HANCOCK COUNTY, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Board of Commissioners of Hancock County
Sparta, 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 (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 the budgetary comparison information, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of County Contributions on pages 47-53 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.

Emphasis of Matter

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of projects constructed with special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the accompanying schedule of projects constructed with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the accompanying schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

JONES, JONES, DAVIS & ASSOCIATES

Louisville, Georgia
December 10, 2018

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

HANCOCK COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Current assets:					
Cash and cash equivalents	$ 1,090,322	$ 51,452	$ 1,141,774	$ 270,866	$ 57,825
Investments	1,031,089	-	1,031,089	-	-
Accounts receivable, net	1,632,834	19,285	1,652,119	56,603	6,000
Receivable from other governments	237,412	-	237,412	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	78,804	-	78,804	-	-
Total current assets	4,070,461	70,737	4,141,198	327,469	63,825
Noncurrent assets:					
Nondepreciable	1,504,549	20,413	1,524,962	-	-
Depreciable capital assets, net of accumulated depreciation	14,045,213	2,394,150	16,439,363	5,727	1,684,522
Total noncurrent assets	15,549,762	2,414,563	17,964,325	5,727	1,684,522
Deferred outflows of resources	450,073	-	450,073	103,893	-
Total assets and deferred outflows of resources	20,070,296	2,485,300	22,555,596	437,089	1,748,347
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Current liabilities:					
Accounts payable	476,238	4,053	480,291	21,264	24
Other accrued liabilities	569,394	4,869	574,263	6,065	12,328
Customer deposits	8,000	-	8,000	-	-
Due to other governments	4,477	-	4,477	-	-
Current portion of long-term debt	766,230	22,794	789,024	-	181,448
Accrued compensated absences	153,498	-	153,498	41,856	-
Total current liabilities	1,977,837	31,716	2,009,553	69,185	193,800
Noncurrent liabilities:					
Notes payable, less current portion	2,992,127	445,887	3,438,014	-	-
Net pension liability	1,051,281	-	1,051,281	383,921	-
Total noncurrent liabilities	4,043,408	445,887	4,489,295	383,921	-
Deferred inflows of resources	291,590	-	291,590	6,366	-
Total liabilities & deferred inflows of resources	6,312,835	477,603	6,790,438	459,472	193,800
NET POSITION:					
Net investment in capital assets	11,791,405	1,945,882	13,737,287	5,727	1,503,074
Restricted for:					
Prepaid expenses	78,804	-	78,804	-	-
Public safety	51,554	-	51,554	-	-
Judicial	43,674	-	43,674	-	-
Transportation	235,268	-	235,268	-	-
Debt service	1,031,089	-	1,031,089	-	-
Unrestricted	525,667	61,815	587,482	(28,110)	51,473
	$ 13,757,461	$ 2,007,697	$ 15,765,158	$ (22,383)	$ 1,554,547

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

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 Activities	Primary Government: Total	Component Units: Health Department	Component Units: Development Authority
Primary government:									
Governmental activities:									
General government	$ 2,673,055	$ 176,462	$ -	$ -	$ (2,496,593)	$ -	$ (2,496,593)		
Public safety	2,951,117	142,764	496,207	-	(2,312,146)	-	(2,312,146)		
Judicial	880,532	333,860	-	-	(546,672)	-	(546,672)		
Public works	3,112,015	2,857	1,606,602	-	(1,502,556)	-	(1,502,556)		
Health and welfare	1,083,188	100,579	80,145	-	(902,464)	-	(902,464)		
Culture and recreation	455,019	6,010	-	-	(449,009)	-	(449,009)		
Economic development	180,914	-	-	-	(180,914)	-	(180,914)		
Interest on long-term debt	205,878	-	-	-	(205,878)	-	(205,878)		
Total governmental activities	11,541,718	762,532	2,182,954	-	(8,596,232)	-	(8,596,232)		
Business-type activities:									
Water and Sewer	685,640	229,266	-	-	-	(456,374)	(456,374)		
Total primary government	$ 12,227,358	$ 991,798	$ 2,182,954	$ -	(8,596,232)	(456,374)	(9,052,606)		
Component units:									
Health department	$ 441,482	$ 142,604	$ 359,774	$ -				$ 60,896	$ -
Development authority	257,148	10,000	50,111	-				-	(197,037)
Total component units	$ 698,630	$ 152,604	$ 409,885	$ -				60,896	(197,037)
General revenues:									
Taxes:									
Property taxes					6,028,036	-	6,028,036	-	-
General sales and use tax					264,679	-	264,679	-	-
Insurance premium tax					478,576	-	478,576	-	-
Other taxes					693,868	-	693,868	-	-
Interest income					5,486	40	5,526	433	67
Miscellaneous					149,877	-	149,877	-	1,125
Transfers in (out)					(229,822)	229,822	-	-	-
Total general revenues and transfers					7,390,700	229,862	7,620,562	433	1,192
Change in net position					(1,205,532)	(226,512)	(1,432,044)	61,329	(195,845)
Net position, beginning					14,502,060	2,234,209	16,736,269	(83,712)	1,750,392
Prior period adjustment					460,933	-	460,933	-	-
Net position, as restated					14,962,993	2,234,209	17,197,202	(83,712)	1,750,392
Net position, ending					$ 13,757,461	$ 2,007,697	$ 15,765,158	$ (22,383)	$ 1,554,547

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	1999 Muni Lease Debt Service Fund	Special Local Option Sales Tax	LMIG Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 770,932	$ -	$ 80,120	$ 1,700	$ 237,570	$ 1,090,322
Investments	-	1,031,089	-	-	-	1,031,089
Accounts receivable, net	1,617,061	-	-	-	15,773	1,632,834
Due from other funds	2,023,895	-	-	-	1,606	2,025,501
Due from other governments	98,869	-	37,015	-	101,528	237,412
Prepaid expenses	78,804	-	-	-	-	78,804
Total assets	$ 4,589,561	$ 1,031,089	$ 117,135	$ 1,700	$ 356,477	$ 6,095,962
LIABILITIES:						
Accounts payable	$ 467,111	$ -	$ -	$ -	$ 9,127	$ 476,238
Accrued expenses	550,908	-	-	-	18,486	569,394
Customer deposits	8,000	-	-	-	-	8,000
Intergovernmental payable	4,477	-	-	-	-	4,477
Due to other funds	1,606	-	2,023,827	-	68	2,025,501
Total liabilities	1,032,102	-	2,023,827	-	27,681	3,083,610
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - property taxes	1,283,284	-	-	-	-	1,283,284
Total deferred inflows of resources	1,283,284	-	-	-	-	1,283,284
FUND BALANCES:						
Non-spendable fund balance:						
Prepaid expenses	78,804	-	-	-	-	78,804
Restricted fund balance:						
Public safety	-	-	-	-	51,554	51,554
Judicial	-	-	-	-	43,674	43,674
Transportation	-	-	-	1,700	233,568	235,268
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Debt service	-	1,031,089	-	-	-	1,031,089
Unassigned fund balance	2,195,371	-	(1,906,692)	-	-	288,679
Total fund balances	2,274,175	1,031,089	(1,906,692)	1,700	328,796	1,729,068
Total liabilities, deferred inflows of resources and fund balances	$ 4,589,561	$ 1,031,089	$ 117,135	$ 1,700	$ 356,477	$ 6,095,962

(Continued)

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

Fund balances - total governmental funds	$	1,729,068
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, net of accumulated depreciation of $10,489,252		15,549,762
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds:		
Net pension liability		(1,051,281)
Net deferred inflows (outflows) - pension expense		158,483
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds		1,283,284
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Long-term debt		(3,758,357)
Compensated absences		(153,498)
Net position of governmental activities	$	13,757,461

