# HANCOCK COUNTY, GEORGIA

## FINANCIAL STATEMENTS

## For the Year Ended December 31, 2018

## TABLE OF CONTENTS


| | Page |
|---|---|
| **INDEPENDENT AUDITOR'S REPORT** | 1 – 3 |
| **BASIC FINANCIAL STATEMENTS:** | |
| *Government-wide Financial Statements:* | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| *Fund Financial Statements*: | |
| Balance Sheet – Governmental Funds | 6 – 7 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 8 –9 |
| Statement of Net Position – Proprietary Funds | 10 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 11 |
| Statement of Cash Flows – Proprietary Funds | 12 |
| Statement of Fiduciary Assets and Liabilities – Fiduciary Funds | 13 |
| *Notes to Basic Financial Statements* | 14 – 42 |
| **REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS:** | |
| Schedule of Changes in the Net Pension Liability and Related Ratios | 43 |
| Schedule of County Contributions | 44 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund | 45 – 46 |
| **OTHER SUPPLEMENTARY INFORMATION:** | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 1999 Municipal Lease Obligation Debt Service Fund | 47 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Special Local Option Sales Tax Fund | 48 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – LMIG Fund | 49 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 50 |

| | PAGE |
|---|---|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 51 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Emergency 911 Telephone Special Revenue Fund | 52 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Law Library Special Revenue Fund | 53 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Public Facilities Special Revenue Fund | 54 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Grants Special Revenue Fund | 55 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Sheriff's Confiscation Special Revenue Fund | 56 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Drug Abuse Education Special Revenue Fund | 57 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –FEMA/GEMA Project Special Revenue Fund | 58 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –TSPLOST Special Revenue Fund | 59 |
| Combining Statement of Fiduciary Assets and Liabilities – Agency Funds | 60 |
| Schedule of Expenditures Compared to Budget (GAAP Basis) – General Fund | 61-64 |
| Schedule of Projects Constructed with Special Sales Tax Proceeds | 65 |
| **COMPLIANCE SECTION** | |
| 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* | 66 – 67 |
| Schedule of Findings and Responses | 68 |

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*Independent Auditor's Report*

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Hancock County, Georgia's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hancock County Health Department which represents 18 percent, -16 percent, and 85 percent assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the Hancock County Health Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of American require that the Schedule of Changes in Net Pension Liability and Related Ratios (on page 43), the Schedule of County Contributions (on page 44) and the budgetary comparison (on pages 45-46) 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during the 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. The County has not presented the Management's Discussion and Analysis. 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 Hancock County, Georgia's financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax, are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison schedule, combining and individual nonmajor fund financial statements and the schedule of projects constructed with special sales tax proceeds the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of Hancock County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hancock County, Georgia's internal control over financial reporting and compliance.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
June 28, 2019

## 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
  - Proprietary 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, 2018**

| | 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 | $ 637,898 | $ 66,630 | $ 704,528 | $ 301,172 | $ 63,716 |
| Investments | - | - | - | - | - |
| Accounts receivable, net | 1,539,756 | 17,491 | 1,557,247 | 53,155 | 6,012 |
| Receivable from other governments | 170,044 | - | 170,044 | - | - |
| Due from other funds | - | - | - | - | - |
| Prepaid expenses | 76,796 | - | 76,796 | - | - |
| Total current assets | 2,424,494 | 84,121 | 2,508,615 | 354,327 | 69,728 |
| Noncurrent assets: | | | | | |
| Nondepreciable | 991,604 | 52,088 | 1,043,692 | - | - |
| Depreciable capital assets, net of accumulated depreciation | 13,765,931 | 2,122,422 | 15,888,353 | 4,264 | 1,532,766 |
| Total noncurrent assets | 14,757,535 | 2,174,510 | 16,932,045 | 4,264 | 1,532,766 |
| Deferred outflows of resources | 954,922 | - | 954,922 | 102,895 | - |
| Total assets and deferred outflows of resources | 18,136,951 | 2,258,631 | 20,395,582 | 461,486 | 1,602,494 |
| **LIABILITIES AND DEFERRED** | | | | | |
| **INFLOWS OF RESOURCES:** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 696,183 | - | 696,183 | 26,669 | 24 |
| Other accrued liabilities | 558,620 | 4,957 | 563,577 | 6,287 | 12,328 |
| Customer deposits | 8,000 | - | 8,000 | - | - |
| Due to other governments | 4,477 | - | 4,477 | - | - |
| Current portion of long-term debt | 343,694 | 23,274 | 366,968 | - | 181,955 |
| Accrued compensated absences | 129,677 | - | 129,677 | - | - |
| Total current liabilities | 1,740,651 | 28,231 | 1,768,882 | 32,956 | 194,307 |
| Noncurrent liabilities: | | | | | |
| Notes payable, less current portion | 1,866,258 | 422,613 | 2,288,871 | - | - |
| Net pension liability | 2,141,547 | - | 2,141,547 | 631,430 | - |
| Total noncurrent liabilities | 4,007,805 | 422,613 | 4,430,418 | 631,430 | - |
| Deferred inflows of resources | 221,993 | - | 221,993 | 28,523 | - |
| Total liabilities & deferred inflows of resources | 5,970,449 | 450,844 | 6,421,293 | 692,909 | 194,307 |
| **NET POSITION:** | | | | | |
| Net investment in capital assets | 12,547,583 | 1,728,623 | 14,276,206 | 4,264 | 1,350,811 |
| Restricted for: | | | | | |
| Public safety | 58,267 | - | 58,267 | - | - |
| Judicial | 47,158 | - | 47,158 | - | - |
| Transportation | 145,415 | - | 145,415 | - | - |
| Debt service | - | - | - | - | - |
| Unrestricted | (631,921) | 79,164 | (552,757) | (235,687) | 57,376 |
| | $ 12,166,502 | $ 1,807,787 | $ 13,974,289 | $ (231,423) | $ 1,408,187 |

See accompanying notes to the basic financial statements

**HANCOCK COUNTY, GEORGIA**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| 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 | $ 2,913,917 | $ 209,523 | $ - | $ - | $ (2,704,394) | $ - | $ (2,704,394) | | |
| Public safety | 3,010,677 | 146,151 | 604,666 | - | (2,259,860) | - | (2,259,860) | | |
| Judicial | 840,095 | 273,172 | - | - | (566,923) | - | (566,923) | | |
| Public works | 4,013,529 | 3,392 | 2,159,137 | - | (1,851,000) | - | (1,851,000) | | |
| Health and welfare | 1,021,703 | 141,663 | 99,823 | - | (780,217) | - | (780,217) | | |
| Culture and recreation | 410,376 | 15,695 | - | - | (394,681) | - | (394,681) | | |
| Housing and development | 210,388 | - | - | - | (210,388) | - | (210,388) | | |
| Interest on long-term debt | 172,165 | - | - | - | (172,165) | - | (172,165) | | |
| Total governmental activities | 12,592,850 | 789,596 | 2,863,626 | - | (8,939,628) | - | (8,939,628) | | |
| Business-type activities: | | | | | | | | | |
| Water and Sewer | 667,198 | 236,196 | - | - | - | (431,002) | (431,002) | | |
| Total primary government | $ 13,260,048 | $ 1,025,792 | $ 2,863,626 | $ - | (8,939,628) | (431,002) | (9,370,630) | | |
| **Component units:** | | | | | | | | | |
| Health department | $ 468,300 | $ 166,203 | $ 366,364 | $ - | | | | $ 64,267 | $ - |
| Development authority | 242,748 | 10,000 | 86,018 | - | | | | - | (146,730) |
| Total component units | $ 711,048 | $ 176,203 | $ 452,382 | $ - | | | | 64,267 | (146,730) |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes | | | | | 5,970,974 | - | 5,970,974 | - | - |
| General sales and use tax | | | | | 332,346 | - | 332,346 | - | - |
| Insurance premium tax | | | | | 516,033 | - | 516,033 | - | - |
| Other taxes | | | | | 734,500 | - | 734,500 | - | - |
| Interest income | | | | | 1,223 | 28 | 1,251 | 517 | 105 |
| Miscellaneous | | | | | 24,657 | - | 24,657 | - | 265 |
| Transfers in (out) | | | | | (231,064) | 231,064 | - | - | - |
| Total general revenues and transfers | | | | | 7,348,669 | 231,092 | 7,579,761 | 517 | 370 |
| Change in net position | | | | | (1,590,959) | (199,910) | (1,790,869) | 64,784 | (146,360) |
| Net position, beginning | | | | | 13,757,461 | 2,007,697 | 15,765,158 | (22,383) | 1,554,547 |
| Prior period adjustment | | | | | - | - | - | (273,824) | - |
| Net position, as restated | | | | | 13,757,461 | 2,007,697 | 15,765,158 | (296,207) | 1,554,547 |
| Net position, ending | | | | | $ 12,166,502 | $ 1,807,787 | $ 13,974,289 | $ (231,423) | $ 1,408,187 |

