HANCOCK COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

HANCOCK COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Hancock County Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hancock County Board of Education (School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2021 on our consideration of the School District'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 the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,



Greg S. Griffin
State Auditor

August 11, 2021

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HANCOCK COUNTY BOARD OF EDUCATION

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HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,940,295
Receivables:	
Taxes	1,721,501
State	593,935
Federal	1,373,777
Other	17,702
Inventory	14,638
Prepaid items	24,157
Capital assets (nondepreciable)	162,777
Capital assets (net of accumulated depreciation)	7,190,832
Total assets	14,039,614
DEFERRED OUTFLOWS OF RESOURCES	
Related to defined benefit OPEB plans	1,174,474
Related to defined benefit pension plans	3,112,685
Total deferred outflows	4,287,159
LIABILITIES	
Accounts payable	758,810
Salaries and benefits payable	1,131,377
Unearned revenue	60,745
Financed purchases, due within one year	51,271
Financed purchases, due in more than one year	17,091
Net OPEB liability	11,377,751
Net pension liability	11,559,854
Total liabilities	24,956,899
DEFERRED INFLOWS OF RESOURCES	
Related to defined benefit OPEB plans	3,803,920
Related to defined benefit pension plans	814,074
Total deferred inflows	4,617,994
NET POSITION	
Net investment in capital assets	7,285,247
Restricted for:	
Continuation of federal programs	181,862
Capital projects	1,058,222
Unrestricted (deficit)	(19,773,451)
Total net position (deficit)	$ (11,248,120)

The accompanying notes are an integral part of these financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "B"

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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: Governmental Activities
Governmental activities:					
Instruction	$ 8,184,260	$ 261,621	$ 5,018,216	$ -	$ (2,904,423)
Support services:					
Pupil services	803,254	-	607,329	-	(195,925)
Improvement of instructional services	935,629	-	515,854	-	(419,775)
Educational media services	197,047	-	113,788	-	(83,259)
General administration	472,410	-	461,245	-	(11,165)
School administration	896,259	-	646,637	-	(249,622)
Business administration	401,994	-	47,142	-	(354,852)
Maintenance and operation of plant	1,986,418	-	459,447	-	(1,526,971)
Student transportation services	937,663	-	491,412	-	(446,251)
Central support services	383,975	-	1,607	-	(382,368)
Other support services	106,801	-	12,941	-	(93,860)
Food service operations	901,914	34,908	829,415	-	(37,591)
Total governmental activities	$ 16,207,624	$ 296,529	$ 9,205,033	$ -	(6,706,062)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					5,580,098
Sales taxes, for capital projects					543,046
Intangible taxes					39,438
Railroad equipment tax					10,553
Unrestricted investment earnings					12,338
Special item - insurance proceeds					1,305,532
Miscellaneous					165,128
Total general revenues					7,656,133
Change in net position					950,071
Net deficit, beginning of year					(12,198,191)
Net deficit, end of year					$ (11,248,120)

The accompanying notes are an integral part of these financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,364,950	$ 575,345	$ 2,940,295
Receivables:			
Taxes	1,672,454	49,047	1,721,501
Intergovernmental:			
State	593,935	-	593,935
Federal	1,373,777	-	1,373,777
Other	17,702	-	17,702
Due from other funds	-	433,830	433,830
Prepaid items	24,157	-	24,157
Inventory	14,638	-	14,638
Total assets	$ 6,061,613	$ 1,058,222	$ 7,119,835
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 758,810	$ -	$ 758,810
Salaries and benefits payable	1,131,377	-	1,131,377
Due to other funds	433,830	-	433,830
Unearned revenue - grants	60,745	-	60,745
Total liabilities	2,384,762	-	2,384,762
DEFERRED INFLOWS			
Unavailable revenue - property taxes	1,359,050	-	1,359,050
FUND BALANCES			
Nonspendable:			
Inventory	14,638	-	14,638
Prepaid items	24,157	-	24,157
Restricted:			
Federal programs	167,224	-	167,224
Capital projects	-	1,058,222	1,058,222
Assigned:			
Student activities	110,599	-	110,599
Unassigned	2,001,183	-	2,001,183
Total fund balances	2,317,801	1,058,222	3,376,023
Total liabilities, deferred inflows, and fund balances	$ 6,061,613	$ 1,058,222	$ 7,119,835

The accompanying notes are an integral part of these financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "D"

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Total fund balances - governmental funds			$ 3,376,023
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 are not reported in the funds.			
	Cost	$ 20,450,163	
	Less accumulated depreciation	(13,096,554)	7,353,609
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.			
	Property taxes		1,359,050
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Deferred outflows - pension plans	$ 3,112,685	
	Deferred outflows - OPEB plans	1,174,474	
	Deferred inflows - pension plans	(814,074)	
	Deferred inflows - OPEB plans	(3,803,920)	
	Net pension liability	(11,559,854)	
	Net OPEB liability	(11,377,751)	
	Financed purchases	(68,362)	(23,336,802)
Net position of governmental activities			$ (11,248,120)

