HANCOCK COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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
Dr. Alma Harper, Superintendent and Members of the
Hancock County Board of Education

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

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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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

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

The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024 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.

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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

February 26, 2024

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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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,307,530
Receivables:	
Taxes	987,942
State	533,993
Federal	2,034,931
Inventory	27,522
Prepaid items	216,989
Capital assets (nondepreciable)	189,698
Capital assets (net of accumulated depreciation)	7,118,743
Total assets	15,417,348
DEFERRED OUTFLOWS OF RESOURCES	
Related to defined benefit OPEB plan	2,705,411
Related to defined benefit pension plan	3,137,509
Total deferred outflows of resources	5,842,920
LIABILITIES	
Accounts payable	1,395,840
Salaries and benefits payable	943,031
Unearned revenue	58,070
Net OPEB liability	9,660,881
Net pension liability	4,367,420
Total liabilities	16,425,242
DEFERRED INFLOWS OF RESOURCES	
Related to defined benefit OPEB plan	6,513,484
Related to defined benefit pension plan	7,027,079
Total deferred inflows of resources	13,540,563
NET POSITION (DEFICIT)	
Net investment in capital assets	7,308,441
Restricted for:	
Continuation of federal programs	116,144
Capital projects	2,261,603
Unrestricted (deficit)	(18,391,725)
Total net position (deficit)	$ (8,705,537)

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, 2022

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	$ 6,280,496	$ 115,963	$ 5,456,569	$ -	$ (707,964)
Support services:					
Pupil services	660,138	-	565,264	-	(94,874)
Improvement of instructional services	591,922	-	445,115	-	(146,807)
Educational media services	159,046	-	103,767	-	(55,279)
General administration	509,022	-	439,457	-	(69,565)
School administration	897,759	-	656,084	-	(241,675)
Business administration	389,269	-	67,445	-	(321,824)
Maintenance and operation of plant	2,396,634	-	481,494	-	(1,915,140)
Student transportation services	1,092,393	-	518,046	-	(574,347)
Central support services	550,796	-	4,324	-	(546,472)
Other support services	86,551	-	31,834	-	(54,717)
Food service operations	982,980	33,007	1,084,440	-	134,467
Total governmental activities	$ 14,597,006	$ 148,970	$ 9,853,839	$ -	(4,594,197)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					5,374,917
Sales taxes, for capital projects					728,224
Intangible taxes					88,704
Unrestricted investment earnings					5,709
Miscellaneous					138,061
Total general revenues					6,335,615
Change in net position					1,741,418
Net deficit, beginning of year					(10,446,955)
Net deficit, end of year					$ (8,705,537)

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

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,617,227	$ 1,690,303	$ 4,307,530
Receivables:			
Taxes	850,472	137,470	987,942
Intergovernmental:			
State	533,993	-	533,993
Federal	2,034,931	-	2,034,931
Due from other funds	-	433,830	433,830
Prepaid items	216,989	-	216,989
Inventory	27,522	-	27,522
Total assets	$ 6,281,134	$ 2,261,603	$ 8,542,737
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,395,840	$ -	$ 1,395,840
Salaries and benefits payable	943,031	-	943,031
Due to other funds	433,830	-	433,830
Unearned revenue - grants	58,070	-	58,070
Total liabilities	2,830,771	-	2,830,771
DEFERRED INFLOWS			
Unavailable revenue - property taxes	658,966	-	658,966
FUND BALANCES			
Nonspendable:			
Inventory	27,522	-	27,522
Prepaid items	216,989	-	216,989
Restricted:			
Federal programs	88,622	-	88,622
Capital projects	-	2,261,603	2,261,603
Assigned:			
Student activities	73,063	-	73,063
Unassigned	2,385,201	-	2,385,201
Total fund balances	2,791,397	2,261,603	5,053,000
Total liabilities, deferred inflows and fund balances	$ 6,281,134	$ 2,261,603	$ 8,542,737

