Hancock County, Georgia

Annual Financial Report
For the Year Ended
December 31, 2016

Hancock County, Georgia

Annual Financial Report

For the Year Ended
December 31, 2016

HANCOCK COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

Issued by: Sistie Hudson, Chairperson of the Board of Commissioners

HANCOCK COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Hancock County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hancock County Board of Health which represents 12% and 71% of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units is based on the report of the other auditors. Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 42 through 45 be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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 the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, 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 the other schedules included in other supplementary information as described in the accompanying table of contents are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 29, 2017 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 grant 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* in considering Hancock County, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

June 29, 2017
Sandersville, Georgia

Financial Section

Basic Financial Statements

HANCOCK COUNTY, GEORGIA

Exhibit 1

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department	Total
Assets						
Cash and cash equivalents	$ 2,695,228	$ 43,890	$ 2,739,118	$ 56,908	$ 244,215	$ 3,040,241
Receivables, net of allowances for uncollectible:						
Taxes	2,361,304	-	2,361,304	-	-	2,361,304
Accounts	-	23,057	23,057	-	792	23,849
Due from other governments	222,044	-	222,044	-	24,734	246,778
Other	38,359	-	38,359	9,016	-	47,375
Internal balances	-	-	-	-	-	-
Prepaid expenditures	89,845	2,095	91,940	-	-	91,940
Post employment benefits	158,792	-	158,792	-	-	158,792
Capital assets:						
Land and other non-depreciable assets	1,488,188	-	1,488,188	-	-	1,488,188
Other capital assets, net of depreciation	13,991,430	2,669,860	16,661,290	1,866,945	464	18,528,699
Total assets	21,045,190	2,738,902	23,784,092	1,932,869	270,205	25,987,166
Deferred Outflow of Resources	-	-	-	-	46,648	46,648
Liabilities						
Accounts payable	369,386	6,414	375,800	-	-	375,800
Short-term notes payable	-	-	-	180,948	-	180,948
Accrued expenses	527,827	5,921	533,748	1,529	5,027	540,304
Customer deposits	8,000	-	8,000	-	-	8,000
Due to other governments	4,477	-	4,477	-	-	4,477
Compensated absences payable	87,784	1,346	89,130	-	-	89,130
Long-term obligations:						
Due within one year	670,715	22,331	693,046	-	-	693,046
Proportionate share of collective net pension liability	1,493,878	-	1,493,878	-	-	1,493,878
Due in more than one year	3,381,063	468,681	3,849,744	-	346,879	4,196,623
Total liabilities	6,543,130	504,693	7,047,823	182,477	351,906	7,582,206
Deferred Inflow of Resources	-	-	-	-	48,659	48,659
Net Position						
Net investment in capital assets	11,427,840	2,178,848	13,606,688	1,685,997	464	15,293,149
Restricted for debt service	1,011,617	-	1,011,617	-	-	1,011,617
Restricted for special programs	397,864	-	397,864	-	-	397,864
Unrestricted (Deficit)	1,664,739	55,361	1,720,100	64,395	(84,176)	1,700,319
Total net position	$ 14,502,060	$ 2,234,209	$ 16,736,269	$ 1,750,392	$ (83,712)	$ 18,402,949

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, 2016

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 Position: 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	$ 2,505,735	$ 170,935	$ 262	$ -	$ (2,334,538)	$ -	$ (2,334,538)	$ -	$ -
Judicial	757,654	289,712	-	-	(467,942)	-	(467,942)	-	-
Public safety	3,182,966	123,179	-	-	(3,059,787)	-	(3,059,787)	-	-
Public works	3,372,455	11,106	518,472	396,820	(2,446,057)	-	(2,446,057)	-	-
Health and welfare	668,189	221,033	83,603	-	(363,553)	-	(363,553)	-	-
Culture and recreation	474,218	-	-	-	(474,218)	-	(474,218)	-	-
Housing and development	180,429	-	-	-	(180,429)	-	(180,429)	-	-
Interest on long-term debt	259,869	-	-	-	(259,869)	-	(259,869)	-	-
Total governmental activities	11,401,515	815,965	602,337	396,820	(9,586,393)	-	(9,586,393)	-	-
Business-type Activity -									
Water and Sewer	694,204	234,222	-	-	-	(459,982)	(459,982)	-	-
Total primary government	$ 12,095,719	$ 1,050,187	$ 602,337	$ 396,820	$ (9,586,393)	(459,982)	(10,046,375)	-	-
Component Units									
Hancock County Development Authority	265,789	-	35,671	-	-	-	-	(230,118)	-
Hancock County Health Department	383,240	129,274	335,076	-	-	-	-	-	81,110
Total component units	$ 649,029	$ 129,274	$ 370,747	$ -	-	-	-	(230,118)	81,110
General revenues:									
Property taxes					7,029,550	-	7,029,550	-	-
Local option sales tax					294,058	-	294,058	-	-
Special local option sales tax					445,388	-	445,388	-	-
Insurance company premium tax					446,864	-	446,864	-	-
TSPLOST					968,080	-	968,080	-	-
Other taxes					61,720	-	61,720	-	-
Unrestricted investment earnings					3,502	-	3,502	90	435
Lease & rental income					29,741	-	29,741	10,000	-
Miscellaneous					63,597	38	63,635	112	-
Proceeds from insurance					1,349,412	-	1,349,412	-	-
Gain on sale of capital assets					-	-	-	14,520	-
Transfers in					-	192,892	192,892	-	-
Transfers out					(192,892)	-	(192,892)	-	-
Total general revenues and transfers					10,499,020	192,930	10,691,950	24,722	435
Change in net position					912,627	(267,052)	645,575	(205,396)	81,545
Net position - beginning					13,589,433	2,501,261	16,090,694	1,955,788	(165,257)
Net position - ending					$ 14,502,060	$ 2,234,209	$ 16,736,269	$ 1,750,392	$ (83,712)

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, 2016

	General	1999 Municipal Lease Obligation Debt Service Fund	Special Local Option Sales Tax	LMIG	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,184,897	$ 1,011,617	$ 150,795	$ 22,616	$ 325,303	$ 2,695,228
Receivables, net of allowances for uncollectibles:						
Taxes	2,361,304	-	-	-	-	2,361,304
Due from other governments	26,440	-	40,071	-	155,533	222,044
Other	38,359	-	-	-	-	38,359
Due from other funds	1,867,463	-	-	-	-	1,867,463
Prepaid expenditures	89,845	-	-	-	-	89,845
Total Assets	$ 5,568,308	$ 1,011,617	$ 190,866	$ 22,616	$ 480,836	$ 7,274,243
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 362,679	$ -	$ -	$ -	$ 6,707	$ 369,386
Accrued expenses	510,835	-	-	-	16,992	527,827
Customer deposits	8,000	-	-	-	-	8,000
Due to other funds	-	-	1,808,190	-	59,273	1,867,463
Intergovernmental payable	4,477	-	-	-	-	4,477
Unavailable revenues	1,261,364	-	-	-	-	1,261,364
Total Liabilities	2,147,355	-	1,808,190	-	82,972	4,038,517
Fund Balances:						
Nonspendable for -						
Prepaid expenditures	89,845	-	-	-	-	89,845
Assigned for -						
Debt service	-	1,011,617	-	-	-	1,011,617
Restricted for -						
Capital projects	-	-	-	22,616	-	22,616
Special programs	-	-	-	-	397,864	397,864
Unassigned	3,331,108	-	(1,617,324)	-	-	1,713,784
Total Fund Balances (Deficits)	3,420,953	1,011,617	(1,617,324)	22,616	397,864	3,235,726
Total Liabilities and Fund Balances (Deficits)	$ 5,568,308	$ 1,011,617	$ 190,866	$ 22,616	$ 480,836	$ 7,274,243

