



Annual Financial Report

For the fiscal year ended June 30, 2018

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GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018

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Independent Auditor's Report

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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 Commission'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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Georgia Mountains Regional Commission, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund, WIOA Programs Fund, and Planning and Government Services Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 9 and 49 through 52, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Georgia Mountains Regional Commission's basic financial statements. The schedules in the state reporting section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedules in the state reporting section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules in the state reporting section and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Georgia Mountains Regional Commission's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 14, 2018

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the Georgia Mountains Regional Commission, we are pleased to provide this narrative discussion and analysis of the Georgia Mountains Regional Commission's (GMRC) financial performance, providing an overview of the Regional Commission's (RC) financial activities for the fiscal year ended June 30, 2018. Please read the information presented here in conjunction with the additional information that we have furnished in the RC's financial statements, which follow this narrative.

Financial Highlights

- The RC's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$3,219,429 for the fiscal year reported.
- There was a \$316,713 increase in the RC's fund balance in the General Fund.
- As of the end of the current fiscal year, the RC's governmental funds reported combined ending fund balances of \$2,483,804, an increase of \$316,713 from the prior year. Of this amount, \$2,387,154 (unassigned fund balance) may be used to meet the RC's ongoing obligations to the member local governments and creditors.

The RC continues servicing the Economic Development Administration's (EDA) Revolving Loan Fund (RLF) which consists of fifteen (15) active loans. The RLF program's net position exceeds \$1.6 million, which decreased by \$22,681 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the RC's basic financial statements. The basic financial statements include: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. The RC also includes required supplementary information. The RC's financial reporting entity includes the funds of the Georgia Mountains Regional Commission (primary government).

Government-wide Financial Statements

The government-wide statements report information about the RC as a whole, similar to those utilized by companies within the private sector. The *Statement of Net Position* combines all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the RC. In the same manner, the *Statement of Activities* presents all of the revenues and expenses of the RC, regardless of when cash is received or paid.

These two statements report the changes in net position or the difference between the RC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Monitoring fluctuations in net position is one way to evaluate the RC's financial position.

The government-wide financial statements reflect only governmental activities that are generally funded through member government dues, federal, state and contracts with local governments. The RC maintains an internal service fund, which is utilized to aggregate pooled costs, which are allocated to various grants and contracts based upon the RC's cost allocation plan. The internal service fund is reported as a governmental fund at the government-wide financial reporting level. Governmental activities include general government, WIOA programs, and planning and government services.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The Statement of Net Position and the Statement of Activities distinguish functions of the Georgia Mountains RC that are principally supported by Local Government Dues and Contracts / Grants (governmental activities) from the RLF Loan Program (business-type activities).

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

For our analysis of the RC's funds, the fund financial statements provide more detailed information about individual funds and individual funding sources, rather than the RC as a whole. Some funds are required to be established by grant providers, federal and state laws, regulations, or other policies. Some funds are established for the RC's management for control purposes. The funds of the RC can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – The RC's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the RC's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available. The relationship and differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled on the reconciliations on pages 13 and 15. Also, the budgetary comparison schedules for the *General Fund* and the major *Special Revenue Funds* are included in the basic financial statements.

The basic governmental fund financial statements are presented on pages 12 through 18 of this report.

The RC maintains the following major governmental funds: General Fund, WIOA Programs Fund, and Planning and Government Services Fund. The RC's Council approves an annual budget for its funds.

Proprietary funds – The RC maintains two types of proprietary funds, enterprise funds and internal service funds. The basic proprietary fund financial statements are presented on pages 19 through 21 of this report.

The *RC Revolving Loan Enterprise Fund* was originally capitalized with a \$500,000 grant to the former GMRDC from the Economic Development Administration (EDA) and \$250,000 local governments match from the former GMRDC in March 1987. The EDA Revolving Loan Fund (RLF) has \$1,633,037 in net position at the end of the current fiscal year.

The *Internal Service Fund* is used to accumulate and allocate cost among the grants and contracts in accordance with the RC's cost allocation plan. Because these costs are allocated to and benefit governmental functions, they are presented in governmental activities in the government-wide financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the RC's defined benefit pension plan. This information begins on page 49.

Supplementary Information

This report also presents supplementary information in the State Reporting Section concerning the RC's state compliance presentations. This information is included in order to meet certain state requirements. State compliance schedules are presented in this section of the report beginning on page 62.

Governmental Funds Analysis

The RC's governmental funds provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the RC's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the RC's net resources available for spending at the end of the fiscal year.

Of the total combined fund balance, approximately 96% consists of unassigned fund balance, which serves as a measure of current available financial resources.

The restricted and assigned fund balances represent resources not available for spending. The RC's restricted fund balance represents 1% of the combined fund balances, while assigned fund balance represents 3% of the combined fund balance.

The RC's governmental funds reported a combined fund balance of \$2,483,804 at the end of the current fiscal year.

Proprietary Funds Analysis

As previously discussed, the RC maintains two proprietary funds, the Internal Service Fund and the RLF Fund. The Internal Service Fund is used to accumulate and allocate costs benefiting grants and contracts. The expenses are allocated based on an indirect cost allocation plan approved by the cognizant oversight agency, U.S. Department of Commerce. Indirect costs are allocated on the basis of direct salaries plus fringe benefits. The RLF Fund is used to accumulate and report the activities of the loan program.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Government-wide Financial Analysis

The following table presents a comparison between the current and preceding years' Statement of Net Position:

