ANNUAL FINANCIAL REPORT • FISCAL YEAR 2024

Griffin Regional Educational Service Agency

Griffin, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor

DOAA
Georgia Department of Audits & Accounts

Griffin Regional Educational Service Agency

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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. Stephanie Gordy, Executive Director and Members of the
Griffin Regional Educational Service Agency Board of Control

Opinion

We have audited the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related notes (financial statement) of the Griffin Regional Educational Service Agency (RESA), a component unit of the State of Georgia, as of and for the year ended June 30, 2024.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective changes in fund balances of the general fund, debt service fund and the related notes of the RESA for the year ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report.

We are required to be independent of the RESA, 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 opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statement, the Statement of Revenues, Expenditures and Changes in Fund Balances 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.

Responsibilities of Management 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 and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, 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 statement.

- 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 RESA'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 statement.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RESA'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.

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

August 28, 2025

Griffin Regional Educational Service Agency

GRIFFIN REGIONAL EDUCATIONAL SERVICE AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
REVENUES			
State Funds	$ 1,107,072.00	$ -	$ 1,107,072.00
Federal Funds	1,097,525.97	-	1,097,525.97
Investment Earnings	14,749.39	-	14,749.39
Miscellaneous	3,848,595.85	-	3,848,595.85
Total Revenues	6,067,943.21	-	6,067,943.21
EXPENDITURES			
Current			
Instruction	145,011.62	-	145,011.62
Support Services			
Pupil Services	398,522.05	-	398,522.05
Improvement of Instructional Services	4,283,115.76	-	4,283,115.76
General Administration	473,709.25	-	473,709.25
Business Administration	363,333.31	-	363,333.31
Maintenance and Operation of Plant	236,974.81	-	236,974.81
Debt Services			
Principal	-	19,377.00	19,377.00
Interest	-	16,849.80	16,849.80
Total Expenditures	5,900,666.80	36,226.80	5,936,893.60
Revenues over (under) Expenditures	167,276.41	(36,226.80)	131,049.61
OTHER FINANCING SOURCES (USES)			
Transfers In	-	36,226.80	36,226.80
Transfers Out	(429,957.87)	-	(429,957.87)
Total Other Financing Sources (Uses)	(429,957.87)	36,226.80	(393,731.07)
Net Change in Fund Balances	(262,681.46)	-	(262,681.46)
Fund Balances - Beginning	3,541,335.29	-	3,541,335.29
Fund Balances - Ending	$ 3,278,653.83	$ -	$ 3,278,653.83

The notes to the financial statement are an integral part of this statement.

NOTE 1: DESCRIPTION OF REGIONAL EDUCATIONAL SERVICE AGENCY

Reporting Entity

The Griffin 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 Balances 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 Balances 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 the following major governmental funds:

- The general fund, which is the RESA's primary operating fund.
- The debt service fund which is used to segregate the costs associated with debt payments for the RESA's warehouse facility.

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 sixty 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. Capital asset acquisitions are reported as expenditures in governmental funds.

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 2024, the RESA adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoption of this statement did not have a material impact on the RESA's financial statement. This statement will be applied prospectively.

Depreciation Expense

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, 2024, was $13,970.54 and was charged to maintenance and operation of plant. Capitalization thresholds and estimated useful lives of depreciable capital assets are as follows:

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	$ 5,000.00	10 years
Buildings and Improvements	$ 5,000.00	40 years
Equipment	$ 5,000.00	5 years

Amortization Expense

The RESA does not have any amortization expense.

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 3: FINANCED PURCHASES

Financed Purchase Agreement

In February 2010, the RESA acquired the Carver Road Warehouse Facility under the provisions of a financed purchase agreement with the Griffin-Spalding County Development Authority for $514,815.00. The RESA is contractually responsible for making monthly principal and interest payments to the First National Bank of Griffin through March 2035. Payments are made from the RESA's debt service funds. The outstanding principal at June 30, 2024, is $292,952.65.

In the event the RESA should fail to make the payments in full, together with any obligations arising under the financed purchase agreement, the First National Bank of Griffin may demand outstanding amounts immediately due and payable or they may take possession of the facility.

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 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 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 OPEB Fund from the RESA were $71,786.00 for the year ended June 30, 2024. 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 2024. The RESA's contractually required contribution rate for the year ending June 30, 2024, was 19.98% of annual RESA payroll. For the current fiscal year, employer contributions to the pension plan were $677,443.85 from the RESA.

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2024, consisted of the following:

	Transfers From	
Transfers to	General Fund	Proprietary Fund
Proprietary Fund	$ 429,957.87	$ -
Debt Service Fund	-	36,226.80
Total	$ 429,957.87	$ 36,226.80

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.