

**NORTHWEST GEORGIA
REGIONAL COMMISSION
ROME, GEORGIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION:	
Transmittal Letter	1-3
Executive Staff/Organization Chart	4
List of Council Members	5-6
 FINANCIAL SECTION:	
Independent Auditor's Report	7-8
Management's Discussion and Analysis	9-17
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Aging Fund	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Workforce Fund	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Neighborhood Stabilization Fund	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Position - Fiduciary Funds	31
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	32
Notes to Financial Statements	33-48
Requires Supplementary Information:	
Schedule of Changes in Net Pension Liability	49
Schedule of Pension Contributions	50
Other Supplementary Information:	
Combining and Individual Fund Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52
Combining Statement of Assets and Liabilities - All Agency Funds	53

TABLE OF CONTENTS (continued)

	Page(s)
STATE COMPLIANCE SECTION:	
Independent Auditor's Report on Schedule of Nonpublic Funds	54
Schedule of Nonpublic Funds	55
Notes to the Schedule of Nonpublic Funds	56
Schedule of State Contractual Assistance	57
Schedule of Actual Indirect and Fringe Benefit Cost Pools - Budget and Actual	58
FEDERAL COMPLIANCE SECTION:	
Schedule of Expenditures of Federal Awards	59-60
Notes to the Schedule of Expenditures of Federal Awards	61
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 <i>Government Auditing Standards</i>	62-63
Independent Auditors' Report on Compliance for each major program and on internal control over compliance required by the Uniform Guidance	64-65
Schedule of Findings and Questioned Costs	66-67

INTRODUCTORY SECTION

NWGRC

NORTHWEST GEORGIA REGIONAL COMMISSION

A Region With A Bright Future

Rome Office: P.O. Box 1798, Rome, Georgia 30162-1798 Phone (706) 295-6485 www.nwgrc.org
RC Fax (706) 295-6665 AAA Fax (706) 802-5508 WIA Fax (706) 802-5567

Dalton Office: 503 West Waugh Street, Dalton, Georgia 30720 Phone (706) 272-2300 Fax (706) 272-2253

December 28, 2018

Members of the Northwest Georgia Regional Commission

Ladies and Gentlemen:

We are pleased to present the comprehensive annual financial report of the Northwest Georgia Regional Commission (Commission) for the fiscal year ended June 30, 2018. The report is issued pursuant to Georgia law requiring all Regional Commissions to publish a complete set of financial statements within six months of the close of the fiscal year. The report must conform to generally accepted accounting principles (GAAP) and be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

The Commission's management is responsible for the contents of this report and it consists of management's representations concerning the finances of the Commission. Consequently, management assumes responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, the Commission's management has established a comprehensive internal control system. It is designed to protect the Commission's assets from loss or misuse, and to compile sufficient reliable information for the preparation of the Commission's financial statements in conformity with GAAP. The Commission recognizes that the cost of internal controls should not outweigh their benefits. The controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

RL Jennings & Associates, PC, a firm of licensed certified public accountants, has audited the Commission's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation. The

The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is the first component of the financial section that follows this introductory section.

The independent audit of the Commission's financial statements is part of a broader, federally mandated audit per 2 CFR 200 (Uniform Guidance) designed to meet the needs of federal and state grantor agencies. The standards governing this audit require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, including those involving the administration of grant awards.

Profile of the Northwest Georgia Regional Commission

The Northwest Georgia Regional Commission currently serves the member counties of Bartow, Catoosa, Chattooga, Dade, Fannin, Floyd, Gordon, Gilmer, Haralson, Murray, Paulding, Pickens, Polk, Walker and Whitfield and the forty-nine municipalities within these counties.

The Commission's Board has fifty members that represent local governments, the private sector, the Governor, the Lieutenant Governor, and the Speaker of the House from within a fifteen-county area in northwest Georgia. The Commission is one of twelve regional Commissions in the State of Georgia established by House Bill 1216.

The Commission's federal and state assisted planning responsibilities include transportation, water, and comprehensive community planning. The Commission's Area Agency on Aging has the responsibility for providing nutrition, social services, and employment programs for the elderly in a fifteen-county area. The Commission is an Appalachian Regional Commission Local Development District. The Commission is an Economic Development District, as designated by the U. S. Department of Commerce, Economic Development Administration. It serves as the grant recipient and administrative/fiscal agent for the Northwest Georgia Workforce Investment Board (WIB). The WIB and Commission also provide a wide array of services to expand job skills and job seeking skills of clients in a 15- county area.

