HANCOCK COUNTY, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 – 4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet of Govermental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	11
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds	13
Statement of Fiduciary Net Position – Custodial Funds	14
Statement of Changes in Fiduciary Net Position – Custodial Funds	15
Notes to Financial Statements	16 – 43
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS:	
Schedule of Changes in the Net Pension Liability and Related Ratios	44
Schedule of County Contributions	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	46 – 47
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –TSPLOST Special Revenue Fund	48
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –ARPA Special Revenue Fund	49
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Special Local Option Sales Tax Fund	50
Combining Balance Sheet – Nonmajor Governmental Funds	51

	PAGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Emergency 911 Telephone Special Revenue Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Law Library Special Revenue Fund	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Public Facilities 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 –LMIG Special Revenue Fund	58
Combining Statement of Fiduciary Net Position – Custodial Funds	59
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	60
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	61
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*	62 – 63
Schedule of Findings and Responses	64

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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hancock County, Georgia, as of and for the year ended December 31, 2021, 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.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Hancock County Board of Health, which represent 30 percent, 6 percent, and 93 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hancock County Board of Health, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hancock County, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Hancock County, Georgia's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hancock County, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hancock County, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hancock County, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of County Contributions and the budgetary comparison information on pages 44-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock County, Georgia's basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
October 6, 2022

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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 1,502,040	$ 54,874	$ 1,556,914	$ 529,453	$ 55,464
Accounts receivable, net	1,370,675	14,957	1,385,632	-	6,012
Due from other governments	224,477	-	224,477	-	-
Prepaid expenses	76,021	-	76,021	-	-
Total current assets	3,173,213	69,831	3,243,044	529,453	61,476
Noncurrent assets:					
Nondepreciable	896,820	20,413	917,233	-	-
Depreciable capital assets, net of accumulated depreciation	13,048,087	1,309,921	14,358,008	3,292	1,188,707
Total noncurrent assets	13,944,907	1,330,334	15,275,241	3,292	1,188,707
Total assets	17,118,120	1,400,165	18,518,285	532,745	1,250,183
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows related to pensions	26,722	-	26,722	134,737	-
LIABILITIES:					
Current liabilities:					
Accounts payable	512,598	-	512,598	16,100	4,400
Other accrued liabilities	579,637	2,888	582,525	6,672	535
Customer deposits	8,000	-	8,000	-	-
Due to other governments	4,477	-	4,477	-	-
Unearned revenues	87,995	-	87,995	-	-
Current portion of long-term debt	264,842	24,728	289,570	-	60,000
Accrued compensated absences	223,257	9,875	233,132	-	-
Total current liabilities	1,680,806	37,491	1,718,297	22,772	64,935
Noncurrent liabilities:					
Long-term debt, less current portion	1,304,793	358,377	1,663,170	-	-
Accrued compensated absences	-	-	-	40,678	-
Net pension liability	638,824	-	638,824	374,162	-
Net OPEB liability	-	-	-	56,353	-
Total noncurrent liabilities	1,943,617	358,377	2,301,994	471,193	-
Total liabilities	3,624,423	395,868	4,020,291	493,965	64,935
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to pensions	954,955	-	954,955	93,035	-
NET POSITION:					
Net investment in capital assets	12,375,272	947,229	13,322,501	3,292	1,128,707
Restricted for:					
Public safety	80,519	-	80,519	-	-
Judicial	35,208	-	35,208	-	-
Transportation	51,778	-	51,778	-	-
Unrestricted	22,687	57,068	79,755	77,190	56,541
	$ 12,565,464	$ 1,004,297	$ 13,569,761	$ 80,482	$ 1,185,248

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

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	$ 2,967,600	$ 301,436	$ 733,341	$ -	$ (1,932,823)	$ -	$ (1,932,823)		
Public safety	2,910,076	158,937	-	328	(2,750,811)	-	(2,750,811)		
Judicial	810,730	327,257	-	-	(483,473)	-	(483,473)		
Public works	4,387,269	6,210	1,881,731	-	(2,499,328)	-	(2,499,328)		
Health and welfare	1,318,136	41,687	204,832	-	(1,071,617)	-	(1,071,617)		
Culture and recreation	365,927	-	-	-	(365,927)	-	(365,927)		
Housing and development	183,068	-	-	-	(183,068)	-	(183,068)		
Interest on long-term debt	61,838	-	-	-	(61,838)	-	(61,838)		
Total governmental activities	13,004,644	835,527	2,819,904	328	(9,348,885)	-	(9,348,885)		
Business-type activities:									
Water and Sewer	726,380	221,064	-	-	-	(505,316)	(505,316)		
Total primary government	$ 13,731,024	$ 1,056,591	$ 2,819,904	$ 328	(9,348,885)	(505,316)	(9,854,201)		
Component units:									
Health department	$ 543,285	$ 175,225	$ 626,320	$ -				$ 258,260	$ -
Development authority	218,725	16,400	42,909	-				-	(159,416)
Total component units	$ 762,010	$ 191,625	$ 669,229	$ -				258,260	(159,416)
		General revenues:							
		Taxes:							
		Property taxes			7,132,732	-	7,132,732	-	-
		General sales and use tax			404,333	-	404,333	-	-
		Special purpose local option sales tax			652,129	-	652,129	-	-
		Insurance premium tax			610,443	-	610,443	-	-
		Other taxes			924,544	-	924,544	-	-
		Interest income			1,297	52	1,349	595	170
		Miscellaneous			77,275	-	77,275	-	-
		Transfers in (out)			(234,048)	234,048	-	-	-
		Total general revenues and transfers			9,568,705	234,100	9,802,805	595	170
		Change in net position			219,820	(271,216)	(51,396)	258,855	(159,246)
		Net position, beginning			12,345,644	1,275,513	13,621,157	(178,373)	1,344,494
		Net position, ending			$ 12,565,464	$ 1,004,297	$ 13,569,761	$ 80,482	$ 1,185,248

