



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

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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	Kenny Lamb
Sam Anderson	Junior Martin
Tommy Belcher, Jr.	John McDaniel
Chad Burke	Brennen Nichols
Scott Collins	Clayton Ramsey
Cruz Cope	Kenneth Rasnic
Devin Johnson	William Riley
Jacky Johnson	Matthew Waddell
Robert Johnson	

Board of Education

David Jones, Chairman	Adam Nichols
Dennis Holt	Jamie Stanifer
Jerry Hopkins	Adam Trent
Jack Mullins	

Audit Committee

Scott Collins, Chairman	Sherri Ramsey
Jerry Brooks	Alyssa Large
Matthew Waddell	

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Tennessee, as of and for the year ended June 30, 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
	Governmental Activities	Hancock County School Department
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	<hr/> \$ 10,493,871	<hr/> \$ 1,411,200
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	<hr/> \$ 3,324,657	<hr/> \$ 1,827,275

(Continued)

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

	Primary Government	Component Unit
	Governmental Activities	Hancock County School Department
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>\$ 16,464,676</u>	<u>\$ 21,759,194</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

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

(Continued)

HANCOCK COUNTY, TENNESSEE
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position					Component Unit Hancock County School Department	
		Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 1,955,055	\$ 0	\$ 1,955,055	
Property Taxes Levied for Debt Service					13,145	0	13,145	
Local Option Sales Taxes					152,289	0	152,289	
Wheel Tax					201,994	0	201,994	
Litigation Tax - General					8,226	0	8,226	
Litigation Tax - Special Purpose					4,244	0	4,244	
Litigation Tax - Jail, Workhouse, or Courthouse					5,484	0	5,484	
Litigation Tax - Courtroom Security					949	0	949	
Business Tax					28,665	0	28,665	
Gas Severance Tax					1,760	0	1,760	
Wholesale Beer Tax					1,793	0	1,793	
Hotel Motel Tax					2,938	0	2,938	
Grants and Contributions Not Restricted to Specific Programs					1,378,604	0	1,378,604	
Unrestricted Investment Income					758,042	0	758,042	
Lease Interest					91,450	0	91,450	
Miscellaneous					71,761	500,000	571,761	
Total General Revenues					\$ 4,676,399	\$ 500,000	\$ 5,176,399	
Transfers					\$ 1,376,421	\$ (1,376,421)	\$ 0	
Change in Net Position					\$ 2,859,915	\$ (876,421)	\$ 1,983,494	
Net Position, July 1, 2024					13,625,368	876,421	14,501,789	
Restatement - See Note I.D.9.					(20,607)	0	(20,607)	
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		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental 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	 \$ 2,994,059	 \$ 3,979,530	 \$ 3,592,528	 \$ 2,025,215	 \$ 2,706,319	 \$ 15,297,651	
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.)

LIABILITIES (Cont.)

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
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	\$ 163,427	\$ 87,442	\$ 0	\$ 180,720	\$ 356,391	\$ 787,980

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	\$ 2,029,533	\$ 167,873	\$ 1,361,826	\$ 0	\$ 323,928	\$ 3,883,160

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.)

FUND BALANCES (Cont.)

Restricted (Cont.):

	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Govern- mental Funds
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
\$ 2,994,059	\$ 3,979,530	\$ 3,592,528	\$ 2,025,215	\$ 2,706,319	\$ 15,297,651

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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>\$ 16,464,676</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		Total Governmental Funds
			Formerly Nonmajor		Other		
	General	Highway / Public Works	General Debt Service	General Capital Projects	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	\$ 6,520,386	\$ 3,748,663	\$ 1,048,219	\$ 1,527,594	\$ 1,205,093	\$ 14,049,955	
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		Total Governmental Funds
	<i>Formerly Nonmajor</i>	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental 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	\$ 7,795,504	\$ 3,396,260	\$ 1,035,616	\$ 666,464	\$ 1,402,578	\$ 14,296,422	
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (1,275,118)	\$ 352,403	\$ 12,603	\$ 861,130	\$ (197,485)	\$ (246,467)	
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)	\$ (107,000)	\$ 0	\$ 0	\$ 0	\$ 1,240,008	\$ 1,133,008	
Net Change in Fund Balances							
Change to or Within the Reporting Entity	\$ (1,382,118)	\$ 352,403	\$ 12,603	\$ 861,130	\$ 1,042,523	\$ 886,541	
Fund Balance, July 1, 2024	0	0	0	983,365	(983,365)	0	
Fund Balance, June 30, 2025	\$ 2,183,217	\$ 3,371,812	\$ 2,218,099	\$ 0	\$ 1,966,842	\$ 9,739,970	