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property taxes	$ 5,366,572	$ -	$ 5,366,572
Sales taxes	49,991	543,046	593,037
State funds	5,031,033	-	5,031,033
Federal funds	4,158,504	-	4,158,504
Charges for services	296,529	-	296,529
Investment earnings	2,452	9,886	12,338
Miscellaneous	165,128	-	165,128
Total revenues	15,070,209	552,932	15,623,141
EXPENDITURES			
Current:			
Instruction	7,220,775	55,450	7,276,225
Support Services:			
Pupil services	797,903	-	797,903
Improvement of instructional services	924,542	-	924,542
Educational media services	194,731	-	194,731
General administration	466,753	-	466,753
School administration	880,971	-	880,971
Business administration	394,384	348	394,732
Maintenance and operation of plant	1,971,101	-	1,971,101
Student transportation services	878,710	-	878,710
Central support services	380,900	-	380,900
Other support services	105,832	-	105,832
Food services operation	895,716	-	895,716
Capital outlay	-	704,484	704,484
Debt service:			
Principal retirement	51,271	-	51,271
Total expenditures	15,163,589	760,282	15,923,871
Deficiency of revenues under expenditures	(93,380)	(207,350)	(300,730)
OTHER FINANCING SOURCES			
Insurance proceeds	1,305,532	-	1,305,532
Total other financing sources	1,305,532	-	1,305,532
Net change in fund balances	1,212,152	(207,350)	1,004,802
FUND BALANCE, beginning of year	1,105,649	1,265,572	2,371,221
FUND BALANCE, end of year	$ 2,317,801	$ 1,058,222	$ 3,376,023

The accompanying notes are an integral part of these financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "F"

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 1,004,802
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeded capital outlay is to decrease net position.		
Capital outlay	$ 346,459	
Depreciation expense	(562,919)	(216,460)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		213,526
Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments - financed purchases	$ 51,271	
Change in net OPEB liability and deferred inflows and outflows related to OPEB activity	91,860	
Change in net pension liability and deferred inflows and outflows related to pension activity	(194,928)	(51,797)
Changes in net position of governmental activities		$ 950,071

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "G"

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	Custodial Fund
ASSETS	
Accounts receivable	$ 1,036
LIABILITIES	
Checks issued in excess of bank balance	$ 1,036
NET POSITION	
Restricted for program activities	$ -

The accompanying notes are an integral part of these financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	Custodial Funds
ADDITIONS	
Grants	$ 79,783
DEDUCTIONS	
Program expenses	79,783
Change in Net Position	-
Net Postion, beginning of year	-
Net Position, end of year	$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Hancock County Board of Education (the "School District") was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the Hancock County Board of Education. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements (Continued)

The Statement of Net Position presents the School District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include: a) charges paid by the recipients of goods or services offered by the programs, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources of the School District, except those resources required to be accounted for in another fund.

- The *Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST") that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the School District reports the following fiduciary fund:

- The *Custodial Fund* is used to report resources held by the School District in a purely custodial capacity.

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide governmental activities is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The School District considers all tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. All other revenues are considered to be available if they are collected within 120 days after year-end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Property taxes, sales taxes, grants and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, and then general revenues.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in GASB Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

In fiscal year 2020, the School District adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first become effective or are scheduled to become effective for period beginning after June 15, 2018, and later.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

In fiscal year 2020, the School District early adopted GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

In fiscal year 2020, the School District early adopted GASB Statement No. 90, *Majority Equity Interests*. It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement did not have an impact on the School District's financial statements.

Cash and Cash Equivalents

Composition of Deposits – Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool ("Georgia Fund 1") and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) § 45-8-14, authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations, or insured chartered building and loan associations.

Investments

Composition of Investments – The School District can invest its funds as permitted by O.C.G.A. § 36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

The School District does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed, and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met.

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

Inventories

Food Inventories – On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased food inventories are reported at cost (first-in, first-out basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Construction in Progress	$ 5,000	N/A
Land Improvements	5,000	50 Years
Buildings and Improvements	5,000	15 – 80 Years
Equipment	5,000	3 – 20 Years
Intangibles	300,000	3 – 20 Years

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Liabilities and Bond Discounts/Premiums

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to GAAP, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Georgia School Employees Post-employment Benefit Fund (the "School OPEB Fund") and additions to/deductions from the School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

The School District's fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent, either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints that are placed on the use of resources are either: 1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority; the formal action required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by: 1) the Board of Education, or 2) the budget or finance committee, the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – Amounts within the General Fund not meeting the definition of any aforementioned category. The General Fund is the only fund that reports positive unassigned fund balance. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

The responsibility for designating funds to specific classification is as follows:

Committed Fund Balance – The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Funds should be committed prior to the end of the fiscal year, although the exact amount may be determined in the subsequent fiscal year.

Assigned Fund Balance – The Board of Education has authorized the Superintendent and the Director of Finance as officials authorized to assign fund balance to a specific purpose in accordance with the School District's policy. The accounting records should reflect sufficient documentation to support an assignment of funds by administration.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned Fund Balance (Continued) – When multiple categories of fund balances are available for expenditures, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

The Hancock County Board of Commissioners (the "Board") adopted the property tax levy for the 2019 tax digest year (calendar year) on September 11, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on November 20, 2019 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. The Hancock County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to $5,029,044.

The tax millage rate levied for the 2019 tax year (calendar year) for the Hancock County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	14.216 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $337,528 during the fiscal year ended June 30, 2020.

