## **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, 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(s) 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(s) 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.

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 debt payments for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

### 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 certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The RESA considers intergovernmental revenues to be available if they are collected within 120 days after year end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. [delete if not applicable] Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities and [delete if not applicable] acquisitions under leases are reported as other financing sources. [delete if not applicable]

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 Pronouncement**

In fiscal year 2023, the RESA adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have an impact on the RESA’s financial statement.

### Depreciation Expense

Choose the applicable option and include the appropriate disclosures:

Option #1

The RESA’s does not have any depreciation expense.

Option #2

Depreciation is computed using the straight-line method for all depreciable capital assets and is used to allocate the actual or estimated historical cost of capital assets over their estimated useful lives. Depreciation expense for the year ended June 30, 2023, was $\_\_\_\_\_\_\_\_ and was charged to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [function]. Capitalization thresholds and estimated useful lives of depreciable capital assets are as follows:

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### Amortization Expense

Choose the applicable option and include the appropriate disclosures:

Option #1

The RESA’s does not have any amortization expense.

Option #2

Intangible right-to-use assets are amortized using the straight-line basis over the shorter of the lease or subscription term or useful life of the underlying asset. Amortization expense for the year ended June 30, 2023, was $\_\_\_\_\_\_\_\_ and was charged to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [function]. Capitalization thresholds of intangible right-to-use assets are as follows:

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### Use of Estimates

The preparation of the financial statements 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 statements and accompanying notes. Actual results may differ from those estimates.

## **Note : leases**

Modify the following paragraph to describe RESA’s leases. If the RESA does not have leases, delete this note.

The RESA has acquired [describe assets by major classes] under the provisions of various contracts that convey control of the right to use another entity’s asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes. Expenditures under the terms of the leases totaled $\_\_\_\_\_\_\_\_\_ for the General Fund [edit if another fund] for the year ended June 30, 2022.

## **Note : Financed purchases**

Modify the following paragraphs to describe the RESA’s obligations under financed purchases (e.g., energy efficiency leases, installment sales agreement, buses). Delete paragraphs that are not applicable. At the end of the payments for a financed purchase the RESA would own the asset without taking any additional action. A bargain purchase “option” requires additional action. If the RESA does not have financed purchases, delete this note.

### Energy Efficiency Agreement

An energy efficiency lease agreement dated [insert date] was executed by and between the RESA, the lessee, and [insert lending institution], the lessor. The agreement authorized the borrowing of $\_\_\_\_\_ for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the RESA’s general fund [edit if another fund].

Example GASB 88 disclosure

The RESA’s outstanding obligations from an energy efficiency lease agreement related to governmental activities of $\_\_\_\_\_\_ contain a provision that in an event of default, the lessor has the option of declaring outstanding amounts immediately due and payable or they make take possession of project, equipment, machinery, or supplies.

### 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].

Example GASB 88 disclosure

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 : subscription agreements**

Modify the following paragraph to describe the RESA’s obligations under subscription agreements. Delete the paragraph if it is not applicable.

The RESA has entered into certain subscription-based contracts to use vendor-provided information technology (IT) under the provisions of various contracts that convey control of the right-to-use another entity’s asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as subscription liabilities for accounting purposes. The RESA is contractually responsible to make monthly principal and interest payments on these agreements.

**NOTE : 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 post-employment 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. Information about the OPEB plan is available in the Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

***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, 2023. Active employees are not required to contribute to the School OPEB Fund.

## **Note : RETIREMENT PLANS**

Update based on applicable retirement plans, delete those that are not applicable and modify the information as needed. Delete the following paragraph if there is only one retirement plan (e.g., only TRS).

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 2023. The RESA’s contractually required contribution rate for the year ended June 30, 2023, was 19.98% of annual RESA payroll. For the current fiscal year, employer contributions to the pension plan were $\_\_\_\_\_\_\_\_\_ from the RESA.

Delete the ERS note below if not applicable.

### Employees’ Retirement System

***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/financials.

***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 total required contribution rate for the year ended June 30, 2023, was 31.01% of annual covered payroll for old and new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of cost-of-living adjustments (COLA) prefunding for certain retired ERS 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 : INTERFUND Transfers**

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

Option #1

Interfund transfers for the year ended June 30, 2023, 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, 2023, 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 : RESTATEMENT OF PRIOR YEAR FUnd Balance**

Modify as needed or delete the note if not applicable.

For fiscal year 2023, the RESA made a prior period adjustment to correct misstatements due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which requires the restatement of the June 30, 2021, fund balance for the general fund. This change is in accordance with generally accepted accounting principles.



## **Note : 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 : RELATED PARTY TRANSACTIONS**

Add disclosure regarding any related party transactions. Delete the note if not applicable.

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## **Note : SUBSEQUENT EVENTS**

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

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