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	TSPLOST	Special Local Option Sales Tax	ARPA	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 1,154,561	$ 20,105	$ 100,558	$ 87,995	$ 138,821	$ 1,502,040
Accounts receivable, net	1,359,092	-	-	-	11,583	1,370,675
Due from other funds	780,376	-	-	-	-	780,376
Due from other governments	34,204	134,733	55,167	-	373	224,477
Prepaid expenses	76,021	-	-	-	-	76,021
Total assets	$ 3,404,254	$ 154,838	$ 155,725	$ 87,995	$ 150,777	$ 3,953,589
LIABILITIES:						
Accounts payable	$ 408,299	$ 104,289	$ -	$ -	$ 10	$ 512,598
Accrued expenses	566,214	-	-	-	13,423	579,637
Customer deposits	8,000	-	-	-	-	8,000
Unearned revenues	-	-	-	87,995	-	87,995
Intergovernmental payable	4,477	-	-	-	-	4,477
Due to other funds	-	-	755,627	-	24,749	780,376
Total liabilities	986,990	104,289	755,627	87,995	38,182	1,973,083
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - property taxes	831,337	-	-	-	-	831,337
Total deferred inflows of resources	831,337	-	-	-	-	831,337
FUND BALANCES:						
Non-spendable fund balance:						
Prepaid expenses	76,021	-	-	-	-	76,021
Restricted fund balance:						
Public safety	-	-	-	-	80,519	80,519
Judicial	-	-	-	-	35,208	35,208
Transportation	-	50,549	-	-	1,229	51,778
Unassigned fund balance	1,509,906	-	(599,902)	-	(4,361)	905,643
Total fund balances	1,585,927	50,549	(599,902)	-	112,595	1,149,169
Total liabilities, deferred inflows of resources and fund balances	$ 3,404,254	$ 154,838	$ 155,725	$ 87,995	$ 150,777	$ 3,953,589

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Fund balances - total governmental funds	$	1,149,169
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 $13,785,234		13,944,907
Some liabilities, including net pension liability, are not due and payable in the current period and, therefore are not reported in the funds:		
Net pension liability		(638,824)
Net deferred (inflows) outflows - pension		(928,233)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds		831,337
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Long-term debt		(1,569,635)
Compensated absences		(223,257)
Net position of governmental activities	$	12,565,464

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	TSPLOST	Special Local Option Sales Tax	ARPA	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 9,521,721	$ -	$ 652,129	$ -	$ -	$ 10,173,850
Licenses and permits	116,127	-	-	-	-	116,127
Intergovernmental	204,832	1,341,021	-	733,341	540,710	2,819,904
Fees and fines	344,171	-	-	-	12,314	356,485
Charges for services	201,344	-	-	-	129,709	331,053
Other	110,434	-	328	-	-	110,762
Total revenues	10,498,629	1,341,021	652,457	733,341	682,733	13,908,181
EXPENDITURES:						
Current operating:						
General government	3,037,735	-	8	-	-	3,037,743
Public safety	2,333,372	-	-	-	628,244	2,961,616
Judicial	761,647	-	-	-	11,414	773,061
Public works	2,510,704	1,366,864	-	-	539,781	4,417,349
Health and welfare	983,071	-	-	300,000	-	1,283,071
Culture and recreation	361,285	-	-	-	-	361,285
Housing and development	178,803	-	-	-	-	178,803
Debt service:						
Principal	144,611	61,436	-	-	163,626	369,673
Interest and other charges	20,009	3,564	-	-	38,265	61,838
Capital outlays	-	127,000	-	-	-	127,000
Total expenditures	10,331,237	1,558,864	8	300,000	1,381,330	13,571,439
Excess (deficiency) of revenues over expenditures	167,392	(217,843)	652,449	433,341	(698,597)	336,742
OTHER FINANCING SOURCES (USES):						
Proceeds from capital lease	237,096	-	-	-	-	237,096
Transfers in (out)	(218,643)	(82,000)	(198,784)	(433,341)	698,720	(234,048)
Total other financing sources and uses	18,453	(82,000)	(198,784)	(433,341)	698,720	3,048
Net change in fund balance	185,845	(299,843)	453,665	-	123	339,790
FUND BALANCE, beginning	1,400,082	350,392	(1,053,567)	-	112,472	809,379
FUND BALANCE, ending	$ 1,585,927	$ 50,549	$ (599,902)	$ -	$ 112,595	$ 1,149,169

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds	$ 339,790
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	769,098
Depreciation	(839,889)
	(70,791)
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	339,525
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	(237,096)
Repayment of long-term debt	369,673
	132,577
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	(71,612)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	(449,669)
	$ 219,820

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 54,874
Accounts receivable, net of allowance of $77,629	14,957
Total current assets	69,831
NONCURRENT ASSETS:	
Capital Assets:	
Land	20,413
Equipment	297,745
Distribution system	6,271,837
	6,589,995
Less accumulated depreciation	(5,259,661)
Total capital assets	1,330,334
Total assets	1,400,165
LIABILITIES	
CURRENT LIABILITIES:	
Current portion of notes payable	24,728
Accrued compensated absences	9,875
Other accrued liabilities	2,888
Total current liabilities	37,491
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	358,377
Total noncurrent liabilities	358,377
Total liabilities	395,868
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	947,229
UNRESTRICTED	57,068
Total net position	$ 1,004,297