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, 2022

Total fund balances - governmental funds				$ 5,053,000
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds.				
	Cost	$ 20,413,966		
	Less accumulated depreciation	(13,105,525)		7,308,441
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.				
	Property taxes			658,966
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
	Deferred outflows - pension plans	$ 3,137,509		
	Deferred outflows - OPEB plans	2,705,411		
	Deferred inflows - pension plans	(7,027,079)		
	Deferred inflows - OPEB plans	(6,513,484)		
	Net pension liability	(4,367,420)		
	Net OPEB liability	(9,660,881)		(21,725,944)
Net (deficit) of governmental activities				$ (8,705,537)

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property taxes	$ 5,967,913	$ -	$ 5,967,913
Sales taxes	88,704	728,224	816,928
State funds	4,887,953	-	4,887,953
Federal funds	4,999,314	-	4,999,314
Charges for services	148,970	-	148,970
Investment earnings	3,655	2,054	5,709
Miscellaneous	138,061	-	138,061
Total revenues	16,234,570	730,278	16,964,848
EXPENDITURES			
Current:			
Instruction	7,107,693	-	7,107,693
Support Services:			
Pupil services	733,737	-	733,737
Improvement of instructional services	717,617	-	717,617
Educational media services	195,728	-	195,728
General administration	554,072	-	554,072
School administration	1,060,738	-	1,060,738
Business administration	447,548	-	447,548
Maintenance and operation of plant	2,512,994	-	2,512,994
Student transportation services	1,092,122	-	1,092,122
Central support services	587,860	-	587,860
Other support services	102,572	-	102,572
Food services operation	1,094,964	-	1,094,964
Debt service:			
Principal retirement	17,091	-	17,091
Total expenditures	16,224,736	-	16,224,736
Net change in fund balances	9,834	730,278	740,112
FUND BALANCE, beginning of year	2,781,563	1,531,325	4,312,888
FUND BALANCE, end of year	$ 2,791,397	$ 2,261,603	$ 5,053,000

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

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "F"

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 740,112
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeded capital outlay is to decrease net position.		
Capital outlay	$ 338,300	
Depreciation expense	(502,731)	(164,431)
Net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations, etc.) is to decrease net position.		(114,280)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(592,996)
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	$ 17,091	
Change in net OPEB liability and deferred inflows and outflows related to OPEB activity	480,510	
Change in net pension liability and deferred inflows and outflows related to pension activity	1,375,412	1,873,013
Changes in net position of governmental activities		$ 1,741,418

HANCOCK COUNTY BOARD OF EDUCATION

EXHIBIT "G"

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	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, 2022

	Custodial Funds
ADDITIONS	
Grants	$ 87,796
DEDUCTIONS	
Program expenses	87,796
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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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

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") and grants from the Georgia State Financing and Investment Commission 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

Capital Assets

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital 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.

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 and premiums as other financing sources of the current period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The Hancock County Board of Commissioners (the "Board") adopted the property tax levy for the 2021 tax digest year (calendar year) on September 20, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 20, 2021 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. 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, 2022, for maintenance and operations amounted to $5,613,940.

The tax millage rate levied for the 2021 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 $353,973 during the fiscal year ended June 30, 2022.

Sales Taxes

Education Special Purpose Local Option Sales Tax ("ESPLOST"), at the fund reporting level, during the year amounted to $728,224 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.

NOTE 3: BUDGETARY DATA (Continued)

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,

NOTE 4: DEPOSITS AND CASH EQUIVALENTS (Continued)

(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, 2022, the School District had deposits with a carrying value of $2,769,540 excluding cash equivalents, and bank balances of $2,494,581. The bank balances insured by Federal depository insurance were $654,436 and the bank balance collateralized with securities held by the pledging financial institution's agent in the School District's name were $1,088,568.

At June 30, 2022, $751,577 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.

NOTE 4: DEPOSITS AND CASH EQUIVALENTS (Continued)

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

Reconciliation of cash and cash equivalents to carrying value of deposits:	
Statement of Net Position	
Cash and cash equivalents	$ 4,307,530
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	(1,537,990)
Total carrying value of deposits - June 30, 2022	$ 2,769,540

Categorization of Cash Equivalents – The School District reported cash equivalents of $1,537,990 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the Securities and Exchange Commission ("SEC") as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value.

