## Note 1: DESCRIPTION OF REGIONAL EDUCATiONAL SERVICE AGENCY

### REPORTING ENTITY

The \_\_\_\_\_\_\_\_\_\_\_\_ Regional Educational Service Agency (RESA), a component unit of the State of Georgia was created by the General Assembly to provide shared services to improve the effectiveness of educational programs and services of local school systems, to provide instructional programs directly to selected local school systems, and to provide Georgia Learning Resources System services.

RESAs are neither county nor independent school systems. Rather, they are service agencies, partly funded by the state, created to provide educational and support services to a group of school systems. Official Code of Georgia Annotated (O.C.G.A.) §20-2-270.1 and §20-2-271 enumerates the specific kinds of assistance RESAs must provide to member school systems. Each RESA is governed by a board of control composed of the school superintendent of each member school system, the president or highest administrator of each member postsecondary institution, and a local public or regional library director appointed by the director of the Office of Public Library Services of the Board of Regents of the University System of Georgia. RESAs are subject to the rules of the State Board of Education that govern local school systems except where explicitly stated otherwise.

RESAs may acquire, lease, purchase, lease purchase, or dispose of real or personal property and may incur debts for those purposes subject to the approval of the board of control. The property will be held in the name of the RESA. RESAs may sell or provide at a reasonable cost goods to Georgia private schools. RESAs also may provide services relating to non-educational areas such as sales and service of audio-visual equipment, sales of office supplies and consumable educational materials. RESAs have latitude to identify and provide within their available resources other non-educational services to member school systems.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance of the RESA has been prepared for the purpose of meeting the requirements of the RESA and Georgia Department of Education. The Statement of Revenues, Expenditures and Changes in Fund Balance is not intended to be a complete presentation of the RESA’s assets, liabilities, revenues, and expenses nor does it constitute a complete set of financial statements in accordance with generally accepted accounting principles. The more significant of the RESA’s accounting policies are described below.

### BASIS OF PRESENTATION

Choose the applicable option and edit details to represent the RESA’s activities and/or delete if not applicable.

Option #1

The RESA reports one major governmental fund, the general fund, which is the RESA's primary operating fund. It accounts for and reports all financial resources.

Option #2

The RESA reports the following major governmental funds:

* The general fund, which is the RESA's primary operating fund.
* The capital projects fund, which accounts for resources and costs associated with capital outlay.
* The debt service fund which is used to segregate the costs associated with lease payments for the RESA’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

### BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statement. The RESA 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 RESA considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

### New accounting Pronouncements

Update section to include GASB Statements implemented during FY2021.

In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. [The cumulative effect of GASB Statement No. 84 is described in the restatement note. OR The adoption of this statement did not have an impact on the School District’s financial statements.]

In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*. It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. [The adoption of this statement did not have an impact on the School District’s financial statements.]

In fiscal year 2021, the School District early adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. [The cumulative effect of GASB Statement No. 87 is described in the restatement note. OR The adoption of this statement did not have an impact on the School District’s financial statements.]

### Depreciation Expense

Choose the applicable option and include the appropriate disclosures:

Option #1

The RESA’s capital assets are all fully depreciated on July 1, 2020.

Option #2

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives. Depreciation expense for the year ended June 30, 2021 was $\_\_\_\_\_\_\_\_ and was charged to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [function]. Capitalization thresholds and estimated useful lives of capital assets are as follows:



### USE OF ESTIMATES

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

## Note 3: LEASES

### Operating leases

Delete the note if not applicable.

The RESA leases [describe assets by major class] \_\_\_\_\_\_\_\_\_\_\_\_\_\_under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating lease(s) totaled $\_\_\_\_\_\_\_\_\_\_- for the General Fund for the year ended June 30, 2021. The following future minimum lease payments were required under operating leases at June 30, 2021:



### CAPITAL LEASES

Delete the note if not applicable.

The RESA has acquired \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following is a schedule of total capital lease payments:



**Note 4: INSTALLMENT SALES AGREEMENT**

Delete the note if not applicable.