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, 2021

	Water and Sewer Fund
OPERATING REVENUES:	
Water sales	$ 221,064
Total operating revenue	221,064
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	159,364
Payroll taxes	11,786
Employee benefits	36,568
Purchased/contracted services:	
Repairs and replacement	22,623
Dues and subscriptions	4,550
Supplies:	
Chemicals and supplies	11,609
Office supplies	176
Utilities and communication	178,568
Depreciation	270,475
Miscellaneous	16,110
Total operating expenses	711,829
OPERATING LOSS	(490,765)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	52
Interest expense	(14,551)
Total non-operating revenues (expenses)	(14,499)
NET LOSS BEFORE TRANSFERS	(505,264)
TRANSFERS FROM (TO) GENERAL FUND	234,048
NET LOSS	(271,216)
NET POSITION, beginning of year	1,275,513
NET POSITION, end of year	$ 1,004,297

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 224,331
Cash paid to suppliers for goods and services	(227,962)
Cash paid to employees	(207,718)
Net cash provided by (used for) operating activities	(211,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	234,048
Net cash provided by (used for) noncapital financing activities	234,048
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital debt	(24,191)
Interest paid on capital debt	(14,551)
Net cash provided by (used for) capital and related financing activities	(38,742)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	52
Net cash provided by (used for) investing activities	52
NET INCREASE (DECREASE) IN CASH	(15,991)
CASH AND CASH EQUIVALENTS, beginning of year	70,865
CASH AND CASH EQUIVALENTS, end of year	$ 54,874
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (490,765)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	270,475
Changes in assets and liabilities:	
Accounts receivable	3,266
Other accrued liabilities	5,675
Net cash provided by (used for) operating activities	$ (211,349)

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021

ASSETS:		
Cash	$	579,396
LIABILITIES:		
Amount held for others		185,938
NET POSITION:		
Restricted for others		393,458
Total net position	$	393,458

See accompanying notes to the basic financial statements

HANCOCK COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

ADDITIONS:	
Taxes	$ 14,071,605
Fines and fees	606,610
Interest income	1,399
TOTAL ADDITIONS	14,679,614
DEDUCTIONS:	
Taxes and fees paid to other governments	6,793,085
Payments to Board of Commissioners	6,983,200
Payments to other Hancock County entities	23,456
Payments to others	614,964
TOTAL DEDUCTIONS	14,414,705
CHANGE IN FIDUCIARY NET POSITION	264,909
TOTAL NET POSITION, beginning of year	128,549
TOTAL NET POSITION, end of year	$ 393,458

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, 2021. 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. Separate statements are not prepared for the Hancock County Development Authority.

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 include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. 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 TSPLOST Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2014 to December 31, 2022.
>
> 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 American Rescue Plan Act (ARPA) Grant Fund accounts for the receipt of funds to assist with recovery efforts as a result of the COVID-19 pandemic. The County received $733,341 in Coronavirus State and Local Fiscal Recovery Funds during the year ended December 31, 2021.

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 - The County's fiduciary funds are custodial funds. Constitutional officers use these funds to temporarily hold assets.

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.

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 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 recognized as an outflow of resources in the reporting period in which they occured.

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."

L. 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.

2. 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, 2021.

3. 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, 2021, none of the County's bank balance was exposed to custodial credit risk.

Investments – The County had no investments at December 31, 2021. As of December 31, 2021, 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, 2021, 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.

4. 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, 2021, is comprised of the following:

Year of Levy:	
2021	$ 1,085,895
2020	152,675
2019	110,515
2018	76,410
2017	84,101
2016	71,450
2015	84,554
2014	78,910
Prior to 2014	665,526
Total	2,410,036
Allowance for doubtful accounts	(1,068,059)
Net receivable	$ 1,341,977

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, 2021, the County had the following property tax abatements:

- For the fiscal year ended December 31, 2021, 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.

5. RECEIVABLES

Primary Government

Receivables at December 31, 2021 for the County's individual major funds and non-major funds, including applicable allowances for uncollectible accounts, are as follows:

At December 31, 2021, receivables consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 2,410,036	$ -	$ 2,410,036
Local option sales tax	34,204	-	34,204
Miscellaneous receivable	17,115	-	17,115
Special Local Option Sales Tax Fund:			
Special local option sales tax	55,167	-	55,167
TSPLOST Fund:			
Special local option sales tax	134,733	-	134,733
Nonmajor Funds:			
Accounts receivable	11,583	-	11,583
Intergovernmental	373	-	373
Water and Sewer Fund:			
Water and sewer fees	-	92,586	92,586
	2,663,211	92,586	2,755,797
Allowance for doubtful accounts	(1,068,059)	(77,629)	(1,145,688)
	$ 1,595,152	$ 14,957	$ 1,610,109

Trade receivables from the Sparta-Hancock County Development Authority and Hancock County Health Department as of December 31, 2021, are as follows:

	Sparta-Hancock County Development Authority	Hancock Health Department	Total
Receivables:			
Accounts	$ -	$ -	$ -
Other	6,012	-	6,012
	6,012	-	6,012
Allowance for doubtful accounts	-	-	-
	$ 6,012	$ -	$ 6,012

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 896,820	$ -	$ -	$ 896,820
Construction-in-progress	-	-	-	-
Subtotal	896,820	-	-	896,820
Other capital assets:				
Infrastructure	1,917,889	-	-	1,917,889
Buildings	15,277,549	311,330	-	15,588,879
Equipment	8,868,785	457,768	-	9,326,553
Subtotal	26,961,043	769,098	-	27,730,141
Accumulated depreciation:				
Infrastructure	830,343	63,507	-	893,850
Buildings	4,583,851	415,536	-	4,999,387
Equipment	7,531,151	360,846	-	7,891,997
Subtotal	12,945,345	839,889	-	13,785,234
Net capital assets	$ 14,015,698	$ (70,791)	$ -	$ 13,944,907

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 246,332
Judicial	58,140
Public safety	231,454
Public works	208,256
Health and welfare	50,565
Housing and development	8,813
Culture and recreation	36,329
	$ 839,889