The annual budget serves as the foundation of the Commission's financial planning and control. It is approved each year by the Commission's Council.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when considered

in the broader perspective of the general environment in which the Commission operates. The local area served by the Commission comprises fifteen member counties, forty-nine member municipalities, and over 889,000 estimated population. The condition of the regional, state, and national economies affects the Commission directly and indirectly through the condition of our member governments as well as budget reductions or increases from state and federal grants. The diverse programs of the Commission tend to reduce the overall financial risk of the organization. Some programs may be eligible for additional funding in the presence of a poor or declining economy.

The Commission maintains insurance policies for all material known and identified risks.

The Commission maintains a defined benefits retirement plan for employees hired prior to July 1, 2010, and a matching deferred compensation program for employees hired on or after July 1, 2010. Each year an independent actuary is engaged by the Georgia Municipal Employees Benefit System (GMEBS) to determine the annual contribution amount from the Commission that is needed to meet the obligations to employees. The Commission also makes available to employees a 401K retirement plan which is funded solely by employee contributions.

Acknowledgments

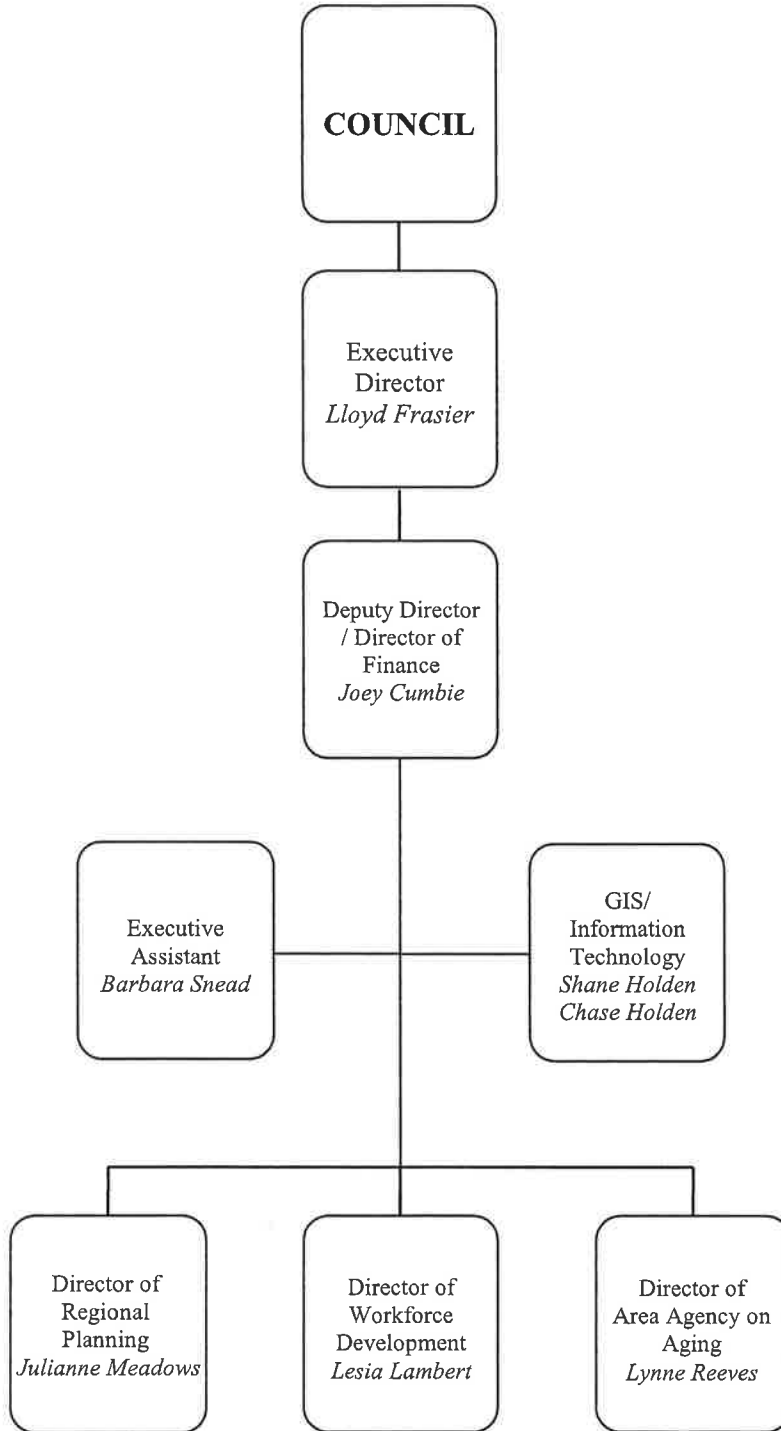
The preparation of this report was a cooperative effort of the Commission's fiscal staff. They were assisted by other program staff as needed, and by the auditors, RL Jennings & Associates, PC, whose knowledge and judgement were very valuable in the successful completion of this task.