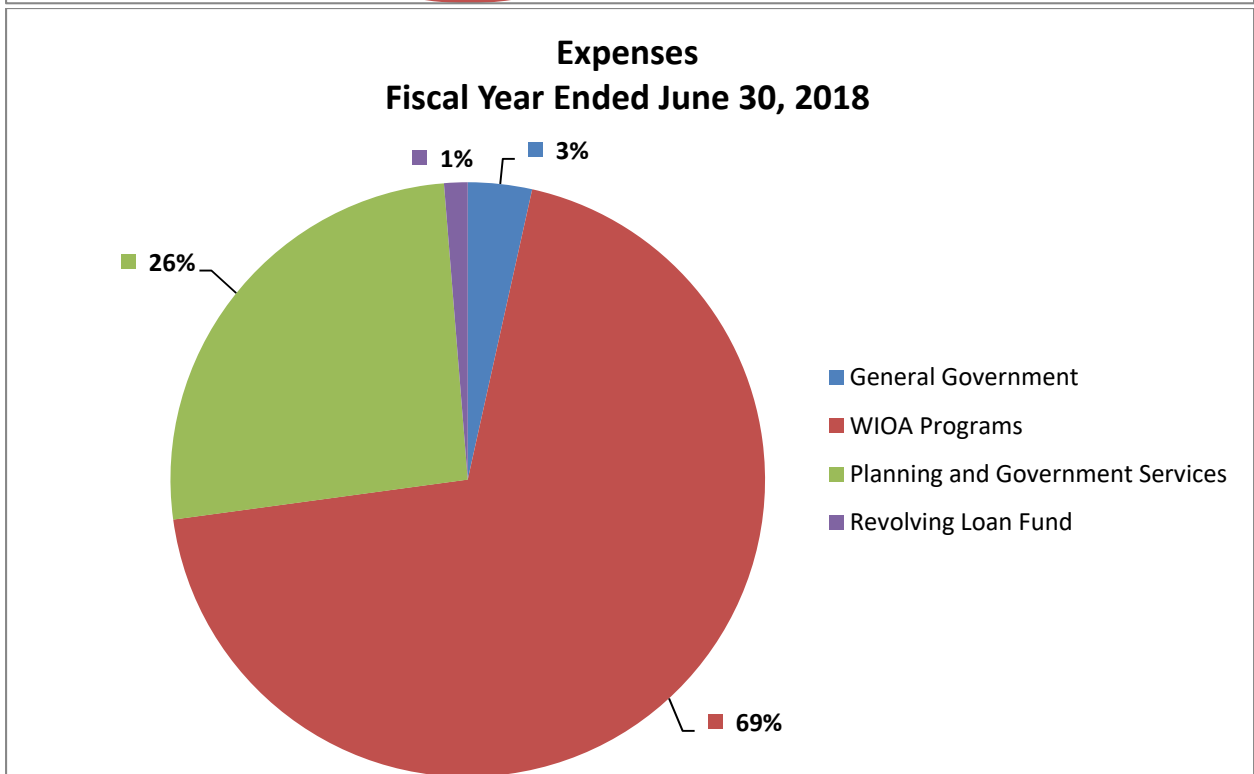
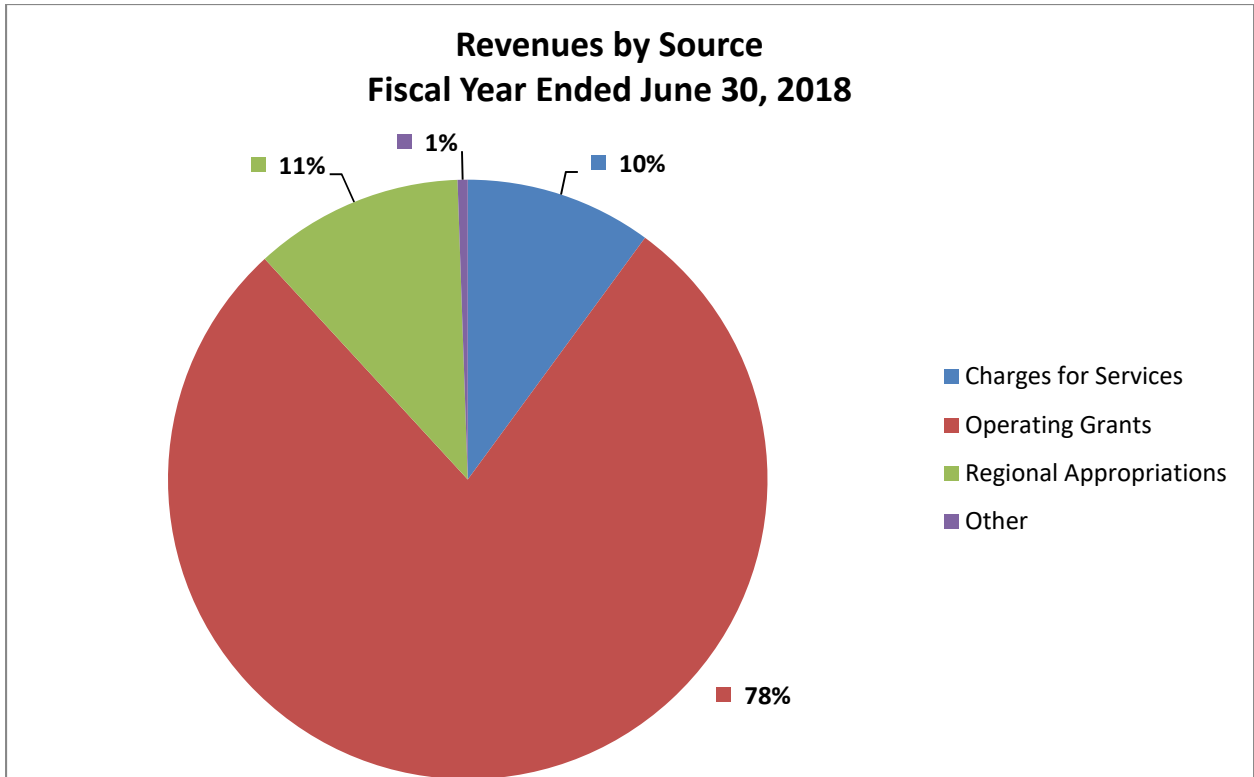
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$2,995,464	\$2,523,605	\$1,000,645	\$903,001	\$3,996,109	\$3,426,606
Capital assets	32,843	55,453	0	0	32,843	55,453
Other noncurrent assets	0	0	632,496	752,724	632,496	752,724
Total assets	<u>3,028,307</u>	<u>2,579,058</u>	<u>1,633,141</u>	<u>1,655,725</u>	<u>4,661,448</u>	<u>4,234,783</u>
Deferred outflows of resources						
Pension contributions subsequent to measurement date	180,946	191,392	0	0	180,946	191,392
Pension experience differences	135,546	157,317	0	0	135,546	157,317
Pension investment return differences	0	213,507	0	0	0	213,507
Total deferred outflows of resources	<u>316,492</u>	<u>562,216</u>	<u>0</u>	<u>0</u>	<u>316,492</u>	<u>562,216</u>
Total assets and deferred outflows of resources	<u>3,344,799</u>	<u>3,141,274</u>	<u>1,633,141</u>	<u>1,655,725</u>	<u>4,977,940</u>	<u>4,796,999</u>
Liabilities						
Current liabilities	594,254	436,021	104	7	594,358	436,028
Noncurrent liabilities	759,383	1,243,642	0	0	759,383	1,243,642
Total liabilities	<u>1,353,637</u>	<u>1,679,663</u>	<u>104</u>	<u>7</u>	<u>1,353,741</u>	<u>1,679,670</u>
Deferred inflows of resources						
Pension assumption changes	72,240	0	0	0	72,240	0
Pension investment return differences	332,530	215,856	0	0	332,530	215,856
Total deferred inflows of resources	<u>404,770</u>	<u>215,856</u>	<u>0</u>	<u>0</u>	<u>404,770</u>	<u>215,856</u>
Total liabilities and deferred inflows of resources	<u>1,758,407</u>	<u>1,895,519</u>	<u>104</u>	<u>7</u>	<u>1,758,511</u>	<u>1,895,526</u>
Net position						
Investment in capital assets	32,843	55,453	0	0	32,843	55,453
Restricted	29,474	26,170	1,633,037	1,655,718	1,662,511	1,681,888
Unrestricted	1,524,075	1,164,132	0	0	1,524,075	1,164,132
Total net position	<u>\$1,586,392</u>	<u>\$1,245,755</u>	<u>\$1,633,037</u>	<u>\$1,655,718</u>	<u>\$3,219,429</u>	<u>\$2,901,473</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The following table presents a comparison between the current and preceding years' Statement of Activities:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$609,498	\$199,136	\$52,135	\$53,454	\$661,633	\$252,590
Operating grants and contributions	5,128,422	4,910,807	0	0	5,128,422	4,910,807
General Revenues						
Regional appropriations	742,130	727,826	0	0	742,130	727,826
Interest	0	0	5,050	2,811	5,050	2,811
Other	30,334	156,849	57	174	30,391	157,023
Total revenues	6,510,384	5,994,618	57,242	56,439	6,567,626	6,051,057
Expenses						
General Government	217,599	171,451	0	0	217,599	171,451
WIOA Programs	4,335,406	4,436,233	0	0	4,335,406	4,436,233
Planning and Government Services	1,616,742	1,178,617	0	0	1,616,742	1,178,617
Revolving loan fund	0	0	79,923	168,539	79,923	168,539
Total expenses	6,169,747	5,786,301	79,923	168,539	6,249,670	5,954,840
Transfers in (out)	0	3,839	0	(3,839)	0	0
Change in net position	340,637	212,156	(22,681)	(115,939)	317,956	96,217
Net position, beginning	1,245,755	1,033,599	1,655,718	1,771,657	2,901,473	2,805,256
Net position, ending	\$1,586,392	\$1,245,755	\$1,633,037	\$1,655,718	\$3,219,429	\$2,901,473

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**



**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Budgetary Highlights

Due to the fact that the RC is mandated by State law to adopt its next year's budget before the end of the current year, the wide range of programs and services, the variety of grant start and end dates, and additional funding cuts or additional funding obtained by the RC, the original budget is adopted using known and conservative estimates.