The pool is an AAAf/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, 2022 was 43 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	$ 189,698	$ -	$ -	$ -	$ 189,698
Total	189,698	-	-	-	189,698
Capital assets, being depreciated:					
Buildings and improvements	16,192,804	9,146	-	-	16,201,950
Equipment	4,484,924	329,154	(946,433)	(173,057)	3,694,588
Land improvements	336,875	-	(1,370)	(7,775)	327,730
Total	21,014,603	338,300	(947,803)	(180,832)	20,224,268
Less accumulated depreciation for:					
Buildings and improvements	(9,940,783)	(315,860)	-	8,233	(10,248,410)
Equipment	(3,410,561)	(165,022)	833,523	173,057	(2,569,003)
Land improvements	(265,805)	(21,849)	-	(458)	(288,112)
Total	(13,617,149)	(502,731)	833,523	180,832	(13,105,525)
Total capital assets, being depreciated, net	7,397,454	(164,431)	(114,280)	-	7,118,743
Governmental activities capital assets, net	$ 7,587,152	$ (164,431)	$ (114,280)	$ -	$ 7,308,441

Current year depreciation expense by function is as follows:

Instruction		$ 369,213
Support services		
General administration	$ 6,602	
Maintenance and operations	34,619	
Student transportation	83,023	124,244
Food services		9,274
Total depreciation expense		$ 502,731

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, 2022, 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.

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
2022	$ -	$ 1,144	$ 1,144	$ -
2021	$ -	$ 4,668	$ 4,668	$ -

NOTE 8: RISK MANAGEMENT (Continued)

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, 2022 for governmental activities were as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Financed Purchase	$ 17,091	$ -	$ (17,091)	$ -	$ -
Net OPEB Liability	12,623,025	658,508	(3,620,652)	9,660,881	-
Net Pension Liability	12,030,322	760,563	(8,423,465)	4,367,420	-
Total	$ 24,670,438	$ 1,419,071	$ (12,061,208)	$ 14,028,301	$ -

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 $272,964 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2022, the School District reported a liability of $9,660,881 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. 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 0.089198%, which was an increase of 0.003255% from its proportion measured as of June 30, 2020.

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)

For the year ended June 30, 2022, the School District recognized OPEB expense of ($207,546). At June 30, 2022, 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	$ -	$ 4,411,128
Changes in assumptions	1,769,056	788,322
Net difference between projected and actual earnings on pension plan investments	-	15,319
Changes in proportion and differences between School District contributions and proportionate share of contributions	663,391	1,298,715
School District contributions subsequent to the measurement date	272,964	-
Total	$ 2,705,411	$ 6,513,484

School District contributions subsequent to the measurement date of $272,964 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	OPEB
2023	$ (1,041,472)
2024	(978,902)
2025	(819,688)
2026	(587,077)
2027	(512,616)
2028	(141,282)

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)

Actuarial Assumptions: The total OPEB liability as of June 30, 2021, was determined by an actuarial valuation as of June 30, 2020 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, 2021:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate	7.00% compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the Pub-2010 Mortality Tables for Males or Females, as appropriate, 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 after service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death prior to retirement. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.

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)

- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 projection scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 projection scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ended 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

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

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
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, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. 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 (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers 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 2145.

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 2.20%, 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 (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

School OPEB Fund- Discount Rate	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the OPEB liablity	$ 11,044,554	$ 9,660,881	$ 8,502,616

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

School OPEB Fund- Healthcare Cost Trend Rate	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the OPEB liablity	$ 8,197,632	$ 9,660,881	$ 11,490,058

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.

NOTE 12: RETIREMENT PLANS

Teachers' Retirement System of Georgia ("TRS") (Continued)

***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 2022. The School District's contractually required contribution rate for the year ended June 30, 2022, was 19.81% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were $1,250,004 from the School District.

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 $33,764.

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2022, the School District reported a liability of $4,367,420 for its proportionate share of the Net Pension Liability for TRS.

The Net Pension Liability for TRS was measured as of June 30, 2021. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, 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, 2021.

At June 30, 2021, the School District's TRS proportion was 0.049381%, which was a decrease of 0.000282% from its proportion measured as of June 30, 2020.

At June 30, 2022, 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 $31,929.