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	1999 Muni Lease Debt Service Fund	Special Local Option Sales Tax	LMIG Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 7,443,239	$ -	$ 407,171	$ -	$ -	$ 7,850,410
Licenses and permits	43,262	-	-	-	-	43,262
Intergovernmental	265,968	-	-	518,084	991,307	1,775,359
Fees and fines	343,857	-	-	-	14,665	358,522
Charges for services	197,992	-	-	-	118,102	316,094
Other	195,640	4,356	424	-	21	200,441
Total revenues	8,489,958	4,356	407,595	518,084	1,124,095	10,544,088
EXPENDITURES:						
Current operating:						
General government	3,020,083	3,400	800	-	-	3,024,283
Public safety	2,087,595	-	-	-	634,540	2,722,135
Judicial	789,129	-	-	-	1,380	790,509
Public works	1,822,698	-	-	757,941	270,804	2,851,443
Health and welfare	1,085,279	-	-	-	-	1,085,279
Culture and recreation	407,240	-	-	-	-	407,240
Housing and development	167,899	-	-	-	-	167,899
Debt service:						
Principal	204,668	520,000	-	-	104,696	829,364
Interest and other charges	36,574	161,047	-	-	8,257	205,878
Capital outlays	-	-	-	-	213,853	213,853
Total expenditures	9,621,165	684,447	800	757,941	1,233,530	12,297,883
Excess (deficiency) of revenues over expenditures	(1,131,207)	(680,091)	406,795	(239,857)	(109,435)	(1,753,795)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	223,800	-	-	-	-	223,800
Capital lease proceeds	107,106	-	-	-	205,036	312,142
Transfers in (out)	(346,477)	699,563	(696,163)	218,941	(105,686)	(229,822)
Total other financing sources and uses	(15,571)	699,563	(696,163)	218,941	99,350	306,120
Net change in fund balance	(1,146,778)	19,472	(289,368)	(20,916)	(10,085)	(1,447,675)
FUND BALANCE, beginning	3,420,953	1,011,617	(1,617,324)	22,616	397,864	3,235,726
PRIOR PERIOD ADJUSTMENT	-	-	-	-	(58,983)	(58,983)
FUND BALANCE, as restated	3,420,953	1,011,617	(1,617,324)	22,616	338,881	3,176,743
FUND BALANCE, ending	$ 2,274,175	$ 1,031,089	$ (1,906,692)	$ 1,700	$ 328,796	$ 1,729,068

(Continued)

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds	$ (1,447,675)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	1,032,792
Depreciation	(962,648)
	70,144
The effect of various capital asset disposals and sales, net of accumulated depreciation	-
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:	
Cost of benefits net of employee contributions	(77,629)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:	
Issuance of long-term debt	(535,942)
Repayment of long-term debt	829,364
	293,422
Compensated absences 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	(65,714)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	21,920
	$ (1,205,532)

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 51,452
Accounts receivable, net of allowance of $195,700	19,285
Prepaid expenses	-
Total current assets	70,737
NONCURRENT ASSETS:	
Capital Assets:	
Land	20,413
Equipment	297,745
Distribution system	6,271,837
	6,589,995
Less accumulated depreciation	(4,175,432)
Total capital assets	2,414,563
Total assets	2,485,300
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	4,053
Current portion of notes payable	22,794
Other accrued liabilities	4,869
Total current liabilities	31,716
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	445,887
Total noncurrent liabilities	445,887
Total liabilities	477,603
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	1,945,882
UNRESTRICTED	61,815
Total net position	$ 2,007,697

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PRORIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Water and Sewer Fund
OPERATING REVENUES:	
Water sales	$ 229,266
Miscellaneous income	-
Total operating revenue	229,266
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	131,281
Payroll taxes	10,226
Employee benefits	14,704
Purchased/contracted services:	
Repairs and replacement	18,396
Professional fees	6,370
Dues and subscriptions	5,280
Supplies:	
Chemicals and supplies	11,563
Office supplies	6,745
Utilities and communication	170,710
Bad debt expense	14,155
Depreciation	275,710
Miscellaneous	4,089
Total operating expenses	669,229
OPERATING LOSS	(439,963)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	40
Interest expense	(16,411)
Total non-operating revenues (expenses)	(16,371)
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(456,334)
CAPITAL CONTRIBUTIONS	-
NET LOSS BEFORE TRANSFERS	(456,334)
TRANSFERS FROM (TO) GENERAL FUND	229,822
NET LOSS	(226,512)
NET POSITION, beginning of year	2,234,209
NET POSITION, end of year	$ 2,007,697

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 233,038
Cash paid to suppliers for goods and services	(254,676)
Cash paid to employees	(141,507)
Net cash provided by (used for) operating activities	(163,145)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	229,822
Net cash provided by (used for) noncapital financing activities	229,822
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(20,413)
Principal paid on capital debt	(22,331)
Interest paid on capital debt	(16,411)
Net cash provided by (used for) capital and related financing activities	(59,155)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	40
Net cash provided by (used for) investing activities	40
NET INCREASE (DECREASE) IN CASH	7,562
CASH AND CASH EQUIVALENTS, beginning of year	43,890
CASH AND CASH EQUIVALENTS, end of year	$ 51,452
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (439,963)
Adjustments to reconcile net operating income (loss to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	275,710
Changes in assets and liabilities:	
Accounts receivable	3,772
Prepaid expenses	2,095
Accounts payable	(2,361)
Other accrued liabilities	(1,052)
Compensated absences	(1,346)
Net cash provided by (used for) operating activities	$ (163,145)

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
FIDUCIARY FUNDS – AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2017

	Agency Funds
ASSETS:	
Cash in bank	$ 341,607
Total assets	$ 341,607
LIABILITIES:	
Due to others	$ 170,590
Due to General Fund	171,017
Total liabilities	$ 341,607

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of Hancock County (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the County 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. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County.

Included as discretely presented component units in separate columns in the combined financial statements to emphasize that each is legally separate from the County:

Hancock County Health Department – The Hancock County Health Department (the Department) provides various health services for citizens in Hancock County. The County Commission's Chairperson holds a permanent seat on the board of directors. The County appoints three of the six remaining seats and funds a portion of the Department's budget. Another auditor, whose report was unqualified, audited the Health Department's financial statements which have a fiscal year end of June 30, 2017. Complete financial statements may be obtained at 451A Boland Street, Sparta, Georgia 31087.

Hancock County Development Authority – The Hancock County Development Authority is charged with promoting and expanding industry and trade within Hancock County. The County appoints the seven board members of the Authority and funds a significant portion of the Authority's budget. The Authority has a December 31 fiscal year. Complete financial statements may be obtained from the Hancock County Clerk's office at 601 Broad Street Courthouse Square, 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 changes in net position) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the County is reported separately from certain legally separate component units for which the County is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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 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 and major individual enterprise 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 are collectible 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County reports the following major governmental funds:

> The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> 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 Options 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 type:

> Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. The County's fiduciary funds include the following fund type:
>
> > 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. The funds are used to account for assets that the County holds for others in an agency capacity.

The County complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.

This Statement requires the County to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the County has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

Materials purchased in the proprietary fund are expensed as purchased and are not inventoried at year end due to lack of materiality.

F. Prepaid Items

Prepaid balances, if any, are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an estimated useful life in excess of two years and an original cost of $1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital 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 $222,289. Of this amount, none was included as part of the cost of capital assets under construction in connection with public building construction projects.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows

Buildings	20-40 Years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	20 - 50 years

H. Compensated Absences

It is the County'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 and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Full time employees of the Hancock County Health Department (the "Department") earn 10, 12, or 14 hours of annual leave time per month depending on length of service. The maximum accumulation is 360 hours for any one employee. In accordance with the provisions of Financial Accounting Standards No. 43, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

I. 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged 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 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.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position and the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Equity Classifications

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 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 County Commissioners through the adoption of a resolution. Only the County Commissioners may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commissioners have authorized the County Clerk to assign fund balances.

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 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 County Commissioners address various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

2. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Board of Commissioners holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Hancock County.
3. The budget is then revised and adopted or amended by the Board of Commissioners at a regular meeting early in the year to which it applies.
4. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Board of Commissioners.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.
7. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

No funds or departments within funds had expenditures in excess of budgeted appropriations for the year ended December 31, 2017.

4. DEPOSITS AND INVESTMENTS

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Neither the County nor its component units, have a deposit policy for custodial credit risk. As of December 31, 2017, the County did not have a formal investment policy. As of December 31, 2017, none of the County's bank balance was exposed to custodial credit risk.

Investments - At December 31, 2017, the County had the following investments and maturities:

Investment	Maturities	Fair Value	Rating
Mutual U.S. Treasury Fund	Less than 1 Year	$ 1,031,089	AAA

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk - Statutes authorize the County to invest in obligations of the State of Georgia, other states, or the United States Government; obligations fully insured or guaranteed by the United Sates Government or an agency or corporation of the United Sates Government; and/or repurchase agreements and certificates of deposit which are secured by direct obligations of Georgia or the investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard and Poor's and AAA by Moody's Investors Service.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarch is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

At December 31, 2017, the County had $1,031,089 invested in mutual U.S. Treasury funds, all of which were classified as Level 1 based on the before mentioned hierarchy.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk. As of December 31, 2017, the County's investments were not properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

Concentration of Credit Risk – The County places no limit on the amount that the County may invest in any one issuer.