The General Fund budget complied with financial policies approved by the RC.

Capital Assets

The RC's investment in capital assets, net of accumulated depreciation, for governmental activities at the end of the current fiscal year was \$32,843. The RC generally capitalizes assets with cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. See Note 6 to the Financial Statements for additional information about changes in capital assets during the fiscal year.

	Program		Non-Program		Total	
	2018	2017	2018	2017	2018	2017
Equipment	\$29,919	\$29,919	\$89,875	\$89,875	\$119,794	\$119,794
Vehicles	604,510	604,510	106,317	131,288	710,827	735,798
Accumulated depreciation	(620,996)	(617,407)	(176,782)	(182,732)	(797,778)	(800,139)
Capital assets, net	\$13,433	\$17,022	\$19,410	\$38,431	\$32,843	\$55,453

Economic Factors and Next Year's Budget

The RC's funding level continues to change due to the level of Federal and State funding or appropriations for the services offered by the RC to assist its member governments. The dues assessment approved by the RC's Council remained at \$1.10 per capita for the current fiscal year. The RC's dues are based on the most current Census estimates from the Georgia Department of Community Affairs.

The RC received over 72% of its governmental fund revenues in the current fiscal year from federal sources. In addition to the federal sources, the RC received 11% of its governmental fund revenues from local dues assessments. The RC continues to search for new funding opportunities to assist the cities and counties in our region.

Contacting the RC's Financial Management

This financial report is designed to provide a general overview of the RC's finances and to show the RC's accountability for the money it receives. If you have questions about this report or need additional information, contact Heather Feldman, Executive Director at the Georgia Mountains Regional Commission, 1310 W. Ridge Rd., P.O. Box 1720, Gainesville, Georgia 30503.

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BASIC FINANCIAL STATEMENTS

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,732,959	\$ 893,756	\$ 3,626,715
Restricted cash and cash equivalents	29,474	0	29,474
Receivables (net)			
Federal	58,554	0	58,554
State	59,954	0	59,954
Other	100,399	0	100,399
Loans receivable	0	106,889	106,889
Prepays	14,124	0	14,124
Total current assets	<u>2,995,464</u>	<u>1,000,645</u>	<u>3,996,109</u>
Noncurrent assets			
Loans receivable	0	632,496	632,496
Depreciable capital assets (net)	32,843	0	32,843
Total noncurrent assets	<u>32,843</u>	<u>632,496</u>	<u>665,339</u>
Total assets	<u>3,028,307</u>	<u>1,633,141</u>	<u>4,661,448</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	180,946	0	180,946
Pension experience differences	135,546	0	135,546
Total deferred outflows of resources	<u>316,492</u>	<u>0</u>	<u>316,492</u>
Total assets and deferred outflows of resources	<u>3,344,799</u>	<u>1,633,141</u>	<u>4,977,940</u>
LIABILITIES			
Current liabilities			
Accounts payable	184,150	0	184,150
Accrued salaries and payroll liabilities	26,139	104	26,243
Compensated absences	120,530	0	120,530
Unearned revenue	263,435	0	263,435
Total current liabilities	<u>594,254</u>	<u>104</u>	<u>594,358</u>
Noncurrent liabilities			
Net pension liability	759,383	0	759,383
Total liabilities	<u>1,353,637</u>	<u>104</u>	<u>1,353,741</u>
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	72,240	0	72,240
Pension investment return differences	332,530	0	332,530
Total deferred inflows of resources	<u>404,770</u>	<u>0</u>	<u>404,770</u>
Total liabilities and deferred inflows of resources	<u>1,758,407</u>	<u>104</u>	<u>1,758,511</u>
NET POSITION			
Investment in capital assets	32,843	0	32,843
Restricted for Friends of GMRC	29,474	0	29,474
Restricted for loans	0	1,633,037	1,633,037
Unrestricted	1,524,075	0	1,524,075
Total net position	<u>\$ 1,586,392</u>	<u>\$ 1,633,037</u>	<u>\$ 3,219,429</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government					
Governmental activities					
General Government	\$ 217,599	\$ 21,472	\$ 0	\$ 0	\$ (196,127)
WIOA Programs	4,335,406	0	4,366,821	0	31,415
Planning and Government Services	1,616,742	588,026	761,601	0	(267,115)
Total governmental activities	<u>6,169,747</u>	<u>609,498</u>	<u>5,128,422</u>	<u>0</u>	<u>(431,827)</u>
Business-type activities					
Revolving Loan Fund	79,923	52,135	0	0	(27,788)
Total business-type activities	<u>79,923</u>	<u>52,135</u>	<u>0</u>	<u>0</u>	<u>(27,788)</u>
Total primary government	<u>6,249,670</u>	<u>661,633</u>	<u>5,128,422</u>	<u>0</u>	<u>(459,615)</u>
	Governmental Activities	Business-Type Activities	Total		
Change in net position					
Net (expense) revenue	<u>\$ (431,827)</u>	<u>\$ (27,788)</u>	<u>\$ (459,615)</u>		
General revenues					
Regional appropriations	742,130	0	742,130		
Interest and investment earnings	0	5,050	5,050		
Gain on sale of assets	12,164	0	12,164		
Other	18,170	57	18,227		
Total general revenues	<u>772,464</u>	<u>5,107</u>	<u>777,571</u>		
Change in net position	340,637	(22,681)	317,956		
Net position - beginning	<u>1,245,755</u>	<u>1,655,718</u>	<u>2,901,473</u>		
Net position - ending	<u>\$ 1,586,392</u>	<u>\$ 1,633,037</u>	<u>\$ 3,219,429</u>		

GEORGIA MOUNTAINS REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	WIOA Programs	Planning and Government Services	Totals
ASSETS				
Cash and cash equivalents	\$ 2,381,511	\$ 326,101	\$ 0	\$ 2,707,612
Restricted cash and cash equivalents	29,474	0	0	29,474
Receivables (net)				
Federal	0	44	58,510	58,554
State	0	0	59,954	59,954
Other	20,072	0	80,327	100,399
Due from other funds	57,985	0	0	57,985
Total assets	\$ 2,489,042	\$ 326,145	\$ 198,791	\$ 3,013,978
LIABILITIES				
Accounts payable	\$ 1,508	\$ 162,900	\$ 19,742	\$ 184,150
Accrued salaries and payroll liabilities	826	17,349	6,429	24,604
Due to other funds	0	0	57,985	57,985
Unearned revenue	2,904	145,896	114,635	263,435
Total liabilities	5,238	326,145	198,791	530,174
FUND BALANCES				
Restricted for Friends of GMRC	29,474	0	0	29,474
Assigned for capital outlay	67,176	0	0	67,176
Unassigned	2,387,154	0	0	2,387,154
Total fund balances	2,483,804	0	0	2,483,804
Total liabilities and fund balances	\$ 2,489,042	\$ 326,145	\$ 198,791	\$ 3,013,978

**GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2018**

Total fund balances - total governmental funds \$ 2,483,804

Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and therefore are not reported in the funds.
These are:

Capital assets, net of accumulated depreciation		32,843
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (120,530)		
Net pension liability	(759,383)		(879,913)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:			
Pension contributions subsequent to measurement date	\$ 180,946		
Pension experience differences	135,546		
Deferred inflows of resources:			
Pension assumption changes	(72,240)		
Pension investment return differences	(332,530)		(88,278)

Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service funds net position	\$ 57,346		
Less capital assets included above	(19,410)		37,936

Net position of governmental activities		\$ 1,586,392	
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GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