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 20,413	$ -	$ -	$ 20,413
Construction-in-progress	-		-	-
Subtotal	20,413	-	-	20,413
Other capital assets:				
Equipment	297,745	-	-	297,745
Infrastructure	6,271,837	-	-	6,271,837
Subtotal	6,589,995	-	-	6,589,995
Accumulated depreciation:				
Equipment	297,105	329	-	297,434
Infrastructure	4,692,081	270,146	-	4,962,227
Subtotal	4,989,186	270,475	-	5,259,661
Net capital assets	$ 1,600,809	$ (270,475)	$ -	$ 1,330,334

7. CHANGES IN GENERAL CAPITAL ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

Capital asset activity for the Hancock County Health Department for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 52,028	$ 2,220	$ -	$ 54,248
Less accumulated depreciation	(49,060)	(1,896)	-	(50,956)
Net capital assets	$ 2,968	$ 324	$ -	$ 3,292

Capital asset activity for the Hancock County Development Authority for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Buildings and land improvements	$ 3,901,632	$ 89,244	$ -	$ 3,990,876
Equipment	979,329	-	-	979,329
Subtotal	4,880,961	89,244	-	4,970,205
Accumulated depreciation:				
Buildings and land improvements	2,651,542	150,627	-	2,802,169
Equipment	979,329	-	-	979,329
Subtotal	3,630,871	150,627	-	3,781,498
Net capital assets	$ 1,250,090	$ (61,383)	$ -	$ 1,188,707

8. INTERFUND TRANSACTIONS AND BALANCES

Balances due to/from other funds at December 31, 2021, consist of the following –

	Due From	Due To
Major Funds:		
General Fund	$ -	$ 780,376
Special Local Option Sales Tax Fund	755,627	-
Nonmajor Funds:		
Emergency 911 Fund	24,749	-
	$ 780,376	$ 780,376

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	ARPA Fund	SPLOST Fund	Total
General Fund	$ -	$ 125,000	$ 433,341	$ -	$ 558,341
Public Facilities Fund	-	-	-	155,784	155,784
TSPLOST Fund				43,000	43,000
Water Fund	234,048	-	-	-	234,048
E911 Fund	542,936	-	-	-	542,936
	$ 776,984	$ 125,000	$ 433,341	$ 198,784	$ 1,534,109

9. 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, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ -	$ 4,308,000	$ 4,308,000	$ -

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 4.0% for the purpose of acquiring real estate for community development. The note is secured by real estate and has an outstanding balance of $60,000 at December 31, 2021. Short-term notes payable activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Sparta –Hancock Development Authority	$ -	$ 60,000	$ -	$ 60,000

10. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2021, 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%	$ 966,000	$ -
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%	306,988	-
$375,250 USDA note payable; interest at 4.5%; due in monthly principle and interest payments of $1,689 to June 2044	-	286,721
$119,795 GEFA note payable; interest at 3.0%; due in monthly principle and interest payments of $690 to June 2027	-	45,410
$198, 800 GEFA note payable; interest at 0%; due in quarterly principle and interest payments of $2,549 to April 2026	-	50,974
Capital Lease Obligations:		
$205,036 to AT&T Capital for E911 software upgrades; due in monthly installments of $3,883 to January 2022; interest at 5.15%	6,856	-
$130,600 to Caterpillar Financial for 2 pieces of equipment; interest at 3.2%; due in 3 annual installments of $46,374 to July 2024	130,600	-
$130,600 to Truist for 3 Sheriff vehicles; interest at 2.7%; due in 3 annual installments of $37,404 to March 2024	106,496	-
$167,224 to John Deere Financial for a tractor; interest at 4.80% due in 3 annual installments of $61,299 to August 2022	52,695	-
Total long-term debt	$ 1,569,635	$ 383,105

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2021 are as follows:

Governmental-Type Activities:

Year Ending December 31	Series 2018 Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2022	$ 124,000	$ 32,363	$ 4,563	$ 12,752
2023	128,000	27,852	4,751	12,564
2024	133,000	23,180	4,947	12,368
2025	138,000	18,330	5,151	12,164
2026	142,000	13,318	5,364	11,951
2027 – 2031	301,000	10,866	30,325	56,250
2032 – 2036	-	-	37,119	49,456
2037 – 2041	-	-	45,433	41,142
2042 – 2046	-	-	55,610	30,965
2047 – 2051	-	-	68,064	18,511
2052 - 2054	-	-	45,661	3,991
	$ 966,000	$ 125,909	$ 306,988	$ 262,114

Business-Type Activities:

Year Ending December 31	Notes Payable	
	Principal	Interest
2022	$ 24,728	$ 14,014
2023	25,287	13,445
2024	25,868	12,874
2025	26,473	12,269
2026	27,100	11,641
2027 – 2031	59,744	49,875
2032 – 2036	64,590	36,750
2037 – 2041	80,852	20,488
2042 - 2044	48,463	2,903
	$ 383,105	$ 174,259

Capital Leases

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 $121,313 (cost of $205,036 less accumulated depreciation of $83,723). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2022	$ 6,856	$ 13	$ 6,869
	$ 6,856	$ 13	$ 6,869

Caterpillar Financial Capital Lease – General Fund – In July 2021, the County entered into a capital lease agreement with Caterpillar Financial to purchase public works equipment. The original amount of $130,600 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 $117,433 (cost of $130,600 less accumulated depreciation of $13,167). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2022	$ 42,157	$ 4,217	$ 46,374
2023	43,519	2,855	46,374
2024	44,924	1,450	46,374
	$ 130,600	$ 8,522	$ 139,122

Truist Capital Lease – General Fund – In March 2021, the County entered into a capital lease agreement with Truist to purchase three Sheriff's vehicles. The original amount of $106,496 was financed under the lease agreement with an interest rate of 2.7%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The Sheriif's vehicles acquired by the lease is included in the governmental activities general assets in the amount of $121,403 (cost of $135,858 less accumulated depreciation of $14,455). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2022	$ 34,571	$ 2,833	$ 37,404
2023	35,490	1,914	37,404
2024	36,435	969	37,404
	$ 106,496	$ 5,716	$ 112,214

