Hancock County, Georgia

Annual Financial Report

For the Year Ended
December 31, 2011

HANCOCK COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

Issued by: Samuel Duggan, Chairperson of the Board of Commissioners

HANCOCK COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the County Commissioners
Hancock County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of and for the year ended December 31, 2011 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hancock County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of Hancock County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hancock County, Georgia has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements

The budgetary comparisons and other information on pages 36 through 44 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information However, we did not audit the information and express no opinion on it

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock County, Georgia's basic financial statements. The combining nonmajor fund financial statements, the fiduciary funds combining statement of net assets, the schedule of projects constructed with special sales tax proceeds and other schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole

Wright & Wright, P. C.

June 29, 2012

Basic Financial Statements

HANCOCK COUNTY, GEORGIA

Exhibit 1

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
Assets					
Cash and cash equivalents	$ 2,471,866	$ 62,323	$ 2,534,189	$ 26,095	$ 149,156
Receivables, net of allowances for uncollectible:					
Taxes	2,752,807	-	2,752,807	-	-
Accounts	-	21,069	21,069	-	7,806
Due from other governments	135,363	133,680	269,043	-	-
Other	185,170	-	185,170	-	-
Internal balances	191,419	(191,419)	-	-	-
Capital assets:					
Land and other non-depreciable assets	896,820	-	896,820	-	-
Other capital assets, net of depreciation	8,715,881	4,042,352	12,758,233	2,978,763	-
Prepaid expenditures	79,447	-	79,447	-	-
Post employment benefits	173,811	-	173,811	-	-
Other assets	-	-	-	43	-
Total assets	15,602,584	4,068,005	19,670,589	3,004,901	156,962
Liabilities					
Accounts payable	447,073	137,446	584,519	226	1,337
Short-term notes payable	-	-	-	200,295	-
Accrued expenses	366,759	1,585	368,344	12,631	-
Customer deposits	8,000	-	8,000	-	-
Due to other governments	34,431	-	34,431	-	-
Compensated absences payable	103,232	5,341	108,573	-	-
Deferred revenue	5,654	-	5,654	-	-
Long-term obligations:					
Due within one year	1,125,638	20,270	1,145,908	106,065	6,733
Due in more than one year	6,947,593	576,048	7,523,641	-	49,952
Total liabilities	9,038,380	740,690	9,779,070	319,217	58,022
Net Assets					
Invested in capital assets, net of related debt	1,539,470	3,446,034	4,985,504	2,672,403	-
Reserved for prepaid expenditures	79,447	-	79,447	-	-
Restricted for debt service	157	-	157	-	-
Restricted for special programs	1,082,681	-	1,082,681	-	-
Unrestricted	3,862,449	(118,719)	3,743,730	13,281	98,940
Total net assets	$ 6,564,204	$ 3,327,315	$ 9,891,519	$ 2,685,684	$ 98,940

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activity	Primary Government: Total	Component Units: Development Authority	Component Units: Health Department
Primary Government									
Governmental Activities:									
General government	$ 1,758,305	$ 362,290	$ 1,139	$ 67,300	$ (1,327,576)	$ -	$ (1,327,576)	$ -	$ -
Judicial	740,696	194,697	-	-	(545,999)	-	(545,999)	-	-
Public safety	2,722,311	404,304	-	139,570	(2,178,437)	-	(2,178,437)	-	-
Public works	1,561,904	6,105	5,000	-	(1,550,799)	-	(1,550,799)	-	-
Health and welfare	436,049	49,963	113,357	-	(272,729)	-	(272,729)	-	-
Culture and recreation	233,375	-	-	-	(233,375)	-	(233,375)	-	-
Housing and development	173,737	-	-	-	(173,737)	-	(173,737)	-	-
Interest on long-term debt	465,192	-	-	-	(465,192)	-	(465,192)	-	-
Total governmental activities	8,091,569	1,017,359	119,496	206,870	(6,747,844)	-	(6,747,844)	-	-
Business-type Activity -									
Water and Sewer	597,475	205,891	-	187,175	-	(204,409)	(204,409)	-	-
Total primary government	$ 8,689,044	$ 1,223,250	$ 119,496	$ 394,045	$ (6,747,844)	(204,409)	(6,952,253)	-	-
Component Units									
Hancock County Development Authority	258,886	-	21,201	-	-	-	-	(237,685)	-
Hancock County Health Department	420,411	118,361	321,091	-	-	-	-	-	19,041
Total component units	$ 679,297	$ 118,361	$ 342,292	$ -	-	-	-	(237,685)	19,041
General revenues:									
Property taxes					6,044,128	-	6,044,128	-	-
Local option sales tax					337,867	-	337,867	-	-
Special local option sales tax					483,009	-	483,009	-	-
Insurance company premium tax					335,826	-	335,826	-	-
Other taxes					99,237	-	99,237	-	-
Unrestricted investment earnings					3,462	-	3,462	272	532
Lease income					27,310	-	27,310	108,061	-
Miscellaneous					62,068	49	62,117	-	-
Transfers in					-	81,174	81,174	-	-
Transfers out					(81,174)	-	(81,174)	-	-
Total general revenues and transfers					7,311,733	81,223	7,392,956	108,333	532
Change in net assets					563,889	(123,186)	440,703	(129,352)	19,573
Net assets - beginning					5,833,934	3,450,501	9,284,435	2,815,036	79,367
Prior period adjustment					166,381	-	166,381	-	-
Net assets - beginning, as restated					6,000,315	3,450,501	9,450,816	2,815,036	79,367
Net assets - ending					$ 6,564,204	$ 3,327,315	$ 9,891,519	$ 2,685,684	$ 98,940

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	1994 General Obligation Debt Service Fund	1999 Municipal Lease Obligation Debt Service Fund	Special Local Option Sales Tax	Emergency 911	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,035,271	$ 157	$ 975,058	$ 244,526	$ 146,573	$ 70,281	$ 2,471,866
Receivables, net of allowances for uncollectibles:							
Taxes	2,752,807	-	-	-	-	-	2,752,807
Due from other governments	29,996	-	-	42,855	-	62,512	135,363
Other	185,130	-	-	-	-	40	185,170
Due from other funds	1,785,792	-	-	-	-	1,956	1,787,748
Prepaid expenditures	79,447	-	-	-	-	-	79,447
Total Assets	$ 5,868,443	$ 157	$ 975,058	$ 287,381	$ 146,573	$ 134,789	$ 7,412,401
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 419,004	$ -	$ -	$ -	$ 10,342	$ 17,727	$ 447,073
Accrued expenses	361,532	-	-	-	5,227	-	366,759
Customer deposits	8,000	-	-	-	-	-	8,000
Due to other funds	1,956	-	-	1,463,181	131,004	188	1,596,329
Intergovernmental payable	28,946	-	-	-	-	5,485	34,431
Deferred revenues	2,422,411	-	-	-	-	5,654	2,428,065
Total Liabilities	3,241,849	-	-	1,463,181	146,573	29,054	4,880,657
Fund Balances:							
Nonspendable for -							
Prepaid expenditures	79,447	-	-	-	-	-	79,447
Assigned for -							
Debt service	-	157	-	-	-	-	157
Restricted for -							
Special programs		-	975,058	-	-	107,623	1,082,681
Unassigned	2,547,147	-	-	(1,175,800)	-	(1,888)	1,369,459
Total Fund Balances (Deficits)	2,626,594	157	975,058	(1,175,800)	-	105,735	2,531,744
Total Liabilities and Fund Balances (Deficits)	$ 5,868,443	$ 157	$ 975,058	$ 287,381	$ 146,573	$ 134,789	$ 7,412,401

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 4

RECONCILIATION OF NET ASSETS – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET ASSETS TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2011

Fund balance - total governmental funds	$ 2,531,744
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,612,701
Post employment benefits used in governmental activities are not financial resources and therefore are not reported in the funds.	173,811
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,422,411
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of participation	(5,335,000)
General obligation bonds	(2,420,000)
Capital leases payable	(318,231)
Compensated absences	(103,232)
Net assets of governmental activities	$ 6,564,204