	<u>General</u>	<u>WIOA Programs</u>	<u>Planning and Government Services</u>	<u>Totals</u>
REVENUES				
Federal sources	\$ 0	\$ 4,366,821	\$ 343,724	\$ 4,710,545
State sources	0	0	292,772	292,772
City and county	742,130	0	713,131	1,455,261
Charges for services	21,472	0	0	21,472
Other	17,786	324	60	18,170
Total revenues	<u>781,388</u>	<u>4,367,145</u>	<u>1,349,687</u>	<u>6,498,220</u>
EXPENDITURES				
Current				
Salaries and wages	57,870	997,624	549,407	1,604,901
Fringe benefits	21,995	405,247	187,657	614,899
Contracts	1,629	790,138	633,209	1,424,976
Rentals	17,385	173,912	0	191,297
Travel	98	276,882	29,662	306,642
Training	655	1,162,668	10	1,163,333
Supplies and materials	21,969	18,342	1,121	41,432
Other	39,799	467,780	29,572	537,151
Indirect costs	23,807	74,552	198,517	296,876
Total expenditures	<u>185,207</u>	<u>4,367,145</u>	<u>1,629,155</u>	<u>6,181,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>596,181</u>	<u>0</u>	<u>(279,468)</u>	<u>316,713</u>
Other financing sources (uses)				
Transfers in	0	0	279,468	279,468
Transfers out	(279,468)	0	0	(279,468)
Total other financing sources (uses)	<u>(279,468)</u>	<u>0</u>	<u>279,468</u>	<u>0</u>
Net change in fund balance	316,713	0	0	316,713
Fund balances, July 1	<u>2,167,091</u>	<u>0</u>	<u>0</u>	<u>2,167,091</u>
Fund balances, June 30	<u><u>\$ 2,483,804</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,483,804</u></u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018**

Net change in fund balances - total governmental funds \$ 316,713

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 0	
Depreciation	(14,702)	(14,702)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 241,261	
Cost of benefits earned net of employee contributions	(191,640)	49,621

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change in compensated absences. (6,197)

Internal service funds are used by management to charge the cost of certain activities to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.

Change in net position of internal service funds	\$ (15,911)	
Add depreciation expense included above	11,113	(4,798)

Change in net position of governmental activities		\$ <u>340,637</u>
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GEORGIA MOUNTAINS REGIONAL COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
City and county	\$ 742,130	\$ 742,130	\$ 742,130	\$ 0
Charges for services	0	20,000	21,472	1,472
Other	3,000	5,000	17,786	12,786
Total revenues	745,130	767,130	781,388	14,258
EXPENDITURES				
Current				
General Government				
Salaries and wages	167,020	117,020	57,870	59,150
Fringe benefits	0	22,000	21,995	5
Contracts	20,500	20,500	1,629	18,871
Rentals	18,000	18,000	17,385	615
Travel	3,815	3,815	98	3,717
Training	0	1,000	655	345
Supplies and materials	6,685	22,685	21,969	716
Capital expenditures	25,000	25,000	0	25,000
Other	7,350	40,350	39,799	551
Indirect costs	67,856	67,856	23,807	44,049
Total expenditures	316,226	338,226	185,207	153,019
Excess (deficiency) of revenues over expenditures	428,904	428,904	596,181	167,277
Other financing sources (uses)				
Transfers out	(428,904)	(428,904)	(279,468)	149,436
Net change in fund balances	0	0	316,713	316,713
Fund balances, July 1	0	0	2,167,091	2,167,091
Fund balances, June 30	\$ 0	\$ 0	\$ 2,483,804	\$ 2,483,804

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 4,788,845	\$ 4,366,719	\$ 4,366,821	\$ 102
Other	0	1,000	324	(676)
Total revenues	4,788,845	4,367,719	4,367,145	(574)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	1,159,911	997,711	997,624	87
Fringe benefits	0	405,300	405,247	53
Contracts	290,136	790,210	790,138	72
Rentals	0	174,000	173,912	88
Travel	224,458	276,958	276,882	76
Training	2,311,758	1,162,758	1,162,668	90
Supplies and materials	51,290	18,390	18,342	48
Other	678,792	467,792	467,780	12
Indirect costs	72,500	74,600	74,552	48
Total expenditures	4,788,845	4,367,719	4,367,145	574
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
PLANNING AND GOVERNMENT SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 414,609	\$ 343,345	\$ 343,724	\$ 379
State sources	243,993	292,582	292,772	190
City and county	186,900	713,000	713,131	131
Other	10,225	25	60	35
Total revenues	855,727	1,348,952	1,349,687	735
EXPENDITURES				
Current				
Salaries and wages	772,052	550,000	549,407	593
Fringe benefits	0	188,000	187,657	343
Contracts	20	633,927	633,209	718
Travel	22,798	30,000	29,662	338
Training	0	1,000	10	990
Supplies and materials	4,719	1,600	1,121	479
Other	53,263	30,000	29,572	428
Indirect costs	312,183	199,500	198,517	983
Total expenditures	1,165,035	1,634,027	1,629,155	4,872
Excess (deficiency) of revenues over expenditures	(309,308)	(285,075)	(279,468)	5,607
Other financing sources (uses)				
Transfers in	309,308	285,075	279,468	(5,607)
Net change in fund balances	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 893,756	\$ 25,347
Loans receivable	106,889	0
Prepays	0	14,124
Total current assets	1,000,645	39,471
Noncurrent assets		
Loans receivable	632,496	0
Depreciable capital assets (net)	0	19,410
Total noncurrent assets	632,496	19,410
Total assets	1,633,141	58,881
LIABILITIES		
Current liabilities		
Accrued salaries and payroll liabilities	104	1,535
NET POSITION		
Investment in capital assets	0	19,410
Restricted for loans	1,633,037	0
Unrestricted	0	37,936
Total net position	\$ 1,633,037	\$ 57,346

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Interfund services provided	\$ 0	\$ 1,028,379
Interest from loans	52,135	0
Other	57	0
	<u>52,192</u>	<u>1,028,379</u>
Total operating revenues	<u>52,192</u>	<u>1,028,379</u>
OPERATING EXPENSES		
Salaries and wages	4,866	140,892
Fringe benefits	1,436	780,100
Rentals	0	8,082
Travel	157	2,578
Insurance and bonding	0	4,984
Repairs and maintenance	0	20,715
Postage and freight	0	5,048
Publication and printing	0	3,111
Per diem and fees	0	18,484
Facility operation	0	16,845
Supplies and materials	0	12,724
Utilities	0	12,935
Depreciation	0	11,113
Bad debt	62,461	0
Other	11,003	18,843
	<u>79,923</u>	<u>1,056,454</u>
Total operating expenses	<u>79,923</u>	<u>1,056,454</u>
Operating income (loss)	<u>(27,731)</u>	<u>(28,075)</u>
Non-operating revenues (expenses)		
Interest revenue	5,050	0
Gain on sale of assets	0	12,164
	<u>5,050</u>	<u>12,164</u>
Total non-operating revenues (expenses)	<u>5,050</u>	<u>12,164</u>
Change in net position	(22,681)	(15,911)
Net position, July 1	<u>1,655,718</u>	<u>73,257</u>
Net position, June 30	<u>\$ 1,633,037</u>	<u>\$ 57,346</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 0	\$ 1,028,379
Loan payments received	476,557	0
Loans made	(100,560)	0
Payments for salaries and fringe benefits	(6,205)	(920,361)
Payments for direct operating expenses	(11,160)	(124,328)
Other revenues	57	0
	<u>358,689</u>	<u>(16,310)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	0	20,072
	<u>0</u>	<u>20,072</u>
Cash flows from investing activities		
Interest received	5,050	0
	<u>5,050</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	363,739	3,762
Cash and cash equivalents, July 1	530,017	21,585
Cash and cash equivalents, June 30	<u>\$ 893,756</u>	<u>\$ 25,347</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (27,731)	\$ (28,075)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	0	11,113
(Increase) decrease in loans receivable	386,323	0
(Increase) decrease in prepaids	0	21
Increase (decrease) in accrued salaries and payroll liabilities	97	631
	<u>386,420</u>	<u>11,765</u>
Total adjustments	386,420	11,765
Net cash provided (used) by operating activities	<u>\$ 358,689</u>	<u>\$ (16,310)</u>

Noncash investing, capital, and financing activities

Bad debt expense totaled \$62,461 for the fiscal year ended June 30, 2018.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

1. Description of Government Unit

The Georgia Mountains Regional Commission (the Commission) succeeded the former Georgia Mountains Regional Development Center, effective July 1, 2009. The Official Code of Georgia Annotated ("OCGA") Section 50-8-41 provided for this succession. The responsibilities and authority of the regional development commissions are contained in Sections 50-8-30 through 50-8-46 of OCGA. The Commission assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. Membership dues, federal, state, local and other income finance operations of the Commission. Grants from federal, state and other sources permit the Commission to undertake specific programs.