John Deere Financial Capital Lease – General Fund – In August 2019, the County entered into a capital lease agreement with John Deere Financial to purchase a motorgrader. The original amount of $167,224 was financed under the lease agreement with an interest rate of 4.80%. 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 $110,675 (cost of $167,224 less accumulated depreciation of $56,549). Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2022	$ 52,695	$ 2,867	$ 55,562
	$ 52,695	$ 2,867	$ 55,562

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Governmental Activities:					
Capital leases payable	$ 305,842	$ 237,096	$ (246,291)	$ 296,647	$ 136,279
Notes payable	311,370	-	(4,382)	306,988	4,563
Series 2018 Bonds	1,085,000	-	(119,000)	966,000	124,000
Compensated absences	151,645	71,612	-	223,257	223,257
Total governmental activities	$ 1,853,857	$ 308,708	$ (369,673)	$ 1,792,892	$ 488,099
Business-Type Activities:					
Notes payable	$ 407,296	$ -	$ (24,191)	$ 383,105	$ 24,728
Compensated absences	5,120	4,755	-	9,875	9,875
Total business-type activities	$ 412,416	$ 4,755	$ (24,191)	$ 392,980	$ 34,603
Discretely presented component unit:					
Health Department					
Compensated absences	$ 42,081	$ 23,110	$ (24,513)	$ 40,678	$ -
Total long-term liabilities	$ 42,081	$ 23,110	$ (24,513)	$ 40,678	$ -

Notes payable 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 as special local option sales tax is 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.

11. FUND DEFICITS

As of December 31, 2021, the Special Local Option Sales Tax Fund had a deficit fund balance of $599,902 and the Public Facilities Fund had a deficit balance of $4,361.

12. 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.

13. 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, 2021, 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, 2021, the date of the latest actuarial valuation study, was $3,028,280 (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, 2021, was as follows:

Retirees and beneficiaries currently receiving benefits	58
Terminated employees entitled to benefits but not yet receiving them	29
Active employees participating in the Plan:	77
Total number of Plan participants	164

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 2021 plan year was $425,733. This amount represents 14.1% 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, 2021
Mortality rates	RP-2000 projected with Scale AA to 2021
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, 2021 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, 2020	$ 7,991,666	$ 6,517,238	$ 1,474,428
Changes for the year:			
Service cost	167,633	-	167,633
Interest	543,965	-	543,965
Liability experience (gain)/loss	(198,901)	-	(198,901)
Assumption change	16,227	-	16,227
Employer contributions	-	422,324	(422,324)
Employee contributions	-	-	-
Net investment income	-	1,044,576	(1,044,576)
Benefit payments	(441,473)	(441,473)	-
Administrative expense	-	(31,923)	31,923
Other	-	(70,449)	70,449
Net changes	87,451	923,055	(835,604)
Balances at December 31, 2021	$ 8,079,117	$ 7,440,293	$ 638,824

F. Equity Classifications

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 actuarilally 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 applied to all of the projected benefit payments to determine the total pension liability.

G. Sensitivity Analysis for the Measurement Period Ended December 31, 2021

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	$ 8,951,090	$ 8,079,117	$ 7,339,370
Fiduciary Net Position	7,440,293	7,440,293	7,440,293
Net Pension Liability	$ 1,510,797	$ 638,824	$ (100,923)

H. Summary of Net Deferred Outflows and Inflows of Resources

At December 31, 2021 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	$ -	$ (818,211)
Differences in expected and actual experience	11,713	(136,744)
(Gain)/Loss due to Assumption change	15,009	-
Net position restricted for pensions	$ 26,722	$ (954,955)

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:	
2022	$ (229,926)
2023	(382,972)
2024	(206,193)
2025	(109,142)
	$ (928,233)

I. Pension Expense for the Measurement Period Ended December 31, 2021

Service cost	$ 167,633
Interest on TPL	543,965
Amortization of:	
Liability experience (gain)/loss	(47,439)
Change in assumption	82,525
Asset (gain)/loss	(267,385)
Employee contributions	-
Projected earnings on plan investments	(467,821)
Administrative expense	31,923
Other change in FNP	39,398
Total expense	$ 82,799

J. Asset Allocation Policy

The Trustees rebalance 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 thirty-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 expecte 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 of arithmetic real rates of return fo each major asset class included in the pension plan's target asset allocation as of December 31, 2020, are summarized as follows:

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

K. Payable to the Pension Plan

At December 31, 2021, the County reported a payable of $479,347 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

14. 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, 2021.

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.

15. 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

16. 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, 2021. Payments to these entities totaled $34,280 during the year.

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
  - TSPLOST Special Revenue Fund
  - ARPA Fund