See accompanying notes to the basic financial statements

**HANCOCK COUNTY, GEORGIA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2018**

| | 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 | $ 467,036 | $ - | $ 10,688 | $ 14,781 | $ 145,393 | $ 637,898 |
| Investments | - | - | - | - | - | - |
| Accounts receivable, net | 1,523,523 | - | - | - | 16,233 | 1,539,756 |
| Due from other funds | 1,969,153 | - | - | - | - | 1,969,153 |
| Due from other governments | 27,568 | - | 43,054 | - | 99,422 | 170,044 |
| Prepaid expenses | 76,796 | - | - | - | - | 76,796 |
| Total assets | $ 4,064,076 | $ - | $ 53,742 | $ 14,781 | $ 261,048 | $ 4,393,647 |
| **LIABILITIES:** | | | | | | |
| Accounts payable | $ 696,173 | $ - | $ - | $ - | $ 10 | $ 696,183 |
| Accrued expenses | 532,504 | - | - | - | 26,116 | 558,620 |
| Customer deposits | 8,000 | - | - | - | - | 8,000 |
| Intergovernmental payable | 4,477 | - | - | - | - | 4,477 |
| Due to other funds | - | - | 1,963,696 | - | 5,457 | 1,969,153 |
| Total liabilities | 1,241,154 | - | 1,963,696 | - | 31,583 | 3,236,433 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | | |
| Unavailable revenues - property taxes | 1,284,125 | - | - | - | - | 1,284,125 |
| Total deferred inflows of resources | 1,284,125 | - | - | - | - | 1,284,125 |
| **FUND BALANCES:** | | | | | | |
| Non-spendable fund balance: | | | | | | |
| Prepaid expenses | 76,796 | - | - | - | - | 76,796 |
| Restricted fund balance: | | | | | | |
| Public safety | - | - | - | - | 58,267 | 58,267 |
| Judicial | - | - | - | - | 47,158 | 47,158 |
| Transportation | - | - | - | 14,781 | 130,634 | 145,415 |
| Unassigned fund balance | 1,462,001 | - | (1,909,954) | - | (6,594) | (454,547) |
| Total fund balances | 1,538,797 | - | (1,909,954) | 14,781 | 229,465 | (126,911) |
| Total liabilities, deferred inflows of resources and fund balances | $ 4,064,076 | $ - | $ 53,742 | $ 14,781 | $ 261,048 | $ 4,393,647 |

(Continued)

See accompanying notes to the basic financial statements

**HANCOCK COUNTY, GEORGIA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2018**

| | | |
|---|---|---|
| Fund balances - total governmental funds | $ | (126,911) |
| 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 $11,376,263 | | 14,757,535 |
| 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 | | (2,141,547) |
| Net deferred inflows (outflows) - pension expense | | 732,929 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds | | 1,284,125 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Long-term debt | | (2,209,952) |
| Compensated absences | | (129,677) |
| Net position of governmental activities | $ | 12,166,502 |

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, 2018**

| | General Fund | 1999 Muni Lease Debt Service Fund | Special Local Option Sales Tax | LMIG Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes | $ 7,553,012 | $ - | $ 519,167 | $ - | $ - | $ 8,072,179 |
| Licenses and permits | 75,785 | - | - | - | - | 75,785 |
| Intergovernmental | 184,963 | - | - | 1,124,677 | 1,034,460 | 2,344,100 |
| Fees and fines | 293,460 | - | - | - | 14,881 | 308,341 |
| Charges for services | 264,257 | - | - | - | 110,982 | 375,239 |
| Other | 56,090 | - | 359 | - | 21 | 56,470 |
| Total revenues | 8,427,567 | - | 519,526 | 1,124,677 | 1,160,344 | 11,232,114 |
| **EXPENDITURES:** | | | | | | |
| Current operating: | | | | | | |
| General government | 2,561,402 | 258 | 4,210 | - | 85,702 | 2,651,572 |
| Public safety | 1,872,110 | - | - | - | 678,576 | 2,550,686 |
| Judicial | 703,365 | - | - | - | 830 | 704,195 |
| Public works | 1,811,516 | - | - | 768,596 | 1,126,785 | 3,706,897 |
| Health and welfare | 977,972 | - | - | - | - | 977,972 |
| Culture and recreation | 351,594 | - | - | - | - | 351,594 |
| Housing and development | 193,543 | - | - | - | - | 193,543 |
| Debt service: | | | | | | |
| Principal | 169,987 | 2,600,000 | - | - | 35,418 | 2,805,405 |
| Interest and other charges | 37,565 | 120,707 | - | - | 13,893 | 172,165 |
| Capital outlays | - | - | - | - | - | - |
| Total expenditures | 8,679,054 | 2,720,965 | 4,210 | 768,596 | 1,941,204 | 14,114,029 |
| Excess (deficiency) of revenues over expenditures | (251,487) | (2,720,965) | 515,316 | 356,081 | (780,860) | (2,881,915) |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Loan proceeds | - | - | - | - | 1,257,000 | 1,257,000 |
| Transfers in (out) | (483,891) | 1,689,876 | (518,578) | (343,000) | (575,471) | (231,064) |
| Total other financing sources and uses | (483,891) | 1,689,876 | (518,578) | (343,000) | 681,529 | 1,025,936 |
| Net change in fund balance | (735,378) | (1,031,089) | (3,262) | 13,081 | (99,331) | (1,855,979) |
| **FUND BALANCE, beginning** | 2,274,175 | 1,031,089 | (1,906,692) | 1,700 | 328,796 | 1,729,068 |
| **FUND BALANCE, ending** | $ 1,538,797 | $ - | $ (1,909,954) | $ 14,781 | $ 229,465 | $ (126,911) |

(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, 2018

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ (1,855,979) |
| 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 | 94,784 |
| Depreciation | (887,011) |
| | (792,227) |
| 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 | (515,820) |
| 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 | (1,257,000) |
| Repayment of long-term debt | 2,805,405 |
| | 1,548,405 |
| 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 | 23,821 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds | 841 |
| | $ (1,590,959) |

See accompanying notes to the basic financial statements

**HANCOCK COUNTY, GEORGIA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**DECEMBER 31, 2018**

| | Water and Sewer Fund |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS:** | |
| Cash in bank | $ 66,630 |
| Accounts receivable, net of allowance of $202,428 | 17,491 |
| Total current assets | 84,121 |
| **NONCURRENT ASSETS:** | |
| Capital Assets: | |
| Land | 20,413 |
| Equipment | 297,745 |
| Distribution system | 6,271,837 |
| Construction in progress | 31,675 |
| | 6,621,670 |
| Less accumulated depreciation | (4,447,160) |
| Total capital assets | 2,174,510 |
| Total assets | 2,258,631 |
| **LIABILITIES** | |
| **CURRENT LIABILITIES:** | |
| Current portion of notes payable | 23,274 |
| Other accrued liabilities | 4,957 |
| Total current liabilities | 28,231 |
| **NONCURRENT LIABILITIES:** | |
| Notes payable, net of current portion | 422,613 |
| Total noncurrent liabilities | 422,613 |
| Total liabilities | 450,844 |
| **NET POSITION** | |
| **NET INVESTMENT IN CAPITAL ASSETS** | 1,728,623 |
| **UNRESTRICTED** | 79,164 |
| Total net position | $ 1,807,787 |

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, 2018**

| | Water and Sewer Fund |
|---|---|
| **OPERATING REVENUES:** | |
| Water sales | $ 236,196 |
| Miscellaneous income | - |
| Total operating revenue | 236,196 |
| **OPERATING EXPENSES:** | |
| Personal services and employee benefits: | |
| Salaries | 134,249 |
| Payroll taxes | 10,266 |
| Employee benefits | 26,612 |
| Purchased/contracted services: | |
| Repairs and replacement | 17,332 |
| Professional fees | 847 |
| Dues and subscriptions | 4,190 |
| Supplies: | |
| Chemicals and supplies | 4,786 |
| Office supplies | 1,089 |
| Utilities and communication | 162,270 |
| Bad debt expense | - |
| Depreciation | 271,728 |
| Miscellaneous | 17,892 |
| Total operating expenses | 651,261 |
| **OPERATING LOSS** | (415,065) |
| **NON-OPERATING REVENUES (EXPENSES):** | |
| Interest income | 28 |
| Interest expense | (15,937) |
| Total non-operating revenues (expenses) | (15,909) |
| **NET LOSS BEFORE TRANSFERS** | (430,974) |
| **TRANSFERS FROM (TO) GENERAL FUND** | 231,064 |
| **NET LOSS** | (199,910) |
| **NET POSITION, beginning of year** | 2,007,697 |
| **NET POSITION, end of year** | $ 1,807,787 |