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	1994 General Obligation Debt Service Fund	1999 Municipal Lease Obligation Debt Service Fund	Special Local Option Sales Tax	Emergency 911	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 9,531,489	$ -	$ -	$ 483,009	$ -	$ -	$ 10,014,498
Licenses and permits	119,166	-	-	-	-	-	119,166
Intergovernmental	305,927	-	-	-	-	19,300	325,227
Charges for services	601,451	-	-	-	102,045	-	703,496
Fines and forfeitures	187,827	-	-	-	-	6,870	194,697
Other revenues	78,882	-	103	1,139	889	721	81,734
Total Revenues	10,824,742	-	103	484,148	102,934	26,891	11,438,818
Expenditures:							
Current:							
General government	1,601,872	808	103	9,100	-	7,727	1,619,610
Judicial	727,648	-	-	-	-	9,355	737,003
Public safety	2,083,836	-	-	-	361,203	1,041	2,446,080
Public works	1,442,830	-	-	-	-	-	1,442,830
Health and welfare	411,601	-	-	-	-	-	411,601
Culture and recreation	198,997	-	-	-	-	-	198,997
Housing and development	172,927	-	-	-	-	-	172,927
Debt Service:							
Principle payments	169,600	540,000	380,000	-	-	-	1,089,600
Interest payments	59,982	102,620	302,590	-	-	-	465,192
Capital Outlay	724,792	-	-	-	1,633	1,140	727,565
Total Expenditures	7,594,085	643,428	682,693	9,100	362,836	19,263	9,311,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,230,657	(643,428)	(682,590)	475,048	(259,902)	7,628	2,127,413
Other Financing Sources (Uses):							
Transfers in	-	643,428	692,288	217,195	270,007	229	1,823,147
Proceeds from sale of capital assets	4,815	-	-	-	-	-	4,815
Proceeds from capital leases	471,536	-	-	-	-	-	471,536
Transfers out	(1,212,078)	-	-	(692,243)	-	-	(1,904,321)
Total other financing sources (uses)	(735,727)	643,428	692,288	(475,048)	270,007	229	395,177
Net Change in Fund Balances	2,494,930	-	9,698	-	10,105	7,857	2,522,590
Fund balances (deficits) - beginning	131,664	157	965,360	(1,175,800)	(10,105)	97,878	9,154
Fund balances (deficits) - ending	$ 2,626,594	$ 157	$ 975,058	$ (1,175,800)	$ -	$ 105,735	$ 2,531,744

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - Total Governmental Funds	$ 2,522,590
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Assets as follows -	
Capital outlay	727,565
Depreciation expenses on governmental capital assets are included in the governmental activities column in the Statement of Net Assets but are not shown in the governmental funds	(592,488)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets.	(471,536)
Postemployment benefits are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	7,430
Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the funds. The amount of deferred revenues recognized as revenue in the statement of activities changed as follows -	
Property taxes	(2,714,430)
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 governmental funds:	
Certificates of participation	380,000
General obligation bonds	540,000
Capital leases	169,600
Compensated absences	(4,842)
Change in Net assets of Governmental Activities	$ 563,889

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 7

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 6,811,479	$ 7,732,748	$ 9,531,489	$ 1,798,741
Licenses and permits	38,500	38,500	119,166	80,666
Intergovernmental	65,000	246,295	305,927	59,632
Charges for services	420,000	420,000	601,451	181,451
Fines and forfeitures	325,000	325,000	187,827	(137,173)
Miscellaneous revenues	11,000	11,000	78,882	67,882
Total Revenues	7,670,979	8,773,543	10,824,742	2,051,199
Expenditures:				
General government	2,694,763	1,811,399	1,601,872	209,527
Judicial	578,169	772,945	727,648	45,297
Public safety	1,574,431	2,181,762	2,083,836	97,926
Public works	1,159,463	1,485,226	1,442,830	42,396
Health and welfare	274,789	415,379	411,601	3,778
Culture and recreation	160,082	203,853	198,997	4,856
Housing and development	157,506	187,239	172,927	14,312
Debt service	-	230,000	229,582	418
Capital outlay	134,889	730,389	724,792	5,597
Total Expenditures	6,734,092	8,018,192	7,594,085	424,107
Excess of Revenues Over Expenditures	936,887	755,351	3,230,657	2,475,306
Other Financing Sources (Use):				
Transfers out	(936,887)	(1,226,887)	(1,212,078)	14,809
Proceeds from sale of capital assets	-	-	4,815	4,815
Proceeds from capital leases	-	471,536	471,536	-
Total other financing uses	(936,887)	(755,351)	(735,727)	19,624
Excess of Revenues Over Expenditures and Other Financing Uses	-	-	2,494,930	2,494,930
Fund Balance, Beginning	131,664	131,664	131,664	-
Fund Balance, Ending	$ 131,664	$ 131,664	$ 2,626,594	$ 2,494,930

The Accompanying Notes to the Financial Statements are an Integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 8

STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

	Water and Sewer Fund
Assets:	
Current Assets:	
Cash	$ 62,323
Accounts receivable, net of allowance	21,069
Due from other governments	133,680
Total Current Assets	217,072
Capital Assets:	
Equipment	286,151
Distribution System	6,054,561
Total	6,340,712
Less - accumulated depreciation	(2,298,360)
Total Capital Assets	4,042,352
Total Assets	4,259,424
Liabilities:	
Current Liabilities:	
Accounts payable	137,446
Due to other funds	191,419
Accrued salaries payable	1,585
Compensated absences payable	5,341
Current portion of long-term debt	20,270
Total Current Liabilities	356,061
Noncurrent Liability-	
Note payable - non-current portion	576,048
Total Liabilities	932,109
Net Assets:	
Invested in capital assets, net of related debt	3,446,034
Unrestricted	(118,719)
Total Net Assets	$ 3,327,315

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 9

STATEMENT OF CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water and Sewer Fund
Operating Revenue - Water and Sewer sales	$ 205,891
Operating Expenses:	
Salaries	72,886
Payroll taxes	4,907
Utilities	141,245
Pipes and supplies	7,274
Professional fees	19,300
Dues and subscriptions	699
Repairs and maintenance	11,642
Travel and training	551
Supplies	838
Membership fees	1,777
Maintenance agreements	1,452
Miscellaneous expense	56
Depreciation expense	316,009
Total operating expenses	578,636
Operating Loss	(372,745)
Non-operating Revenue (Expense):	
Interest income	49
Grant income	187,175
Interest expense	(18,839)
Total non-operating revenue (expense)	168,385
Loss Before Transfers	(204,360)
Transfers in	81,174
Change in Net Assets	(123,186)
Total Net Assets, Beginning	3,450,501
Total Net Assets, Ending	$ 3,327,315

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 10

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 207,438
Receipts from others	(133,680)
Payments to suppliers	(28,173)
Payments to employees	(73,152)
Payments to others	(44,618)
Net cash used in operating activities	(72,185)
Cash Flows from Noncapital Financing Activities -	
Transfer in	81,174
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(168,299)
Grant income	187,175
Principal payments on capital debt	(19,903)
Interest payments on capital debt	(18,839)
Net cash used in capital and related financing activities	(19,866)
Cash Flows from Investing Activities -	
Interest income	49
Net decrease in cash and cash equivalents	(10,828)
Balances - beginning of year	73,151
Balances - end of year	$ 62,323
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (372,745)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	316,009
Net change in assets and liabilities attributable to operations:	
Accounts receivable	1,547
Due from other governments	(133,680)
Accounts payable	136,810
Due to other funds	(20,411)
Accrued salaries payable	285
Compensated absences payable	-
Net cash used in operating activities	$ (72,185)

The Accompanying Notes to the Financial Statements are an integral part of this statement

HANCOCK COUNTY, GEORGIA

EXHIBIT 11

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Agency Funds
Asset -	
Cash	$ 388,233
Liabilities:	
Due to other governments	$ 36,349
Other liabilities	351,884
Total Liabilities	$ 388,233

The Accompanying Notes to the Financial Statements are an Integral part of this statement

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hancock County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the County are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

A. Reporting Entity

The County is a local municipality governed by an elected five-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the Government and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. Currently, the County has no blended component units. The component unit column in the government-wide financial statements (see note below for description) includes the financial data of the County's discretely presented component units. Each discretely presented component unit is reported in a separate column to emphasize it is legally separate from the County.

Component Units and Related Entities

Discretely Presented Component Units:

Sparta-Hancock County Development Authority – The Development Authority's purpose is to promote trade, commerce, industry, and employment opportunities in the County. The Authority is a legally separate corporation governed by a seven member Board of Directors appointed by the Hancock County Board of Commissioners. The Authority receives a significant portion of its funding from the County government.

The Authority maintains a December 31 fiscal year, and the financial statements as of and for the year ended December 31, 2011, are included in the reporting entity's 2011 financial statements. During the year ended December 31, 2011, the primary source of income for the Authority was received from the County. At December 31, 2011, the County had no liability from the Authority. Complete financial statements can be obtained at the entity's administrative office.