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability as of the beginning of year (1)	$ 7,991,666	$ 7,645,564	$ 7,080,637	$ 6,460,282	$ 6,200,518	$ 5,620,958	$ 5,177,596
Service cost	167,633	171,374	140,459	100,051	87,985	75,692	64,334
Interest	543,965	521,420	483,246	454,990	436,541	408,958	376,919
Plan chage	-	-	-	-	-	-	-
Changes of assumptions	16,227	11,561	283,882	439,462	12,194	155,665	144,765
Benefit payments (adjusted for interest)	(441,473)	(393,392)	(354,251)	(369,109)	(358,525)	(336,360)	(304,025)
Experience (gain)/(loss)	(198,901)	35,139	11,591	(5,039)	81,569	275,605	161,369
Total pension liability as of end of year (2)	$ 8,079,117	$ 7,991,666	$ 7,645,564	$ 7,080,637	$ 6,460,282	$ 6,200,518	$ 5,620,958
Fiduciary Net Position as of beginning of year (3)	$ 6,517,238	$ 5,711,136	$ 4,939,090	$ 5,409,001	$ 4,706,640	$ 4,427,196	$ 4,453,855
Contributions - employer	422,324	409,491	409,491	190,379	398,669	367,141	308,152
Contributions - employee (including buyback)	-	-	-	-	-	-	-
Net investment income	1,044,576	862,325	1,005,367	(230,786)	714,415	301,275	30,690
Benefit payments	(441,473)	(393,392)	(354,251)	(369,109)	(358,525)	(336,360)	(304,025)
Administrative expense	(31,923)	(31,168)	(28,636)	(16,980)	(14,603)	(17,703)	(12,333)
Other	(70,449)	(41,154)	149,566	(43,415)	(37,595)	(34,909)	(49,143)
Fiduciary net position as of end of year (4)	$ 7,440,293	$ 6,517,238	$ 6,120,627	$ 4,939,090	$ 5,409,001	$ 4,706,640	$ 4,427,196
Net pension liability, beginning of year (1)-(3)	$ 1,474,428	$ 1,934,428	$ 2,141,547	$ 1,051,281	$ 1,493,878	$ 1,193,762	$ 723,741
Net pension liability as of end of year (2)-(4)	$ 638,824	$ 1,474,428	$ 1,524,937	$ 2,141,547	$ 1,051,281	$ 1,493,878	$ 1,193,762
Fiduciary Net Position as % of Total Pension Liability (4)/(2)	92.1%	81.6%	80.1%	69.8%	83.7%	75.9%	78.8%
Covered payroll	$ 3,028,280	$ 2,946,140	$ 2,559,418	$ 2,397,795	$ 2,302,496	$ 2,200,545	$ 1,766,404
Net pension liability as a % of covered payroll	21.1%	50.0%	59.6%	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
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 425,733	$ 393,938	$ 370,411	$ 324,695	$ 398,669	$ 367,141	$ 308,152
Contributions in relation to the actuarially determined contribution	479,347	422,324	409,491	190,271	398,669	367,141	308,152
Contribution deficiency (excess)	$ (53,614)	$ (28,386)	$ (39,080)	$ 134,424	$ -	$ -	$ -
Covered payroll	3,028,280	2,946,140	2,559,418	2,397,795	2,302,496	2,200,545	1,766,404
Contribution as a % of covered payroll	15.83%	14.33%	16.00%	7.94%	17.31%	16.68%	17.45%

Notes to the Schedule

Valuation Date	January 1, 2021
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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
General property taxes	$ 6,134,222	$ 7,134,222	$ 7,582,401	$ 448,179
Local option sales tax	703,558	703,558	404,333	(299,225)
Timber tax	200,000	200,000	218,752	18,752
Mobile home tax	106,000	156,000	153,826	(2,174)
Vehicle tax	350,000	483,175	487,070	3,895
Insurance premium tax	599,191	599,191	610,443	11,252
Other taxes	57,600	57,600	64,896	7,296
	8,150,571	9,333,746	9,521,721	187,975
Licenses and Permits:				
Occupation tax	14,500	14,500	11,805	(2,695)
Business licenses	15,800	15,800	12,682	(3,118)
Building permits	100,000	100,000	91,640	(8,360)
	130,300	130,300	116,127	(14,173)
Intergovernmental:				
Rural transit fee reimbursement	327,415	327,415	204,832	(122,583)
	327,415	327,415	204,832	(122,583)
Charges for services:				
Tax Commissioner	130,000	130,000	153,447	23,447
Public transit fees	54,900	54,900	41,687	(13,213)
Streets and sanitation	3,800	3,800	6,210	2,410
Recreation activity fees	-	-	-	-
	188,700	188,700	201,344	12,644
Fees and fines:				
Sheriff costs and fees	23,000	23,000	20,138	(2,862)
Superior Court	180,000	180,000	220,227	40,227
Probate Court	96,000	96,000	88,833	(7,167)
Magistrate Court	17,000	17,000	14,973	(2,027)
	316,000	316,000	344,171	28,171
Interest income	750	750	1,297	547
Miscellaneous:				
Rent	26,904	26,904	31,862	4,958
Other	234,513	234,513	77,275	(157,238)
	261,417	261,417	109,137	(152,280)
Total revenues	9,375,153	10,558,328	10,498,629	(59,699)

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 3,495,233	$ 2,820,408	$ 2,815,616	$ 4,792
Public safety	1,675,010	2,175,010	2,148,653	26,357
Judicial	649,582	769,582	761,647	7,935
Public works	1,608,030	2,313,030	2,310,584	2,446
Health and welfare	967,031	969,031	967,571	1,460
Culture and recreation	325,522	345,522	341,645	3,877
Housing and development	138,450	188,450	178,803	9,647
Total operating expenditures	8,858,858	9,581,033	9,524,519	56,514
Capital Outlays:				
General government	100,000	225,000	222,119	2,881
Public safety	155,067	185,067	184,719	348
Judicial	6,000	6,000	-	6,000
Public works	98,000	203,000	200,120	2,880
Health and welfare	-	16,000	15,500	500
Culture and recreation	15,000	20,000	19,640	360
Housing and development	-	-	-	-
Total capital expenditures	374,067	655,067	642,098	12,969
Debt Service:				
Principal	-	159,000	144,611	14,389
Interest	-	21,000	20,009	991
Total debt service	-	180,000	164,620	15,380
Total expenditures	9,232,925	10,416,100	10,331,237	84,863
Excess (deficiency) of revenues over expenditures	142,228	142,228	167,392	25,164
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	237,096	237,096
Interfund transfers in (out):				
ARPA Fund	-	-	433,341	433,341
TSPLOST Fund	442,000	442,000	125,000	(317,000)
Water Fund	(171,628)	(171,628)	(234,048)	(62,420)
Emergency 911 Telephone Fund	(412,600)	(412,600)	(542,936)	(130,336)
	(142,228)	(142,228)	18,453	160,681
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	185,845	185,845
FUND BALANCE, beginning of year	1,400,082	1,400,082	1,400,082	-
FUND BALANCE, end of year	$ 1,400,082	$ 1,400,082	$ 1,585,927	$ 185,845