5. PROPERTY TAXES

The value of all real and business personal property located in the County is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the County Commissioners. Appraised values are established by the Hancock County Tax Assessors at 40% of estimated fair market value. 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.

Property taxes receivable at December 31, 2017, is comprised of the following:

Year of Levy:	
2017	$ 883,791
2016	332,524
2015	266,946
2014	197,070
2013	173,737
Prior to 2012	1,025,481
Total	2,879,549
Allowance for doubtful accounts	(1,275,940)
Net receivable	$ 1,603,609

The County has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues.

For the year ended December 31, 2017, the County had the following property tax abatements:

- For the fiscal year ended December 31, 2017, the County abated property taxes for the development of a solar farm. The abatement was a 100% property tax reduction which totaled $12,304.

Under the Georgia Forest Land Protection Act, property owners can enroll tracts of timber land 200 acres or greater in a fifteen year covenant period and receive a lower property tax rate on their forest property. Property tax abatement for properties entered into this covenant program totaled $297,201. No individual tax abatement exceeded ten percent of the total amount abated.

6. ACCOUNTS RECEIVABLE

Primary Government

Receivables at December 31, 2017 for the County's individual major funds and non-major funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Local Option Sales Tax	Nonmajor Funds	Water Fund	Total
Receivables:					
Taxes	$2,879,549	$ -	$ -	$ -	$2,879,549
Intergovernmental	98,869	37,015	101,528	-	237,412
Other	13,452	-	15,773	214,985	244,210
	2,991,870	37,015	117,301	214,985	3,361,171
Allowance for doubtful accounts	(1,275,940)	-	-	(195,700)	(1,471,640)
	$1,715,930	$ 37,015	$117,301	$ 19,285	$1,889,531

Discretely Presented Component Units

Trade receivables from the Sparta-Hancock County Development Authority and Hancock County Health Department as of December 31, 2017, are as follows:

	Sparta-Hancock County Development Authority	Hancock Health Department	Total
Receivables:			
Accounts	$ -	$ 10,338	$ 10,338
Other	6,000	46,265	52,265
	6,000	56,603	62,603
Allowance for doubtful accounts	-	-	-
	$ 6,000	$ 56,603	$ 62,603

7. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 896,820		$ -	$ 896,820
Construction-in-progress	591,368	16,361	-	607,729
Subtotal	1,488,188	16,361	-	1,504,549
Other capital assets:				
Infrastructure	1,980,655	-	-	1,980,655
Buildings	13,602,929	200,001	-	13,802,930
Equipment	7,934,450	816,430	-	8,750,880
Subtotal	25,006,222	1,032,792	-	26,039,014
Accumulated depreciation:				
Infrastructure	514,966	72,199	-	587,165
Buildings	2,971,730	420,677	-	3,392,407
Equipment	6,039,908	469,772	-	6,509,680
Subtotal	9,526,604	962,648	-	10,489,252
Net capital assets	$ 15,479,618	$ 70,144	$ -	$ 15,549,762

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 235,583
Judicial	90,512
Public safety	276,333
Public works	253,114
Health and welfare	50,884
Housing and development	10,508
Culture and recreation	45,714
	$ 962,648

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ -	$ 20,413	$ -	$ 20,413
Construction-in-progress	-	-	-	-
Subtotal	-	20,413	-	20,413
Other capital assets:				
Equipment	297,745	-	-	297,745
Infrastructure	6,271,837	-	-	6,271,837
Subtotal	6,569,582	20,413	-	6,589,995
Accumulated depreciation:				
Equipment	288,224	5,565	-	293,789
Infrastructure	3,611,498	270,145	-	3,881,643
Subtotal	3,899,722	275,710	-	4,175,432
Net capital assets	$ 2,669,860	$ (255,297)	$ -	$ 2,414,563

8. CHANGES IN GENERAL CAPITAL ASSETS - DISCRETELY PRESENTED COMPONENT UNIT

Capital asset activity for the Hancock County Health Department for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Equipment	$ 43,473	$ 6,733	$ -	$ 50,206
Less accumulated depreciation	(43,009)	(1,470)	-	(44,479)
Net capital assets	$ 464	$ 5,263	$ -	$ 5,727

Capital asset activity for the Hancock County Development Authority for the year ended December 31, 2017 was as follows:

Not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Subtotal	-	-	-	-
Depreciable capital assets:				
Buildings and land improvements	3,885,032	-	-	3,885,032
Equipment	979,329	-	-	979,329
Subtotal	4,864,361	-	-	4,864,361
Accumulated depreciation:				
Buildings and land improvements	2,054,754	147,991	-	2,202,745
Equipment	942,662	34,432	-	977,094
Subtotal	2,997,416	182,423	-	3,179,839
Net capital assets	$ 1,866,945	$ (182,423)	$ -	$ 1,684,522

9. INTERFUND TRANSACTIONS AND BALANCES

Balances due to/from other funds at December 31, 2017, consist of the following –

	Due From	Due To
Major Funds:		
General Fund	$ 1,606	$ 2,023,895
Special Local Option Sales Tax Fund	2,023,827	-
Nonmajor Funds:		
Grants	68	-
Emergency 911 Fund	-	1,606
	$ 2,025,501	$ 2,025,501

Generally, outstanding balances between funds reported as due to/due 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.

Management expects that future special local option tax collections will be in excess of the amount needed to extinguish debt obligations thereby allowing the Special Local Option Sales Tax Fund to use these excess proceeds to repay the General Fund.

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:

	Transfer From:			
Transfer To:	General Fund	TSPLOST Fund	SPLOST Fund	Total
General Fund	$ -	$ 445,000	$ -	$ 445,000
Muni Lease Fund	3,400	-	696,163	699,563
LMIG Fund	-	218,941	-	218,941
Water Fund	229,822	-	-	229,822
Non-major Governmental Fund	558,255	-	-	558,255
	$ 791,477	$ 663,941	$ 696,163	$ 2,151,581

10. 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, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ -	$ 2,650,000	$ 2,650,000	$ -

In addition, the Sparta-Hancock County Development Authority has a short-term note payable with the Bank of Hancock County with an interest rate of 6.0% for the purpose of acquiring real estate for community development. The note is secured by real estate and has an outstanding balance of $181,448 at December 31, 2017. Short-term notes payable activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Sparta -Hancock Development Authority	$ 180,948	$ 500	$ -	$ 181,448

11. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2017, long-term debt consisted of the following:

	Governmental Activities	Water Enterprise Fund Debt
Certificates of Participation:		
$6,885,000 of Series 1999 Certificates – Municipal Lease Obligation – Construction of Hancock County Jail Facility, Fire and Rescue Buildings, 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%	$ 2,325,000	$ -
$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%	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%	323,670	-
$223,800 to Kansas State Bank for radio tower, due in annual installments of $60,208 to August 2020, interest at 2.96%	170,307	-
$375,250 USDA note payable; interest at 4.5%; due in monthly principle and interest payments of $1,689 to June 2044		313,639
$119,795 GEFA note payable; interest at 3.0%; due in monthly principle and interest payments of $690 to June 2027		68,386
$198, 800 GEFA note payable; interest at 0%; due in quarterly principle and interest payments of $2,549 to April 2026		86,656
Capital Lease Obligations:		
$84,122 to Ford Motor Credit for the purchase of 2 vehicles; due in annual installments of $29,417 to May 2019; interest at 4.49%	55,020	-
$22,984 to GM Financial for the purchase of a vehicle; due in annual installments of $11,938 to April 2018; interest at 6.63%	11,097	-
$205,036 to AT&T Capital for E911 software upgrades; due in monthly installments of $3,883 to January 2022; interest at 5.15%	170,576	-
$296,461 to Caterpillar Financial for 2 pieces of equipment; interest at 3.2%; due in 60 monthly installments of $3,343 to March 2021 and a balloon payment of $130,601 in April 2022	246,843	-
$115,031 to Ford Motor Credit for the purchase of four trucks; interest at 5.0%; due in three annual payments of $40,229 to April 2018	38,313	-
$176,239 to Caterpillar Financial for a motorgrader; interest at 2.45% due in 59 monthly installments of $1,069 to January 2019 and a balloon payment of $132,069 in February 2019	142,531	-
Total long-term debt	$ 3,758,357	$ 468,681