Sales Taxes

Education Special Purpose Local Option Sales Tax ("ESPLOST"), at the fund reporting level, during the year amounted to $543,046 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with GAAP.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of the O.C.G.A. § 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

If expenditure of funds, in any fund, is anticipated to be more than the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds $5,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

Collateralization of Deposits – O.C.G.A. § 45-8-12, provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to or not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
(7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Categorization of Deposits – Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District had deposits with a carrying value of $2,522,964, excluding cash equivalents, and bank balances of $3,339,035. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's agent in the School District's name.

NOTE 4: DEPOSITS AND CASH EQUIVALENTS (CONTINUED)

Categorization of Deposits (Continued)

Reconciliation of cash and cash equivalents to carrying value of deposits:

Statement of Net Position	
Cash and cash equivalents	$ 2,940,295
Statement of Fiduciary Net Position	
Checks issued in excess of bank balances	(1,036)
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	(416,295)
Total carrying value of deposits - June 30, 2020	$ 2,522,964

Categorization of Cash Equivalents – The School District reported cash equivalents of $416,295 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the Securities and Exchange Commission ("SEC") as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value.

The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2020, was 38 days.

The Georgia Fund 1, (a local government investment pool), is administered by the State of Georgia, Office of the State Treasurer and is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in *the State of Georgia Comprehensive Annual Financial Report*, which is publicly available at https://www.sao.georgia.gov/comprehensive-annual-financial-reports.

NOTE 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture ("USDA") for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. **See Note 2 - Inventories**

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 162,777	$ -	$ -	$ 162,777
Total	162,777	-	-	162,777
Capital assets, being depreciated:				
Buildings and improvements	15,951,647	176,582	(47,138)	16,081,091
Equipment	3,708,689	169,877	-	3,878,566
Land improvements	327,729	-	-	327,729
Total	19,988,065	346,459	(47,138)	20,287,386
Less accumulated depreciation for:				
Buildings and improvements	(9,375,317)	(302,826)	47,138	(9,631,005)
Equipment	(2,982,889)	(238,244)	-	(3,221,133)
Land improvements	(222,567)	(21,849)	-	(244,416)
Total	(12,580,773)	(562,919)	47,138	(13,096,554)
Total capital assets, being depreciated, net	7,407,292	(216,460)	-	7,190,832
Governmental activities capital assets, net	$ 7,570,069	$ (216,460)	$ -	$ 7,353,609

Current year depreciation expense by function is as follows:

Instruction		$ 325,818
Support services		
General Administration	$ 1,652	
Business Administration	1,808	
Maintenance and operations	80,873	
Student transportation	145,668	230,001
Food services		7,100
Total depreciation expense		$ 562,919

NOTE 7: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances for the year ended June 30, 2020, consisted of the following:

Due To	Due From General Fund
Capital Projects Fund	$ 433,830

Interfund balances were incurred to repay the capital projects fund for amounts receipted to the general fund in error in prior years.

NOTE 8: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees, acts of God and unemployment compensation.

The School District has obtained commercial insurance for risks of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees, and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and a liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

NOTE 8: RISK MANAGEMENT (CONTINUED)

Changes in the unemployment compensation claims liability during the last two fiscal years are as follows:

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	$ -	$ 4,668	$ 4,668	$ -
2019	$ -	$ 2,735	$ 2,735	$ -

The School District has purchased surety bonds to provide additional insurance coverage as follows:

Position Covered	Amount
Superintendent	$ 100,000
Finance Director	$ 100,000

NOTE 9: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The changes in long-term liabilities during the fiscal year ended June 30, 2020, for governmental activities, were as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Financed Purchase	$ 119,633	$ -	$ (51,271)	$ 68,362	$ 51,271
Net OPEB Liability	12,738,926	1,155,580	(2,516,755)	11,377,751	-
Net Pension Liability	10,278,786	2,665,949	(1,384,881)	11,559,854	-
Total	$ 23,137,345	$ 3,821,529	$ (3,952,907)	$ 23,005,967	$ 51,271

NOTE 9: LONG-TERM LIABILITIES

Financed Purchases Under Direct Borrowings

The School District has acquired equipment under the provisions of a financed purchase from direct borrowings. The following assets purchased under the direct borrowing is reflected in the capital asset note at fiscal year-end:

	Governmental Activities
Equipment	$ 256,355
Less: Accumulated Depreciation	(187,993)
Total	$ 68,362

Financed purchased outstanding as of June 30, 2020 are as follows:

Purpose	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	September 15, 2016	September 15, 2021	$ 256,355	$ 68,362

The following is a schedule of future payments under direct borrowings:

Fiscal Year Ending June 30,	Financed Purchases	
	Principal	Interest
2021	$ 51,271	$ -
2022	17,091	-
Total Principal and Interest	$ 68,362	$ -

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. Any disallowances resulting from the grantor audit may become a liability of the School District. However, the School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund

