,638	941,952	29,200
Total Capital Assets Not Depreciated	<u>\$ 1,053,764</u>	<u>\$ 436,638</u>	<u>\$ 941,952</u>	<u>\$ 548,450</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 22,020,190	\$ 1,023,789	\$ 0	\$ 23,043,979
Machinery and Equipment	2,499,459	235,418	0	2,734,877
Total Capital Assets Depreciated	<u>\$ 24,519,649</u>	<u>\$ 1,259,207</u>	<u>\$ 0</u>	<u>\$ 25,778,856</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,861,895	\$ 882,515	\$ 0	\$ 11,744,410
Machinery and Equipment	1,284,632	156,997	0	1,441,629
Total Accumulated Depreciation	<u>\$ 12,146,527</u>	<u>\$ 1,039,512</u>	<u>\$ 0</u>	<u>\$ 13,186,039</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,373,122</u>	<u>\$ 219,695</u>	<u>\$ 0</u>	<u>\$ 12,592,817</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 13,426,886</u></u>	<u><u>\$ 656,333</u></u>	<u><u>\$ 941,952</u></u>	<u><u>\$ 13,141,267</u></u>

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

Governmental Activities:

Instruction	\$ 900,305
Support Services	121,471
Operation of Non-instructional Services	<u>17,736</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u><u>\$ 1,039,512</u></u>

D. Construction Commitments

Primary Government

On June 30, 2025, the primary government had uncompleted contracts of approximately \$2,983,737 in the Health Department Capital Projects Fund for the construction of a new Hancock County Health Department building, and \$2,848,924 in the General Capital Projects Fund for waterline infrastructure upgrades. Funding for these future expenditures has partially been received with additional amounts expected to be received from American Rescue Plan Act federal grants.

On June 30, 2025, the primary government also had uncompleted contracts approximately \$608,249 in the General Capital Projects Fund for construction of two new parks. Funding has been received for these future expenditures.

Discretely Presented Hancock County School Department

On June 30, 2025, the school department had uncompleted construction contracts of \$62,409 in the General Purpose School Fund for architectural and engineering services for an industrial arts building. Funding for these future expenditures is expected to be received from Innovation School Model funds.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2025, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 3,158
"	General Capital Projects	87,142

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	\$ 4,910

The receivable from the General Fund represents amounts due for School Resource Officers' travel reimbursements.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2025, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds	Purpose
General Fund	\$ 107,000	Operations
Home Health Fund (enterprise fund)	1,133,008	Close fund
Nonmajor governmental funds	13,662	Operations
Total	<u>\$ 1,253,670</u>	

Discretely Presented Hancock County School Department

Transfer Out	Transfer In General Purpose School	Purpose
School Federal Projects	\$ 56,247	Indirect costs

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

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Hancock County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2025, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placement – Hancock County has issued other loans to provide for major capital outlays for the discretely presented school department. Capital outlay notes have also been issued to fund capital facilities and other capital outlay purchases, such as equipment for the primary government. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to five years for notes and 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans, and capital outlay notes included in long-term debt as of June 30, 2025, will be retired from the General and General Debt Service funds.

General obligation bonds, noted, and other loans outstanding as of June 30, 2025, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-25
General Obligation Bonds	3.5 to 5.6	% 6-20-33	\$ 6,144,000	\$ 1,045,935
Refunding Bonds	2 to 2.75	6-1-37	7,105,000	5,515,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	4 to 7.25	1-31-29	504,903	410,924
Other Loans - Energy Efficient Schools Initiative	1.5	12-1-37	2,773,485	2,222,277

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2025, including interest payments are presented in the tables below.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2026	\$ 664,496	\$ 164,224	\$ 828,720
2027	664,829	141,815	806,644
2028	675,173	119,545	794,718
2029	690,529	97,062	787,591
2030	460,897	74,267	535,164
2031-2035	2,400,011	237,017	2,637,028
2036-2037	1,005,000	30,200	1,035,200
Total	<u>\$ 6,560,935</u>	<u>\$ 864,130</u>	<u>\$ 7,425,065</u>

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2026	\$ 162,864	\$ 31,980	\$ 194,844
2027	165,324	29,520	194,844
2028	167,832	27,012	194,844
2029	170,364	24,480	194,844
2030	172,932	21,912	194,844
2031-2035	904,656	69,564	974,220
2036-2038	478,305	8,732	487,037
Total	<u>\$ 2,222,277</u>	<u>\$ 213,200</u>	<u>\$ 2,435,477</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2026	\$ 97,263	\$ 21,661	\$ 118,924
2027	100,737	18,187	118,924
2028	104,466	14,458	118,924
2029	108,458	10,466	118,924
Total	<u>\$ 410,924</u>	<u>\$ 64,772</u>	<u>\$ 475,696</u>

There is \$2,230,702 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$985, based on the 2020 federal census. Total debt per capita, including bonds, notes, other loans, and unamortized debt premiums totaled \$1,400 based on the 2020 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government. During the year, the school department contributed \$676,704 to the primary government's General Debt Service Fund. This includes \$481,860 discussed in Note IV.H. and \$194,844 for requirements of the Energy Efficient Schools Loan.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2025, was as follows:

Governmental Activities:	Other		
	Bonds	Loans - Direct Placement	Notes - Direct Placement
Balance, June 30, 2024	\$ 7,215,110	\$ 2,382,729	\$ 504,903
Additions	0	0	0
Reductions	(654,175)	(160,452)	(93,979)
Balance, June 30, 2025	<u>\$ 6,560,935</u>	<u>\$ 2,222,277</u>	<u>\$ 410,924</u>
Balance Due Within One Year	<u>\$ 664,496</u>	<u>\$ 162,864</u>	<u>\$ 97,263</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2025	\$ 9,194,136
Less: Balance Due Within One Year - Debt	(924,623)
Add: Unamortized Premium on Debt	<u>134,279</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 8,403,792</u>

G. Long-term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2025, was as follows:

Governmental Activities:

	Landfill Postclosure Care Costs	Compensated Absences*	Net Pension Liability
Balance, June 30, 2024	\$ 15,666	\$ 107,210	\$ 447,455
Additions	0	0	378,896
Reductions	(4,971)	(1,098)	(502,710)
Balance, June 30, 2025	<u>\$ 10,695</u>	<u>\$ 106,112</u>	<u>\$ 323,641</u>
Balance Due Within One Year	<u>\$ 2,139</u>	<u>\$ 60,506</u>	<u>\$ 0</u>

*Restated beginning balance – see Note I.D.9. The change in compensated absences is presented as a net change.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2025	\$ 440,448
Less: Balance Due Within One Year - Other	<u>(62,645)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 377,803</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.

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, 2025, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences*
Balance, July 1, 2024	\$ 890,368	\$ 19,091
Additions	116,731	14,082
Reductions	(34,666)	0
	<hr/>	<hr/>
Balance, June 30, 2025	\$ 972,433	\$ 33,173
	<hr/>	<hr/>
Balance Due Within One Year	\$ 35,451	\$ 33,173
	<hr/>	<hr/>

*Restated beginning balance – see Note I.D.9. The change in compensated absences is presented as a net change.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2025	\$ 1,005,606
Less: Balance Due Within One Year - Other	<hr/> (68,624)
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<hr/> \$ 936,982

H. Pledges of Future Revenues

The Board of Education pledged, by resolution, Tennessee Investment in Student Achievement Funds to the General Debt Service Fund in order to retire bonded debt issued for school construction. The amount of the pledge is equal to the annual principal and interest requirements on the debt up to a maximum of \$541,000 per year until the debt matures in 2037. During the year, the school department contributed \$481,860 to the General Debt Service Fund for the retirement of these bonds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hancock County School Department. These payments are made by the state to the Local Education Group Insurance Plan. This plan is administered by the State of Tennessee and reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2025, were \$32,772. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION***A. Risk Management*****Primary Government**

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

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

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

Discretely Presented Hancock County School Department

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

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

B. Accounting Changes

GASB Statement No. 101, *Compensated Absences*, became effective for the fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*, became effective for the fiscal year ending June 30, 2025. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

C. Contingent Liabilities

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

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

D. Change in Administration

On February 23, 2025, Property Assessor William Seal passed away. The county commission appointed Rhonda Hurd as Property Assessor on May 12, 2025.

E. 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 \$10,695 reported as postclosure care liability on June 30, 2025, represents amounts based on what it would cost to perform all postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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, 2025, 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

G. Jointly Governed Organization

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.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Certain employees of Hancock County are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 100 percent of the Hancock County Plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained on the [Tennessee Department of Treasury website](#).

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	15
Inactive Employees Entitled to But Not Yet Receiving Benefits	3
Active Employees	11
Total	<u><u>29</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary to the plan. 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, 2025, the employer contribution for Hancock County was \$135,040 based on a rate of 14.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hancock County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hancock County’s net pension liability (asset) was measured as of June 30, 2024, 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, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88	31
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Hancock County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2023	\$ 3,806,080	\$ 3,358,625	\$ 447,455
Changes for the Year:			
Service Cost	\$ 88,623	\$ 0	\$ 88,623
Interest	256,455	0	256,455
Differences Between Expected and Actual Experience	31,990	0	31,990
Contributions-Employer	0	129,887	(129,887)
Contributions-Employees	0	45,767	(45,767)
Net Investment Income	0	327,056	(327,056)
Benefit Payments, Including Refunds of Employee	(190,732)	(190,732)	0
Administrative Expense	0	(1,828)	1,828
Net Changes	\$ 186,336	\$ 310,150	\$ (123,814)
Balance, June 30, 2024	\$ 3,992,416	\$ 3,668,775	\$ 323,641

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Hancock County			
Net Pension Liability (Asset)	\$ 736,455	\$ 323,641	\$ (\$31,715)

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, 2025, Hancock County recognized pension expense of \$74,809.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, Hancock County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 50,448	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	38,610
Contributions Subsequent to the Measurement Date of June 30, 2024 (1)	135,040	N/A
Total	<u>\$ 185,488</u>	<u>\$ 38,610</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2024,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

Year Ending June 30	Amount
2026	\$ (8,554)
2027	60,582
2028	(20,006)
2029	(20,184)
2030	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 on the [Tennessee Department of Treasury website](#).

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2025, to the Teacher Retirement Plan were \$58,044, which is three percent of covered payroll. In addition, employer contributions of \$18,446 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). On June 30, 2025, the Hancock County School Department reported a liability (asset) of (\$58,332) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hancock County School Department's proportion of the net pension liability (asset) was based on the Hancock County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024, the Hancock County School Department's proportion was 0.081857 percent. The proportion as of June 30, 2023, was 0.083311 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2025, the Hancock County School Department recognized pension expense of \$48,631.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, 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	\$ 4,818	\$ 17,921
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,840
Changes in Assumptions	23,180	0
Changes in Proportion of Net Pension Liability (Asset)	3,999	4,918
LEA's Contributions Subsequent to the Measurement Date of June 30, 2024	58,044	N/A
Total	<u>\$ 90,041</u>	<u>\$ 32,679</u>

The Hancock County School Department's employer contributions of \$58,044, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2026. 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
2026	\$ (5,810)
2027	7,804
2028	(3,738)
2029	(3,684)
2030	1,055
Thereafter	3,692

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

Actuarial Assumptions. The total pension liability as of the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88	31
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in

accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability (Asset)	\$ 153,840	\$ (58,332)	\$ (216,232)

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

Discretely Presented Hancock County School Department – Certified Employees - 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 on the [Tennessee Department of Treasury website](#).

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hancock County School Department for the year ended June 30, 2025, to the Teacher Legacy Pension Plan were \$237,730, which is 6.36 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). On June 30, 2025, the Hancock County School Department reported a liability (asset) of (\$1,907,394) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, the Hancock County School Department's proportion was 0.110711 percent. The proportion measured as of June 30, 2023, was 0.115985 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2025, the Hancock County School Department recognized pension expense (negative pension expense) of \$449,921.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, 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	\$ 508,651	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	371,483
Changes in Proportion of Net Pension Liability (Asset)	75,024	14,963
LEA's Contributions Subsequent to the Measurement Date of June 30, 2024	237,730	N/A
Total	<u>\$ 821,405</u>	<u>\$ 386,446</u>

The Hancock County School Department's employer contributions of \$237,730 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2026. 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
2026	\$ (180,855)
2027	767,487
2028	(193,814)
2029	(195,588)
2030	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 as of the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June

30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	4.88	31
Developed Market		
International Equity	5.37	14
Emerging Market		
International Equity	6.09	4
Private Equity and		
Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
---	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset)	\$	2,423,052	\$	(1,907,394)	\$	(5,498,908)
-------------------------------	----	-----------	----	-------------	----	-------------

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 \$96,200 and teachers contributed \$58,835 to this deferred compensation pension plan.

I. 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, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.93%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 10.68% for pre-65 retirees in the 2024 calendar year, and decreasing annually over a 13-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.93 percent, based on the daily rate of Bond Buyer's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2024, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted employee mortality table for non-disabled pre-retirement mortality projected generationally with MP-2021 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 19 percent load for males and an 18 percent load for females, projected generationally with MP-2021 from 2010. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2021.

Changes in Assumptions. The discount rate changed from 3.65 percent as of the beginning of the measurement period to 3.93 percent as of the measurement date of June 30, 2024. This change in assumption decreased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2024 plan year was revised from 10.31 percent to 10.68 percent.

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

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

Benefits Provided. The Hancock County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility.

Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *TCA* 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The school department does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefits	7
Inactive Employees Entitled To But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	<u>83</u>
Total	<u><u>90</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 \$35,451 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	Share of Collective Liability		
	Hancock County		Total OPEB Liability
	School Department 57.6%	State of TN 42.4%	
Balance July 1, 2023	\$ 890,368	\$ 664,257	\$ 1,554,625
Changes for the Year:			
Service Cost	\$ 37,606	\$ 27,683	\$ 65,289
Interest	33,339	24,542	57,881
Difference between Expected and Actual Experience	28,869	21,250	50,119
Changes in Proportion	5,011	(5,011)	0
Changes in Assumption	16,926	12,460	29,386
Benefit Payments	(39,686)	(29,214)	(68,900)
Net Changes	<u>\$ 82,065</u>	<u>\$ 51,710</u>	<u>\$ 133,775</u>
Balance June 30, 2024	<u>\$ 972,433</u>	<u>\$ 715,967</u>	<u>\$ 1,688,400</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 \$62,137 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 57.6 percent and the State of Tennessee's Share was 42.4 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, the school department recognized OPEB expense of \$120,995, which includes expenses funded by subsidies provided by the state. On June 30, 2025, 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 Actual and Expected Experience	\$ 100,339	\$ 159,091
Changes in Proportion	19,878	83,560
Changes of Assumptions	155,566	106,057
Benefits Paid After the Measurement Date of June 30, 2024	35,451	N/A
Total	<u>\$ 311,234</u>	<u>\$ 348,708</u>

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

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

Year Ending June 30	School Department
2026	\$ (12,082)
2027	(12,082)
2028	(11,737)
2029	(8,620)
2030	(8,131)
Thereafter	(20,273)

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.

Discount Rate			
	1%	Current	1%
	Decrease	Discount	Increase
	2.93%	Rate	4.93%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,052,393	\$ 972,433	\$ 897,141
---	--------------	------------	------------

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.

Healthcare Cost Trend Rate			
	1%	Current	1%
	Decrease	Discount	Increase
	9.68 to 3.5%	Rate	11.68 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 864,814	\$ 972,433	\$ 1,098,900
---	------------	------------	--------------

J. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Hancock County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids be solicited through newspaper advertisement on all purchases exceeding \$25,000.

