HANCOCK COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Hancock County Board of Education

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Hancock County Board of Education

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Section I

Financial

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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
Ms. Miranda Wilson, 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 fiduciary activities of the Hancock County Board of Education (School District), as of and for the year ended June 30, 2021, 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 School District'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 School District'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 fiduciary activities of the School District as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2021, the School District restated the prior period financial statements to correct a misstatement. Our opinions are not modified with respect to this matter.

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*

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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 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 December 10, 2022 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

December 10, 2022

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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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,244,353
Receivables	
Taxes:	1,588,582
State	627,475
Federal	1,875,804
Other	53,059
Inventory	14,351
Prepaid items	28,436
Capital assets (nondepreciable)	189,698
Capital assets (net of accumulated depreciation)	7,397,454
Total assets	15,019,212
DEFERRED OUTFLOWS OF RESOURCES	
Related to defined benefit OPEB plans	2,809,015
Related to defined benefit pension plans	3,278,979
Total deferred outflows	6,087,994
LIABILITIES	
Accounts payable	624,342
Salaries and benefits payable	1,224,566
Unearned revenue	18,302
Financed purchases, due in within one year	17,091
Net OPEB liability	12,623,025
Net pension liability	12,030,322
Total liabilities	26,537,648
DEFERRED INFLOWS OF RESOURCES	
Related to defined benefit OPEB plans	4,135,454
Related to defined benefit pension plans	881,059
Total deferred inflows	5,016,513
NET POSITION (DEFICIT)	
Net investment in capital assets	7,570,061
Restricted for:	
Continuation of federal programs	293,626
Capital projects	1,531,325
Unrestricted (deficit)	(19,841,967)
Total net position (deficit)	$ (10,446,955)

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, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 7,499,727	$ 50,985	$ 5,279,251	$ -	$ (2,169,491)
Support services:					
Pupil services	1,076,289	-	920,175	-	(156,114)
Improvement of instructional services	987,892	-	572,021	-	(415,871)
Educational media services	201,120	-	107,747	-	(93,373)
General administration	283,919	-	442,423	-	158,504
School administration	999,391	-	625,857	-	(373,534)
Business administration	476,543	-	52,586	-	(423,957)
Maintenance and operation of plant	2,386,697	-	581,196	-	(1,805,501)
Student transportation services	1,038,071	-	504,850	231,660	(301,561)
Central support services	637,487	-	369	-	(637,118)
Other support services	130,210	-	18,178	-	(112,032)
Food service operations	900,563	-	1,004,251	-	103,688
Total governmental activities	$ 16,617,909	$ 50,985	$ 10,108,904	$ 231,660	(6,226,360)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					5,975,969
Sales taxes, for capital projects					612,204
Intangible taxes					82,192
Railroad equipment tax					16,413
Unrestricted investment earnings					4,101
Miscellaneous					260,504
Total general revenues					6,951,383
Change in net position					725,023
Net deficit, beginning of year (restated)					(11,171,978)
Net deficit, end of year					$ (10,446,955)

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

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,201,686	$ 1,042,667	$ 3,244,353
Receivables:			
Taxes	1,533,754	54,828	1,588,582
Intergovernmental:			
State	627,475	-	627,475
Federal	1,875,804	-	1,875,804
Other	53,059	-	53,059
Due from other funds	-	433,830	433,830
Prepaid items	28,436	-	28,436
Inventory	14,351	-	14,351
Total assets	$ 6,334,565	$ 1,531,325	$ 7,865,890
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 624,342	$ -	$ 624,342
Salaries and benefits payable	1,224,566	-	1,224,566
Due to other funds	433,830	-	433,830
Unearned revenue - grants	18,302	-	18,302
Total liabilities	2,301,040	-	2,301,040
DEFERRED INFLOWS			
Unavailable revenue - property taxes	1,251,962	-	1,251,962
FUND BALANCES			
Nonspendable:			
Inventory	14,351	-	14,351
Prepaid items	28,436	-	28,436
Restricted:			
Federal programs	279,275	-	279,275
Capital projects	-	1,531,325	1,531,325
Assigned:			
Student activities	71,531	-	71,531
Unassigned	2,387,970	-	2,387,970
Total fund balances	2,781,563	1,531,325	4,312,888
Total liabilities, deferred inflows and fund balances	$ 6,334,565	$ 1,531,325	$ 7,865,890