The PSERS Net Pension Liability was measured as of June 30, 2021. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, 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, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of ($125,408) for TRS and $336 for PSERS and revenue of $336 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, 2022, 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	$ 1,042,205	$ -
Changes of assumptions	845,300	-
Net difference between projected and actual earnings on pension plan investments	-	6,388,302
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	638,777
School District contributions subsequent to the measurement date	1,250,004	-
Total	$ 3,137,509	$ 7,027,079

School District contributions subsequent to the measurement date of $1,250,004 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, 2023. 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
2023	$ (1,117,655)
2024	(1,072,801)
2025	(1,365,591)
2026	(1,583,527)

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, 2021 was determined by an actuarial valuation as of June 30, 2020, 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, 2020 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	2.50%
Salary increase	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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%	(1.50)%
Domestic large equities	46.30	46.40	9.20
Domestic small equities	1.20	1.10	13.40
International developed market equities	11.50	11.70	9.20
International emerging market equities	6.00	5.80	10.40
Alternative	5.00	5.00	10.60
Total	100.00%	100.00%	

* Rates shown are net 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 7.00%. 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%)
School District's proportionate share of the net pension liability	$ 11,764,673	$ 4,367,420	$ (1,694,118)

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.

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HANCOCK COUNTY BOARD OF EDUCATION

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

	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.049381%**	0.049663%	0.053760%	0.055375%	0.056396%	0.056501%	0.060825%	0.064599%
School District's proportionate share of the net pension liability	**$ 4,367,420**	$ 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	**$ 6,433,190**	$ 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	**67.89%**	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	**92.03%**	77.01%	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

Note: The measurement date for the year ended June 30, 2022 is June 30, 2021. 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 CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	**$ 1,250,004**	$ 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	**1,250,004**	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	**$ 6,309,965**	$ 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	**19.81%**	19.06%	21.14%	20.89%	16.81%	14.27%	14.27%	13.15%

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

HANCOCK COUNTY BOARD OF EDUCATION

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

SCHEDULE "3"

	2022	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%	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	**31,929**	208,300	181,336	203,450	200,130	275,751	187,254	170,734
Total	**$ 31,929**	$ 208,300	$ 181,336	$ 203,450	$ 200,130	$ 275,751	$ 187,254	$ 170,734
School District's covered payroll	**$ 733,494**	$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	**98.00%**	84.45%	85.02%	85.26%	85.69%	81.00%	87.00%	88.29%

Note: The measurement date for the year ended June 30, 2022 is June 30, 2021. 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 "4"

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

	2022	2021	2020	2019	2018
School District's proportion of the net OPEB liability	**0.089198%**	0.085943%	0.092712%	0.100230%	0.096562%
School District's proportionate share of the net OPEB liability	**$ 9,660,881**	$ 12,623,025	$ 11,377,751	$ 12,738,926	$ 13,566,922
School District's covered-employee payroll	**$** 6,861,929	$ 6,611,898	$ 6,387,706	$ 6,374,147	$ 6,459,307
School District's proportionate share of the net OPEB liabilityas a percentage of its covered-employee payroll	**140.79%**	190.91%	178.12%	199.85%	210.04%
Plan fiduciary net position as a percentage of the total OPEB liability	**6.14%**	3.99%	4.63%	2.93%	1.61%

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

HANCOCK COUNTY BOARD OF EDUCATION

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

	2022	2021	2020	2019	2018	2017
Contractually required contributions	**$ 272,964**	$ 331,801	$ 290,639	$ 499,315	$ 519,482	$ 503,484
Contributions in relation to the contractually required contributions	**272,964**	331,801	290,639	499,315	519,482	503,484
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	**$ 7,124,630**	$ 6,861,929	$ 6,611,898	$ 6,387,706	$ 6,374,147	$ 6,459,307
Contributions as a percentage of covered-employee payroll	**3.83%**	4.84%	4.40%	7.82%	8.15%	7.79%

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

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

Changes of assumptions: 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 3 years for males and 2 years for females).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. 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 and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumption utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates or mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

School OPEB Fund

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

Changes in assumptions:
June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement Systems experience study. Approximately 0.10% of employees are members of the Employees Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement Systems experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect to Retirement Systems' experience studies.