K. Subsequent Event

On July 14, 2025, the county commission approved to issue a \$250,000 tax anticipation note for the General Fund. The note has not been issued as of the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 47,067	\$ 51,139	\$ 63,452	\$ 60,807	\$ 66,668	\$ 71,363	\$ 72,134	\$ 81,722	\$ 83,775	\$ 88,623
Interest	172,749	179,823	185,230	184,503	197,163	233,896	244,506	232,647	241,019	256,455
Differences Between Actual and Expected Experience	(15,079)	(39,127)	(121,305)	78,488	413,307	22,882	(162,351)	(10,172)	87,363	31,990
Changes in Assumptions	0	0	88,723	0	0	0	91,907	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)	(180,348)	(184,789)	(178,515)	(185,922)	(190,732)
Net Change in Total Pension Liability	\$ 103,296	\$ 64,280	\$ 79,555	\$ 183,697	\$ 507,155	\$ 147,793	\$ 61,407	\$ 125,682	\$ 226,235	\$ 186,336
Total Pension Liability, Beginning	2,306,980	2,410,276	2,474,556	2,554,111	2,737,808	3,244,963	3,392,756	3,454,163	3,579,845	3,806,080
Total Pension Liability, Ending (a)	\$ 2,410,276	\$ 2,474,556	\$ 2,554,111	\$ 2,737,808	\$ 3,244,963	\$ 3,392,756	\$ 3,454,163	\$ 3,579,845	\$ 3,806,080	\$ 3,992,416
Plan Fiduciary Net Position										
Contributions - Employer	\$ 51,508	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014	\$ 83,394	\$ 116,978	\$ 115,013	\$ 123,067	\$ 129,887
Contributions - Employee	33,798	34,133	53,863	36,324	37,910	38,680	40,339	40,526	43,364	45,767
Net Investment Income	62,485	54,687	236,793	190,895	181,920	127,250	683,328	(126,472)	212,204	327,056
Benefit Payments, Including Refunds of Employee Contributions	(101,441)	(127,555)	(136,545)	(140,101)	(169,983)	(180,348)	(184,789)	(178,515)	(185,922)	(190,732)
Administrative Expense	(558)	(832)	(934)	(1,045)	(998)	(975)	(984)	(1,086)	(1,531)	(1,828)
Net Change in Plan Fiduciary Net Position	\$ 45,792	\$ 12,424	\$ 218,280	\$ 156,033	\$ 121,863	\$ 68,001	\$ 654,872	\$ (150,534)	\$ 191,182	\$ 310,150
Plan Fiduciary Net Position, Beginning	2,040,712	2,086,504	2,098,928	2,317,208	2,473,241	2,595,104	2,663,105	3,317,977	3,167,443	3,358,625
Plan Fiduciary Net Position, Ending (b)	\$ 2,086,504	\$ 2,098,928	\$ 2,317,208	\$ 2,473,241	\$ 2,595,104	\$ 2,663,105	\$ 3,317,977	\$ 3,167,443	\$ 3,358,625	\$ 3,668,775
Net Pension Liability (Asset), Ending (a - b)	\$ 323,772	\$ 375,628	\$ 236,903	\$ 264,567	\$ 649,859	\$ 729,651	\$ 136,186	\$ 412,402	\$ 447,455	\$ 323,641
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.57%	84.82%	90.72%	90.34%	79.97%	78.49%	96.06%	88.48%	88.24%	91.89%
Covered Payroll	\$ 675,956	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193	\$ 773,594	\$ 879,996	\$ 810,523	\$ 867,275	\$ 915,343
Net Pension Liability (Asset) as a Percentage of Covered Payroll	47.90%	55.49%	34.24%	36.42%	85.71%	94.32%	15.48%	50.88%	51.59%	35.36%

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.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 51,991	\$ 65,103	\$ 69,960	\$ 73,014	\$ 83,394	\$ 116,978	\$ 115,013	\$ 123,067	\$ 129,887	\$ 135,040
Less: Contributions in Relation to the Actuarially Determined Contribution	(51,991)	(65,103)	(69,960)	(73,014)	(83,394)	(116,978)	(115,013)	(123,067)	(129,887)	(135,040)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 676,942	\$ 691,854	\$ 726,481	\$ 758,193	\$ 773,594	\$ 879,996	\$ 810,523	\$ 867,275	\$ 915,343	\$ 951,658
Contributions as a Percentage of Covered Payroll	7.68%	9.41%	9.63%	9.63%	10.78%	13.29%	14.19%	14.19%	14.19%	14.19%

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 13,445	\$ 21,804	\$ 27,825	\$ 15,962	\$ 20,502	\$ 23,227	\$ 30,029	\$ 47,558	\$ 56,727	\$ 58,044
Less: Contributions in Relation to the Contractually Required Contribution	(13,445)	(21,804)	(27,825)	(15,962)	(20,502)	(23,227)	(30,029)	(47,558)	(56,727)	(58,044)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774	\$ 1,009,949	\$ 1,149,854	\$ 1,493,978	\$ 1,657,079	\$ 1,922,931	\$ 1,934,800
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%	2.95%	3.00%

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

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

2024: Pension - 2.95%, SRT - 1.05%

2025: Pension - 3.00%, SRT - 1.00%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 404,735	\$ 390,829	\$ 381,326	\$ 422,582	\$ 419,716	\$ 389,886	\$ 388,105	\$ 327,072	\$ 247,857	\$ 237,730
Less: Contributions in Relation to the Contractually Required Contribution	(404,735)	(390,829)	(381,326)	(422,582)	(419,716)	(389,886)	(388,105)	(327,072)	(247,857)	(237,730)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979	\$ 3,948,412	\$ 3,796,366	\$ 3,768,011	\$ 3,763,773	\$ 3,639,597	\$ 3,737,900
Contributions as a Percentage of Covered Payroll	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.81%	6.36%

HANCOCK COUNTY, TENNESSEE**Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Retirement Plan of TCRS**

Discretely Presented Hancock County School Department

For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School Department's Proportion of the Net Pension Liability (Asset)	0.098350%	0.076393%	0.083051%	0.079603%	0.077753%	0.080033%	0.079671%	0.087485%	0.083311%	0.081857%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,957)	\$ (7,953)	\$ (21,913)	\$ (36,102)	\$ (43,891)	\$ (45,510)	\$ (86,301)	\$ (26,501)	\$ (35,327)	\$ (58,332)
Covered Payroll	\$ 204,347	\$ 336,135	\$ 545,096	\$ 695,632	\$ 822,774	\$ 1,009,949	\$ 1,149,854	\$ 1,493,978	\$ 1,657,079	\$ 1,922,931
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%	(4.51)%	(7.51)%	(1.77)%	(2.13)%	(3.03)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%	106.49%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School Department's Proportion of the Net Pension Liability (Asset)	0.118143%	0.124028%	0.122302%	0.119932%	0.120483%	0.118633%	0.115666%	0.114496%	0.115985%	0.110711%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 48,395	\$ 775,105	\$ (40,016)	\$ (422,030)	\$ (1,238,786)	\$ (904,663)	\$ (4,988,962)	\$ (1,404,191)	\$ (1,367,435)	\$ (1,907,394)
Covered Payroll	\$ 4,422,675	\$ 4,477,161	\$ 4,323,325	\$ 4,199,710	\$ 4,039,979	\$ 3,948,412	\$ 3,796,366	\$ 3,768,011	\$ 3,763,773	\$ 3,639,597
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	1.094252%	17.31%	(.93)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%	(37.27)%	(36.33)%	(52.41)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%	105.76%

HANCOCK COUNTY, TENNESSEE**Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan**

Discretely Presented Hancock County School Department

For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	\$ 77,343	\$ 71,586	\$ 62,671	\$ 63,908	\$ 84,005	\$ 86,322	\$ 66,537	\$ 65,289
Interest	40,819	49,045	44,028	46,041	35,196	40,734	56,908	57,881
Differences Between Actual and Expected Experience	0	(214,689)	163,872	23,362	94,499	(109,875)	(161,614)	50,119
Changes in Assumptions or Other Inputs	(65,522)	20,103	(103,969)	177,622	142,186	(188,704)	94,926	29,386
Benefit Payments	(62,358)	(71,874)	(86,004)	(58,497)	(41,528)	(88,613)	(85,584)	(68,900)
Net Change in Total OPEB Liability	\$ (9,718)	\$ (145,829)	\$ 80,598	\$ 252,436	\$ 314,358	\$ (260,136)	\$ (28,827)	\$ 133,775
Total OPEB Liability, Beginning	1,351,743	1,342,025	1,196,196	1,276,794	1,529,230	1,843,588	1,583,452	1,554,625
Total OPEB Liability, Ending	\$ 1,342,025	\$ 1,196,196	\$ 1,276,794	\$ 1,529,230	\$ 1,843,588	\$ 1,583,452	\$ 1,554,625	\$ 1,688,400
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 500,944	\$ 434,937	\$ 498,347	\$ 560,218	\$ 703,217	\$ 642,919	\$ 664,257	\$ 715,967
Employer Proportionate Share of the Total OPEB Liability	8,414,081	761,259	778,447	969,012	1,140,371	940,533	890,368	972,433
Covered Employee Payroll	\$ 5,612,756	\$ 5,596,657	\$ 5,575,047	\$ 5,888,798	\$ 5,931,751	\$ 6,448,590	\$ 6,747,036	\$ 6,714,204
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.99%	13.60%	13.96%	16.46%	19.22%	14.59%	13.20%	14.48%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16 %
2022	3.54 %
2023	3.65 %
2024	3.93 %

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

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%
2023 plan year	- from 7.36% to 8.37%
2024 plan year	- from 8.37% to 10.31%
2025 plan year	- from 10.31% to 10.68%

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, 2025

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023, 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 Fair Value
Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, averaging 4%
Investment Rate of Return	6.75%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Other General Government Fund – The Other General Government Fund is used to account for transactions relating to the American Rescue Plan Act.

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

CAPITAL PROJECTS FUNDS

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

Health Department Capital Projects Fund – The Health Department Capital Projects Fund is used to account for transactions relating to the Health Department renovation.

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

HANCOCK COUNTY, TENNESSEE
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Total	Health Department Capital Projects
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 3,158	\$ 3,158	\$ 0
Equity in Pooled Cash and Investments	0	37,883	700,000	0	737,883	568,978
Accounts Receivable	1,936	0	0	0	1,936	17,503
Due from Other Governments	0	0	0	0	0	867,774
Property Taxes Receivable	348,913	0	0	0	348,913	0
Allowance for Uncollectible Property Taxes	(24,920)	0	0	0	(24,920)	0
Total Assets	\$ 325,929	\$ 37,883	\$ 700,000	\$ 3,158	\$ 1,066,970	\$ 1,454,255
LIABILITIES						
Accounts Payable	\$ 15,013	\$ 0	\$ 0	\$ 0	\$ 15,013	\$ 7,440
Accrued Payroll	1,970	0	0	0	1,970	0
Payroll Deductions Payable	1,730	0	0	0	1,730	0
Cash Overdraft	908	0	0	0	908	0
Contracts Payable	0	0	0	0	0	309,004
Retainage Payable	0	0	0	0	0	16,263
Due to Other Funds	0	0	0	3,158	3,158	0
Due to State of Tennessee	905	0	0	0	905	0
Total Liabilities	\$ 20,526	\$ 0	\$ 0	\$ 3,158	\$ 23,684	\$ 332,707

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Balance Sheet - Nonmajor Governmental Funds (Cont.)**

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Total	Health Department Capital Projects
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 310,035	\$ 0	\$ 0	\$ 0	\$ 310,035	\$ 0
Deferred Delinquent Property Taxes	13,893	0	0	0	13,893	0
Total Deferred Inflows of Resources	<u>\$ 323,928</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323,928</u>	<u>\$ 0</u>
FUND BALANCES						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 37,883	\$ 0	\$ 0	\$ 37,883	\$ 0
Committed:						
Committed for Public Health and Welfare	0	0	0	0	0	128,600
Committed for Capital Projects	0	0	0	0	0	992,948
Committed for Other Purposes	0	0	700,000	0	700,000	0
Unassigned	(18,525)	0	0	0	(18,525)	0
Total Fund Balances	<u>\$ (18,525)</u>	<u>\$ 37,883</u>	<u>\$ 700,000</u>	<u>\$ 0</u>	<u>\$ 719,358</u>	<u>\$ 1,121,548</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 325,929</u>	<u>\$ 37,883</u>	<u>\$ 700,000</u>	<u>\$ 3,158</u>	<u>\$ 1,066,970</u>	<u>\$ 1,454,255</u>

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Balance Sheet - Nonmajor Governmental Funds (Cont.)**

	Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
ASSETS			
Cash	\$ 0	\$ 0	\$ 3,158
Equity in Pooled Cash and Investments	185,094	754,072	1,491,955
Accounts Receivable	0	17,503	19,439
Due from Other Governments	0	867,774	867,774
Property Taxes Receivable	0	0	348,913
Allowance for Uncollectible Property Taxes	0	0	(24,920)
Total Assets	\$ 185,094	\$ 1,639,349	\$ 2,706,319
LIABILITIES			
Accounts Payable	\$ 0	\$ 7,440	\$ 22,453
Accrued Payroll	0	0	1,970
Payroll Deductions Payable	0	0	1,730
Cash Overdraft	0	0	908
Contracts Payable	0	309,004	309,004
Retainage Payable	0	16,263	16,263
Due to Other Funds	0	0	3,158
Due to State of Tennessee	0	0	905
Total Liabilities	\$ 0	\$ 332,707	\$ 356,391

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Balance Sheet - Nonmajor Governmental Funds (Cont.)****DEFERRED INFLOWS OF RESOURCES**

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

Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
Other Capital Projects	Total	
\$ 0	\$ 0	\$ 310,035
0	0	13,893
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323,928</u>

FUND BALANCES

Restricted:

 Restricted for Public Safety

\$ 0 \$ 0 \$ 37,883

Committed:

 Committed for Public Health and Welfare

0 128,600 128,600

 Committed for Capital Projects

185,094 1,178,042 1,178,042

 Committed for Other Purposes

0 0 700,000

Unassigned

0 0 (18,525)

Total Fund Balances

\$ 185,094 \$ 1,306,642 \$ 2,026,000

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$ 185,094 \$ 1,639,349 \$ 2,706,319

HANCOCK COUNTY, TENNESSEE
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Total	<i>Formerly Nonmajor General Capital Projects</i>
Revenues						
Local Taxes	\$ 311,932	\$ 0	\$ 0	\$ 0	\$ 311,932	\$ 0
Fines, Forfeitures, and Penalties	0	2,216	0	0	2,216	0
Charges for Current Services	0	0	0	1,091	1,091	0
Other Local Revenues	20,226	0	0	0	20,226	0
State of Tennessee	1,854	0	0	0	1,854	0
Federal Government	0	0	0	0	0	0
Total Revenues	<u>\$ 334,012</u>	<u>\$ 2,216</u>	<u>\$ 0</u>	<u>\$ 1,091</u>	<u>\$ 337,319</u>	<u>\$ 0</u>
Expenditures						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 990	\$ 990	\$ 0
Public Safety	0	10,380	0	101	10,481	0
Public Health and Welfare	511,873	0	0	0	511,873	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	<u>\$ 511,873</u>	<u>\$ 10,380</u>	<u>\$ 0</u>	<u>\$ 1,091</u>	<u>\$ 523,344</u>	<u>\$ 0</u>

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (Cont.)**

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Total	<i>Formerly Nonmajor General Capital Projects</i>
Excess (Deficiency) of Revenues Over Expenditures	\$ (177,861)	\$ (8,164)	\$ 0	\$ 0	\$ (186,025)	\$ 0
Other Financing Sources (Uses)						
Transfers In	\$ 120,662	\$ 0	\$ 0	\$ 0	\$ 120,662	\$ 0
Transfers Out	0	0	(13,662)	0	(13,662)	0
Total Other Financing Sources (Uses)	\$ 120,662	\$ 0	\$ (13,662)	\$ 0	\$ 107,000	\$ 0
Net Change in Fund Balances	\$ (57,199)	\$ (8,164)	\$ (13,662)	\$ 0	\$ (79,025)	\$ 0
Change to or Within the Reporting Entity	0	0	0	0	0	(983,365)
Fund Balance, July 1, 2024	38,674	46,047	713,662	0	798,383	983,365
Fund Balance, June 30, 2025	\$ (18,525)	\$ 37,883	\$ 700,000	\$ 0	\$ 719,358	\$ 0

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (Cont.)**

Capital Projects Funds (Cont.)				
	Health Department Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 311,932
Fines, Forfeitures, and Penalties	0	0	0	2,216
Charges for Current Services	0	0	0	1,091
Other Local Revenues	0	0	0	20,226
State of Tennessee	0	0	0	1,854
Federal Government	867,774	0	867,774	867,774
Total Revenues	<u>\$ 867,774</u>	<u>\$ 0</u>	<u>\$ 867,774</u>	<u>\$ 1,205,093</u>
Expenditures				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 990
Public Safety	0	0	0	10,481
Public Health and Welfare	0	0	0	511,873
Capital Projects	879,234	0	879,234	879,234
Total Expenditures	<u>\$ 879,234</u>	<u>\$ 0</u>	<u>\$ 879,234</u>	<u>\$ 1,402,578</u>

(Continued)

HANCOCK COUNTY, TENNESSEE**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (Cont.)**

	Capital Projects Funds (Cont.)			
	Health Department Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,460)	\$ 0	\$ (11,460)	\$ (197,485)
Other Financing Sources (Uses)				
Transfers In	\$ 1,133,008	\$ 0	\$ 1,133,008	\$ 1,253,670
Transfers Out	0	0	0	(13,662)
Total Other Financing Sources (Uses)	\$ 1,133,008	\$ 0	\$ 1,133,008	\$ 1,240,008
Net Change in Fund Balances	\$ 1,121,548	\$ 0	\$ 1,121,548	\$ 1,042,523
Change to or Within the Reporting Entity	0	0	(983,365)	(983,365)
Fund Balance, July 1, 2024	0	185,094	1,168,459	1,966,842
Fund Balance, June 30, 2025	\$ 1,121,548	\$ 185,094	\$ 1,306,642	\$ 2,026,000