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, 2021

Total fund balances - governmental funds			$ 4,312,888
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	$ 21,204,301	
	Less accumulated depreciation	(13,617,149)	7,587,152
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.			
	Property taxes		1,251,962
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Deferred outflows - pension plans	$ 3,278,979	
	Deferred outflows - OPEB plans	2,809,015	
	Deferred inflows - pension plans	(881,059)	
	Deferred inflows - OPEB plans	(4,135,454)	
	Net pension liability	(12,030,322)	
	Net OPEB liability	(12,623,025)	
	Financed purchases	(17,091)	(23,598,957)
Net (deficit) of governmental activities			$ (10,446,955)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property taxes	$ 6,083,057	$ -	$ 6,083,057
Sales taxes	98,605	612,204	710,809
State funds	4,684,618	-	4,684,618
Federal funds	5,652,992	-	5,652,992
Charges for services	50,985	-	50,985
Investment earnings	3,660	441	4,101
Miscellaneous	260,504	-	260,504
Total revenues	16,834,421	612,645	17,447,066
EXPENDITURES			
Current:			
Instruction	7,278,258	-	7,278,258
Support Services:			
Pupil services	1,059,566	-	1,059,566
Improvement of instructional services	962,483	-	962,483
Educational media services	193,993	-	193,993
General administration	436,096	-	436,096
School administration	969,882	-	969,882
Business administration	465,617	-	465,617
Maintenance and operation of plant	2,237,412	72,327	2,309,739
Student transportation services	1,138,136	60,480	1,198,616
Central support services	630,989	-	630,989
Other support services	127,619	-	127,619
Food services operation	895,479	-	895,479
Capital outlay	-	6,735	6,735
Debt service:			
Principal retirement	51,271	-	51,271
Total expenditures	16,446,801	139,542	16,586,343
Net change in fund balances	387,620	473,103	860,723
FUND BALANCE, beginning of year (restated)	2,393,943	1,058,222	3,452,165
FUND BALANCE, end of year	$ 2,781,563	$ 1,531,325	$ 4,312,888

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

HANCOCK COUNTY BOARD OF EDUCATION

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, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 860,723
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 capital outlay exceeded depreciation is to increase net position.		
Capital outlay	$ 836,626	
Depreciation expense	(603,083)	233,543
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(107,088)
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	57,733	
Change in net pension liability and deferred inflows and outflows related to pension activity	(371,159)	(262,155)
Changes in net position of governmental activities		$ 725,023

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ -
LIABILITIES	
Accounts payable	$ -
NET POSITION	
Restricted for program activities	$ -

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

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "H"

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	Custodial Fund
ADDITIONS	
Grants	$ 62,674
DEDUCTIONS	
Program expenses	62,674
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.

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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 (the "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 non-exchange 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.

Fund Financial Statements

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 (Continued)

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. Non-exchange 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Investments made by the School District in non-participating 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). 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 method 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 a 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 a 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.

In the governmental fund financial statements, the School District recognizes the proceeds of debt as other financing sources of the current period.

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:

Non-spendable – Amounts that cannot be spent, either because they are in a non-spendable 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 2020 tax digest year (calendar year) on September 15, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on November 20, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. 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, 2021, for maintenance and operations amounted to $5,696,104.

The tax millage rate levied for the 2020 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 $386,953 during the fiscal year ended June 30, 2021.

Sales Taxes

Education Special Purpose Local Option Sales Tax ("ESPLOST"), at the fund reporting level, during the year amounted to $612,204 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 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, 2021, the School District had deposits with a carrying value of $2,354,000, excluding cash equivalents, and bank balances of $3,126,376. The bank balances insured by Federal depository insurance were $631,942 and the bank balance collateralized with securities held by the pledging financial institution's agent in the School District's name were $1,743,858.

NOTE 4: DEPOSITS AND CASH EQUIVALENTS (CONTINUED)

Categorization of Deposits (Continued) – At June 30, 2021, $750,576 of the School District's bank balances were in the State's Secure Deposit Program. The School District participates in the State's Secure Deposit Program ("SDP"), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer ("OST") sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrant. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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

Statement of Net Position	
Cash and cash equivalents	$ 3,244,353
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	$ 890,353
Total carrying value of deposits - June 30, 2021	$ 2,354,000

Categorization of Cash Equivalents – The School District reported cash equivalents of $890,353 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.