Plan Description. Certified teachers and non-certified public school employees of the School District as defined in O.C.G.A. § 20-2-875 are provided OPEB through the School OPEB Fund – a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the "Board"). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided. The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from the Employees' Retirement System ("ERS"), Georgia Judicial Retirement System ("JRS"), Legislative Retirement System ("LRS"), Teachers Retirement System ("TRS") or Public School Employees Retirement System ("PSERS"). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement ("HRA"), Health Maintenance Organization ("HMO") and a High Deductible Health Plan ("HDHP"). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions. As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $290,639 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the School District reported a liability of $11,377,751 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the School District's proportion was 0.092712%, which was a decrease of 0.007518% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of $198,779. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,237,781
Changes in assumptions	395,127	1,603,904
Net difference between projected and actual earnings on pension plan investments	24,778	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	463,930	962,235
School District contributions subsequent to the measurement date	290,639	-
Total	$ 1,174,474	$ 3,803,920

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

School District contributions subsequent to the measurement date of $290,639 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	OPEB
2021	$ (615,356)
2022	(615,356)
2023	(616,309)
2024	(550,888)
2025	(383,337)
2026	(138,839)

Actuarial assumptions. The total OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

OPEB:

Inflation	2.5%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.250%
Medicare Eligible	5.375%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward one year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014, and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During fiscal year 2018, the School OPEB fund updated their investment strategy to a more long-term approach.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	(0.10)%
Domestic Stocks - Large Cap	46.20%	8.90%
Domestic Stocks - Small Cap	1.30%	13.20%
International Stocks - Developed Market	12.40%	8.90%
International Stocks - Emerging Market	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	100.00%	

*Net of Inflation

Discount rate: The discount rate has changed since the prior measurement date from 3.87% to 3.58%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.50% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

School OPEB Fund- Discount Rate	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
School District's proportionate share of the OPEB liablity	$ 13,224,703	$ 11,377,751	$ 9,875,340

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

School OPEB Fund- Healthcare Cost Trend Rate	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the OPEB liablity	$ 9,584,550	$ 11,377,751	$ 13,655,254

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report which is publicly available at https://sao.georgia.gov/comprehensive-annual-financial-reports.

NOTE 12: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia as further explained below.

Teachers Retirement System of Georgia ("TRS")

Plan Description. All teachers of the School District as defined in O.C.G.A. § 47-3-60 and certain other support personnel as defined by O.C.G.A. § 47-3-63 are provided a pension through the Teachers Retirement System of Georgia ("TRS"). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees ("TRS Board"). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The TRS issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided. TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after ten years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2020. The School District's contractually required contribution rate for the year ended June 30, 2020, was 21.14% of annual school district payroll. For the current fiscal year, employer contributions to the pension plan were $1,351,794 from the School District.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System ("PSERS")

Plan Description. PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the TRS of Georgia. The ERS Board of Trustees, plus two additional trustees, administer PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. § 47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012, contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012, contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $40,426.

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2020, the School District reported a liability of $11,559,854 for its proportionate share of the Net Pension Liability for TRS.

The Net Pension Liability for TRS was measured as of June 30, 2019. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019, was determined using standard roll-forward techniques. The School District's proportion of the Net Pension Liability was based on contributions to TRS during the fiscal year ended June 30, 2019.

At June 30, 2019, the School District's TRS proportion was 0.053760%, which was a decrease of 0.001615% from its proportion measured as of June 30, 2018.

At June 30, 2020, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $181,336.

The PSERS net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019, was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of $1,546,722 for TRS and $55,922 for PSERS and revenue of $55,922 for PSERS. The revenue is support provided by the State of Georgia.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 651,572	$ 3,427
Changes of assumptions	1,109,319	-
Net difference between projected and actual earnings on pension plan investments	-	275,275
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	535,372
School District contributions subsequent to the measurement date	1,351,794	-
Total	$ 3,112,685	$ 814,074

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School District contributions subsequent to the measurement date of $1,351,794 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	TRS
2021	$ 372,038
2022	(18,544)
2023	273,673
2024	319,650

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates were based on the RP-2000 White-Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public School Employees Retirement System

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Asset class	TRS Target allocation (%)	PSERS Target allocation (%)	Long-term expected real rate of return (%)*
Fixed income	30.00 %	30.00 %	(0.10) %
Domestic large equities	51.00	46.20	8.90
Domestic small equities	1.50	1.30	13.20
International developed market equities	12.40	12.40	8.90
International emerging market equities	5.10	5.10	10.90
Alternative	0.00	5.00	12.00
Total	100.00 %	100.00 %	

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

Discount rate. The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS 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 periods of projected benefit payments to determine the total pension liability.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	$ 18,765,026	$ 11,559,854	$ 5,634,642

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial reports which are publicly available at www.trsga.com/publications and http://www.ers.ga.gov/formspubs/formspubs.html.

NOTE 13: SUBSEQUENT EVENTS

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which compromise the tax base of all levels of government.

NOTE 14: SPECIAL ITEM

In August 2019, the old Central Office was destroyed in a fire. The School District received insurance proceeds in the amount of $1,305,532 as compensation for the loss.