HANCOCK COUNTY, TENNESSEE
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 311,932	\$ 288,451	\$ 288,451	\$ 23,481
Other Local Revenues	20,226	17,100	17,100	3,126
State of Tennessee	1,854	0	0	1,854
Total Revenues	<u>\$ 334,012</u>	<u>\$ 305,551</u>	<u>\$ 305,551</u>	<u>\$ 28,461</u>
Expenditures				
Public Health and Welfare				
Sanitation Management	\$ 511,873	\$ 364,957	\$ 408,148	\$ (103,725)
Total Expenditures	<u>\$ 511,873</u>	<u>\$ 364,957</u>	<u>\$ 408,148</u>	<u>\$ (103,725)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (177,861)</u>	<u>\$ (59,406)</u>	<u>\$ (102,597)</u>	<u>\$ (75,264)</u>
Other Financing Sources (Uses)				
Transfers In	\$ 120,662	\$ 70,000	\$ 70,000	\$ 50,662
Total Other Financing Sources	<u>\$ 120,662</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 50,662</u>
Net Change in Fund Balance	\$ (57,199)	\$ 10,594	\$ (32,597)	\$ (24,602)
Fund Balance, July 1, 2024	<u>38,674</u>	<u>24,572</u>	<u>32,597</u>	<u>6,077</u>
Fund Balance, June 30, 2025	<u><u>\$ (18,525)</u></u>	<u><u>\$ 35,166</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (18,525)</u></u>

HANCOCK COUNTY, TENNESSEE
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Fines, Forfeitures, and Penalties	\$ 2,216	\$ 7,500	\$ 7,500	\$ (5,284)
Total Revenues	<u>\$ 2,216</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ (5,284)</u>
Expenditures				
Public Safety				
Drug Enforcement	\$ 10,380	\$ 21,000	\$ 21,000	\$ 10,620
Total Expenditures	<u>\$ 10,380</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 10,620</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,164)</u>	<u>\$ (13,500)</u>	<u>\$ (13,500)</u>	<u>\$ 5,336</u>
Net Change in Fund Balance	\$ (8,164)	\$ (13,500)	\$ (13,500)	\$ 5,336
Fund Balance, July 1, 2024	<u>46,047</u>	<u>40,254</u>	<u>40,254</u>	<u>5,793</u>
Fund Balance, June 30, 2025	<u><u>\$ 37,883</u></u>	<u><u>\$ 26,754</u></u>	<u><u>\$ 26,754</u></u>	<u><u>\$ 11,129</u></u>

HANCOCK COUNTY, TENNESSEE
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other General Government Fund
For the Year Ended June 30, 2025

		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses)				
Transfers Out	\$ (13,662)	\$ 0	\$ 0	\$ (13,662)
Total Other Financing Sources	\$ (13,662)	\$ 0	\$ 0	\$ (13,662)
Net Change in Fund Balance	\$ (13,662)	\$ 0	\$ 0	\$ (13,662)
Fund Balance, July 1, 2024	713,662	0	0	713,662
Fund Balance, June 30, 2025	\$ 700,000	\$ 0	\$ 0	\$ 700,000

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.

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, 2025

		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Local Taxes	\$ 13,064	\$ 18,699	\$ 18,699	\$ (5,635)
Other Local Revenues	358,451	3,000	361,451	(3,000)
Other Governments and Citizens Groups	676,704	1,080,669	722,218	(45,514)
Total Revenues	<u>\$ 1,048,219</u>	<u>\$ 1,102,368</u>	<u>\$ 1,102,368</u>	<u>\$ (54,149)</u>
Expenditures				
Principal on Debt				
General Government	\$ 284,175	\$ 249,176	\$ 290,022	\$ 5,847
Education	530,452	405,000	530,452	0
Interest on Debt				
General Government	73,478	83,613	82,653	9,175
Education	146,252	110,610	153,326	7,074
Other Debt Service				
General Government	1,259	6,500	8,000	6,741
Education	0	194,844	0	0
Total Expenditures	<u>\$ 1,035,616</u>	<u>\$ 1,049,743</u>	<u>\$ 1,064,453</u>	<u>\$ 28,837</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,603</u>	<u>\$ 52,625</u>	<u>\$ 37,915</u>	<u>\$ (25,312)</u>
Net Change in Fund Balance	\$ 12,603	\$ 52,625	\$ 37,915	\$ (25,312)
Fund Balance, July 1, 2024	<u>2,218,099</u>	<u>2,193,446</u>	<u>2,193,446</u>	<u>24,653</u>
Fund Balance, June 30, 2025	<u><u>\$ 2,230,702</u></u>	<u><u>\$ 2,246,071</u></u>	<u><u>\$ 2,231,361</u></u>	<u><u>\$ (659)</u></u>

CUSTODIAL FUNDS

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

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

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

HANCOCK COUNTY, TENNESSEE
Combining Statement of Net Position - Custodial Funds
June 30, 2025

	Custodial Funds		
	Cities - Sales Tax	Constitu - tional Officers - Custodial	Total
ASSETS			
Cash	\$ 0	\$ 207,552	\$ 207,552
Accounts Receivable	0	5,922	5,922
Due from Other Governments	52,572	0	52,572
Total Assets	<u>\$ 52,572</u>	<u>\$ 213,474</u>	<u>\$ 266,046</u>
LIABILITIES			
Due to Other Taxing Units	\$ 52,572	\$ 0	\$ 52,572
Total Liabilities	<u>\$ 52,572</u>	<u>\$ 0</u>	<u>\$ 52,572</u>
NET POSITION			
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 213,474	\$ 213,474
Total Net Position	<u>\$ 0</u>	<u>\$ 213,474</u>	<u>\$ 213,474</u>

HANCOCK COUNTY, TENNESSEE**Combining Statement of Changes in Net Position - Custodial Funds****For the Year Ended June 30, 2025**

	Custodial Funds		
	Cities - Sales Tax	Constitu- tional Officers - Custodial	Total
Additions			
Sales Tax Collections for Other Governments	\$ 276,937	\$ 0	\$ 276,937
Fines/Fees and Other Collections	0	1,052,054	1,052,054
Total Additions	\$ 276,937	\$ 1,052,054	\$ 1,328,991
Deductions			
Payment of Sales Tax Collections to Other Governments	\$ 276,937	\$ 0	\$ 276,937
Payments to State	0	778,704	778,704
Payments to Individuals and Others	0	325,846	325,846
Total Deductions	\$ 276,937	\$ 1,104,550	\$ 1,381,487
Change in Net Position	\$ 0	\$ (52,496)	\$ (52,496)
Net Position July 1, 2024	0	265,970	265,970
Net Position June 30, 2025	\$ 0	\$ 213,474	\$ 213,474

HANCOCK COUNTY SCHOOL DEPARTMENT

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

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

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

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

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

HANCOCK COUNTY, TENNESSEE**Statement of Activities**

Discretely Presented Hancock County School Department

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 8,713,103	\$ 21,039	\$ 1,448,675	\$ 0	\$ (7,243,389)
Support Services	4,947,755	0	393,226	90,000	(4,464,529)
Operation of Non-instructional Services	2,059,400	59,305	2,034,502	0	34,407
Total Governmental Activities	\$ 15,720,258	\$ 80,344	\$ 3,876,403	\$ 90,000	\$ (11,673,511)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 943,351
Local Option Sales Taxes					455,078
Wheel Tax					64,411
Wholesale Beer Tax					1,056
Grants and Contributions Not Restricted for Specific Programs					9,139,438
Unrestricted Investment Income					51,830
Lease Interest					2,062
Miscellaneous					28,487
Total General Revenues					\$ 10,685,713
Change in Net Position					\$ (987,798)
Net Position, July 1, 2024					22,766,083
Restatement - See Note I.D.9					(19,091)
Net Position, June 30, 2025					\$ 21,759,194

HANCOCK COUNTY, TENNESSEE**Balance Sheet - Governmental Funds**

Discretely Presented Hancock County School Department

June 30, 2025

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total Governmental Funds
ASSETS					
Cash	\$ 18,706	\$ 0	\$ 2,696	\$ 238,777	\$ 260,179
Equity in Pooled Cash and Investments	4,282,472	699,683	852,721	0	5,834,876
Accounts Receivable	85	0	257,781	0	257,866
Due from Other Governments	529,140	453,584	71,220	0	1,053,944
Due from Primary Government	4,910	0	0	0	4,910
Property Taxes Receivable	1,046,738	0	0	0	1,046,738
Allowance for Uncollectible Property Taxes	(74,759)	0	0	0	(74,759)
Restricted Assets	154,905	0	0	0	154,905
Leases Receivable - Long-term	129,337	0	0	0	129,337
Total Assets	<u>\$ 6,091,534</u>	<u>\$ 1,153,267</u>	<u>\$ 1,184,418</u>	<u>\$ 238,777</u>	<u>\$ 8,667,996</u>
LIABILITIES					
Accounts Payable	\$ 121,411	\$ 28,267	\$ 51,407	\$ 0	\$ 201,085
Accrued Payroll	2,218	0	0	0	2,218
Other Current Liabilities	199,595	0	2,696	0	202,291
Total Liabilities	<u>\$ 323,224</u>	<u>\$ 28,267</u>	<u>\$ 54,103</u>	<u>\$ 0</u>	<u>\$ 405,594</u>

(Continued)

HANCOCK COUNTY, TENNESSEE**Balance Sheet - Governmental Funds**

Discretely Presented Hancock County School Department (Cont.)

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 930,105	\$ 0	\$ 0	\$ 0	\$ 930,105
Deferred Delinquent Property Taxes	41,679	0	0	0	41,679
Deferred Leases Receivable	129,337	0	0	0	129,337
Other Deferred/Unavailable Revenue	43,850	0	0	0	43,850
Total Deferred Inflows of Resources	<u>\$ 1,144,971</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,144,971</u>
FUND BALANCES					
Restricted:					
Restricted for Education	\$ 55,476	\$ 0	\$ 1,130,315	\$ 238,777	\$ 1,424,568
Restricted for Hybrid Retirement Stabilization Funds	154,905	0	0	0	154,905
Committed:					
Committed for Education	0	1,125,000	0	0	1,125,000
Assigned:					
Assigned for Education	1,066,868	0	0	0	1,066,868
Unassigned	3,346,090	0	0	0	3,346,090
Total Fund Balances	<u>\$ 4,623,339</u>	<u>\$ 1,125,000</u>	<u>\$ 1,130,315</u>	<u>\$ 238,777</u>	<u>\$ 7,117,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,091,534</u>	<u>\$ 1,153,267</u>	<u>\$ 1,184,418</u>	<u>\$ 238,777</u>	<u>\$ 8,667,996</u>

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, 2025

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	7,117,431
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	519,250	
Add: construction in progress		29,200	
Add: building and improvements net of accumulated depreciation		11,299,569	
Add: machinery and equipment net of accumulated depreciation		<u>1,293,248</u>	13,141,267
(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	\$	(972,433)	
Less: compensated absences payable		<u>(33,173)</u>	(1,005,606)
(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	\$	911,446	
Less: deferred inflows of resources related to pensions		(419,125)	
Add: deferred outflows of resources related to OPEB		311,234	
Less: deferred inflows of resources related to OPEB		<u>(348,708)</u>	454,847
(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	\$	58,332	
Add: net pension asset - teacher legacy pension plan		<u>1,907,394</u>	1,965,726
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>85,529</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>21,759,194</u></u>

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, 2025

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total Governmental Funds
Revenues					
Local Taxes	\$ 1,447,135	\$ 0	\$ 0	\$ 0	\$ 1,447,135
Licenses and Permits	323	0	0	0	323
Charges for Current Services	0	0	59,305	0	59,305
Other Local Revenues	116,299	0	38,842	442,787	597,928
State of Tennessee	9,424,378	0	5,983	0	9,430,361
Federal Government	52,475	1,792,072	1,197,361	0	3,041,908
Other Governments and Citizens Groups	109,230	0	0	0	109,230
Total Revenues	<u>\$ 11,149,840</u>	<u>\$ 1,792,072</u>	<u>\$ 1,301,491</u>	<u>\$ 442,787</u>	<u>\$ 14,686,190</u>
Expenditures					
Current:					
Instruction	\$ 5,841,445	\$ 915,855	\$ 0	\$ 0	\$ 6,757,300
Support Services	4,240,918	821,071	0	0	5,061,989
Operation of Non-Instructional Services	486,378	0	1,128,174	426,171	2,040,723
Capital Outlay	630,086	0	0	0	630,086
Debt Service:					
Other Debt Service	676,704	0	0	0	676,704
Total Expenditures	<u>\$ 11,875,531</u>	<u>\$ 1,736,926</u>	<u>\$ 1,128,174</u>	<u>\$ 426,171</u>	<u>\$ 15,166,802</u>

(Continued)

HANCOCK COUNTY, TENNESSEE**Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds**

Discretely Presented Hancock County School Department (Cont.)

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (725,691)	\$ 55,146	\$ 173,317	\$ 16,616	\$ (480,612)
Other Financing Sources (Uses)					
Transfers In	\$ 56,247	\$ 0	\$ 0	\$ 0	\$ 56,247
Transfers Out	0	(56,247)	0	0	(56,247)
Total Other Financing Sources (Uses)	\$ 56,247	\$ (56,247)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (669,444)	\$ (1,101)	\$ 173,317	\$ 16,616	\$ (480,612)
Fund Balance, July 1, 2024	5,292,783	1,126,101	956,998	222,161	7,598,043
Fund Balance, June 30, 2025	\$ 4,623,339	\$ 1,125,000	\$ 1,130,315	\$ 238,777	\$ 7,117,431

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, 2025

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)		\$ (480,612)
(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	\$ 753,893	
Less: current-year depreciation expense	<u>(1,039,512)</u>	(285,619)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2025	\$ 85,529	
Less: deferred delinquent property taxes and other deferred June 30, 2024	<u>(68,624)</u>	16,905
(3) 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 compensated absences payable	\$ (14,082)	
Change in net OPEB liability	(82,065)	
Change in net pension asset/liability	562,964	
Change in deferred outflows related to pensions	(456,846)	
Change in deferred inflows related to pensions	(307,101)	
Change in deferred outflows related to OPEB	(5,519)	
Change in deferred inflows related to OPEB	<u>64,177</u>	<u>(238,472)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (987,798)</u>

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, 2025

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 1,447,135	\$ 0	\$ 0	\$ 1,447,135	\$ 1,372,284	\$ 1,370,284	\$ 76,851
Licenses and Permits	323	0	0	323	600	600	(277)
Other Local Revenues	116,299	0	0	116,299	66,374	112,074	4,225
State of Tennessee	9,424,378	0	0	9,424,378	9,167,982	10,431,341	(1,006,963)
Federal Government	52,475	0	0	52,475	0	154,517	(102,042)
Other Governments and Citizens Groups	109,230	0	0	109,230	0	109,230	0
Total Revenues	\$ 11,149,840	\$ 0	\$ 0	\$ 11,149,840	\$ 10,607,240	\$ 12,178,046	\$ (1,028,206)
Expenditures							
Instruction							
Regular Instruction Program	\$ 4,286,231	\$ 0	\$ 34,496	\$ 4,320,727	\$ 4,477,433	\$ 4,750,397	\$ 429,670
Alternative Instruction Program	80,355	0	0	80,355	81,364	81,364	1,009
Special Education Program	909,369	0	0	909,369	916,505	945,430	36,061
Career and Technical Education Program	565,490	0	0	565,490	517,169	658,290	92,800
Support Services							
Attendance	118,638	0	0	118,638	119,635	128,780	10,142
Health Services	109,218	0	0	109,218	74,662	111,732	2,514
Other Student Support	653,017	0	0	653,017	613,121	767,440	114,423
Regular Instruction Program	210,414	0	0	210,414	244,113	238,042	27,628

(Continued)

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)	Less: Encumbrances 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Support Services (Cont.)							
Special Education Program	\$ 93,409	\$ 0	\$ 0	\$ 93,409	\$ 99,420	\$ 103,748	\$ 10,339
Career and Technical Education Program	95,941	0	0	95,941	95,728	108,054	12,113
Technology	128,396	0	0	128,396	149,326	249,215	120,819
Other Programs	32,772	0	0	32,772	0	32,772	0
Board of Education	304,354	0	0	304,354	399,039	367,762	63,408
Director of Schools	136,181	0	0	136,181	141,961	141,961	5,780
Office of the Principal	371,271	0	0	371,271	350,343	384,108	12,837
Fiscal Services	179,847	0	0	179,847	180,858	187,641	7,794
Operation of Plant	743,593	0	0	743,593	735,953	782,634	39,041
Maintenance of Plant	376,207	(4,260)	0	371,947	317,917	394,045	22,098
Transportation	687,660	0	0	687,660	755,454	907,976	220,316
Operation of Non-Instructional Services							
Community Services	149,670	0	0	149,670	209,889	209,806	60,136
Early Childhood Education	336,708	0	0	336,708	331,223	337,183	475
Capital Outlay							
Regular Capital Outlay	630,086	(488,456)	62,409	204,039	10,000	1,152,340	948,301
Principal on Debt							
Education	0	0	0	0	679,004	2,300	2,300

