



Annual Financial Report

For the fiscal year ended June 30, 2017

This page intentionally left blank.

GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION:

	<u>Page(s)</u>
Table of Contents	i-iv

FINANCIAL SECTION:

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10

BASIC FINANCIAL STATEMENTS

Exhibit

Government-wide Statements		
A-1	Statement of Net Position	11
A-2	Statement of Activities	12
Fund Financial Statements		
A-3	Balance Sheet – Governmental Funds	13-14
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16-17
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
A-7 thru A-11	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund and Major Special Revenue Funds	19-23
A-12	Statement of Net Position – Proprietary Funds	24
A-13	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	25
A-14	Statement of Cash Flows – Proprietary Funds	26

GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2017

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

<u>Exhibit</u>		<u>Page(s)</u>
A-15	Notes to the Financial Statements	27-56
	Item #	Page #
	1. Description of Government Unit	27
	2. Summary of Significant Accounting Policies	27-42
	3. Deposit and Investment Risk	42-43
	4. Receivables	43-44
	5. Interfund Receivables, Payables and Transfers	45
	6. Capital Assets	46
	7. Long-Term Debt	47
	8. Retirement Plans	47-54
	9. Other Post-Employment Benefits	54
	10. Joint Venture	55
	11. Risk Management	55-56
	12. Contingencies	56

REQUIRED SUPPLEMENTARY INFORMATION

B-1	Schedule of Changes in the Net Pension Liability and Related Ratios	57
B-2	Schedule of Contributions	58
B-3	Notes to the Required Supplementary Information	59-60

GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2017

Table of Contents, continued

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

<u>Exhibit</u>	<u>Page (s)</u>
C-1 Combining Balance Sheet – Nonmajor Governmental Funds	61-62
C-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	63-64
D-1 Planning Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	65
D-2 Information / GIS Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	66
D-3 DOT Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	67
D-4 ARC Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	68
D-5 EDA Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	69
D-6 Other Programs Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	70
D-7 WIOA Adult Admin Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	71
D-8 WIOA Youth Admin Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	72
D-9 WIOA Dislocated Worker Admin Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	73
D-10 WIOA Youth-In Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	74
D-11 WIOA Youth Work Experience Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	75

GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2017

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

<u>Exhibit</u>	<u>Page (s)</u>
D-12 WIOA Ex-Offender Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	76
D-13 WIOA Branding Program Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	77

OTHER REPORTING SECTION

SINGLE AUDIT SECTION

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	78-79
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	80-81
E-1 Schedule of Expenditures of Federal Awards	82-83
E-2 Notes to the Schedule of Expenditures of Federal Awards	84
E-3 Schedule of Findings and Questioned Costs	85-86

STATE REPORTING SECTION

F-1 Schedule of Employee Benefit Cost Pool – Provisional and Actual Rates	87
F-2 Schedule of Indirect Cost Pool – Provisional and Actual Rates	88
F-3 Schedule of Fleet Cost Pool – Provisional and Actual Rates	89
F-4 Schedule of City and County Dues and Assessments	90

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, each major fund, and the aggregate remaining fund information of Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2017, 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, each major fund, and the aggregate remaining fund information of Georgia Mountains Regional Commission, as of June 30, 2017, and the respective changes in the financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund, WIOA Adult Program Fund, WIOA Dislocated Worker Program Fund, WIOA Youth-In Program Fund, and DCA Programs 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 4 through 10 and 57 through 60, 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 combining and individual fund financial statements and schedules and 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 combining and individual fund financial statements and schedules, 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 combining and individual fund financial statements and schedules, 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 October 10, 2017, 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
October 10, 2017

This page intentionally left blank.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 exceeded its liabilities by \$2,901,473 for the fiscal year reported.
- There was a \$414,592 increase in the RC's fund balance in the General Fund.
- As of June 30, 2017, the RC's governmental funds reported combined ending fund balances of \$2,167,091, an increase of \$414,592 from the prior year. Of this amount, \$2,071,782 (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 nineteen (19) active loans. The RLF program's net position exceeds \$1.6 million, which decreased by \$115,939 in fiscal year 2017.

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 other 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 and liabilities 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 and liabilities. 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, planning services, development services, coordinated transportation services, GIS planning services, and WIOA services.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 11 and 12 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 15 and 18. 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 13 through 23 of this report.

The RC maintains the following major governmental funds: General Fund, WIOA Adult Program Fund, WIOA Dislocated Worker Program Fund, WIOA Youth-Out Program Fund, and DCA Programs Fund. The RC's Council approves an annual budget for its funds.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

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 24 through 26 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 \$1,655,718 in net position as of June 30, 2017.

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, 2017**

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 57.

Supplementary Information

In addition to the required supplementary information, this report also presents supplementary information concerning the RC's balance sheets, statements of revenues, expenditures and changes in fund balances and budget presentations. This information is included in order to meet certain state requirements as well as to provide individual grantors information pertaining to their grant or contract. As discussed, the RC reports major funds in the basic financial statements. Combining statements and individual statements and schedules for non-major funds are presented in this section of this report beginning on page 61.

Additional Supplementary Information

In addition to the supplementary information, this report also presents additional 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 87.

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 represents resources not available for spending. The RC's restricted fund balance represents 1% of the combined fund balances, while assigned fund balance represents 2% of the combined fund balance.

The RC's governmental funds reported a combined fund balance of \$2,167,091.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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.

