West 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
Dr. Shanna Downs, Executive Director and Members of the
West 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 West 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.

As also discussed in Note 2 to the financial statements, in 2021, the RESA adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The RESA restated beginning fund balance for the effect of GASB Statement No. 84. 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,

Greg S. Griffin  
State Auditor

September 2, 2022
West Georgia Regional Educational Service Agency
### WEST GEORGIA REGIONAL EDUCATIONAL SERVICE AGENCY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUND**

**YEAR ENDED JUNE 30, 2021**

<table>
<thead>
<tr>
<th>Revenue or Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Funds</strong></td>
<td>$4,259,432.46</td>
</tr>
<tr>
<td><strong>Federal Funds</strong></td>
<td>$1,738,280.94</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td>$116,925.00</td>
</tr>
<tr>
<td><strong>Investment Earnings</strong></td>
<td>$2.02</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>$3,002,143.20</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$9,116,783.62</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Instruction</strong></td>
<td>$3,033,818.25</td>
</tr>
<tr>
<td><strong>Support Services</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Pupil Services</strong></td>
<td>$740,527.58</td>
</tr>
<tr>
<td><strong>Improvement of Instructional Services</strong></td>
<td>$3,054,203.77</td>
</tr>
<tr>
<td><strong>General Administration</strong></td>
<td>$205,964.38</td>
</tr>
<tr>
<td><strong>School Administration</strong></td>
<td>$186,392.35</td>
</tr>
<tr>
<td><strong>Business Administration</strong></td>
<td>$396,694.97</td>
</tr>
<tr>
<td><strong>Maintenance and Operation of Plant</strong></td>
<td>$254,194.05</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$7,871,795.35</strong></td>
</tr>
</tbody>
</table>

**Net Change in Fund Balance**  
$1,244,988.27

**Fund Balance - Beginning (Restated)**  
$919,717.11

**Fund Balance - Ending**  
**$2,164,705.38**

The notes to the financial statement are an integral part of this statement.
NOTE 1: DESCRIPTION OF REGIONAL EDUCATIONAL SERVICE AGENCY

REPORTING ENTITY

The West 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.
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**

In fiscal year 2021, the RESA 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 post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund. 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.

**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 $1,599,76 and was charged to school administration. Capitalization thresholds and estimated useful lives of capital assets are as follows:

<table>
<thead>
<tr>
<th>Capitalization Policy</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

**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

The RESA leases a building at 99 Brown School Drive, Grantville GA 30220 under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease totaled $9,000.00 for the year ended June 30, 2021. The following future minimum lease payments were required under the operating lease at June 30, 2021:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$ 9,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>9,000.00</td>
</tr>
</tbody>
</table>

Total $18,000.00

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](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 $164,429.00 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.
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 $857,119.00 from the RESA.

NOTE 6: RESTATEMENT OF PRIOR YEAR FUND BALANCE

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance (General Fund), July 1, 2020, as previously reported</td>
<td>$697,108.33</td>
</tr>
<tr>
<td>Prior Period Adjustment - Implementation of GASB No. 84:</td>
<td></td>
</tr>
<tr>
<td>Fiduciary Fund Reclassification</td>
<td>222,608.78</td>
</tr>
<tr>
<td>Fund Balance (General Fund), July 1, 2020, as restated</td>
<td>$919,717.11</td>
</tr>
</tbody>
</table>

Funds Held for Others of $222,608.78, previously reported in Fiduciary Funds, was reclassified to Fund Balance (General Fund).