County Clerk's Office
601 Broad Street Courthouse Square
Sparta, Georgia 31087

Hancock County Health Department - The Health Department is primarily responsible for providing basic medical care to the indigent citizens within Hancock County. The County Commission's Chairperson permanently holds a seat on the board of directors. The County appoints three of the six other seats and funds a portion of the Department's budget. The component unit maintains a June 30 fiscal year, and the financial statements as of and for the year ended June 30, 2011, are included in the reporting entity's 2011 financial statements. During the year ended June 30, 2011, the primary source of income for the Department was grant income in the amount of $199,549 received from the Georgia Department of Human Resources. Complete financial statements can be obtained at the entity's administrative office.

Hancock County Health Department
451A Boland Street
Sparta, Georgia 31087

Excluded from the reporting entity:

Because they are operated as agencies controlled and/or funded by other government agencies, the Hancock County Board of Education and the Hancock County Hospital Authority are not included in the County's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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. *Governmental activities* are supported by taxes and intergovernmental revenues and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of 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 fund 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.

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 are both measurable and available. Revenues are considered to be available when they will be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the general operating fund of Hancock County, Georgia. It is used to account for all financial resources of the general Government, except those required to be accounted for in another fund.

The *1994 General Obligation Bonds Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principle on the 1994 General Obligation Bonds.

The *1999 Municipal Lease Obligation Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principle on the 1999 Municipal Lease Obligations.

The *Special Local Option Sales Tax Fund* accounts for the special purpose local option sales tax funds that are legally restricted to expenditure for particular purposes.

The *Emergency* 911 Fund accounts for the activities of the E911 telephone operations center.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* is used to account for the provision of water and sewer services to businesses and residents of the County. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operation, financing and related debt services, and billing and collections.

Additionally, the County reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Government holds for others in an agency capacity.

GASB 34 eliminates the presentation of *Account Groups*, but provides for these records to be maintained and used to account for fixed assets and long-term liabilities that are not reflected on the balance sheet of Governmental type funds due to the current financial resources measurement focus that they use.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental activities have been consolidated in the government-wide financial statements. Total governmental funds have been combined with internal service balances and general fixed assets and long term liabilities. The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as operating transfers between funds. The net operating loss from internal service funds has been charged to the functional expense categories based on employee insurance claims submitted by department.

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, including special assessments. 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 and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are employee payroll deductions and the County's matching contributions for employee health insurance. Operating expenses for the internal service funds include the cost of employee health insurance and claims. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. ***Deposits and Investments*** - Cash includes amounts in both interest-bearing and non-interest-bearing demand deposits. State statutes authorize the Government to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other states, obligations fully insured or guaranteed by the United States government or governmental agency, Local Government Investment Pool, commercial paper, corporate bonds, obligations of other political subdivisions of the State of Georgia and repurchase agreements. Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State or U.S. obligations.

   For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

2. ***Receivables and Payables*** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The current portion of these interfund receivables and payables are classified as "due from other funds" or "due to other funds" in the governmental funds.

   Non-current portions of long-term interfund loans receivable/payable are reported as "advances to other funds" or "advances from other funds". Advances receivable in the Governmental funds are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation and are not expendable available financial resources.

   Property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to approximately 16 percent of outstanding property taxes at December 31, 2011. Property taxes are levied as of January 1 on property values assessed as of the same date.

3. ***Prepaid Items*** - For prepaid expenditures in the government-wide and fund financial statements, the County reports the expenditures during the benefiting period.

4. ***Inventory*** – The cost of inventories are recorded as expenditures when acquired and are not inventoried at year end due to lack of materiality.

5. ***Capital Assets*** – Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 37 prohibits the capitalization of interest on assets constructed for use in governmental activities. However, interest from debt not considered to be general long-term debt may be included as part of the cost of assets constructed for business-type activities. The total interest expense incurred by the County during the current fiscal year was $484,031. None of this amount was included as part of the cost of capital assets under construction in connection with public building construction projects.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	30 - 40
Machinery and equipment	5 - 25
Depreciable land improvements	8 - 20
Infrastructure	20 - 50
Water and Sewer System	15 - 20

6. ***Compensated Absences*** - It is the Government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Government does not have a policy to pay any amounts when employees separate from service with the Government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. ***Long-term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 service expenditures.

8. ***Fund Equity*** - Hancock County, Georgia implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of January 1, 2011. This new standard changed the overall definitions and classifications of governmental fund balances.

   Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the County would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The County does not have a formal minimum fund balance policy; however, the Board of Commissioners address various targeted reserve positions and the Finance Department calculates targets and actual and reports the results to the Board of Commissioners on an annual basis.

Net Assets

Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.

Restricted net asset – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

9. ***Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The annual budget is the financial plan for the operation of Hancock County, Georgia for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. Hancock County budgets are adopted on a basis generally consistent with GAAP; except that encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. Annual appropriated budgets are adopted for the general fund and the special revenue funds. All unencumbered appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The Hancock County budget process usually begins prior to year end with the department and agency heads submitting their departmental budgets. The County's finance department formulates and remits the budget to the budget committee, which is made up of all members of the Hancock County Commission. The County Commissioners conduct budget hearings with all departments and agencies. After review by the Commissioners, a final budget is approved when the budget resolution is adopted.

The County Finance Director is delegated by authority to transfer sums within departments. No increase in the departmental budget for the County may be made without the approval of the Board of Commissioners and amendment to the budget. Mid-year budget amendments are presented, where necessary, for adoption by the Commissioners. The general fund is subject to budgetary control on a department basis. During the year, the budget was amended by the method described above.

Unencumbered appropriations in the annual operating budget lapse at fiscal year end while encumbered appropriations are paid from reserved fund balances. When the County's expenditures reach the authorization provided by the operating budget, the Board of Commissioners approves supplemental appropriations.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the Governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services are yet to be received.

B. Budget/GAAP Reconciliation

Prior year encumbrances expended in the current year are not included in the current budget. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund has been prepared on the basis described above. The schedule below reconciles the fund's Excess Revenues and Other Sources Over (Under) Expenditures - GAAP Basis (Exhibit 5) with amounts presented on the Budget Basis (Exhibit 7).

GENERAL FUND:	
Excess Revenue and Other Financial Sources Over (Under) Expenditures and Other Financing Uses:	$ 2,494,930
Budget Basis	-
Add - New encumbrances - current year	-
Deduct - Prior year encumbrances expended	$ 2,494,930
Generally Accepted Accounted Principles (GAAP) Basis	

C. Deficit Fund Balance

The Special Local Option Sales Tax Fund had a deficit fund balance in the amount of $1,175,800 as of December 31, 2011. The deficit fund balance will be liquidated from proceeds from special local option sales tax and transfers from the General Fund.

The Grants Fund had a deficit fund balance in the amount of $1,888 as of December 31, 2011. The deficit fund balance will be liquidated from transfers from the General Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments – The Government owns no investments as of December 31, 2011.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Neither the government nor its components units, have a deposit policy for custodial credit risk. As of December 31, 2011, the County did not have a formal investment policy. Additional disclosures with regards to deposits and investments can be located in the *Summary of Significant Accounting Policies* under the *Assets, Liabilities and Equity* section.

B. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of fair market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be declared and reported on a return for tax purposes by May 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, the Board of Tax Assessors of Hancock County makes all assessments.

Upon completion of all assessments and tax returns, the information is turned over to the Hancock County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. If not, the commissioner may require an across the board percentage adjustment to all real property. The County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes must be paid by the birth date of the owner of the vehicle. Property taxes are usually levied on or around July 15, of each year. Real and personal property taxes are usually due by November 15 and considered delinquent by November 16. Property taxes are attached as an enforceable lien on the day the taxes become delinquent. The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available (collected within 60 days of year-end) as net current assets. In the accompanying financial statements, the portion of the property tax levy for the tax year 2010 collected during the current year has been recognized as revenue.