June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

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

HANCOCK COUNTY BOARD OF EDUCATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget			Variance With
	Original [1]	Final [1]	Actual	Final Budget
REVENUES				
Property taxes	$ 5,416,999	$ 5,416,999	$ 5,967,913	$ 550,914
Sales taxes	-	-	88,704	88,704
State funds	4,540,287	4,539,869	4,887,953	348,084
Federal funds	6,356,940	6,522,651	4,999,314	(1,523,337)
Charges for services	170,600	170,600	148,970	(21,630)
Investment earnings	2,500	2,500	3,655	1,155
Miscellaneous	189,400	189,400	138,061	(51,339)
Total revenues	16,676,726	16,842,019	16,234,570	(607,449)
EXPENDITURES				
Current:				
Instruction	7,441,523	7,547,923	7,107,693	440,230
Support services:				
Pupil services	864,061	914,709	733,737	180,972
Improvement of instructional services	1,133,933	1,056,587	717,617	338,970
Educational media services	197,171	197,171	195,728	1,443
General administration	549,051	544,868	554,072	(9,204)
School administration	1,132,257	1,154,257	1,060,738	93,519
Business administration	495,201	495,201	447,548	47,653
Maintenance and operation of plant	2,123,610	2,135,393	2,512,994	(377,601)
Student transportation services	1,078,396	1,092,075	1,092,122	(47)
Central support services	503,318	503,318	587,860	(84,542)
Other support services	231,919	254,419	102,572	151,847
Food services operations	1,192,258	1,398,371	1,094,964	303,407
Debt service:				
Principal retirement	-	-	17,091	(17,091)
Total expenditures	16,942,698	17,294,292	16,224,736	1,069,556
Net change in fund balances	(265,972)	(452,273)	9,834	462,107
FUND BALANCE, beginning of year	2,781,563	2,781,563	2,781,563	-
FUND BALANCE, end of year	$ 2,515,591	$ 2,329,290	$ 2,791,397	$ 462,107

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

(1) 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, 2022

Funding Agency Program/Grant	Asssitance Listing Number	Pass-Through Entity Idnetifying Number	Federal Expenditures
Agriculture, U.S. Department of			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food Services:			
School Breakfast Program	10.553	215GA324N1199	$ 296,465
National School Lunch Program	10.555	215GA324N1199	614,837
COVID-19 Supply Chain Assistance Grant	10.555	225GA324N1099	19,970
COVID-19 Emergency Operations Grant	10.555	225GA324N1099	56,113
Total Child Nutrition Cluster			987,385
Child Nutrition Discretionary Grants - Limited Availability	10.579	215GA350N8103	5,000
State Administrative Expenses	10.560	20205GA904N2533	1,774
Total U.S. Department of Agriculture			**994,159**
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster:			
Grants to States	84.027A	H027A210073	282,991
COVID-19 Grants to States	84.027X	H027X210073	31,044
COVID-19 Preschool Grants	84.173X	H173A210081	2,762
Preschool Grants	84.173A	H173A210081	6,523
Total Special Education Cluster			323,320
Other Programs:			
Title I Grants to Local Education Agencies	84.010A	S010A200010	71,403
Title I Grants to Local Education Agencies	84.010A	S010A210010-21A	956,563
Supporting Effective Instruction State Grants	84.367A	S367A200001	34,626
Rural Education	84.358B	S358B210010	17,820
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	1,699
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	16,476
Student Support and Academic Enrichment	84.424A	S424A210011	47,259
COVID-19 Education Stabilization Fund	84.425D	S425D200012	296,153
Total other programs			1,441,999
Total U.S. Department of Education			**1,765,319**
Health and Human Services, U.S. Department of			
Direct			
Head Start Cluster			
COVID-19 - Headstart	93.600	04CH4743-04-00	92,343
Head Start	93.600	04CH4743-04-00	2,116,676
Total U.S. Department of Health and Human Services			**2,209,019**
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	37,931
Total U.S. Department of Defense			**37,931**
Total Expenditures of Federal Awards			**$ 5,006,428**

N/A = Not Available

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE "9"