NOTE 4: DEPOSITS AND CASH EQUIVALENTS (CONTINUED)

Categorization of Cash Equivalents (Continued) – The pool is an AAAf/S1+ 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, 2021 was 36 days.

The Georgia Fund 1, (a local government investment pool), is administered by the State of Georgia OST 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 OST 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 Annual Comprehensive Financial Report*, which is publicly available at https://sao.georgia.gov/statewide-reporting/acfr.

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	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 162,777	$ 26,921	$ -	$ -	$ 189,698
Total	162,777	26,921	-	-	189,698
Capital assets, being depreciated:					
Buildings and improvements	16,081,091	120,859	-	(9,146)	16,192,804
Equipment	3,878,566	688,846	(82,488)	-	4,484,924
Land improvements	327,729	-	-	9,146	336,875
Total	20,287,386	809,705	(82,488)	-	21,014,603
Less accumulated depreciation for:					
Buildings and improvements	(9,631,005)	(305,661)	-	(4,117)	(9,940,783)
Equipment	(3,221,133)	(271,916)	82,488	-	(3,410,561)
Land improvements	(244,416)	(25,506)	-	4,117	(265,805)
Total	(13,096,554)	(603,083)	82,488	-	(13,617,149)
Total capital assets, being depreciated, net	7,190,832	206,622	-	-	7,397,454
Governmental activities capital assets, net	$ 7,353,609	$ 233,543	$ -	$ -	$ 7,587,152

NOTE 6: CAPITAL ASSETS (CONTINUED)

Current year depreciation expense by function is as follows:

Instruction		$ 377,493
Support services		
General Administration	$ 5,092	
Maintenance and operations	83,165	
Student transportation	129,721	217,978
Food services		7,612
Total depreciation expense		$ 603,083

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, 2021, 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
2021	$ -	$ -	$ -	$ -
2020	$ -	$ 4,668	$ 4,668	$ -

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

Position Covered	Amount
Superintendent	$ 250,000
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, 2021, for governmental activities, were as follows:

	Governmental Activities				
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Financed Purchase	$ 68,362	$ -	$ (51,271)	$ 17,091	$ 17,091
Net OPEB Liability	11,377,751	2,455,357	(1,210,083)	12,623,025	-
Net Pension Liability	11,559,854	2,292,170	(1,821,702)	12,030,322	-
Total	$ 23,005,967	$ 4,747,527	$ (3,083,056)	$ 24,670,438	$ 17,091

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

Financed Purchases Under Direct Borrowings

The School District has acquired copiers 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	(239,264)
Total	$ 17,091

Financed purchased outstanding as of June 30, 2021 are as follows:

Purpose	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	September 15, 2016	September 15, 2021	$ 256,355	$ 17,091

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

Fiscal Year Ending June 30,	Financed Purchases	
	Principal	Interest
2022	$ 17,091	$ -

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 $331,801 for the year ended June 30, 2021. 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, 2021, the School District reported a liability of $12,623,025 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2021 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, 2021. At June 30, 2021, the School District's proportion was 0.085943%, which was a decrease of 0.006769% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of $274,068. At June 30, 2021, 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	$ -	$ 1,378,042
Changes in assumptions	2,087,568	1,123,178
Net difference between projected and actual earnings on pension plan investments	32,900	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	356,746	1,634,234
School District contributions subsequent to the measurement date	331,801	-
Total	$ 2,809,015	$ 4,135,454

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 $331,801 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, 2022. 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 in June 30,	OPEB
2022	$ (478,237)
2023	(479,120)
2024	(419,192)
2025	(267,699)
2026	(41,885)
2027	27,893

Actuarial Assumptions: The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019 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, 2020:

OPEB:

Inflation	2.50%
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	7.00%
Medicare Eligible	5.25%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

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 Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirements. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.

- 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. Rates of mortality in active service was based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future morality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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.

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 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.

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%	0.50%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal 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 2118.