County members of the Commission are Banks, Dawson, Forsyth, Franklin, Habersham, Hall, Hart, Lumpkin, Rabun, Stephens, Towns, Union, and White. Municipalities which are members are Alto, Avalon, Baldwin, Blairsville, Bowersville, Canon, Carnesville, Clarkesville, Clayton, Clermont, Cleveland, Cornelia, Cumming, Dahlonega, Dawsonville, Demorest, Dillard, Flowery Branch, Franklin Springs, Gainesville, Gillsville, Hartwell, Helen, Hiawassee, Homer, Lavonia, Lula, Martin, Maysville, Mountain City, Mount Airy, Oakwood, Royston, Sky Valley, Tallulah Falls, Tiger, Toccoa, and Young Harris.

2. Summary of Significant Accounting Policies

A. Reporting Entity

Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", (as amended by GASB No. 61), requires the financial statements of the reporting entity to include the primary government and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14 "The Financial Reporting Entity", (as amended by GASB No. 61), the Commission's relationship with other governments and agencies have been examined and one blended component unit has been included in the reporting entity.

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the Commission's operations.

Friends of Georgia Mountains, Inc. – The Corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and was organized exclusively for charitable purposes to promote community development in the North Georgia Region. The activities of the Corporation include (1) organizing and hosting a yearly community dinner, (2) raising and awarding educational scholarship funds for local children, (3) collaborating with other organizations with similar interests, (4) receiving, investing, and disbursing funds for the purpose of the Corporation, and (5) holding and managing property for the purpose of the Corporation. The Corporation is funded by contributions. The Board of Directors includes the Georgia Mountains Regional Commission Council Chairman, Vice Chairman, and Immediate Past Chairman. Additional members of the Board of Directors are appointed by the Commission Council. The operations of the Corporation are reported in the General Fund since all services benefit the Commission. Separate financial statements are not issued.

The Commission's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the reporting entity.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

B. Description of Government-wide Financial Statements

The government-wide financial statements are the Statement of Net Position and the Statement of Activities. These statements report financial information for the Commission as a whole excluding fiduciary activities such as employee pension plans. The primary government is presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements reflect governmental activities, which are generally supported by intergovernmental revenues, regional dues and assessments, grants, contributions and other non-exchange transactions. Eliminations have been made to minimize the double counting of internal activities.

The *Statement of Net Position* presents the financial position of the governmental and business-type activities of the Commission at year-end. This statement is presented in a classified format.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the Commission's governmental and business-type activities:

Direct Expenses - Expenses that are specifically associated with a program or function, therefore, clearly identifiable to a particular function.

Indirect Expenses Allocation - Pooled costs, which are allocated to specific programs or functions as determined by the Commission's cost allocation plans. See Note 2V.

Program Revenues - Include (a) charges for services, which report fees and other charges to recipients for goods, or services offered by the programs and (b) operating grants and contributions, which are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including grants and contributions not restricted to specific programs, are presented as general revenues.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Commission reports the following major governmental funds:

General Fund - The general operating fund of the Commission is used to account for all financial resources except those required to be accounted for in another fund.

WIOA Programs Fund - This fund is used to account for Workforce Innovation and Opportunity Act contracts.

Planning and Government Services Fund - This fund is used to account for planning, economic development, and information services contracts.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

The Commission reports the following major proprietary fund:

Revolving Loan Fund - This fund is used to account for the issuance and repayment of loans made to customers.

Additionally, the Commission reports the following fund type:

Proprietary Fund Types

Internal Service Funds - This fund type is used to account for pooled costs, which are allocated to various grants and contracts as determined by the Commission's cost allocation plans within the primary government.

Interfund Activity

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

Interfund Activity, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses, continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Revolving Loan Fund is interest on loans made to customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Executive Director submits annual budgets to the Council for the General and Special Revenue Funds. Legal provisions govern the budgetary process. These budgets are formally adopted on an individual grant-funded program level, which is the legal level of budgetary control. The Council may amend the budget annually or as directed by the Council. The Council approves budget amendments if total expenditures exceed budgeted expenditures at the individual grant-funded program level. All expenditures in excess of budgeted amounts are the responsibility of the Commission through local funds. Unobligated appropriations in the annual operating budget lapse at fiscal year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Commission.

H. Cash and Investments

Cash and cash equivalents consist of deposits in authorized financial institutions. Georgia laws authorize the Commission's reporting entity to deposit its funds in one or more solvent banks, insured federal savings and loan associations, or insured state-chartered building and loan associations. The Commission's reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

I. Receivables

Receivables consist of grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed, assessments and dues from participating local governments and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts that would necessitate the need for an allowance for uncollectible receivables.

J. Inventories

The reporting entity does not show inventory in its governmental fund or proprietary fund type balance sheets. The costs of governmental fund and proprietary fund type inventory are recorded as an expenditure or expense when purchased rather than when consumed.

K. Prepaids

Payments made to vendors that benefit future reporting periods are recorded as prepaids. They are recorded at cost at the time of payment then recorded as expenditure or expense at the time the item is used. Prepaids are reported in government-wide and fund financial statements, as applicable.

L. Capital Assets

Property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund and combining financial statements. Donated capital assets, if any, are reported at acquisition value. The Commission generally capitalizes assets with cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Leasehold improvements	25-30 years
Vehicles and equipment	5-10 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission reports deferred outflows of resources related to the defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows of resources related to the defined benefit pension plan.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

N. Net Position Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted debt or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Restricted Assets and Restricted Net Position

When the Commission's underutilized base capital rate is above the threshold set by the Economic Development Administration (EDA), the Commission is required to sequester excess loan funds held for two or more consecutive reporting periods. The Commission has to also pay interest to EDA on these sequestered funds on a quarterly basis. The sequestered funds will only be released once the Commission's underutilized base capital rate falls below the threshold. As of the end of the current fiscal year, the Commission was not required to sequester any loan funds.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

P. Restricted Assets and Restricted Net Position, continued

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. The Commission reports restricted net position for loans.

Q. Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Commission has not reported any nonspendable fund balance.

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.

Assigned - includes amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. By motion, the Council has authorized the Executive Director, Finance Director, or designee to assign fund balances.

Unassigned - includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

R. Compensation for Future Absences

Compensated absences represent obligations of the Commission relating to employees' rights to receive compensation for future absences based upon services already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Commission employees with tenure of five years or less are awarded 144 hours per year of personal leave. Commission employees with five to ten years of tenure are awarded 192 hours per year of personal leave. Commission employees with tenure of more than ten years are awarded 240 hours per year of personal leave. The maximum number of hours that may be accrued is 195 hours; however, personal leave may not be carried forward from one fiscal year to another in excess of 195 hours. Upon termination of employment, employees of the Commission are allowed to be reimbursed for accumulated personal leave at year-end plus personal leave accumulated during the current year up to a maximum of 195 hours.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absences liability at the fund reporting level only "when due."

S. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases and notes payable are recognized as a liability in the governmental fund financial statements "when due."

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

T. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

U. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. Allocation of Indirect Expenses

Expenses that are incurred for a common or joint purpose benefiting more than one cost objective or expenses that are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved are considered indirect costs. These indirect costs are recorded in the Internal Service Fund by the Commission accounting system and allocated to elements of the respective funds based upon a provisional indirect cost rate. The Commission's provisional indirect cost rate is based upon prior cost experience, documented by a cost allocation plan and is approved by the Commission's Federal oversight agency (United States Department of Commerce, Office of Audits) in accordance with the provisions of U.S. Office of Management and Budget Circular A-87. The provisional rate for the current fiscal year was 42%. At the end of each month during the year, actual indirect cost rate is determined and adjustments are made to allocate the difference between provisional and actual indirect costs to the respective funds. These charges are separately reported in the Statement of Activities.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

V. Allocation of Indirect Expenses, continued

Total indirect costs incurred by the Commission for the current fiscal year were \$288,427. Using total governmental funds personal services expenditures (direct salaries plus employee benefits less amounts not utilized in computation) and \$1,205,072 as the allocation base, the actual indirect cost rate for the current fiscal year was 24%.

W. Employee Benefits

Employee benefits are pooled and allocated to the respective funds based upon a predetermined rate applied against the respective funds salaries and wages. Total employee benefits utilized for allocation by the Commission for the current fiscal year totaled \$734,624. Using total salaries and wages of \$1,824,194 as the allocation base, the actual employee benefit rate for the current fiscal year was 40%.

X. Use of Estimates in the Preparation of the Financial Statements

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

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned. The Commission has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

3. Deposit and Investment Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The Commission has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Commission's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Commission places no limit on the amount it may invest in any one issuer.

Foreign currency risk

The Commission has no investments denominated in a foreign currency.

4. Receivables

Federal receivables include amounts earned on approved federal grant contracts (includes federal grants which may be passed through state and local agencies). State receivables include amounts earned on grant contracts that do not contain federal fund participation. City and County receivables include amounts due from city and county governments for dues and assessments. Other receivables include any other amounts due from debtors including grant contracts with local governments.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

4. Receivables (continued)

The Commission's receivables from Federal and State governments at the end of the current fiscal year are as follows:

Federal		
WIOA Programs Special Revenue Fund		
Georgia Department of Economic Development	\$	44
Planning and Government Services Special Revenue Fund		
United States Department of Commerce	\$	17,500
Georgia Department of Community Affairs		8,912
Georgia Department of Natural Resources		24,108
Georgia Department of Transportation		7,990
		58,510
Total		\$ 58,554
State		
Planning and Government Services Special Revenue Fund		
Georgia Department of Community Affairs	\$	47,498
Georgia Association of Regional Commissions		12,456
		59,954
Total		\$ 59,954

5. Interfund Receivables, Payables and Transfers

Interfund balances at the end of the current fiscal year consisted of the following amounts and represent charges by one fund to another for services or goods, subsidy commitments outstanding at fiscal year-end, or reimbursable expenses. The following schedule reports the interfund receivables and payables within the reporting entity at fiscal year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Planning and Government Services	\$ 57,985

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

5. Interfund Receivables, Payables and Transfers (continued)

The Commission's transfers are for operating expenses reimbursed and match requirements between the General Fund and other funds. The following schedule reports transfers within the reporting entity for the current fiscal year:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Planning and Government Services	<u>\$ 279,468</u>

6. Capital Assets

Capital asset activity for the Commission for the current fiscal year was as follows:

Program	Beginning Balance	Increases	Decreases	Ending Balance
Program				
Depreciable assets				
Equipment	\$ 29,919	\$ 0	\$ 0	\$ 29,919
Vehicles	604,510	0	0	604,510
Total depreciable assets	<u>634,429</u>	<u>0</u>	<u>0</u>	<u>634,429</u>
Less accumulated depreciation				
Equipment	(12,897)	(3,589)	0	(16,486)
Vehicles	(604,510)	0	0	(604,510)
Total accumulated depreciation	<u>(617,407)</u>	<u>(3,589)</u>	<u>0</u>	<u>(620,996)</u>
Program capital assets, net	<u>\$ 17,022</u>	<u>\$ (3,589)</u>	<u>\$ 0</u>	<u>\$ 13,433</u>
Non-program				
Depreciable assets				
Equipment	\$ 89,875	\$ 0	\$ 0	\$ 89,875
Vehicles	131,288	0	(24,971)	106,317
Total depreciable assets	<u>221,163</u>	<u>0</u>	<u>(24,971)</u>	<u>196,192</u>
Less accumulated depreciation				
Equipment	(85,887)	(1,050)	0	(86,937)
Vehicles	(96,845)	(10,063)	17,063	(89,845)
Total accumulated depreciation	<u>(182,732)</u>	<u>(11,113)</u>	<u>17,063</u>	<u>(176,782)</u>
Non-program capital assets, net	<u>\$ 38,431</u>	<u>\$ (11,113)</u>	<u>\$ (7,908)</u>	<u>\$ 19,410</u>
Total governmental activities capital assets, net	<u>\$ 55,453</u>	<u>\$ (14,702)</u>	<u>\$ (7,908)</u>	<u>\$ 32,843</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

6. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General Government	\$ 11,113
Planning and Government Services	3,589
Total depreciation expense for governmental activities	<u>\$ 14,702</u>

7. Long-Term Debt

The following is a summary of changes in long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	<u>\$ 114,333</u>	<u>\$ 136,206</u>	<u>\$ 130,009</u>	<u>\$ 120,530</u>	<u>\$ 120,530</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

Operating Leases

The reporting entity is committed under various building, machinery and equipment leases. For the reporting period, rent expenditures approximated \$25,467 for the Commission. Outstanding obligations for the year were not significant.

8. Retirement Plans

Defined Benefit Pension Plan

Plan Description. The Commission is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The Commission has established provisions, which assign the authority to the Commission council members to establish and amend the benefit provisions of the plan.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the Commission has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the Commission but shall be allocated to employees. All full-time (30 or more hours per week) are eligible for immediate participation. Officials are not covered.

There are no loans to any of the Commission officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the Georgia Mountains Regional Commission (GMRC). The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2018, the date of the most recent actuarial valuation, there were 70 participants consisting of the following:

Retired participants and beneficiaries	27
Vested former participants	14
Active employees	<u>29</u>
Total number of participants	<u><u>70</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with twenty five years of total service are eligible to retire at age 62 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table (effective 7-1-00) after 55 years of service. The benefit formula is 1.25% - 2.25% with a five year vesting schedule.