See accompanying notes to the basic financial statements

# HANCOCK COUNTY, GEORGIA
# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
# FOR THE YEAR ENDED DECEMBER 31, 2018

| | Water and Sewer Fund |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | |
| Cash received from customers | $ 237,990 |
| Cash paid to suppliers for goods and services | (238,983) |
| Cash paid to employees | (144,515) |
| Net cash provided by (used for) operating activities | (145,508) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | |
| Transfer from (to) other funds | 231,064 |
| Net cash provided by (used for) noncapital financing activities | 231,064 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | |
| Purchase of capital assets | (31,675) |
| Principal paid on capital debt | (22,794) |
| Interest paid on capital debt | (15,937) |
| Net cash provided by (used for) capital and related financing activities | (70,406) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | |
| Interest received | 28 |
| Net cash provided by (used for) investing activities | 28 |
| **NET INCREASE (DECREASE) IN CASH** | 15,178 |
| **CASH AND CASH EQUIVALENTS, beginning of year** | 51,452 |
| **CASH AND CASH EQUIVALENTS, end of year** | $ 66,630 |
| **RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:** | |
| Net operating income (loss) | $ (415,065) |
| Adjustments to reconcile net operating income (loss to net cash provided by operating activities: | |
| Cash flows reported in other categories: | |
| Depreciation expense | 271,728 |
| Changes in assets and liabilities: | |
| Accounts receivable | 1,794 |
| Accounts payable | (4,053) |
| Other accrued liabilities | 88 |
| Net cash provided by (used for) operating activities | $ (145,508) |

See accompanying notes to the basic financial statements

**HANCOCK COUNTY, GEORGIA**
**FIDUCIARY FUNDS – AGENCY FUNDS**
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**
**December 31, 2018**

| | Agency Funds |
|---|---|
| **ASSETS:** | |
| Cash in bank | $ 232,756 |
| Total assets | $ 232,756 |
| | |
| **LIABILITIES:** | |
| Due to others | $ 191,355 |
| Due to General Fund | 41,401 |
| Total liabilities | $ 232,756 |

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 blended component units because they are, in substance, part of the County's operation:

*Sparta-Hancock Public Facilities Authority* – The Sparta-Hancock Public Facilities Authority's (the Public Facilities Authority) purpose is to promote the public good and general welfare of the citizens of Hancock County and of the State of Georgia and finance and provide facilities, equipment, and services within the County, for sale to, lease or sublease to, or operation by any public body or any private person. In 2018, the Public Facilities Authority issued bonds in the amount of $1,257,000, the proceeds of which were used to pay in full the outstanding balance of the County's Certificates of Participation, Series 1999. As part of the issuance, the County entered into an intergovernmental agreement with the Authority, whereby the County will make annual principal and semiannual interest payments sufficient to meet debt service requirements through 2028. The County's commitment to making the payments meets the criteria for inclusion as financial burden. Accordingly, the financial statements of the Public Facilities Authority have been included as a blended component unit in these financial statements.

Included as discretely presented component units in separate columns in the government-wide 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 unmodified, audited the Health Department's financial statements which have a fiscal year end of June 30, 2018. 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.

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.

## 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 acquisition 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. Interest incurred during the construction period of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended December 31, 2018, interest expense incurred by the County's business-type activities was $15,937. Of this amount, none was applicable to construction of capital assets.

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 |
| 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 "net investment in capital assets."

## 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, 2018.

## 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. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with State law. Neither the County nor its component units, have a deposit policy for custodial credit risk. As of December 31, 2018, none of the County's bank balance was exposed to custodial credit risk.

Investments – The County had no investments at December 31, 2018. As of December 31, 2018, the County did not have a formal investment policy.

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.

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, 2018, the County had no investments.

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, 2018, is comprised of the following:

| | |
|---|---|
| Year of Levy: | |
| 2018 | $ 813,493 |
| 2017 | 335,780 |
| 2016 | 236,905 |
| 2015 | 202,436 |
| 2014 | 167,658 |
| 2013 | 146,760 |
| Prior to 2013 | 751,125 |
| Total | 2,654,157 |
| Allowance for doubtful accounts | (1,146,783) |
| Net receivable | $ 1,507,374 |

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, 2018, the County had the following property tax abatements:

- For the fiscal year ended December 31, 2018, the County abated property taxes for the development of a solar farm. The abatement was a 100% property tax reduction which totaled approximately $12,000.

## 6. ACCOUNTS RECEIVABLE

*Primary Government*

Receivables at December 31, 2018 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 | $2,654,157 | $ - | $ - | $ - | $2,654,157 |
| Intergovernmental | 27,568 | 43,054 | 99,422 | - | 170,044 |
| Other | 16,149 | - | 16,233 | 219,919 | 252,301 |
| | 2,697,874 | 43,054 | 115,655 | 219,919 | 3,076,502 |
| Allowance for doubtful accounts | (1,146,783) | - | - | (202,428) | (1,349,211) |
| | $1,551,091 | $ 43,054 | $115,655 | $ 17,491 | $1,727,291 |

Trade receivables from the Sparta-Hancock County Development Authority and Hancock County Health Department as of December 31, 2018, are as follows:

| | Sparta-Hancock County Development Authority | Hancock Health Department | Total |
|---|---|---|---|
| Receivables: | | | |
| Accounts | $ - | $ 30,000 | $ 30,000 |
| Other | 6,012 | 23,155 | 29,167 |
| | 6,012 | 53,155 | 59,167 |
| Allowance for doubtful accounts | - | - | - |
| | $ 6,012 | $ 53,155 | $ 59,167 |

## 7. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Not being depreciated: | | | | |
| Land | $ 896,820 | | $ - | $ 896,820 |
| Construction-in-progress | 607,729 | 94,784 | (607,729) | 94,784 |
| Subtotal | 1,504,549 | 94,784 | (607,729) | 991,604 |
| Other capital assets: | | | | |
| Infrastructure | 1,980,655 | - | - | 1,980,655 |
| Buildings | 13,802,930 | 607,729 | - | 14,410,659 |
| Equipment | 8,750,880 | - | - | 8,750,880 |
| Subtotal | 26,039,014 | 702,513 | (607,729) | 26,133,798 |
| Accumulated depreciation: | | | | |
| Infrastructure | 587,165 | 64,207 | - | 651,372 |
| Buildings | 3,392,407 | 392,662 | - | 3,785,069 |
| Equipment | 6,509,680 | 430,142 | - | 6,939,822 |
| Subtotal | 10,489,252 | 887,011 | - | 11,376,263 |
| Net capital assets | $ 15,549,762 | $ (184,498) | $ (607,729) | $ 14,757,535 |

Depreciation was charged to functions as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 235,926 |
| Judicial | 76,962 |
| Public safety | 265,463 |
| Public works | 215,886 |
| Health and welfare | 43,731 |
| Housing and development | 9,361 |
| Culture and recreation | 39,682 |
| | $ 887,011 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| Not being depreciated: | | | | |
| Land | $ 20,413 | $ - | $ - | $ 20,413 |
| Construction-in-progress | - | 31,675 | - | 31,675 |
| Subtotal | 20,413 | 31,675 | - | 52,088 |
| Other capital assets: | | | | |
| Equipment | 297,745 | - | - | 297,745 |
| Infrastructure | 6,271,837 | - | - | 6,271,837 |
| Subtotal | 6,589,995 | 31,675 | - | 6,621,670 |
| Accumulated depreciation: | | | | |
| Equipment | 293,789 | 1,582 | - | 295,371 |
| Infrastructure | 3,881,643 | 270,146 | - | 4,151,789 |
| Subtotal | 4,175,432 | 271,728 | - | 4,447,160 |
| Net capital assets | $ 2,414,563 | $ (240,053) | $ - | $ 2,174,510 |

## 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, 2018 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Equipment | $ 50,206 | $ - | $ - | $ 50,206 |
| Less accumulated depreciation | (44,479) | (1,463) | - | (45,942) |
| Net capital assets | $ 5,727 | $ (1,463) | $ - | $ 4,264 |

Capital asset activity for the Hancock County Development Authority for the year ended December 31, 2018 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 | 2,202,745 | 149,521 | - | 2,352,266 |
| Equipment | 977,094 | 2,235 | - | 979,329 |
| Subtotal | 3,179,839 | 151,756 | - | 3,331,595 |
| Net capital assets | $ 1,684,522 | $ (151,756) | $ - | $ 1,532,766 |

## 9. INTERFUND TRANSACTIONS AND BALANCES

Balances due to/from other funds at December 31, 2018, consist of the following –

| | Due From | Due To |
|---|---|---|
| Major Funds: | | |
| General Fund | $ - | $ 1,969,153 |
| Special Local Option Sales Tax Fund | 1,963,696 | - |
| Nonmajor Funds: | | |
| Emergency 911 Fund | 5,457 | - |
| | $ 1,969,153 | $ 1,969,153 |