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HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "1"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.053760%**	0.055375%	0.056396%	0.056501%	0.060825%	0.064599%
School District's proportionate share of the net pension liability	**$ 11,559,854**	$ 10,278,786	$ 10,481,370	$ 11,656,786	$ 9,260,002	$ 8,161,232
School District's covered payroll	**$ 6,575,173**	$ 6,600,880	$ 6,486,342	$ 6,204,324	$ 6,418,380	$ 6,590,342
School District's proportionate share of the net pension liability as a percentage of its covered payroll	**175.81%**	155.72%	161.59%	187.88%	144.27%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	**78.56%**	80.27%	79.33%	76.06%	81.44%	84.03%

Note: The measurement date for the year ended June 30, 2020 is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The schedule includes all significant plans and funds administered by Hancock County Board of Education.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "2"

SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 1,351,794**	$ 1,373,741	$ 1,109,608	$ 925,601	$ 885,357	$ 844,017
Contributions in relation to the contractually required contribution	**1,351,794**	1,373,741	1,109,608	925,601	885,357	844,017
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	**$ 6,394,484**	$ 6,575,173	$ 6,600,880	$ 6,486,342	$ 6,204,324	$ 6,418,380
Contributions as a percentage of covered payroll	**21.14%**	20.89%	16.81%	14.27%	14.27%	13.15%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "3"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.000000%**	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	**$ -**	$ -	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	**181,336**	203,450	200,130	275,751	187,254	170,734
Total	**$ 181,336**	$ 203,450	$ 200,130	$ 275,751	$ 187,254	$ 170,734
School District's covered payroll	**$ 513,191**	$ 578,942	$ 601,630	$ 637,023	$ 667,351	$ 695,089
School District's proportionate share of the net pension liability as a percentage of its covered payroll	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	**85.02%**	85.26%	85.69%	81.00%	87.00%	88.29%

Note: The measurement date for the year ended June 30, 2020 is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The schedule includes all significant plans and funds administered by Hancock County Board of Education.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "4"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER OTHER POST-EMPLOYMENT BENEFIT LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018
School District's proportion of the net OPEB liability	**0.092712%**	0.100230%	0.096562%
School District's proportionate share of the net OPEB liability	**$ 11,377,751**	$ 12,738,926	$ 13,566,922
School District's covered - employee payroll	**$ 6,387,706**	$ 6,374,147	$ 6,459,307
School District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	**178.12%**	199.85%	210.04%
Plan fiduciary net position as a percentage of the total OPEB liability	**4.63%**	2.93%	1.61%

Note: The measurement date for the year ended June 30, 2020 is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The schedule includes all significant plans and funds administered by Hancock County Board of Education.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017
Contractually required contribution	**$ 290,639**	$ 499,315	$ 519,482	$ 503,484
Contributions in relation to the contractually required contribution	**290,639**	499,315	519,482	503,484
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
School District's covered-employee payroll	**$ 6,611,898**	$ 6,387,706	$ 6,374,147	$ 6,459,307
Contributions as a percentage of covered-employee payroll	**4.40%**	7.82%	8.15%	7.79%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Teachers Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

Public School Employees Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes in assumptions: The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to State OPEB fund based on their last employer payroll location; irrespective of retirement affiliation.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, and back to 3.58% as of June 30, 2019.

HANCOCK COUNTY BOARD OF EDUCATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original [1]	Final [1]	Actual	Final Budget
REVENUES				
Property taxes	$ 5,333,676	$ 5,333,676	$ 5,366,572	$ 32,896
Sales taxes	20,000	20,000	49,991	29,991
State funds	5,451,664	5,589,862	5,031,033	(558,829)
Federal funds	3,735,549	3,805,682	4,158,504	352,822
Charges for services	-	-	296,529	296,529
Investment earnings	2,000	2,000	2,452	452
Miscellaneous	105,700	124,200	165,128	40,928
Total revenues	14,648,589	14,875,420	15,070,209	194,789
EXPENDITURES				
Current:				
Instruction	6,929,767	6,758,574	7,220,775	(462,201)
Support services:				
Pupil services	834,857	850,876	797,903	52,973
Improvement of instructional services	895,119	826,586	924,542	(97,956)
Educational media services	143,877	143,877	194,731	(50,854)
General administration	490,435	486,013	466,753	19,260
School administration	1,004,352	857,808	880,971	(23,163)
Business administration	359,760	361,760	394,384	(32,624)
Maintenance and operation of plant	1,418,054	1,677,901	1,971,101	(293,200)
Student transportation services	1,136,406	1,094,170	878,710	215,460
Central support services	385,781	500,781	380,900	119,881
Other support services	172,449	190,755	105,832	84,923
Food services operations	1,043,818	1,051,618	895,716	155,902
Debt service:				
Principal retirement	-	-	51,271	(51,271)
Total expenditures	14,814,675	14,800,719	15,163,589	(362,870)
Excess (deficiency) of revenues over (under) expenditures	(166,086)	74,701	(93,380)	(168,081)
OTHER FINANCING SOURCES				
Insurance proceeds	-	-	1,305,532	1,305,532
Other sources	-	2,535	-	(2,535)
Total other financing sources	-	2,535	1,305,532	1,302,997
Net change in fund balances	(166,086)	77,236	1,212,152	1,134,916
FUND BALANCE, beginning of year	1,105,649	1,105,649	1,105,649	-
FUND BALANCE, end of year	$ 939,563	$ 1,182,885	$ 2,317,801	$ 1,134,916

Note to the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $261,621 and $205,213, respectively.