Respectfully submitted,



Lloyd Frasier
Executive Director

NORTHWEST GEORGIA REGIONAL COMMISSION
Organizational Chart



NORTHWEST GEORGIA REGIONAL COMMISSION COUNCIL

Bartow County

Commissioner Steve Taylor
Vacancy, Cartersville
Clarence Brown, Nonpublic

Catoosa County

Commissioner Jim Cutler
Vacancy, Fort Oglethorpe
Vacancy, Nonpublic

Chattooga County

Commissioner Jason R. Winters
Mayor Harry Harvey, Summerville
James H. Henry, Nonpublic

Dade County

County Executive/Commission Chairman Ted M. Rumley
Mayor Alex Case, Trenton
Peter Cervelli, Nonpublic

Fannin County

Commission Chairman Stan Helton
Mayor Donna Whitener, Blue Ridge
Bo Chance, Nonpublic

Floyd County

Commission Chairman Rhonda Wallace
City Commissioner Bill Collins, Rome
Ronnie Kilgo, Nonpublic

Gilmer County

Commission Chairman Charlie Paris
Mayor Al Hoyle, Ellijay
Hubert Parker, Nonpublic

Gordon County

Commissioner M.L. "Bud" Owens
Vacancy, Calhoun
Dewayne Bowen, Nonpublic

Haralson County

Commission Chairman H. Allen Poole
Vacancy, Bremen
Bob Birky, Nonpublic

Murray County

Commissioner Greg Hogan
Councilman K. W. Gong, Chatsworth
Steve Noland, Nonpublic

Paulding County

Commission Chairman David Carmichael
Mayor Boyd Austin, Dallas
Greg Perry, Nonpublic

Pickens County

Commission Chairman Robert Jones
Mayor John Weaver, Jasper
Gary Reece, Nonpublic

Polk County

Commissioner Jennifer Hulsey
City Commission Chairman Jordan Hubbard, Cedartown
Alan Dean, Nonpublic

Walker County

Commissioner Shannon Whitfield
Vacancy, LaFayette
Chip Catlett, Nonpublic

Whitfield County

Commission Chairman Lynn Laughter
Mayor Ken Gowin, Tunnel Hill
Mike Babb, Nonpublic

Governor's Appointees

Nicholas Chester, Attorney, Paulding County
David Guldenschuh, Attorney, Floyd County
Michele Taylor, Superintendent, Calhoun City Schools

Lieutenant Governor's Appointee

Vacancy

Speaker of the House's Appointee

Donald N. Murray, Gilmer County

OFFICERS

H. Allen Poole, Chairperson
Ted Rumley, Vice Chairperson
John Weaver, Secretary
Jennifer Hulsey, Treasurer

FINANCIAL SECTION

RL Jennings & Associates, PC

Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA
Marvin Chance, CPA, CGMA
Thomas H. Evans, Jr., CPA
Katherine S. Washington, CPA
David E DeScalzo, CPA, CFE, PC

Member

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

506 East Third Street
Rome, Georgia 30161
Phone 706.802.1945 Fax 706.802.1279
www.romecpa.com
14224 Highway 515N
Ellijay, Georgia 30536
Phone 706.273.1945 Fax 706.273.1946
www.ellijaycpa.com

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Council Members
Northwest Georgia Regional Commission
Rome, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Northwest Georgia Regional 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 entity'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 entity'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Aging, Workforce and Neighborhood Stabilization Funds for the 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 on pages 9-17 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 the Northwest Georgia Regional Commission's basic financial statements. The introductory section, combining and individual non major fund financial statements, schedule of nonpublic funds, and schedule of state contractual assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining and individual non major fund financial statements, schedule of nonpublic funds, schedule of state contractual assistance, 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 non major fund financial statements, schedule of nonpublic funds, schedule of state contractual assistance 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the Northwest Georgia Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 the Northwest Georgia Regional Commission's internal control over financial reporting and compliance.