Property taxes receivable at December 31, 2011, is composed of the following:

Year of Levy:	
2011	$ 1,351,757
2010	828,907
2009	539,765
2008	428,146
2007	317,088
Prior to 2007	313,441
Total	3,779,104
Less - allowance for uncollectible	(1,026,297)
Net receivable	$ 2,752,807

C. Accounts Receivable

Primary Government

Receivables at December 31, 2011 for the County's individual major funds and non-major, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Special Local Option Sales Tax	Nonmajor Funds	Total
Receivables:				
Taxes	$ 3,779,104	$ -	$ -	$ 3,779,104
Intergovernmental	29,996	42,855	62,512	135,363
Other	185,130	-	-	185,130
Gross receivables	3,994,230	42,855	62,512	4,099,597
Less: allowance for Uncollectibles	(1,026,297)	-	-	(1,026,297)
Net total receivables	$ 2,967,933	$ 42,855	$ 62,512	$ 3,073,300

Discretely Presented Component Units

Trade receivables from the Sparta-Hancock County Development Authority and Public Health Center as of December 31, 2011, are as follows:

	County Development Authority	Health Center	Total
Receivables:			
Accounts	$ -	$ 7,806	$ 7,806
Intergovernmental	-	-	-
Gross receivables	-	7,806	7,806
Less: allowance for Uncollectibles	-	-	-
Net total receivables	$ -	$ 7,806	$ 7,806

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2011, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 896,820	$ -	$ -	$ 896,820
Construction in progress	-	-	-	-
Subtotal	896,820	-	-	896,820
Other capital assets:				
Buildings and other improvements	8,714,029	26,478	-	8,740,507
Infrastructure	1,943,684	-	-	1,943,684
Machinery and equipment	5,511,542	701,087	-	6,212,629
Total other capital assets at historical cost	16,169,255	727,565	-	16,896,820
Less accumulated depreciation:				
Buildings and other improvements	(2,932,053)	(220,510)	-	(3,152,563)
Infrastructure	(141,598)	(61,018)	-	(202,616)
Machinery and equipment	(4,514,800)	(310,960)	-	(4,825,760)
Subtotal	(7,588,451)	(592,488)	-	(8,180,939)
Other capital assets, net	8,580,804	135,077	-	8,715,881
Governmental activities capital assets, net	$ 9,477,624	$ 135,077	$ -	$ 9,612,701

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

Governmental activities:	
General government	$ 137,517
Judicial	3,157
Public safety	274,452
Public works	118,025
Health and welfare	24,149
Housing and development	810
Culture and recreation	34,378
Total governmental activities depreciation expense	$ 592,488

D. Capital Assets (Continued)

	Water and Sewer Fund			
Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Water and sewer system	5,886,662	167,899	-	6,054,561
Machinery and equipment	285,751	400	-	286,151
Total other capital assets at historical cost	6,172,413	168,299	-	6,340,712
Less accumulated depreciation:				
Water and sewer system	(1,773,948)	(302,916)	-	(2,076,864)
Machinery and equipment	(208,403)	(13,093)	-	(221,496)
Subtotal	(1,982,351)	(316,009)	-	(2,298,360)
Other capital assets, net	4,190,062	(147,710)	-	4,042,352
Business activities capital assets, net	$ 4,190,062	$ (147,710)	$ -	$ 4,042,352

Discretely Presented Component Units

Capital asset activity for the Sparta-Hancock County Development Authority for the year ended December 31, 2011, was as follows:

	Development Authority			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Building, equipment and sites	4,899,361	-	-	4,899,361
Less accumulated depreciation	(1,704,695)	(215,903)	-	(1,920,598)
Other capital assets, net	3,194,666	(215,903)	-	2,978,763
Development Authority capital assets, net	$ 3,194,666	$ (215,903)	$ -	$ 2,978,763

Capital asset activity for the Public Health Center for the year ended December 31, 2011, was as follows:

	Public Health Center			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Machinery and equipment	41,159	-	-	41,159
Less accumulated depreciation for:	(41,159)	-	-	(41,159)
Other capital assets, net	-	-	-	-

E. Interfund Receivables, Payables, and Transfers

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables. The composition of interfund balances as of December 31, 2011, is as follows:

	Due From	Due To
Major Funds:		
General Fund	$ 1,956	$ 1,785,792
Water and Sewer Fund	191,419	-
Special Local Option Sales Tax Fund	1,463,181	-
Emergency 911 Fund	131,004	-
Nonmajor Funds:		
Grants Fund	-	1,956
Homeland Security Fund	188	-
	$ 1,787,748	$ 1,787,748

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

A reconciliation of transfers in and transfers out is as follows:

	Transfers Out	Transfers In
General Fund	$ 1,212,078	$ -
1994 General Obligation Debt Service Fund	-	643,428
1999 Municipal Lease Obligation Debt Service Fund	-	692,288
Emergency 911 Fund	-	270,007
Grants Fund	-	274
Jail Renovation and Expansion Outlay Fund	45	-
Water and Sewer Fund	-	81,174
Special Local Option Sales Tax Fund	692,243	217,195
Total transfers	$ 1,904,366	$ 1,904,366

F. Due from Other Governments

Amounts due from other Governmental entities at December 31, 2011, are as follows:

	Federal	State	Other	Total
General Fund	$ -	$ 29,996	$ -	$ 29,996
FEMA/GEMA Project Fund	42,960	-	16,023	58,983
Grants Fund	3,529	-	-	3,529
Special Local Option Sales Tax Fund	-	42,855	-	42,855
Water and Sewer Fund	-	133,680	-	133,680
Total	$ 46,489	$ 206,531	$ 16,023	$ 269,043

G. Short Term Notes Payable

The County uses warrants payable to provide operating funds on a short-term basis throughout the year. Short-term notes payable activity for the year ended December 31, 2011, was as follows:

Short-term notes payable	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ 2,900,250	$ 2,000,500	$ 4,900,750	$ -

In addition, the Sparta-Hancock County Development Authority has a short-term note payable with the Bank of Hancock County at 6.75% interest for the purpose of acquiring real estate for community development. The note is secured by real estate and has an outstanding balance of $200,295 at December 31, 2011. The loan matures on January 27, 2012. Short term notes payable activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Sparta-Hancock County Development Authority	$ 200,295	$ 200,295	$ 200,295	$ 200,295

H. Long - Term Debt

Primary Government Notes Payable

At December 31, 2011, long-term debt consisted of the following:

Payable from Governmental Activities:	Total	Current	Long-term
General Obligation Bonds:			
$5,830,000 2004 Series General Obligation Bonds - (for Hospital and Road projects); due in annual installments ranging from $440,000 to $450,000 through 2015; interest rates at 2.0% to 4.0%.	$ 2,420,000	$ 565,000	$ 1,855,000
Certificates of Participation:			
$6,885,000 of Series 1999 Certificates - Municipal Lease Obligation - Construction of Hancock County Jail Facility, Fire and Rescue Buildings for Storage of Equipment, and Development of Devereaux Water and Sewer System; due in annual installments ranging from $534,000 to $607,000; interest rates at 4.0% to 5.75%	4,365,000	295,000	4,070,000
$1,565,000 of 2004 Certificates of Participation for jail renovation; due in annual installments of $70,000 to $140,000 through 2019; interest at 4.75%	970,000	105,000	865,000
Capital Lease Obligations:			
$25,276 to Ford Motor Credit for one vehicle; interest at 6.75%; due in three annual installments of $8,981 to December 2011	8,413	8,413	-
$471,536 to Kansas State Bank of Manhattan for radio equipment; interest at 3.40%; due in three annual installments of $163,149 to September 2013	309,818	152,225	157,593
Total	$ 8,073,231	$ 1,125,638	$ 6,947,593

Payable from Business - Type Activities:	Total	Current	Long-term
Notes Payable:			
$375,250 USDA note payable; interest at 4.5%; due in monthly principle and interest payments of $1,689 to June 2044	$ 345,950	$ 4,799	$ 341,151
$119,795 GEFA note payable; Interest at 3.0%; due in monthly principle and interest payments of $690 to June 2027	102,543	5,276	97,267
$198,800 GEFA note payable; interest at 0%; due in quarterly principle and interest payments of $2,549 to April 2026	147,825	10,195	137,630
Total	$ 596,318	$ 20,270	$ 576,048

Long-term debt service requirements to maturity for the governmental activities debt are as follows:

Year Ending December 31	Certificates of Participation Principal	Certificates of Participation Interest	General Obligation Bonds Principal	General Obligation Bonds Interest
2012	$ 400,000	$ 282,551	$ 565,000	$ 82,852
2013	415,000	261,303	590,000	61,190
2014	440,000	238,835	620,000	37,890
2015	465,000	214,894	645,000	12,900
2016	495,000	188,952	-	-
2017 - 2021	2,600,000	508,729	-	-
2022	520,000	14,950	-	-
Total	$ 5,335,000	$ 1,710,214	$ 2,420,000	$ 194,832

Long-term debt service requirements to maturity for the business - type activities debt are as follows:

Year Ending December 31	Notes Payable Principal	Notes Payable Interest
2012	$ 20,270	$ 18,473
2013	20,651	18,091
2014	21,046	17,696
2015	21,458	17,283
2016	21,886	16,856
2017 - 2021	116,467	77,246
2022 - 2026	124,919	63,692
2027 - 2031	55,701	49,778
2032 - 2036	64,589	36,750
2037 - 2041	80,852	20,487
2042 - 2044	48,479	2,903
Total	$ 596,318	$ 339,255