In \_\_\_\_\_\_\_\_\_ [month, year], the RESA entered into an installment sales agreement with \_\_\_\_\_\_\_\_\_\_\_ [bank/institution] for $\_\_\_\_\_\_\_\_\_\_to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [project]. The final amount financed totaled $\_\_\_\_\_\_\_\_ for \_\_ years at \_\_\_\_%. This amount is to be divided among participating member school districts with \_\_ annual payments to \_\_\_\_\_\_ RESA until the balance is paid. The RESA is contractually responsible to make monthly principal and interest payments to \_\_\_\_\_\_\_\_\_\_\_ [bank/institution].

The RESA’s installment sales agreement is a direct borrowing. In the event the RESA should fail to make any of the installment payments in full, or the purchase price is not paid in full, together with all other obligations arising under the installment purchase agreement, the seller has the right to demand that the RESA convey the project back to the seller, and upon such demand the RESA agrees to convey the project back to the seller immediately.

## Note 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

### Georgia School Personnel Post-employment Health Benefit Fund

***Plan Description***: Certified teachers and non-certified public-school employees of the RESA as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (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 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 RESA were $\_\_\_\_\_\_\_ for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

## Note 6: RETIREMENT PLANS

Update based on applicable retirement plans, delete those that are not applicable and modify the information as needed.

The RESA 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 RESA 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 Teachers Retirement System of Georgia issues a publicly available separate financial 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 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee’s creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee’s beneficiary had the employee retired on the date of death. Death benefits are based on the employee’s creditable service and compensation up to the date of death.

***Contributions:***Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established, and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The RESA’s contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual RESA payroll. For the current fiscal year, employer contributions to the pension plan were $\_\_\_\_\_\_\_\_\_\_\_ from the RESA.

### EMPLOYEES' RETIREMENT SYSTEM

Delete the note if not applicable.

***Plan description:*** The Employees' Retirement System of Georgia (ERS) is a cost‑sharing multiple‑employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

***Benefits provided:*** The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees’ Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member’s
highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost‑of‑living adjustments may also be made to members’ benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member’s monthly pension, at reduced rates, to a designated beneficiary upon the member’s death. Death and disability benefits are also available through ERS.

***Contributions:*** Member contributions under the old plan are 4.00% of annual compensation, up
to $4,200.00, plus 6.00% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members’ accounts for refund purposes and are used in the computation of the members’ earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The RESA’s contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2021 was 24.66% of annual covered payroll for old and new plan members
and 21.57% for GSEPS members. 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. Employer contributions to the pension plan were $\_\_\_\_\_\_\_\_\_ for the current fiscal year.

## Note 7: INTERFUND Transfers

Choose option and modify as appropriate. Delete the note if not applicable.

Option #1

Interfund transfers for the year ended June 30, 2021, consisted of the following:



Modify following sentences as appropriate.

Transfers were used to move dues and fees revenues collected by the general fund to the proprietary fund for the purpose of funding warehouse and repair operations. Transfers were also used to move sales and repair revenues from the proprietary fund to the debt service fund for lease payments related to the warehouse. [Describe purpose. Delete if not needed]

Option #2

Interfund transfers for the year ended June 30, 2021, consisted of the following:



Modify following sentence as appropriate.

Transfers were used to move revenues collected by the general fund to the capital projects fund for the construction of capital facilities. [Describe purpose. Delete if not needed]

## Note 8: RESTATEMENT OF PRIOR YEAR FUnd Balance

Modify as needed or delete the note if not applicable.

For fiscal year 2021, the RESA made a prior period adjustment due to the adoption of GASB Statement No. 84, as described in “New Accounting Pronouncements,” which requires the restatement of the June 30, 2020 fund balance in the general fund. This change is in accordance with generally accepted accounting principles.



**Note 9: DEFICIT FUND BALANCE**

Disclose any fund balance deficits. Delete the note if not applicable.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ fund reported a deficit fund balance at the fiscal year-end of $\_\_\_\_\_\_\_\_\_. The RESA plans to fund this deficit with \_\_\_\_\_\_\_\_\_\_\_\_\_\_funds. [plan to liquidate the deficit]

Note 10: SUBSEQUENT EVENTS

Describe material subsequent events that should be disclosed. Delete the note if not applicable.