R S Jennings & Associates, P.C.

Rome, Georgia
November 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

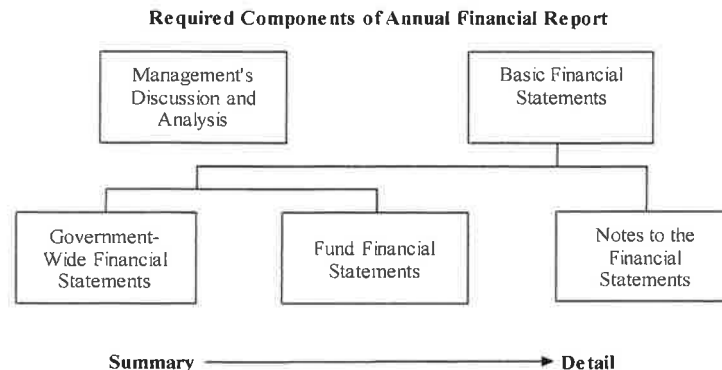
As management of the Northwest Georgia Regional Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year (FY) ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission's financial statements which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities at the close of the fiscal year by \$4,924,176. Of this amount, \$4,655,564 in unrestricted net assets may be used to meet the Commission's ongoing obligations to the member local governments and other creditors.
- Net position increased by \$368,783 compared to an increase of \$470,007 in the prior year.
- Expenses of governmental and business activities exceeded program revenues by \$584,071. Local dues covered this deficit. The remaining local dues (\$304,587) plus other income of \$64,196 represents the \$368,783 net change in position.
- As of the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$3,234,929 an increase of \$135,387 from the prior year. The non-spendable portion of \$57,190, the restricted portion of \$30,647, and the unrestricted is \$3,147,091, which is available to meet the Commission's ongoing obligations. The unrestricted portion is 2.65 times the Commission's target fund balance policy of \$1,189,674 of unrestricted fund balance.

OVERVIEW OF THE AUDIT REPORT AND BASIC FINANCIAL STATEMENT

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.



OVERVIEW OF THE AUDIT REPORT AND BASIC FINANCIAL STATEMENT (CONT.)

This annual report consists of a series of financial statements. The Basic Financial Statements (Statement of Net Position and the Statement of Activities) are the government-wide statements that provide information about the activities of the Commission as a whole and present both a short-term and a long-term view of the Commission's finances. The next statements, Fund Financial Statements, focus on the activities of the individual parts of the Commission's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the proprietary fund statements; 3) the fiduciary fund statements; and 4) the combining statements for the discretely presented component units.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Commission's operations, programs, and activities.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Commission's overall financial health.

The two government-wide statements present the Commission's net position and explain how they have changed. Net position is the difference between the Commission's total assets, liabilities, and deferred inflows/outflows. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Commission's basic services such as aging services, workforce services, planning and zoning, services to member governments, and support. The business-type activities are those for which the Commission charges a fee to customers (Revolving Loan Fund, Fiscal Intermediary, and Local Service Contracts).

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide a more detailed look at the Commission's activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal

FUND FINANCIAL STATEMENTS (CONT.)

requirements i.e., requirement by grant providers, federal and state laws, regulations, or other policies. Funds are established for the Commission's management and control purposes as well. All of the funds of this Commission are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - The Commission's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual 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 Commission'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 is reconciled on the following page of the financial statements.

Proprietary Funds - The Commission maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses an enterprise fund to account for the operation of its Revolving Loan Fund, its Fiscal Intermediary Services and its Local Service Contracts.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Commission and are reported on page 31 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Refer to Note A of the financial statements for more detailed information on the many elements of the financial statements. The notes to the financial statements start on page 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of June 30, 2018, the Commission's assets exceeded its liabilities by \$4,924,176, an increase over the prior year.