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 | LMIG Fund | SPLOST Fund | FEMA/ GEMA Fund | Public Facilities Fund | Total |
| General Fund | $ - | $ 353,000 | $ - | $ - | $ 609 | $ - | $ 353,609 |
| Muni Lease Fund | - | - | - | 518,578 | - | 1,171,298 | 1,689,876 |
| TSPLOST Fund | - | - | 343,000 | - | - | - | 343,000 |
| Water Fund | 231,064 | - | - | - | - | - | 231,064 |
| E911 Fund | 606,436 | - | - | - | - | - | 606,436 |
| | $ 837,500 | $ 353,000 | $ 343,000 | $ 518,578 | $ 609 | $ 1,171,298 | $ 3,223,985 |

## 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, 2018 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Governmental Activities | $ - | $ 3,700,000 | $ 3,700,000 | $ - |

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 $181,955 at December 31, 2018. Short-term notes payable activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Sparta –Hancock Development Authority | $ 181,448 | $ 507 | $ - | $ 181,955 |

## 11. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2018, long-term debt consisted of the following:

| | Governmental Activities | Water and Sewer Fund Debt |
|---|---|---|
| *Bonds Payable:* | | |
| Series 2018 bonds in the original amount of $1,257,000; issued to payoff the balance of the Series 1999 Certificates of Participation which were used for the construction of Hancock County Jail Facility, Fire and Rescue Buildings, and development of Devereaux Water and Sewer System; due in annual installments ranging from $83,375 to 158,477; interest rate at 3.58% | $ 1,257,000 | $ - |
| *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% | 319,962 | - |
| $223,800 to Kansas State Bank for radio tower, due in annual installments of $60,208 to August 2020, interest at 2.96% | 115,207 | - |
| $375,250 USDA note payable; interest at 4.5%; due in monthly principle and interest payments of $1,689 to June 2044 | - | 307,355 |
| $119,795 GEFA note payable; interest at 3.0%; due in monthly principle and interest payments of $690 to June 2027 | - | 62,071 |
| $198, 800 GEFA note payable; interest at 0%; due in quarterly principle and interest payments of $2,549 to April 2026 | - | 76,461 |
| *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% | 38,721 | - |
| $205,036 to AT&T Capital for E911 software upgrades; due in monthly installments of $3,883 to January 2022; interest at 5.15% | 135,158 | - |
| $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 | 210,791 | - |
| $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 | 133,113 | - |
| Total long-term debt | $ 2,209,952 | $ 445,887 |

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2018 are as follows:

Governmental-Type Activities:

| Year Ending December 31 | Series 2018 Bonds | | Notes Payable | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2019 | $ 57,000 | $ 47,855 | $ 60,794 | $ 16,729 |
| 2020 | 115,000 | 40,902 | 62,664 | 14,860 |
| 2021 | 119,000 | 36,712 | 4,382 | 12,933 |
| 2022 | 124,000 | 32,363 | 4,563 | 12,752 |
| 2023 | 128,000 | 27,852 | 4,751 | 12,564 |
| 2024 – 2028 | 714,000 | 65,694 | 26,862 | 59,713 |
| 2029 – 2033 | - | - | 32,879 | 53,696 |
| 2034 – 2038 | - | - | 40,244 | 46,331 |
| 2039 – 2043 | - | - | 49,259 | 37,316 |
| 2044 – 2048 | - | - | 60,292 | 26,283 |
| 2049 – 2053 | - | - | 73,796 | 12,779 |
| 2054 | - | - | 14,683 | 680 |
| | $ 1,257,000 | $ 251,378 | $ 435,169 | $ 306,636 |

Business-Type Activities:

| Year Ending December 31 | Notes Payable | |
|---|---|---|
| | Principal | Interest |
| 2019 | $ 23,274 | $ 15,469 |
| 2020 | 23,774 | 14,969 |
| 2021 | 24,294 | 14,449 |
| 2022 | 24,834 | 13,909 |
| 2023 | 25,396 | 13,346 |
| 2024 – 2028 | 98,074 | 57,750 |
| 2029 – 2033 | 56,448 | 44,892 |
| 2034 – 2038 | 70,660 | 30,680 |
| 2039 – 2043 | 88,452 | 12,888 |
| 2044 | 10,681 | 147 |
| | $ 445,887 | $ 218,499 |

**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 $63,091 (cost of $84,122 less accumulated depreciation of $21,031). Future minimum lease payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 18,262 | $ 4,659 | $ 22,921 |
| 2020 | 20,459 | 2,461 | 22,920 |
| | $ 38,721 | $ 7,120 | $ 45,841 |

*AT&T 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 $182,824 (cost of $205,036 less accumulated depreciation of $22,212). Future minimum lease payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 40,763 | $ 5,838 | $ 46,601 |
| 2020 | 42,913 | 3,688 | 46,601 |
| 2021 | 45,176 | 1,425 | 46,601 |
| 2022 | 6,306 | 13 | 6,319 |
| | $ 135,158 | $ 10,964 | $ 146,122 |

*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 $209,994 (cost of $296,461 less accumulated depreciation of $86,467). Future minimum lease payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 33,762 | $ 6,358 | $ 40,120 |
| 2020 | 34,858 | 5,262 | 40,120 |
| 2021 | 142,171 | 1,860 | 144,031 |
| | $ 210,791 | $ 13,480 | $ 224,271 |

*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 $89,588 (cost of $176,239 less accumulated depreciation of $86,651). Future minimum lease payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 133,113 | $ 540 | $ 133,653 |
| | $ 133,113 | $ 540 | $ 133,653 |

Long-term liability activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due in One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capital leases payable | $ 664,380 | $ - | $ (146,597) | $ 517,783 | $ 225,900 |
| Notes payable | 493,977 | - | (58,808) | 435,169 | 60,794 |
| Certificates of participation | 2,600,000 | - | (2,600,000) | - | - |
| Series 2018 Bonds | - | 1,257,000 | - | 1,257,000 | 57,000 |
| Net pension liability | 1,051,281 | 1,090,266 | - | 2,141,547 | - |
| Compensated absences | 153,498 | - | (23,821) | 129,677 | 129,677 |
| Total governmental activities | $ 4,963,136 | $2,347,266 | $ (2,829,226) | $ 4,481,176 | $ 473,371 |
| Business-Type Activities: | | | | | |
| Notes payable | $ 468,681 | $ - | $ (22,794) | $ 445,887 | $ 23,274 |
| Compensated absences | - | - | - | - | - |
| Total business-type activities | $ 468,681 | $ - | $ (22,794) | $ 445,887 | $ 23,274 |
| Discretely presented component unit: | | | | | |
| Health Department | | | | | |
| Net pension liability | $ 383,921 | $ - | $ (49,348) | $ 334,573 | $ - |
| Net OPEB liability | 309,685 | | (48,447) | 261,238 | - |
| Compensated absences | 41,856 | 16,722 | (22,959) | 35,619 | - |
| Total long-term liabilities | $ 735,462 | $ 16,722 | $ (120,754) | $ 631,430 | $ - |

Notes payable, net pension liability and compensated absences are general liquidated by the General Fund and are therefore included in the above schedule. Capital lease obligations will be liquidated primarily by the General Fund and special local option sales tax collected.

Bonds payable include the Series 2018 Bonds in the original amount of $1,257,000 which were issued to payoff the Series 1999 Certificates of Participation. The Sparta-Hancock Public Facilities Authority's source of revenues to pay for the principal and interest of the bonds is an intergovernmental agreement between the Public Facilities Authority and the County, whereby the County will make annual principal and semiannual interest payments sufficient to meet debt service requirements.

## 12. FUND DEFICITS

As of December 31, 2018, the Special Local Option Sales Tax Fund had a deficit fund balance of $1,909,954 and the Public Facilities Fund had a deficit balance of $6,594.

## 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.

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, 2018, 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, 2018, the date of the latest actuarial valuation study, was $2,397,795 (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, 2018, was as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 52 |
| Terminated employees entitled to benefits but not yet receiving them | 42 |
| Active employees participating in the Plan: | 67 |
| Total number of Plan participants | 161 |

**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 2018 plan year was $324,695. This amount represents 13.5% 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, 2018 |
| Mortality rates | RP-2000 projected with Scale AA to 2018 |
| Actuarial cost method | Entry age method |
| Asset valuation method | Five-year smoothed market |
| Investment rate of return | 7.0% per annum |
| Projected salary increases | 4.5% - 6.5% per annum |
| Inflation | 3.0% |
| Cost of Living Adjustment | N/A |

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of a February 2019 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, 2017 | $ 6,460,282 | $ 5,409,001 | $ 1,051,281 |
| Changes for the year: | | | |
| Service cost | 100,051 | - | 100,051 |
| Interest | 454,990 | - | 454,990 |
| Liability experience (gain)/loss | (5,039) | - | (5,039) |
| Assumption change | 439,462 | - | 439,462 |
| Employer contributions | - | 190,379 | (190,379) |
| Employee contributions | - | - | - |
| Net investment income | - | (230,786) | 230,786 |
| Benefit payments | (369,109) | (369,109) | - |
| Administrative expense | - | (16,980) | 16,980 |
| Other | - | (43,415) | 43,415 |
| Net changes | 620,355 | (469,911) | 1,090,266 |
| Balances at December 31, 2018 | $ 7,080,637 | $ 4,939,090 | $ 2,141,547 |

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. 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 County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was appled to all of the projected benefit payments to determine the total pension liability.