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> 73,039
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	Add: Encumbrances	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				7/1/2024	6/30/2025	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	Add: Encumbrances	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	Add: Encumbrances	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	\$ 7,795,504	\$ (115,556)	\$ 24,440	\$ 7,704,388	\$ 5,043,350	\$ 8,847,709	\$ 1,143,321
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,275,118)	\$ 115,556	\$ (24,440)	\$ (1,184,002)	\$ 455,049	\$ (2,124,024)	\$ 940,022
Other Financing Sources (Uses)							
Transfers Out	\$ (107,000)	\$ 0	\$ 0	\$ (107,000)	\$ 0	\$ (107,000)	\$ 0
Total Other Financing Sources	\$ (107,000)	\$ 0	\$ 0	\$ (107,000)	\$ 0	\$ (107,000)	\$ 0
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	2,183,217	(115,556)	0	2,067,661	657,307	2,843,372	(775,711)
Fund Balance, June 30, 2025	\$ 801,099	\$ 0	\$ (24,440)	\$ 776,659	\$ 1,112,356	\$ 612,348	\$ 164,311

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	\$ 3,748,663	\$ 4,894,605	\$ 4,894,605	\$ (1,145,942)
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	\$ 3,396,260	\$ 5,199,000	\$ 5,199,000	\$ 1,802,740
Excess (Deficiency) of Revenues Over Expenditures	\$ 352,403	\$ (304,395)	\$ (304,395)	\$ 656,798
Net Change in Fund Balance Fund Balance, July 1, 2024	\$ 352,403	\$ (304,395)	\$ (304,395)	\$ 656,798
Fund Balance, June 30, 2025	\$ 3,371,812	\$ 1,851,071	\$ 1,851,071	\$ 1,520,741
	\$ 3,724,215	\$ 1,546,676	\$ 1,546,676	\$ 2,177,539

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

(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

	<u>Business-type Activities</u>
	<u>Major Enterprise Fund</u>
	<u>Home Health Fund</u>
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>0</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

	Custodial Funds
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	\$ 52,572
Total Liabilities	<u>\$ 52,572</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 213,474</u>
Total Net Position	<u>\$ 213,474</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><u>\$ 1,328,991</u></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><u>\$ 1,381,487</u></u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ (52,496)
Net Position, July 1, 2024	<u><u>265,970</u></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

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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	
	Discretely Presented	
	Primary Government	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.

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

Funds	Amount
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:

Major Appropriation Category	Amount
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	<u>30,981</u>
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 Ballad 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	\$ 1,348,330	\$ 239,674	\$ 1,588,004

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	<u>\$ 1,107,929</u>	<u>\$ 26,350</u>	<u>\$ 1,147,304</u>	<u>\$ 0</u>	<u>\$ 2,281,583</u>
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	<u>\$ 33,741,891</u>	<u>\$ 342,466</u>	<u>\$ 379,219</u>	<u>\$ 48,890</u>	<u>\$ 34,414,686</u>
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	<u>\$ 20,712,828</u>	<u>\$ 125,403</u>	<u>\$ 1,016,563</u>	<u>\$ 48,890</u>	<u>\$ 21,805,904</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,029,063</u>	<u>\$ 217,063</u>	<u>\$ (637,344)</u>	<u>\$ 0</u>	<u>\$ 12,608,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,136,992</u>	<u>\$ 243,413</u>	<u>\$ 509,960</u>	<u>\$ 0</u>	<u>\$ 14,890,365</u>

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>\$ 1,016,563</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>\$ 13,974,661</u>

Business-type Activities:

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

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><u>\$ 12,373,122</u></u>	<u><u>\$ 219,695</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 12,592,817</u></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	<u>13,662</u>	Operations
Total	\$ 1,253,670	