General obligation bonds and compensated absences are generally liquidated by the general fund and are therefore included in the above schedule. Capital lease obligations and certificates of participation will be liquidated primarily by special purpose local option sales tax collected and from transfers from the General Fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

Long-term liabilities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Governmental Activities						
Capital leases payable	$ 16,295	$ 471,536	$ 169,600	$ 318,231	$ 160,638	$ 157,593
Certificates of participation	5,715,000	-	380,000	5,335,000	400,000	4,935,000
General obligation bonds	2,960,000	-	540,000	2,420,000	565,000	1,855,000
Compensated absences payable	98,390	4,842	-	103,232	103,232	-
Total Governmental Activities	$ 8,789,685	$ 476,378	$ 1,089,600	$ 8,176,463	$ 1,228,870	$ 6,947,593

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Business Type Activities						
Notes payable	$ 616,221	$ -	$ 19,903	$ 596,318	$ 20,270	$ 576,048
Compensated absences payable	5,341	-	-	5,341	5,341	-
Total Business Type Activities	$ 621,562	$ -	$ 19,903	$ 601,659	$ 25,611	$ 576,048

Public Health Center

Long-term liability activity for the Public Health Center for the year ended December 31, 2011, was as follows:

Long-term liabilities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Public Health Center						
Compensated absences payable	$ 54,044	$ 26,834	$ 24,193	$ 56,685	$ 6,733	$ 49,952

Sparta-Hancock County Development Authority

At December 31, 2011, long-term debt consisted of the following:

Sparta-Hancock County Development Authority	Total	Current	Long-term
Notes Payable:			
$500,000 One Georgia Authority note payable; interest at 3.0 %; due in quarterly principle and interest payments of $27,015 to October 2012	$ 106,065	$ 106,065	$ -

Long-term debt service requirements to maturity for the Sparta-Hancock County Development Authority debt are as follows:

Year Ending December 31	Notes Payable Principal	Notes Payable Interest
2012	$ 106,065	$ 1,996

Long-term liability activity for the Sparta-Hancock County Development Authority for the year ended December 31, 2011, was as follows:

Long-term liabilities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Notes payable	$ 209,007	$ -	$ 102,942	$ 106,065	$ 106,065	$ -

I. Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicles leased under the capital lease as of December 31, 2011:

	Governmental Activities
Assets -	
Vehicles	$ 24,851
Less: Accumulated depreciation	(7,396)
Total	$ 17,455

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2012	$ 8,981
Less: amount representing interest	(568)
Present value of minimum lease payment	$ 8,413

The County has entered into a lease agreement as lessee for financing the acquisition of radio equipment. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicles leased under the capital lease as of December 31, 2011:

	Governmental Activities
Assets -	
Equipment	$ 473,936
Less: Accumulated depreciation	-
Total	$ 473,936

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2012	$ 163,149
2013	163,149
Total	$ 326,298
Less: amount representing interest	(16,480)
Present value of minimum lease payment	$ 309,818

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Government carries commercial insurance. The County is partially self-insured for medical claims. The County pays for such claims as they become due. There are no unpaid claims as of December 31, 2011.

The County has joined together with other governments in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Workers' Compensation Self Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments. As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the current year have not exceeded the coverage.

Claims and Judgments - Description

Significant losses experienced by the County are covered by commercial insurance for all risks except employee health care for which the County retains the risk of loss. For insured risks there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or through prior years.

B. Defined Benefit Pension Plan

1. ***Plan Description*** - The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan (Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Plan does not issue a stand-alone financial report, but the Plan is included in the financial report of the ACCG. A copy of the financial report may be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, and Atlanta, Georgia, 30339.

The specific benefit provisions of the County's plan were established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement and termination of employment, if certain eligibility conditions are met.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation multiplied by years of service payable as a life annuity. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The annual County contribution to the Plan is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statute 47-20. The required contribution for the 2011 plan year was $69,133. This amount represents 3.50% of covered payroll.

Participant counts as of January 1, 2011 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees, disabled and beneficiaries currently receiving benefits	31
Terminated plan members entitled to but not yet receiving benefits	34
Active employees participating in the Plan	77
Total	142
Covered compensation for active participants	$ 1,975,236

2. ***Summary of Significant Accounting Policies*** - The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and incremental changes in the cash value of pre-retirement life insurance policies owned by the trust. The Plan does not issue stand-alone financial statements.

   Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

   Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities on a cost basis.

   The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2011.

The following summarizes the actuarial methods and assumptions used in that valuation.

Valuation date	January 1, 2011
Actuarial cost method	Projected Unit Credit
Asset valuation method	Market value
Amortization method	Level Percent of Pay (Closed)
Actuarial assumptions**:	
Investment rate of return	7.75% per annum
Projected salary increases	3.5% - 6.0% based on age
Inflation adjustments	3.0% per annum

*.....Represents the estimated amortization period for all unfunded liabilities combined into one amortization base.

**....The actuarial assumptions shown above include expected inflation of 3.0% per annum.

3. ***Contributions*** - The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local Governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

   The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the County and its plan participants.

4. ***Annual Pension Cost, Net Pension Obligation and Reserves*** - Current year annual pension costs for the Plan are shown in the trend information provided below. Annual required contributions were made to the Plan. There were no net pension obligations for the Plan.

   There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. There are no long-term contracts for contributions.

5. ***Trend Information***

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2009	325,165	105%	(148,888)
2010	341,539	102%	(166,381)
2011	330,469	N/A	(173,811)

6. ***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) b-a	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
2005	1,953,471		3,575,193	54.6%	1,621,722	2,044,732	79.3%
2006	2,180,703		3,393,601	64.3%	1,212,898	1,528,927	79.3%
2007	2,449,528		3,670,197	66.7%	1,220,669	1,756,605	69.5%
2008	2,580,818	*	3,990,059	64.7%	1,409,241	1,979,355	71.2%
2009	2,864,667	*	4,399,810	65.1%	1,535,143	2,195,357	69.9%
2010	3,141,248	*	4,590,765	68.4%	1,449,517	2,209,500	65.6%

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

C. Commitments

Reservations of fund balances of Governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Designations of fund balance represent tentative management plans that are subject to change.

D. Contingent Liabilities

Grant Funds

The County participates in numerous grant programs on the federal and state level. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Government expects such amounts, if any, to be immaterial.

Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County's legal counsel reports various cases pending against the County. Based upon the facts of the cases and the damages claimed, management does not expect potential liabilities as of December 31, 2011 to impair the County's financial position.

E. Joint Venture

Under Georgia law, Hancock County, in conjunction with other cities and counties in the fourteen county east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. Membership in a Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member Governments are liable for any debts or obligations of a Commission. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
3023 Riverwatch Parkway
Suite A
Augusta, Georgia 30908-2016

F. Restatement of Prior Year Net Assets

During the fiscal year ended December 31, 2011, the Governmental Activities' prior year net assets of the County were restated to correct the understatement of post employment benefit assets as of December 31, 2010. A reconciliation of the restatement of prior year net assets is as follows:

Net Assets, as previously reported at December 31, 2010	$	5,833,934
Restatement to record post employment benefit assets		166,381
Net Assets, beginning, as restated	$	6,000,315

G. Subsequent Events

The County performed an evaluation of subsequent events through June 29, 2012, the date upon which the County's financial statements were available for issue. The County has not evaluated subsequent events after this date. No subsequent events were identified that would have required a change to the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information Other Than Management's Discussion and Analysis

