



FINANCIAL REPORT • FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Northeast Georgia Regional Educational Service Agency Winterville, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor
Kristina A. Turner | Deputy State Auditor



DOAA

Georgia Department
of Audits & Accounts

Northeast Georgia Regional Educational Service Agency

Table of Contents

Independent Auditor's Report

Financial Statement

Statement of Revenues, Expenditures and Changes in Fund Balance	1
Notes to the Financial Statement	2



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
Mrs. Laurie Allison, Executive Director and Members of the
Northeast Georgia Regional Educational Service Agency Board of Control

We have audited the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance and the related notes (financial statement) of the Northeast Georgia Regional Educational Service Agency (RESA), a component unit of the State of Georgia, as of and for the year ended June 30, 2021.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the RESA's preparation and fair presentation of the financial statement 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 RESA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective changes in fund balance of the general fund and the related notes for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statement, the Statement of Revenues, Expenditures and Changes in Fund Balance was prepared for the purpose of meeting the requirements of the RESA and the Georgia Department of Education and 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. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the RESA's management, members of the Board of Control, and the Georgia Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

September 7, 2022

Northeast Georgia Regional Educational Service Agency

NORTHEAST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2021

	GENERAL FUND
<hr/>	
<u>REVENUES</u>	
State Funds	\$ 2,755,649.33
Federal Funds	1,612,577.29
Charges for Services	533,948.58
Investment Earnings	66.08
Miscellaneous	6,239,556.53
Total Revenues	<hr/> 11,141,797.81 <hr/>
<u>EXPENDITURES</u>	
Current	
Instruction	3,946,246.28
Support Services	
Pupil Services	2,942,346.22
Improvement of Instructional Services	2,412,097.45
General Administration	238,214.68
School Administration	122,444.58
Business Administration	203,442.98
Maintenance and Operation of Plant	559,810.66
Enterprise Operations	1,689.00
Total Expenditures	<hr/> 10,426,291.85 <hr/>
Revenues over Expenditures	715,505.96
<u>OTHER FINANCING SOURCES</u>	
Sale of Capital Assets	<hr/> 8,000.00 <hr/>
Net Change in Fund Balance	723,505.96
Fund Balance - Beginning	<hr/> 2,629,127.33 <hr/>
Fund Balance - Ending	<hr/> \$ 3,352,633.29 <hr/>

NORTHEAST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2021

NOTE 1: DESCRIPTION OF REGIONAL EDUCATIONAL SERVICE AGENCY

REPORTING ENTITY

The Northeast Georgia 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

The RESA reports one major governmental fund, the general fund, which is the RESA's primary operating fund.

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.

NORTHEAST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2021

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.

Depreciation Expense

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 \$41,782.52 and was charged to maintenance and operation of plant. Capitalization thresholds and estimated useful lives of capital assets are as follows:

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 50,000.00	up to 50 years
Buildings and Improvements		
Mobile Classrooms	\$ 100,000.00	10 years
Permanent Structures	\$ 100,000.00	50 years
Computers and Computer Equipment	\$ 10,000.00	5 years
Equipment	\$ 10,000.00	5 to 10 years
Network Infrastructure	\$ 100,000.00	10 years
Vehicles	\$ 10,000.00	6 years

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.

NORTHEAST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2021

NOTE 3: LEASES

Operating leases

The RESA leases copier and postage machines 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 leases totaled \$12,859.92 for the year ended June 30, 2021. The following future minimum lease payments were required under operating leases at June 30, 2021:

Year Ending	
2022	\$ 12,859.92
2023	12,859.92
2024	11,715.92
2025	914.66
Total	\$ 38,350.42

NOTE 4: 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 <http://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 \$161,833.00 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

NORTHEAST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2021

NOTE 5: RETIREMENT PLANS

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 \$926,485.89 from the RESA.