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2017 are as follows:

Governmental-Type Activities:

Year Ending December 31	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
2018	$ 550,000	$ 131,611	$ 58,982	$ 18,542
2019	575,000	100,643	60,794	16,729
2020	465,000	71,444	62,664	14,860
2021	490,000	43,988	4,382	12,933
2022	520,000	14,950	4,563	12,752
2023 – 2027	-	-	25,798	60,777
2028 – 2032	-	-	31,576	54,999
2033 – 2037	-	-	38,650	47,925
2038 – 2042	-	-	47,307	39,268
2043 – 2047	-	-	57,904	28,671
2048 – 2052	-	-	70,872	15,703
2053 – 2054	-	-	30,485	2,019
	$ 2,600,000	$ 362,636	493,977	$ 325,178

Business-Type Activities:

Year Ending December 31	Notes Payable	
	Principal	Interest
2018	$ 22,794	$ 15,949
2019	23,274	15,469
2020	23,774	14,969
2021	24,294	14,449
2022	24,834	13,909
2023 – 2027	113,624	60,674
2028 – 2032	53,968	47,372
2033 – 2037	67,557	33,783
2038 – 2042	84,567	16,773
2043 – 2044	29,995	1,101
	$ 468,681	$ 234,448

Capital Leases

Ford Motor Credit Capital Lease – General Fund – In April 2017, the County entered into a capital lease agreement with Ford Motor Credit to purchase 2 vehicles. The original amount of $84,122 was financed under the lease agreement with an interest rate of 4.49%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The vehicles acquired by the lease are included in the governmental activities general assets in the amount of $75,109 (cost of $84,122 less accumulated depreciation of $9,013). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 26,893	$ 2,524	$ 29,417
2019	28,127	1,290	29,417
	$ 55,020	$ 3,814	$ 58,834

GM Financial Capital Lease – General Fund – In March 2017, the County entered into a capital lease agreement with GM Financial to purchase one vehicle. The original amount of $22,984 was financed under the lease agreement with an interest rate of 6.63%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The vehicle acquired by the lease is included in the governmental activities general assets in the amount of $20,522 (cost of $22,984 less accumulated depreciation of $2,462). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 11,097	$ 759	$ 11,856
	$ 11,097	$ 759	$ 11,856

AT&T Capital Capital Lease – General Fund – In February 2017, the County entered into a capital lease agreement with AT&T Capital to purchase E911 software upgrades. The original amount of $205,036 was financed under the lease agreement with an interest rate of 5.15%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The public safety equipment acquired by the lease is included in the governmental activities general assets in the amount of $203,327 (cost of $205,036 less accumulated depreciation of $1,709). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 38,722	$ 7,879	$ 46,601
2019	40,763	5,838	46,601
2020	42,913	3,688	46,601
2021	45,176	1,425	46,601
2022	3,002	13	3,015
	$ 170,576	$ 18,843	$ 189,419

Caterpillar Financial Capital Lease - General Fund - In March 2016, the County entered into a capital lease agreement with Caterpillar Financial to purchase public works equipment. The original amount of $296,461 was financed under the lease agreement with an interest rate of 3.2%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The public works equipment acquired by the lease is included in the governmental activities general assets in the amount of $239,639 (cost of $296,461 less accumulated depreciation of $56,822). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 32,766	$ 7,354	$ 40,120
2019	33,762	6,358	40,120
2020	34,858	5,262	40,120
2021	145,457	1,860	147,317
	$ 246,843	$ 20,834	$ 267,677

Ford Motor Credit Capital Lease - General Fund - In April 2016, the County entered into a capital lease agreement with Ford Motor Credit to purchase 4 trucks. The original amount of $115,031 was financed under the lease agreement with an interest rate of 5.0%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The vehicles acquired by the lease are included in the governmental activities general assets in the amount of $76,687 (cost of $115,031 less accumulated depreciation of $38,344). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 38,313	$ 1,916	$ 40,229
	$ 38,313	$ 1,916	$ 40,229

Caterpillar Financial Capital Lease - General Fund - In February 2014, the County entered into a capital lease agreement with Caterpillar Financial to purchase a motorgrader. The original amount of $176,239 was financed under the lease agreement with an interest rate of 2.45%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The public works equipment acquired by the lease is included in the governmental activities general assets in the amount of $107,212 (cost of $176,239 less accumulated depreciation of $69,027). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2018	$ 9,457	$ 3,375	$ 12,832
2019	133,074	540	133,614
	$ 142,531	$ 3,915	$ 146,446

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Governmental Activities:					
Capital leases payable	$ 562,091	$ 312,142	$ (209,853)	$ 664,380	$ 157,248
Notes payable	369,687	223,800	(99,510)	493,977	58,982
Certificates of participation	3,120,000	-	(520,000)	2,600,000	550,000
Net pension liability	1,493,878	-	(442,597)	1,051,281	-
Compensated absences	87,784	65,714	-	153,498	153,498
Total governmental activities	$5,633,440	$ 601,656	$ (1,271,960)	$ 4,963,136	$ 919,728
Business-Type Activities:					
Notes payable	$ 491,012	$ -	$ (22,331)	$ 468,681	$ 22,794
Compensated absences	1,346	-	(1,346)	-	-
Total business-type activities	$ 492,358	$ -	$ (23,677)	$ 468,681	$ 22,794
Discretely presented component unit:					
Health Department					
Net pension liability	$ 310,580	$ 73,341	$ -	$ 383,921	$ -
Compensated absences	36,299	21,569	(16,012)	41,856	-
Total long-term liabilities	$ 346,879	$ 94,910	$ (16,012)	$ 425,777	$ -

General obligation bonds and compensated absences are general 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 the General Fund and special local option sales tax collected.

12. FUND DEFICITS

As of December 31, 2017, the Special Local Option Sales Tax Fund had a deficit fund balance of $1,906,692.

13. CONTINGENT LIABILITIES

Amounts expended or payable from federal grantor agencies are subject to audit and adjustment. 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 County expects such amounts, if any, to be immaterial.

During the year ended December 31, 2017, County's management determined that a $20,000 amount carried on the County's books as due to the Georgia Department of Community Affairs was no longer an obligation of the County, and accordingly the amount was written off.

Various claims and lawsuits are pending against the County. In the opinion of County management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the County's financial position.

14. RETIREMENT BENEFITS

The following pension and retirement plans are in effect but are not under the direct control of the County:

Probate Judge's Retirement Fund of Georgia

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plan before the payment of any costs or other claims.

These plans provide for certain sums from marriage license, fees, fines and forfeitures to be remitted directly to the pension plans before payment of any costs or other claims. The County does not make contributions to the plans, qualifying the plans as special funding situations under the requirements of GASB guidance. Management has determined the related impact on the financial statements to be immaterial. Further information and valuation reports and schedules can be found on their respective websites.

Defined Benefit Pension Plan

The following information is as of January 1, 2017, the most recent year end of the described benefit pension plan.

A. Plan Description

The County contributes to the Association 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 agency for participating counties in Georgia.

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.

The County's payroll for employees participating in the Plan as of January 1, 2017, the date of the latest actuarial valuation study, was $2,302,496 (based on W-2 earnings for the preceding year). All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with three 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 calculated as the highest average of the participant's compensation over five consecutive plan years during the ten plan years preceding 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.

ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GEBCorp, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339 or by calling (800) 736-7166.

Plan membership data related to the current plan membership at January 1, 2017, was as follows:

Retirees and beneficiaries currently receiving benefits	51
Terminated employees entitled to benefits but not yet receiving them	53
Active employees participating in the Plan:	61
Total number of Plan participants	165

B. 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.

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 trustees shall rebalance the portfolio at least annually for asset allocation purposes.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

C. Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth minimum 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 2017 plan year was $398,669. This amount represents 17.3% of covered payroll.

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.

D. Actuarial Methods and Assumptions

Valuation date	January 1, 2017
Mortality rates	RP-2000 projected with Scale AA to 2017
Actuarial cost method	Entry age method
Asset valuation method	Five-year smoothed market
Investment rate of return	7.25% per annum
Projected salary increases	2.0% - 4.5% per annum
Inflation	3.0%
Cost of Living Adjustment	N/A

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of a February 2014 actuarial experience study.

E. Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	$ 6,200,518	$ 4,706,640	$ 1,493,878
Changes for the year:			
Service cost	87,985	-	87,985
Interest	436,541	-	436,541
Liability experience (gain)/loss	81,569	-	81,569
Assumption change	12,194	-	12,194
Employer contributions	-	398,669	(398,669)
Employee contributions	-	-	-
Net investment income	-	714,415	(714,415)
Benefit payments	(358,525)	(358,525)	-
Administrative expense	-	(14,603)	14,603
Other	-	(37,595)	37,595
Net changes	259,764	702,361	(442,597)
Balances at December 31, 2017	$ 6,460,282	$ 5,409,001	$ 1,051,281

F. Discount Rate

The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as the forward-looking capital market assumptions for a moderate asset allocation (33.33%), as determined by UBS.

Building block expected return based on 20-year benchmarks	6.82%
Building block expected return based on 30-year benchmarks	8.28%
UBS capital market assumption for a moderate asset allocation	6.40%
20-year building blocks return (6.82% x .3333)	2.27%
30-year building blocks return (8.28% x .3333)	2.76%
UBS capital market assumption (6.40% x .3334)	2.13%
Discount Rate (rounder to the nearest .25%)	7.16%
	7.25%

G. Sensitivity Analysis for the Measurement Period Ended December 31, 2017

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%) and 1-percentage point higher (8.25%) than the current rate:

	6.25%	7.25%	8.25%
Total Pension Liability	$ 7,164,180	$ 6,460,282	$ 5,865,305
Fiduciary Net Position	$ 5,409,001	$ 5,409,001	$ 5,409,001
Net Pension Liability	$ 1,755,179	$ 1,051,281	$ 456,304

H. Summary of Net Deferred Outflows and Inflows of Resources

At December 31, 2017 the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments	$ 158,963	$ (291,590)
Differences in expected and actual experience	194,758	-
(Gain)/Loss due to Assumption change	96,352	-
Net position restricted for pensions	$ 450,073	$ (291,590)

The net amount of the County's balances of deferred outflows and inflows that will be recognized in the County's pension expense is as follows:

Year ending December 31:	
2018	$ 39,621
2019	39,621
2020	39,621
2021	39,620
	$ 158,483

I. Pension Expense for the Measurement Period Ended December 31, 2017

Service cost	$ 87,985
Interest on TPL	436,541
Amortization of:	
Liability experience (gain)/loss	153,075
Change in assumption	90,062
Asset (gain)/loss	6,364
Employee contributions	-
Projected earnings on plan investments	(327,167)
Administrative expense	14,603
Other change in FNP	14,835
Total expense	$ 476,298

J. Asset Allocation Policy

The Trustees rebalance the the portfolio at least annually for asset allocation purposes. The guidelines for allocations are: equities shall not exceed 70% of total Plan assets, valued at cost. Fixed Income shall be targeted at 30% of total Plan assets, valued at cost.

	Target Allocation	Range
Fixed Income	30%	25% - 35%
Equities:	70%	65% - 75%
Large Cap	30%	25% - 35%
Mid Cap	5%	2.5% - 10%
Small Cap	5%	2.5% - 10%
REIT	5%	2.5% - 10%
International	15%	10% - 20%
Multi Cap	5%	2.5% - 10%
Global Allocation	5%	2.5% - 10%

15. DEFINED BENEFIT PENSION PLAN - HANCOCK COUNTY BOARD OF HEALTH

A. Plan Description

All full-time personnel employed by the Board of Health participate in the Employee's 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 State of Georgia. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation.

B. 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 and 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.

C. 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 Health's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.69% 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 $50,477 for the

year ended June 30, 2017. 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.

D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Hancock County Board of Health reported a liability of $383,921 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and expected total pension liability as of June 30, 2016, 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, 2016. At June 30, 2016, the Board of Health's proportion was .008116%, which was an increase of .000450% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Board of Health recognized pension expense of $24,279. At June 30, 2017, 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 & actual experience	$ -	$ 888
Change of assumptions	3,252	-
Net differences between projected & actual earnings on pension plan investments	39,034	-
Changes in proportion & difference between employer contributions & proportionate share of contributions	11,130	5,478
Employer contributions subsequent to the measurement date	50,477	-
	$ 103,893	$ 6,366

The $50,477 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 ended June 30, 2018. 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:	
2018	$ 7,173
2019	5,787
2020	21,045
2021	13,045
2022	-
Thereafter	-

E. Actuarial Methods and Assumptions

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25% - 7.00%, including inflation
Investment Rate of Return	7.5%, 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, 2015 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:

Schedule of Employer Costs and Contributions

Asset Class	Target Allocation	Long-Term expected real rate of return*
Fixed Income	30.00%	(0.50)%
Domestic Large Stocks	37.20%	9.00%
Domestic Mid Stocks	3.40%	12.00%
Domestic Small Stocks	1.40%	13.50%
International Developed Market Stocks	17.80%	8.00%
International Emerging Market Stocks	5.20%	12.00
Alternative	5.00%	10.50%
	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation.

F. 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-tern expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. 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 in 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%	$ 520,284
Current Discount Rate	7.5%	383,921
1% Increase	8.5%	267,712

H. 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.

16. 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 County 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, 2017.

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 a 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 judgement, and all expenses incurred for investigation, negotiation or defense.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the County's insurance coverage during the past three years.

17. JOINT VENTURE

Under Georgia law, the 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 Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional 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 Regional Commission. Separate financial statements may be obtained from:

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

18. RELATED PARTY TRANSACTIONS

The County purchased various parts and supplies from three entities owned by a related party. This related party also served as a County Commissioner during the year ended December 31, 2017. Payments to these entities totaled $32,725 during the year.

19. PRIOR PERIOD ADJUSTMENT

Beginning fund balance for the FEMA/GEMA Project Special Revenue Fund was restated as follows:

Beginning Fund Balance, as originally reported	$ 59,592
Write-off intergovernmental receivable	(58,983)
Beginning Fund Balance, as restated	$ 609

Beginning net position for the Statement of Activities was restated as follows:

Beginning Net Position, as originally reported	$16,736,269
Adjust prior year deferred outflow of resources related to pension	519,916
Write-off intergovernmental receivable	(58,983)
Beginning Net Position, as restated	$ 17,197,202

20. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2018, the date the financial statements were available to be issued. 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 disclosures in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of County Contributions
- Budgetary Comparison Schedules
  - General Fund
  - 1999 Municipal Lease Obligation Debt Service Fund
  - Special Local Option Sales Tax Fund
  - LMIG Fund

Schedule of Changes in the Net Pension Liability and Related Ratios

	2017	2016	2015
Total Pension Liability as of the beginning of year (1)	$ 6,200,518	$ 5,620,958	$ 5,177,596
Service cost	87,985	75,692	64,334
Interest	436,541	408,958	376,919
Plan chage	-	-	-
Changes of assumptions	12,194	155,665	144,765
Benefit payments (adjusted for interest)	(358,525)	(336,360)	(304,025)
Experience (gain)/(loss)	81,569	275,605	161,369
Total pension liability as of end of year (2)	$ 6,460,282	$ 6,200,518	$ 5,620,958
Fiduciary Net Position as of beginning of year (3)	$ 4,706,640	$ 4,427,196	$ 4,453,855
Contributions - employer	398,669	367,141	308,152
Contributions - employee (including buyback)	-	-	-
Net investment income	714,415	301,275	30,690
Benefit payments	(358,525)	(336,360)	(304,025)
Employee contribution refunds	-	-	-
Administrative expense	(14,603)	(17,703)	(12,333)
Other	(37,595)	(34,909)	(49,143)
Fiduciary net position as of end of year (4)	$ 5,409,001	$ 4,706,640	$ 4,427,196
Net pension liability as of beginning of year (1)-(3)	$ 1,493,878	$ 1,193,762	$ 723,741
Net pension liability as of end of year (2)-(4)	$ 1,051,281	$ 1,493,878	$ 1,193,762
Fiduciary Net Position as % of Total Pension Liability (4)/(2)	83.7%	75.9%	78.8%
Covered-employee payroll	$ 2,302,496	$ 2,200,545	$ 1,766,404
Net pension liability as a % of covered-employee payroll	45.7%	67.9%	67.6%

Notes to the schedule

The schedule will present 10 years of information once it is accumulated.