Contributions. Employees make no contributions to the plan. The Commission is required to contribute the entire cost of the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The Commission's actuarially determined contribution rate for the current fiscal year was \$241,261, or 14.01% of covered payroll. The Commission's covered payroll for employees participating in the Plan for the current fiscal year was \$1,722,571. The Council provides for the benefits and funding policy through Commission ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the Commission reported a net pension liability of \$759,383. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the current fiscal year, the Commission recognized pension expense of \$191,640. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2016	<u>\$ 6,983,032</u>	<u>\$ 5,739,390</u>	<u>\$ 1,243,642</u>
Changes for the year:			
Service cost	129,146	0	129,146
Interest	524,502	0	524,502
Differences between expected and actual experience	56,861	0	56,861
Employer contributions	0	251,707	(251,707)
Net investment income	0	850,927	(850,927)
Benefit payments	(430,541)	(430,541)	0
Administrative expense	0	(16,226)	16,226
Other	(108,360)	0	(108,360)
Net changes	<u>171,608</u>	<u>655,867</u>	<u>(484,259)</u>
Balances at September 30, 2017	<u><u>\$ 7,154,640</u></u>	<u><u>\$ 6,395,257</u></u>	<u><u>\$ 759,383</u></u>
Plan fiduciary net position as a percentage of the total pension liability		89.39%	
Covered payroll		\$ 1,371,897	
Net pension liability as a percentage of covered payroll		55.35%	

At the end of the current fiscal year, the Commission reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Commission contributions subsequent to the measurement date	\$ 180,946	\$ 0
Differences between expected and actual experience	135,546	0
Changes of assumptions	0	(72,240)
Net difference between projected and actual earnings on pension plan investments	0	(332,530)
Totals	<u><u>\$ 316,492</u></u>	<u><u>\$ (404,770)</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The \$180,946 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2019	\$ (40,991)
2020	(26,767)
2021	(118,729)
2022	<u>(82,737)</u>
Totals	<u>\$ (269,224)</u>

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75%
Net investment rate of return	7.50%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.10%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.50%	\$ 1,523,251
Current discount rate	7.50%	759,383
1% increase	8.50%	114,938

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Defined Contribution Plan

The Commission participates in a 401(k) defined contribution plan, administered by Mass Mutual, established and amended by the Board of Directors. The Commission, prior to establishing an earlier 403(b) retirement plan, which was replaced with the 401(k) plans, elected not to participate in the Social Security System. Each employee is required to participate upon employment and makes mandatory contributions of 6.20% of gross salary. The Commission contributes a match of 6.20% less the cost of long-term disability insurance. Contributions are 100 percent vested. Employer and employee contributions for the current fiscal year were \$82,689 and \$112,195, respectively.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. Other Post-Employment Benefits

In addition to pension benefits, the Commission may provide post-employment benefit options for healthcare and dental insurance for eligible employees. The benefits are provided in accordance with the Commission's bylaws and The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility may include: years of service, employee age and whether the employee has vested in the respective retirement plan. The retirees fund the benefits on a pay-as-you-go basis. Eligible employees are required to pay 100% of the premium cost. During the current fiscal year, no expenses were recognized for post-employment benefits. Five retirees currently participate.

10. Joint Venture

Under Georgia law, cities and counties in the 13 county Georgia Mountains region are members of Georgia Mountains Regional Commission. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the regional commissions in Georgia. The Regional Commission Council membership includes the chief elected official of each county or his/her appointed elected county official and mayor of one of the municipalities of the area and one private sector individual. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission beyond its resources.

11. Risk Management

The reporting entity is exposed to various risks of loss related to torts; theft of, damage to and distinction of assets; errors and omissions; injuries to employees; natural disaster; and unemployment compensation. The Commission carries commercial insurance for risks of loss with the exception of health insurance. The Commission has neither significantly reduced coverage for these risks nor incurred losses (settlements) that exceeded the Commission's insurance coverage in any of the past three years. Currently, the Commission participates in the Georgia Municipal Association (GMA) Health Insurance Plan, a risk pool, and is not required to maintain additional self-insurance. Coverage includes medical and dental insurance with per person \$500 and \$50 deductibles, respectively, and \$50,000 life insurance. The Commission pays a monthly premium of \$785 per employee. Employee health claims are submitted to and paid by GMA, and the Commission is not liable for any medical costs not covered by the plan.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Risk Management (Continued)

The Commission is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund (GIRMA) and the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments.

Administered by GMA, the GIRMA was created in 1987 to provide property and liability coverage to local government entities in Georgia. The membership owns and controls the fund requiring annual contributions based on individual loss experience and underwriting which are pooled to pay property and liability claim defense, claim losses, insurance to limit exposure and administrative expenses. The WCSIF was created in 1982 by state statute and administered by GMA. The membership owns and controls the fund requiring contributions based on individual loss experience and underwriting which are pooled to pay workers' compensation statutory coverage for municipal governments in Georgia.

As part of these risk pools, the Commission is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Commission is also to allow the pool's agents and attorneys to represent the Commission in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Commission within the scope of loss protection furnished by the funds.

12. Contingencies

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, Commission management believes such disallowances, if any, will not be significant.

REQUIRED SUPPLEMENTARY INFORMATION

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End			
	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 170,921	\$ 133,098	\$ 146,913	\$ 129,146
Interest	446,353	470,366	494,535	524,502
Differences between expected and actual experience	168,168	86,879	151,835	56,861
Changes of assumptions	(104,948)	0	0	0
Benefit payments, including refunds of employee contributions	(367,018)	(374,290)	(382,687)	(430,541)
Other	0	0	0	(108,360)
Net change in total pension liability	313,476	316,053	410,596	171,608
Total pension liability - beginning	5,942,907	6,256,383	6,572,436	6,983,032
Total pension liability - ending (a)	\$ 6,256,383	\$ 6,572,436	\$ 6,983,032	\$ 7,154,640
Plan fiduciary net position				
Contributions - employer	\$ 208,258	\$ 421,592	\$ 206,126	\$ 251,707
Net investment income	550,407	52,434	586,513	850,927
Benefit payments, including refunds of employee contributions	(367,018)	(374,290)	(382,687)	(430,541)
Administrative expense	(8,546)	(10,679)	(9,402)	(16,226)
Net change in plan fiduciary net position	383,101	89,057	400,550	655,867
Plan fiduciary net position - beginning	4,866,682	5,249,783	5,338,840	5,739,390
Plan fiduciary net position - ending (b)	\$ 5,249,783	\$ 5,338,840	\$ 5,739,390	\$ 6,395,257
Net pension liability - ending : (a) - (b)	\$ 1,006,600	\$ 1,233,596	\$ 1,243,642	\$ 759,383
Plan's fiduciary net position as a percentage of the total pension liability	83.91%	81.23%	82.19%	89.39%
Covered payroll	\$ 1,392,312	\$ 1,635,471	\$ 1,481,361	\$ 1,371,897
Net pension liability as a percentage of covered payroll	72.30%	75.43%	83.95%	55.35%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 228,132	\$ 223,797	\$ 229,670	\$ 241,261
Contributions in relation to the actuarially determined contribution	<u>(243,255)</u>	<u>(399,691)</u>	<u>(248,320)</u>	<u>(241,261)</u>
Contribution deficiency (excess)	<u>\$ (15,123)</u>	<u>\$ (175,894)</u>	<u>\$ (18,650)</u>	<u>\$ 0</u>
Covered payroll	\$ 1,492,282	\$ 1,686,925	\$ 1,673,065	\$ 1,722,571
Contributions as a percentage of covered payroll	16.30%	23.69%	14.84%	14.01%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2019.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service based merit increases

Cost of living adjustments = 2.75%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

The cost-of-living assumption was decreased from 3.25% to 2.75%.

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SINGLE AUDIT SECTION

This section contains reports required by the Uniform Guidance and grantor agencies.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Georgia Mountains Regional Commission's basic financial statements, and have issued our report thereon dated September 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Georgia Mountains Regional Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

September 14, 2018

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, Georgia

Report on Compliance for Each Major Federal Program

We have audited Georgia Mountains Regional Commission’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Georgia Mountains Regional Commission’s major federal programs for the fiscal year ended June 30, 2018. Georgia Mountains Regional Commission’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Georgia Mountains Regional Commission’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Georgia Mountains Regional Commission’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Georgia Mountains Regional Commission’s compliance.