Government-wide Financial Analysis

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

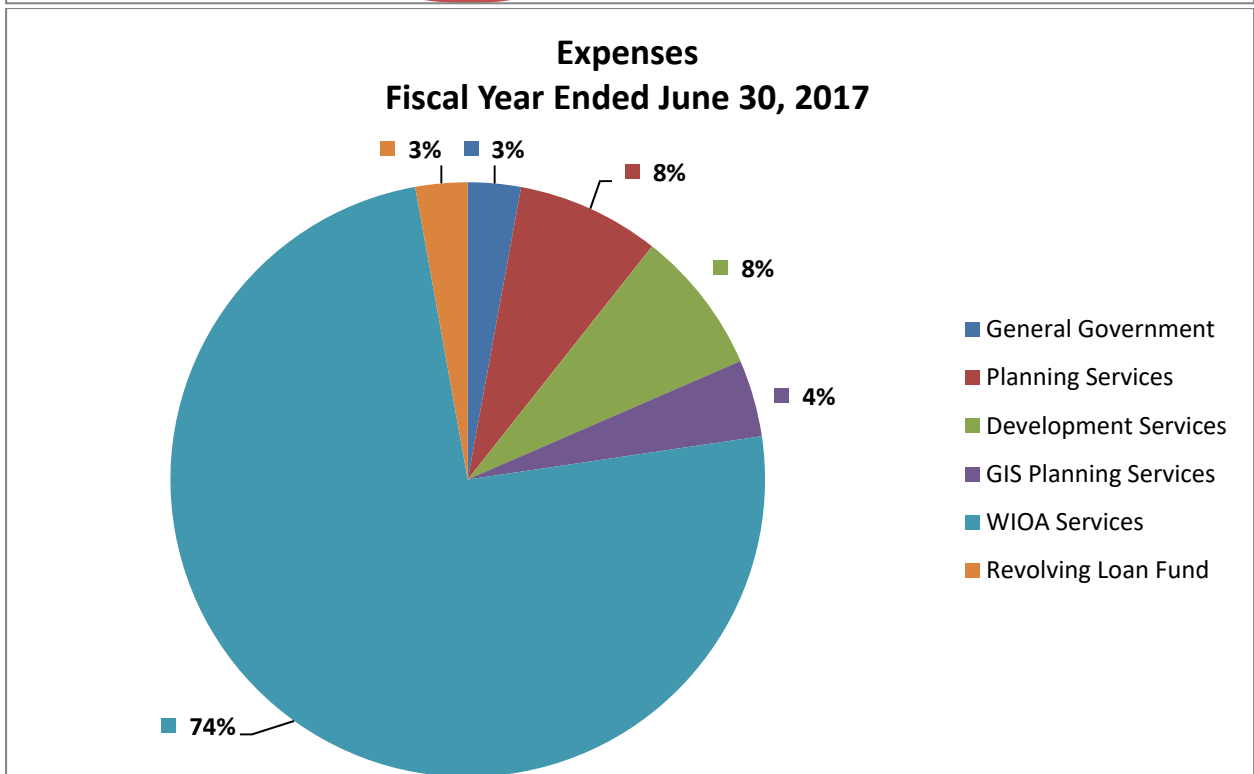
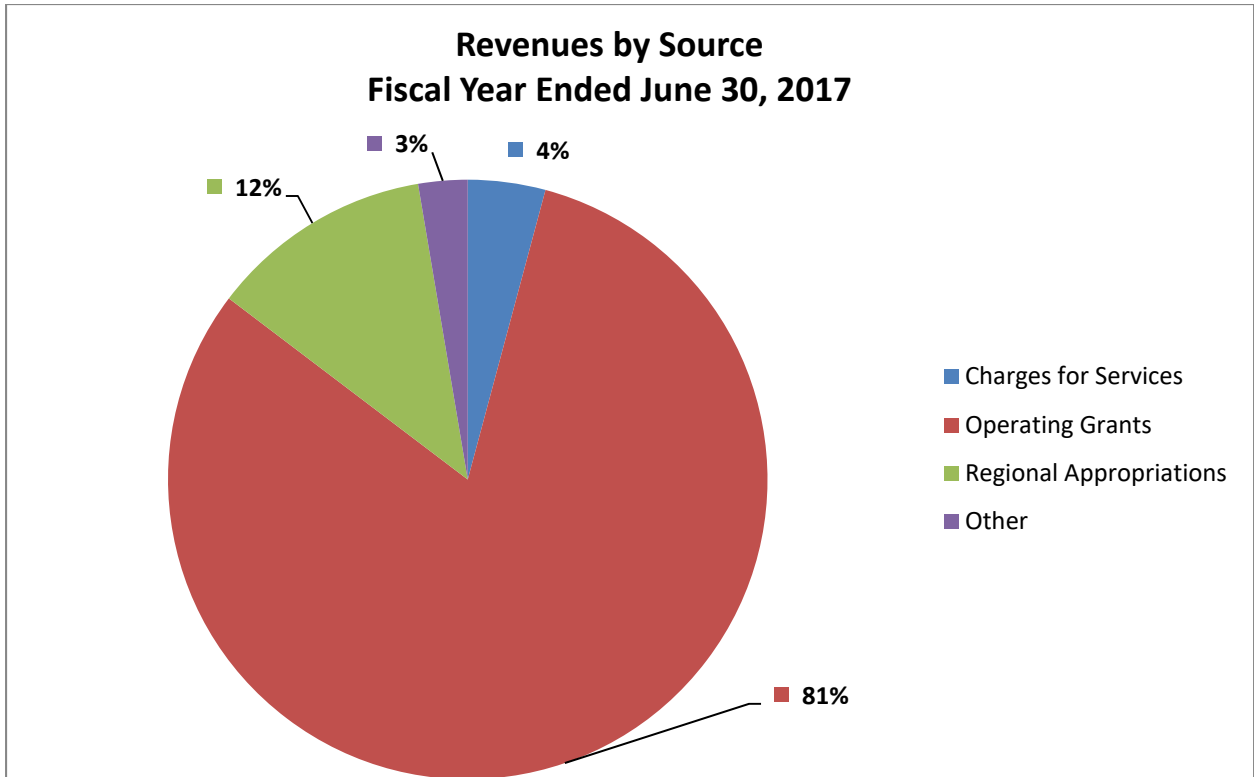
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$2,523,605	\$2,489,192	\$903,001	\$615,565	\$3,426,606	\$3,104,757
Capital assets	55,453	164,500	0	0	55,453	164,500
Other noncurrent assets	0	0	752,724	1,156,126	752,724	1,156,126
Total assets	2,579,058	2,653,692	1,655,725	1,771,691	4,234,783	4,425,383
Deferred outflows of resources						
Pension contributions subsequent to measurement date	191,392	167,848	0	0	191,392	167,848
Pension experience differences	157,317	121,216	0	0	157,317	121,216
Pension investment return differences	213,507	176,844	0	0	213,507	176,844
Total deferred outflows of resources	562,216	465,908	0	0	562,216	465,908
Total assets and deferred outflows of resources	3,141,274	3,119,600	1,655,725	1,771,691	4,796,999	4,891,291
Liabilities						
Current liabilities	228,043	467,660	7	34	228,050	467,694
Noncurrent liabilities	1,243,642	1,233,596	0	0	1,243,642	1,233,596
Total liabilities	1,471,685	1,701,256	7	34	1,471,692	1,701,290
Deferred inflows of resources						
Unearned revenue	207,978	349,762	0	0	207,978	349,762
Pension assumption changes	0	34,983	0	0	0	34,983
Pension investment return differences	215,856	0	0	0	215,856	0
Total deferred inflows of resources	423,834	384,745	0	0	423,834	384,745
Total liabilities and deferred inflows of resources	1,895,519	2,086,001	7	34	1,895,526	2,086,035
Net position						
Investment in capital assets	55,453	164,500	0	0	55,453	164,500
Restricted	26,170	0	1,655,718	1,771,657	1,681,888	1,771,657
Unrestricted	1,164,132	869,099	0	0	1,164,132	869,099
Total net position	\$1,245,755	\$1,033,599	\$1,655,718	\$1,771,657	\$2,901,473	\$2,805,256

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$199,136	\$786,842	\$53,454	\$60,979	\$252,590	\$847,821
Operating grants and contributions	4,910,807	4,096,954	0	0	4,910,807	4,096,954
General Revenues						
Regional appropriations	727,826	712,155	0	0	727,826	712,155
Interest	0	0	2,811	950	2,811	950
Other	156,849	4,539	174	529	157,023	5,068
Total revenues	5,994,618	5,600,490	56,439	62,458	6,051,057	5,662,948
Expenses						
General government	171,451	244,831	0	0	171,451	244,831
Planning services	462,569	393,767	0	0	462,569	393,767
Development services	466,326	507,656	0	0	466,326	507,656
GIS planning services	249,722	808,997	0	0	249,722	808,997
WIOA services	4,436,233	3,665,487	0	0	4,436,233	3,665,487
Revolving loan fund	0	0	168,539	11,477	168,539	11,477
Total expenses	5,786,301	5,620,738	168,539	11,477	5,954,840	5,632,215
Transfers in (out)	3,839	12,746	(3,839)	(12,746)	0	0
Change in net position	212,156	(7,502)	(115,939)	38,235	96,217	30,733
Net position, beginning	1,033,599	1,041,101	1,771,657	1,733,422	2,805,256	2,774,523
Net position, ending	\$1,245,755	\$1,033,599	\$1,655,718	\$1,771,657	\$2,901,473	\$2,805,256

**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**



**GEORGIA MOUNTAINS REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 as of June 30, 2017 was \$55,453. 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	
	2017	2016	2017	2016	2017	2016
Equipment	\$29,919	\$22,098	\$89,875	\$89,875	\$119,794	\$111,973
Vehicles	604,510	604,510	131,288	127,848	735,798	732,358
Accumulated depreciation	(617,407)	(492,407)	(182,732)	(187,424)	(800,139)	(679,831)
Capital assets, net	<u>\$17,022</u>	<u>\$134,201</u>	<u>\$38,431</u>	<u>\$30,299</u>	<u>\$55,453</u>	<u>\$164,500</u>

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 fiscal year 2017. The RC's dues are based on the most current Census estimates from the Georgia Department of Community Affairs.