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

HANCOCK COUNTY, GEORGIA

EXHIBIT 4

RECONCILIATION OF NET POSITION –GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2016

Fund balance - total governmental funds	$ 3,235,726
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,479,618
Post employment benefits used in governmental activities are not financial resources and therefore are not reported in the funds.	158,792
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,261,364
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	(3,120,000)
Net pension liability	(1,493,878)
Notes payable	(369,687)
Capital leases payable	(562,091)
Compensated absences	(87,784)
Net position of governmental activities	$ 14,502,060

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, 2016

	General	1999 Municipal Lease Obligation Debt Service Fund	Special Local Option Sales Tax	LMIG	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 7,949,882	$ -	$ 445,388	$ -	$ 968,080	$ 9,363,350
Licenses and permits	37,223	-	-	-	-	37,223
Intergovernmental	602,075	-	-	396,820	-	998,895
Charges for services	374,000	-	-	-	108,633	482,633
Fines and forfeitures	284,708	-	-	-	11,400	296,108
Investment revenues	2,342	438	262	-	22	3,064
Other revenues	92,903	-	-	-	1,135	94,038
Total Revenues	9,343,134	438	445,650	396,820	1,089,270	11,275,312
Expenditures:						
Current:						
General government	5,460,610	-	3,440	-	448	5,464,498
Judicial	744,599	-	-	-	-	744,599
Public safety	2,366,650	-	-	-	490,082	2,856,732
Public works	2,481,401	-	-	575,548	516,705	3,573,654
Health and welfare	639,164	-	-	-	-	639,164
Culture and recreation	441,529	-	-	-	-	441,529
Housing and development	176,086	-	-	-	-	176,086
Debt Service:						
Principle payments	138,679	495,000	-	-	-	633,679
Interest payments	70,917	188,952	-	-	-	259,869
Capital Outlay	-	-	-	-	72,054	72,054
Total Expenditures	12,519,636	683,952	3,440	575,548	1,079,289	14,861,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,176,503)	(683,514)	442,210	(178,728)	9,981	(3,586,554)
Other Financing Sources (Uses):						
Transfers in	307,500	705,194	-	200,000	408,340	1,621,034
Transfers out	(616,610)	-	(689,816)	-	(507,500)	(1,813,926)
Proceeds from insurance recoveries	1,349,412	-	-	-	-	1,349,412
Proceeds from capital leases	411,492	-	-	-	-	411,492
Proceeds from USDA borrowings	44,175	-	-	-	-	44,175
Total other financing sources (uses)	1,495,969	705,194	(689,816)	200,000	(99,160)	1,612,187
Net Change in Fund Balances	(1,680,534)	21,680	(247,606)	21,272	(89,179)	(1,974,367)
Fund balances (deficits) - beginning	5,101,487	989,937	(1,369,718)	1,344	487,043	5,210,093
Fund balances (deficits) - ending	$ 3,420,953	$ 1,011,617	$ (1,617,324)	$ 22,616	$ 397,864	$ 3,235,726

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, 2016

Net change in fund balances - Total Governmental Funds	$ (1,974,367)
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 Position as follows -	
Capital outlay	3,792,314
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	(679,320)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets.	
Notes payable	(44,175)
Capital leases	(411,492)
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	(117,690)
Net pension liability is not available during the current period and therefore is not reported in the funds	
End of Year	(1,493,878)
Beginning of Year	1,193,762
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	495,000
Capital leases	131,229
Notes payable	7,450
Compensated absences	13,794
Change in Net Position of Governmental Activities	$ 912,627

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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 6,479,875	$ 6,479,875	$ 7,949,882	$ 1,470,007
Licenses and permits	30,500	30,500	37,223	6,723
Intergovernmental	40,000	540,000	602,075	62,075
Charges for services	369,000	369,000	374,000	5,000
Fines and forfeitures	265,000	265,000	284,708	19,708
Miscellaneous revenues	563,639	563,639	95,245	(468,394)
Total Revenues	7,748,014	8,248,014	9,343,134	1,095,120
Expenditures:				
General government	5,343,930	5,473,930	5,460,610	13,320
Judicial	579,102	749,102	744,599	4,503
Public safety	1,901,113	2,371,113	2,366,650	4,463
Public works	1,979,331	2,484,331	2,481,401	2,930
Health and welfare	453,413	643,413	639,164	4,249
Culture and recreation	387,926	442,926	441,529	1,397
Housing and development	149,832	179,832	176,086	3,746
Debt service	-	210,000	209,596	404
Total Expenditures	10,794,647	12,554,647	12,519,636	35,011
Deficiency of Revenues Under Expenditures	(3,046,633)	(4,306,633)	(3,176,503)	1,130,130
Other Financing Sources (Use):				
Transfers in	-	-	307,500	307,500
Transfers out	(616,610)	(616,610)	(616,610)	-
Proceeds from insurance recoveries	-	-	1,349,412	1,349,412
Proceeds from capital leases	-	-	411,492	411,492
Proceeds from issuance of debt	-	-	44,175	44,175
Total other financing sources	(616,610)	(616,610)	1,495,969	2,112,579
Deficiency of Revenues and Other Financing Sources and Other Financing Uses	(3,663,243)	(4,923,243)	(1,680,534)	3,242,709
Fund Balance, Beginning	5,101,487	5,101,487	5,101,487	-
Fund Balance, Ending	$ 1,438,244	$ 178,244	$ 3,420,953	$ 3,242,709

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

HANCOCK COUNTY, GEORGIA

EXHIBIT 8

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

	Water and Sewer Fund
Assets:	
Current Assets:	
Cash	$ 43,890
Accounts receivable, net of allowance	23,057
Prepaid expenses	2,095
Total Current Assets	69,042
Capital Assets:	
Equipment	297,745
Distribution System	6,271,837
Total	6,569,582
Less - accumulated depreciation	(3,899,722)
Total Capital Assets	2,669,860
Total Assets	2,738,902
Liabilities:	
Current Liabilities:	
Accounts payable	6,414
Accrued salaries payable	5,921
Compensated absences payable	1,346
Current portion of long-term debt	22,331
Total Current Liabilities	36,012
Noncurrent Liability-	
Note payable - non-current portion	468,681
Total Liabilities	504,693
Net Position:	
Net investment in capital assets	2,178,848
Unrestricted	55,361
Total Net Position	$ 2,234,209