(Continued)

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)	Less: Encumbrances 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Other Debt Service							
Education	\$ 676,704	\$ 0	\$ 0	\$ 676,704	\$ 0	\$ 676,704	\$ 0
Total Expenditures	\$ 11,875,531	\$ (492,716)	\$ 96,905	\$ 11,479,720	\$ 11,500,117	\$ 13,719,724	\$ 2,240,004
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (725,691)	\$ 492,716	\$ (96,905)	\$ (329,880)	\$ (892,877)	\$ (1,541,678)	\$ 1,211,798
Other Financing Sources (Uses)							
Transfers In	\$ 56,247	\$ 0	\$ 0	\$ 56,247	\$ 0	\$ 43,017	\$ 13,230
Total Other Financing Sources	\$ 56,247	\$ 0	\$ 0	\$ 56,247	\$ 0	\$ 43,017	\$ 13,230
Net Change in Fund Balance	\$ (669,444)	\$ 492,716	\$ (96,905)	\$ (273,633)	\$ (892,877)	\$ (1,498,661)	\$ 1,225,028
Fund Balance, July 1, 2024	5,292,783	(492,716)	0	4,800,067	4,782,886	4,782,886	17,181
Fund Balance, June 30, 2025	\$ 4,623,339	\$ 0	\$ (96,905)	\$ 4,526,434	\$ 3,890,009	\$ 3,284,225	\$ 1,242,209

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, 2025**

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Federal Government	\$ 1,792,072	\$ 1,079,685	\$ 2,827,260	\$ (1,035,188)
Total Revenues	<u>\$ 1,792,072</u>	<u>\$ 1,079,685</u>	<u>\$ 2,827,260</u>	<u>\$ (1,035,188)</u>
Expenditures				
Instruction				
Regular Instruction Program	\$ 708,821	\$ 428,070	\$ 924,039	\$ 215,218
Special Education Program	184,949	140,691	192,571	7,622
Career and Technical Education Program	22,085	21,529	22,085	0
Support Services				
Other Student Support	77,293	78,112	104,658	27,365
Regular Instruction Program	369,808	207,244	1,112,307	742,499
Special Education Program	186,046	111,894	191,604	5,558
Career and Technical Education Program	1,816	2,864	1,816	0
Maintenance of Plant	52,434	0	66,885	14,451
Transportation	133,674	65,299	145,296	11,622
Total Expenditures	<u>\$ 1,736,926</u>	<u>\$ 1,055,703</u>	<u>\$ 2,761,261</u>	<u>\$ 1,024,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,146</u>	<u>\$ 23,982</u>	<u>\$ 65,999</u>	<u>\$ (10,853)</u>
Other Financing Sources (Uses)				
Transfers Out	\$ (56,247)	\$ (23,982)	\$ (65,999)	\$ 9,752
Total Other Financing Sources	<u>\$ (56,247)</u>	<u>\$ (23,982)</u>	<u>\$ (65,999)</u>	<u>\$ 9,752</u>
Net Change in Fund Balance	\$ (1,101)	0	0	\$ (1,101)
Fund Balance, July 1, 2024	<u>1,126,101</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,101</u>
Fund Balance, June 30, 2025	<u><u>\$ 1,125,000</u></u>	<u><u>\$ 1,125,000</u></u>	<u><u>\$ 1,125,000</u></u>	<u><u>\$ 0</u></u>

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, 2025

		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Charges for Current Services	\$ 59,305	\$ 30,000	\$ 30,000	\$ 29,305
Other Local Revenues	38,842	20,100	20,100	18,742
State of Tennessee	5,983	0	5,983	0
Federal Government	1,197,361	771,830	765,847	431,514
Total Revenues	<u>\$ 1,301,491</u>	<u>\$ 821,930</u>	<u>\$ 821,930</u>	<u>\$ 479,561</u>
Expenditures				
Operation of Non-Instructional Services				
Food Service	\$ 1,128,174	\$ 1,053,430	\$ 1,322,121	\$ 193,947
Total Expenditures	<u>\$ 1,128,174</u>	<u>\$ 1,053,430</u>	<u>\$ 1,322,121</u>	<u>\$ 193,947</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 173,317</u>	<u>\$ (231,500)</u>	<u>\$ (500,191)</u>	<u>\$ 673,508</u>
Net Change in Fund Balance	\$ 173,317	\$ (231,500)	\$ (500,191)	\$ 673,508
Fund Balance, July 1, 2024	<u>956,998</u>	<u>503,682</u>	<u>772,373</u>	<u>184,625</u>
Fund Balance, June 30, 2025	<u><u>\$ 1,130,315</u></u>	<u><u>\$ 272,182</u></u>	<u><u>\$ 272,182</u></u>	<u><u>\$ 858,133</u></u>

MISCELLANEOUS SCHEDULES

HANCOCK COUNTY, TENNESSEE**Schedule of Changes in Long-term Bonds, Notes, and Other Loans****For the Year Ended June 30, 2025**

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-24	Paid and/or Matured During Period	Outstanding 6-30-25
NOTES PAYABLE								
Payable through General Fund								
Sheriff Department Patrol Cars Capital Outlay Notes, Series 2023	\$ 254,903	7.25	%	01-31-24	1-31-29	\$ 254,903	\$ 43,979	\$ 210,924
Elrod Falls Land Purchase Capital Outlay Note, Series 2024	250,000	4		6-21-24	8-1-28	250,000	50,000	200,000
Total Notes Payable						\$ 504,903	\$ 93,979	\$ 410,924
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Energy Efficient Schools Initiative	2,773,485	1.5		2-12-20	12-1-37	\$ 2,382,729	\$ 160,452	\$ 2,222,277
Total Other Loans Payable						\$ 2,382,729	\$ 160,452	\$ 2,222,277
BONDS PAYABLE								
Payable through General Debt Service Fund								
Hospital Bond	6,000,000	5.6		12-15-03	12-15-28	\$ 1,200,000	\$ 240,000	\$ 960,000
General Obligation Bond - Series 2018 (USDA)	144,000	3.5		6-20-18	6-20-33	95,110	9,175	85,935
General Obligation Refunding Bonds - Series 2021	7,105,000	2 to 2.75		6-18-21	6-1-37	5,920,000	405,000	5,515,000
Total Bonds Payable						\$ 7,215,110	\$ 654,175	\$ 6,560,935

HANCOCK COUNTY, TENNESSEE**Schedule of Long-term Debt Requirements by Year**

Year Ending June 30	Notes		
	Principal	Interest	Total
2026	\$ 97,263	\$ 21,661	\$ 118,924
2027	100,737	18,187	118,924
2028	104,466	14,458	118,924
2029	108,458	10,466	118,924
Total	\$ 410,924	\$ 64,772	\$ 475,696

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2026	\$ 162,864	\$ 31,980	\$ 194,844
2027	165,324	29,520	194,844
2028	167,832	27,012	194,844
2029	170,364	24,480	194,844
2030	172,932	21,912	194,844
2031	175,548	19,296	194,844
2032	178,200	16,644	194,844
2033	180,888	13,956	194,844
2034	183,624	11,220	194,844
2035	186,396	8,448	194,844
2036	189,204	5,640	194,844
2037	192,072	2,772	194,844
2038	97,029	320	97,349
Total	\$ 2,222,277	\$ 213,200	\$ 2,435,477

Year Ending June 30	Bonds		
	Principal	Interest	Total
2026	\$ 664,496	\$ 164,224	\$ 828,720
2027	664,829	141,815	806,644
2028	675,173	119,545	794,718
2029	690,529	97,062	787,591
2030	460,897	74,267	535,164
2031	471,279	64,885	536,164
2032	476,673	55,291	531,964
2033	482,059	47,441	529,500
2034	480,000	39,500	519,500
2035	490,000	29,900	519,900
2036	500,000	20,100	520,100
2037	505,000	10,100	515,100
Total	\$ 6,560,935	\$ 864,130	\$ 7,425,065

HANCOCK COUNTY, TENNESSEE**Schedule of Changes in Leases Receivable**

Primary Government and Discretely Presented Hancock County School Department

For the Year Ended June 30, 2025

Description	Debtor	Original Amount of Lease	Date of Issue	Date of Maturity	Interest Rate		Balance 7-1-24	Deductions	Balance 6-30-25
PRIMARY GOVERNMENT									
General Debt Service Fund Hospital Facility	(1) Ballad Health	\$ 6,000,000	12-15-03	12-15-28	5.6	%	\$ 1,615,330	\$ 267,000	\$ 1,348,330
Total Leases Receivable Primary Government							<u>\$ 1,615,330</u>	<u>\$ 267,000</u>	<u>\$ 1,348,330</u>
DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT									
General Purpose School Fund Medical Clinic	East Tennessee State University	170,000	7-1-18	7-31-33	1.5		<u>\$ 144,275</u>	<u>\$ 14,938</u>	<u>\$ 129,337</u>
Total Leases Receivable Discretely Presented Hancock County School Department							<u>\$ 144,275</u>	<u>\$ 14,938</u>	<u>\$ 129,337</u>

(1) Previously reported as Wellmont Health Systems, which merged with Mountain States Health Alliance in 2018 to form the Ballad Health System.

HANCOCK COUNTY, TENNESSEE**Schedule of Transfers**

Primary Government and Discretely Presented Hancock County School Department

For the Year Ended June 30, 2025

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	Solid Waste/Sanitation	Operations	\$ 107,000
Home Health (enterprise fund)	Health Department Capital Projects	Close fund	1,133,008
Other General Government	Solid Waste/Sanitation	Operations	<u>13,662</u>
Total Transfers Primary Government			<u><u>\$ 1,253,670</u></u>
DISCRETELY PRESENTED HANCOCK COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 56,247</u>
Total Transfers Discretely Presented Hancock County School Department			<u><u>\$ 56,247</u></u>

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, 2025

Official	Salary	Authorization	Bond	Surety
County Mayor		Section 8-24-102, <i>TCA</i>	\$ 100,000	Western Surety Company
Base salary/Total compensation	<u>\$ 99,043</u>			
Road Superintendent		Section 8-24-102, <i>TCA</i>	100,000	"
Base salary/Total compensation	<u>\$ 94,327</u>			
Director of Schools		State Board of Education and County Board of Education	(1)	
Base salary	\$ 102,500			
Performance Bonus	6,000			
Secretary to the Board	1,200			
Chief executive officer training supplement	1,000			
Total compensation	<u>\$ 110,700</u>			
Trustee		Section 8-24-102, <i>TCA</i>	623,777	Travelers Insurance Company
Base salary/Total compensation	<u>\$ 85,752</u>			
Assessor of Property - William Seal (7/1/24-2/23/25)		Section 8-24-102, <i>TCA</i>	50,000	Western Surety Company
Base salary/Total compensation	<u>\$ 57,168</u>			
Assessor of Property - Rhonda Hurd (5/12/25-6/30/25)				
Base salary/Total compensation	<u>\$ 10,719</u>	Section 8-24-102, <i>TCA</i>	50,000	"
Total Assessor of Property compensation	<u>\$ 67,887</u>			
County Clerk		Section 8-24-102, <i>TCA</i>	50,000	"
Base salary/Total compensation	<u>\$ 85,752</u>			
Circuit and General Sessions Courts Clerk		Section 8-24-102, <i>TCA</i>	50,000	"
Base salary/Total compensation	<u>\$ 85,752</u>			
Clerk and Master		Section 8-24-102, <i>TCA</i>	50,000	"
Base salary	\$ 85,752			
Special commissioner fees	990			
Total compensation	<u>\$ 86,742</u>			
Register of Deeds		Section 8-24-102, <i>TCA</i>	50,000	"
Base salary/Total compensation	<u>\$ 85,752</u>			
Sheriff		Section 8-24-102, <i>TCA</i>	100,000	"
Base salary	\$ 94,327			
Law enforcement training supplement	800			
Law enforcement retention bonus	800			
Total compensation	<u>\$ 95,927</u>			
Administrator of Elections		Section 2-12-208, <i>TCA</i>	(1)	
Base salary/Total compensation	<u>\$ 77,177</u>			
Employee Blanket Bonds:				
Employee Fidelity - County Departments			150,000	U.S. Specialty Insurance
Employee Fidelity - Highway Department			150,000	U.S. Specialty Insurance
Employee Fidelity - School Department			400,000	Tennessee Risk Management Trust

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

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2025

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Local Taxes						
County Property Taxes						
Current Property Tax	\$ 1,520,977	\$ 292,026	\$ 0	\$ 0	\$ 0	\$ 12,168
Trustee's Collections - Prior Year	72,671	11,177	0	0	0	466
Circuit Clerk/Clerk and Master Collections - Prior Years	27,279	6,643	0	0	0	348
Interest and Penalty	8,894	1,708	0	0	0	71
Payments in-Lieu-of Taxes - T.V.A.	0	58	0	0	0	2
County Local Option Taxes						
Local Option Sales Tax	150,978	0	0	0	0	0
Hotel/Motel Tax	2,161	0	0	0	0	0
Wheel Tax	201,994	0	0	0	0	0
Litigation Tax - General	8,226	0	0	0	0	0
Litigation Tax - Special Purpose	4,244	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,484	0	0	0	0	0
Litigation Tax - Courthouse Security	949	0	0	0	0	0
Business Tax	28,665	0	0	0	0	0
Other County Local Option Taxes	1,760	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	28,342	0	0	0	0	0
Wholesale Beer Tax	1,464	320	0	0	0	9

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Local Taxes (Cont.)						
City Local Option Taxes						
Hotel/Motel Tax	\$ 777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Local Taxes	\$ 2,064,865	\$ 311,932	\$ 0	\$ 0	\$ 0	\$ 13,064
Licenses and Permits						
Permits						
Beer Permits	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	22,000	0	0	0	0	0
Total Licenses and Permits	\$ 22,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties						
Circuit Court						
Officers Costs	\$ 1,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	1,925	0	1	0	0	0
Drug Court Fees	184	0	0	0	0	0
DUI Treatment Fines	119	0	0	0	0	0
Data Entry Fee - Circuit Court	208	0	0	0	0	0
Criminal Court						
Jail Fees	248	0	0	0	0	0

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds				Debt Service Fund
		Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
Fines, Forfeitures, and Penalties (Cont.)						
General Sessions Court						
Fines	\$ 7,948	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	12,404	0	0	0	0	0
Drug Control Fines	2,189	0	1,610	0	0	0
Drug Court Fees	2,031	0	0	0	0	0
Jail Fees	7,977	0	0	0	0	0
DUI Treatment Fines	684	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,762	0	0	0	0	0
Juvenile Court						
Fines	1,053	0	0	0	0	0
Officers Costs	1,734	0	0	0	0	0
Data Entry Fee - Juvenile Court	383	0	0	0	0	0
Chancery Court						
Officers Costs	380	0	0	0	0	0
Data Entry Fee - Chancery Court	297	0	0	0	0	0
Judicial District Drug Program						
Drug Task Force Forfeitures and Seizures	0	0	605	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	1,220	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 44,103	\$ 0	\$ 2,216	\$ 0	\$ 0	0

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds				Debt Service Fund
		Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
Charges for Current Services						
General Service Charges						
Patient Charges	\$ 1,293,796	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	19,732	0	0	0	0	0
Other General Service Charges	2,276	0	0	0	0	0
Fees						
Copy Fees	926	0	0	0	0	0
Library Fees	2,360	0	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0	0
Telephone Commissions	20,537	0	0	0	0	0
Additional Fees - Titling and Registration	5,430	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	101	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	990	0	0
Data Processing Fee - Register	1,934	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	900	0	0	0	0	0
Education Charges						
Other Charges for Services	353	0	0	0	0	0
Total Charges for Current Services	\$ 1,348,444	\$ 0	\$ 0	\$ 1,091	\$ 0	0

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Other Local Revenues						
Recurring Items						
Investment Income	\$ 758,042	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals/PPP	0	0	0	0	0	267,001
Lease/PPP Interest	0	0	0	0	0	91,450
Sale of Materials and Supplies	311	0	0	0	34,073	0
Commissary Sales	83,853	0	0	0	0	0
Sale of Recycled Materials	0	19,844	0	0	0	0
Miscellaneous Refunds	64,206	382	0	0	9,936	0
Nonrecurring Items						
Sale of Equipment	43,598	0	0	0	0	0
Contributions and Gifts	60,000	0	0	0	0	0
Other Local Revenues	926	0	0	0	0	0
Total Other Local Revenues	<u>\$ 1,010,936</u>	<u>\$ 20,226</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,009</u>	<u>\$ 358,451</u>
Fees Received From County Officials						
Fees In-Lieu-of Salary						
County Clerk	\$ 75,535	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	11,458	0	0	0	0	0