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 2.22%, 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 (1.22%) or 1-percentage-point higher (3.22%) than the current discount rate:

School OPEB Fund-Discount Rate	**1% Decrease (1.22%)**	**Current Discount Rate (2.22%)**	**1% Increase (3.22%)**
School District's proportionate share of the OPEB liability	$ 14,829,972	$ 12,623,025	$ 10,858,084

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the collective net OPEB liability of the participating employers, as well as what the collective 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 liability	$ 10,509,937	$ 12,623,025	$ 15,358,860

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report which is publicly available at https://sao.georgia.gov/statewide-reporting/acfr.

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 2021. The School District's contractually required contribution rate for the year ended June 30, 2021, was 19.06% of annual school district payroll. For the current fiscal year, employer contributions to the pension plan were $1,226,166 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 https://www.ers.ga.gov/post/annual-financial-reports.

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 $15.50, 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 $38,963.

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2021, the School District reported a liability of $12,030,322 for its proportionate share of the Net Pension Liability for TRS.

The Net Pension Liability for TRS was measured as of June 30, 2020. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, 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, 2020.

At June 30, 2020, the School District's TRS proportion was 0.049663%, which was a decrease of 0.004097% from its proportion measured as of June 30, 2019.

At June 30, 2021, 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 $208,300.

The PSERS Net Pension Liability was measured as of June 30, 2020. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, 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, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of $1,597,325 for TRS and $41,917 for PSERS and revenue of $41,917 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, 2021, 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	$ 523,924	$ -
Changes of assumptions	1,239,137	-
Net difference between projected and actual earnings on pension plan investments	289,752	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	881,059
School District contributions subsequent to the measurement date	1,226,166	-
Total	$ 3,278,979	$ 881,059

School District contributions subsequent to the measurement date of $1,226,166 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, 2022. 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**
2022	$ 140,021
2023	412,322
2024	457,249
2025	162,162

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

***Actuarial Assumptions*:** The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, 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 for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

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, 2019 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 with the exception of TRS, which assumed a rate of 2.50% 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 plans' fiduciary net position were 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	$ 19,077,220	$ 12,030,322	$ 6,253,887

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 https://www.ers.ga.gov/post/annual-financial-reports.

NOTE 13: PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ERROR

During the current fiscal year, management identified an error from fiscal year 2019 in the recording of accounts payable for an expenditure of the Head Start program. The correction of this error resulted in a restatement to increase fund balance of the General Fund and to decrease the net deficit of Governmental Activities.

Fund balance, General Fund, as previously reported	$ 2,317,801
Correction of an error - accounts payable	76,142
Fund balance, General Fund, as restated	$ 2,393,943

Net deficit, governmental activities, previously reported	$ (11,248,120)
Correction of an error - accounts payable	76,142
Net deficit, governmental activities, as restated	$ (11,171,978)

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

	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.049663%**	0.053760%	0.055375%	0.056396%	0.056501%	0.060825%	0.064599%
School District's proportionate share of the net pension liability	**$ 12,030,322**	$ 11,559,854	$ 10,278,786	$ 10,481,370	$ 11,656,786	$ 9,260,002	$ 8,161,232
School District's covered payroll	**$ 6,394,484**	$ 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	**188.14%**	175.81%	155.72%	161.59%	187.88%	144.27%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	**77.01%**	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

Note: The measurement period for the year ended June 39, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	**$ 1,226,166**	$ 1,351,794	$ 1,373,741	$ 1,109,608	$ 925,601	$ 885,357	$ 844,017
Contributions in relation to the contractually required contributions	**1,226,166**	1,351,794	1,373,741	1,109,608	925,601	885,357	844,017
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	**$ 6,433,190**	$ 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	**19.06%**	21.14%	20.89%	16.81%	14.27%	14.27%	13.15%

Note: The measurement period for the year ended June 39, 2021 is June 30, 2020. 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 OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30,

	2021	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%	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	**208,300**	181,336	203,450	200,130	275,751	187,254	170,734
Total	**$ 208,300**	$ 181,336	$ 203,450	$ 200,130	$ 275,751	$ 187,254	$ 170,734
School District's covered payroll	**$ 601,882**	$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	**84.45%**	85.02%	85.26%	85.69%	81.00%	87.00%	88.29%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. 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 OF PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30,

	2021	2020	2019	2018
School District's proportion of the net OPEB liability	**0.085943%**	0.092712%	0.100230%	0.096562%
School District's proportionate share of the net OPEB liability	**$ 12,623,025**	$ 11,377,751	$ 12,738,926	$ 13,566,922
School District's covered-employee payroll	**$ 6,611,898**	$ 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	**190.91%**	178.12%	199.85%	210.04%
Plan fiduciary net position as a percentage of the total OPEB liability	**3.99%**	4.63%	2.93%	1.61%

Note: The measurement date for the year ended June 30, 2021 is June 30, 2020. 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 the Hancock County Board of Education.