HANCOCK COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	$ 5,446,479	$ 6,367,748	$ 8,221,372	$ 1,853,624
Motor vehicle	255,000	255,000	237,308	(17,692)
Mobile home	200,000	200,000	151,709	(48,291)
Timber	105,000	105,000	148,169	43,169
Local option sales	310,000	310,000	337,867	27,867
Intangible	40,000	40,000	26,473	(13,527)
Insurance company premium	410,000	410,000	335,826	(74,174)
Railroad equipment tax	-	-	23,279	23,279
Real estate transfer tax	5,000	5,000	6,402	1,402
Business & occupation tax	10,000	10,000	10,642	642
Alcoholic beverage excise tax	30,000	30,000	32,442	2,442
Total taxes	6,811,479	7,732,748	9,531,489	1,798,741
Licenses and Permits:				
Building permits	30,000	30,000	107,849	77,849
Business licenses	2,500	2,500	3,892	1,392
Beer licenses	6,000	6,000	7,425	1,425
Total licenses and permits	38,500	38,500	119,166	80,666
Intergovernmental:				
Mass transit	60,000	60,000	113,357	53,357
Courthouse renovations	-	48,000	48,000	-
Community health	-	72,500	72,500	-
GEMA	-	-	5,000	5,000
Other	5,000	65,795	67,070	1,275
Total intergovernmental	65,000	246,295	305,927	59,632
Charges for Services:				
Ambulance	230,000	230,000	302,259	72,259
Tax collection fee	100,000	100,000	210,966	110,966
Street repair	15,000	15,000	6,105	(8,895)
Transit	70,000	70,000	49,963	(20,037)
Other	5,000	5,000	32,158	27,158
Total charges for services	420,000	420,000	601,451	181,451
Fines and Forfeitures:				
Superior court	100,000	100,000	76,232	(23,768)
Magistrate court	30,000	30,000	41,473	11,473
Probate court	195,000	195,000	70,122	(124,878)
Total fines and forfeitures	325,000	325,000	187,827	(137,173)
Miscellaneous:				
Interest income	2,000	2,000	2,434	434
Scrap metal income	-	-	4,083	4,083
Rent	8,000	8,000	27,310	19,310
Insurance recoveries	-	-	7,389	7,389
Other	1,000	1,000	37,666	36,666
Total miscellaneous	11,000	11,000	78,882	67,882
Total Revenues	$ 7,670,979	$ 8,773,543	$ 10,824,742	$ 2,051,199

HANCOCK COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Personal services	$ 206,501	$ 259,681	200,492	$ 59,189
Purchased/contracted services	28,000	28,000	27,419	581
Supplies	3,000	5,200	5,143	57
Total Legislative	237,501	292,881	233,054	59,827
Executive:				
Personal services	42,156	57,301	56,746	555
Purchased/contracted services	7,100	9,400	9,371	29
Supplies	400	400	30	370
Total Executive	49,656	67,101	66,147	954
Elections:				
Personal services	70,229	89,669	72,824	16,845
Purchased/contracted services	2,450	20,450	19,681	769
Supplies	1,000	1,500	1,484	16
Total Elections	73,679	111,619	93,989	17,630
General administration:				
Personal services	939,775	2,600	2,365	235
Purchased/contracted services	658,000	469,500	465,171	4,329
Supplies	24,700	28,700	27,758	942
Total General Administration	1,622,475	500,800	495,294	5,506
General Government Buildings:				
Personal services	57,610	63,499	19,181	44,318
Purchased/contracted services	241,400	261,400	258,517	2,883
Supplies	2,900	2,900	2,550	350
Total General Government Buildings	301,910	327,799	280,248	47,551
Tax Commissioner:				
Personal services	155,780	208,302	197,986	10,316
Purchased/contracted services	53,000	53,000	45,351	7,649
Supplies	1,250	5,250	4,897	353
Total Tax Commissioner	210,030	266,552	248,234	18,318
Tax Assessor:				
Personal services	106,662	141,797	132,157	9,640
Purchased/contracted services	34,650	44,650	44,125	525
Supplies	58,200	58,200	8,624	49,576
Total Tax Assessor	199,512	244,647	184,906	59,741
Total General Government	$ 2,694,763	$ 1,811,399	$ 1,601,872	$ 209,527

HANCOCK COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Judicial:				
Superior court:				
Personal services	$ 164,390	$ 219,671	$ 206,304	$ 13,367
Purchased/contracted services	92,700	130,700	129,908	792
Supplies	2,000	6,500	6,024	476
Total Superior Court	259,090	356,871	342,236	14,635
Magistrate court:				
Personal services	141,446	183,599	158,831	24,768
Purchased/contracted services	5,995	7,995	6,958	1,037
Supplies	500	2,000	1,769	231
Total Magistrate Court	147,941	193,594	167,558	26,036
Probate court:				
Personal services	123,588	167,430	164,792	2,638
Purchased/contracted services	35,350	40,350	38,540	1,810
Supplies	2,000	4,500	4,322	178
Total Probate Court	160,938	212,280	207,654	4,626
Judical Administration	9,000	9,000	9,000	-
District Attorney	1,200	1,200	1,200	-
Total Judicial	$ 578,169	$ 772,945	$ 727,648	$ 45,297
Public Safety:				
Sheriff's Office:				
Personal services	$ 484,938	$ 666,875	$ 665,287	$ 1,588
Purchased/contracted services	39,000	39,000	25,206	13,794
Supplies	14,300	19,300	18,852	448
Total Sheriff's Office	538,238	725,175	709,345	15,830
Jail:				
Personal services	409,943	548,084	520,849	27,235
Purchased/contracted services	118,600	118,600	77,306	41,294
Supplies	144,800	149,800	149,605	195
Total Jail	673,343	816,484	747,760	68,724
Coroner:				
Personal services	11,500	11,950	10,965	985
Purchased/contracted services	4,550	4,550	3,517	1,033
Supplies	900	1,000	922	78
Total Coroner	16,950	17,500	15,404	2,096
Fire:				
Personal services	34,500	45,360	44,934	426
Purchased/contracted services	8,500	8,500	6,033	2,467
Supplies	4,650	4,650	4,314	336
Total Fire	47,650	58,510	55,281	3,229
Emergency Medical Services (EMS):				
Personal services	241,900	337,743	332,521	5,222
Purchased/contracted services	34,050	189,050	187,124	1,926
Supplies	22,300	37,300	36,401	899
Total Emergency Medical Services	298,250	564,093	556,046	8,047
Total Public Safety	$ 1,574,431	$ 2,181,762	$ 2,083,836	$ 97,926

HANCOCK COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public Works:				
Highways and Streets:				
Personal services	$ 361,763	$ 479,526	$ 443,228	$ 36,298
Purchased/contracted services	49,700	49,700	49,632	68
Supplies	376,000	516,000	513,255	2,745
Total Highways and Streets	787,463	1,045,226	1,006,115	39,111
Solid Waste-				
Purchased/contracted services	372,000	440,000	436,715	3,285
Total Public Works	$ 1,159,463	$ 1,485,226	$ 1,442,830	$ 42,396
Health and Welfare:				
Welfare:				
Purchased/contracted services	$ -	$ -	$ -	$ -
Community Services:				
Personal services	128,639	228,729	226,191	2,538
Purchased/contracted services	137,950	170,950	170,123	827
Supplies	8,200	15,700	15,287	413
Total Community Services	274,789	415,379	411,601	3,778
Total Health and Welfare	$ 274,789	$ 415,379	$ 411,601	$ 3,778
Culture and Recreation:				
Parks and Recreation:				
Personal services	$ 40,732	$ 55,503	$ 55,461	$ 42
Purchased/contracted services	2,200	5,200	4,608	592
Supplies	21,700	46,700	45,401	1,299
Total Parks and Recreation	64,632	107,403	105,470	1,933
Youth Opportunity Center-				
Supplies	50,000	50,000	47,432	2,568
Library-				
Purchased/contracted services	45,450	46,450	46,095	355
Total Culture and Recreation	$ 160,082	$ 203,853	$ 198,997	$ 4,856
Housing and Development:				
Conservation:				
Personal services	$ 22,000	$ 22,887	$ 20,013	$ 2,874
Purchased/contracted services	36,700	41,700	41,633	67
Supplies	500	3,000	2,534	466
Total Conservation	59,200	67,587	64,180	3,407
Planning and Zoning:				
Personal services	57,931	77,277	73,258	4,019
Purchased/contracted services	13,700	15,700	15,338	362
Supplies	1,175	1,175	950	225
Total Planning and Zoning	72,806	94,152	89,546	4,606
Development Authority -				
Purchased/contracted services	25,000	25,000	19,201	5,799
Tourism -				
Purchased/contracted services	500	500	-	500
Total Housing and Development	$ 157,506	$ 187,239	$ 172,927	$ 14,312

HANCOCK COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Capital Outlay:				
General Government:				
General Government Buildings	$ -	$ 27,000	$ 26,478	$ 522
Tax Commissioner	110,000	-	-	-
Total General Government	110,000	27,000	26,478	522
Public Safety:				
Sheriff's Office	-	107,000	106,624	376
Jail	-	2,000	1,633	367
Fire Department	-	82,000	81,339	661
Courthouse Security	24,889	24,889	24,889	-
Emergency Medical Services (EMS)	-	247,000	244,612	2,388
Total Public Safety	24,889	462,889	459,097	3,792
Public Works-				
Highways and streets	-	145,000	144,828	172
Health and Welfare -				
Community Services	-	86,500	85,439	1,061
Culture and Recreation -				
Library	-	9,000	8,950	50
Total Capital Outlay	$ 134,889	$ 730,389	$ 724,792	$ 5,597
Debt Service:				
Principle payments	$ -	$ 170,000	$ 169,600	$ 400
Interest payments	-	60,000	59,982	18
Total Debt Service	$ -	$ 230,000	$ 229,582	$ 418
Total Expenditures	$ 6,734,092	$ 8,018,192	$ 7,594,085	$ 424,107