Schedule of County Contributions

	2017	2016	2015
Actuarially determined contribution	$ 398,669	$ 367,141	$ 308,152
Contributions in relation to the actuarially determined contribution	398,669	367,141	308,152
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	2,302,496	2,200,545	1,766,404
Contribution as a % of covered-employee payroll	17.31%	16.68%	17.45%

Notes to the Schedule

Valuation Date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market with a 5-year smoothing period
Assumed Rate of Return on Investments	7.25%
Projected Salary Increases	2.00% - 4.50% per annum
Inflation	3.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

The schedule will present 10 years of information once accumulated

HANCOCK COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
General property taxes	$ 5,953,491	$ 6,003,491	$ 6,006,116	$ 2,625
Local option sales tax	305,000	265,000	264,679	(321)
Timber tax	200,000	200,000	197,112	(2,888)
Mobile home tax	120,000	108,000	107,932	(68)
Vehicle tax	320,000	320,000	328,305	8,305
Insurance premium tax	446,864	476,864	478,576	1,712
Other taxes	34,000	54,000	60,519	6,519
	7,379,355	7,427,355	7,443,239	15,884
Licenses and Permits:				
Occupation tax	6,000	6,000	5,754	(246)
Business licenses	5,500	5,500	9,403	3,903
Building permits	30,000	28,000	28,105	105
	41,500	39,500	43,262	3,762
Intergovernmental:				
Rural transit fee reimbursement	145,000	80,000	80,145	145
TE Grant	-	97,000	97,211	211
Public safety grants	-	89,000	88,612	(388)
	145,000	266,000	265,968	(32)
Charges for services:				
Tax Commissioner	200,000	100,000	88,546	(11,454)
Public transit fees	40,000	100,000	100,579	579
Streets and sanitation	11,000	3,000	2,857	(143)
Recreation activity fees	4,500	4,500	6,010	1,510
	255,500	207,500	197,992	(9,508)
Fees and fines:				
Sheriff costs and fees	10,000	15,000	16,500	1,500
Superior Court	125,000	110,000	110,419	419
Probate Court	125,000	185,000	186,660	1,660
Magistrate Court	25,000	25,000	30,278	5,278
	285,000	335,000	343,857	8,857
Interest income	1,500	1,500	1,109	(391)
Miscellaneous:				
Rent	30,000	45,000	44,654	(346)
Other	1,401,300	1,360,187	149,877	(1,210,310)
	1,431,300	1,405,187	194,531	(1,210,656)
Total revenues	9,539,155	9,682,042	8,489,958	(1,192,084)

HANCOCK COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 3,596,189	$ 2,416,598	$ 2,401,247	$ 15,351
Public safety	1,550,691	1,990,030	1,985,854	4,176
Judicial	594,505	764,324	763,386	938
Public works	1,970,111	1,809,180	1,806,819	2,361
Health and welfare	914,644	1,032,598	1,028,539	4,059
Culture and recreation	331,081	409,309	407,240	2,069
Housing and development	132,258	170,427	167,899	2,528
Total operating expenditures	9,089,479	8,592,466	8,560,984	31,482
Capital Outlays:				
General government	28,500	620,000	618,836	1,164
Public safety	34,000	103,000	101,741	1,259
Judicial	-	26,000	25,743	257
Public works	56,000	21,000	15,879	5,121
Health and welfare	-	57,000	56,740	260
Culture and recreation	-	-	-	-
Housing and development	-	-	-	-
Total capital expenditures	118,500	827,000	818,939	8,061
Debt Service:				
Principal	17,315	205,315	204,668	647
Interest	-	37,000	36,574	426
Total debt service	17,315	242,315	241,242	1,073
Total expenditures	9,225,294	9,661,781	9,621,165	40,616
Excess (deficiency) of revenues over expenditures	313,861	20,261	(1,131,207)	(1,151,468)
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	330,000	330,906	906
Interfund transfers in (out):				
Muni Lease Fund	-	(3,400)	(3,400)	-
TSPLOST Fund	518,085	445,085	445,000	(85)
Water Fund	(368,828)	(230,828)	(229,822)	1,006
Emergency 911 Telephone Fund	(463,118)	(561,118)	(558,255)	2,863
	(313,861)	(20,261)	(15,571)	4,690
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(1,146,778)	(1,146,778)
FUND BALANCE, beginning of year	3,420,953	3,420,953	3,420,953	-
FUND BALANCE, end of year	$ 3,420,953	$ 3,420,953	$ 2,274,175	$ (1,146,778)

HANCOCK COUNTY, GEORGIA
1999 MUNICIPAL LEASE OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ -	$ -	$ -
Interest and dividend income	-	5,000	4,356	(644)
	-	5,000	4,356	(644)
EXPENDITURES:				
Current operating:				
Miscellaneous	-	5,000	3,400	1,600
Debt service:				
Principal	-	520,000	520,000	-
Interest	-	161,047	161,047	-
Total expenditures	-	686,047	684,447	1,600
Excess revenues over (under) expenditures	-	(681,047)	(680,091)	956
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	681,047	699,563	18,516
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	19,472	19,472
FUND BALANCE, beginning of year	1,011,617	1,011,617	1,011,617	-
FUND BALANCE, end of year	$ 1,011,617	$ 1,011,617	$ 1,031,089	$ 19,472

HANCOCK COUNTY, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ 697,500	$ 407,171	$ (290,329)
Other	-	500	424	(76)
	-	698,000	407,595	(290,405)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	1,000	800	200
Supplies	-	-	-	-
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,000	800	200
Excess revenues over (under) expenditures	-	697,000	406,795	(290,205)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(697,000)	(696,163)	837
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(289,368)	(289,368)
FUND BALANCE, beginning of year	(1,617,324)	(1,617,324)	(1,617,324)	-
FUND BALANCE, end of year	$ (1,617,324)	$ (1,617,324)	$ (1,906,692)	$ (289,368)

HANCOCK COUNTY, GEORGIA
LMIG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ 520,000	$ 518,084	$ (1,916)
Other	-	-	-	-
	-	520,000	518,084	(1,916)
EXPENDITURES:				
Current operating:				
Road expenditures	-	760,000	757,941	2,059
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	760,000	757,941	2,059
Excess revenues over (under) expenditures	-	(240,000)	(239,857)	143
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	240,000	218,941	(21,059)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(20,916)	(20,916)
FUND BALANCE, beginning of year	22,616	22,616	22,616	-
FUND BALANCE, end of year	$ 22,616	$ 22,616	$ 1,700	$ (20,916)

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements not required by the GASB, nor is a part of the basic financial statements, but is presented for purposes of additional analysis. Such information includes:

- Combining Balance Sheet – Nonmajor Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds
- Nonmajor Special Revenue Funds – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP) Basis to Actual
  - Emergency 911
  - Law Library
  - Grants
  - Sheriff's Confiscation
  - Drug Abuse Education
  - FEMA/GEMA Project
  - TSPLOST
- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Combining Statements – Fiduciary funds
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Schedule of Findings and Questioned Costs

HANCOCK COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	SPECIAL REVENUE							Total Nonmajor Governmental Funds
	Emergency 911 Fund	Law Library	Grants	Sheriff's Confiscation	Drug Abuse Education	FEMA/ GEMA Project	TSPLOST	
ASSETS:								
Cash and cash equivalents	$ 10,224	$ 43,172	$ 68	$ 9,751	$ 41,813	$ 609	$ 131,933	$ 237,570
Accounts receivable, net	15,773	-	-	-	-	-	-	15,773
Due from other governments	-	502	-	-	-	-	101,026	101,528
Due from other funds	1,606	-	-	-	-	-	-	1,606
Total assets	$ 27,603	$ 43,674	$ 68	$ 9,751	$ 41,813	$ 609	$ 232,959	$ 356,477
LIABILITIES:								
Accounts payable	$ 9,117	$ -	$ -	$ 10	$ -	$ -	$ -	$ 9,127
Accrued expenses	18,486	-	-	-	-	-	-	18,486
Due to other funds	-	-	68	-	-	-	-	68
Total liabilities	27,603	-	68	10	-	-	-	27,681
FUND BALANCES:								
Restricted fund balance:								
Transportation	-	-	-	-	-	609	232,959	233,568
Public safety	-	-	-	9,741	41,813	-	-	51,554
Judicial	-	43,674	-	-	-	-	-	43,674
Total fund balances	-	43,674	-	9,741	41,813	609	232,959	328,796
Total liabilities and fund balance	$ 27,603	$ 43,674	$ 68	$ 9,751	$ 41,813	$ 609	$ 232,959	$ 356,477