(Continued)

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
Fees Received From County Officials (Cont.)						
Fees In-Lieu-of Salary (Cont.)						
General Sessions Court Clerk	\$ 33,634	\$ 0	\$ 0	\$ 0	\$ 0	0
Clerk and Master	20,376	0	0	0	0	0
Juvenile Court Clerk	4,830	0	0	0	0	0
Register	28,123	0	0	0	0	0
Sheriff	2,475	0	0	0	0	0
Trustee	126,438	0	0	0	0	0
Other Officials	301	0	0	0	0	0
Total Fees Received From County Officials	\$ 303,170	\$ 0	\$ 0	\$ 0	\$ 0	0
State of Tennessee						
General Government Grants						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	1,854	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	32,600	0	0	0	0	0
Other Public Safety Grants	359,643	0	0	0	0	0
Health and Welfare Grants						
Other Health and Welfare Grants	29,140	0	0	0	0	0

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds				Debt Service Fund
		Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
State of Tennessee (Cont.)						
Public Works Grants						
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,749,675	\$ 0
Litter Program	28,270	0	0	0	0	0
Other State Revenues						
Beer Tax	18,255	0	0	0	0	0
Alcoholic Beverage Tax	29,810	0	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	23,832	0	0	0	0	0
State Revenue Sharing - T.V.A.	308,880	0	0	0	0	0
State Revenue Sharing - Telecommunications	4,142	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	11,755	0	0	0	0	0
Prisoner Transportation	33,344	0	0	0	0	0
Contracted Prisoner Boarding	643,369	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,928,029	0
Hybrid/Electric Vehicle Registration Fee	0	0	0	0	22,536	0
Petroleum Special Tax	0	0	0	0	4,414	0
Registrar's Salary Supplement	15,916	0	0	0	0	0
Other State Grants	12,619	0	0	0	0	0
Other State Revenues	312	0	0	0	0	0
Total State of Tennessee	\$ 1,560,887	\$ 1,854	\$ 0	\$ 0	\$ 3,704,654	\$ 0

(Continued)

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
Federal Government						
Federal Through State						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0	0
American Rescue Plan Act Grant #1	60,264	0	0	0	0	0
Other Federal through State	27,728	0	0	0	0	0
Total Federal Government	<u>\$ 87,992</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 676,704
Other						
Other	44,676	0	0	0	0	0
Opioid Settlement Funds - Past Remediation	30,812	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 77,988</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 676,704</u>
Total	<u><u>\$ 6,520,386</u></u>	<u><u>\$ 334,012</u></u>	<u><u>\$ 2,216</u></u>	<u><u>\$ 1,091</u></u>	<u><u>\$ 3,748,663</u></u>	<u><u>\$ 1,048,219</u></u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
Local Taxes			
County Property Taxes			
Current Property Tax	\$ 0	\$ 0	\$ 1,825,171
Trustee's Collections - Prior Year	0	0	84,314
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	34,270
Interest and Penalty	0	0	10,673
Payments in-Lieu-of Taxes - T.V.A.	0	0	60
County Local Option Taxes			
Local Option Sales Tax	0	0	150,978
Hotel/Motel Tax	0	0	2,161
Wheel Tax	0	0	201,994
Litigation Tax - General	0	0	8,226
Litigation Tax - Special Purpose	0	0	4,244
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	5,484
Litigation Tax - Courthouse Security	0	0	949
Business Tax	0	0	28,665
Other County Local Option Taxes	0	0	1,760
Statutory Local Taxes			
Bank Excise Tax	0	0	28,342
Wholesale Beer Tax	0	0	1,793

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
Local Taxes (Cont.)			
City Local Option Taxes			
Hotel/Motel Tax	\$ 0	\$ 0	\$ 777
Total Local Taxes	\$ 0	\$ 0	\$ 2,389,861
Licenses and Permits			
Permits			
Beer Permits	\$ 0	\$ 0	\$ 1
Building Permits	0	0	22,000
Total Licenses and Permits	\$ 0	\$ 0	\$ 22,001
Fines, Forfeitures, and Penalties			
Circuit Court			
Officers Costs	\$ 0	\$ 0	\$ 1,357
Drug Control Fines	0	0	1,926
Drug Court Fees	0	0	184
DUI Treatment Fines	0	0	119
Data Entry Fee - Circuit Court	0	0	208
Criminal Court			
Jail Fees	0	0	248

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Health Department Capital Projects	
Fines, Forfeitures, and Penalties (Cont.)			
General Sessions Court			
Fines	\$ 0	\$ 0	\$ 7,948
Officers Costs	0	0	12,404
Drug Control Fines	0	0	3,799
Drug Court Fees	0	0	2,031
Jail Fees	0	0	7,977
DUI Treatment Fines	0	0	684
Data Entry Fee - General Sessions Court	0	0	1,762
Juvenile Court			
Fines	0	0	1,053
Officers Costs	0	0	1,734
Data Entry Fee - Juvenile Court	0	0	383
Chancery Court			
Officers Costs	0	0	380
Data Entry Fee - Chancery Court	0	0	297
Judicial District Drug Program			
Drug Task Force Forfeitures and Seizures	0	0	605
Other Fines, Forfeitures, and Penalties			
Proceeds from Confiscated Property	0	0	1,220
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,319</u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
Charges for Current Services			
General Service Charges			
Patient Charges	\$ 0	\$ 0	\$ 1,293,796
Work Release Charges for Board	0	0	19,732
Other General Service Charges	0	0	2,276
Fees			
Copy Fees	0	0	926
Library Fees	0	0	2,360
Greenbelt Late Application Fee	0	0	200
Telephone Commissions	0	0	20,537
Additional Fees - Titling and Registration	0	0	5,430
Constitutional Officers' Fees and Commissions	0	0	101
Special Commissioner Fees/Special Master Fees	0	0	990
Data Processing Fee - Register	0	0	1,934
Sexual Offender Registration Fee - Sheriff	0	0	900
Education Charges			
Other Charges for Services	0	0	353
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,349,535</u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
Other Local Revenues			
Recurring Items			
Investment Income	\$ 0	\$ 0	\$ 758,042
Lease/Rentals/PPP	0	0	267,001
Lease/PPP Interest	0	0	91,450
Sale of Materials and Supplies	0	0	34,384
Commissary Sales	0	0	83,853
Sale of Recycled Materials	0	0	19,844
Miscellaneous Refunds	0	0	74,524
Nonrecurring Items			
Sale of Equipment	0	0	43,598
Contributions and Gifts	0	0	60,000
Other Local Revenues			
Other Local Revenues	0	0	926
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,433,622</u>
Fees Received From County Officials			
Fees In-Lieu-of Salary			
County Clerk	\$ 0	\$ 0	\$ 75,535
Circuit Court Clerk	0	0	11,458

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
Fees Received From County Officials (Cont.)			
Fees In-Lieu-of Salary (Cont.)			
General Sessions Court Clerk	\$ 0	\$ 0	\$ 33,634
Clerk and Master	0	0	20,376
Juvenile Court Clerk	0	0	4,830
Register	0	0	28,123
Sheriff	0	0	2,475
Trustee	0	0	126,438
Other Officials	0	0	301
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 303,170</u>
State of Tennessee			
General Government Grants			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	0	1,854
Public Safety Grants			
Law Enforcement Training Programs	0	0	32,600
Other Public Safety Grants	0	0	359,643
Health and Welfare Grants			
Other Health and Welfare Grants	0	0	29,140

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General Capital Projects	Health Department Capital Projects	Total
State of Tennessee (Cont.)			
Public Works Grants			
State Aid Program	\$ 0	\$ 0	\$ 1,749,675
Litter Program	0	0	28,270
Other State Revenues			
Beer Tax	0	0	18,255
Alcoholic Beverage Tax	0	0	29,810
Opioid Settlement Funds - TN Abatement Council	0	0	23,832
State Revenue Sharing - T.V.A.	0	0	308,880
State Revenue Sharing - Telecommunications	0	0	4,142
State Shared Sports Gaming Privilege Tax	0	0	11,755
Prisoner Transportation	0	0	33,344
Contracted Prisoner Boarding	0	0	643,369
Gasoline and Motor Fuel Tax	0	0	1,928,029
Hybrid/Electric Vehicle Registration Fee	0	0	22,536
Petroleum Special Tax	0	0	4,414
Registrar's Salary Supplement	0	0	15,916
Other State Grants	0	0	12,619
Other State Revenues	1,000,000	0	1,000,312
Total State of Tennessee	<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 6,267,395</u>

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

			Capital Projects Funds		
			General Capital Projects	Health Department Capital Projects	Total
Federal Government					
Federal Through State					
Appalachian Regional Commission			\$ 17,600	\$ 0	\$ 17,600
Community Development			356,014	0	356,014
American Rescue Plan Act Grant #1			153,980	867,774	1,082,018
Other Federal through State			0	0	27,728
Total Federal Government			<u>\$ 527,594</u>	<u>\$ 867,774</u>	<u>\$ 1,483,360</u>
Other Governments and Citizens Groups					
Other Governments					
Contributions			\$ 0	\$ 0	\$ 679,204
Other					
Other			0	0	44,676
Opioid Settlement Funds - Past Remediation			0	0	30,812
Total Other Governments and Citizens Groups			<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 754,692</u>
Total			<u><u>\$ 1,527,594</u></u>	<u><u>\$ 867,774</u></u>	<u><u>\$ 14,049,955</u></u>

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Revenues -****All Governmental Fund Types**

Discretely Presented Hancock County School Department

For the Year Ended June 30, 2025

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total	
Local Taxes						
County Property Taxes						
Current Property Tax	\$ 876,081	\$ 0	\$ 0	\$ 0	\$ 876,081	
Trustee's Collections - Prior Year	33,532	0	0	0	33,532	
Circuit Clerk/Clerk and Master Collections - Prior Years	20,892	0	0	0	20,892	
Interest and Penalty	5,123	0	0	0	5,123	
County Local Option Taxes						
Local Option Sales Tax	445,867	0	0	0	445,867	
Wheel Tax	64,411	0	0	0	64,411	
Statutory Local Taxes						
Wholesale Beer Tax	1,056	0	0	0	1,056	
City/School District Property Taxes						
Payments in-Lieu-of Taxes	173	0	0	0	173	
Total Local Taxes	<u>\$ 1,447,135</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,447,135</u>	
Licenses and Permits						
Licenses						
Marriage Licenses	<u>\$ 323</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323</u>	
Total Licenses and Permits	<u>\$ 323</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323</u>	

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Revenues -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
Charges for Current Services					
Education Charges					
Receipts from Individual Schools	\$ 0	\$ 0	\$ 59,305	\$ 0	\$ 59,305
Total Charges for Current Services	\$ 0	\$ 0	\$ 59,305	\$ 0	\$ 59,305
Other Local Revenues					
Recurring Items					
Investment Income	\$ 13,010	\$ 0	\$ 38,820	\$ 0	\$ 51,830
Lease/Rentals/PPP	21,039	0	0	0	21,039
Lease/PPP Interest	2,062	0	0	0	2,062
Miscellaneous Refunds	26,097	0	22	0	26,119
Nonrecurring Items					
Sale of Equipment	1,757	0	0	0	1,757
Damages Recovered from Individuals	611	0	0	0	611
Contributions and Gifts	51,688	0	0	0	51,688
Other Local Revenues					
Other Local Revenues	35	0	0	442,787	442,822
Total Other Local Revenues	\$ 116,299	\$ 0	\$ 38,842	\$ 442,787	\$ 597,928

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Revenues -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
State of Tennessee					
General Government Grants					
On-behalf Contributions for OPEB	\$ 32,772	\$ 0	\$ 0	\$ 0	\$ 32,772
State Education Funds					
Tennessee Investment in Student Achievement	8,401,293	0	0	0	8,401,293
TISA - On-behalf Payments	11,492	0	0	0	11,492
Early Childhood Education	358,971	0	0	0	358,971
School Food Service	0	0	5,983	0	5,983
Other State Education Funds	279,900	0	0	0	279,900
Career Ladder Program	15,961	0	0	0	15,961
Other Vocational	169,080	0	0	0	169,080
Other State Revenues					
State Revenue Sharing - Telecommunications	5,272	0	0	0	5,272
Other State Revenues	149,637	0	0	0	149,637
Total State of Tennessee	<u>\$ 9,424,378</u>	<u>\$ 0</u>	<u>\$ 5,983</u>	<u>\$ 0</u>	<u>\$ 9,430,361</u>
Federal Government					
Federal Through State					
USDA School Lunch Program	\$ 0	\$ 0	\$ 527,469	\$ 0	\$ 527,469

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Revenues -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
Federal Government (Cont.)					
Federal Through State (Cont.)					
USDA - Commodities	\$ 0	\$ 0	\$ 62,243	\$ 0	\$ 62,243
Breakfast	0	0	205,097	0	205,097
USDA - Other	0	0	402,552	0	402,552
Vocational Education - Basic Grants to States	0	33,917	0	0	33,917
Title I Grants to Local Education Agencies	0	680,718	0	0	680,718
Special Education - Grants to States	0	404,098	0	0	404,098
Special Education Preschool Grants	0	10,563	0	0	10,563
Rural Education	0	99,234	0	0	99,234
Eisenhower Professional Development State Grants	0	79,186	0	0	79,186
COVID-19 Grant B	0	360,179	0	0	360,179
American Rescue Plan Act Grant #4	0	941	0	0	941
Other Federal through State	52,475	123,236	0	0	175,711
Total Federal Government	\$ 52,475	\$ 1,792,072	\$ 1,197,361	\$ 0	\$ 3,041,908
Other Governments and Citizens Groups					
Other Governments					
Contributions	\$ 109,230	\$ 0	\$ 0	\$ 0	\$ 109,230
Total Other Governments and Citizens Groups	\$ 109,230	\$ 0	\$ 0	\$ 0	\$ 109,230
Total	\$ 11,149,840	\$ 1,792,072	\$ 1,301,491	\$ 442,787	\$ 14,686,190

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2025

General Fund

General Government

County Commission

Bonus Payments	\$	217	
Board and Committee Members Fees		79,130	
Social Security		4,496	
Unemployment Compensation		521	
Employer Medicare		1,052	
Audit Services		2,931	
Bank Charges		250	
Contributions		30,780	
Dues and Memberships		10,356	
Legal Notices, Recording, and Court Costs		1,327	
Maintenance and Repair Services - Vehicles		786	
Travel		3,354	
Other Contracted Services		22,730	
Gasoline		1,227	
Liability Insurance		47,709	
Premiums on Corporate Surety Bonds		8,356	
Refunds		500	
Vehicle and Equipment Insurance		5,397	
Other Charges		1,560	
Total County Commission			\$ 222,679

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	99,043	
Secretary(ies)		85,719	
Clerical Personnel		5,100	
Bonus Payments		217	
Social Security		12,554	
Pensions		14,054	
Unemployment Compensation		167	
Employer Medicare		2,936	
Communication		2,360	
Data Processing Services		17,755	

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Dues and Memberships	\$	3,593	
Postal Charges		7,676	
Travel		90	
Other Contracted Services		1,000	
Office Supplies		1,054	
Office Equipment		11,991	
Total County Mayor/Executive			\$ 265,309

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	77,177	
Other Salaries and Wages		3,445	
Election Commission		29,400	
Election Workers		18,960	
Social Security		6,515	
Pensions		10,951	
Unemployment Compensation		178	
Employer Medicare		1,524	
Communication		2,700	
Data Processing Services		11,126	
Janitorial Services		180	
Legal Notices, Recording, and Court Costs		2,949	
Maintenance and Repair Services - Equipment		267	
Postal Charges		1,284	
Printing, Stationery, and Forms		500	
Rentals		750	
Travel		2,199	
Other Contracted Services		4,746	
Data Processing Supplies		500	
Office Supplies		1,728	
Total Election Commission			177,079

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	85,752	
Clerical Personnel		25,999	
Bonus Payments		217	
Social Security		6,942	
Pensions		12,168	
Employee and Dependent Insurance		3,120	
Unemployment Compensation		56	
Employer Medicare		1,624	
Communication		2,585	
Data Processing Services		1,871	
Dues and Memberships		1,604	
Lease/SBITA Payments		982	
Travel		1,528	
Office Supplies		3,236	
Total Register of Deeds			\$ 147,684