**G. Sensitivity Analysis for the Measurement Period Ended December 31, 2018**

The following presents the County's net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) and 1-percentage point higher (8.0%) than the current rate:

| | 6.0% | 7.0% | 8.0% |
|---|---|---|---|
| Total Pension Liability | $ 7,843,008 | $ 7,080,637 | $ 6,434,748 |
| Fiduciary Net Position | $ 4,939,090 | $ 4,939,090 | $ 4,939,090 |
| Net Pension Liability | $ 2,903,918 | $ 2,141,547 | $ 1,495,658 |

**H. Summary of Net Deferred Outflows and Inflows of Resources**

At December 31, 2018 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 | $ 585,008 | $ (218,692) |
| Differences in expected and actual experience | 59,614 | (3,301) |
| (Gain)/Loss due to Assumption change | 310,300 | - |
| Net position restricted for pensions | $ 954,922 | $ (221,993) |

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: | |
|---|---|
| 2019 | $ 183,232 |
| 2020 | 183,232 |
| 2021 | 183,232 |
| 2022 | 183,233 |
| | $ 732,929 |

## I. Pension Expense for the Measurement Period Ended December 31, 2018

| | |
|---|---|
| Service cost | $ 100,051 |
| Interest on TPL | 454,990 |
| Amortization of: | |
| Liability experience (gain)/loss | 133,406 |
| Change in assumption | 225,514 |
| Asset (gain)/loss | 132,690 |
| Employee contributions | - |
| Projected earnings on plan investments | (377,432) |
| Administrative expense | 16,980 |
| Other change in FNP | 20,000 |
| Total expense | $ 706,199 |

## 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.

The long-term expected rate of return on pension plan investments was 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. Expected future 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018, are summarized as follows:

| | Target Allocation | Range |
|---|---|---|
| Fixed Income | 30% | 25% - 35% |
| Large Cap equity | 30% | 25% - 35% |
| International equity | 15% | 2.5% - 10% |
| Other equity | 20% | 2.5% - 10% |
| Real estate | 5% | 2.5% - 10% |
| | 100% | |

## K. Payable to the Pension Plan

At December 31, 2018, the County reported a payable of $380,759 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

## 15. 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, 2018.

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.

## 16. 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

## 17. 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, 2018. Payments to these entities totaled $25,992 during the year.

## 18. PRIOR PERIOD ADJUSTMENT – HANCOCK COUNTY BOARD OF HEALTH

Effective for fiscal years ending June 30, 2018, employers are required to implement GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement requires employers participating in cost-sharing OPEB plans to report their proportionate share of the plan's net OPEB liability in their statement of net position. Per the requirements of the statement, restatement of beginning net position is required. As such, the beginning net position in the government-wide financial statements has been decreased by $273,824 to reflect the Hancock County Board of Health's OPEB related balances as of June 30, 2017.

## 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

## HANCOCK COUNTY, GEORGIA
## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED NOTES
## FOR THE YEARS ENDED DECEMBER 31,

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Total Pension Liability as of the beginning of year (1) | $ 6,460,282 | $ 6,200,518 | $ 5,620,958 | $ 5,177,596 |
| Service cost | 100,051 | 87,985 | 75,692 | 64,334 |
| Interest | 454,990 | 436,541 | 408,958 | 376,919 |
| Plan chage | - | - | - | - |
| Changes of assumptions | 439,462 | 12,194 | 155,665 | 144,765 |
| Benefit payments (adjusted for interest) | (369,109) | (358,525) | (336,360) | (304,025) |
| Experience (gain)/(loss) | (5,039) | 81,569 | 275,605 | 161,369 |
| Total pension liability as of end of year (2) | $ 7,080,637 | $ 6,460,282 | $ 6,200,518 | $ 5,620,958 |
| Fiduciary Net Position as of beginning of year (3) | $ 5,409,001 | $ 4,706,640 | $ 4,427,196 | $ 4,453,855 |
| Contributions - employer | 190,379 | 398,669 | 367,141 | 308,152 |
| Contributions - employee (including buyback) | - | - | - | - |
| Net investment income | (230,786) | 714,415 | 301,275 | 30,690 |
| Benefit payments | (369,109) | (358,525) | (336,360) | (304,025) |
| Administrative expense | (16,980) | (14,603) | (17,703) | (12,333) |
| Other | (43,415) | (37,595) | (34,909) | (49,143) |
| Fiduciary net position as of end of year (4) | $ 4,939,090 | $ 5,409,001 | $ 4,706,640 | $ 4,427,196 |
| Net pension liability, beginning of year (1)-(3) | $ 1,051,281 | $ 1,493,878 | $ 1,193,762 | $ 723,741 |
| Net pension liability as of end of year (2)-(4) | $ 2,141,547 | $ 1,051,281 | $ 1,493,878 | $ 1,193,762 |
| Fiduciary Net Position as % of Total Pension Liability (4)/(2) | 69.8% | 83.7% | 75.9% | 78.8% |
| Covered payroll | $ 2,397,795 | $ 2,302,496 | $ 2,200,545 | $ 1,766,404 |
| Net pension liability as a % of covered payroll | 89.3% | 45.7% | 67.9% | 67.6% |

Notes to the schedule

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

**HANCOCK COUNTY, GEORGIA**
**SCHEDULE OF COUNTY CONTRIBUTIONS AND RELATED NOTES**
**FOR THE YEARS ENDED DECEMBER 31,**

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 324,695 | $ 398,669 | $ 367,141 | $ 308,152 |
| Contributions in relation to the actuarially determined contribution | 190,271 | 398,669 | 367,141 | 308,152 |
| Contribution deficiency (excess) | $ 134,424 | $ - | $ - | $ - |
| Covered payroll | 2,397,795 | 2,302,496 | 2,200,545 | 1,766,404 |
| Contribution as a % of covered payroll | 7.94% | 17.31% | 16.68% | 17.45% |

**Notes to the Schedule**

| | |
|---|---|
| Valuation Date | January 1, 2018 |
| Cost Method | Entry Age Normal |
| Actuarial Asset Valuation Method | Smoothed market with a 5-year smoothing period |
| Assumed Rate of Return on Investments | 7.0% |
| Projected Salary Increases | 4.50% - 6.50% 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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Taxes: | | | | |
| General property taxes | $ 5,463,947 | $ 5,970,720 | $ 5,970,133 | $ (587) |
| Local option sales tax | - | 332,000 | 332,346 | 346 |
| Timber tax | 150,000 | 190,000 | 190,939 | 939 |
| Mobile home tax | 110,000 | 95,000 | 95,620 | 620 |
| Vehicle tax | 330,000 | 380,000 | 377,083 | (2,917) |
| Insurance premium tax | 478,576 | 516,033 | 516,033 | - |
| Other taxes | 37,000 | 51,000 | 70,858 | 19,858 |
| | 6,569,523 | 7,534,753 | 7,553,012 | 18,259 |
| Licenses and Permits: | | | | |
| Occupation tax | 5,300 | 6,000 | 6,057 | 57 |
| Business licenses | 8,800 | 9,000 | 9,220 | 220 |
| Building permits | 60,000 | 61,000 | 60,508 | (492) |
| | 74,100 | 76,000 | 75,785 | (215) |
| Intergovernmental: | | | | |
| Rural transit fee reimbursement | 75,000 | 100,000 | 99,823 | (177) |
| TE Grant | - | - | - | - |
| Public safety grants | - | 84,000 | 85,140 | 1,140 |
| | 75,000 | 184,000 | 184,963 | 963 |
| Charges for services: | | | | |
| Tax Commissioner | 157,000 | 110,000 | 103,507 | (6,493) |
| Public transit fees | 125,000 | 140,000 | 141,663 | 1,663 |
| Streets and sanitation | 5,000 | 5,000 | 3,392 | (1,608) |
| Recreation activity fees | 4,700 | 16,000 | 15,695 | (305) |
| | 291,700 | 271,000 | 264,257 | (6,743) |
| Fees and fines: | | | | |
| Sheriff costs and fees | 30,000 | 45,000 | 24,602 | (20,398) |
| Superior Court | 137,000 | 137,000 | 132,074 | (4,926) |
| Probate Court | 130,000 | 130,000 | 116,229 | (13,771) |
| Magistrate Court | 30,000 | 30,000 | 20,555 | (9,445) |
| | 327,000 | 342,000 | 293,460 | (48,540) |
| Interest income | 700 | 1,000 | 1,202 | 202 |
| Miscellaneous: | | | | |
| Rent | 35,000 | 35,000 | 30,231 | (4,769) |
| Other | 1,304,300 | 699,819 | 24,657 | (675,162) |
| | 1,339,300 | 734,819 | 54,888 | (679,931) |
| Total revenues | 8,677,323 | 9,143,572 | 8,427,567 | (716,005) |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **EXPENDITURES:** | | | | |
| **Current Operating:** | | | | |
| General government | $ 3,480,256 | $ 2,477,140 | $ 2,466,618 | $ 10,522 |
| Public safety | 1,692,657 | 1,873,740 | 1,872,110 | 1,630 |
| Judicial | 639,508 | 705,834 | 703,365 | 2,469 |
| Public works | 1,606,574 | 1,815,328 | 1,811,516 | 3,812 |
| Health and welfare | 931,377 | 980,233 | 977,972 | 2,261 |
| Culture and recreation | 323,352 | 351,910 | 351,594 | 316 |
| Housing and development | 136,247 | 194,654 | 193,543 | 1,111 |
| Total operating expenditures | 8,809,971 | 8,398,839 | 8,376,718 | 22,121 |
| **Capital Outlays:** | | | | |
| General government | 5,000 | 94,900 | 94,784 | 116 |
| Public safety | - | - | - | - |
| Judicial | - | - | - | - |
| Public works | - | - | - | - |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Housing and development | - | - | - | - |
| Total capital expenditures | 5,000 | 94,900 | 94,784 | 116 |
| **Debt Service:** | | | | |
| Principal | 151,276 | 170,276 | 169,987 | 289 |
| Interest | 25,000 | 38,000 | 37,565 | 435 |
| Total debt service | 176,276 | 208,276 | 207,552 | 724 |
| Total expenditures | 8,991,247 | 8,702,015 | 8,679,054 | 22,961 |
| Excess (deficiency) of revenues over expenditures | (313,924) | 441,557 | (251,487) | (693,044) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Proceeds from capital leases | - | - | - | - |
| Interfund transfers in (out): | | | | |
| Grant Fund | - | - | 609 | 609 |
| TSPLOST Fund | 957,000 | 400,000 | 353,000 | (47,000) |
| Water Fund | (193,519) | (232,000) | (231,064) | 936 |
| Emergency 911 Telephone Fund | (449,557) | (609,557) | (606,436) | 3,121 |
| | 313,924 | (441,557) | (483,891) | (42,334) |
| Excess (deficiency) of revenues over expenditures and other financing sources | - | - | (735,378) | (735,378) |
| **FUND BALANCE, beginning of year** | 2,274,175 | 2,274,175 | 2,274,175 | - |
| **FUND BALANCE, end of year** | $ 2,274,175 | $ 2,274,175 | $ 1,538,797 | $ (735,378) |