HANCOCK COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENT FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	SPECIAL REVENUE							Total Nonmajor Governmental Funds
	Emergency 911 Fund	Law Library	Grants	Sheriff's Confiscation	Drug Abuse Education	FEMA/ GEMA Project	TSPLOST	
REVENUES:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 991,307	$ 991,307
Fines and forfeitures	-	6,503	-	875	7,287	-	-	14,665
Charges for services	118,102	-	-	-	-	-	-	118,102
Other	-	-	-	21	-	-	-	21
Total revenues	118,102	6,503	-	896	7,287	-	991,307	1,124,095
EXPENDITURES:								
Current operating:								
Public safety	633,640	-	-	900	-	-	-	634,540
Public works	-	-	-	-	-	-	270,804	270,804
Judicial	-	1,380	-	-	-	-	-	1,380
Capital outlays	205,036	-	-	-	-	-	8,817	213,853
Debt service:								
Principal	34,460	-	-	-	-	-	70,236	104,696
Interest	8,257	-	-	-	-	-	-	8,257
Total expenditures	881,393	1,380	-	900	-	-	349,857	1,233,530
Excess (deficiency) of revenues over expenditures	(763,291)	5,123	-	(4)	7,287	-	641,450	(109,435)
OTHER FINANCING SOURCES (USES):								
Proceeds from capital lease	205,036	-	-	-	-	-	-	205,036
Transfers in (out)	558,255	-	-	-	-	-	(663,941)	(105,686)
Total other financing sources and uses	763,291	-	-	-	-	-	(663,941)	99,350
Net change in fund balance	-	5,123	-	(4)	7,287	-	(22,491)	(10,085)
FUND BALANCE, beginning	-	38,551	-	9,745	34,526	59,592	255,450	397,864
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	(58,983)	-	(58,983)
FUND BALANCE, as restated	-	38,551	-	9,745	34,526	609	255,450	338,881
FUND BALANCE, ending	$ -	$ 43,674	$ -	$ 9,741	$ 41,813	$ 609	$ 232,959	$ 328,796

HANCOCK COUNTY, GEORGIA
EMERGENCY 911 TELEPHONE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services:				
E-911 fees	$ 100,000	$ 118,000	$ 118,102	$ 102
Intergovernmental:				
State grants	-	-	-	-
Other	-	-	-	-
	100,000	118,000	118,102	102
EXPENDITURES:				
Current operating:				
Personal services and employee benefits	404,770	515,770	514,851	919
Purchased/contracted services	64,423	110,423	109,479	944
Supplies	12,325	9,325	9,310	15
Debt service:				
Principal	-	35,000	34,460	540
Interest	-	9,000	8,257	743
Capital outlays	81,600	205,600	205,036	564
Total expenditures	563,118	885,118	881,393	3,725
Excess revenues over (under) expenditures	(463,118)	(767,118)	(763,291)	3,827
OTHER FINANCING SOURCES (USES)				
Proceed from capital lease	-	206,000	205,036	(964)
Transfers in (out)	463,118	561,118	558,255	(2,863)
Total other financing sources (uses)	463,118	767,118	763,291	(3,827)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ -	$ 7,000	$ 6,503	$ (497)
Other	-	-	-	-
	-	7,000	6,503	(497)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	4,000	-	4,000
Supplies	-	3,000	1,380	1,620
Capital outlays	-	-	-	-
Total expenditures	-	7,000	1,380	5,620
Excess revenues over (under) expenditures	-	-	5,123	5,123
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	5,123	5,123
FUND BALANCE, beginning of year	38,551	38,551	38,551	-
FUND BALANCE, end of year	$ 38,551	$ 38,551	$ 43,674	$ 5,123

HANCOCK COUNTY, GEORGIA
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ -	$ -	$ -	$ -
Other	-	-	-	-
	-	-	-	-
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	-	-	-
Supplies	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

HANCOCK COUNTY, GEORGIA
SHERIFF'S CONFISCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ -	$ 1,000	$ 875	$ (125)
Other	-	-	21	21
	-	1,000	896	(104)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	1,000	900	100
Supplies	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	-	1,000	900	100
Excess revenues over (under) expenditures	-	-	(4)	(4)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(4)	(4)
FUND BALANCE, beginning of year	9,745	9,745	9,745	-
FUND BALANCE, end of year	$ 9,745	$ 9,745	$ 9,741	$ (4)

HANCOCK COUNTY, GEORGIA
DRUG ABUSE EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ -	$ 8,000	$ 7,287	$ (713)
Other	-	-	-	-
	-	8,000	7,287	(713)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	4,000	-	4,000
Supplies	-	4,000	-	4,000
Capital outlays	-	-	-	-
Total expenditures	-	8,000	-	8,000
Excess revenues over (under) expenditures	-	-	7,287	7,287
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	7,287	7,287
FUND BALANCE, beginning of year	34,526	34,526	34,526	-
FUND BALANCE, end of year	$ 34,526	$ 34,526	$ 41,813	$ 7,287

HANCOCK COUNTY, GEORGIA
FEMA/GEMA PROJECT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ -	$ -	$ -
Other	-	-	-	-
	-	-	-	-
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	-	-	-
Supplies	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	59,592	59,592	59,592	-
PRIOR PERIOD ADJUSTMENT	(58,983)	(58,983)	(58,983)	-
FUND BALANCE, as restated	609	609	609	-
FUND BALANCE, end of year	$ 609	$ 609	$ 609	$ -

HANCOCK COUNTY, GEORGIA
TSPLOST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ 1,020,000	$ 991,307	$ (28,693)
Other	-	-	-	-
	-	1,020,000	991,307	(28,693)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	-	271,000	270,804	196
Supplies	-	-	-	-
Capital outlays	-	9,000	8,817	183
Debt service:				
Principal	-	71,000	70,236	764
Interest	-	-	-	-
Total expenditures	-	351,000	349,857	1,143
Excess revenues over (under) expenditures	-	669,000	641,450	(27,550)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(669,000)	(663,941)	5,059
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(22,491)	(22,491)
FUND BALANCE, beginning of year	255,450	255,450	255,450	-
FUND BALANCE, end of year	$ 255,450	$ 255,450	$ 232,959	$ (22,491)

HANCOCK COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

	Superior Court	Sheriff's Office	Magistrate Court	Probate Court	Tax Commissioner's Office	Total Agency Funds
ASSETS:						
Cash	$ 138,828	$ 734	$ 5,932	$ 37,945	$ 158,168	$ 341,607
LIABILITIES:						
Due to others	$ 128,770	$ 734	$ 4,185	$ 25,669	$ 11,232	$ 170,590
Due to General Fund	10,058	-	1,747	12,276	146,936	171,017
	$ 138,828	$ 734	$ 5,932	$ 37,945	$ 158,168	$ 341,607

HANCOCK COUNTY, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT:				
Board of Commissioners:				
Personal services	$ 287,927	$ 389,912	$ 389,688	$ 224
Purchased/contracted services	42,300	40,300	40,112	188
Supplies	6,100	11,300	11,206	94
Capital outlays	-	-	-	-
	336,327	441,512	441,006	506
Tax Commissioner:				
Personal services	174,303	225,118	224,949	169
Purchased/contracted services	47,799	37,799	36,410	1,389
Supplies	22,200	19,200	18,986	214
Capital outlays	2,500	31,000	30,679	321
	246,802	313,117	311,024	2,093
Tax Assessors:				
Personal services	127,376	167,318	167,320	(2)
Purchased/contracted services	42,900	35,900	30,608	5,292
Supplies	8,000	23,000	23,570	(570)
Capital outlays	25,000	-	-	-
	203,276	226,218	221,498	4,720
Board of Elections:				
Personal services	64,892	72,693	69,351	3,342
Purchased/contracted services	72,400	40,400	43,240	(2,840)
Supplies	2,300	17,300	17,117	183
Capital outlays	-	-	-	-
	139,592	130,393	129,708	685
Coroner:				
Personal services	7,751	10,751	10,604	147
Purchased/contracted services	7,550	10,550	10,602	(52)
Supplies	2,500	3,500	3,523	(23)
Capital outlays	1,000	-	-	-
	18,801	24,801	24,729	72
Public Building and Property:				
Personal services	97,541	125,299	125,418	(119)
Purchased/contracted services	424,600	476,600	476,442	158
Supplies	29,250	23,250	22,261	989
Capital outlays	-	256,000	255,623	377
	551,391	881,149	879,744	1,405