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Agency/Funding	Governmental Fund Type General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 260,891
Education, Georgia Department of	
Quality Basic Education:	
Direct Instructional Cost:	
Kindergarten Program	5,389
Kindergarten Program - Early Intervention Program	236,685
Primary Grades (1-3) Program	317,155
Primary Grades - Early Intervention (1-3) Program	249,415
Upper Elementary Grades (4-5) Program	148,215
Early Intervention (4-5) Program	301,439
Middle School (6-8) Program	409,421
High School General Education (9-12) Program	421,103
Vocational Laboratory (9-12) Program	109,316
Students with Disabilities	478,199
Program for Intellectually Gifted Students - Category VI	(722)
Remedial Education Program	153,838
Alternative Education Program	31,016
Media Center Program	71,863
20 Days Additional Instruction	23,953
Staff and Professional Development	12,505
Principal Staff and Professional Development	694
Indirect Cost:	
Central Administration	276,491
School Administration	278,800
Facility Maintenance and Operations	146,051
Vocational Supervisors	5,835
Categorical Grants:	
Pupil Transportation	317,615
Sparsity	201,711
Nursing Services	45,000
Mid-term Adjustment Hold-Harmless	70,847
One Time QBE Adjustment	177,517
Food Services	43,886
Amended Formula Adjustment	24,556
Other State Programs:	
Preschool Handicapped Program	30,160
Math and Science Supplements	4,929
Hygiene Products in Georgia Schools	416
Office of the State Treasurer	
Public School Employees' Retirement System	33,764
	$ 4,887,953

HANCOCK COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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
2017 SPLOST						
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	159,012	-	159,012	159,012	Complete
Project #3 Purchase/Repair of School Buses	600,000	218,207	-	218,207	218,207	Complete
Project #4 Purchase of Instructional Technology	300,000	67,725	-	67,725	67,725	Complete
Project #5 Textbooks	400,000	283,877	-	283,877	283,877	Complete
Project #6 Renovations	200,000	491,078	-	491,078	491,078	Complete
	$ 3,000,000	$ 1,867,062	$ -	$ 1,867,062	$ 1,867,062	
2021 SPLOST						
Acquiring, adding to, renovating, repairing, modifying, improving, 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) HVAC, restrooms, 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, maintenance vehicles and maintenance equipment; (iv) acquiring textbooks nad other instructional materials and band instruments; (v) clearing and grading of real property; (vi) destruction of existing buildings and facilities; (vii) 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 $3,500,000; and (viii) payment of expenses incident to accomplishing the foregoing.					
Project #1 Physical Education/Athletic Facilities, HVAC, Restrooms	$ 2,000,000	$ 2,000,000	$ -	$ -	$ -	June 30, 2025
Project #2 Technology Improvement, safety and security improvements	300,000	300,000	-	-	-	June 30, 2025
Project #3 Purchase/Repair of School Buses, Maintenance Vehicles/Equipment	500,000	500,000	-	-	-	June 30, 2025
Project #4 Purchase of Instructional Materials, textbooks	300,000	300,000	-	-	-	June 30, 2025
Project #5 Clearing and grading of real property	200,000	200,000	-	-	-	June 30, 2025
Project #6 Paving and renovation of properties	200,000	200,000	-	-	-	June 30, 2025
	$ 3,500,000	$ 3,500,000	$ -	$ -	$ -	

[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
Dr. Alma Harper, 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, 2022, 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 February 26, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on 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 were not identified. Given these limitations, during our audit we did not identify any

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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 2022-001 that we consider to be a significant deficiency.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

February 26, 2024

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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
Dr. Alma Harper, Superintendent and Members of the
Hancock County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hancock County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. 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*.

In our opinion, the School District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *Schedule of Findings and Questioned Costs* in findings FA 2022-001 and FA 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in findings FA 2022-001 and FA 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School District’s response to the internal control over compliance findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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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

February 26, 2024

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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 AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2021-001 Internal Controls over Capital Assets

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

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. Also, additional staff will help with fixed asset duties. This finding should be resolved by the end of fiscal year 2024.

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

See response to finding number FS 2021-001.

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 2021-001.

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 2021-001.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

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 2021-001.

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 2021-001.

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 2021-001.

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 2021-001.

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 2021-001.