## 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:

- Nonmajor Special Revenue Funds – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP) Basis to Actual
  - 1999 Municipal Lease Obligation Debt Service Fund
  - Special Local Option Sales Tax Fund
  - LMIG Fund
- 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
  - Public Facilities
  - 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

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental revenue | $ - | $ - | $ - | $ - |
| Interest and dividend income | - | - | - | - |
| | - | - | - | - |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Miscellaneous | - | 1,000 | 258 | 742 |
| Debt service: | | | | |
| Principal | - | 2,600,000 | 2,600,000 | - |
| Interest | - | 121,000 | 120,707 | 293 |
| Total expenditures | - | 2,722,000 | 2,720,965 | 1,035 |
| Excess revenues over (under) expenditures | - | (2,722,000) | (2,720,965) | 1,035 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | - | 2,722,000 | 1,689,876 | (1,032,124) |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | (1,031,089) | (1,031,089) |
| **FUND BALANCE, beginning of year** | 1,031,089 | 1,031,089 | 1,031,089 | - |
| **FUND BALANCE, end of year** | $ 1,031,089 | $ 1,031,089 | $ - | $ (1,031,089) |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental revenue | $ - | $ 525,000 | $ 519,167 | $ (5,833) |
| Other | - | 911 | 359 | (552) |
| | - | 525,911 | 519,526 | (6,385) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 5,000 | 4,210 | 790 |
| Total expenditures | - | 5,000 | 4,210 | 790 |
| Excess revenues over (under) expenditures | - | 520,911 | 515,316 | (5,595) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | - | (520,911) | (518,578) | 2,333 |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | (3,262) | (3,262) |
| **FUND BALANCE, beginning of year** | (1,906,692) | (1,906,692) | (1,906,692) | - |
| **FUND BALANCE, end of year** | $ (1,906,692) | $ (1,906,692) | $ (1,909,954) | $ (3,262) |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental revenue | $ - | $ 1,125,000 | $ 1,124,677 | $ (323) |
| Other | - | - | - | - |
| | - | 1,125,000 | 1,124,677 | (323) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Road expenditures | - | 782,000 | 768,596 | 13,404 |
| Total expenditures | - | 782,000 | 768,596 | 13,404 |
| Excess revenues over (under) expenditures | - | 343,000 | 356,081 | 13,081 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | - | (343,000) | (343,000) | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | 13,081 | 13,081 |
| **FUND BALANCE, beginning of year** | 1,700 | 1,700 | 1,700 | - |
| **FUND BALANCE, end of year** | $ 1,700 | $ 1,700 | $ 14,781 | $ 13,081 |

**HANCOCK COUNTY, GEORGIA**
**COMBINING BALANCE SHEET**
**NONMAJOR GOVERNMENTAL FUNDS**
**DECEMBER 31, 2018**

| | SPECIAL REVENUE | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Emergency 911 Fund | Law Library | Public Facilities Authority | Grants | Sheriff's Confiscation | Drug Abuse Education | FEMA/ GEMA Project | TSPLOST | Nonmajor Governmental Funds |
| **ASSETS:** | | | | | | | | | |
| Cash and cash equivalents | $ 8,746 | $ 46,847 | $ - | $ - | $ 9,547 | $ 48,414 | $ - | $ 31,839 | $ 145,393 |
| Accounts receivable, net | 16,233 | - | - | - | - | - | - | - | 16,233 |
| Due from other governments | - | 311 | - | - | - | 316 | - | 98,795 | 99,422 |
| Due from other funds | - | - | - | - | - | - | - | - | - |
| Total assets | $ 24,979 | $ 47,158 | $ - | $ - | $ 9,547 | $ 48,730 | $ - | $ 130,634 | $ 261,048 |
| **LIABILITIES:** | | | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ 10 | $ - | $ - | $ - | $ 10 |
| Accrued expenses | 19,522 | - | 6,594 | - | - | - | - | - | 26,116 |
| Due to other funds | 5,457 | - | - | - | - | - | - | - | 5,457 |
| Total liabilities | 24,979 | - | 6,594 | - | 10 | - | - | - | 31,583 |
| **FUND BALANCES:** | | | | | | | | | |
| Restricted fund balance: | | | | | | | | | |
| Transportation | - | - | - | - | - | - | - | 130,634 | 130,634 |
| Public safety | - | - | - | - | 9,537 | 48,730 | - | - | 58,267 |
| Judicial | - | 47,158 | - | - | - | - | - | - | 47,158 |
| Unassigned fund balance | - | - | (6,594) | - | - | - | - | - | (6,594) |
| Total fund balances | - | 47,158 | (6,594) | - | 9,537 | 48,730 | - | 130,634 | 229,465 |
| Total liabilities and fund balance | $ 24,979 | $ 47,158 | $ - | $ - | $ 9,547 | $ 48,730 | $ - | $ 130,634 | $ 261,048 |