CONDENSED FINANCIAL INFORMATION

Net Position

	Primary Government								
	Governmental Activities			Business-type Activities			Total		
	2018	2017	Change	2018	2017	Change	2018	2017	
Current and other assets	\$ 5,283,776	\$ 6,007,268	\$ (723,492)	\$ 2,220,045	\$ 1,946,226	\$ 273,819	\$ 7,503,821	\$ 7,953,494	
Capital assets	237,965	319,866	(81,901)	-	-	-	237,965	319,866	
Deferred Outflows	352,546	426,438	(73,892)	-	-	-	352,546	426,438	
Total Assets	\$ 5,874,287	\$ 6,753,572	\$ (879,285)	\$ 2,220,045	\$ 1,946,226	\$ 273,819	\$ 8,094,332	\$ 8,699,798	
Current liabilities	\$ 2,048,850	\$ 2,907,726	\$ (858,876)	\$ 49	\$ 19	\$ 30	\$ 2,048,899	\$ 2,907,745	
Long-term liabilities	466,676	954,596	(487,920)	-	-	-	466,676	954,596	
Deferred Inflows	654,581	282,064	372,517	-	-	-	654,581	282,064	
Total Liabilities	\$ 3,170,107	\$ 4,144,386	\$ (974,279)	\$ 49	\$ 19	\$ 30	\$ 3,170,156	\$ 4,144,405	
Net position:									
Invested in capital assets	\$ 237,965	\$ 319,866	\$ (81,901)	\$ -	\$ -	\$ -	\$ 237,965	\$ 319,866	
Restricted	30,647	30,993	(346)	-	-	-	30,647	30,993	
Unrestricted	2,435,568	2,258,327	177,241	2,219,996	1,946,207	273,789	4,655,564	4,204,534	
Total net position	\$ 2,704,180	\$ 2,609,186	\$ 94,994	\$ 2,219,996	\$ 1,946,207	\$ 273,789	\$ 4,924,176	\$ 4,555,393	

A small portion of the net position, \$237,965 (9.97%), reflects the Commission's investment in capital assets (e.g. vehicles, office furniture, and equipment). The Commission uses these capital assets to support staff. These assets are not available for future spending. The remaining portion of the Commission's net position, \$2,435,568 is available to meet the Commission's ongoing obligations.

The Commission finances 92% of its services through intergovernmental grants and contracts and, as a result, growth in net position is limited. The majority of these grants and contracts operate on a reimbursable basis (revenues are limited to actual costs incurred). Receivables, loans receivable, amounts due from component units and prepaid items represent 68% or \$3,617,861 of the Commission's current assets. The average collection period ranges from forty-five to sixty days, requiring the Commission to maintain sufficient levels of cash to support current obligations. *The Commission does not possess the corporate power to borrow; therefore, it must maintain a sufficient level of net position to sustain and support continued growth in services to members and investment in capital assets.*

CONDENSED FINANCIAL INFORMATION (CONT.)

Change in Net Position

	Primary Government							
	Governmental Activities			Business-Type Activities				
	2018	2017	Change	2018	2017	Change	2018	2017
Program revenues -								
Charges for services	\$ 30,085	\$ 52,543	\$ (22,458)	\$ 369,425	\$ 333,677	\$ 35,748	\$ 399,510	\$ 386,220
Operating grants	15,906,422	14,688,127	1,218,295	-	-	-	15,906,422	14,688,127
General revenues-								
Regional appropriations	888,658	881,536	7,122	-	-	-	888,658	881,536
Interest income	155	124	31	-	-	-	155	124
Miscellaneous income	64,041	352,002	(287,961)	-	-	-	64,041	352,002
Total Revenues	16,889,361	15,974,332	915,029	369,425	333,677	35,748	17,258,786	16,308,009
Program expenses -								
General government	76,336	164,524	(88,188)	-	-	-	76,336	164,524
Aging services	8,208,178	7,949,509	258,669	-	-	-	8,208,178	7,949,509
Planning services	1,105,295	1,280,123	(174,828)	-	-	-	1,105,295	1,280,123
Workforce services	6,498,230	5,864,113	634,117	-	-	-	6,498,230	5,864,113
Neighborhood stabilization	906,328	506,686	399,642	-	-	-	906,328	506,686
Revolving loan fund	-	-	-	10,297	4,925	5,372	10,297	4,925
Fiscal intermediary	-	-	-	49,299	68,122	(18,823)	49,299	68,122
Local services	-	-	-	36,040	-	36,040	36,040	-
Total Expenses	16,794,367	15,764,955	1,029,412	95,636	73,047	22,589	16,890,003	15,838,002
Change in net position	94,994	209,377	(114,383)	273,789	260,630	13,159	368,783	470,007
Net position, beginning	2,609,186	2,399,809	209,377	1,946,207	1,685,577	260,630	4,555,393	4,085,386
Net position, ending	\$2,704,180	\$2,609,186	\$ 94,994	\$2,219,996	\$1,946,207	\$ 273,789	\$ 4,924,176	\$ 4,555,393

Governmental activities increased the Commission's net position by \$94,994 while business activities added \$273,789 resulting in a net growth in net position of \$368,783. As a result of applying the Commission's policy to first apply cost-reimbursement grant resources, followed by local grants or contracts, and then by general revenues, this increase represents remaining local dues, miscellaneous income, and investment income.