The RC received over 78% of its governmental fund revenues in fiscal year 2016 from federal sources. In addition to the federal sources, the RC received 12% 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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,234,097	\$ 530,017	\$ 2,764,114
Restricted cash and cash equivalents	26,170	0	26,170
Receivables (net)			
Federal	158,250	0	158,250
State	60,256	0	60,256
Other	14,180	0	14,180
Loans receivable	0	372,984	372,984
Prepays	30,652	0	30,652
Total current assets	<u>2,523,605</u>	<u>903,001</u>	<u>3,426,606</u>
Noncurrent assets			
Loans receivable	0	752,724	752,724
Depreciable capital assets (net)	55,453	0	55,453
Total noncurrent assets	<u>55,453</u>	<u>752,724</u>	<u>808,177</u>
Total assets	<u>2,579,058</u>	<u>1,655,725</u>	<u>4,234,783</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	191,392	0	191,392
Pension experience differences	157,317	0	157,317
Pension investment return differences	213,507	0	213,507
Total deferred outflows of resources	<u>562,216</u>	<u>0</u>	<u>562,216</u>
Total assets and deferred outflows of resources	<u>3,141,274</u>	<u>1,655,725</u>	<u>4,796,999</u>
LIABILITIES			
Current liabilities			
Accounts payable	89,609	0	89,609
Accrued salaries and payroll liabilities	24,101	7	24,108
Compensated absences	114,333	0	114,333
Total current liabilities	<u>228,043</u>	<u>7</u>	<u>228,050</u>
Noncurrent liabilities			
Net pension liability	1,243,642	0	1,243,642
Total liabilities	<u>1,471,685</u>	<u>7</u>	<u>1,471,692</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	207,978	0	207,978
Pension investment return differences	215,856	0	215,856
Total deferred inflows of resources	<u>423,834</u>	<u>0</u>	<u>423,834</u>
Total liabilities and deferred inflows of resources	<u>1,895,519</u>	<u>7</u>	<u>1,895,526</u>
NET POSITION			
Investment in capital assets	55,453	0	55,453
Restricted for Friends of GMRC	26,170	0	26,170
Restricted for loans	0	1,655,718	1,655,718
Unrestricted	1,164,132	0	1,164,132
Total net position	<u>\$ 1,245,755</u>	<u>\$ 1,655,718</u>	<u>\$ 2,901,473</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2017

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	\$ 171,451	\$ 10,840	\$ 33,017	\$ 0	\$ (127,594)
Planning Services	462,569	2,398	350,544	0	(109,627)
Development Services	466,326	14,892	250,491	0	(200,943)
GIS Planning Services	249,722	171,006	10,919	0	(67,797)
WIOA Services	4,436,233	0	4,265,836	0	(170,397)
Total governmental activities	<u>5,786,301</u>	<u>199,136</u>	<u>4,910,807</u>	<u>0</u>	<u>(676,358)</u>
Business-type activities					
Revolving Loan Fund	168,539	53,454	0	0	(115,085)
Total business-type activities	<u>168,539</u>	<u>53,454</u>	<u>0</u>	<u>0</u>	<u>(115,085)</u>
Total primary government	<u>5,954,840</u>	<u>252,590</u>	<u>4,910,807</u>	<u>0</u>	<u>(791,443)</u>
	Governmental Activities	Business-Type Activities	Total		
Change in net position					
Net (expense) revenue	\$ (676,358)	\$ (115,085)	\$ (791,443)		
General revenues					
Regional appropriations	727,826	0	727,826		
Interest and investment earnings	0	2,811	2,811		
Other	156,849	174	157,023		
Transfers	3,839	(3,839)	0		
Total general revenues and transfers	<u>888,514</u>	<u>(854)</u>	<u>887,660</u>		
Change in net position	212,156	(115,939)	96,217		
Net position - beginning	<u>1,033,599</u>	<u>1,771,657</u>	<u>2,805,256</u>		
Net position - ending	<u>\$ 1,245,755</u>	<u>\$ 1,655,718</u>	<u>\$ 2,901,473</u>		

GEORGIA MOUNTAINS REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General</u>	<u>WIOA Adult Program</u>	<u>WIOA Dislocated Worker Program</u>
ASSETS			
Cash and cash equivalents	\$ 1,960,087	\$ 0	\$ 10,057
Restricted cash and cash equivalents	26,170	0	0
Receivables (net)			
Federal	0	68,263	23,889
State	0	0	0
Other	0	0	0
Due from other funds	187,563	0	0
Prepays	314	0	0
Total assets	\$ 2,174,134	\$ 68,263	\$ 33,946
LIABILITIES			
Accounts payable	\$ 1,979	\$ 11,152	\$ 31,953
Accrued salaries and payroll liabilities	2,314	0	0
Due to other funds	0	57,111	0
Total liabilities	4,293	68,263	31,953
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	2,750	0	1,993
FUND BALANCES			
Nonspendable prepaids	314	0	0
Restricted for Friends of GMRC	26,170	0	0
Assigned for capital outlay	52,632	0	0
Unassigned	2,087,975	0	0
Total fund balances	2,167,091	0	0
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,174,134	\$ 68,263	\$ 33,946

WIOA Youth-Out Program	DCA Programs	Nonmajor Governmental Funds	Totals
\$ 116,880	\$ 650	\$ 124,838	\$ 2,212,512
0	0	0	26,170
0	0	66,098	158,250
0	55,899	4,357	60,256
0	0	14,180	14,180
0	0	0	187,563
<u>1,645</u>	<u>14,000</u>	<u>548</u>	<u>16,507</u>
<u>\$ 118,525</u>	<u>\$ 70,549</u>	<u>\$ 210,021</u>	<u>\$ 2,675,438</u>
\$ 32,207	\$ 0	\$ 12,318	\$ 89,609
0	3,107	17,776	23,197
0	67,442	63,010	187,563
<u>32,207</u>	<u>70,549</u>	<u>93,104</u>	<u>300,369</u>
<u>86,318</u>	<u>0</u>	<u>116,917</u>	<u>207,978</u>
1,645	14,000	548	16,507
0	0	0	26,170
0	0	0	52,632
<u>(1,645)</u>	<u>(14,000)</u>	<u>(548)</u>	<u>2,071,782</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,167,091</u>
<u>\$ 118,525</u>	<u>\$ 70,549</u>	<u>\$ 210,021</u>	<u>\$ 2,675,438</u>

This page intentionally left blank.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2017**

Total fund balances - total governmental funds \$ 2,167,091

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		55,453
---	--	--------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (114,333)		
Net pension liability	(1,243,642)		(1,357,975)

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	\$ 191,392		
Pension experience differences	157,317		
Pension investment return differences	213,507		
Deferred inflows of resources:			
Pension investment return differences	(215,856)		346,360

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	\$ 73,257		
Less capital assets included above	(38,431)		34,826

Net position of governmental activities		\$ 1,245,755	
---	--	--------------	--

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2017

	<u>General</u>	<u>WIOA Adult Program</u>	<u>WIOA Dislocated Worker Program</u>
REVENUES			
Federal sources	\$ 0	\$ 2,100,862	\$ 700,067
State sources	0	0	0
City and county	727,826	0	0
Charges for services	10,840	0	0
Contributions	33,017	0	0
Other	156,637	60	60
	<hr/>	<hr/>	<hr/>
Total revenues	928,320	2,100,922	700,127
EXPENDITURES			
Current			
General Government	175,125	0	0
Planning Services	0	0	0
Development Services	0	0	0
Information / GIS Services	0	0	0
WIOA Services	0	2,100,922	700,127
	<hr/>	<hr/>	<hr/>
Total expenditures	175,125	2,100,922	700,127
Excess (deficiency) of revenues over (under) expenditures	<hr/> 753,195	<hr/> 0	<hr/> 0
Other financing sources (uses)			
Transfers in	11,964	0	0
Transfers out	(350,567)	0	0
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(338,603)	0	0
Net change in fund balance	414,592	0	0
Fund balances, July 1	<hr/> 1,752,499	<hr/> 0	<hr/> 0
Fund balances, June 30	\$ 2,167,091	\$ 0	\$ 0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>WIOA Youth-Out Program</u>	<u>DCA Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 901,714	\$ 0	\$ 889,026	\$ 4,591,669
0	243,245	42,875	286,120
0	0	188,296	916,122
0	0	0	10,840
0	0	0	33,017
0	0	92	156,849
<u>901,714</u>	<u>243,245</u>	<u>1,120,289</u>	<u>5,994,617</u>
0	0	0	175,125
0	276,764	172,560	449,324
0	0	449,487	449,487
0	0	243,972	243,972
<u>901,714</u>	<u>0</u>	<u>563,193</u>	<u>4,265,956</u>
<u>901,714</u>	<u>276,764</u>	<u>1,429,212</u>	<u>5,583,864</u>
<u>0</u>	<u>(33,519)</u>	<u>(308,923)</u>	<u>410,753</u>
0	38,132	312,435	362,531
<u>0</u>	<u>(4,613)</u>	<u>(3,512)</u>	<u>(358,692)</u>
<u>0</u>	<u>33,519</u>	<u>308,923</u>	<u>3,839</u>
0	0	0	414,592
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,752,499</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,167,091</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, 2017**