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

HANCOCK COUNTY, GEORGIA

EXHIBIT 9

STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer Fund
Operating Revenue - Water and Sewer sales	$ 234,222
Operating Expenses:	
Salaries	126,485
Payroll taxes	9,638
Utilities	182,747
Pipes and supplies	6,524
Chemicals	11,529
Dues and subscriptions	350
Bad debt expense	10,399
Repairs and maintenance	18,726
Travel and training	6,237
Supplies	12,752
Membership fees	738
Miscellaneous expense	3,345
Depreciation expense	287,878
Total operating expenses	677,348
Operating Loss	(443,126)
Non-operating Revenue (Expense):	
Interest income	38
Grant income	-
Interest expense	(16,856)
Total non-operating revenue (expense)	(16,818)
Loss Before Transfers	(459,944)
Transfers in	192,892
Change in Net Position	(267,052)
Total Net Position, Beginning	2,501,261
Total Net Position, Ending	$ 2,234,209

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, 2016

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 227,229
Receipts from others	(2,095)
Bad debt expense	(10,399)
Payments to suppliers	(234,497)
Payments to employees	(130,299)
Payments to others	(9,638)
Net cash used in operating activities	(159,699)
Cash Flows from Noncapital Financing Activities -	
Transfer in	192,892
Cash Flows from Capital and Related Financing Activities:	
Principal payments on capital debt	(21,887)
Interest payments on capital debt	(16,856)
Net cash used in capital and related financing activities	(38,743)
Cash Flows from Investing Activities -	
Interest income	38
Net decrease in cash and cash equivalents	(5,512)
Balances - beginning of year	49,402
Balances - end of year	$ 43,890
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (443,126)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	287,878
Net change in assets and liabilities attributable to operations:	
Accounts receivable	(6,993)
Prepaid expenses	(2,095)
Accounts payable	2,214
Accrued salaries payable	2,836
Compensated absences payable	(413)
Net cash used in operating activities	$ (159,699)

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, 2016

	Agency Funds
Asset -	
Cash	$ 308,972
Liabilities:	
Due to other governments	$ 19,858
Other liabilities	289,114
Total Liabilities	$ 308,972

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 political subdivision of the State of Georgia and is 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, 2016, are included in the reporting entity's 2016 financial statements. During the year ended December 31, 2016, the primary source of income for the Authority was received from the County. At December 31, 2016, 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, 2016, are included in the reporting entity's 2016 financial statements. During the year ended June 30, 2016, the primary source of income for the Department was grant income in the amount of $238,988 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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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 *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 *LMIG Fund* accounts for the accumulation of LMIG revenues and the related capital expenditures.

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 *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 capital 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 Position 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 35 percent of outstanding property taxes at December 31, 2016. 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 $276,724. 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 position. 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*** -Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

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 Commissioners' 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 Position

Net investment in capital assets – 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 position – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

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:	
Budget Basis	$ (1,680,534)
Add - New encumbrances - current year	-
Deduct - Prior year encumbrances expended	-
Generally Accepted Accounted Principles (GAAP) Basis	$ (1,680,534)

C. Deficit Fund Balance

As of December 31, 2016, the Special Local Option Sales Tax Fund had a deficit balance of ($1,617,324).

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments – The Government owns no investments as of December 31, 2016.

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, 2016, 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 2015 collected during the current year has been recognized as revenue.

Property taxes receivable at December 31, 2016, is composed of the following:

Year of Levy:	
2016	$ 1,572,926
2015	401,242
2014	277,730
2013	253,082
2012	197,550
Prior to 2011	956,319
Total	3,658,849
Less - allowance for uncollectible	(1,297,545)
Net receivable	$ 2,361,304

B. Property Taxes(Continued)

The County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County.

For the fiscal year ended December 31, 2016, the County abated property taxes for the development of a solar farm. The solar farm tax abatement was a 100% property tax reduction which totaled $25,419.

C. Accounts Receivable

Primary Government

Receivables at December 31, 2016 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	Water Fund	Total
Receivables:					
Taxes	$ 3,658,849	$ -	$ -	$ -	$ 3,658,849
Intergovernmental	26,440	40,071	155,533	-	222,044
Other	38,359	-	-	204,602	242,961
Gross receivables	3,723,648	40,071	155,533	204,602	4,123,854
Less: allowance for Uncollectibles	(1,297,545)	-	-	(181,545)	(1,479,090)
Net total receivables	$ 2,426,103	$ 40,071	$ 155,533	$ 23,057	$ 2,644,764

Discretely Presented Component Units

Trade receivables from the Sparta-Hancock County Development Authority and Public Health Center as of December 31, 2016, are as follows:

	Sparta - Hancock County Development Authority	Public Health Center	Total
Receivables:			
Accounts	$ -	$ 792	$ 792
Other	9,016	24,734	33,750
Gross receivables	9,016	25,526	34,542
Less: allowance for Uncollectibles	-	-	-
Net total receivables	$ 9,016	$ 25,526	$ 34,542

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2016, 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	4,454,235	591,368	4,454,235	591,368
Subtotal	5,351,055	591,368	4,454,235	1,488,188
Other capital assets:				
Buildings and other improvements	6,735,372	6,867,557	-	13,602,929
Infrastructure	1,980,655	-	-	1,980,655
Machinery and equipment	7,248,826	787,624	102,000	7,934,450
Total other capital assets at historical cost	15,964,853	7,655,181	102,000	23,518,034
Less accumulated depreciation:				
Buildings and other improvements	(2,734,885)	(236,845)	-	(2,971,730)
Infrastructure	(450,759)	(64,207)	-	(514,966)
Machinery and equipment	(5,763,640)	(378,268)	(102,000)	(6,039,908)
Subtotal	(8,949,284)	(679,320)	(102,000)	(9,526,604)
Other capital assets, net	7,015,569	6,975,861	-	13,991,430
Governmental activities capital assets, net	$ 12,366,624	$ 7,567,229	$ 4,454,235	$ 15,479,618

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

Governmental activities:	
General government	$ 132,301
Judicial	7,089
Public safety	273,336
Public works	207,997
Health and welfare	34,904
Housing and development	540
Culture and recreation	23,153
Total governmental activities depreciation expense	$ 679,320

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	6,271,837	-	-	6,271,837
Machinery and equipment	297,745	-	-	297,745
Total other capital assets at historical cost	6,569,582	-	-	6,569,582
Less accumulated depreciation:				
Water and sewer system	(3,336,816)	(274,682)	-	(3,611,498)
Machinery and equipment	(275,028)	(13,196)	-	(288,224)
Subtotal	(3,611,844)	(287,878)	-	(3,899,722)
Other capital assets, net	2,957,738	(287,878)	-	2,669,860
Business activities capital assets, net	$ 2,957,738	$ (287,878)	$ -	$ 2,669,860