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	\$ 6,560,935	\$ 864,130	\$ 7,425,065

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	\$ 2,222,277	\$ 213,200	\$ 2,435,477

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	\$ 410,924	\$ 64,772	\$ 475,696

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:	Bonds	Other 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	 \$ 6,560,935	 \$ 2,222,277	 \$ 410,924
 Balance Due Within One Year	 \$ 664,496	 \$ 162,864	 \$ 97,263

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	134,279
 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	\$ 10,695	\$ 106,112	\$ 323,641
Balance Due Within One Year	\$ 2,139	\$ 60,506	\$ 0

*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
Balance, June 30, 2025	<u><u>\$ 972,433</u></u>	<u><u>33,173</u></u>
Balance Due Within One Year	<u><u>\$ 35,451</u></u>	<u><u>33,173</u></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	\$ 1,005,606
Less: Balance Due Within One Year - Other	<u><u>(68,624)</u></u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 936,982</u></u>

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
<hr/> Total	<hr/> 29

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of 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	Long-term Expected Real Rate of Return	Percentage Allocations
U.S. Equity	4.88	%
Developed Market		31
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 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	<u>\$ 3,992,416</u>	<u>\$ 3,668,775</u>	<u>\$ 323,641</u>

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%	Current	1%
	Decrease	Discount Rate	Increase
Hancock County	5.75%	6.75%	7.75%
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)	<u>135,040</u>	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:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
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	<u>58,044</u>	N/A
 Total	 <u>\$ 90,041</u>	 \$ 32,679

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	4.88	%
Developed Market		31
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 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	\$ 821,405	\$ 386,446

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	%
Developed Market		31
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>90</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			Total OPEB Liability	
	Hancock County		Total OPEB Liability		
	School Department	State of TN			
	57.6%	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	\$ 82,065	\$ 51,710	\$ 133,775		
Balance June 30, 2024	\$ 972,433	\$ 715,967	\$ 1,688,400		

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	<u>35,451</u>	N/A
Total	<u><u>\$ 311,234</u></u>	<u><u>\$ 348,708</u></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	Current		
	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,052,393	\$ 972,433	\$ 897,141
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Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate	Current		
	1% Decrease 9.68 to 3.5%	Discount Rate 10.68 to 4.5%	1% Increase 11.68 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 864,814	\$ 972,433	\$ 1,098,900
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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	<u>2,306,980</u>	<u>2,410,276</u>	<u>2,474,556</u>	<u>2,554,111</u>	<u>2,737,808</u>	<u>3,244,963</u>	<u>3,392,756</u>	<u>3,454,163</u>	<u>3,579,845</u>	<u>3,806,080</u>
Total Pension Liability, Ending (a)	<u>\$ 2,410,276</u>	<u>\$ 2,474,556</u>	<u>\$ 2,554,111</u>	<u>\$ 2,737,808</u>	<u>\$ 3,244,963</u>	<u>\$ 3,392,756</u>	<u>\$ 3,454,163</u>	<u>\$ 3,579,845</u>	<u>\$ 3,806,080</u>	<u>\$ 3,992,416</u>
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	<u>2,040,712</u>	<u>2,086,504</u>	<u>2,098,928</u>	<u>2,317,208</u>	<u>2,473,241</u>	<u>2,595,104</u>	<u>2,663,105</u>	<u>2,663,105</u>	<u>3,317,977</u>	<u>3,167,443</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 2,086,504</u>	<u>\$ 2,098,928</u>	<u>\$ 2,317,208</u>	<u>\$ 2,473,241</u>	<u>\$ 2,595,104</u>	<u>\$ 2,663,105</u>	<u>\$ 3,317,977</u>	<u>\$ 3,167,443</u>	<u>\$ 3,358,625</u>	<u>\$ 3,668,775</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 323,772</u>	<u>\$ 375,628</u>	<u>\$ 236,903</u>	<u>\$ 264,567</u>	<u>\$ 649,859</u>	<u>\$ 729,651</u>	<u>\$ 136,186</u>	<u>\$ 412,402</u>	<u>\$ 447,455</u>	<u>\$ 323,641</u>
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	Constitu - tional 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.)****DEFERRED INFLOWS OF RESOURCES**