Net change in fund balances - total governmental funds \$ 414,592

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	\$	33,161	
Depreciation		<u>(142,208)</u>	(109,047)

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	\$	229,670	
Cost of benefits earned net of employee contributions		<u>(324,281)</u>	(94,611)

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. (4,548)

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	\$	13,902	
Subtract capital outlays included above		(25,340)	
Add depreciation expense included above		17,208	5,770
		<u>17,208</u>	

Change in net position of governmental activities	\$	<u><u>212,156</u></u>
---	----	-----------------------

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
City and county	\$ 727,825	\$ 727,825	\$ 727,826	\$ 1
Charges for services	0	0	10,840	10,840
Contributions	0	0	33,017	33,017
Other	1,000	1,000	156,637	155,637
Total revenues	<u>728,825</u>	<u>728,825</u>	<u>928,320</u>	<u>199,495</u>
EXPENDITURES				
Current				
General Government				
Salaries and wages	106,671	106,671	71,475	35,196
Fringe benefits	38,679	38,679	24,219	14,460
Contracts	20,000	20,000	13,819	6,181
Rentals	0	0	17,132	(17,132)
Travel	8,100	8,100	1,892	6,208
Supplies and materials	8,032	8,032	21,063	(13,031)
Capital expenditures	25,000	25,000	0	25,000
Other	129,053	129,053	10,242	118,811
Indirect costs	65,466	65,466	15,283	50,183
Total expenditures	<u>401,001</u>	<u>401,001</u>	<u>175,125</u>	<u>225,876</u>
Excess (deficiency) of revenues over expenditures	<u>327,824</u>	<u>327,824</u>	<u>753,195</u>	<u>425,371</u>
Other financing sources (uses)				
Transfers in	0	0	11,964	11,964
Transfers out	(327,824)	(327,824)	(350,567)	(22,743)
Total other financing sources (uses)	<u>(327,824)</u>	<u>(327,824)</u>	<u>(338,603)</u>	<u>(10,779)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	414,592	414,592
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>1,752,499</u>	<u>1,752,499</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,167,091</u>	<u>\$ 2,167,091</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA ADULT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 1,138,764	\$ 2,123,147	\$ 2,100,862	\$ (22,285)
Other	0	0	60	60
Total revenues	<u>1,138,764</u>	<u>2,123,147</u>	<u>2,100,922</u>	<u>(22,225)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	241,394	241,394	274,352	(32,958)
Fringe benefits	87,529	87,529	120,430	(32,901)
Contracts	120,000	120,000	10,835	109,165
Rentals	0	0	22,780	(22,780)
Travel	0	0	176,492	(176,492)
Supplies and materials	0	0	17,705	(17,705)
Other	667,616	1,651,999	1,478,328	173,671
Total expenditures	<u>1,116,539</u>	<u>2,100,922</u>	<u>2,100,922</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	22,225	22,225	0	(22,225)
Other financing sources (uses)				
Contingency	(22,225)	(22,225)	0	22,225
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA DISLOCATED WORKER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 1,578,679	\$ 1,578,679	\$ 700,067	\$ (878,612)
Other	0	0	60	60
Total revenues	<u>1,578,679</u>	<u>1,578,679</u>	<u>700,127</u>	<u>(878,552)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	268,853	268,853	278,397	(9,544)
Fringe benefits	97,486	97,486	115,501	(18,015)
Contracts	0	0	18,833	(18,833)
Rentals	0	0	21,630	(21,630)
Travel	0	0	24,370	(24,370)
Supplies and materials	2,000	2,000	16,773	(14,773)
Other	994,000	994,000	224,623	769,377
Total expenditures	<u>1,362,339</u>	<u>1,362,339</u>	<u>700,127</u>	<u>662,212</u>
Excess (deficiency) of revenues over expenditures	216,340	216,340	0	(216,340)
Other financing sources (uses)				
Contingency	(216,340)	(216,340)	0	216,340
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH-OUT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 799,403	\$ 916,357	\$ 901,714	\$ (14,643)
Total revenues	799,403	916,357	901,714	(14,643)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	207,406	207,406	247,525	(40,119)
Fringe benefits	75,205	75,205	101,625	(26,420)
Contracts	201,495	201,495	172,787	28,708
Rentals	0	0	20,530	(20,530)
Travel	0	0	55,186	(55,186)
Supplies and materials	0	0	12,390	(12,390)
Other	300,654	417,608	291,671	125,937
Total expenditures	784,760	901,714	901,714	0
Excess (deficiency) of revenues over expenditures	14,643	14,643	0	(14,643)
Other financing sources (uses)				
Contingency	(14,643)	(14,643)	0	14,643
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
DCA PROGRAMS FUND
GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 229,437	\$ 253,820	\$ 243,245	\$ (10,575)
Total revenues	229,437	253,820	243,245	(10,575)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	116,719	116,719	138,112	(21,393)
Fringe benefits	42,322	42,322	46,375	(4,053)
Travel	2,760	2,760	8,560	(5,800)
Other	18,947	18,947	15,305	3,642
Indirect costs	71,633	96,016	68,412	27,604
Total expenditures	252,381	276,764	276,764	0
Excess (deficiency) of revenues over expenditures	(22,944)	(22,944)	(33,519)	(10,575)
Other financing sources (uses)				
Transfers in	22,944	22,944	38,132	15,188
Transfers out	0	0	(4,613)	(4,613)
Total other financing sources (uses)	22,944	22,944	33,519	10,575
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	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, 2017

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 530,017	\$ 21,585
Loans receivable	372,984	0
Prepays	0	14,145
Total current assets	903,001	35,730
Noncurrent assets		
Loans receivable	752,724	0
Depreciable capital assets (net)	0	38,431
Total noncurrent assets	752,724	38,431
Total assets	1,655,725	74,161
LIABILITIES		
Current liabilities		
Accrued salaries and payroll liabilities	7	904
NET POSITION		
Investment in capital assets	0	38,431
Restricted for loans	1,655,718	0
Unrestricted	0	34,826
Total net position	\$ 1,655,718	\$ 73,257

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2017

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Interfund services provided	\$ 0	\$ 1,037,912
Interest from loans	53,454	0
Other	174	0
	<u>53,628</u>	<u>1,037,912</u>
Total operating revenues		
OPERATING EXPENSES		
Salaries and wages	4,682	163,544
Fringe benefits	1,599	734,559
Rentals	0	8,376
Travel	108	2,578
Insurance and bonding	0	3,366
Repairs and maintenance	0	25,957
Postage and freight	0	2,263
Publication and printing	0	1,632
Per diem and fees	0	20,136
Facility operation	0	12,643
Supplies and materials	0	2,591
Utilities	0	12,320
Depreciation	0	17,208
Bad debt	152,151	0
Other	9,999	16,837
	<u>168,539</u>	<u>1,024,010</u>
Total operating expenses		
Operating income (loss)	(114,911)	13,902
Non-operating revenues (expenses)		
Interest revenue	2,811	0
	<u>2,811</u>	<u>0</u>
Net income (loss) before transfers	(112,100)	13,902
Transfers in (out)		
Transfers out	(3,839)	0
	<u>(3,839)</u>	<u>0</u>
Change in net position	(115,939)	13,902
Net position, July 1	1,771,657	59,355
	<u>1,771,657</u>	<u>59,355</u>
Net position, June 30	<u>\$ 1,655,718</u>	<u>\$ 73,257</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2017

	Business-Type Activities Revolving Loan Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 0	\$ 1,037,912
Loan payments received	185,378	0
Loans made	(91,880)	0
Payments for salaries and fringe benefits	(6,308)	(898,542)
Payments for direct operating expenses	(10,107)	(116,528)
Other revenues	703	0
	77,786	22,842
Cash flows from capital and related financing activities:		
Acquisition of capital assets	0	(25,340)
	0	(25,340)
Cash flows from non-capital financing activities:		
Payments to other funds	(3,839)	0
	(3,839)	0
Cash flows from investing activities		
Interest received	2,811	0
	2,811	0
Net increase (decrease) in cash and cash equivalents	76,758	(2,498)
Cash and cash equivalents, July 1	453,259	24,083
	453,259	24,083
Cash and cash equivalents, June 30	\$ 530,017	\$ 21,585
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (114,911)	\$ 13,902
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	0	17,208
(Increase) decrease in other receivables	529	0
(Increase) decrease in loans receivable	192,195	0
(Increase) decrease in prepaids	0	(7,829)
Increase (decrease) in accrued salaries and payroll liabilities	(27)	(439)
	192,697	8,940
Total adjustments	192,697	8,940
Net cash provided (used) by operating activities	\$ 77,786	\$ 22,842

Noncash investing, capital, and financing activities

Bad debt expense totaled \$152,151 for the fiscal year ended June 30, 2017.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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, 2017

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, 2017

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 Adult Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act adult program contract.