County Buildings

Supervisor/Director	\$	6,467
Custodial Personnel		43,694
Part-time Personnel		10,000
Bonus Payments		1,083
Other Salaries and Wages		7,096
Social Security		4,186
Employee and Dependent Insurance		2,389
Unemployment Compensation		349
Employer Medicare		979
Communication		948
Contributions		7,000
Maintenance and Repair Services - Buildings		81,204
Maintenance and Repair Services - Vehicles		27,455
Postal Charges		500
Other Contracted Services		10,555
Custodial Supplies		10,027
Electricity		25,377
Propane Gas		4,712
Water and Sewer		18,760

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	2,047	
Other Charges		19	
Building Construction		102,300	
Food Service Equipment		1	
Total County Buildings			\$ 367,148

Finance

Purchasing

Bonus Payments	\$	217	
Social Security		13	
Employer Medicare		3	
Lease/SBITA Payments		1,803	
Other Contracted Services		22,000	
Office Supplies		1,576	
Total Purchasing			25,612

Property Assessor's Office

County Official/Administrative Officer	\$	67,887	
Clerical Personnel		25,653	
Bonus Payments		217	
Social Security		5,889	
Pensions		9,126	
Employee and Dependent Insurance		3,120	
Unemployment Compensation		56	
Employer Medicare		1,377	
Audit Services		2,170	
Communication		408	
Data Processing Services		4,756	
Dues and Memberships		141	
Lease/SBITA Payments		1,838	
Legal Notices, Recording, and Court Costs		100	
Office Supplies		426	
Premiums on Corporate Surety Bonds		195	
Total Property Assessor's Office			123,359

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$	22,442	
Bonus Payments		217	
Social Security		1,405	
Unemployment Compensation		56	
Employer Medicare		264	
Gasoline		343	
Total Reappraisal Program			\$ 24,727

County Trustee's Office

County Official/Administrative Officer	\$	85,752	
Clerical Personnel		35,086	
Bonus Payments		217	
Social Security		7,500	
Pensions		12,168	
Employee and Dependent Insurance		5,244	
Unemployment Compensation		56	
Employer Medicare		1,754	
Communication		2,150	
Data Processing Services		15,467	
Dues and Memberships		1,048	
Lease/SBITA Payments		2,292	
Legal Notices, Recording, and Court Costs		400	
Postal Charges		300	
Travel		1,415	
Office Supplies		739	
Total County Trustee's Office			171,588

County Clerk's Office

County Official/Administrative Officer	\$	85,752	
Clerical Personnel		69,582	
Bonus Payments		650	
Social Security		9,636	
Pensions		12,168	
Employee and Dependent Insurance		6,843	
Unemployment Compensation		237	
Employer Medicare		2,253	

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Communication	\$	1,829	
Data Processing Services		9,586	
Dues and Memberships		482	
Postal Charges		721	
Office Supplies		3,486	
Total County Clerk's Office			\$ 203,225

Other Finance

Trustee's Commission	\$	57,366	
Total Other Finance			57,366

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,752	
Clerical Personnel		37,851	
Overtime Pay		873	
Bonus Payments		433	
Jury and Witness Expense		7,132	
Social Security		6,959	
Pensions		12,168	
Unemployment Compensation		56	
Employer Medicare		1,628	
Communication		1,182	
Data Processing Services		9,834	
Dues and Memberships		683	
Lease/SBITA Payments		2,015	
Office Supplies		3,877	
Total Circuit Court			170,443

General Sessions Court

Judge(s)	\$	85,498	
Bonus Payments		217	
Social Security		5,377	
Pensions		12,275	
Employer Medicare		1,257	
Travel		1,778	
Total General Sessions Court			106,402

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	85,752	
Clerical Personnel		22,094	
Bonus Payments		217	
Social Security		6,697	
Pensions		12,168	
Employee and Dependent Insurance		520	
Unemployment Compensation		56	
Employer Medicare		1,566	
Communication		1,203	
Data Processing Services		8,160	
Dues and Memberships		968	
Maintenance and Repair Services - Buildings		180	
Travel		818	
Office Supplies		3,909	
Total Chancery Court			\$ 144,308

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,927
Deputy(ies)		602,046
Investigator(s)		65,240
School Resource Officer		131,343
Overtime Pay		2,268
Bonus Payments		1,733
Other Salaries and Wages		15,161
In-service Training		7,449
Social Security		55,097
Pensions		13,385
Employee and Dependent Insurance		3,120
Unemployment Compensation		1,378
Employer Medicare		12,886
Dues and Memberships		4,063
Maintenance Agreements		5,534
Maintenance and Repair Services - Buildings		2,951
Maintenance and Repair Services - Vehicles		60,594
Medical and Dental Services		2,236

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Towing Services	\$	1,375	
Travel		4,924	
Other Contracted Services		58,261	
Gasoline		79,627	
Law Enforcement Supplies		326,893	
Office Supplies		4,870	
Uniforms		5,289	
Other Supplies and Materials		9,571	
Liability Insurance		108,175	
Vehicle and Equipment Insurance		30,059	
Other Charges		6,522	
Maintenance Equipment		15,300	
Motor Vehicles		210,976	
Total Sheriff's Department			\$ 1,944,253

Jail

Dispatchers/Radio Operators	\$	122,051
Guards		477,301
Cafeteria Personnel		20,572
Overtime Pay		205
Bonus Payments		2,815
Other Salaries and Wages		92,158
Social Security		46,000
Employee and Dependent Insurance		2,730
Unemployment Compensation		2,469
Employer Medicare		10,758
Communication		20,516
Lease/SBITA Payments		4,833
Legal Notices, Recording, and Court Costs		573
Maintenance and Repair Services - Buildings		2,414
Medical and Dental Services		61,654
Postal Charges		1,229
Rentals		210
Travel		12,458
Other Contracted Services		131,398
Custodial Supplies		32,660

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	907	
Electricity		51,333	
Food Preparation Supplies		6,571	
Food Supplies		227,455	
Gasoline		53	
General Construction Materials		486	
Office Supplies		12,976	
Propane Gas		11,326	
Uniforms		655	
Water and Sewer		89,599	
Other Supplies and Materials		19,918	
Specialized Medical Treatment		142,537	
Total Jail			\$ 1,608,820

Juvenile Services

Youth Service Officer(s)	\$	11,104	
Bonus Payments		217	
Social Security		702	
Unemployment Compensation		56	
Employer Medicare		164	
Total Juvenile Services			12,243

Commissary

Other Supplies and Materials	\$	26,352	
Total Commissary			26,352

Civil Defense

Assistant(s)	\$	1,300	
Supervisor/Director		6,604	
Bonus Payments		433	
Social Security		479	
Unemployment Compensation		62	
Employer Medicare		112	
Maintenance and Repair Services - Vehicles		197	
Diesel Fuel		205	
Liability Insurance		7,002	
Vehicle and Equipment Insurance		12,796	
Total Civil Defense			29,190

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Gasoline	\$ 1,408	
Total Rescue Squad		\$ 1,408

County Coroner/Medical Examiner

Other Contracted Services	\$ 29,317	
Total County Coroner/Medical Examiner		29,317

Other Public Safety

Road Signs	\$ 1,002	
Total Other Public Safety		1,002

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 9,130	
Bonus Payments	217	
Social Security	578	
Unemployment Compensation	64	
Employer Medicare	135	
Communication	5,810	
Dues and Memberships	550	
Maintenance and Repair Services - Buildings	3,678	
Maintenance and Repair Services - Equipment	638	
Pest Control	420	
Postal Charges	1,623	
Custodial Supplies	2,720	
Drugs and Medical Supplies	491	
Electricity	11,665	
Office Supplies	2,367	
Water and Sewer	1,572	
Other Supplies and Materials	1,874	
Building and Contents Insurance	4,080	
Other Charges	3,098	
Office Equipment	1,723	
Total Local Health Center		52,433

(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

Supervisor/Director	\$ 68,533
Medical Personnel	493,755
Clerical Personnel	15,217
Part-time Personnel	150,583
Overtime Pay	276,581
Bonus Payments	1,733
In-service Training	3,111
Social Security	63,062
Employee and Dependent Insurance	3,380
Unemployment Compensation	1,498
Employer Medicare	14,748
Communication	2,682
Data Processing Services	55,656
Dues and Memberships	1,666
Lease/SBITA Payments	450
Legal Notices, Recording, and Court Costs	200
Licenses	2,315
Maintenance and Repair Services - Buildings	1,923
Maintenance and Repair Services - Vehicles	32,592
Postal Charges	220
Disposal Fees	1,757
Other Contracted Services	25,957
Custodial Supplies	8,127
Diesel Fuel	42,448
Drugs and Medical Supplies	29,256
Electricity	5,550
General Construction Materials	276
Office Supplies	3,048
Propane Gas	3,622
Tires and Tubes	2,226
Uniforms	11,541
Water and Sewer	4,766
Other Supplies and Materials	2,208
Liability Insurance	16,591
Refunds	337
Vehicle and Equipment Insurance	7,664

(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.)

Other Charges	\$	300	
Communication Equipment		1,125	
Motor Vehicles		123,946	
Total Ambulance/Emergency Medical Services			\$ 1,480,650

Other Local Health Services

Bonus Payments	\$	217	
Other Salaries and Wages		23,370	
Social Security		1,472	
Unemployment Compensation		112	
Employer Medicare		344	
Travel		111	
Liability Insurance		1,232	
Other Charges		120	
Total Other Local Health Services			26,978

Sanitation Management

Guards	\$	23,678	
Social Security		1,457	
Unemployment Compensation		56	
Employer Medicare		341	
Gasoline		4,580	
Other Supplies and Materials		4,169	
Total Sanitation Management			34,281

Sanitation Education/Information

Guards	\$	50	
Social Security		3	
Employer Medicare		1	
Total Sanitation Education/Information			54

Other Public Health and Welfare

Other Supplies and Materials	\$	566	
Total Other Public Health and Welfare			566

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 8,974	
Total Senior Citizens Assistance		\$ 8,974

Libraries

Assistant(s)	\$ 22,008	
Librarians	26,767	
Bonus Payments	433	
Social Security	3,039	
Employee and Dependent Insurance	1,430	
Unemployment Compensation	112	
Employer Medicare	711	
Communication	2,395	
Dues and Memberships	90	
Custodial Supplies	490	
Electricity	3,274	
Library Books/Media	4,328	
Office Supplies	3,062	
Periodicals	441	
Water and Sewer	1,309	
Other Charges	1,638	
Office Equipment	2,042	
Total Libraries		73,569

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$ 1,738	
Dues and Memberships	300	
Rentals	6,000	
Travel	1,202	
Other Contracted Services	66,407	
Custodial Supplies	559	
Electricity	1,615	
Office Supplies	1,721	
Water and Sewer	1,316	
Other Charges	896	
Office Equipment	1,688	
Total Agricultural Extension Service		83,442

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Communication	\$	959	
Contributions		17,580	
Rentals		4,800	
Electricity		334	
Total Soil Conservation			\$ 23,673

Other Operations

Public Transportation

Bus Drivers	\$	217	
Social Security		13	
Employer Medicare		3	
Total Public Transportation			233

Veterans' Services

Bonus Payments	\$	217	
Other Salaries and Wages		6,005	
Social Security		402	
Unemployment Compensation		52	
Employer Medicare		94	
Communication		1,947	
Electricity		1,173	
Other Supplies and Materials		740	
Total Veterans' Services			10,630

Principal on Debt

General Government

Principal on Notes	\$	93,979	
Total General Government			93,979

Interest on Debt

General Government

Interest on Notes	\$	28,788	
Total General Government			28,788

Total General Fund \$ 7,795,504

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	26,553	
Truck Drivers		51,441	
Overtime Pay		19,914	
Bonus Payments		650	
Other Salaries and Wages		56,994	
Social Security		9,909	
Employee and Dependent Insurance		2,990	
Unemployment Compensation		316	
Employer Medicare		2,318	
Communication		1,571	
Contracts with Private Agencies		129,132	
Legal Notices, Recording, and Court Costs		200	
Maintenance and Repair Services - Buildings		1,821	
Maintenance and Repair Services - Equipment		692	
Maintenance and Repair Services - Vehicles		4,255	
Other Contracted Services		75,939	
Crushed Stone		623	
Diesel Fuel		27,827	
Electricity		1,904	
Lubricants		91	
Tires and Tubes		9,903	
Vehicle Parts		12,564	
Water and Sewer		69	
Other Supplies and Materials		2,805	
Liability Insurance		2,951	
Trustee's Commission		7,444	
Vehicle and Equipment Insurance		10,546	
Other Charges		50,451	
Total Sanitation Management			\$ 511,873

Total Solid Waste/Sanitation Fund \$ 511,873

Drug Control Fund

Public Safety

Drug Enforcement

Veterinary Services	\$	190
---------------------	----	-----

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Contracted Services	\$	2,360	
Animal Food and Supplies		4,045	
Law Enforcement Supplies		731	
Trustee's Commission		54	
Other Charges		3,000	
Total Drug Enforcement			\$ 10,380

Total Drug Control Fund \$ 10,380

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	990	
Total Chancery Court			\$ 990

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	101	
Total Sheriff's Department			101

Total Constitutional Officers - Fees Fund 1,091

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	94,327	
Accountants/Bookkeepers		40,522	
Laborers		518,909	
Overtime Pay		19,605	
Communication		1,973	
Data Processing Services		13,910	
Office Supplies		2,477	
Utilities		9,256	
Total Administration			\$ 700,979

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Contracts with Private Agencies	\$	6,600	
Asphalt		290,182	
Crushed Stone		204,114	
Pipe		8,602	
Other Supplies and Materials		10,817	
Total Highway and Bridge Maintenance			\$ 520,315

Operation and Maintenance of Equipment

Diesel Fuel	\$	55,028	
Equipment and Machinery Parts		77,834	
Gasoline		64,295	
Lubricants		15,692	
Tires and Tubes		19,486	
Total Operation and Maintenance of Equipment			232,335

Other Charges

Dues and Memberships	\$	2,937	
Licenses		41	
Trustee's Commission		19,517	
Vehicle and Equipment Insurance		66,577	
Other Charges		2,738	
Total Other Charges			91,810

Employee Benefits

Social Security	\$	41,220	
Pensions		13,326	
Life Insurance		16,277	
Medical Insurance		4,900	
Unemployment Compensation		6,040	
Employer Medicare		9,640	
Workers' Compensation Insurance		13,856	
Total Employee Benefits			105,259

Capital Outlay

Building Improvements	\$	1,701	
Highway Equipment		39,625	
State Aid Projects		1,704,236	
Total Capital Outlay			<u>1,745,562</u>

Total Highway/Public Works Fund \$ 3,396,260

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 284,175	
Total General Government		\$ 284,175

Education

Principal on Bonds	\$ 370,000	
Principal on Other Loans	160,452	
Total Education		530,452

Interest on Debt

General Government

Interest on Bonds	\$ 73,478	
Total General Government		73,478

Education

Interest on Bonds	\$ 111,860	
Interest on Other Loans	34,392	
Total Education		146,252

Other Debt Service

General Government

Trustee's Commission	\$ 259	
Other Debt Service	1,000	
Total General Government		1,259

Total General Debt Service Fund \$ 1,035,616

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 16,553	
Site Development	154,477	
Total Public Health and Welfare Projects		\$ 171,030

Social, Cultural, and Recreation Projects

Site Development	\$ 17,600	
Disabilities Act Improvements	34,431	
Total Social, Cultural, and Recreation Projects		52,031

(Continued)

HANCOCK COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Water and Sewer	\$ 92,896	
Total Public Utility Projects		\$ 92,896

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Contracted Services	\$ 15,814	
Food Preparation Supplies	72,317	
Food Service Equipment	100,132	
Motor Vehicles	162,244	
Total Capital Projects Donated to Other Entities		350,507

Total General Capital Projects Fund		\$ 666,464
-------------------------------------	--	------------

Health Department Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Building Construction	\$ 879,234	
Total Public Health and Welfare Projects		\$ 879,234

Total Health Department Capital Projects Fund		879,234
---	--	---------

Total Governmental Funds - Primary Government		\$ 14,296,422
---	--	---------------

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Hancock County School Department

For the Year Ended June 30, 2025**General Purpose School Fund**

Instruction

Regular Instruction Program

Teachers	\$ 3,145,041	
Career Ladder Program	9,000	
Educational Assistants	8,672	
Bonus Payments	100,200	
Certified Substitute Teachers	4,000	
Non-certified Substitute Teachers	35,874	
Social Security	197,250	
Pensions	224,675	
Medical Insurance	337,427	
Unemployment Compensation	667	
Employer Medicare	46,132	
Contributions	109,230	
Instructional Supplies and Materials	2,190	
Textbooks - Bound	54,381	
TISA - On-behalf Payments	11,492	
Total Regular Instruction Program		\$ 4,286,231

Alternative Instruction Program

Teachers	\$ 63,558	
Social Security	3,873	
Pensions	4,106	
Medical Insurance	7,882	
Unemployment Compensation	30	
Employer Medicare	906	
Total Alternative Instruction Program		80,355

Special Education Program

Teachers	\$ 315,921
Homebound Teachers	3,930
Educational Assistants	309,936
Other Salaries and Wages	50,645
Non-certified Substitute Teachers	1,650
Social Security	41,496
Pensions	24,401
Medical Insurance	74,163

(Continued)

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.)