**HANCOCK COUNTY, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENT FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | SPECIAL REVENUE | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Emergency 911 Fund | Law Library | Public Facilities Authority | Grants | Sheriff's Confiscation | Drug Abuse Education | FEMA/ GEMA Project | TSPLOST | Nonmajor Governmental Funds |
| **REVENUES:** | | | | | | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,034,460 | $ 1,034,460 |
| Fines and forfeitures | - | 4,314 | - | - | 3,650 | 6,917 | - | - | 14,881 |
| Charges for services | 110,982 | - | - | - | - | - | - | - | 110,982 |
| Other | - | - | - | - | 21 | - | - | - | 21 |
| Total revenues | 110,982 | 4,314 | - | - | 3,671 | 6,917 | - | 1,034,460 | 1,160,344 |
| **EXPENDITURES:** | | | | | | | | | |
| Current operating: | | | | | | | | | |
| General government | - | - | 85,702 | - | - | - | - | - | 85,702 |
| Public safety | 674,701 | - | - | - | 3,875 | - | - | - | 678,576 |
| Public works | - | - | - | - | - | - | - | 1,126,785 | 1,126,785 |
| Judicial | - | 830 | - | - | - | - | - | - | 830 |
| Capital outlays | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | |
| Principal | 35,418 | - | - | - | - | - | - | - | 35,418 |
| Interest | 7,299 | - | 6,594 | - | - | - | - | - | 13,893 |
| Total expenditures | 717,418 | 830 | 92,296 | - | 3,875 | - | - | 1,126,785 | 1,941,204 |
| Excess (deficiency) of revenues over expenditures | (606,436) | 3,484 | (92,296) | - | (204) | 6,917 | - | (92,325) | (780,860) |
| **OTHER FINANCING SOURCES (USES):** | | | | | | | | | |
| Proceeds from long-term debt | - | - | 1,257,000 | - | - | - | - | - | 1,257,000 |
| Transfers in (out) | 606,436 | - | (1,171,298) | - | - | - | (609) | (10,000) | (575,471) |
| Total other financing sources and uses | 606,436 | - | 85,702 | - | - | - | (609) | (10,000) | 681,529 |
| Net change in fund balance | - | 3,484 | (6,594) | - | (204) | 6,917 | (609) | (102,325) | (99,331) |
| **FUND BALANCE, beginning** | - | 43,674 | - | - | 9,741 | 41,813 | 609 | 232,959 | 328,796 |
| **FUND BALANCE, ending** | $ - | $ 47,158 | $ (6,594) | $ - | $ 9,537 | $ 48,730 | $ - | $ 130,634 | $ 229,465 |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Charges for services: | | | | |
| E-911 fees | $ 100,000 | $ 111,000 | $ 110,982 | $ (18) |
| Total revenues | 100,000 | 111,000 | 110,982 | (18) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Personal services and employee benefits | 381,835 | 572,835 | 571,906 | 929 |
| Purchased/contracted services | 156,622 | 98,622 | 98,374 | 248 |
| Supplies | 11,100 | 5,100 | 4,421 | 679 |
| Debt service: | | | | |
| Principal | - | 36,000 | 35,418 | 582 |
| Interest | - | 8,000 | 7,299 | 701 |
| Total expenditures | 549,557 | 720,557 | 717,418 | 3,139 |
| Excess revenues over (under) expenditures | (449,557) | (609,557) | (606,436) | 3,121 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | 449,557 | 609,557 | 606,436 | (3,121) |
| Total other financing sources (uses) | 449,557 | 609,557 | 606,436 | (3,121) |
| 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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Fines and forfeitures | $ - | $ 5,000 | $ 4,314 | $ (686) |
| Total revenues | - | 5,000 | 4,314 | (686) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 2,000 | - | 2,000 |
| Supplies | - | 3,000 | 830 | 2,170 |
| Total expenditures | - | 5,000 | 830 | 4,170 |
| Excess revenues over (under) expenditures | - | - | 3,484 | 3,484 |
| **OTHER FINANCING SOURCES (USES)** | - | - | - | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | 3,484 | 3,484 |
| **FUND BALANCE, beginning of year** | 43,674 | 43,674 | 43,674 | - |
| **FUND BALANCE, end of year** | $ 43,674 | $ 43,674 | $ 47,158 | $ 3,484 |

**HANCOCK COUNTY, GEORGIA**
**PUBLIC FACILITIES FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental revenue | $ - | $ - | $ - | $ - |
| Total revenues | - | - | - | - |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 86,000 | 85,702 | 298 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | 7,000 | 6,594 | 406 |
| Total expenditures | - | 93,000 | 92,296 | 704 |
| Excess revenues over (under) expenditures | - | (93,000) | (92,296) | 704 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from long-term debt | - | 1,265,000 | 1,257,000 | (8,000) |
| Transfers out | - | (1,172,000) | (1,171,298) | 702 |
| Total other financing sources (uses) | - | 93,000 | 85,702 | (7,298) |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | (6,594) | (6,594) |
| **FUND BALANCE, beginning of year** | - | - | - | - |
| **FUND BALANCE, end of year** | $ - | $ - | $ (6,594) | $ (6,594) |

**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, 2018**

| | 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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Fines and forfeitures | $ - | $ 4,000 | $ 3,650 | $ (350) |
| Other | - | - | 21 | 21 |
| Total revenues | - | 4,000 | 3,671 | (329) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 4,000 | 3,875 | 125 |
| Total expenditures | - | 4,000 | 3,875 | 125 |
| Excess revenues over (under) expenditures | - | - | (204) | (204) |
| **OTHER FINANCING SOURCES (USES)** | - | - | - | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | (204) | (204) |
| **FUND BALANCE, beginning of year** | 9,741 | 9,741 | 9,741 | - |
| **FUND BALANCE, end of year** | $ 9,741 | $ 9,741 | $ 9,537 | $ (204) |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Fines and forfeitures | $ - | $ 7,000 | $ 6,917 | $ (83) |
| Total revenues | - | 7,000 | 6,917 | (83) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 4,000 | - | 4,000 |
| Supplies | - | 3,000 | - | 3,000 |
| Total expenditures | - | 7,000 | - | 7,000 |
| Excess revenues over (under) expenditures | - | - | 6,917 | 6,917 |
| **OTHER FINANCING SOURCES (USES)** | - | - | - | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | 6,917 | 6,917 |
| **FUND BALANCE, beginning of year** | 41,813 | 41,813 | 41,813 | - |
| **FUND BALANCE, end of year** | $ 41,813 | $ 41,813 | $ 48,730 | $ 6,917 |

**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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| Total revenues | - | - | - | - |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess revenues over (under) expenditures | - | - | - | - |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | - | (609) | (609) | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | (609) | (609) | - |
| **FUND BALANCE, beginning of year** | 609 | 609 | 609 | - |
| **FUND BALANCE, end of year** | $ 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, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental revenue | $ - | $ 1,035,000 | $ 1,034,460 | $ (540) |
| Total revenues | - | 1,035,000 | 1,034,460 | (540) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Purchased/contracted services | - | 1,127,000 | 1,126,785 | 215 |
| Total expenditures | - | 1,127,000 | 1,126,785 | 215 |
| Excess revenues over (under) expenditures | - | (92,000) | (92,325) | (325) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | - | (10,000) | (10,000) | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | (102,000) | (102,325) | (325) |
| **FUND BALANCE, beginning of year** | 232,959 | 232,959 | 232,959 | - |
| **FUND BALANCE, end of year** | $ 232,959 | $ 130,959 | $ 130,634 | $ (325) |

**HANCOCK COUNTY, GEORGIA**
**AGENCY FUNDS**
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**
**DECEMBER 31, 2018**

| | Superior Court | Sheriff's Office | Magistrate Court | Probate Court | Tax Commissioner's Office | Total Agency Funds |
|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | |
| Cash | $ 131,532 | $ 1,851 | $ 14,054 | $ 24,910 | $ 60,409 | $ 232,756 |
| **LIABILITIES:** | | | | | | |
| Due to others | $ 122,907 | $ 465 | $ 10,681 | $ 21,499 | $ 35,803 | $ 191,355 |
| Due to General Fund | 8,625 | 1,386 | 3,373 | 3,411 | 24,606 | 41,401 |
| | $ 131,532 | $ 1,851 | $ 14,054 | $ 24,910 | $ 60,409 | $ 232,756 |

**HANCOCK COUNTY, GEORGIA**
**GENERAL FUND**
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **GENERAL GOVERNMENT:** | | | | |
| Board of Commissioners: | | | | |
| Personal services | $ 326,951 | $ 364,789 | $ 363,420 | $ 1,369 |
| Purchased/contracted services | 50,350 | 79,350 | 79,105 | 245 |
| Supplies | 6,900 | 10,000 | 9,916 | 84 |
| Capital outlays | - | - | - | - |
| | 384,201 | 454,139 | 452,441 | 1,698 |
| Tax Commissioner: | | | | |
| Personal services | 197,000 | 215,695 | 214,867 | 828 |
| Purchased/contracted services | 53,920 | 56,420 | 56,374 | 46 |
| Supplies | 6,550 | 6,550 | 5,570 | 980 |
| Capital outlays | 5,000 | - | - | - |
| | 262,470 | 278,665 | 276,811 | 1,854 |
| Tax Assessors: | | | | |
| Personal services | 152,737 | 171,537 | 171,674 | (137) |
| Purchased/contracted services | 28,800 | 23,800 | 23,730 | 70 |
| Supplies | 16,550 | 16,550 | 16,757 | (207) |
| Capital outlays | - | - | - | - |
| | 198,087 | 211,887 | 212,161 | (274) |
| Board of Elections: | | | | |
| Personal services | 66,217 | 86,706 | 88,170 | (1,464) |
| Purchased/contracted services | 115,100 | 169,100 | 167,016 | 2,084 |
| Supplies | 4,400 | 4,500 | 4,445 | 55 |
| Capital outlays | - | - | - | - |
| | 185,717 | 260,306 | 259,631 | 675 |
| Coroner: | | | | |
| Personal services | 10,765 | 12,265 | 12,057 | 208 |
| Purchased/contracted services | 9,600 | 7,100 | 6,842 | 258 |
| Supplies | 500 | 500 | 414 | 86 |
| Capital outlays | - | - | - | - |
| | 20,865 | 19,865 | 19,313 | 552 |
| Public Building and Property: | | | | |
| Personal services | 104,135 | 123,293 | 122,547 | 746 |
| Purchased/contracted services | 384,200 | 424,700 | 424,471 | 229 |
| Supplies | 15,850 | 17,850 | 17,961 | (111) |
| Capital outlays | - | 94,900 | 94,784 | 116 |
| | 504,185 | 660,743 | 659,763 | 980 |