WIOA Dislocated Worker Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act dislocated worker program contract.

WIOA Youth-Out Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act out of school youth program contract.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

DCA Programs Fund - This fund is used to account for DCA program contracts.

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 types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Proprietary Fund Types

Enterprise Funds - This fund type is used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

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.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

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.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

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, 2017

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. Prepaid items 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, 2017

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. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue. Grant and contract entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred inflows of resources. The Commission also reports deferred inflows of resources related to the defined benefit pension plan.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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 June 30, 2017, the Commission was not required to sequester any loan funds.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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, 2017

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 year ended June 30, 2017 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, 2017

2. Summary of Significant Accounting Policies (continued)

V. Allocation of Indirect Expenses, continued

Total indirect costs incurred by the Commission for the fiscal year ended June 30, 2017 were \$325,630. Using total governmental funds personal services expenditures (direct salaries plus employee benefits less amounts not utilized in computation) and \$1,015,930 as the allocation base, the actual indirect cost rate for the fiscal year ended June 30, 2017 was 32%.

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 fiscal year ended June 30, 2017 totaled \$675,856. Using total salaries and wages of \$1,744,089 as the allocation base, the actual employee benefit rate for the fiscal year ended June 30, 2017 was 39%.

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, 2017

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, 2017

4. Receivables (continued)

The Commission's intergovernmental receivables at June 30, 2017 are as follows:

	Governmental Funds		Total
	Major Funds	Nonmajor Funds	
Federal			
WIOA Adult Program			
Georgia Department of Economic Development	\$ 68,263	\$ 0	\$ 68,263
WIOA Dislocated Worker Program			
Georgia Department of Economic Development	23,889	0	23,889
DOT Programs			
Georgia Department of Transportation	0	37,378	37,378
EDA Programs			
Economic Development Administration	0	8,127	8,127
WIOA Youth Work Experience Program			
Georgia Department of Economic Development	0	12,177	12,177
Other Programs			
Various Cities and Counties - CDBG and EIP	0	8,416	8,416
Total Federal	<u>\$ 92,152</u>	<u>\$ 66,098</u>	<u>\$ 158,250</u>
State			
DCA Programs			
Georgia Department of Community Affairs	\$ 55,899	\$ 0	\$ 55,899
Information / GIS Programs			
Georgia Department of Transportation	0	4,357	4,357
	<u>\$ 55,899</u>	<u>\$ 4,357</u>	<u>\$ 60,256</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

5. Interfund Receivables, Payables and Transfers

Interfund balances at June 30, 2017 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	WIOA Adult Program	\$ 57,111
	DCA Programs	67,442
	Nonmajor Governmental	63,010
		<u>\$ 187,563</u>

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

The Commission's transfers are for operating expenses reimbursed to the major and nonmajor governmental funds paid to and from the General Fund. The following schedule reports transfers within the reporting entity for the fiscal year ended June 30, 2017:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	DCA Programs	\$ 38,132
	Nonmajor Governmental	312,435
DCA Programs	General	4,613
Nonmajor Governmental	General	3,512
Revolving Loan	General	3,839
		<u>\$ 362,531</u>

Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Capital Assets

Capital asset activity for the Commission for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Program				
Depreciable assets				
Equipment	\$ 22,098	\$ 7,821	\$ 0	\$ 29,919
Vehicles	604,510	0	0	604,510
Total depreciable assets	<u>626,608</u>	<u>7,821</u>	<u>0</u>	<u>634,429</u>
Less accumulated depreciation				
Equipment	(8,799)	(4,098)	0	(12,897)
Vehicles	(483,608)	(120,902)	0	(604,510)
Total accumulated depreciation	<u>(492,407)</u>	<u>(125,000)</u>	<u>0</u>	<u>(617,407)</u>
Program capital assets, net	<u>\$ 134,201</u>	<u>\$ (117,179)</u>	<u>\$ 0</u>	<u>\$ 17,022</u>
Non-program				
Depreciable assets				
Equipment	\$ 89,875	\$ 0	\$ 0	\$ 89,875
Vehicles	127,848	25,340	(21,900)	131,288
Total depreciable assets	<u>217,723</u>	<u>25,340</u>	<u>(21,900)</u>	<u>221,163</u>
Less accumulated depreciation				
Equipment	(81,861)	(4,026)	0	(85,887)
Vehicles	(105,563)	(13,182)	21,900	(96,845)
Total accumulated depreciation	<u>(187,424)</u>	<u>(17,208)</u>	<u>21,900</u>	<u>(182,732)</u>
Non-program capital assets, net	<u>\$ 30,299</u>	<u>\$ 8,132</u>	<u>\$ 0</u>	<u>\$ 38,431</u>
Total governmental activities capital assets, net	<u>\$ 164,500</u>	<u>\$ (109,047)</u>	<u>\$ 0</u>	<u>\$ 55,453</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General Government	\$ 17,208
GIS Planning Services	3,198
WIOA Services	121,802
Total depreciation expense for governmental activities	<u>\$ 142,208</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

7. Long-Term Debt

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 109,785	\$ 139,987	\$ 135,439	\$ 114,333	\$ 114,333

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 \$25,508 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, 2017

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, 2017, the date of the most recent actuarial valuation, there were 70 participants consisting of the following:

Retired participants and beneficiaries	25
Vested former participants	13
Active employees	32
Total number of participants	70

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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 fiscal year ended June 30, 2017 was \$229,670, or 15.50% of covered payroll. The Commission's covered payroll for employees participating in the Plan as of January 1, 2016, (the actuarial valuation date used to determine the contribution rate for the fiscal year ended June 30, 2017) was \$1,481,361 (based on covered earnings for the preceding year). 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 June 30, 2017, the Commission reported a net pension liability of \$1,243,642. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended June 30, 2017, the Commission recognized pension expense of \$324,281.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2015	<u>\$ 6,572,436</u>	<u>\$ 5,338,840</u>	<u>\$ 1,233,596</u>
Changes for the year:			
Service cost	146,913	0	146,913
Interest	494,535	0	494,535
Differences between expected and actual experience	151,835	0	151,835
Employer contributions	0	206,126	(206,126)
Net investment income	0	586,513	(586,513)
Benefit payments	(382,687)	(382,687)	0
Administrative expense	0	(9,402)	9,402
Net changes	<u>410,596</u>	<u>400,550</u>	<u>10,046</u>
Balances at September 30, 2016	<u><u>\$ 6,983,032</u></u>	<u><u>\$ 5,739,390</u></u>	<u><u>\$ 1,243,642</u></u>

Plan fiduciary net position as a percentage of the total pension liability	82.19%
Covered payroll	\$ 1,481,361
Net pension liability as a percentage of covered payroll	83.95%

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

At June 30, 2017, 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	\$ 191,392	\$ 0
Differences between expected and actual experience	157,317	0
Net difference between projected and actual earnings on pension plan investments	213,507	(215,856)
Totals	\$ 562,216	\$ (215,856)

The \$191,392 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30		
2018	\$	58,912
2019		58,912
2020		73,136
2021		(35,992)
Totals	\$	154,968

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.25%
Net investment rate of return	7.75%

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, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

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, 2016 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%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 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.