Special Education Program (Cont.)

Unemployment Compensation	\$	810	
Employer Medicare		9,705	
Other Contracted Services		30,222	
Instructional Supplies and Materials		1,164	
Other Supplies and Materials		39,557	
Other Charges		260	
Special Education Equipment		5,509	
Total Special Education Program			\$ 909,369

Career and Technical Education Program

Teachers	\$	348,062	
Career Ladder Program		2,000	
Educational Assistants		16,835	
Non-certified Substitute Teachers		5,530	
Social Security		22,362	
Pensions		23,912	
Medical Insurance		30,351	
Unemployment Compensation		240	
Employer Medicare		5,230	
Instructional Supplies and Materials		60	
Other Supplies and Materials		110,908	
Total Career and Technical Education Program			565,490

Support Services

Attendance

Supervisor/Director	\$	38,730	
Career Ladder Program		1,000	
Other Salaries and Wages		47,650	
Social Security		5,101	
Pensions		2,527	
Medical Insurance		17,596	
Unemployment Compensation		90	
Employer Medicare		1,193	
Postal Charges		600	
Other Supplies and Materials		546	
In Service/Staff Development		3,605	
Total Attendance			118,638

(Continued)

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.)

Health Services

Supervisor/Director	\$	38,730	
Other Salaries and Wages		39,826	
Social Security		4,623	
Pensions		2,463	
Medical Insurance		11,069	
Employer Medicare		1,081	
Other Supplies and Materials		7,936	
In Service/Staff Development		3,490	
Total Health Services			\$ 109,218

Other Student Support

Guidance Personnel	\$	192,749	
School Resource Officer		49,590	
Other Salaries and Wages		277,540	
Social Security		30,848	
Pensions		16,167	
Medical Insurance		60,875	
Unemployment Compensation		180	
Employer Medicare		7,206	
Other Supplies and Materials		9,269	
In Service/Staff Development		8,593	
Total Other Student Support			653,017

Regular Instruction Program

Supervisor/Director	\$	37,233	
Librarians		105,404	
Social Security		8,591	
Pensions		9,853	
Medical Insurance		15,530	
Unemployment Compensation		90	
Employer Medicare		2,009	
Other Supplies and Materials		16,613	
In Service/Staff Development		1,491	
Other Charges		13,600	
Total Regular Instruction Program			210,414

(Continued)

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.)

Special Education Program

Supervisor/Director	\$	66,808	
Other Salaries and Wages		1,356	
Social Security		4,158	
Pensions		4,357	
Medical Insurance		6,896	
Unemployment Compensation		30	
Employer Medicare		972	
Travel		3,298	
In Service/Staff Development		5,534	
Total Special Education Program			\$ 93,409

Career and Technical Education Program

Supervisor/Director	\$	77,603	
Social Security		4,721	
Pensions		4,936	
Medical Insurance		7,547	
Unemployment Compensation		30	
Employer Medicare		1,104	
Total Career and Technical Education Program			95,941

Technology

Other Salaries and Wages	\$	76,782	
Social Security		4,675	
Medical Insurance		5,455	
Unemployment Compensation		90	
Employer Medicare		1,093	
Maintenance and Repair Services - Equipment		19,989	
Internet Connectivity		13,244	
Software		1,030	
Other Equipment		6,038	
Total Technology			128,396

Other Programs

On-behalf Payments to OPEB	\$	32,772	
Total Other Programs			32,772

(Continued)

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	\$	1,200	
Board and Committee Members Fees		9,625	
Social Security		671	
Medical Insurance		10,133	
Employer Medicare		157	
Audit Services		10,900	
Dues and Memberships		13,008	
Legal Services		3,694	
Other Contracted Services		13,860	
Liability Insurance		127,301	
Trustee's Commission		39,023	
Workers' Compensation Insurance		35,467	
In Service/Staff Development		4,720	
Other Charges		34,595	
Total Board of Education			\$ 304,354

Director of Schools

County Official/Administrative Officer	\$	102,500	
Other Salaries and Wages		1,000	
Social Security		6,334	
Pensions		6,583	
Medical Insurance		7,472	
Unemployment Compensation		30	
Employer Medicare		1,481	
Communication		7,930	
Postal Charges		1,108	
In Service/Staff Development		1,743	
Total Director of Schools			136,181

Office of the Principal

Principals	\$	149,808	
Career Ladder Program		1,000	
Assistant Principals		67,748	
Secretary(ies)		92,866	
Social Security		18,889	

(Continued)

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.)

Office of the Principal (Cont.)

Pensions	\$	13,900	
Medical Insurance		22,432	
Unemployment Compensation		210	
Employer Medicare		4,418	
Total Office of the Principal			\$ 371,271

Fiscal Services

Accountants/Bookkeepers	\$	102,223	
Secretary(ies)		12,758	
Social Security		6,515	
Medical Insurance		21,152	
Unemployment Compensation		90	
Employer Medicare		1,524	
Travel		578	
Other Contracted Services		25,150	
Other Supplies and Materials		9,857	
Total Fiscal Services			179,847

Operation of Plant

Custodial Personnel	\$	224,162	
Social Security		13,460	
Medical Insurance		35,508	
Unemployment Compensation		140	
Employer Medicare		3,148	
Maintenance and Repair Services - Buildings		45,500	
Disposal Fees		6,623	
Other Contracted Services		2,980	
Custodial Supplies		14,273	
Electricity		353,619	
Natural Gas		5,593	
Water and Sewer		38,587	
Total Operation of Plant			743,593

Maintenance of Plant

Supervisor/Director	\$	40,018	
---------------------	----	--------	--

(Continued)

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.)

Maintenance of Plant (Cont.)

Maintenance Personnel	\$	90,512	
Social Security		8,045	
Pensions		2,545	
Medical Insurance		18,045	
Unemployment Compensation		90	
Employer Medicare		1,881	
Maintenance and Repair Services - Buildings		53,889	
Maintenance and Repair Services - Equipment		124,182	
Other Contracted Services		37,000	
Total Maintenance of Plant			\$ 376,207

Transportation

Supervisor/Director	\$	40,018	
Mechanic(s)		68,995	
Bus Drivers		238,708	
Social Security		21,293	
Pensions		2,578	
Medical Insurance		27,490	
Unemployment Compensation		1,970	
Employer Medicare		4,980	
Maintenance and Repair Services - Vehicles		37,890	
Travel		367	
Diesel Fuel		31,494	
Garage Supplies		120	
Gasoline		20,375	
Propane Gas		18,506	
Tires and Tubes		13,981	
Uniforms		6,178	
In Service/Staff Development		1,432	
Other Charges		5,867	
Transportation Equipment		145,418	
Total Transportation			687,660

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	17,796	
Other Salaries and Wages		75,683	
Social Security		5,728	
Pensions		2,142	
Medical Insurance		7,158	
Unemployment Compensation		150	
Employer Medicare		1,340	
Other Supplies and Materials		38,000	
In Service/Staff Development		1,673	
Total Community Services			\$ 149,670

Early Childhood Education

Supervisor/Director	\$	29,872	
Teachers		157,275	
Educational Assistants		37,790	
Other Salaries and Wages		575	
Non-certified Substitute Teachers		15,180	
Social Security		14,709	
Pensions		12,667	
Medical Insurance		12,897	
Unemployment Compensation		240	
Employer Medicare		3,440	
Other Supplies and Materials		48,463	
In Service/Staff Development		3,600	
Total Early Childhood Education			336,708

Capital Outlay

Regular Capital Outlay

Architects	\$	43,141	
Building Construction		24,999	
Building Improvements		551,947	
Other Capital Outlay		9,999	
Total Regular Capital Outlay			630,086

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government

\$ 676,704

Total Education

\$ 676,704

Total General Purpose School Fund

\$ 11,875,531

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants

\$ 93,617

Other Salaries and Wages

292,300

Non-certified Substitute Teachers

2,330

Social Security

23,696

Pensions

17,456

Medical Insurance

13,980

Unemployment Compensation

330

Employer Medicare

5,542

Instructional Supplies and Materials

52,672

Textbooks - Bound

64,416

Regular Instruction Equipment

142,482

Total Regular Instruction Program

\$ 708,821

Special Education Program

Educational Assistants

\$ 121,781

Other Salaries and Wages

12,080

Social Security

8,175

Pensions

510

Medical Insurance

14,963

Unemployment Compensation

180

Employer Medicare

1,912

Instructional Supplies and Materials

2,599

Other Supplies and Materials

12,616

Special Education Equipment

10,133

Total Special Education Program

184,949

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Other Salaries and Wages	\$	1,740	
Social Security		108	
Pensions		109	
Employer Medicare		25	
Maintenance and Repair Services - Equipment		1,430	
Other Contracted Services		703	
Instructional Supplies and Materials		4,061	
Other Supplies and Materials		3,210	
Vocational Instruction Equipment		10,699	
Total Career and Technical Education Program			\$ 22,085

Support Services

Other Student Support

Other Contracted Services	\$	62,186	
In Service/Staff Development		6,252	
Other Charges		8,855	
Total Other Student Support			77,293

Regular Instruction Program

Supervisor/Director	\$	69,336	
Other Salaries and Wages		192,316	
Non-certified Substitute Teachers		2,870	
Social Security		16,162	
Pensions		9,323	
Medical Insurance		12,937	
Unemployment Compensation		360	
Employer Medicare		3,780	
Lease/SBITA Payments		1,125	
Postal Charges		745	
Library Books/Media		15,000	
In Service/Staff Development		44,407	
Other Equipment		1,447	
Total Regular Instruction Program			369,808

(Continued)

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.)

Special Education Program

Secretary(ies)	\$	21,735	
Other Salaries and Wages		25,034	
Social Security		2,900	
Pensions		689	
Unemployment Compensation		30	
Employer Medicare		678	
Contracts with Other Public Agencies		50,000	
Contracts with Private Agencies		65,000	
Maintenance and Repair Services - Equipment		1,594	
Other Contracted Services		12,148	
In Service/Staff Development		6,238	
Total Special Education Program			\$ 186,046

Career and Technical Education Program

In Service/Staff Development	\$	1,816	
Total Career and Technical Education Program			1,816

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	52,434	
Total Maintenance of Plant			52,434

Transportation

Bus Drivers	\$	19,706	
Other Salaries and Wages		15,109	
Social Security		2,159	
Unemployment Compensation		30	
Employer Medicare		505	
Gasoline		6,165	
Transportation Equipment		90,000	
Total Transportation			133,674

Total School Federal Projects Fund			\$ 1,736,926
------------------------------------	--	--	--------------

(Continued)

HANCOCK COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Hancock County School Department (Cont.)

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	76,250	
Cafeteria Personnel		239,847	
Bonus Payments		7,000	
Social Security		19,723	
Pensions		4,850	
Medical Insurance		28,730	
Unemployment Compensation		420	
Employer Medicare		4,613	
Maintenance and Repair Services - Equipment		36,777	
Other Contracted Services		6,891	
Food Supplies		582,103	
USDA - Commodities		60,077	
Other Supplies and Materials		58,479	
In Service/Staff Development		2,414	
Total Food Service			\$ 1,128,174

Total Central Cafeteria Fund		\$ 1,128,174
------------------------------	--	--------------

Internal School Fund

Operation of Non-Instructional Services

Community Services

Other Charges	\$	426,171	
Total Community Services			\$ 426,171

Total Internal School Fund		426,171
----------------------------	--	---------

Total Governmental Funds - Hancock County School Department		\$ 15,166,802
---	--	---------------

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's 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*

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, 2025, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated September 15, 2025. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the discretely presented Hancock County School Department, as described in our report on Hancock County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2025-002, 2025-003(A), and 2025-006.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2025-001, 2025-003(B), 2025-004, and 2025-005.

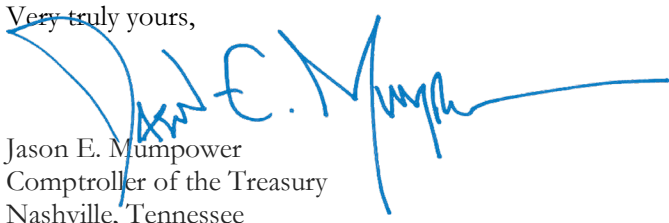
Hancock County's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Hancock County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Hancock County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Very truly yours,


Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 15, 2025

JEM/gc



JASON E. MUMPOWER
Comptroller

Independent Auditor's 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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hancock County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hancock County's major federal programs for the year ended June 30, 2025. Hancock County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Hancock County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hancock County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hancock County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hancock County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Hancock County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hancock County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Hancock County's basic financial statements. We issued our report thereon dated September 15, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

September 15, 2025

JEM/gc

HANCOCK COUNTY, TENNESSEE, AND THE HANCOCK COUNTY SCHOOL DEPARTMENT
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7)
For the Year-Ended June 30, 2025

Federal/Pass-through Agency/State Grantor Program Title	Assistance Listing Number	Passed-through Entity Identifying Number	Passed-through to Subrecipients	Expenditures
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (4)				
School Breakfast Program	10.553	N/A	\$ 0	\$ 186,121
National School Lunch Program	10.555	N/A	0	492,586 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	0	26,512
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (4)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	0	60,077 (5)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	0	2,166 (5)
Passed-through State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-25-84140-00	0	3,170 (6)
Passed-through East Tennessee Human Resource Agency:				
Child Nutrition Cluster: (4)				
Summer Food Service Program for Children	10.559	N/A	0	360,712
Total U.S. Department of Agriculture				<u>\$ 1,131,344</u>
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/State's program	14.228	(3)	0	\$ 361,306
Total U.S. Department of Housing and Urban Development				<u>\$ 361,306</u>
U.S. Department of Transportation:				
Passed-through State Department of Safety and Homeland Security:				
Highway Safety Cluster: (4)				
State and Community Highway Safety	20.600	(3)	0	\$ 21,563
Total U.S. Department of Transportation				<u>\$ 21,563</u>
U.S. Department of the Treasury:				
Passed-through State Department of Environment and Conservation:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	(3)	(8) 92,896	\$ 153,980 (5)
Passed-through State Department of Health:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	(3)	0	928,038 (5)
Passed-through State Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	(3)	0	21,845 (5)
Total U.S. Department of the Treasury				<u>\$ 1,103,863</u>
U.S. Appalachian Regional Commission:				
Passed-through State Department of Economic and Community Development:				
Appalachian Area Development	23.002	(3)	0	\$ 17,600
Total U.S. Appalachian Regional Commission				<u>\$ 17,600</u>
Institute of Museum and Library Services:				
Passed-through Tennessee Secretary of State and State Library and Archives:				
Grants to States	45.310	N/A	0	\$ 897
Total Institute of Museum and Library Services				<u>\$ 897</u>
U.S. Department of Education:				
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	0	\$ 680,720
Special Education Cluster: (4)				
Special Education Grants to States	84.027	N/A	0	404,107
Special Education Preschool Grants	84.173	N/A	0	10,563
Career and Technical Education - Basic Grants to States	84.048	N/A	0	33,917
Rural Education	84.358	N/A	0	99,233
Supporting Effective Instruction State Grants	84.367	N/A	0	80,283
Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424F	N/A	0	123,230

(Continued)

HANCOCK COUNTY, TENNESSEE, AND THE HANCOCK COUNTY SCHOOL DEPARTMENT
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Assistance Listing Number	Passed-through Entity Identifying Number		Expenditures
U.S. Department of Education: (Cont.)				
Passed-through State Department of Education: (Cont.)				
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	\$ 0	\$ 360,179 (5)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth (ESSER ARP)	84.425W	N/A	0	941 (5)
Passed-through Niswonger Foundation:				
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	N/A	0	30,630 (5)
Total U.S. Department of Education				<u>\$ 1,823,803</u>
U.S. Department of Health and Human Services:				
Passed-through State Department of Health:				
Medicaid Cluster: (4)				
Medical Assistance Program	93.778	GG-25-84140-00	0	\$ 6,155 (6)
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	GG-25-84140-00	0	1,237 (6)
Maternal and Child Health Services Block Grant to the States	93.994	GG-25-84140-00	0	1,822 (6)
Total U.S. Department of Health and Human Services				<u>\$ 9,214</u>
Total Expenditures of Federal Grants				<u>\$ 4,469,590</u>

State Grants		Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Early Childhood Development - State Department of Education	N/A	(3)	337,183
Innovative School Models - State Department of Education	N/A	(3)	29,200
School Resource Office - State Department of Education	N/A	(3)	225,000
State Special Education Preschool Grant - State Department of Education	N/A	(3)	21,788
Summer Learning Camps - State Department of Education	N/A	(3)	76,002
Solid Waste Grant - State Department of Environment and Conservation	N/A	(3)	1,854
State Mental Health Transport - State Department of Finance and Administration	N/A	(3)	33,344
Local Health Center - State Department of Health	N/A	GG-25-84140-00	16,757 (6)
Litter Program - State Department of Transportation	N/A	(3)	13,245
Supporting Postsecondary Access in Rural Economies Grant (SPARC) - State Higher Education Commission	N/A	(3)	230,998
Violent Crime Intervention Funding - Tennessee Office of Criminal Justice Programs	N/A	(3)	130,543
State Direct Appropriation Grant - State Department of Environment and Conservation	N/A	(3)	165,498
Total State Grants			<u>\$ 1,290,412</u>

ALN = Assistance Listing Number

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Hancock County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Child Nutrition Cluster total \$1,128,174; Highway Safety Cluster total \$21,563; Special Education Cluster total \$414,670; Medicaid Cluster total \$6,155.