**HANCOCK COUNTY, GEORGIA**
**GENERAL FUND**
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| County Agent: | | | | |
| Personal services | 23,261 | 13,000 | 9,904 | 3,096 |
| Purchased/contracted services | 2,600 | 1,600 | 1,285 | 315 |
| Supplies | 2,850 | 3,850 | 3,760 | 90 |
| | 28,711 | 18,450 | 14,949 | 3,501 |
| Miscellaneous General Government: | | | | |
| Property and liability insurance | 153,591 | 156,000 | 155,599 | 401 |
| Workers compensation | 118,006 | 118,006 | 118,006 | - |
| Audit and accounting | 160,000 | 117,000 | 116,769 | 231 |
| Service contracts | 13,000 | 11,000 | 10,642 | 358 |
| Legal fees | 25,000 | 32,000 | 31,636 | 364 |
| Other | 1,431,423 | 233,979 | 233,681 | 298 |
| Capital outlays | - | - | - | - |
| | 1,901,020 | 667,985 | 666,333 | 1,652 |
| Total general government | 3,485,256 | 2,572,040 | 2,561,402 | 10,638 |
| **PUBLIC SAFETY:** | | | | |
| Sheriff's Office: | | | | |
| Personal services | 631,125 | 723,866 | 723,137 | 729 |
| Purchased/contracted services | 31,650 | 35,650 | 35,407 | 243 |
| Supplies | 20,900 | 28,400 | 28,257 | 143 |
| Capital outlays | - | - | - | - |
| | 683,675 | 787,916 | 786,801 | 1,115 |
| Jail: | | | | |
| Personal services | 621,093 | 699,073 | 698,436 | 637 |
| Purchased/contracted services | 103,750 | 73,750 | 73,601 | 149 |
| Supplies | 63,000 | 78,000 | 78,715 | (715) |
| Capital outlays | - | - | - | - |
| | 787,843 | 850,823 | 850,752 | 71 |
| Fire: | | | | |
| Personal services | 78,585 | 75,585 | 74,652 | 933 |
| Purchased/contracted services | 22,150 | 14,150 | 13,855 | 295 |
| Supplies | 3,800 | 14,300 | 15,137 | (837) |
| Capital outlays | - | - | - | - |
| | 104,535 | 104,035 | 103,644 | 391 |
| Courthouse Security: | | | | |
| Personal services | 113,504 | 127,566 | 127,680 | (114) |
| Supplies | 3,100 | 3,400 | 3,233 | 167 |
| | 116,604 | 130,966 | 130,913 | 53 |
| Total public safety | 1,692,657 | 1,873,740 | 1,872,110 | 1,630 |

**HANCOCK COUNTY, GEORGIA**
**GENERAL FUND**
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **JUDICIAL SYSTEM:** | | | | |
| Superior Court: | | | | |
| Personal services | $ 146,405 | $ 164,560 | $ 163,911 | $ 649 |
| Purchased/contracted services | 153,428 | 152,828 | 152,545 | 283 |
| Supplies | 3,520 | 6,020 | 5,907 | 113 |
| Capital outlays | - | - | - | - |
| | 303,353 | 323,408 | 322,363 | 1,045 |
| Probate Court: | | | | |
| Personal services | 135,128 | 150,015 | 149,760 | 255 |
| Purchased/contracted services | 30,950 | 31,950 | 32,148 | (198) |
| Supplies | 3,700 | 3,700 | 3,050 | 650 |
| Capital outlays | - | - | - | - |
| | 169,778 | 185,665 | 184,958 | 707 |
| Magistrate Court: | | | | |
| Personal services | 157,727 | 188,111 | 187,798 | 313 |
| Purchased/contracted services | 7,500 | 7,500 | 6,952 | 548 |
| Supplies | 1,150 | 1,150 | 1,294 | (144) |
| Capital outlays | - | - | - | - |
| | 166,377 | 196,761 | 196,044 | 717 |
| Total Judicial | 639,508 | 705,834 | 703,365 | 2,469 |
| **PUBLIC WORKS:** | | | | |
| Road Department: | | | | |
| Personal services | 582,743 | 670,613 | 669,029 | 1,584 |
| Purchased/contracted services | 58,200 | 76,200 | 76,391 | (191) |
| Supplies | 463,300 | 513,300 | 512,364 | 936 |
| Capital outlays | - | - | - | - |
| | 1,104,243 | 1,260,113 | 1,257,784 | 2,329 |
| Solid Waste Department: | | | | |
| Personal services | 70,531 | 79,215 | 78,236 | 979 |
| Purchased/contracted services | 430,800 | 474,800 | 474,282 | 518 |
| Supplies | 1,000 | 1,200 | 1,214 | (14) |
| Capital outlays | - | - | - | - |
| | 502,331 | 555,215 | 553,732 | 1,483 |
| Total Public Works | 1,606,574 | 1,815,328 | 1,811,516 | 3,812 |
| **HEALTH AND WELFARE:** | | | | |
| Public Health: | | | | |
| Emergency management | 29,747 | 30,247 | 30,125 | 122 |
| Ambulance - service contract | 350,000 | 350,000 | 350,000 | - |
| Ambulance - other operating | 2,500 | 2,500 | 2,500 | - |
| DFACS | 4,000 | 4,000 | 2,606 | 1,394 |
| Board of Health | 120,000 | 127,000 | 126,815 | 185 |
| | 506,247 | 513,747 | 512,046 | 1,701 |

**HANCOCK COUNTY, GEORGIA**
**GENERAL FUND**
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| Transit/Senior Citizen Center: | | | | |
| Personal services | $ 305,030 | $ 333,886 | $ 332,626 | $ 1,260 |
| Purchased/contracted services | 86,300 | 102,300 | 103,289 | (989) |
| Supplies | 33,800 | 30,300 | 30,011 | 289 |
| Capital outlays | - | - | - | - |
| | 425,130 | 466,486 | 465,926 | 560 |
| Total Health and Welfare | 931,377 | 980,233 | 977,972 | 2,261 |
| **CULTURE AND RECREATION:** | | | | |
| Recreation: | | | | |
| Personal services | 127,052 | 148,110 | 147,594 | 516 |
| Purchased/contracted services | 50,800 | 49,300 | 49,075 | 225 |
| Supplies | 5,500 | 11,500 | 11,416 | 84 |
| Capital outlays | - | - | - | - |
| | 183,352 | 208,910 | 208,085 | 825 |
| Library: | | | | |
| Library contributions | 120,000 | 120,000 | 120,000 | - |
| Supplies | - | - | 550 | (550) |
| | 120,000 | 120,000 | 120,550 | (550) |
| Hancock Youth Center contribution | 20,000 | 23,000 | 22,959 | 41 |
| Total Culture and recreation | 323,352 | 351,910 | 351,594 | 316 |
| **HOUSING AND DEVELOPMENT:** | | | | |
| Planning and zoning: | | | | |
| Personal services | 50,347 | 58,054 | 57,837 | 217 |
| Purchased/contracted services | 40,000 | 48,600 | 48,707 | (107) |
| Supplies | 900 | 1,000 | 981 | 19 |
| Capital outlays | - | - | - | - |
| | 91,247 | 107,654 | 107,525 | 129 |
| Development Authority contribution | 45,000 | 87,000 | 86,018 | 982 |
| Total Housing and development | 136,247 | 194,654 | 193,543 | 1,111 |
| **GRAND TOTAL** | $ 8,814,971 | $ 8,493,739 | $ 8,471,502 | $ 22,237 |

**HANCOCK COUNTY, GEORGIA**
**SCHEDULE OF PROJECTS CONSTRUCTED WITH**
**SPECIAL SALES TAX PROCEEDS**
**For the Year Ended December 31, 2018**

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | |
|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total |
| Jail Renovation Project | $3,700,000 | $6,400,000 | $ 9,681,696 | $ 522,788 | $ 10,204,484 |

# COMPLIANCE SECTION

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

*Independent Auditor's Report*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Hancock County, Georgia's basic financial statements, and have issued our report thereon dated June 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Twiggs County Health Department, as described in our report on Hancock County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hancock County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock County, Georgia'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control 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 *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 deficiency described in the accompanying schedule of findings and responses to be material weaknesses: 2018-001.

**Compliance and Other Matters**

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

We noted certain matters that we have reported to management of Twiggs County, Georgia in a separate letter dated June 28, 2019.

**Twiggs County's Response to Findings**

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

**Purpose of this Report**

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

Nichols, Cauley & Associates, LLC

Dublin, Georgia
June 28, 2019

**Finding 2018-001**

**Material Weakness in Internal Control Over Financial Reporting – Segregation of Duties**

*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.

*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.

*Cause*: The County's limited size and staffing resources have resulted in a lack of internal controls adequately designed or implemented.

*Effect or Potential 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.

*Responsible Official'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 the people. We will continue t use alternative measures where available to assist in safeguarding assets.