HANCOCK COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

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

Finding Status: Partially Resolved

See response to finding number FS 2021-001.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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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, 2022

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?	Yes
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
10.553, 10.555	Child Nutrition Cluster
93.600	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS

FS 2022-001 Internal Controls over Capital Assets

Internal Control Impact: Significant Deficiency
Repeat of Prior Year Finding: FS 2021-001, 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 the following deficiencies:

- 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 four assets acquired in the fiscal year was not calculated in accordance with the capital asset policy in place resulting in an overstatement of expense in the amount of $15,727.
- The entity was not able to provide adequate documentation of deletions for four of five assets tested in the year under review.
- Three of the fifteen fully depreciated assets tested were determined to be in an unusable state.

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. Unusable assets should be impaired or removed from the capital assets listing.

Views of Responsible Officials:
We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-001 Improve Controls over Employee Compensation

Compliance Requirements:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	10.553 – School Breakfast Program 10.555 – National School Lunch Program
Federal Award Number:	225GA324N1199 (Year: 2022)
Questioned Costs:	$41,310

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over the employee compensation process as it relates to the Child Nutrition Cluster.

Background Information:
The Child Nutrition Cluster (CNC) is comprised of various programs that are intended to assist states in administering and overseeing food service program operators that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer programs. This Cluster of programs also fosters healthy eating habits in children by providing fresh fruits and fresh vegetables to children attending elementary and schools and encourages the domestic consumption of nutritious agricultural commodities.

CNC funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Agriculture. GaDOE is responsible for distributing funds to local educational agencies (LEAs) and overseeing the various CNC programs. CNC funds totaling $987,385.00 were expended and reported on the Hancock County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:
As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that "costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity… (g) Be adequately documented…"

Furthermore, provisions included in the Uniform Guidance, Section 200.430 – Compensation-Personal Services prescribe standards for documentation of personnel expenses and state, in part, that "(a) … Costs for compensation are allowable to the extent that they satisfy… specific requirements…, and that the total compensation for individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i)…, [as follows:] (i) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity…"

Condition:
Auditors reviewed salaries for a randomly selected sample of employees and those employees who were paid over the individually significant item threshold for CNC. These employees were reviewed to determine if internal controls were properly functioning and applicable compliance requirements were met. Testing of these salaries revealed that the former School Food Service Director's salary was paid from Child Nutrition Cluster funds while the employee had moved to another position within the School District and did not perform Child Nutrition Cluster services.

Questioned Costs:
Known questioned costs of $41,310 were identified for salaries charged to the Child Nutrition Cluster in error. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs. The following Assistance Listing Numbers were affected by known and likely questioned costs: 10.553 and 10.555.

Cause:
The former Child Nutrition Director changed to a different position and was not correctly removed from the Child Nutrition Cluster payroll for the year under review.

Effect:
The School District is not in compliance with the Uniform Guidance and GaDOE guidance. Failure to pay employees associated with the Child Nutrition Cluster the appropriate amount and/or maintain documentation supporting these payments could result in the expenditure of funds for unallowable purposes. This may also expose the School District to unnecessary financial strains and shortages within the Child Nutrition Cluster fund as ED or GaDOE may require the School District to return funds associated with improperly documented expenditures.

Recommendation:
The School District should evaluate their internal control processes regarding the retention of documentation to support employee compensation payments. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that expenditures are appropriately documented and to ensure that Child Nutrition Cluster employees are paid appropriately. Furthermore, management should develop and implement a monitoring process to ensure that these procedures are functioning properly.

Views of Responsible Officials:
We concur with this finding.

FA 2022-002 Strengthen Controls over Procurement

Compliance Requirement:	Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	10.553 – School Breakfast Program 10.555 – National School Lunch Program
Federal Award Numbers:	225GA324N1199 (Year: 2022)
Questioned Costs:	None Identified

Description:
A review of expenditures charged to the Child Nutrition Cluster revealed that the School District's internal control procedures were not operating appropriately to ensure that the School District's procurement procedures were followed.

Background Information:
The Child Nutrition Cluster (CNC) is comprised of various programs that are intended to assist states in administering and overseeing food service program operators that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer programs. This Cluster of programs also fosters healthy eating habits in children by providing fresh fruits and fresh vegetables to children attending elementary and schools and encourages the domestic consumption of nutritious agricultural commodities.