(5) Total for ALN 10.555, \$554,829; ALN 21.027, \$1,103,863; ALN 84.425, \$391,750.

(6) Total for federal portion of GG-25-84140-00 is \$12,384. Total (including federal and state) is \$29,141.

(7) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	ALN	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 82,356
Supporting Effective Instruction State Grants	84.367	9,035
Rural Education	84.358	9,494
Total amounts consolidated for administration purposes		<u>\$ 100,885</u>

(8) SUBRECIPIENT AMOUNTS

The following amount was paid to subrecipients from the Coronavirus State and Local Fiscal Recovery Funds:

Subrecipient	ALN	Amount Provided to Subrecipients
Sneedville Utility District	21.027	\$ 92,896
Total amounts provided to subrecipients		<u>\$ 92,896</u>

HANCOCK COUNTY, TENNESSEE
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2025

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, 2025.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	ALN	Current Status
OFFICE OF COUNTY MAYOR					
2024	185	2024-001	The county mayor had a direct conflict of interest.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2024	185	2024-002	The office had deficiencies in purchasing procedures.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2024	186	2024-003	The office had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
OFFICE OF ROAD SUPERINTENDENT					
2024	187	2024-004	Purchase orders were not issued properly in some instances.	N/A	Corrected
OFFICE OF SHERIFF					
2024	187	2024-005	The office had accounting deficiencies in the commissary operations and the maintenance of the cash journal.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2024	188	2024-006	Duties were not segregated adequately.	N/A	Corrected
OFFICE OF TRUSTEE					
2024	188	2024-007	The office did not review its software audit logs.	N/A	Corrected
HANCOCK COUNTY					
2024	189	2024-008	An investigation disclosed Hancock County made payments to a county commissioner resulting in a potential conflict of interest.	N/A	Corrected

Prior-year Federal Awards Findings

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

HANCOCK COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * Assistance Listing Numbers: 10.553, 10.555, 10.559, and 10.582
Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, and Fresh Fruit and Vegetable Program
8. Dollar threshold used to distinguish between type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plan whether related to the financial statements or federal awards, is 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 2025-001

THE COUNTY MAYOR HAD A DIRECT CONFLICT OF INTEREST (Noncompliance Under *Government Auditing Standards*)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. As stated in the finding and in my responses to the prior findings, the property was rented to the Hancock County Soil Conservation District prior to purchasing the building. Hancock County has very limited commercial space available. Due to the lack of suitable space to relocate the office, we are limited in our ability to correct the deficiency, thus the reason the finding continues to be repeated. We continue to explore options to correct the deficiency; however, currently no viable location has been identified.

FINDING 2025-002

DEFICIENCIES WERE NOTED IN THE FINANCIAL MANAGEMENT OF THE SOLID WASTE/SANITATION FUND (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in the financial management of the Solid Waste/Sanitation Fund:

- A. During fiscal year 2023-24, the county purchased recycling equipment under a state grant agreement and recorded a receivable of \$43,191 on June 30, 2024, for the expected reimbursement. During the current year, auditors noted the grant reimbursement had not been received and alerted the county mayor who determined that the contracted grant administrator failed to submit the reimbursement request. Auditors proposed an adjustment, which management accepted, to remove the receivable since future collectability is uncertain.
- B. The Solid Waste/Sanitation Fund had a deficit in unassigned fund balance of \$18,525, and a cash overdraft of \$908 on June 30, 2025. This deficiency resulted from the failure to collect the grant receivable noted in part A and from the issuance of warrants exceeding both the cash on deposit with the county trustee and the available fund balance.

Sound financial management requires that accounting records be accurately maintained and that grant reimbursements are requested timely and actively monitored to ensure amounts due are received and properly recorded. Sound business practice dictates that disbursements are held within available funding. These deficiencies existed due to a lack of management oversight.

RECOMMENDATION

Management should monitor grant activities, ensure submission of timely reimbursement requests, and reconcile receivables so that accounting records accurately reflect collections and outstanding amounts. Management should not issue warrants exceeding cash on deposit with the county trustee. Officials should ensure that adequate funding is provided to prevent the recurrence of a fund deficit.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. We are working with the grant administrator and the state agency to determine the appropriate course of action to obtain reimbursement for the recycling equipment. Hopefully the issue will be resolved quickly. Funds were transferred after June 30, 2025, to liquidate the unassigned fund deficit and cash overdraft. Costs associated with operating the solid waste disposal program continue to rise at a rate higher than revenues generated and revenues committed to the program. We are looking at all available options to provide a recurring stream of revenue to fund the operations, but our options are very limited. We will be taking action to provide additional funding for the Solid Waste/Sanitation fund in the next budget.

FINDING 2025-003

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES AND TRAVEL EXPENSES

(A. - Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. - Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 36 disbursements totaling \$468,773.17 from a population of approximately 2,741 vendor checks totaling \$5,805,850. In addition, to address fraud risk considerations, we reviewed five disbursements related to county employee travel expenses, totaling \$5,955.39. Our examination identified the following deficiencies, which resulted from insufficient management oversight, failure to follow established purchasing procedures as noted in the prior year's finding, and failure to follow travel policies.

- A. In three of 36 disbursements, proper documentation was not on file to support the purchases. Adequate documentation is necessary to verify the validity of purchases and reduce the risk of unauthorized transactions.
- B. In three of five travel expenses reviewed, auditors found that records did not adequately explain the purpose of the travel, as required by the county travel policy, and questioned the necessity of using the hotels and arrangements that were chosen by employees. We noted that one expense covered the cost of a family suite at a resort for two adults and three children. Sound business practice dictates that county employee travel expenses should be limited in cost to reasonable arrangements that accommodate only the employee. Additionally, auditors noted that the county travel policy doesn't specify arrangements or limit rates for hotel rooms. However, without documentation demonstrating that travel and associated expenses were for county business, auditors could not determine whether the expenditures were appropriate. Inadequate documentation increases the risk of improper disbursements.

RECOMMENDATION

Adequate documentation should be maintained to support all disbursements and should be on file for audit inspection. Travel expenses should be supported with documentation that clearly identify expenses are exclusively for county business and in compliance with the county travel policy.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. We will make every attempt to comply with these recommendations. I can assure you that all travel expenses were related to training and conferences provided to elected officials or county personnel. We try to follow the state travel policies whenever possible; however, in the instances noted we were unable to. Conferences normally obtain a block of rooms at a discounted rate. However, these sell out quickly and we are not always able to get a corresponding room at the government rate or conference rate. That was the situation in these three instances. The instance detailed in the finding was for another county official who stayed at the conference site and obtained the conference rate for the room type selected. In the other two instances, a county employee and I were unable to get rooms at the conference site, so we selected the best available rooms and rates near the site. I would like to add that I limit my overnight travel to a few conferences a year. When I do travel overnight, I do not request reimbursement for my meals as allowed by the county policy. We will consider updating our policies to address situations where the rate is more than the government rate and conference rate.

FINDING 2025-004

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

Expenditures exceeded total appropriations approved by the county commission in the Solid Waste/Sanitation Fund and in the Other General Government Fund by \$103,725 and \$13,662, respectively. Auditors noted that no operating budget was approved by the county commission in the Other General Government Fund, which only had one expenditure, an operating transfer to the Solid Waste/Sanitation Fund to help fund operations. Expenditures exceeded appropriations approved by the county commission in three major appropriation categories (the legal level of control) in the General Fund in amounts ranging from \$225 to \$21,747. 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.” These deficiencies exist due to a lack of management oversight, failure to approve an operating budget in all applicable funds, failure to correct the finding noted in the prior- year audit report, and because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission. All applicable funds should have an operating budget that is approved by county commission each year.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. As I noted in the prior year, a budget is an estimate and requires constant monitoring including comparing expenditures to appropriation. We submit and obtain approval from the county commission when we determined that appropriations were not sufficient. The situation noted in the Solid Waste/Sanitation Fund was primarily attributed to us not obtaining budget amendments for some unforeseen expenditures at year end. We did not include the Other General Government Fund in the original budget or submit budget amendments to the county commission for approval since these are the remaining American Rescue Funds and we are using those on an as needed basis. However, county commission was aware of the expenditures from the Other General Government Fund. In the future, we will submit budget amendments to the county commission for all expenditures from the Other General Government Fund. Two of the three categories noted as being overspent in the General Fund were overspent by insignificant amounts totaling \$225 in the Senior Citizens Assistance major category and \$389 in the Civil Defense major category. The other category was overspent by \$21,747 which resulted from expenditures inadvertently being posted to a liability account and not budgeted, along with some unforeseen year end expenditures. We will monitor the budget more closely and obtain amendments when we realize appropriations are insufficient.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2025-005

COMPETITIVE BIDS WERE NOT SOLICITED FOR INSURANCE

(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for the department's private insurance policy for general liability, property, and worker's compensation. The state attorney general has opined in Opinion No. 22-10 that insurance purchased from a private corporation would require competitive bids. Furthermore, Chapter 149, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated* (TCA) govern purchases for the highway department. These statutes require all purchases exceeding \$25,000 to be made on the basis of publicly advertised competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price. This deficiency is due to a lack of management oversight and a failure to follow state statutes.

RECOMMENDATION

All purchases should be made in compliance with the applicable state statutes and county purchasing procedures.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

The office will plan to publicly advertise and obtain competitive bids for insurance in the future.

OFFICE OF SHERIFF

FINDING 2025-006

THE OFFICE HAD ACCOUNTING DEFICIENCIES IN THE COMMISSARY OPERATIONS

(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. In prior years, the computer system previously utilized was not designed for commissary operations and did not maintain an accounting history of inmate accounts. In the current year the department implemented a more suitable accounting system for commissary operations. However, the department had insufficient history for inmate account balances on the old system that was previously used. As a result, the commissary bank account was not reconciled with reports for inmate account balances in the new system and auditors were unable to determine if sufficient funds were available. Operating without being able to reconcile the commissary bank account to inmate accounts increases the risk that errors or other irregularities could occur and remain undetected. Sheriff's office personnel were pursuing a solution to the problem as of the date of this report. This deficiency is due to a lack of management oversight, the failure to correct all aspects of the finding noted in the prior-year audit report, and the failure to implement all the prior year corrective action plan.

RECOMMENDATION

The sheriff's department should obtain sufficient documentation on inmate account balances to support and reconcile the balance held in the commissary bank account. Any differences should be investigated.

MANAGEMENT'S RESPONSE - SHERIFF

I concur with the finding. This variance has accumulated over multiple years and administrations. As stated in the finding, we are pursuing a solution to the problem. We expect that the operations and balances going forward will be identified and accounted for properly. We will work to identify the previous balances, if possible, or determine an acceptable solution to correct the deficiency.

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, 2025.

HANCOCK COUNTY, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

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
-------------------	------------------	---------------------------------------

OFFICE OF COUNTY MAYOR

2025-001	The county mayor had a direct conflict of interest.	195
2025-002	Deficiencies were noted in the financial management of the Solid Waste/Sanitation Fund.	195
2025-003	The office had deficiencies in purchasing procedures and travel expenses.	196
2025-004	The office had deficiencies in budget operations.	196

OFFICE OF ROAD SUPERINTENDENT

2025-005	Competitive bids were not solicited for insurance.	198
----------	--	-----

OFFICE OF SHERIFF

2025-006	The office had accounting deficiencies in the commissary operations.	199
----------	--	-----

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

FINDING THE COUNTY MAYOR HAD A DIRECT CONFLICT OF INTEREST

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

As soon as possible

Repeat Finding: Yes

Reason Corrective Action Was Not Taken in the Prior Year:

Unable to find adequate office space for the Soil Conservation District

Planned Corrective Action:

Hancock County has very limited commercial space available. Due to the lack of suitable space to relocate the office, we are limited in our ability to correct this deficiency, thus the reason the finding continues to be repeated. We will continue to explore options to correct the deficiency; however, currently no viable location has been identified.

**FINDING DEFICIENCIES WERE NOTED IN THE FINANCIAL MANAGEMENT
OF THE SOLID WASTE/SANITATION FUND**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

As soon as possible

Repeat Finding: No

Planned Corrective Action:

We will make every attempt to comply with these recommendations. We will ensure that adequate funding is provided, and cash balances are always sufficient. We will address the long-term funding issues in the Solid Waste/Sanitation Fund when we develop the fiscal year end June 30, 2027, budget.

**FINDING THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES
AND TRAVEL EXPENDITURES**

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

As soon as possible

Repeat Finding: Partially

Reason Corrective Action Was Not Taken in the Prior Year:

Were corrected the deficiencies noted in the prior year report related to service charges and fuel receipt reconciliation.

Planned Corrective Action:

We will make every attempt to comply with these recommendations. We will consider updating our policies to address situations where the hotel rate is more than the government rate and conference rate.

FINDING THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:

Thomas J. Harrison, Mayor

Person Responsible for Implementing the Corrective Action:

Thomas J. Harrison, Mayor

Anticipated Completion Date of Corrective Action:

Fiscal Year Ended June 30, 2026

Repeat Finding: Yes

Reason Corrective Action Was Not Taken in the Prior Year:

We thought we had procedures in place to prevent the deficiency.

Planned Corrective Action:

We will make every attempt to comply with these recommendations. We will monitor the budget and submit budget amendments to county commission when appropriations are not sufficient. Budget amendments will be requested for all expenditures from the Other General Government Special Revenue Fund.



Thomas J. Harrison, County Mayor

HANCOCK COUNTY HIGHWAY DEPARTMENT

1064 Main Street
P.O. Box 65
Sneedville, Tennessee 37869
Laymon Burke, Superintendent of Roads
(423) 733-2201 Fax (423) 733-9988
hancockhwy@bellsouth.net

Corrective Action Plan

FINDING: COMPETITIVE BIDS WERE NOT SOLICITED FOR INSURANCE

Response and Corrective Action Plan Prepared by:
LAYMON BURKE

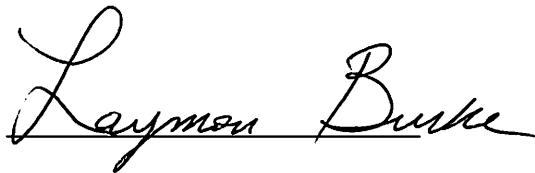
Person Responsible for Implementing the Corrective Action:
LAYMON BURKE ROAD SUPERINTENDENT

Anticipated Completion Date of Corrective Action:
OCTOBER 31, 2025

Repeat Finding:
NO

Planned Corrective Action:
The office will plan to publicly advertise and obtain competitive bids for insurance in the future.

Signature:

A handwritten signature in black ink that reads "Laymon Burke". The signature is written in a cursive style with a large initial "L" and "B".



Office of the Sheriff

Hancock County
265 New Jail Street
Sneedville, TN 37869

Phone: 423.733.4475
423.733.2250
Fax: 423.733.8868

FINDING **THE OFFICE HAD ACCOUNTING DEFICIENCIES IN THE COMMISSARY OPERATIONS**

Response and Corrective Action Plan Prepared by:

Brad Brewer, Sheriff

Person Responsible for Implementing the Corrective Action:

Brad Brewer, Sheriff

Anticipated Completion Date of Corrective Action:

As soon as possible

Repeat Finding: Yes

Reason Corrective Action Was Not Taken in the Prior Year:

Unable to determine the identity of the previous balances

Planned Corrective Action:

As stated in the finding, we are pursuing a solution to the problem. We expect that the operations and balances going forward will be identified and accounted for properly. We will work to identify the previous balances, if possible, or determine an acceptable solution to correct the deficiency.

A handwritten signature in dark ink, appearing to be "Brad Brewer", written over a horizontal line.

Brad Brewer, Sheriff

BEST PRACTICE

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

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

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

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