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

	2021	2020	2019	2018	2017
Contractually required contributions	**$ 331,801**	$ 290,639	$ 499,315	$ 519,482	$ 503,484
Contributions in relation to the contractually required contributions	**331,801**	290,639	499,315	519,482	503,484
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
School District's covered-employee payroll	**$ 6,861,929**	$ 6,611,898	$ 6,387,706	$ 6,374,147	$ 6,459,307
Contributions as a percentage of covered-employee payroll	**4.84%**	4.40%	7.82%	8.15%	7.79%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

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%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

Public School Employees' Retirement System

Changes in benefit terms: The member contribution rate was increased from $4.00 to $10.00 per month for members joining the system on or after July 1, 2012. The monthly benefit accrual rate was increased from $14.75 to $15.00 per year of credible service effective July 1, 2017. The monthly benefit accrual was increased from $15.00 to $15.25 per year of credible service effective
July 1, 2018. The monthly benefit accrual was increased from $15.25 to $15.50 per year of credible service effective July 1, 2019.
A 2% cost-of-living adjustment ("COLA") was granted to certain retirees and beneficiaries effective July 2016, another July 2017, and another July 2018. Two 1.5% COLAs were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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 the 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. The assumed investment rate of return remained at 7.30% for the June 30, 2019 valuation.

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 the State OPEB Fund based on their last employer payroll location; irrespective of retirement affiliation.

The June 30, 2019 decremental valuation was changed to refelct the Teachers Retirement Systems experience study.

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; to 3.58% as of June 30, 2019; and to 2.22% as of June 30, 2020.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonappropriated Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 5,466,999	$ 5,466,999	$ 6,083,057	$ 616,058
Sales taxes	-	-	98,605	98,605
State funds	4,122,493	4,123,840	4,684,618	560,778
Federal funds	5,588,590	6,331,423	5,652,992	(678,431)
Charges for services	170,600	170,600	50,985	(119,615)
Investment earnings	2,500	2,759	3,660	901
Miscellaneous	174,900	174,900	260,504	85,604
Total revenues	15,526,082	16,270,521	16,834,421	563,900
EXPENDITURES				
Current:				
Instruction	7,286,705	7,442,038	7,278,258	163,780
Support services:				
Pupil services	821,582	1,199,883	1,059,566	140,317
Improvement of instructional services	988,056	1,026,433	962,483	63,950
Educational media services	163,877	163,877	193,993	(30,116)
General administration	513,862	545,375	436,096	109,279
School administration	1,075,233	1,103,159	969,882	133,277
Business administration	390,760	431,157	465,617	(34,460)
Maintenance and operation of plant	1,745,075	1,792,065	2,237,412	(445,347)
Student transportation services	973,437	1,026,922	1,138,136	(111,214)
Central support services	489,031	489,031	630,989	(141,958)
Other support services	217,069	217,069	127,619	89,450
Food services operations	937,618	1,002,598	895,479	107,119
Debt service:				
Principal retirement	-	-	51,271	(51,271)
Total expenditures	15,602,305	16,439,607	16,446,801	(7,194)
Net change in fund balances	(76,223)	(169,086)	387,620	556,706
FUND BALANCE, beginning of year (restated)	2,393,943	2,393,943	2,393,943	-
FUND BALANCE, end of year	$ 2,317,720	$ 2,224,857	$ 2,781,563	$ 556,706