HANCOCK COUNTY, GEORGIA

EXHIBIT 13

REQUIRED SUPPLEMENTARY INFORMATION
1994 GENERAL OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue	$ -	$ -	$ -	$ -
Expenditures:				
Bond administrative expenditures	-	1,000	808	192
Debt Service:				
Principal payments	-	540,000	540,000	-
Interest payments	-	104,000	102,620	1,380
Total expenditures	-	645,000	643,428	1,572
Deficiency of Revenues Under Expenditures	-	(645,000)	(643,428)	1,572
Other Financing Source -				
Transfer in	-	645,000	643,428	(1,572)
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance, Beginning	157	157	157	-
Fund Balance, Ending	$ 157	$ 157	$ 157	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 14

REQUIRED SUPPLEMENTARY INFORMATION
1999 MUNICIPAL LEASE OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -				
Interest and dividend income	$ -	$ 500	$ 103	$ (397)
Expenditures:				
Debt Service:				
Principal payments	-	380,000	380,000	-
Interest payments	-	303,000	302,590	410
Miscellaneous expenditures	-	500	103	397
Total expenditures	-	683,500	682,693	807
Deficiency of Revenues Under Expenditures	-	(683,000)	(682,590)	410
Other Financing Source -				
Transfers in	-	683,000	692,288	9,288
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	9,698	9,698
Fund Balance, Beginning	965,360	965,360	965,360	-
Fund Balance, Ending	$ 965,360	$ 965,360	$ 975,058	$ 9,698

HANCOCK COUNTY, GEORGIA

EXHIBIT 15

REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL LOCAL OPTION SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Sales tax revenues	$ -	$ 485,000	$ 483,009	$ (1,991)
Interest and dividend income	-	2,000	1,139	(861)
Total revenues	-	487,000	484,148	(2,852)
Expenditure -				
Legal fees	-	10,000	9,100	900
Excess of Revenues Over Expenditure	-	477,000	475,048	(1,952)
Other Financing Source (Use) -				
Transfer in	-	218,000	217,195	(805)
Transfer out	-	(695,000)	(692,243)	2,757
Total Other Financing Source (Use)	-	(477,000)	(475,048)	1,952
Excess of Revenues and Other Financing Sources Over (Under) Expenditure	-	-	-	-
Fund Deficit, Beginning	(1,175,800)	(1,175,800)	(1,175,800)	-
Fund Deficit, Ending	$ (1,175,800)	$ (1,175,800)	$ (1,175,800)	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 16

REQUIRED SUPPLEMENTARY INFORMATION
EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Operating revenue	$ 100,000	$ 100,000	$ 102,045	$ 2,045
Interest income	-	-	889	889
	100,000	100,000	102,934	2,934
Expenditures:				
Salaries	212,222	223,365	222,898	467
Payroll taxes	16,300	16,300	16,256	44
Education and training	1,000	1,000	613	387
Address maintenance	9,600	9,600	1,600	8,000
Unemployment insurance	-	3,600	3,568	32
Miscellaneous expenditures	-	100	100	-
Uniforms	1,000	5,000	4,942	58
Supplies	8,000	3,000	2,940	60
Equipment rental	-	1,000	670	330
Repairs and maintenance	8,748	8,748	2,668	6,080
Utilities	81,843	105,000	104,948	52
Capital outlay	10,000	2,000	1,633	367
Total expenditures	348,713	378,713	362,836	15,877
Deficiency of Revenues Under Expenditures	(248,713)	(278,713)	(259,902)	18,811
Other Financing Source - Transfer In	248,713	278,713	270,007	(8,706)
Excess of Revenues and Other Financing Source Over Expenditures	-	-	10,105	10,105
Fund Deficit, Beginning	(10,105)	(10,105)	(10,105)	-
Fund Deficit, Ending	$ (10,105)	$ (10,105)	$ -	$ 10,105

Other Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- ***Law Library*** – To account for the law library fees included in all fines which are specifically designated for the County's law library.
- ***Superior Court Real Estate*** - To account for funds that are legally restricted to expenditure for particular purposes.
- ***Sheriff's Confiscation*** – To account for the revenues received that are designated for the purpose of enhancing law enforcement or capital outlay.
- ***Grants*** -- To account for grant funds that are legally restricted to expenditure for particular purposes.

Capital Projects Funds are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

- ***Homeland Security*** – To account for the resources restricted for the purchase of various capital outlay of the County.
- ***FEMA/GEMA Project*** – To account for the resources restricted for tornado disaster relief.
- ***Jail Renovation and Expansion Outlay*** - To account for the resources restricted for the renovation and expansion of the County jail.

HANCOCK COUNTY, GEORGIA

EXHIBIT 17

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Law Library	Grants	Superior Court Real Estate	Sheriff's Confiscation	Capital Projects: Homeland Security	Capital Projects: FEMA/GEMA Project	Capital Projects: Jail Renovation and Expansion Outlay	Total Nonmajor Governmental Funds
ASSET								
Cash	$ 37,843	$ 15,839	$ 5,654	$ 10,188	$ 188	$ 569	$ -	$ 70,281
Other receivables	-	-	-	-	-	40	-	40
Due from other governments	-	3,529	-	-	-	58,983	-	62,512
Due from other funds	-	1,956	-	-	-	-	-	1,956
Total Assets	$ 37,843	$ 21,324	$ 5,654	$ 10,188	$ 188	$ 59,592	$ -	$ 134,789
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 17,727	$ -	$ -	$ -	$ -	$ -	$ 17,727
Intergovernmental payable	-	5,485	-	-	-	-	-	5,485
Deferred revenue	-	-	5,654	-	-	-	-	5,654
Due to other funds	-	-	-	-	188	-	-	188
Total liabilities	-	23,212	5,654	-	188	-	-	29,054
Fund Balances:								
Restricted for special programs	37,843	-	-	10,188	-	59,592	-	107,623
Unassigned	-	(1,888)	-	-	-	-	-	(1,888)
Total fund balances	37,843	(1,888)	-	10,188	-	59,592	-	105,735
Total Liabilities and Fund Balances	$ 37,843	$ 21,324	$ 5,654	$ 10,188	$ 188	$ 59,592	$ -	$ 134,789

HANCOCK COUNTY, GEORGIA

EXHIBIT 18

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Law Library	Grants	Superior Court Real Estate	Sheriff's Confiscation	Capital Projects: Homeland Security	Capital Projects: FEMA/GEMA Project	Capital Projects: Jail Renovation and Expansion Outlay	Total Nonmajor Governmental Funds
Revenues:								
Fines and forfeitures	$ 6,870	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,870
Grant revenue	-	19,300	-	-	-	-	-	19,300
Interest and dividend income	-	-	-	36	-	-	-	36
Other revenues	-	-	-	685	-	-	-	685
Total revenues	6,870	19,300	-	721	-	-	-	26,891
Expenditures:								
Supplies	-	-	-	916	-	-	-	916
Equipment expenditures	-	-	-	40	-	-	-	40
Administrative fees	-	7,727	-	-	-	-	-	7,727
Repairs and maintenance	-	-	-	85	-	-	-	85
Program expense	9,355	-	-	-	-	-	-	9,355
Capital outlay	1,140	-	-	-	-	-	-	1,140
Total expenditures	10,495	7,727	-	1,041	-	-	-	19,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,625)	11,573	-	(320)	-	-	-	7,628
Other Financing Source (Use) - Transfer in (out)	-	274	-	-	-	-	(45)	229
Excess (Deficiency) of Revenues and Other Financing Source Over (Under) Expenditures	(3,625)	11,847	-	(320)	-	-	(45)	7,857
Fund Balance (Deficit), Beginning	41,468	(13,735)	-	10,508	-	59,592	45	97,878
Fund Balance (Deficit), Ending	$ 37,843	$ (1,888)	$ -	$ 10,188	$ -	$ 59,592	$ -	$ 105,735

HANCOCK COUNTY, GEORGIA

EXHIBIT 19

BUDGETARY COMPARISON – LAW LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues -				
Fines and forfeitures	$ -	$ 12,500	$ 6,870	$ (5,630)
Expenditures:				
Supplies	-	3,000	2,773	227
Contract labor	-	2,000	1,733	267
Travel expenditures	-	1,000	149	851
Courtroom repairs and maintenance	-	5,000	4,700	300
Capital outlay	-	1,500	1,140	360
Total expenditures	-	12,500	10,495	2,005
Deficiency of Revenues Under Expenditures	-	-	(3,625)	(3,625)
Fund Balance, Beginning	41,468	41,468	41,468	-
Fund Balance, Ending	$ 41,468	$ 41,468	$ 37,843	$ (3,625)