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 (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.75%	\$ 1,991,884
Current discount rate	7.75%	1,243,642
1% increase	8.75%	611,846

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

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 his/her 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 fiscal year ended June 30, 2017 were \$79,200 and \$108,015, respectively.

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 fiscal year 2017, no expenses were recognized for post-employment benefits. Five retirees currently participate.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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 Commission 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.

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.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

11. Risk Management (Continued)

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, 2017
(Unaudited)

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

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2017
(Unaudited)

	Fiscal Year End		
	2015	2016	2017
Actuarially determined contribution	\$ 228,132	\$ 223,797	\$ 229,670
Contributions in relation to the actuarially determined contribution	(243,255)	(399,691)	(229,670)
Contribution deficiency (excess)	<u>\$ (15,123)</u>	<u>\$ (175,894)</u>	<u>\$ 0</u>
Covered payroll	\$ 1,392,312	\$ 1,635,471	\$ 1,481,361
Contributions as a percentage of covered payroll	17.47%	24.44%	15.50%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2018.

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 11 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 = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 3.25%

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, 2017

3. Changes in Benefits

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

4. Changes of Assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

This page intentionally left blank.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

**GEORGIA MOUNTAINS REGIONAL COMMISSION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	Special Revenue					
	Planning Programs Planning Services	Information/ GIS Programs	DOT Programs	ARC Programs	EDA Programs	Other Programs
ASSETS						
Cash and cash equivalents	\$ 816	\$ 1,624	\$ 0	\$ 3,572	\$ 0	\$ 5,962
Receivables						
Federal	0	0	37,378	0	8,127	8,416
State	0	4,357	0	0	0	0
Other	1,503	5,124	0	0	0	7,553
Prepays	0	0	0	0	0	0
Total assets	\$ 2,319	\$ 11,105	\$ 37,378	\$ 3,572	\$ 8,127	\$ 21,931
LIABILITIES						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued salaries and payroll liabilities	953	3,079	3,319	3,572	741	6,112
Due to other funds	1,366	4,386	34,059	0	7,386	15,813
Total liabilities	2,319	7,465	37,378	3,572	8,127	21,925
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	0	3,640	0	0	0	6
FUND BALANCES						
Nonspendable prepaids	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balances	0	0	0	0	0	0
Total liabilities, deferred inflows of resources and fund balances	\$ 2,319	\$ 11,105	\$ 37,378	\$ 3,572	\$ 8,127	\$ 21,931

Special Revenue							
WIOA Adult Admin Program	WIOA Youth Admin Program	WIOA Dislocated Worker Admin Program	WIOA Youth-In Program	WIOA Youth Work Experience Program	WIOA Ex-Offender Program	WIOA Branding	Total Nonmajor Governmental Funds
\$ 7,879	\$ 36,623	\$ 16,466	\$ 44,255	\$ 0	\$ 0	\$ 7,641	\$ 124,838
0	0	0	0	12,177	0	0	66,098
0	0	0	0	0	0	0	4,357
0	0	0	0	0	0	0	14,180
0	0	0	548	0	0	0	548
<u>\$ 7,879</u>	<u>\$ 36,623</u>	<u>\$ 16,466</u>	<u>\$ 44,803</u>	<u>\$ 12,177</u>	<u>\$ 0</u>	<u>\$ 7,641</u>	<u>\$ 210,021</u>
\$ 23	\$ 9	\$ 21	\$ 88	\$ 12,177	\$ 0	\$ 0	\$ 12,318
0	0	0	0	0	0	0	17,776
0	0	0	0	0	0	0	63,010
<u>23</u>	<u>9</u>	<u>21</u>	<u>88</u>	<u>12,177</u>	<u>0</u>	<u>0</u>	<u>93,104</u>
<u>7,856</u>	<u>36,614</u>	<u>16,445</u>	<u>44,715</u>	<u>0</u>	<u>0</u>	<u>7,641</u>	<u>116,917</u>
0	0	0	548	0	0	0	548
0	0	0	(548)	0	0	0	(548)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 7,879</u>	<u>\$ 36,623</u>	<u>\$ 16,466</u>	<u>\$ 44,803</u>	<u>\$ 12,177</u>	<u>\$ 0</u>	<u>\$ 7,641</u>	<u>\$ 210,021</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2017**