Discretely Presented Component Units

Capital asset activity for the Sparta-Hancock County Development Authority for the year ended December 31, 2016, 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	4,864,361	-	-	4,864,361
Less accumulated depreciation	(2,781,714)	(215,702)	-	(2,997,416)
Other capital assets, net	2,082,647	(215,702)	-	1,866,945
Development Authority capital assets, net	$ 2,082,647	$ (215,702)	$ -	$ 1,866,945

Capital asset activity for the Public Health Center for the year ended December 31, 2016, 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	43,473	-	-	43,473
Less accumulated depreciation for:	(42,546)	(463)	-	(43,009)
Other capital assets, net	927	(463)	-	464
Public Health Center capital assets, net	$ 927	$ (463)	$ -	$ 464

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, 2016, is as follows:

	Due From	Due To
Major Funds:		
General Fund	$ -	$ 1,867,463
Special Local Option Sales Tax Fund	1,808,190	-
Nonmajor Funds:		
Grants	68	-
Emergency 911 Fund	59,205	-
	$ 1,867,463	$ 1,867,463

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	$ 616,610	$ 307,500
1999 Municipal Lease Obligation Debt Service Fund	-	705,194
LMIG	-	200,000
Emergency 911 Fund	-	394,589
T-SPLOST	507,500	13,751
Special Local Option Sales Tax Fund	689,816	-
Total Transfers Governmental Funds	$ 1,813,926	$ 1,621,034
Water and Sewer Fund	-	192,892
Total Transfers	$ 1,813,926	$ 1,813,926

F. Due from Other Governments

Amounts due from other Governmental entities at December 31, 2016, are as follows:

	Federal	State	Other	Total
General Fund	$ -	$ 26,440	$ -	$ 26,440
FEMA/GEMA Project Fund	42,960	-	16,023	58,983
TSPLOST Fund	-	96,550	-	96,550
Special Local Option Sales Tax Fund	-	40,071	-	40,071
Total	$ 42,960	$ 163,061	$ 16,023	$ 222,044

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, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ -	$ 2,500,000	$ 2,500,000	$ -

In addition, the Sparta-Hancock County Development Authority has a short-term note payable with the Bank of Hancock County at 6.00% interest for the purpose of acquiring real estate for community development. The note is secured by real estate and has an outstanding balance of $180,948 at December 31, 2016. This loan was paid off in full on January 30, 2017. Short term notes payable activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Sparta-Hancock County Development Authority	$ 191,008	$ -	$ 10,060	$ 180,948

H. Long - Term Debt

Primary Government Notes Payable

At December 31, 2016, long-term debt consisted of the following:

Payable from Governmental Activities:	Total	Current	Long-term
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%	$ 2,715,000	$ 390,000	$ 2,325,000
$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%	405,000	130,000	275,000
Notes Payable:			
$336,400 to USDA Rural Development for building and equipment purchase; due in annual installments of $17,315 through April 2054; interest at 4.125%	329,382	3,728	325,654
$44,175 to KS State Bank for 2016 lowboy trailer, due in monthly installments of $792 thru February 2021, interest at 2.89%	40,305	8,535	31,770
Capital Lease Obligations:			
$85,042 to Ford Motor Credit for the purchase of three vehicles; due in 3 annual installments of $29,741 through March 2017; interest at 5.0%	28,355	28,355	-
$39,797 to De Lage Laden for the purchase of a Vermeer Chipper; due in 59 monthly installments of $787.90 to April 2020; interest at 6.6%	29,931	29,931	-
$286,462 to Caterpillar Financial for 2 pieces of equipment, interest at 3.2% due in 60 monthly installments of $3,343 to Mar 2021 and balloon pmt of $130,601 in Mar 2012	275,847	34,448	241,399
$114,593 to Ford Motor Credit for the purchase of 1 2016 F-250 and 3 F-150, interest at 5%, 3 annual payments beginning 4/27/16 of $40,229 with final pmt due 4/27/18	74,802	36,489	38,313
$176,239 to Caterpillar Financial for motorgrader; interest at 2.45%; due in 59 monthly installments of $1069 to January 2019 and balloon payment of $132,069 in February 2019	153,156	9,229	143,927
Total	$ 4,051,778	$ 670,715	$ 3,381,063
Notes Payable:			
$375,250 USDA note payable; interest at 4.5%; due in monthly principle and interest payments of $1,689 to June 2044	$ 319,647	$ 6,008	$ 313,639
$119,795 GEFA note payable; interest at 3.0%; due in monthly principle and interest payments of $690 to June 2027	74,514	6,128	68,386
$198,800 GEFA note payable; interest at 0%; due in quarterly principle and interest payments of $2,549 to April 2026	96,851	10,195	86,656
Total	$ 491,012	$ 22,331	$ 468,681

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

Year Ending December 31	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
2017	$ 520,000	161,047	$ 12,263	$ 14,551
2018	550,000	131,610	12,667	14,147
2019	575,000	100,642	13,085	13,730
2020	465,000	71,444	13,516	13,298
2021	1,010,000	58,938	9,017	12,939
2022 - 2026	-	-	25,046	61,799
2027 - 2031	-	-	30,325	56,250
2032 - 2036	-	-	37,119	49,456
2037 - 2041	-	-	45,433	41,142
2042 - 2046	-	-	55,610	30,965
2047 - 2051	-	-	68,064	18,511
2052 - 2054	-	-	47,542	6,010
Total	$ 3,120,000	$ 523,681	$ 369,687	$ 332,798

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

Year Ending December 31	Notes Payable	
	Principal	Interest
2017	$ 22,331	$ 16,411
2018	22,793	15,949
2019	23,274	15,468
2020	23,774	14,968
2021	24,294	14,449
2022 - 2026	124,921	63,692
2027 - 2031	55,701	49,779
2032 - 2036	64,592	36,751
2037 - 2041	80,853	20,487
2042 - 2044	48,479	2,902
Total	$ 491,012	$ 250,857

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, 2016, 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	$ 281,828	$ 411,492	$ 131,229	$ 562,091	$ 138,452	$ 423,639
Notes payable	332,962	44,175	7,450	369,687	12,263	357,424
Certificates of participation	3,615,000	-	495,000	3,120,000	520,000	2,600,000
Net Pension Liability	1,193,762	300,116	-	1,493,878	-	1,493,878
Compensated absences payable	101,578	-	13,794	87,784	87,784	-
Total Governmental Activities	$ 5,525,130	$ 755,783	$ 647,473	$ 5,633,440	$ 758,499	$ 4,874,941

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Business Type Activities						
Notes payable	$ 512,899	$ -	$ 21,887	$ 491,012	$ 22,331	$ 468,681
Compensated absences payable	1,759	-	413	1,346	1,346	-
Total Business Type Activities	$ 514,658	$ -	$ 22,300	$ 492,358	$ 23,677	$ 468,681