HANCOCK COUNTY, GEORGIA

EXHIBIT 20

BUDGETARY COMPARISON – GRANTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenue -				
Grant income	$ -	$ 19,500	$ 19,300	$ (200)
Expenditure -				
Other expenditures	-	20,000	7,727	12,273
Excess of Revenue Over Expenditure	-	(500)	11,573	12,073
Other Financing Source -				
Transfer in	-	500	274	(226)
Excess of Revenue and Other Financing Source Over Expenditure	-	-	11,847	11,847
Fund Balance, Beginning	(13,735)	(13,735)	(13,735)	-
Fund Balance (Deficit), Ending	$ (13,735)	$ (13,735)	$ (1,888)	$ 11,847

HANCOCK COUNTY, GEORGIA

EXHIBIT 21

BUDGETARY COMPARISON – SUPERIOR COURT REAL ESTATE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues	$ -	$ -	$ -
Expenditures	-	-	-
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 22

BUDGETARY COMPARISON – SHERIFF'S CONFISCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Condemnation revenue	$ -	$ 1,000	$ 685	$ (315)
Interest income	-	200	36	(164)
Total revenues	-	1,200	721	(479)
Expenditures:				
Supplies	-	1,000	916	84
Towing expenditures	-	100	85	15
Equipment expenditures	-	100	40	60
Total expenditures	-	1,200	1,041	159
Deficiency of Revenues Under Expenditures	-	-	(320)	(320)
Fund Balance, Beginning	10,508	10,508	10,508	-
Fund Balance, Ending	$ 10,508	$ 10,508	$ 10,188	$ (320)

HANCOCK COUNTY, GEORGIA

EXHIBIT 23

BUDGETARY COMPARISON – HOMELAND SECURITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -	$ -	$ -	$ -	$ -
Expenditure -	-	-	-	-
Excess of Revenue Over Expenditure	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 24

BUDGETARY COMPARISON – FEMA/GEMA PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -	$ -	$ -	$ -	$ -
Expenditure -	-	-	-	-
Excess of Revenue Over Expenditure	-	-	-	-
Fund Balance, Beginning	59,592	59,592	59,592	-
Fund Balance, Ending	$ 59,592	$ 59,592	$ 59,592	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 25

BUDGETARY COMPARISON – JAIL RENOVATION AND EXPANSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -	$ -	$ -	$ -	$ -
Expenditure	-	-	-	-
Excess of Revenue Over Expenditure	-	-	-	-
Other Financing Use - Transfer out	-	-	(45)	(45)
Deficiency of Revenue Under Expenditure and Other Financing Use	-	-	(45)	(45)
Fund Balance, Beginning	45	45	45	-
Fund Balance, Ending	$ 45	$ 45	$ -	$ (45)

Agency Funds

HANCOCK COUNTY, GEORGIA

EXHIBIT 26

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Probate Court	Clerk of Superior Court	Sheriff's Office	Tax Commissioner's Office	Clerk of Magistrate Court	Total Agency Funds
Asset -						
Cash	$ 133,710	$ 69,512	$ 11,132	$ 169,445	$ 4,434	$ 388,233
Liabilities:						
Due to other governments	$ -	$ 8,412	$ -	$ 27,144	$ 793	$ 36,349
Other liabilities	133,710	61,100	11,132	142,301	3,641	351,884
Total Liabilities	$ 133,710	$ 69,512	$ 11,132	$ 169,445	$ 4,434	$ 388,233

Other Information

EXHIBIT 27

HANCOCK COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2011

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Jail Renovation Project	$ 3,700,000	$ 6,400,000	$ 4,839,201	$ 701,343	$ 5,540,544

HANCOCK COUNTY, GEORGIA

EXHIBIT 28

COMMUNITY DEVELOPMENT BLOCK GRANT (#08E-Y-070-1-5047)
SOURCE AND APPLICATION OF FUND SCHEDULE
FOR THE PERIOD OF SEPTEMBER 16, 2008 THROUGH DECEMBER 31, 2011

Total program funds allocated to recipient	$ 500,000
Less - Total program funds drawn by recipient	493,912
Funds still available from program resources	$ 6,088
Total program funds drawn down and received by recipient	$ 493,912
Less - Funds applied and expended to program costs	493,912
Total program funds held by recipient	$ -

EXHIBIT 29

HANCOCK COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT (#08E-Y-070-1-5047)
PROJECT COST SCHEDULE
FOR THE PERIOD OF SEPTEMBER 16, 2008 THROUGH DECEMBER 31, 2011

	Activity Number	Latest Approved Budget CDBG Funds	Accumulated Expenditures to Date CDBG Funds	Accumulated Expenditures to Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
ED - Public Facilities and Improvements	E-17B-00	$ 422,971	$ 421,015	$ -	$ 421,015	$ -
Engineering - Commercial/Industrial Infrastructure Development	T-17B-00	47,029	47,029	-	47,029	-
Contingencies	C-022-00	-	-	-	-	-
Administration	A-21A-00	30,000	25,868	-	25,868	-
		$ 500,000	$ 493,912	$ -	$ 493,912	$ -

HANCOCK COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT (#10P-Y-070-1-5259)
SOURCE AND APPLICATION OF FUND SCHEDULE
FOR THE PERIOD OF SEPTEMBER 30, 2010 THROUGH DECEMBER 31, 2011

Total program funds allocated to recipient	$	500,000
Less - Total program funds drawn by recipient		187,175
Funds still available from program resources	$	312,825
Total program funds drawn down and received by recipient	$	187,175
Less - Funds applied and expended to program costs		187,175
Total program funds held by recipient	$	-

HANCOCK COUNTY, GEORGIA

EXHIBIT 31

COMMUNITY DEVELOPMENT BLOCK GRANT (#10P-Y-070-1-5259)
PROJECT COST SCHEDULE
FOR THE PERIOD OF SEPTEMBER 30, 2010 THROUGH DECEMBER 31, 2011

	Activity Number	Latest Approved Budget CDBG Funds	Accumulated Expenditures to Date CDBG Funds	Accumulated Expenditures to Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Water Facilities	P-03J-01	$ 381,950	$ 122,850	$ -	$ 122,850	$ -
Engineering - Water/Sewer Improvements	T-03J-01	45,400	41,590	-	41,590	-
Acquisition of Property (Public)	P-001-01	3,500	1,794	-	1,794	-
Contingencies - Unprogrammed Funds	C-022-00	39,150	-	-	-	-
Administration	A-21A-00	30,000	20,941	-	20,941	-
		$ 500,000	$ 187,175	$ -	$ 187,175	$ -

Compliance Information

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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*

To the County Commissioners
Hancock County, Georgia

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, Georgia as of and for the year ended December 31, 2011, which collectively comprise Hancock County's basic financial statements and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hancock County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock County, Georgia's internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of Hancock County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as items 11-1 through 11-3. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain matters that we reported to management of Hancock County, Georgia, in a separate letter dated June 29, 2012.

Hancock County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses We did not audit Hancock County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wright & Wright, P.C.

June 29, 2012

HANCOCK COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2010

SIGNIFICANT DEFICIENCIES

Finding 2011-01

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records; or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Cause

The County's operating budget does not allow the County to hire enough personnel.

Recommendation

We recommend that management continue to exercise alert supervision of employees in order to protect the assets of the County.

Views of Responsible Officials

We concur with the recommendations and plan to implement the auditors' suggestions

Finding 2011-02

During fieldwork, we found that certain cash deposits had not been made in a timely manner by the Probate Court. Additionally, funds were being held for extensive periods of time by the Probate Court that were due to other government agencies

Cause

Cash receipts in the Probate Office were retained until larger deposits could be made. Payments were not remitted to appropriate government agencies in a timely manner.

Recommendation

Management should establish policies and procedures to make deposits and remit payments in a timely manner.

Views of Responsible Officials

We concur with the recommendations and plan to implement the auditors' suggestions.

Finding 2011-03

The Sparta-Hancock County Development Authority has short-term debt with a local bank. This debt is repaid each July It is in violation of State law to have short-term debt outstanding at December 31.

Cause

Because the debt renewed each July, the Development Authority was not in compliance with State law

Recommendation

Management should change the terms of the short-term debt so that the debt is fully paid on December 31.

Views of Responsible Officials

We concur with the recommendations and plan to implement the auditors' suggestions