The accompanying schedule of revenues, expenditures and changes in fund balances, budget and actual, is presented on the modified accrual basis of accounting, which is the basis of accounting used in the presentation of the fund financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food Services			
School Breakfast Program	10.553	205GA324N1099	$ 249,264
National School Lunch Program	10.555	205GA324N1099	572,180
Total Child Nutrition Cluster			821,444
State Administrative Expenses	10.560	20205GA904N2533	825
Total U.S. Department of Agriculture			822,269
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027	H027A190073	278,139
Preschool Grants	84.173	H173A190081	6,760
Total Special Education Cluster			284,899
Other Programs			
Title I Grants to Local Education Agencies	84.010	S010A180010	244,416
Title I Grants to Local Education Agencies	84.010	S010A190010	501,211
Supporting Effective Instruction State Grants	84.367	S367A180001	27,723
Supporting Effective Instruction State Grants	84.367	S367A190001	24,842
Rural Education	84.358	S365B180010	22,528
Rural Education	84.358	S365B190010	15,216
Career and Technical Education - Basic Grants to States	84.048	V048A190010	836
Career and Technical Education - Basic Grants to States	84.048	V048A190010	15,319
Student Support and Academic Enrichment	84.424A	S424A180011	10,679
Student Support and Academic Enrichment	84.424A	S424A190011	38,728
Total other programs			901,498
Total U.S. Department of Education			1,186,397
Health and Human Services, U.S. Department of			
Direct			
Head Start Cluster			
Head Start	93.600	04CH4743-04-00	2,144,920
Total U.S. Department of Health and Human Services			2,144,920
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	66,317
Total Expenditures of Federal Awards			$ 4,219,903

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hancock County Board of Education (the "School District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "9"

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Agency/Funding	Governmental Fund Type General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 222,640
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	224,707
Kindergarten Program - Early Intervention Program	1,236
Primary Grades (1-3) Program	585,354
Primary Grades - Early Intervention (1-3) Program	59,061
Upper Elementary Grades (4-5) Program	265,738
Early Intervention (4-5) Program	37,954
Middle School (6-8) Program	486,342
High School General Education (9-12) Program	550,203
Vocational Laboratory (9-12) Program	93,147
Students with Disabilities	533,568
Program for Intellectually Gifted Students - Category VI	15,218
Remedial Education Program	67,539
Alternative Education Program	42,484
Media Center Program	80,956
20 Days Additional Instruction	27,345
Staff and Professional Development	12,348
Principal Staff & Professional Development	702
Indirect Cost	
Central Administration	326,693
School Administration	302,768
Facility Maintenance and Operations	157,599
Vocational Supervisors	7,070
Categorical Grants	
Pupil Transportation	308,218
Sparsity	207,944
Nursing Services	45,000
Mid-term Adjustment Hold-Harmless	245,419
Food Services	19,606
Amended Formula Adjustment	(55,352)
Other State Programs	
Preschool Handicapped Program	28,947
School Security Grant	90,000
Hygiene Products in Georgia Schools	153
Office of the State Treasurer	
Public School Employees Retirement System	40,426
	$ 5,031,033

See notes to the basic financial statements.

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HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "10"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Amount Expended In Current Year (3) (4)	Amount Expended In Prior Years (3) (4)	Total Completion Cost	Estimated Completion Date
Acquiring, adding to, renovating, repairing, reroofing, improving and demolishing, furnishing and equipping existing school buildings and other buildings and facilities useful and desirable in connection therewith, including, but not limited to, agricultural and band buildings, additional classrooms, administrative facilities, gymnasiums and physical education/athletic facilities; (ii) acquiring technology improvements, including safety and security improvements and computer technology; (iii) acquiring new school equipment, including new buses and maintenance vehicles; (iv) acquiring real property; (v) acquiring, constructing, and equipping new school buildings and other facilities; (vi) acquiring any necessary or desirable property, both real and personal, including textbooks and band instruments, the maximum amount of the projects to be paid with sales and use tax proceeds will be $3,000,000; and (vii) payment of expenses incident to accomplishing the foregoing.						
Project #1 Reroofing of Hancock Central High/Middle School	$ 1,000,000	$ 647,163	$ 27,000	$ 620,163	$ 647,163	Complete
Project #2 Cameras	500,000	350,000	152,277	-	-	June 30, 2021
Project #3 Purchase/Repair of School Buses	600,000	600,000	-	86,000	-	June 30, 2021
Project #4 Purchase of Instructional Technology	300,000	200,000	-	67,725	-	June 30, 2021
Project #5 Textbooks	400,000	300,000	89,927	193,950	-	June 30, 2021
Project #6 Renovations	200,000	902,837	491,078	-	-	June 30, 2021
	$ 3,000,000	$ 3,000,000	$ 760,282	$ 967,838	$ 647,163	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Hancock County approved the imposition of a 1% sales tax to fund the above projects. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) The School District does not have any excess proceeds on hand not yet expended.

(5) The Capital Projects Fund includes $348 in expenditures not related to SPLOST proceeds.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

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*

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Hancock County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hancock County Board of Education (School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as items FS 2020-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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 did not disclose an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

August 11, 2021

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Hancock County Board of Education

Report on Compliance for The Major Federal Program

We have audited the Hancock County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2020. The School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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Opinion on The Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

The School District's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2020-001, that we consider to be a significant deficiency.