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 1,700,000	$ 1,700,000	$ 1,341,021	$ (358,979)
Total revenues	1,700,000	1,700,000	1,341,021	(358,979)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	1,400,000	1,400,000	1,366,864	33,136
Debt service:				
Principal	65,000	65,000	61,436	3,564
Interest	5,000	5,000	3,564	1,436
Capital outlays	130,000	130,000	127,000	3,000
Total expenditures	1,600,000	1,600,000	1,558,864	41,136
Excess revenues over (under) expenditures	100,000	100,000	(217,843)	(317,843)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(100,000)	(100,000)	(82,000)	18,000
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(299,843)	(299,843)
FUND BALANCE, beginning of year	350,392	350,392	350,392	-
FUND BALANCE, end of year	$ 350,392	$ 350,392	$ 50,549	$ (299,843)

HANCOCK COUNTY, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental				
ARPA grant	$ 733,341	$ 733,341	$ 733,341	$ -
Total revenues	733,341	733,341	733,341	-
EXPENDITURES:				
Current operating:				
Health and welfare	300,000	300,000	300,000	-
Total expenditures	300,000	300,000	300,000	-
Excess revenues over (under) expenditures	433,341	433,341	433,341	-
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(433,341)	(433,341)	(433,341)	-
Total other financing sources (uses)	(433,341)	(433,341)	(433,341)	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

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:

- Budgetary Comparison Schedules
  - Special Local Option Sales Tax 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
  - Sheriff's Confiscation
  - Drug Abuse Education
  - LMIG Fund
- Combining Statement of Fiduciary Net Position – Custodial Funds
- Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
- Schedule of Projects Constructed with Special Sales Tax Proceeds

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 525,000	$ 650,000	$ 652,129	$ 2,129
Other	500	500	328	(172)
	525,500	650,500	652,457	1,957
EXPENDITURES:				
Current operating:				
Purchased/contracted services	1,000	5,000	8	4,992
Total expenditures	1,000	5,000	8	4,992
Excess revenues over (under) expenditures	524,500	645,500	652,449	6,949
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(524,500)	(645,500)	(198,784)	446,716
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	453,665	453,665
FUND BALANCE, beginning of year	(1,053,567)	(1,053,567)	(1,053,567)	-
FUND BALANCE, end of year	$ (1,053,567)	$ (1,053,567)	$ (599,902)	$ 453,665

HANCOCK COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	SPECIAL REVENUE						Total Nonmajor Governmental Funds
	Emergency 911 Fund	Law Library	Public Facilities Authority	Sheriff's Confiscation	Drug Abuse Education	LMIG	
ASSETS:							
Cash and cash equivalents	$ 22,228	$ 35,038	$ -	$ 9,581	$ 70,745	$ 1,229	$ 138,821
Accounts receivable, net	11,583	-	-	-	-	-	11,583
Due from other governments	-	170	-	-	203	-	373
Total assets	$ 33,811	$ 35,208	$ -	$ 9,581	$ 70,948	$ 1,229	$ 150,777
LIABILITIES:							
Accounts payable	$ -	$ -	$ -	$ 10	$ -	$ -	$ 10
Accrued expenses	9,062	-	4,361	-	-	-	13,423
Due to other funds	24,749	-	-	-	-	-	24,749
Total liabilities	33,811	-	4,361	10	-	-	38,182
FUND BALANCES:							
Restricted fund balance:							
Public safety	-	-	-	9,571	70,948	-	80,519
Judicial	-	35,208	-	-	-	-	35,208
Transportation	-	-	-	-	-	1,229	1,229
Unassigned fund balance	-	-	(4,361)	-	-	-	(4,361)
Total fund balances	-	35,208	(4,361)	9,571	70,948	1,229	112,595
Total liabilities and fund balance	$ 33,811	$ 35,208	$ -	$ 9,581	$ 70,948	$ 1,229	$ 150,777

HANCOCK COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENT FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	SPECIAL REVENUE						Total Nonmajor Governmental Funds
	Emergency 911 Fund	Law Library	Public Facilities Authority	Sheriff's Confiscation	Drug Abuse Education	LMIG	
REVENUES:							
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 540,710	$ 540,710
Fines and forfeitures	-	3,224	-	2,216	6,874	-	12,314
Charges for services	129,709	-	-	-	-	-	129,709
Total revenues	129,709	3,224	-	2,216	6,874	540,710	682,733
EXPENDITURES:							
Current operating:							
Public safety	626,044	-	-	2,200	-	-	628,244
Public works	-	-	-	-	-	539,781	539,781
Judicial	-	11,414	-	-	-	-	11,414
Capital outlays	-	-	-	-	-	-	-
Debt service:							
Principal	44,626	-	119,000	-	-	-	163,626
Interest	1,975	-	36,290	-	-	-	38,265
Total expenditures	672,645	11,414	155,290	2,200	-	539,781	1,381,330
Excess (deficiency) of revenues over expenditures	(542,936)	(8,190)	(155,290)	16	6,874	929	(698,597)
OTHER FINANCING SOURCES (USES):							
Transfers in (out)	542,936	-	155,784	-	-	-	698,720
Total other financing sources and uses	542,936	-	155,784	-	-	-	698,720
Net change in fund balance	-	(8,190)	494	16	6,874	929	123
FUND BALANCE, beginning	-	43,398	(4,855)	9,555	64,074	300	112,472
FUND BALANCE, ending	$ -	$ 35,208	$ (4,361)	$ 9,571	$ 70,948	$ 1,229	$ 112,595