	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 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	\$ 323,928	0	\$ 0	\$ 0	\$ 323,928	0

FUND BALANCES

Restricted:

Restricted for Public Safety	\$ 0	\$ 37,883	\$ 0	\$ 0	\$ 37,883	\$ 0
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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	\$ (18,525)	\$ 37,883	\$ 700,000	\$ 0	\$ 719,358	\$ 1,121,548

Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 325,929	\$ 37,883	\$ 700,000	\$ 3,158	\$ 1,066,970	\$ 1,454,255
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(Continued)

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

		Capital Projects Funds (Cont.)			Total
		Other Capital Projects	Total	Nonmajor Governmental Funds	
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**

	Capital Projects Funds (Cont.)			Total
	Other Capital Projects	Total	Nonmajor Governmental Funds	
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 310,035	
Deferred Delinquent Property Taxes	0	0	13,893	
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 323,928	

FUND BALANCES

Restricted:

Restricted for Public Safety	\$ 0	\$ 0	\$ 37,883
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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	
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	\$ 334,012	\$ 2,216	\$ 0	\$ 1,091	\$ 337,319	\$ 0
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	\$ 511,873	\$ 10,380	\$ 0	\$ 1,091	\$ 523,344	\$ 0

(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	
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	\$ 867,774	\$ 0	\$ 867,774	\$ 1,205,093
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	\$ 879,234	\$ 0	\$ 879,234	\$ 1,402,578

(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

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

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

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

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		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	\$ 1,048,219	\$ 1,102,368	\$ 1,102,368	\$ (54,149)
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	\$ 1,035,616	\$ 1,049,743	\$ 1,064,453	\$ 28,837
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,603	\$ 52,625	\$ 37,915	\$ (25,312)
Net Change in Fund Balance	\$ 12,603	\$ 52,625	\$ 37,915	\$ (25,312)
Fund Balance, July 1, 2024	2,218,099	2,193,446	2,193,446	24,653
Fund Balance, June 30, 2025	\$ 2,230,702	\$ 2,246,071	\$ 2,231,361	\$ (659)

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	\$ 52,572	\$ 213,474	\$ 266,046	
LIABILITIES				
Due to Other Taxing Units	\$ 52,572	\$ 0	\$ 52,572	
Total Liabilities	\$ 52,572	\$ 0	\$ 52,572	
NET POSITION				
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 213,474	\$ 213,474	
Total Net Position	\$ 0	\$ 213,474	\$ 213,474	

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

Custodial Funds			
Cities -	Sales	Constitu- tional Officers -	Total
Tax		Custodial	

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	Program Revenues			Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
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	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School		
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	\$ 6,091,534	\$ 1,153,267	\$ 1,184,418	\$ 238,777	\$ 8,667,996	
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	\$ 323,224	\$ 28,267	\$ 54,103	\$ 0	\$ 405,594	

(Continued)

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

Discretely Presented Hancock County School Department (Cont.)

DEFERRED INFLOWS OF RESOURCES

	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Nonmajor Fund	Total Governmental Funds
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	\$ 1,144,971	0	0	0	\$ 1,144,971	

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
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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

\$ 4,623,339

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$ 6,091,534

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		1,293,248
		<hr/>
		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		(33,173)
		<hr/>
		(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		(348,708)
		<hr/>
		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		1,907,394
		<hr/>
		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.		
		<hr/>
Net position of governmental activities (Exhibit A)	\$	85,529
		<hr/>
		21,759,194

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

(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	0	(56,247)
Total Other Financing Sources (Uses)	\$ 56,247	\$ (56,247)	\$ 0	\$ 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)		\$ (987,798)

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Federal Government	\$ 1,792,072	\$ 1,079,685	\$ 2,827,260	\$ (1,035,188)
Total Revenues	\$ 1,792,072	\$ 1,079,685	\$ 2,827,260	\$ (1,035,188)
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	\$ 1,736,926	\$ 1,055,703	\$ 2,761,261	\$ 1,024,335
Excess (Deficiency) of Revenues Over Expenditures	\$ 55,146	\$ 23,982	\$ 65,999	\$ (10,853)
Other Financing Sources (Uses)				
Transfers Out	\$ (56,247)	\$ (23,982)	\$ (65,999)	\$ 9,752
Total Other Financing Sources	\$ (56,247)	\$ (23,982)	\$ (65,999)	\$ 9,752
Net Change in Fund Balance Fund Balance, July 1, 2024	\$ (1,101)	\$ 0	\$ 0	\$ (1,101)
Fund Balance, June 30, 2025	\$ 1,126,101	\$ 1,125,000	\$ 1,125,000	\$ 1,101
	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 0