	Special Revenue					
	Planning Programs Planning Services	Information/ GIS Programs	DOT Programs	ARC Programs	EDA Programs	
REVENUES						
Federal sources	\$ 11,250	\$ 0	\$ 64,092	\$ 162,144	\$ 38,611	\$ 49,736
State sources	31,956	10,919	0	0	0	0
City and county	2,398	171,006	0	0	0	14,892
Other	80	0	0	0	0	12
Total revenues	<u>45,684</u>	<u>181,925</u>	<u>64,092</u>	<u>162,144</u>	<u>38,611</u>	<u>64,640</u>
EXPENDITURES						
Current						
Planning Services	93,254	0	79,306	0	0	0
Development Services	0	0	0	295,351	74,177	79,959
Information / GIS Services	0	243,972	0	0	0	0
WIOA Services	0	0	0	0	0	0
Total expenditures	<u>93,254</u>	<u>243,972</u>	<u>79,306</u>	<u>295,351</u>	<u>74,177</u>	<u>79,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,570)</u>	<u>(62,047)</u>	<u>(15,214)</u>	<u>(133,207)</u>	<u>(35,566)</u>	<u>(15,319)</u>
Other financing sources (uses)						
Transfers in	47,828	62,047	15,214	133,207	35,566	18,573
Transfers out	(258)	0	0	0	0	(3,254)
Total other financing sources (uses)	<u>47,570</u>	<u>62,047</u>	<u>15,214</u>	<u>133,207</u>	<u>35,566</u>	<u>15,319</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0	0	0
Fund balances, July 1	0	0	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Special Revenue							Total Nonmajor Governmental Funds
WIOA Adult Admin Program	WIOA Youth Admin Program	WIOA Dislocated Worker Admin Program	WIOA Youth-In Program	WIOA Youth Work Experience Program	WIOA Ex-Offender Program	WIOA Branding	
\$ 138,548	\$ 72,742	\$ 136,155	\$ 58,435	\$ 147,659	\$ 6,474	\$ 3,180	\$ 889,026
0	0	0	0	0	0	0	42,875
0	0	0	0	0	0	0	188,296
0	0	0	0	0	0	0	92
<u>138,548</u>	<u>72,742</u>	<u>136,155</u>	<u>58,435</u>	<u>147,659</u>	<u>6,474</u>	<u>3,180</u>	<u>1,120,289</u>
0	0	0	0	0	0	0	172,560
0	0	0	0	0	0	0	449,487
0	0	0	0	0	0	0	243,972
<u>138,548</u>	<u>72,742</u>	<u>136,155</u>	<u>58,435</u>	<u>147,659</u>	<u>6,474</u>	<u>3,180</u>	<u>563,193</u>
<u>138,548</u>	<u>72,742</u>	<u>136,155</u>	<u>58,435</u>	<u>147,659</u>	<u>6,474</u>	<u>3,180</u>	<u>1,429,212</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(308,923)</u>
0	0	0	0	0	0	0	312,435
0	0	0	0	0	0	0	(3,512)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>308,923</u>
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
PLANNING PROGRAMS FUND
PLANNING SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 0	\$ 0	\$ 11,250	\$ 11,250
State sources	0	0	31,956	31,956
City and county	50,000	50,000	2,398	(47,602)
Other	0	986	80	(906)
Total revenues	50,000	50,986	45,684	(5,302)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	42,334	42,334	28,488	13,846
Fringe benefits	15,350	15,350	14,101	1,249
Contracts	0	0	27,841	(27,841)
Travel	7,503	7,503	729	6,774
Supplies and materials	450	450	11	439
Other	650	650	2,259	(1,609)
Indirect costs	25,981	26,967	19,825	7,142
Total expenditures	92,268	93,254	93,254	0
Excess (deficiency) of revenues over expenditures	(42,268)	(42,268)	(47,570)	(5,302)
Other financing sources (uses)				
Transfers in	42,268	42,268	47,828	5,560
Transfers out	0	0	(258)	(258)
Total other financing sources (uses)	42,268	42,268	47,570	5,302
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
INFORMATION / GIS PROGRAMS FUND
INFORMATION / GIS PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 0	\$ 0	\$ 10,919	\$ 10,919
City and county	35,000	222,207	171,006	(51,201)
Total revenues	<u>35,000</u>	<u>222,207</u>	<u>181,925</u>	<u>(40,282)</u>
EXPENDITURES				
Current				
Information / GIS Services				
Salaries and wages	26,216	26,216	51,172	(24,956)
Fringe benefits	9,506	9,506	15,300	(5,794)
Contracts	0	0	143,975	(143,975)
Travel	2,854	2,854	2,879	(25)
Supplies and materials	400	400	1,332	(932)
Other	1,700	1,700	1,148	552
Indirect costs	16,089	203,296	28,166	175,130
Total expenditures	<u>56,765</u>	<u>243,972</u>	<u>243,972</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(21,765)	(21,765)	(62,047)	(40,282)
Other financing sources (uses)				
Transfers in	21,765	21,765	62,047	40,282
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
DOT PROGRAMS FUND
GEORGIA DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 79,429	\$ 79,429	\$ 64,092	\$ (15,337)
Total revenues	<u>79,429</u>	<u>79,429</u>	<u>64,092</u>	<u>(15,337)</u>
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	47,965	47,965	45,040	2,925
Fringe benefits	17,392	17,392	14,463	2,929
Travel	272	272	0	272
Other	250	250	0	250
Indirect costs	29,437	29,437	19,803	9,634
Total expenditures	<u>95,316</u>	<u>95,316</u>	<u>79,306</u>	<u>16,010</u>
Excess (deficiency) of revenues over expenditures	(15,887)	(15,887)	(15,214)	673
Other financing sources (uses)				
Transfers in	15,887	15,887	15,214	(673)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
ARC PROGRAMS FUND
APPALACHIAN REGIONAL COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 162,144	\$ 162,144	\$ 162,144	\$ 0
Total revenues	<u>162,144</u>	<u>162,144</u>	<u>162,144</u>	<u>0</u>
EXPENDITURES				
Current				
Development Services				
Salaries and wages	155,443	155,443	146,643	8,800
Fringe benefits	56,364	56,364	50,784	5,580
Travel	9,800	9,800	10,669	(869)
Supplies and materials	3,634	3,634	0	3,634
Other	3,649	3,649	8,037	(4,388)
Indirect costs	95,398	95,398	79,218	16,180
Total expenditures	<u>324,288</u>	<u>324,288</u>	<u>295,351</u>	<u>28,937</u>
Excess (deficiency) of revenues over expenditures	(162,144)	(162,144)	(133,207)	28,937
Other financing sources (uses)				
Transfers in	162,144	162,144	133,207	(28,937)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
EDA PROGRAMS FUND
ECONOMIC DEVELOPMENT ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 63,000	\$ 63,000	\$ 38,611	\$ (24,389)
Total revenues	63,000	63,000	38,611	(24,389)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	59,867	59,867	37,413	22,454
Fringe benefits	21,708	21,708	16,045	5,663
Travel	3,000	3,000	518	2,482
Supplies and materials	2,120	2,120	0	2,120
Other	2,564	2,564	653	1,911
Indirect costs	36,741	36,741	19,548	17,193
Total expenditures	126,000	126,000	74,177	51,823
Excess (deficiency) of revenues over expenditures	(63,000)	(63,000)	(35,566)	27,434
Other financing sources (uses)				
Transfers in	63,000	63,000	35,566	(27,434)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
OTHER PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 75,000	\$ 75,000	\$ 49,736	\$ (25,264)
City and county	15,000	15,000	14,892	(108)
Other	0	0	12	12
Total revenues	90,000	90,000	64,640	(25,360)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	43,015	43,015	40,280	2,735
Fringe benefits	15,597	15,597	14,791	806
Travel	3,000	3,000	4,747	(1,747)
Other	1,989	1,989	1,484	505
Indirect costs	26,399	26,399	18,657	7,742
Total expenditures	90,000	90,000	79,959	10,041
Excess (deficiency) of revenues over expenditures	0	0	(15,319)	(15,319)
Other financing sources (uses)				
Transfers in	0	0	18,573	18,573
Transfers out	0	0	(3,254)	(3,254)
Total other financing sources (uses)	0	0	15,319	15,319
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA ADULT ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 126,530	\$ 150,181	\$ 138,548	\$ (11,633)
Total revenues	<u>126,530</u>	<u>150,181</u>	<u>138,548</u>	<u>(11,633)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	58,853	58,853	76,624	(17,771)
Fringe benefits	21,340	21,340	23,778	(2,438)
Contracts	0	0	23	(23)
Rentals	0	0	4,712	(4,712)
Other	6,000	6,000	2,586	3,414
Indirect costs	28,704	52,355	30,825	21,530
Total expenditures	<u>114,897</u>	<u>138,548</u>	<u>138,548</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	11,633	11,633	0	(11,633)
Other financing sources (uses)				
Contingency	(11,633)	(11,633)	0	11,633
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 44,583	\$ 74,507	\$ 72,742	\$ (1,765)
Total revenues	<u>44,583</u>	<u>74,507</u>	<u>72,742</u>	<u>(1,765)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	25,000	25,000	39,592	(14,592)
Fringe benefits	9,065	9,065	14,537	(5,472)
Contracts	0	0	39	(39)
Rentals	0	0	2,581	(2,581)
Supplies and materials	0	0	27	(27)
Other	8,753	8,753	1,270	7,483
Indirect costs	0	29,924	14,696	15,228
Total expenditures	<u>42,818</u>	<u>72,742</u>	<u>72,742</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	1,765	1,765	0	(1,765)
Other financing sources (uses)				
Contingency	(1,765)	(1,765)	0	1,765
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA DISLOCATED WORKER ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 158,477	\$ 158,477	\$ 136,155	\$ (22,322)
Total revenues	<u>158,477</u>	<u>158,477</u>	<u>136,155</u>	<u>(22,322)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	86,136	86,136	75,539	10,597
Fringe benefits	31,233	31,233	23,555	7,678
Contracts	0	0	21	(21)
Rentals	0	0	5,250	(5,250)
Other	6,000	6,000	2,425	3,575
Indirect costs	33,243	33,243	29,365	3,878
Total expenditures	<u>156,612</u>	<u>156,612</u>	<u>136,155</u>	<u>20,457</u>
Excess (deficiency) of revenues over expenditures	1,865	1,865	0	(1,865)
Other financing sources (uses)				
Contingency	(1,865)	(1,865)	0	1,865
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH-IN PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 342,601	\$ 342,601	\$ 58,435	\$ (284,166)
Total revenues	<u>342,601</u>	<u>342,601</u>	<u>58,435</u>	<u>(284,166)</u>
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	88,888	88,888	24,287	64,601
Fringe benefits	32,231	32,231	10,338	21,893
Contracts	60,485	60,485	3,830	56,655
Rentals	0	0	2,325	(2,325)
Travel	0	0	8,663	(8,663)
Supplies and materials	0	0	862	(862)
Other	154,722	154,722	8,130	146,592
Total expenditures	<u>336,326</u>	<u>336,326</u>	<u>58,435</u>	<u>277,891</u>
Excess (deficiency) of revenues over expenditures	6,275	6,275	0	(6,275)
Other financing sources (uses)				
Contingency	(6,275)	(6,275)	0	6,275
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH WORK EXPERIENCE PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 0	\$ 147,659	\$ 147,659	\$ 0
Total revenues	0	147,659	147,659	0
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	0	0	924	(924)
Fringe benefits	0	0	399	(399)
Contracts	0	0	145,496	(145,496)
Other	0	147,659	840	146,819
Total expenditures	0	147,659	147,659	0
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
WIOA PROGRAMS FUND
WIOA EX-OFFENDER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 0	\$ 6,474	\$ 6,474	\$ 0
Total revenues	<u>0</u>	<u>6,474</u>	<u>6,474</u>	<u>0</u>
EXPENDITURES				
Current				
WIOA Services				
Supplies and materials	0	6,474	6,474	0
Total expenditures	<u>0</u>	<u>6,474</u>	<u>6,474</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA BRANDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 0	\$ 3,180	\$ 3,180	\$ 0
Total revenues	0	3,180	3,180	0
EXPENDITURES				
Current				
WIOA Services				
Supplies and materials	0	0	2,980	(2,980)
Other	0	3,180	200	2,980
Total expenditures	0	3,180	3,180	0
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

SINGLE AUDIT SECTION

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

This page intentionally left blank.