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

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, 2021

Funding Agency Program/Grant	Assistance Listing 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	$ 337,366
National School Lunch Program	10.555	205GA324N1099	483,210
Total Child Nutrition Cluster			820,576
State Administrative Expenses	10.560	20205GA904N2533	506
Total U.S. Department of Agriculture			**821,082**
Education, U.S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 Education Stabilization Fund	84.425D	S425D200012	490,097
COVID-19 Education Stabilization Fund	84.425D	S425D210012	158,739
Total Education Stabilization Fund			648,836
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	273,761
COVID-19 Grants to States	84.027A	H027A200073	2,301
Preschool Grants	84.173A	H173A190081	6,548
Total Special Education Cluster			282,610
Other Programs			
Title I Grants to Local Education Agencies	84.010	S010A190010	172,523
Title I Grants to Local Education Agencies	84.010	S010A200010	1,155,750
Supporting Effective Instruction State Grants	84.367	S367A190001	32,863
Supporting Effective Instruction State Grants	84.367	S367A200001	11,949
Rural Education	84.358	S365B190010	1,392
Rural Education	84.358	S365B200010	16,037
Career and Technical Education - Basic Grants to States	84.048	V048A190010	1,773
Career and Technical Education - Basic Grants to States	84.048	V048A200010	15,473
Student Support and Academic Enrichment	84.424A	S424A200011	45,326
Total other programs			1,453,086
Total U.S. Department of Education			**2,384,532**
Health and Human Services, U.S. Department of			
Direct			
Head Start Cluster			
COVID-19 - Headstart	93.600	04CH4743-04-00	156,406
Head Start	93.600	04CH4743-04-00	2,119,936
Total U.S. Department of Health and Human Services			**2,276,342**
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	42,209
Total U.S. Department of Defense			**42,209**
Total Expenditures of Federal Awards			**$ 5,524,165**

N/A = Not Available

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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.

In response to the COVID-19 pandemic, the federal government donated personal protective equipment ("PPE") to the Federal Emergency Management Agency, who then donated PPE with an estimate fair market value of $20,953 to the Hancock County Board of Education. This amount is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit. Therefore, this amount is unaudited.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Agency/Funding	Governmental Fund Type General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 226,495
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost:	
Kindergarten Program	156,371
Kindergarten Program - Early Intervention Program	78,410
Primary Grades (1-3) Program	408,353
Primary Grades - Early Intervention (1-3) Program	208,347
Upper Elementary Grades (4-5) Program	209,134
Early Intervention (4-5) Program	145,935
Middle School (6-8) Program	388,554
High School General Education (9-12) Program	357,069
Vocational Laboratory (9-12) Program	227,746
Students with Disabilities	580,766
Program for Intellectually Gifted Students - Category VI	3,047
Remedial Education Program	138,535
Alternative Education Program	29,007
Media Center Program	74,804
20 Days Additional Instruction	22,592
Staff and Professional Development	12,960
Principal Staff and Professional Development	697
Indirect Cost:	
Central Administration	277,684
School Administration	279,282
Facility Maintenance and Operations	154,696
Vocational Supervisors	6,825
Categorical Grants:	
Pupil Transportation	262,320
Bus Replacement	77,220
Sparsity	201,882
Nursing Services	45,000
Food Services	19,638
Amended Formula Adjustment	(126,967)
Other State Programs:	
Math and Science Supplements	7,475
Pupil Transportation - State Bonds	154,440
Hygiene Products in Georgia Schools	558
Office of the State Treasurer	
Public School Employees' Retirement System	38,963
Funds from Other State Agencies:	
GEMA Donations to LEAs	1,780
Technology Grant	15,000
	$ 4,684,618

See notes to the basic financial statements.

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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: (i) 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	$ -	$ 647,163	$ 647,163	Complete
Project #2 Cameras	500,000	350,000	6,735	152,277	-	June 30, 2023
Project #3 Purchase/Repair of School Buses	600,000	600,000	132,807	86,000	-	June 30, 2023
Project #4 Purchase of Instructional Technology	300,000	200,000	-	67,725	-	June 30, 2023
Project #5 Textbooks	400,000	300,000	-	283,877	-	June 30, 2023
Project #6 Renovations	200,000	902,837	-	491,078	-	June 30, 2023
	$ 3,000,000	$ 3,000,000	$ 139,542	$ 1,728,120	$ 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 costs for the projects. Includes all costs 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.

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Section II

Compliance and Internal Control Reports

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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
Ms. Miranda Wilson, Superintendent and Members of the
Hancock County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Hancock County Board of Education (School District), as of and for the year ended June 30, 2021, 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 December 10, 2022. We conducted our audit 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.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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

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any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2021-001 that we consider to be a significant deficiency.