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The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

August 11, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS-6701-12-03	**Inadequate Internal Controls Over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS-6701-12-09	**Failure to Adequately Maintain Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

FS 6701-13-03	**Inadequate Internal Controls Over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Expenditures/Liabilities/Disbursements Revenues/Receivables/Receipts
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 6701-13-08	**Failure to Adequately Maintain Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2014-003	**Inadequate Internal Controls Over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Expenditures/Liabilities/Disbursements Revenues/Receivables/Receipts
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 2014-008	**Inadequate Internal Controls over Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

FS 2015-003	**Inadequate Internal Controls Over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Expenditures/Liabilities/Disbursements Revenues/Receivables/Receipts
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 2015-005	**Inadequate Internal Controls over Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2016-003	**Inadequate Internal Controls over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 2016-005	**Inadequate Internal Controls over Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

FS 2017-003	**Inadequate Internal Controls over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 2017-006	**Inadequate Internal Controls over Capital Assets**
Control Category;	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2018-002	**Internal Controls over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS-2018-003	**Internal Controls over Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

FS 2019-001	**Internal Controls over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Expenditures/Liabilities/Disbursements General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS-2019-002	**Internal Controls over Capital Assets**
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved

The School District will reassess internal control procedures related to capital assets to ensure that they are in place and operating effectively. An administrative review will be conducted to make sure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. We are updating and inputting the fixed assets into our accounting system so we can correct this finding. This finding should be resolved by the end of fiscal year 2021.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2018-001	**Improve Controls over Expenditures**
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Direct
CFDA Number and Title:	93.600 Head Start
Federal Award Number:	04CH4743-04-00
Questioned Costs:	$9,274.97
Finding Status:	Previously Reported Corrective Action Implemented

FA 2018-003	**Improve Controls over Equipment**
Compliance Requirement:	Equipment and Real Property Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Number:	18185GA324N1099 - School Breakfast Program 18185GA324N1100 - National School Lunch Program
Questioned Costs:	None Identified
Finding Status:	Previously Reported Corrective Action Implemented

FA 2018-004	**Strengthen Controls over Matching Requirements**
Compliance Requirement:	Matching, Level of Effort, Earmarking
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Direct
CFDA Number and Title:	93.600 Head Start
Federal Award Number:	04CH4743-04-00
Questioned Costs:	None Identified
Finding Status:	Unresolved

The School District is in the process of updating the policies and procedures manual and will establish internal controls procedures to ensure earmarking requirements are met for the Head Start Program.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2019-001	**Improve Controls over Expenditures**
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Direct
CFDA Number and Title:	93.600 Head Start
Federal Award Number:	04CH4743-04-00
Questioned Costs:	$1,315.16
Finding Status:	Partially Resolved

The School District is in the process of updating the policies and procedures manual and will establish internal control procedures to ensure all expenditures are adequately documented, allowable and agree back to supporting documentation.

FA 2019-002	**Improve Controls over Equipment**
Compliance Requirement:	Equipment and Real Property Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	10.553 and 10.555 Child Nutrition Cluster
Federal Award Number:	195GA324N1099 - School Breakfast Program 195GA324N1099 - National School Lunch Program
Questioned Costs:	None Identified
Finding Status:	Previously Reported Corrective Action Implemented

FA 2019-003	**Strengthen Controls over Matching Requirements**
Compliance Requirement:	Matching, Level of Effort, Earmarking
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Direct
CFDA Number and Title:	93.600 Head Start
Federal Award Number:	04CH4743-04-00
Questioned Costs:	None Identified
Finding Status:	Unresolved

The School District is in the process of updating the policies and procedures manual and will establish internal controls procedures to ensure earmarking requirements are met for the Head Start Program.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:
Governmental Activities; All Major Funds; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiencies identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — Yes

Type of auditor's report issued on compliance for major programs:
All major programs — Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.600	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS-2020-001	Internal Controls over Capital Assets
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2019-002, FS 2018-003, FS 2017-006, 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, and FS-6701-12-09

Description:
The School District did not adequately maintain the capital assets records.

Criteria:
Chapter IV-7 *Implementing a Capital Asset Management System* of the Financial Management for Georgia Local Units of Administration indicates that School Districts must establish fixed asset policies, define system requirements, implement a fixed asset system, and maintain fixed asset records.

Condition:
A review of the School District's capital asset records revealed deficiencies as discussed below:

- The capital asset listing, as presented, included adjustments for $22,740 which no assets were mentioned, or explanations given.
- The capital asset listing as presented, failed to provide elements of information as required such as asset identifiers and location for all assets.
- Depreciation expense for two assets acquired in the fiscal year were not calculated in accordance with the capital asset policy in place resulting in an overstatement of expense in the amount of $1,609.
- A security upgrade purchase consisting of security cameras and access control doors in the amount of $230,163, net of $12,115 in depreciation was not correctly capitalized or depreciated during the year.
- Four fully depreciated assets were found to be destroyed in a fire and were not removed from the asset listing.

Questioned Costs:
N/A

Cause:
In discussing this deficiency with the School District, they stated that the cause was a direct result of the lack of time and resources to ensure adequate procedures are in place to process, record and report capital assets.

Effect or Potential Effect:
The failure of the School District to maintain a complete and accurate capital asset listing can lead to inaccurate internal and external reporting as well as noncompliance with generally accepted accounting principles.