Public Health Center

Long-term liability activity for the Public Health Center for the year ended December 31, 2016, 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						
Net Pension Liability	$ 309,539	$ 1,041	$ -	$ 310,580	$ -	$ 310,580
Compensated absences payable	32,678	20,338	16,717	36,299	-	36,299
	$ 342,217	$ 21,379	$ 16,717	$ 346,879	$ -	$ 346,879

I. Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of an Excavator and mulcher for the Road Department. 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 equipment leased under the capital lease as of December 31, 2016:

	Governmental Activities
Assets -	
Excavator and mulcher	$ 296,461
Less: Accumulated depreciation	(27,175)
Total	$ 269,286

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2017	$ 40,120
2018	40,120
2019	40,120
2020	40,120
2021 and thereafter	140,631
Total	$ 301,111
Less: amount representing interest	(27,871)
Present value of minimum lease payment	$ 273,240

The County has entered into a lease agreement as lessee for financing the acquisition of four Ford Trucks for the Road Department. 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, 2016:

	Governmental Activities
Assets -	
Four 2016 Ford Trucks	$ 115,031
Less: Accumulated depreciation	(15,338)
Total	$ 99,693

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2017	$ 40,229
2018	40,229
Total	$ 80,458
Less: amount representing interest	(5,656)
Present value of minimum lease payment	$ 74,802

The County has entered into a lease agreement as lessee for financing the acquisition of a motor grader for the Road Department. 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 equipment leased under the capital lease as of December 31, 2016:

	Governmental Activities
Assets -	
Motorgrader	$ 176,239
Less: Accumulated depreciation	(51,403)
Total	$ 124,836

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Activities
Mininum lease payments:	
2017	$ 12,832
2018	12,832
2019	135,011
Total	$ 160,675
Less: amount representing interest	(7,519)
Present value of minimum lease payment	$ 153,156

The County has entered into lease agreements as lessee for financing the acquisition of three vehicles for the Sheriff's Department during the year ended December 31, 2015. These leases qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have 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, 2016:

	Governmental Activities
Assets -	
Sheriff vehicles	$ 84,617
Less: Accumulated depreciation	(29,616)
Total	$ 55,001

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2017	29,772
Less: amount representing interest	(1,417)
Present value of minimum lease payment	$ 28,355

The County has entered into a lease agreement as lessee for financing the acquisition of a Vermeer chipper for the Road Department during the year ended December 31, 2015. The 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, 2016:

	Governmental Activities
Assets -	
Vermeer chipper	$ 39,797
Less: Accumulated depreciation	(6,965)
Total	$ 32,832

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2017	$ 11,706
2018	9,455
2019	9,455
2020	2,477
Total	$ 33,093
Less: amount representing interest	(3,162)
Present value of minimum lease payment	$ 29,931

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, 2016.

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.

V. RETIREMENT BENEFITS

A. Defined Benefit Pension Plan – Hancock County

The County provides a defined benefit retirement program for its employees.

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, 400 Galleria Parkway, Suite 1250, 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.

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 70% equities and 30% 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, 2016.

3. ***Plan Membership*** - Participant counts as of January 1, 2016 (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	47
Terminated plan members entitled to but not yet receiving benefits	49
Active employees participating in the Plan	65
Total	161
Covered compensation for active participants	$ 2,200,545

4. ***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.

   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 2016 plan year was $4,390. This amount represents 0.2% of covered payroll. The recommended contribution for the 2016 plan year was $367,141. This amount represents 16.7% of covered payroll. The annual County contribution meets or exceeds the minimum funding requirement of Georgia Statute 47-20.

   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.

5. ***Net Pension Liability*** – The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

6. ***Actuarial Methods and Assumptions*** - The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2016. The following summarizes the actuarial methods and assumptions used in that valuation.

Economic Assumptions:	
Investment Return:	7.5% per year. Revised to 7.25% as of December 31, 2016
Salary Increase:	Normalized rates of 3.5% - 5.5% per year adjusted for age
Increase in Social Security Wage Base:	5.5% per year
Mortality:	RP-2000, Projected with Scale AA

7. ***Discount Rate*** - The discount rate is determined using a building block approach based on 20-year benchmarks (25% weighting), 30-year benchmarks (25% weighting), and forward-looking capital market assumptions for moderate asset allocations as determined by UBS (50% weighting). The discount rate is rounded to the nearest 0.25%.

The discount rate is calculated as follows:

	Expected return	Weighting	Weighted return
20-year benchmark weighted average return	6.82%	25%	2.27%
30-year benchmark weighted average return	8.28%	25%	2.76%
UBS capital market moderate asset allocation assumption	6.40%	50%	2.13%
Calculated discount rate			7.16%
Rounded to the nearest 0.25% and used as the discount rate			7.25%

The 20 and 30 year benchmark weighted average returns are calculated using the following asset allocation and historical returns based on their compounded annual growth rate (CAGR):

Benchmark	Allocation	Average 20 Year Return	Average 30 Year Return
S & P 500	30%	7.91%	10.22%
Barclay's Agg.	30%	5.60%	6.56%
MSCI EAFE	15%	4.29%	5.73%
Citi Non US WEBI	5%	4.66%	5.98%
NAREIT Equity	5%	10.79%	10.44%
Russell 2000	5%	8.06%	9.33%
Russell 3000	5%	8.03%	10.14%
S&P Mid Cap	5%	11.22%	11.53%
	100%		
Weighted average return		6.82%	8.28%

The expected long-term rate of return (7.5%) was used to discount all projected benefit payments. As of December 31, 2016 the expected long-term rate of return was revised to 7.25%. In projecting plan assets, the assumed contributions was based on the average contributions made to the plan over the prior five years. Projected assets are sufficient to pay all projected benefits promised to current plan participants.

The following presents the County's net pension liability calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	$ 6,894,351	$ 6,200,518	$ 5,614,877
Fiduciary Net Position	4,706,640	4,706,640	4,706,640
Net Pension Liability	$ 2,187,711	$ 1,493,878	$ 908,237

8. ***Summary of Changes in Total Pension Liability, Fiduciary Net Position and Net Pension Liability***

The change in the Net Pension Liability is presented as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	$ 5,620,958	$ 4,427,196	$ 1,193,762
Changes for the year:			
Service Cost	75,692	-	75,692
Interest	408,958	-	408,958
Liability experience (gain)/loss	275,605	-	275,605
Assumption Change	155,665	-	155,665
Employer Contributions	-	367,141	(367,141)
Employee Contributions	-	-	-
Net Investment Income	-	301,275	(301,275)
Benefit Payments	(336,360)	(336,360)	-
Administrative Expense	-	(17,703)	17,703
Other Changes	-	(34,909)	34,909
Net Changes	579,560	279,444	300,116
Balance at December 31, 2016	$ 6,200,518	$ 4,706,640	$ 1,493,878

9. ***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** – For the year ended December 31, 2016, the County recognized pension expense of $488,871. At December 31, 2016, the County did not report any deferred outflows relating to the pension liability as the measurement date and the County's fiscal year end date are synonymous.

Detailed information about the pension plan's fiduciary net position is available in a separately issued financial report. That report may be obtained by writing to Hancock County Board of Commissioners, 12630 Broad Street Sparta, GA 31087.