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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

The School District's response to the 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 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

December 10, 2022

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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
Ms. Miranda Wilson, Superintendent and Members of the
Hancock County Board of Education

Report on Compliance for Each 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 each of its major federal programs for the year ended June 30, 2021. The School District's major federal programs are 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 each of the School District's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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Opinion on Each 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 each of its major federal programs for the year ended June 30, 2021.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

December 10, 2022

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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, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2020-001 Internal Controls over Capital Assets

Repeat of Prior Year Finding: FS 2019-002, FS 2018-003, FS 2017-006, FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, FS-6701-12-09

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 listing 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 2022.

FS 2019-002 Internal Controls over Capital Assets

Repeat of Prior Year Finding: FS 2018-003, FS 2017-006, FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS 2018-003 Internal Controls over Capital Assets

Repeat of Prior Year Finding: FS 2017-006, FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS 2017-006 Internal Controls over Capital Assets

Repeat of Prior Year Finding: FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2016-005 Internal Controls over Capital Assets
Repeat of Prior Year Finding: FS 2015-005, FS 2014-008, FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS 2015-005 Internal Controls over Capital Assets
Repeat of Prior Year Finding: FS 2014-008, FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS 2014-008 Internal Controls over Capital Assets
Repeat of Prior Year Finding: FS-6701-13-08, FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS-6701-13-08 Internal Controls over Capital Assets
Repeat of Prior Year Finding: FS-6701-12-09

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

FS-6701-12-09 Internal Controls over Capital Assets

Finding Status: Partially Resolved

See response to finding number FS 2020-001.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2020-001 Strengthen Controls over Earmarking Requirements
Federal Awarding Agency: U.S. Department of Health and Human Services
Pass-Through Entity: Direct
Repeat of Prior Year Finding: FA 2019-003, FA 2018-004

Finding Status: Previously Reported Corrective Action Implemented

FA 2019-003 Strengthen Controls over Matching Requirements
Federal Awarding Agency: U.S. Department of Health and Human Services
Pass-Through Entity: Direct
Repeat of Prior Year Finding: FA 2018-004

Finding Status: Previously Reported Corrective Action Implemented

FA 2019-001 Improve Controls over Expenditures
Federal Awarding Agency: U.S. Department of Health and Human Services
Pass-Through Entity: Direct

Finding Status: Previously Reported Corrective Action Implemented

FA 2018-004 Strengthen Controls over Matching Requirements
Federal Awarding Agency: U.S. Department of Health and Human Services
Pass-Through Entity: Direct

Finding Status: Previously Reported Corrective Action Implemented

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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, 2021

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Governmental Activities, Each Major Fund, and Fiduciary Activities	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported
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:

Assistance Listing Number	Assistance Listing Program or Cluster Title
84.010	Title I Grants to Local Educational Agencies
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

FS 2021-001 Internal Controls over Capital Assets

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

- 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 eleven 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 $23,644.
- An internet fiber installation and two trucks in the amount of $199,209, net of $10,485 in depreciation were not correctly capitalized or depreciated during the year.
- Copiers were not added in accordance with the capital asset policy causing an overstatement of expense in the amount of $52,922 and capital assets (net of depreciation) in the amount of $21,220.

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:
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 the 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.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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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

Mary T. Jackson
Vice-Chairperson -District 3

Board Members

Anthony Gilchrist- District 1

Devincey Holsey- District 2

Glashandrian Bell- District 4

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 2021-01	**Internal Controls over Capital Assets**
Control Category:	**Capital Assets**
Internal Control Impact:	**Significant Deficiency**
Compliance Impact:	**None**
Repeat of Prior Year Findings:	**FS 2020-01, 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**

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

Corrective Action Plans:
The Hancock County School District will re-assess the internal control procedures related to capital assets to ensure that all procedures are being implemented and operating effectively. An administrative review will be conducted to ensure that the capital assets listing is accurate, and to make sure that the list conforms to generally accepted accounting principles. The pertinent personnel have been tasked with updating the fixed asset listing and inputting accurate, current fixed assets in the accounting system to correct this finding. This finding should be resolved by the culmination of the fiscal year 2023.

Estimated Completion Date: **June 30, 2023**

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

If there are any questions or concerns, please do not hesitate to reach out to me at (706) 444-5575 Ext. 125.

Matthias Jones
Finance Director

8/5/22
Date

Miranda Wilson
Superintendent of Schools

08/05/2022
Date