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, each major fund, and the aggregate remaining fund information of Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2017, 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 October 10, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001, that we consider to be a material weakness.

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*.

Georgia Mountains Regional Commission's Response to Finding

Georgia Mountains Regional Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Georgia Mountains Regional Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

October 10, 2017

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, 2017. 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, 2017.

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
October 10, 2017

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2017

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	\$ 38,611
Economic Adjustment Assistance	11.307	N/A	<u>1,216,238</u>
Total Department of Commerce			<u>1,254,849</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	11-15-15-02-022 11-15-16-02-022 11-16-16-02-022 11-16-17-02-022	2,239,411
WIA/WIOA Youth Activities	17.259	15-15-15-02-022 15-16-16-02-022 15-17-17-02-022	1,180,550
WIA/WIOA Dislocated Worker Formula Grants	17.278	31-15-16-02-022 31-16-16-02-022 31-16-17-02-002 36-15-16-02-002 44-15-15-02-022 44-15-16-02-022 44-16-17-02-002 WSG-14-15-02-002 ExOff-15-16-02-002	<u>845,876</u>
Total WIA Cluster Programs			<u>4,265,837</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2017

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	STP-0015270	\$ 38,790
Passed through the Georgia Department of Transportation: Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	T005818	<u>25,303</u>
Total Department of Transportation			<u>64,093</u>
Appalachian Regional Commission			
Appalachian Local Development District Assistance	23.009	N/A	<u>162,144</u>
Environmental Protection Agency			
Passed through the Georgia Department of Natural Resources: Nonpoint Source Implementation Grants	66.460	751-160082	<u>11,250</u>
Total Federal Awards			<u><u>\$ 5,762,264</u></u>

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, 2017

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, 2017. 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained 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.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2017**

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
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 weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
11.307 Economic Adjustment Assistance	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2017

2. Financial Statement Findings and Responses

2017-001

Condition: Due to changes made to the settings in the accounting software, postings related to employee leave time were duplicated in project accounting. The settings changes in the software were due to automatic updates in which the split distribution of the salary pay code was mapped to all pay codes, including the postings related to leave time. Postings for both the accrual and use of leave time reflected as expenditures for the applicable projects.

Criteria: Generally accepted accounting principles require expenditures to be properly recorded.

Effect: Failure to properly apply generally accepted accounting principles may lead to financial statements that are materially misstated.

Recommendation: Management should restrict access for making changes to the settings in the accounting software. Management should also review project activity reports routinely for any abnormalities.

Management Response: Management concurs with this finding. The Finance Director has restricted access for making changes to the settings in the accounting software. The Finance Director has also implemented a monthly review process for project activity reports. This action was taken immediately upon receipt of the comment from our auditors.

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*.

This page intentionally left blank.

STATE REPORTING SECTION

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2017

	Provisional	Actual
Fringe benefits		
Retirement benefits	\$ 229,675	\$ 229,670
Payroll taxes	25,596	24,563
Group insurance	378,189	286,008
Workers' compensation	7,264	11,058
Other benefits including TSA	114,936	122,761
State unemployment	5,719	1,796
Employee benefits available for allocation	\$ 761,379	\$ 675,856

COMPUTATION OF EMPLOYEE BENEFIT RATES

Basis		
Total salaries and wages	\$ 1,805,549	\$ 1,744,089
Allocation base - salaries and wages	\$ 1,805,549	\$ 1,744,089
Employee benefit rates	42.17%	38.75%

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2017

	<u>Provisional</u>	<u>Actual</u>
Salaries and wages	\$ 225,681	\$ 163,544
Allocated fringe benefits	81,832	58,703
Consultants	21,500	20,136
Supplies and materials	10,535	2,590
Travel	6,500	2,578
Utilities - electric and gas	14,000	12,320
Repairs and maintenance	29,170	25,957
Publications and printing	3,500	1,632
User charges / depreciation on equipment	10,284	4,026
Facility operation expense	10,000	12,643
Rentals - other	9,038	8,376
Postage and freight	3,500	2,263
Insurance and bonding	4,800	3,366
Other expenses	3,400	7,496
Indirect expenses available for allocation	<u><u>\$ 433,740</u></u>	<u><u>\$ 325,630</u></u>

COMPUTATION OF INDIRECT COST RATES

Direct salaries	\$ 772,351	\$ 755,984
Employee fringe benefits	<u>250,273</u>	<u>259,946</u>
Allocation base - direct personnel costs	<u><u>\$ 1,022,624</u></u>	<u><u>\$ 1,015,930</u></u>
Indirect cost rates	<u><u>42.41%</u></u>	<u><u>32.05%</u></u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FLEET COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2017

	<u>Provisional</u>	<u>Actual</u>
Gasoline expense	\$ 6,500	\$ 3,790
Depreciation	13,500	13,183
Vehicle repairs and maintenance	2,500	3,437
Vehicle insurance	<u>2,800</u>	<u>2,062</u>
Indirect expenses available for allocation	<u>\$ 25,300</u>	<u>\$ 22,472</u>

GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CITY AND COUNTY DUES AND ASSESSMENTS
For the fiscal year ended June 30, 2017

<u>Government</u>	<u>Balance Due June 30, 2016</u>	<u>Dues Amount for FY 2017</u>	<u>Total Billed for FY 2017</u>	<u>Amount Collected for FY 2017</u>	<u>Balance Due June 30, 2017</u>
Banks County	\$ 0	\$ 20,125	\$ 20,125	\$ 20,125	\$ 0
Dawson County	0	25,253	25,253	25,253	0
Forsyth County	0	224,732	224,732	224,732	0
Franklin County	0	17,272	17,272	17,272	0
City of Canon	0	835	835	835	0
City of Carnesville	0	636	636	636	0
City of Franklin Springs	0	1,257	1,257	1,257	0
City of Lavonia	0	2,376	2,376	2,376	0
City of Royston	0	2,114	2,114	2,114	0
Habersham County	0	34,241	34,241	34,241	0
City of Alto	0	724	724	724	0
City of Baldwin	0	2,826	2,826	2,826	0
City of Clarkesville	0	1,926	1,926	1,926	0
City of Cornelia	0	4,631	4,631	4,631	0
City of Demorest	0	2,252	2,252	2,252	0
City of Mount Airy	0	1,419	1,419	1,419	0
City of Tallulah Falls	0	109	109	109	0
Hall County	0	154,071	154,071	154,071	0
City of Clermont	0	1,006	1,006	1,006	0
City of Flowery Branch	0	7,023	7,023	7,023	0
City of Gainesville	0	39,937	39,937	39,937	0
City of Gillsville	0	240	240	240	0
City of Lula	0	2,980	2,980	2,980	0
City of Oakwood	0	4,579	4,579	4,579	0
Hart County	0	22,979	22,979	22,979	0
City of Hartwell	0	4,936	4,936	4,936	0
Lumpkin County	0	27,323	27,323	27,323	0
City of Dahlonega	0	6,971	6,971	6,971	0
Rabun County	0	14,604	14,604	14,604	0
City of Clayton	0	2,455	2,455	2,455	0
City of Dillard	0	368	368	368	0
City of Tiger	0	440	440	440	0
Stephens County	0	18,945	18,945	18,945	0
City of Toccoa	0	9,083	9,083	9,083	0
Towns County	0	12,208	12,208	12,208	0
Union County	0	23,574	23,574	23,574	0
City of Blairsville	0	608	608	608	0
White County	0	26,089	26,089	26,089	0
City of Cleveland	0	4,100	4,100	4,100	0
City of Helen	0	579	579	579	0
Total	\$ 0	\$ 727,826	\$ 727,826	\$ 727,826	\$ 0

This page intentionally left blank.