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
		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	\$ 1,301,491	\$ 821,930	\$ 821,930	\$ 479,561	
Expenditures					
Operation of Non-Instructional Services					
Food Service	\$ 1,128,174	\$ 1,053,430	\$ 1,322,121	\$ 193,947	
Total Expenditures	\$ 1,128,174	\$ 1,053,430	\$ 1,322,121	\$ 193,947	
Excess (Deficiency) of Revenues Over Expenditures	\$ 173,317	\$ (231,500)	\$ (500,191)	\$ 673,508	
Net Change in Fund Balance	\$ 173,317	\$ (231,500)	\$ (500,191)	\$ 673,508	
Fund Balance, July 1, 2024	956,998	503,682	772,373	184,625	
Fund Balance, June 30, 2025	\$ 1,130,315	\$ 272,182	\$ 272,182	\$ 858,133	

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								
						\$ 1,615,330	\$ 267,000	\$ 1,348,330
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	\$ 144,275	\$ 14,938	\$ 129,337
Total Leases Receivable Discretely Presented Hancock County School Department								
						\$ 144,275	\$ 14,938	\$ 129,337

(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	\$ 56,247
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 Base salary/Total compensation	\$ <u>99,043</u>	Section 8-24-102, <i>TCA</i>	\$ 100,000	Western Surety Company
Road Superintendent Base salary/Total compensation	\$ <u>94,327</u>	Section 8-24-102, <i>TCA</i>	100,000 "	
Director of Schools Base salary Performance Bonus Secretary to the Board Chief executive officer training supplement Total compensation	\$ 102,500 6,000 1,200 1,000 <u>\$ 110,700</u>	State Board of Education and County Board of Education	(1)	
Trustee Base salary/Total compensation	\$ <u>85,752</u>	Section 8-24-102, <i>TCA</i>	623,777	Travelers Insurance Company
Assessor of Property - William Seal (7/1/24-2/23/25) Base salary/Total compensation	\$ <u>57,168</u>	Section 8-24-102, <i>TCA</i>	50,000	Western Surety Company
Assessor of Property - Rhonda Hurd (5/12/25-6/30/25) Base salary/Total compensation Total Assessor of Property compensation	\$ 10,719 <u>\$ 67,887</u>	Section 8-24-102, <i>TCA</i>	50,000 "	
County Clerk Base salary/Total compensation	\$ <u>85,752</u>	Section 8-24-102, <i>TCA</i>	50,000 "	
Circuit and General Sessions Courts Clerk Base salary/Total compensation	\$ <u>85,752</u>	Section 8-24-102, <i>TCA</i>	50,000 "	
Clerk and Master Base salary Special commissioner fees Total compensation	\$ 85,752 990 <u>\$ 86,742</u>	Section 8-24-102, <i>TCA</i>	50,000 "	
Register of Deeds Base salary/Total compensation	\$ <u>85,752</u>	Section 8-24-102, <i>TCA</i>	50,000 "	
Sheriff Base salary Law enforcement training supplement Law enforcement retention bonus Total compensation	\$ 94,327 800 800 <u>\$ 95,927</u>	Section 8-24-102, <i>TCA</i>	100,000 "	
Administrator of Elections Base salary/Total compensation	\$ <u>77,177</u>	Section 2-12-208, <i>TCA</i>	(1)	
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	
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	
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.)**

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
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.)**

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
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	
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						
Other Local Revenues	926	0	0	0	0	0
Total Other Local Revenues	\$ 1,010,936	\$ 20,226	\$ 0	\$ 0	\$ 44,009	\$ 358,451

Fees Received From County Officials**Fees In-Lieu-of Salary**

County Clerk	\$ 75,535	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	11,458	0	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	Constitu - tional Officers - Fees	Highway / Public Works	
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.)**