B. Defined Benefit Pension Plan – Hancock County Board Of Health

1. ***Plan Description*** - All full-time personnel employed by the Board of Health participate in the Employees' Retirement System of Georgia (ERS), which is a cost-sharing multiple employer, defined benefit, public employee retirement system (PERS) established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the Sate of Georgia. ERS is directed by a Board of Trustees and has the powers and privileges of a corporations.

2. ***Benefits*** - The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1,1982 and are subject to plan provisions in effect prior to that date. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees are rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

   Under the Old Plan, New Plan and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

   Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable services, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

3. ***Contributions and Vesting*** - Member contributions under the Old Plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. These state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The Board of Heath's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. The Board of Health's contributions to ERS totaled $46,648 for the year ended June 30, 2016. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Members become vested after ten years of membership services.

   Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates an d withdraws his/her member contributions, the member forfeits all right to retirement benefits .

4. ***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*** - At the June 30, 2016, the Hancock County Board of Health reported a liability of $310,580 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. And expected total pension liability as of June 30, 2015, was determined using standard roll-forward techniques. The Board of Health's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2015. At June 30, 2015, the Board of Health's Proportion was .007666%, which was a decrease of .000587% from its proportion measured as of June 30, 2014.

   For the year ended June 30, 2016, the Board of Health recognized pension expense of $(6,920). At June 30, 2016, The Board of Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,481.00
Net difference between projected and actual earnings on pension plan investments	-	22,409
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	23,769
Employer contributions subsequent to the measurement date	46,648	-
Totals:	$ 46,648	$ 48,659

   The $46,648 of deferred outflows of resources resulting from the Board of Health's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ending June 30:	
2017	$ (29,934)
2018	(16,293)
2019	(9,988)
2020	7,556
2021	-
Thereafter	-

5. ***Actuarial Methods and Assumptions*** - The total pension liability as of June 30, 2015, was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	5.45 - 9.25 percent, including inflation
Investment Rate of Return	7.5 percent, including inflation

   Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations	Long-Term expected real rate of return (1)
Fixed Income	30.00%	3.00%
Domestic Large Stocks	39.70%	6.50%
Domestic Mid Stocks	3.70%	10.00%
Domestic Small Stocks	1.60%	13.00%
International Developed Market Stocks	18.90%	6.50%
International Emerging Market Stocks	6.10%	11.00%
Total	100.00%	

(1) Rates shown are net of the 3.00% assumed rate of inflation

6. ***Discount Rate*** - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. ***Sensitivity of the Board of Health's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** - The following presents the Board of Health's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Board of Health's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

	Discount Rate	Board of Health's Proportionate Share of Net Pension Liability
1% Decrease	6.5%	$440, 259
Current Discount Rate	7.5%	$310,580
1% Increase	8.5%	$200,024

8. ***Plan Fiduciary Net Position*** – Detailed information about the Plan's fiduciary net position is available in the separately issued Employees' Retirement System of Georgia financial report. That report may be obtained via the internet at www.ers.ga.gov/formspubs.

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, 2016 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. Related Party

The County purchased various parts and supplies from two entities owned by a related party. This related party also served as a County Commissioner during the year ended December 31, 2016. Payments to these entities totaled $29,940 during the year.

G. Subsequent Events

The County performed an evaluation of subsequent events through June 29, 2017 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

EXHIBIT 12

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 6,479,875	$ 6,479,875	$ 7,949,882	$ 1,470,007
Licenses and permits	30,500	30,500	37,223	6,723
Intergovernmental	40,000	540,000	602,075	62,075
Charges for services	369,000	369,000	374,000	5,000
Fines and forfeitures	265,000	265,000	284,708	19,708
Miscellaneous revenues	563,639	563,639	95,245	(468,394)
Total Revenues	7,748,014	8,248,014	9,343,134	1,095,120
Expenditures:				
General government	5,343,930	5,473,930	5,460,610	13,320
Judicial	579,102	749,102	744,599	4,503
Public safety	1,901,113	2,371,113	2,366,650	4,463
Public works	1,979,331	2,484,331	2,481,401	2,930
Health and welfare	453,413	643,413	639,164	4,249
Culture and recreation	387,926	442,926	441,529	1,397
Housing and development	149,832	179,832	176,086	3,746
Debt service	-	210,000	209,596	404
Total Expenditures	10,794,647	12,554,647	12,519,636	35,011
Deficiency of Revenues Under Expenditures	(3,046,633)	(4,306,633)	(3,176,503)	1,130,130
Other Financing Sources (Use):				
Transfers in	-	-	307,500	307,500
Transfers out	(616,610)	(616,610)	(616,610)	-
Proceeds from insurance recoveries	-	-	1,349,412	1,349,412
Proceeds from capital leases	-	-	411,492	411,492
Proceeds from issuance of debt	-	-	44,175	44,175
Total other financing sources	(616,610)	(616,610)	1,495,969	2,112,579
Deficiency of Revenues and Other Financing Sources and Other Financing Uses	(3,663,243)	(4,923,243)	(1,680,534)	3,242,709
Fund Balance, Beginning	5,101,487	5,101,487	5,101,487	-
Fund Balance, Ending	$ 1,438,244	$ 178,244	$ 3,420,953	$ 3,242,709

HANCOCK COUNTY, GEORGIA

EXHIBIT 13

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -				
Interest and dividend income	$ 150	$ 150	$ 438	$ 288
Expenditures:				
Debt Service:				
Principal payments	495,000	495,000	495,000	-
Interest payments	189,000	189,000	188,952	48
Miscellaneous expenditures	150	150	-	150
Total expenditures	684,150	684,150	683,952	198
Deficiency of Revenues Under Expenditures	(684,000)	(684,000)	(683,514)	486
Other Financing Source -				
Transfers in	684,000	684,000	705,194	21,194
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	21,680	21,680
Fund Balance, Beginning	989,937	989,937	989,937	-
Fund Balance, Ending	$ 989,937	$ 989,937	$ 1,011,617	$ 21,680

HANCOCK COUNTY, GEORGIA

EXHIBIT 14

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Sales tax revenues	$ 420,000	$ 426,000	$ 445,388	$ 19,388
Interest and dividend income	500	500	262	(238)
Total revenues	420,500	426,500	445,650	19,150
Expenditure -				
Miscellaneous expenditures	5,000	5,000	3,440	1,560
Excess of Revenues Over Expenditure	415,500	421,500	442,210	20,710
Other Financing Source (Use) -				
Transfer in	268,500	268,500	-	(268,500)
Transfer out	(684,000)	(690,000)	(689,816)	184
Total Other Financing Source (Use)	(415,500)	(421,500)	(689,816)	(268,316)
Excess of Revenues and Other Financing Sources Over (Under) Expenditure	-	-	(247,606)	(247,606)
Fund Deficit, Beginning	(1,369,718)	(1,369,718)	(1,369,718)	-
Fund Deficit, Ending	$ (1,369,718)	$ (1,369,718)	$ (1,617,324)	$ (247,606)