Recommendation:
The School District should strengthen internal control procedures over capital assets to ensure that capital assets are recorded in accordance with the board's policy, all required elements are included on listing and adjustments are properly documented. Procedures should be implemented requiring properly documented inventory counts and review of expenses made during the year to verify the completeness of capital assets.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials:
We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2020-001	Strengthen Controls over Earmarking Requirements
Compliance Requirement:	Matching, Level of Effort, Earmarking
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Direct
CFDA Number and Title:	93.600 Head Start
Federal Award Number:	04CH4743-04-00
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA 2019-003, FA 2018-004

Description:
The policies and procedures of the School District did not provide adequate internal controls over the earmarking requirements associated with the Head Start program.

Criteria:
45 CFR 1302.14(b)(1) states, "A program must ensure at least 10 percent of its total funded enrollment is filled by children eligible from services under IDEA (Individuals with Disabilities Act), unless the responsible HHS official grants a waiver."

Condition:
Our review of the targeted earmarking requirement revealed that the proper number of children eligible for service under the Individuals with Disabilities Act were not enrolled in the Head Start program. The School District was required to enroll a minimum of 17 children with disabilities in the Head Start program to be in compliance with Federal regulations. However, only 8 of these children were enrolled in the program.

Cause:
In discussing this deficiency with the School District, they indicated that a waiver for the requirement to enroll the minimum number of children with disabilities was not obtained appropriately.

Effect or Potential Effect:
Failure to ensure that earmarking requirements are met appropriately may lead to a reduction in funding for the Head Start program in future years and could result in unnecessary financial strains and shortages within the Head Start program fund. Additionally, the School District is not in compliance with Federal regulations specific to the Head Start program.

Recommendation:
The School District should review current internal control procedures related to Head Start program earmarking requirements and ensure that the appropriate number of children eligible for service under the Individuals with Disabilities Act are enrolled in the program or a waiver is obtained in the future. Furthermore, management should develop and implement a monitoring process to ensure that controls are properly implemented.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials:

We concur with this finding.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

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Hancock County Board of Education

"Barking our Way to New Beginnings...Lifelong-Bulldog STRONG!"

10571 Highway 15 North ● P.O. Box 488 ● Sparta, GA 31087

Phone: (706) 444-5775 ● Fax: (706) 444-7026

www.hancock.k12.ga.us

Miranda Wilson, Ed.S. CCC-SLP
Superintendent of Schools

Annie S. Ingram
Chairperson of Hancock County Board of Education

Glashandrian Bell
Vice-Chairperson -District 4

Board Members

Anthony Gilchrist- District 1

Devincey Holsey- District 2

Mary T. Jackson- District 3

Vision:

The Hancock County School District is committed to providing each student with a well-rounded educational program, leading to college entrance and/or career pathways which will foster economic independence and social responsibility in the twenty-first century. In addition, a partnership of staff, parents and community stakeholders will prepare students to become responsible citizens and productive members of the communities in which they live and work.

CORRECTIVE ACTION PLANS- FINANCIAL STATEMENT FINDINGS

FS 2020-001	**Internal Controls over Capital Assets**
Control Category:	**Capital Assets**
Internal Control Impact:	**Significant Deficiency**
Compliance Impact:	**None**
Repeat of Prior Year Findings:	**FS 2019-02, FS 2018-003, FS 2017-005, FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, and FS 6701-12-09**

Corrective Action Plans:

The Hancock County School District has updated the internal control procedures related to capital assets to ensure that all procedures are being implemented and operating effectively. Moreover, the district has updated its policy manual to ensure that the capital asset listings contain all required elements, all capital assets purchased have been recorded, the capital asset policy has been updated to agree with the actual method being used to calculate depreciation, and adjustments to capital asset listings have been documented.

Estimated Completion Date:	**June 30, 2021**
Contact Person:	**Matthias Jones, Finance Director**
Telephone:	**(706) 444-5775 Ext. 125**
Email:	**mjones@hancock.k12.ga.us**

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

FA 2020-001	**Strengthen Controls over Matching Requirements**
Compliance Requirement:	**Matching, Level of Effort, Earmarking**
Internal Control Impact:	**Significant Deficiency**
Compliance Impact:	**Nonmaterial Noncompliance**
Federal Awarding Agency:	**US. Dept. of Health & Human Services**
Pass-Through Entity:	**Direct**
CFDA Number and Title:	**93.600 Head Start**
Federal Award Number:	**04CH4743-04-00**
Questioned Costs:	**None Identified**
Repeat of Prior Year Finding:	**FA 2019-003, FA 2018-004**

Corrective Action Plan:

The Hancock County School District is in the process of updating the policies and procedures manual and will establish internal controls procedures to ensure earmarking requirements are met for the Head Start Program.

Estimated Completion Date:	**June 30, 2021**
Contact Person:	**Matthias Jones, Finance Director**
Telephone:	**706-444-5775 Ext. 125**
E-mail:	**mjones@hancock.k12.ga.us**

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If there are any questions or concerns, please do not hesitate to reach out to me at (706) 444-5575 Ext. 236.

Matthias Jones
Finance Director

5/26/21
Date

Miranda Wilson
Superintendent of Schools

05/26/2021
Date

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