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
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	Constitu - tional Officers - Fees	Highway / Public Works	
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	\$ 87,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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	\$ 77,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 676,704
Total	\$ 6,520,386	\$ 334,012	\$ 2,216	\$ 1,091	\$ 3,748,663	\$ 1,048,219

(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		\$ 0	\$ 0	\$ 777
Hotel/Motel Tax				
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>			
	General Capital Projects	Health Department Capital Projects		Total
Fines, Forfeitures, and Penalties (Cont.)				
General Sessions Court				
Fines	\$ 0	\$ 0	\$ 7,948	7,948
Officers Costs	0	0	12,404	12,404
Drug Control Fines	0	0	3,799	3,799
Drug Court Fees	0	0	2,031	2,031
Jail Fees	0	0	7,977	7,977
DUI Treatment Fines	0	0	684	684
Data Entry Fee - General Sessions Court	0	0	1,762	1,762
Juvenile Court				
Fines	0	0	1,053	1,053
Officers Costs	0	0	1,734	1,734
Data Entry Fee - Juvenile Court	0	0	383	383
Chancery Court				
Officers Costs	0	0	380	380
Data Entry Fee - Chancery Court	0	0	297	297
Judicial District Drug Program				
Drug Task Force Forfeitures and Seizures	0	0	605	605
Other Fines, Forfeitures, and Penalties				
Proceeds from Confiscated Property	0	0	1,220	1,220
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 46,319	46,319

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

(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	\$ 0	\$ 0	\$ 1,433,622		

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	\$ 0	\$ 0	\$ 303,170	
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	\$ 0	\$ 1,749,675	
Litter Program	0	0	0	28,270	
Other State Revenues					
Beer Tax	0	0	0	18,255	
Alcoholic Beverage Tax	0	0	0	29,810	
Opioid Settlement Funds - TN Abatement Council	0	0	0	23,832	
State Revenue Sharing - T.V.A.	0	0	0	308,880	
State Revenue Sharing - Telecommunications	0	0	0	4,142	
State Shared Sports Gaming Privilege Tax	0	0	0	11,755	
Prisoner Transportation	0	0	0	33,344	
Contracted Prisoner Boarding	0	0	0	643,369	
Gasoline and Motor Fuel Tax	0	0	0	1,928,029	
Hybrid/Electric Vehicle Registration Fee	0	0	0	22,536	
Petroleum Special Tax	0	0	0	4,414	
Registrar's Salary Supplement	0	0	0	15,916	
Other State Grants	0	0	0	12,619	
Other State Revenues	1,000,000	0	0	1,000,312	
Total State of Tennessee	\$ 1,000,000	\$ 0	\$ 0	\$ 6,267,395	

(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
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		\$ 527,594	\$ 867,774	\$ 1,483,360
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		\$ 0	\$ 0	\$ 754,692
Total		\$ 1,527,594	\$ 867,774	\$ 14,049,955

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		\$ 1,447,135	\$ 0	\$ 0	\$ 0	\$ 1,447,135
Licenses and Permits						
Licenses						
Marriage Licenses		\$ 323	\$ 0	\$ 0	\$ 0	\$ 323
Total Licenses and Permits		\$ 323	\$ 0	\$ 0	\$ 0	\$ 323

(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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,305</u>	<u>\$ 0</u>	<u>\$ 59,305</u>
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	<u>\$ 116,299</u>	<u>\$ 0</u>	<u>\$ 38,842</u>	<u>\$ 442,787</u>	<u>\$ 597,928</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	
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	\$ 527,469	\$ 0	\$ 527,469	\$ 0	