Opinion on Each Major Federal Program

In our opinion, Georgia Mountains Regional Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Georgia Mountains Regional Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Georgia Mountains Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Georgia Mountains Regional Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 14, 2018

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
Department of Commerce			
Economic Development_Support for Planning Organizations	11.302	N/A	\$ 28,281
Economic Adjustment Assistance	11.307	N/A	<u>1,243,539</u>
Total Department of Commerce			<u>1,271,820</u>
Department of the Interior			
Passed through the Georgia Department of Natural Resources Historic Preservation Division: Historic Preservation Fund Grants-In-Aid	15.904	46200-341-170038	<u>4,091</u>
Department of Labor			
WIA Cluster of Programs: Passed through the Georgia Department of Economic Development:			
WIA/WIOA Adult Program	17.258	11-16-17-02-002 11-17-17-02-002 11-17-18-02-002	1,880,665
WIA/WIOA Youth Activities	17.259	15-16-16-02-022 15-17-17-02-002	1,663,051
WIA/WIOA Dislocated Worker Formula Grants	17.278	31-16-16-02-022 31-16-17-02-002 31-17-17-02-002 36-16-17-02-002 44-16-17-02-002 WSG-14-15-02-002 EXOFF-15-16-02-002 HDCI-17-18-02-002	<u>823,105</u>
Total WIA Cluster of Programs			<u>4,366,821</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
Department of Transportation			
Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	PI-0015579	\$ 28,136
Appalachian Regional Commission			
Appalachian Local Development District Assistance	23.009	N/A	164,339
Environmental Protection Agency			
Passed through the Georgia Department of Natural Resources: Nonpoint Source Implementation Grants	66.460	C9994458-14-0 C9994458-15-0	35,000 4,253
Total Environmental Protection Agency			39,253
Total Federal Awards			\$ 5,874,460

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Georgia Mountains Regional Commission, under programs for the federal government for the fiscal year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

Georgia Mountains Regional Commission has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, Georgia Mountains Regional Commission did not pass federal funds through to subrecipients.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018**

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
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Identification of major programs:

- WIA Cluster of Programs
- 17.258 WIA/WIOA Adult Program
- 17.259 WIA/WIOA Youth Activities
- 17.278 WIA/WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

2. *Financial Statement Findings and Responses*

None reported

3. *Prior Fiscal Year Audit Findings Follow-Ups*

None reported

4. *Federal Award Findings and Questioned Costs*

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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STATE REPORTING SECTION

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
For the fiscal year ended June 30, 2018

	<u>State Assistance</u>	<u>Total Expenditures</u>	<u>Settlements Receivable</u>
Georgia Department of Community Affairs			
FY 2018 Contract	\$ 189,992	\$ 189,992	\$ 47,498
LUCA	66,150	66,150	0
Georgia Department of Natural Resources			
SFY2015 Regional Water Plan Seed Grant	8,130	8,130	0
Georgia Association of Regional Commissions			
Map 21	<u>28,500</u>	<u>28,500</u>	<u>12,456</u>
Total State Contractual Assistance	<u>\$ 292,772</u>	<u>\$ 292,772</u>	<u>\$ 59,954</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2018

	<u>Provisional</u>	<u>Actual</u>
Fringe benefits		
Retirement benefits	\$ 230,482	\$ 241,626
Payroll taxes	23,461	25,270
Group insurance	379,045	286,471
Workers' compensation	7,146	7,113
Other benefits including TSA	112,635	173,077
State unemployment	<u>6,045</u>	<u>1,067</u>
Employee benefits available for allocation	<u>\$ 758,814</u>	<u>\$ 734,624</u>

COMPUTATION OF EMPLOYEE BENEFIT RATES

Basis		
Total salaries and wages	<u>\$ 1,771,070</u>	<u>\$ 1,824,194</u>
Allocation base - salaries and wages	<u>\$ 1,771,070</u>	<u>\$ 1,824,194</u>
Employee benefit rates	<u>42.84%</u>	<u>40.27%</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2018

	<u>Provisional</u>	<u>Actual</u>
Salaries and wages	\$ 179,950	\$ 140,892
Allocated fringe benefits	66,582	45,476
Consultants	21,500	4,148
Supplies and materials	10,535	12,723
Travel	6,500	2,578
Utilities - electric and gas	14,000	12,935
Repairs and maintenance	29,170	20,714
Publications and printing	3,500	3,111
User charges / depreciation on equipment	10,284	1,050
Facility operation expense	10,000	16,845
Rentals - other	9,038	8,082
Postage and freight	3,500	5,048
Insurance and bonding	4,800	4,984
Other expenses	3,400	9,841
Indirect expenses available for allocation	<u><u>\$ 372,759</u></u>	<u><u>\$ 288,427</u></u>

COMPUTATION OF INDIRECT COST RATES

Direct salaries	\$ 645,050	\$ 911,528
Employee fringe benefits	<u>233,895</u>	<u>293,544</u>
Allocation base - direct personnel costs	<u><u>\$ 878,945</u></u>	<u><u>\$ 1,205,072</u></u>
Indirect cost rates	<u><u>42.41%</u></u>	<u><u>23.93%</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FLEET COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2018

	<u>Provisional</u>	<u>Actual</u>
Gasoline expense	\$ 6,500	\$ 5,014
Depreciation	10,284	10,063
Vehicle repairs and maintenance	1,200	1,598
Vehicle insurance	<u>2,500</u>	<u>2,313</u>
Indirect expenses available for allocation	<u>\$ 20,484</u>	<u>\$ 18,988</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CITY AND COUNTY DUES AND ASSESSMENTS
For the fiscal year ended June 30, 2018

<u>Government</u>	<u>Balance Due June 30, 2017</u>	<u>Dues Amount for FY 2018</u>	<u>Total Billed for FY 2018</u>	<u>Amount Collected for FY 2018</u>	<u>Balance Due June 30, 2018</u>
Banks County	\$ 0	\$ 20,345	\$ 20,345	\$ 20,345	\$ 0
Dawson County	0	25,643	25,643	25,643	0
Forsyth County	0	233,682	233,682	233,682	0
Franklin County	0	17,306	17,306	17,306	0
City of Canon	0	832	832	832	0
City of Carnesville	0	638	638	638	0
City of Franklin Springs	0	1,270	1,270	1,270	0
City of Lavonia	0	2,382	2,382	2,382	0
City of Royston	0	2,112	2,112	2,112	0
Habersham County	0	34,528	34,528	34,528	0
City of Alto	0	724	724	724	0
City of Baldwin	0	2,793	2,793	2,793	0
City of Clarkesville	0	1,921	1,921	1,921	0
City of Cornelia	0	4,645	4,645	4,645	0
City of Demorest	0	2,255	2,255	2,255	0
City of Mount Airy	0	1,421	1,421	1,421	0
City of Tallulah Falls	0	109	109	109	0
Hall County	0	154,112	154,112	154,112	0
City of Clermont	0	1,014	1,014	1,014	0
City of Flowery Branch	0	7,351	7,351	7,351	0
City of Gainesville	0	42,583	42,583	42,583	0
City of Gillsville	0	241	241	241	0
City of Lula	0	2,991	2,991	2,991	0
City of Oakwood	0	4,596	4,596	4,596	0
Hart County	0	23,122	23,122	23,122	0
City of Hartwell	0	4,966	4,966	4,966	0
Lumpkin County	0	27,516	27,516	27,516	0
City of Dahlonega	0	7,034	7,034	7,034	0
Rabun County	0	14,643	14,643	14,643	0
City of Clayton	0	2,458	2,458	2,458	0
City of Dillard	0	368	368	368	0
City of Tiger	0	441	441	441	0
Stephens County	0	19,033	19,033	19,033	0
City of Toccoa	0	9,111	9,111	9,111	0
Towns County	0	12,300	12,300	12,300	0
Union County	0	23,884	23,884	23,884	0
City of Blairsville	0	609	609	609	0
White County	0	26,416	26,416	26,416	0
City of Cleveland	0	4,150	4,150	4,150	0
City of Helen	0	585	585	585	0
Total	\$ 0	\$ 742,130	\$ 742,130	\$ 742,130	\$ 0