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services:				
E-911 fees	$ 125,000	$ 130,000	$ 129,709	$ (291)
Total revenues	125,000	130,000	129,709	(291)
EXPENDITURES:				
Current operating:				
Personal services and employee benefits	391,846	505,000	502,105	2,895
Purchased/contracted services	100,037	120,000	118,314	1,686
Supplies	3,000	8,000	5,625	2,375
Debt service:				
Principal	42,717	45,000	44,626	374
Interest	-	2,000	1,975	25
Total expenditures	537,600	680,000	672,645	7,355
Excess revenues over (under) expenditures	(412,600)	(550,000)	(542,936)	7,064
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	412,600	550,000	542,936	(7,064)
Total other financing sources (uses)	412,600	550,000	542,936	(7,064)
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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ 11,500	$ 11,500	$ 3,224	$ (8,276)
Total revenues	11,500	11,500	3,224	(8,276)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	11,500	11,500	11,414	86
Total expenditures	11,500	11,500	11,414	86
Excess revenues over (under) expenditures	-	-	(8,190)	(8,190)
FUND BALANCE, beginning of year	43,398	43,398	43,398	-
FUND BALANCE, end of year	$ 43,398	$ 43,398	$ 35,208	$ (8,190)

HANCOCK COUNTY, GEORGIA
PUBLIC FACILITIES AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal	57,000	120,000	119,000	1,000
Interest	48,000	40,000	36,290	3,710
Total expenditures	105,000	160,000	155,290	4,710
Excess revenues over (under) expenditures	(105,000)	(160,000)	(155,290)	4,710
OTHER FINANCING SOURCES (USES)				
Transfers in	105,000	160,000	155,784	(4,216)
Total other financing sources (uses)	105,000	160,000	155,784	(4,216)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	494	494
FUND BALANCE, beginning of year	(4,855)	(4,855)	(4,855)	-
FUND BALANCE, end of year	$ (4,855)	$ (4,855)	$ (4,361)	$ 494

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ 4,000	$ 4,000	$ 2,216	$ (1,784)
Total revenues	4,000	4,000	2,216	(1,784)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	4,000	4,000	2,200	1,800
Total expenditures	4,000	4,000	2,200	1,800
Excess revenues over (under) expenditures	-	-	16	16
FUND BALANCE, beginning of year	9,555	9,555	9,555	-
FUND BALANCE, end of year	$ 9,555	$ 9,555	$ 9,571	$ 16

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	$ 7,000	$ 7,000	$ 6,874	$ (126)
Total revenues	7,000	7,000	6,874	(126)
EXPENDITURES:				
Current operating:				
Purchased/contracted services	4,000	4,000	-	4,000
Supplies	3,000	3,000	-	3,000
Total expenditures	7,000	7,000	-	7,000
Excess revenues over (under) expenditures	-	-	6,874	6,874
FUND BALANCE, beginning of year	64,074	64,074	64,074	-
FUND BALANCE, end of year	$ 64,074	$ 64,074	$ 70,948	$ 6,874

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 567,000	$ 567,000	$ 540,710	$ (26,290)
	567,000	567,000	540,710	(26,290)
EXPENDITURES:				
Current operating:				
Road expenditures	567,000	567,000	539,781	27,219
Total expenditures	567,000	567,000	539,781	27,219
Excess revenues over (under) expenditures	-	-	929	929
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	929	929
FUND BALANCE, beginning of year	300	300	300	-
FUND BALANCE, end of year	$ 300	$ 300	$ 1,229	$ 929

HANCOCK COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021

	Superior Court	Sheriff's Office	Magistrate Court	Probate Court	Tax Commissioner's Office	Total
ASSETS:						
Cash	$ 154,005	$ 964	$ 12,484	$ 53,073	$ 358,870	$ 579,396
LIABILITIES:						
Amounts held for others	126,378	465	10,008	47,483	1,604	185,938
NET POSITION:						
Restricted for others	27,627	499	2,476	5,590	357,266	393,458
Total net position	$ 27,627	$ 499	$ 2,476	$ 5,590	$ 357,266	$ 393,458

HANCOCK COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Superior Court	Sheriff's Office	Magistrate Court	Probate Court	Tax Commissioner's Office	Total
ADDITIONS:						
Taxes	$ -	$ -	$ -	$ -	$ 14,071,605	$ 14,071,605
Fines and fees	399,882	22,347	40,665	143,716	-	606,610
Interest income	137	-	17	-	1,245	1,399
TOTAL ADDITIONS	400,019	22,347	40,682	143,716	14,072,850	14,679,614
DEDUCTIONS:						
Taxes and fees paid to other governments	-	-	-	-	6,793,085	6,793,085
Payments to Board of Commissioners	211,071	20,138	13,635	74,676	6,663,680	6,983,200
Payments to other Hancock County entities	6,858	-	626	15,972	-	23,456
Payments to others	169,355	2,047	25,568	62,285	355,709	614,964
TOTAL DEDUCTIONS	387,284	22,185	39,829	152,933	13,812,474	14,414,705
CHANGE IN FIDUCIARY NET POSITION	12,735	162	853	(9,217)	260,376	264,909
TOTAL NET POSITION, beginning of year	14,892	337	1,623	14,807	96,890	128,549
TOTAL NET POSITION, end of year	$ 27,627	$ 499	$ 2,476	$ 5,590	$ 357,266	$ 393,458

HANCOCK COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended December 31, 2021

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Jail Renovation Project	$3,700,000	$6,400,000	$ 10,465,240	$ 198,792	$ 10,664,032

COMPLIANCE SECTION

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

To the 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, 2021, 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 October 6, 2022. Our report includes a reference to other auditors who audited the financial statements of Hancock County Board of Health, as described in our report on Hancock County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock County, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Hancock County, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Hancock County, Georgia's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Hancock County, Georgia's response was not subjected to the other 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
October 6, 2022

HANCOCK COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Finding 2021-001

Material Weakness in Internal Control Over Financial Reporting – Inadequate 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. We will continue to use alternative measures where available to assist in safeguarding assets.