HANCOCK COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
County Agent:				
Personal services	21,152	23,652	23,345	307
Purchased/contracted services	2,200	3,700	3,553	147
Supplies	2,800	7,300	6,982	318
	26,152	34,652	33,880	772
Miscellaneous General Government:				
Property and liability insurance	150,798	171,798	171,695	103
Workers compensation	109,246	123,246	122,957	289
Audit and accounting	125,000	126,000	126,045	(45)
Service contracts	9,000	15,000	14,826	174
Legal fees	45,000	35,000	31,259	3,741
Other	1,663,304	180,712	179,178	1,534
Capital outlays	-	333,000	332,534	466
	2,102,348	984,756	978,494	6,262
Total general government	3,624,689	3,036,598	3,020,083	16,515
PUBLIC SAFETY:				
Sheriff's Office:				
Personal services	527,015	741,588	740,505	1,083
Purchased/contracted services	43,499	60,499	60,632	(133)
Supplies	19,000	30,000	29,593	407
Capital outlays	29,000	71,000	70,364	636
	618,514	903,087	901,094	1,993
Jail:				
Personal services	579,203	735,092	734,747	345
Purchased/contracted services	109,300	96,300	95,696	604
Supplies	81,000	90,000	89,732	268
Capital outlays	5,000	32,000	31,377	623
	774,503	953,392	951,552	1,840
Fire:				
Personal services	64,590	77,590	77,063	527
Purchased/contracted services	13,700	20,700	20,536	164
Supplies	19,200	21,200	20,996	204
Capital outlays	-	-	-	-
	97,490	119,490	118,595	895
Courthouse Security:				
Personal services	90,684	115,561	115,662	(101)
Supplies	3,500	1,500	692	808
	94,184	117,061	116,354	707
Total public safety	1,584,691	2,093,030	2,087,595	5,435

HANCOCK COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
JUDICIAL SYSTEM:				
Superior Court:				
Personal services	$ 123,712	$ 176,121	$ 175,334	$ 787
Purchased/contracted services	125,800	163,800	163,896	(96)
Supplies	2,950	4,450	4,270	180
Capital outlays	-	-	-	-
	252,462	344,371	343,500	871
Probate Court:				
Personal services	118,731	153,802	153,885	(83)
Purchased/contracted services	29,600	27,100	26,964	136
Supplies	6,200	5,200	5,013	187
Capital outlays	-	-	-	-
	154,531	186,102	185,862	240
Magistrate Court:				
Personal services	176,212	225,551	226,060	(509)
Purchased/contracted services	8,200	4,200	3,867	333
Supplies	3,100	4,100	4,097	3
Capital outlays	-	26,000	25,743	257
	187,512	259,851	259,767	84
Total Judicial	594,505	790,324	789,129	1,195
PUBLIC WORKS:				
Road Department:				
Personal services	550,818	687,920	687,755	165
Purchased/contracted services	220,501	150,501	149,675	826
Supplies	733,000	443,000	442,734	266
Capital outlays	56,000	21,000	15,879	5,121
	1,560,319	1,302,421	1,296,043	6,378
Solid Waste Department:				
Personal services	65,494	80,461	80,186	275
Purchased/contracted services	399,198	446,198	445,359	839
Supplies	1,100	1,100	1,110	(10)
Capital outlays	-	-	-	-
	465,792	527,759	526,655	1,104
Total Public Works	2,026,111	1,830,180	1,822,698	7,482
HEALTH AND WELFARE:				
Public Health:				
Emergency management	38,033	29,033	28,133	900
Ambulance - service contract	350,000	337,000	336,563	437
Ambulance - other operating	5,625	2,625	2,479	146
DFACS	2,500	5,500	4,525	975
Board of Health	120,000	124,000	123,755	245
	516,158	498,158	495,455	2,703

HANCOCK COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Transit/Senior Citizen Center:				
Personal services	$ 309,685	$ 416,639	$ 416,380	$ 259
Purchased/contracted services	77,601	77,601	75,470	2,131
Supplies	11,200	40,200	41,234	(1,034)
Capital outlays	-	57,000	56,740	260
	398,486	591,440	589,824	1,616
Total Health and Welfare	914,644	1,089,598	1,085,279	4,319
CULTURE AND RECREATION:				
Recreation:				
Personal services	117,482	156,710	156,531	179
Purchased/contracted services	39,299	50,299	49,516	783
Supplies	26,300	24,300	23,857	443
Capital outlays	-	-	-	-
	183,081	231,309	229,904	1,405
Library:				
Library contributions	120,000	120,000	120,000	-
Capital outlays	-	-	-	-
	120,000	120,000	120,000	-
Hancock Youth Center contribution	28,000	58,000	57,336	664
Total Culture and recreation	331,081	409,309	407,240	2,069
HOUSING AND DEVELOPMENT:				
Planning and zoning:				
Personal services	48,007	73,176	72,475	701
Purchased/contracted services	23,250	45,250	44,878	372
Supplies	1,040	1,040	435	605
Capital outlays	-	-	-	-
	72,297	119,466	117,788	1,678
Development Authority contribution	59,961	50,961	50,111	850
Total Housing and development	132,258	170,427	167,899	2,528
GRAND TOTAL	$ 9,207,979	$ 9,419,466	$ 9,379,923	$ 39,543

HANCOCK COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2017

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Jail Renovation Project	$3,700,000	$6,400,000	$ 8,984,733	$ 696,963	$ 9,681,696

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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*

Honorable Chairman and Members of the
Board of Commissioners of Hancock County
Sparta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hancock County, Georgia, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-01 and 2018-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-03.

We noted certain additional matters that we reported to the management of Hancock County, Georgia, in a separate letter dated December 10, 2018.

Hancock County, Georgia's Responses to Findings

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

Purpose of this Report

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.

JONES, JONES, DAVIS & ASSOCIATES

Louisville, Georgia
December 10, 2018

Finding 2017-01 Lack of Segregation of Duties

Condition: There is not adequate segregation of duties between the recording, processing, distribution and reconciliation of cash accounts and other operational functions in the various funds, departments and offices maintained by the County. This condition exists not only in the funds and accounts maintained by the County's financial office, but also in the other constitutionally elected offices of the County.

Criteria: The internal control environment of an entity will allow proper segregation of duties so that an employee will not have access to overlapping duties in regards to the receipt and/or disbursement of funds, reconciliation of accounts, posting of accounting records, etc.

Effect: An absence of appropriate segregation of duties could increase the risk of misappropriation of assets if other controls are not in place or do not function properly.

Recommendation: The County should continue to monitor this situation and use alternative control measures where available to assist in safeguarding County assets.

Management's Response: We are aware of this situation and will continue to evaluate the costs and related benefits of adding additional personnel in certain departments to alleviate this problem. We will continue to use alternative measures where available to assist in safeguarding assets.

Finding 2017-2 Lack of Availability of Timely Financial Information

Condition: The County's current accounting software does not allow the generation of timely, accurate financial information.

Criteria: An entity's financial and accounting function should generate financial information on a timely basis that will allow management to make decisions based upon accurate information.

Effect: Lack of accurate and timely financial information prohibits management from comparing budgeted amounts with actual results on a perpetual basis.

Recommendation: The County should consider updating its accounting software and financial reporting practices in order that management can receive timely, accurate information.

Management's Response: Management concurs with this finding, and has implemented a plan to install new accounting software that will allow the production of timely and accurate financial information.

2017-3 Inadequate Pledging of Public Funds

Condition: Adequate funds were not pledged against the County's deposits by banking institutions holding County funds.

Criteria: State law requires that all public funds have adequate collateral pledged for all amounts on deposit in excess of FDIC insurance coverage.

Effect: Insufficient pledging of collateral could cause a loss of taxpayer funds in the event of a bank's failure.

Recommendation: We recommend all banking institutions used by the County be required to provide periodic reports of collateral pledged to cover deposits of the County's funds in excess of FDIC coverage.

Management's Response: Management concurs with this finding, and in the future will ensure that all public funds are properly collateralized. Subsequent to year end, the accounts in question have been closed.