(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	\$ 0	\$ 62,243
Breakfast	0	0	205,097	0	0	205,097
USDA - Other	0	0	402,552	0	0	402,552
Vocational Education - Basic Grants to States	0	33,917	0	0	0	33,917
Title I Grants to Local Education Agencies	0	680,718	0	0	0	680,718
Special Education - Grants to States	0	404,098	0	0	0	404,098
Special Education Preschool Grants	0	10,563	0	0	0	10,563
Rural Education	0	99,234	0	0	0	99,234
Eisenhower Professional Development State Grants	0	79,186	0	0	0	79,186
COVID-19 Grant B	0	360,179	0	0	0	360,179
American Rescue Plan Act Grant #4	0	941	0	0	0	941
Other Federal through State	52,475	123,236	0	0	0	175,711
Total Federal Government	\$ 52,475	\$ 1,792,072	\$ 1,197,361	\$ 0	\$ 0	\$ 3,041,908
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 109,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,230
Total Other Governments and Citizens Groups	\$ 109,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,230
Total	\$ 11,149,840	\$ 1,792,072	\$ 1,301,491	\$ 442,787	\$ 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	<u>11,991</u>
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	<u>1,728</u>
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	<u>3,486</u>
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	<u>3,877</u>
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	<u>1,778</u>
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

Total Rescue Squad

\$	<u>1,408</u>	\$	1,408
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County Coroner/Medical Examiner

Other Contracted Services

\$	<u>29,317</u>	\$	29,317
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Total County Coroner/Medical Examiner

Other Public Safety

Road Signs

\$	<u>1,002</u>	\$	1,002
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Total Other Public Safety

Public Health and Welfare

Local Health Center

Custodial Personnel

\$	9,130
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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
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(Continued)

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

Public Health and Welfare (Cont.)

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	<u>123,946</u>
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	<u>120</u>
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	<u>4,169</u>
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
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(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
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(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	<u>3,000</u>
Total Drug Enforcement	<u>\$ 10,380</u>

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	<u>\$ 990</u>

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 101
Total Sheriff's Department	<u>101</u>

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	<u>9,256</u>
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	<u>10,817</u>
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	<u>19,486</u>
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	<u>2,738</u>
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	<u>13,856</u>
Total Employee Benefits	105,259

Capital Outlay

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

Total General Government

\$	284,175	\$	284,175
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Education

Principal on Bonds

Principal on Other Loans

Total Education

\$	370,000	\$	160,452	\$	530,452
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Interest on Debt

General Government

Interest on Bonds

Total General Government

\$	73,478	\$	73,478
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Education

Interest on Bonds

Interest on Other Loans

Total Education

\$	111,860	\$	34,392	\$	146,252
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Other Debt Service

General Government

Trustee's Commission

Other Debt Service

Total General Government

\$	259	\$	1,000	\$	1,259
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Total General Debt Service Fund

\$ 1,035,616

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services

Site Development

Total Public Health and Welfare Projects

\$	16,553	\$	154,477	\$	171,030
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Social, Cultural, and Recreation Projects

Site Development

Disabilities Act Improvements

Total Social, Cultural, and Recreation Projects

\$	17,600	\$	34,431	\$	52,031
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(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
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(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	<u>37,000</u>
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	<u>145,418</u>
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	<u>\$ 676,704</u>
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	<u>142,482</u>
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	<u>10,133</u>
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	<u>10,699</u>
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	<u>8,855</u>
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	<u>1,447</u>
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.

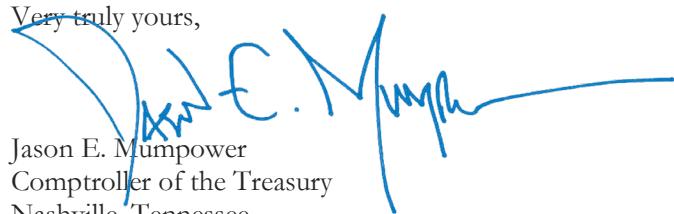
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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	Passed-through 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)				<u>165,498</u>
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
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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
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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
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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
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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
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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
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OFFICE OF SHERIFF

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

A handwritten signature in blue ink, appearing to read "Thomas J. Harrison". The signature is fluid and cursive, with a horizontal line above and below it.

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

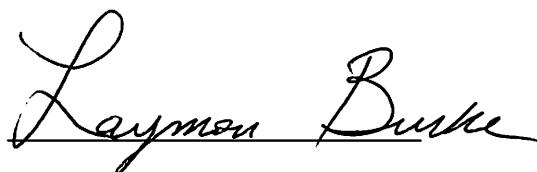
Person Responsible for Implementing the Corrective Action:
LAYMON BURKE ROAD SUPERINTENDENT

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:





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.

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.