HANCOCK COUNTY, GEORGIA

EXHIBIT 15

REQUIRED SUPPLEMENTARY INFORMATION
LMIG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Intergovernmental revenue	$ 405,000	$ 405,000	$ 396,820	$ (8,180)
Interest and dividend income	-	-	-	-
Total revenues	405,000	405,000	396,820	(8,180)
Expenditure -				
Road expenditures	405,000	576,000	575,548	452
Excess of Revenues Over Expenditure	-	(171,000)	(178,728)	(7,728)
Other Financing Source (Use) -				
Transfer in	-	171,000	200,000	29,000
Transfer out	-	-	-	-
Total Other Financing Source (Use)	-	171,000	200,000	29,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditure	-	-	21,272	21,272
Fund Balance, Beginning	1,344	1,344	1,344	-
Fund Balance, Ending	$ 1,344	$ 1,344	$ 22,616	$ 21,272

HANCOCK COUNTY, GEORGIA

EXHIBIT 16

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY
ACCG PENSION PLAN HANCOCK COUNTY EMPLOYEES
FOR THE YEAR ENDED DECEMBER 30, 2016
"UNAUDITED"

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Plan fiduciary Net Position as a Percentage of Total Pension Liability	Annual Covered Payroll (prior year)	Net Pension Liability as a Percentage of Covered Payroll
December 31, 2014	$ 5,177,596	$ 4,453,855	$ 723,741	86.0%	$ 1,798,047	40.3%
December 31, 2015	$ 5,620,958	$ 4,427,196	$ 1,193,762	78.8%	$ 1,766,404	67.6%
December 31, 2016	$ 6,200,518	$ 4,706,640	$ 1,493,878	75.9%	$ 2,200,545	67.9%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HANCOCK COUNTY, GEORGIA

EXHIBIT 17

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ACCG PENSION PLAN FOR HANCOCK COUNTY EMPLOYEE
FOR THE YEAR ENDED DECEMBER 31, 2016
"UNAUDITED"

Year ended December 31, 2015	Annual Required Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll	Percentage Contributed
2009	$ 324,358	$ 342,522	$ (18,164)	$ 2,195,357	15.60%	105.6%
2010	340,637	348,812	(8,175)	2,209,500	15.79%	102.4%
2011	320,639	320,639	-	1,975,236	16.23%	100.0%
2012	307,531	307,531	-	1,864,609	16.49%	100.0%
2013	321,978	321,978	-	1,700,378	18.94%	100.0%
2014	280,657	280,657	-	1,798,047	15.61%	100.0%
2015	308,152	308,152	-	1,766,404	17.45%	100.0%
2016	367,141	367,141	-	2,200,545	16.68%	100.0%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available, data from 8 previous years presented.

HANCOCK COUNTY, GEORGIA

EXHIBIT 18

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMAITON
ACCG PENSION PLAN FOR HANCOCK COUNTY EMPLOYEE
FOR THE YEAR ENDED DECEMBER 31, 2016
"UNAUDITED"

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Asset valuation method	Five-year smoothed market
Investment rate of return	7.50% per year. (Revised to 7.25% as of December 31, 2016)
Future payroll growth	5.5%

HANCOCK COUNTY, GEORGIA

EXHIBIT 19

REQUIRED SUPPLEMENTARY INFORMATION
HANCOCK COUNTY BOARD OF HEALTH
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
AS OF JUNE30, 2016

	2016	2015
Employers's proportion of the net pension liability	0.007666%	0.008253%
Employers's proportionate share of the net pension liability	310,580	309,539
Employer's covered payroll during the measurement period	189,652	176,893
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.76%	174.99%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	77.99%

The schedule above is intended to show information for 10 years. Additional years will be displayed as they become available.

HANCOCK COUNTY, GEORGIA

EXHIBIT 20

REQUIRED SUPPLEMENTARY INFORMATION
HANCOCK COUNTY BOARD OF HEALTH
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
AS OF JUNE30, 2016

	2016	2015
Actuarially determined contribution	$ 46,648	$ 38,466
Contributions in relation to the actuarially determined contribution	46,648	38,466
Contribution deficiency (excess)	-	-
Covered employee payroll	189,652	176,893
Contributions as a percentage of covered employee payroll	24.60%	21.75%

(Historical information prior to the implementation of GASB 67/68 is not required)

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.

- ***Emergency 911*** – To account for activities of the E911 telephone operations center.
- ***Law Library*** – To account for the law library fees included in all fines which are specifically designated for the County's law library.
- ***Grants*** – To account for grant 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.
- ***DATE*** – To account for fines and forfeitures included in fines that are specifically designated for drug abuse education.
- ***FEMA/GEMA Project*** – To account for the resources restricted for tornado disaster relief.
- ***T - SPLOST*** - To account for the resources restricted for various road projects within the County.

HANCOCK COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

EXHIBIT 21

	Special Revenue							Total Nonmajor Governmental Funds
	Emergency 911	Law Library	Grants	Sheriff's Confiscation	DATE	FEMA/GEMA Project	T-SPLOST	
ASSET								
Cash	$ 82,894	$ 38,551	$ 68	$ 9,755	$ 34,526	$ 609	$ 158,900	$ 325,303
Due from other governments	-	-	-	-	-	58,983	96,550	155,533
Due from other funds	-	-	-	-	-	-	-	-
Total Assets	$ 82,894	$ 38,551	$ 68	$ 9,755	$ 34,526	$ 59,592	$ 255,450	$ 480,836
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 6,697	$ -	$ -	$ 10	$ -	$ -	$ -	$ 6,707
Accrued expenditures	16,992	-	-	-	-	-	-	16,992
Due to other funds	59,205	-	68	-	-	-	-	59,273
Total liabilities	82,894	-	68	10	-	-	-	82,972
Fund Balances -								
Restricted for special programs	-	38,551	-	9,745	34,526	59,592	255,450	397,864
Total fund balances	-	38,551	-	9,745	34,526	59,592	255,450	397,864
Total Liabilities and Fund Balances	$ 82,894	$ 38,551	$ 68	$ 9,755	$ 34,526	$ 59,592	$ 255,450	$ 480,836