CNC funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Agriculture. GaDOE is responsible for distributing funds to local educational agencies (LEAs) and overseeing the various CNC programs. CNC funds totaling $987,385.00 were expended and reported on the Hancock County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:
As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.318 – General Procurement Standards state in part that "(a) the non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations and… (b) non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders." In addition, provisions included in the Uniform Guidance, Section 200.320 – Methods of Procurement to Be Followed provide guidance for procurement through small purchase procedures and state "If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

Condition:
A sample of 60 procurement transactions was randomly selected for testing using a non-statistical sampling approach. These transactions were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were noted:

- The School District could not provide evidence that an adequate number of rate or price quotations were obtained from qualified sources for 21 small purchase transactions reviewed.
- The School District could not provide evidence that bids or proposals were sought and received from an adequate number of qualified sources for 28 simplified acquisition transactions reviewed.

Cause:
The School District did not obtain updated quotes from vendors associated with small purchase transactions. For simplified acquisition transactions, the School District stated that when invitations to bid were sent in fiscal years 2019 and 2020, the vendors selected were either the only ones that submitted a bid or submitted the lowest bid; however, no documentation was maintained to evidence that additional bids were sought or received. Further, based on these vendors' performance, the School District extended the contracts without issuing new invitations to bid in the current fiscal year.

Effect or Potential Effect:
The School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance. Failure to appropriately implement procedures to address procurement compliance requirements exposes the School District to unnecessary risk of error and misuse of federal funds and could result in the expenditure of federal funds with unqualified vendors. In addition, this deficiency could lead to the return of grant funds associated with unallowable expenditures.

Recommendation:
The School District should evaluate and improve internal control procedures to ensure that required procurement methods are properly identified and followed and required procurement documentation is properly identified, safeguarded, and retained. In addition, management should develop a monitoring process to ensure that these procedures are operating appropriately.

Views of Responsible Officials:
We concur with this finding.

Section V

Management's Corrective Action

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CORRECTIVE ACTION PLANS-FINANCIAL STATEMENT FINDINGS

FS 2022-001	**Internal Controls over Capital Assets**
Control Category:	**Capital Assets**
Internal Control Impact:	**Significant Deficiency**
Compliance Impact:	**None**
Repeat of Prior Year Findings:	**FS 2021-02, FS 2020-001, FS 2019-02, FS 2018-003, FS 2017-005, FS 2016-005, FS 2015-005, FS 2014-008, FS-6701-13-08, and FS 7601-12-09**

Description:

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

Corrective Action Plans:

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

Estimated Completion Date:	**June 30, 2024**
Contact Person:	**Matthias Jones, Finance Director**
Telephone:	**(706) 444-5775 Ext. 125**
Email:	**mjones@hancock.k12.ga.us**

Signature: Dena D. Harper

Title: Superintendent

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-001 Improve Controls over Employee Compensation

Compliance Requirements:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency

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Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	10.553 – School Breakfast Program
	10.555 – National School Lunch Program
Federal Award Number:	225GA324N1199 (Year: 2022)
Questioned Costs:	$41,309.92

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over the employee compensation process as it relates to the Child Nutrition Cluster.

Corrective Action Plans:

The Hancock County School District has updated the internal controls over the employee compensation process as it relates to the Child Nutrition Cluster and has corrected the employee codes for the director and former director to ensure that the correct employees are paid from CNC.

Estimated Completion Date: June 30, 2024

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

Signature: Alma D. Harper

Title: Superintendent

FA 2022-002 Strengthen Controls over Procurement

Compliance Requirement:	Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education

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AL Numbers and Titles:	10.553 – School Breakfast Program 10.555 – National School Lunch Program
Federal Award Numbers:	225GA324N1199 (Year: 2022)
Questioned Costs:	None Identified

Description:

A review of expenditures charged to the Child Nutrition Cluster revealed that the School District's internal control procedures were not operating appropriately to ensure that the School District's procurement procedures were followed.

Corrective Action Plans:

The Hancock County School District has implemented the bid process to ensure that the School District's procurement procedures are followed.

Estimated Completion Date: **June 30, 2024**

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

Signature: Elma D. Harper

Title: Superintendent