HANCOCK COUNTY, GEORGIA

EXHIBIT 22

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue							Total Nonmajor Governmental Funds
	Emergency 911	Law Library	Grants	Sheriff's Confiscation	DATE	FEMA/GEMA Project	T-SPLOST	
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 968,080	$ 968,080
Charges for services	108,633	-	-	-	-	-	-	108,633
Fines and forfeitures	-	5,004	-	-	6,396	-	-	11,400
Grant revenue	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	22	-	-	-	22
Other revenues	-	-	-	1,135	-	-	-	1,135
Total revenues	108,633	5,004	-	1,157	6,396	-	968,080	1,089,270
Expenditures:								
Current:								
General government	-	448	-	-	-	-	-	448
Public Safety	488,822	-	-	1,260	-	-	-	490,082
Public Works	-	-	-	-	-	-	516,705	516,705
Capital outlay	14,400	-	-	-	-	-	57,654	72,054
Total expenditures	503,222	448	-	1,260	-	-	574,359	1,079,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	(394,589)	4,556	-	(103)	6,396	-	393,721	9,981
Other Financing Source (Use):								
Transfer in	394,589	-	-	-	-	-	13,751	408,340
Transfer out	-	-	-	-	-	-	(507,500)	(507,500)
Total Other Financing Sources (Uses)	394,589	-	-	-	-	-	(493,749)	(99,160)
Excess (Deficiency) of Revenues and Other Financing Source Over (Under) Expenditures	-	4,556	-	(103)	6,396	-	(100,028)	(89,179)
Fund Balance (Deficit), Beginning	-	33,995	-	9,848	28,130	59,592	355,478	487,043
Fund Balance (Deficit), Ending	$ -	$ 38,551	$ -	$ 9,745	$ 34,526	$ 59,592	$ 255,450	$ 397,864

HANCOCK COUNTY, GEORGIA

EXHIBIT 23

BUDGETARY COMPARISON – EMERGENCY 911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -				
Operating revenue	$ 108,500	$ 108,500	$ 108,633	$ 133
Expenditures:				
Salaries	369,000	369,000	368,615	385
Payroll taxes	29,000	29,000	28,615	385
Education and training	1,200	1,200	1,115	85
Supplies	4,700	4,700	4,668	32
Repairs and maintenance	21,600	21,600	21,522	78
Utilities	63,000	63,000	62,914	86
Capital Outlay	14,500	14,500	14,400	100
Miscellaneous	1,500	1,500	1,373	127
Total expenditures	504,500	504,500	503,222	1,278
Deficiency of Revenues Under Expenditures	(396,000)	(396,000)	(394,589)	1,411
Other Financing Source -				
Transfer in	396,000	396,000	394,589	(1,411)
Excess of Revenues and Other Financing Source Over Expenditures	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 24

BUDGETARY COMPARISON – LAW LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues -				
Fines and forfeitures	$ 14,000	$ 14,000	$ 5,004	$ (8,996)
Expenditures:				
Books and periodicals	14,000	14,000	448	13,552
Excess of Revenues Over Expenditures	-	-	4,556	4,556
Fund Balance, Beginning	33,995	33,995	33,995	-
Fund Balance, Ending	$ 33,995	$ 33,995	$ 38,551	$ 4,556

HANCOCK COUNTY, GEORGIA

EXHIBIT 25

BUDGETARY COMPARISON – GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenue -				
Grant income	$ -	$ -	$ -	$ -
Expenditure -				
Other expenditures	-	-	-	-
Excess of Revenue Over Expenditure	-	-	-	-
Fund Deficit, Beginning	-	-	-	-
Fund Deficit, Ending	$ -	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA

EXHIBIT 26

BUDGETARY COMPARISON – SHERIFF'S CONFISCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Condemnation revenue	$ 1,900	$ 1,900	$ 1,135	$ (765)
Interest income	100	100	22	(78)
Total revenues	2,000	2,000	1,157	(843)
Expenditures:				
Supplies	1,000	700	-	700
Towing expenditures	1,000	1,300	1,260	40
Total expenditures	2,000	2,000	1,260	740
Deficiency of Revenues Under Expenditures	-	-	(103)	(103)
Fund Balance, Beginning	9,848	9,848	9,848	-
Fund Balance, Ending	$ 9,848	$ 9,848	$ 9,745	$ (103)

HANCOCK COUNTY, GEORGIA

EXHIBIT 27

BUDGETARY COMPARISON – DATE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenue -				
Fines and forfeitures	$ 8,000	$ 8,000	$ 6,396	$ (1,604)
Expenditure	8,000	8,000	-	-
Excess of Revenue Over Expenditures	8,000	8,000	6,396	(1,604)
Fund Balance, Beginning	28,130	28,130	28,130	-
Fund Balance, Ending	$ 36,130	$ 36,130	$ 34,526	$ (1,604)

HANCOCK COUNTY, GEORGIA

EXHIBIT 28

BUDGETARY COMPARISON – FEMA/GEMA PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

HANCOCK COUNTY, GEORGIA

EXHIBIT 29

BUDGETARY COMPARISON – T – SPLOST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenue -				
TSPLOST revenues	$ 1,000,000	$ 1,068,000	$ 968,080	$ (99,920)
Expenditures:				
Road repairs	85,000	517,000	516,705	295
Capital outlay	10,000	58,000	57,654	346
Total expenditures	95,000	575,000	574,359	641
Excess of Revenue Over Expenditures	905,000	493,000	393,721	(99,279)
Other Financing Source (Use):				
Transfer in	-	14,000	13,751	(249)
Transfer out	(905,000)	(507,000)	(507,500)	(500)
Total Other Financing Sources (Uses)	(905,000)	(493,000)	(493,749)	(749)
Excess of Revenue Over Expenditures and Other Financing Source	-	-	(100,028)	(100,028)
Fund Balance, Beginning	-	-	355,478	(355,478)
Fund Balance, Ending	$ -	$ -	$ 255,450	$ (455,506)

Agency Funds

HANCOCK COUNTY, GEORGIA

EXHIBIT 30

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	Probate Court	Clerk of Superior Court	Sheriff's Office	Tax Commissioner's Office	Clerk of Magistrate Court	Total Agency Funds
Asset -						
Cash	$ 24,103	$ 101,522	$ 3,974	$ 173,886	$ 5,487	$ 308,972
Liabilities:						
Due to other governments	$ -	$ 19,783	$ -	$ -	$ 75	$ 19,858
Other liabilities	24,103	81,739	3,974	173,886	5,412	289,114
Total Liabilities	$ 24,103	$ 101,522	$ 3,974	$ 173,886	$ 5,487	$ 308,972

Other Information

HANCOCK COUNTY, GEORGIA

EXHIBIT 31

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2016

Project Description Per SPLOST Referendum	Estimated Cost Original	Estimated Cost Current	Expenditures Prior Years	Expenditures Current Year	Total
Jail Renovation Project	$ 3,700,000	$ 6,400,000	$ 8,291,477	$ 693,256	$ 8,984,733

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commissioners
Hancock County, Georgia

We have audited, 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, the financial statements of the governmental activities, the business type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of Hancock County, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Hancock County, Georgia's basic financial statements and have issued our report thereon dated June 29, 2017. Our report includes a reference to other auditors who audited the financial statements of the Hancock County Board of Health as described in our report on Hancock County, Georgia's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies noted as items 2016-01 and 2016-02

Compliance and Other Matters

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

Hancock County, Georgia's Response to Findings

Hancock County, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hancock County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

Purpose of this Report

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

Wright & Wright, P.C.

June 29, 2007
Sandersville, Georgia

HANCOCK COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2016

SIGNIFICANT DEFICIENCIES

Finding 2016-01

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 2016-02

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

Cause

Because the debt didn't renew at December 31, 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.