The Commission's \$94,994 increase in governmental activities for FY18 is a \$114,383 decrease from FY17. This decrease is the result, in large part, of the need to supplement the Neighborhood stabilization program (NSP) with local dues. The NSP program is approaching its close-out (July 1, 2020) and has exceeded its accessible administrative budget, necessitating this supplement.

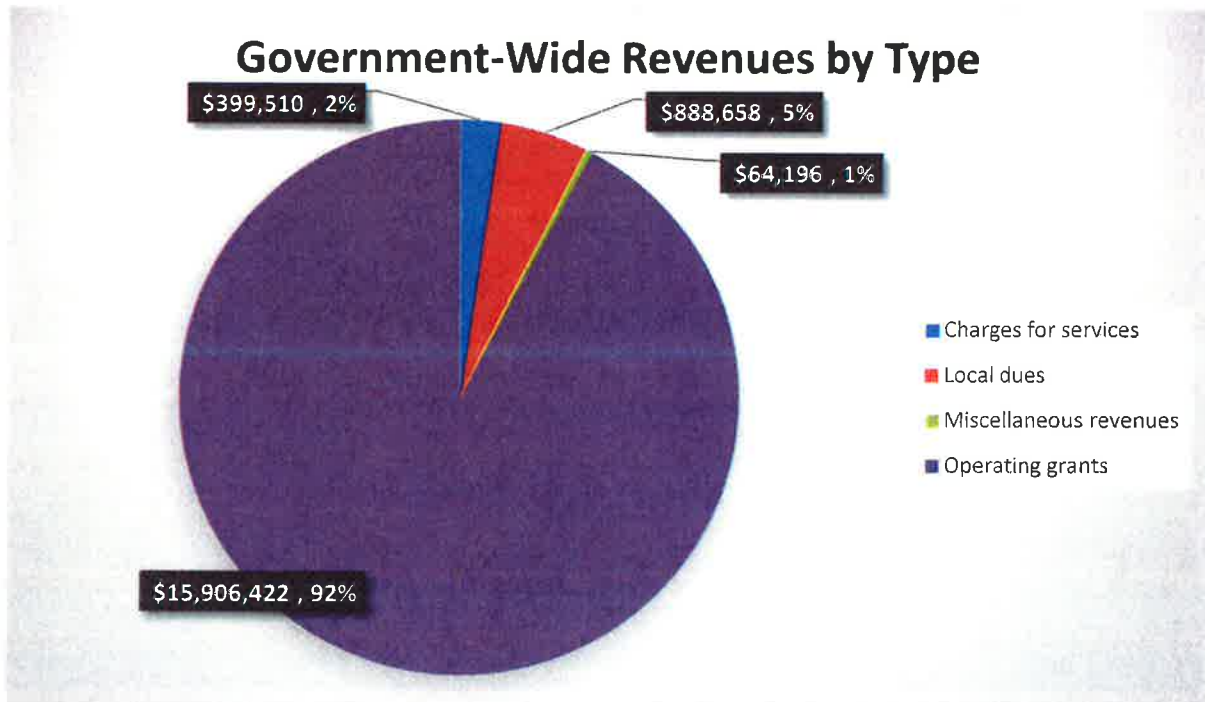
Governmental program revenues increased \$1,195,837 and general revenues decreased \$280,808. Operating grants increased \$1,218,295 and charges for services increased \$22,458. Operating grants increased \$258,669 for aging services and \$634,117 for workforce development. These increases are the result of additional appropriated funds by the federal and state governments. Planning and development services decreased \$174,828, this is a result of decreases in federal and state funding for planning services.

Total governmental expenses increased \$1,029,412 which is consistent with increases in program revenues. All of the federal and state grants require a local match in addition to the grant amount awarded. These additional costs generally represent match. In some cases, the required match is exceeded due to scope or cost overruns due to

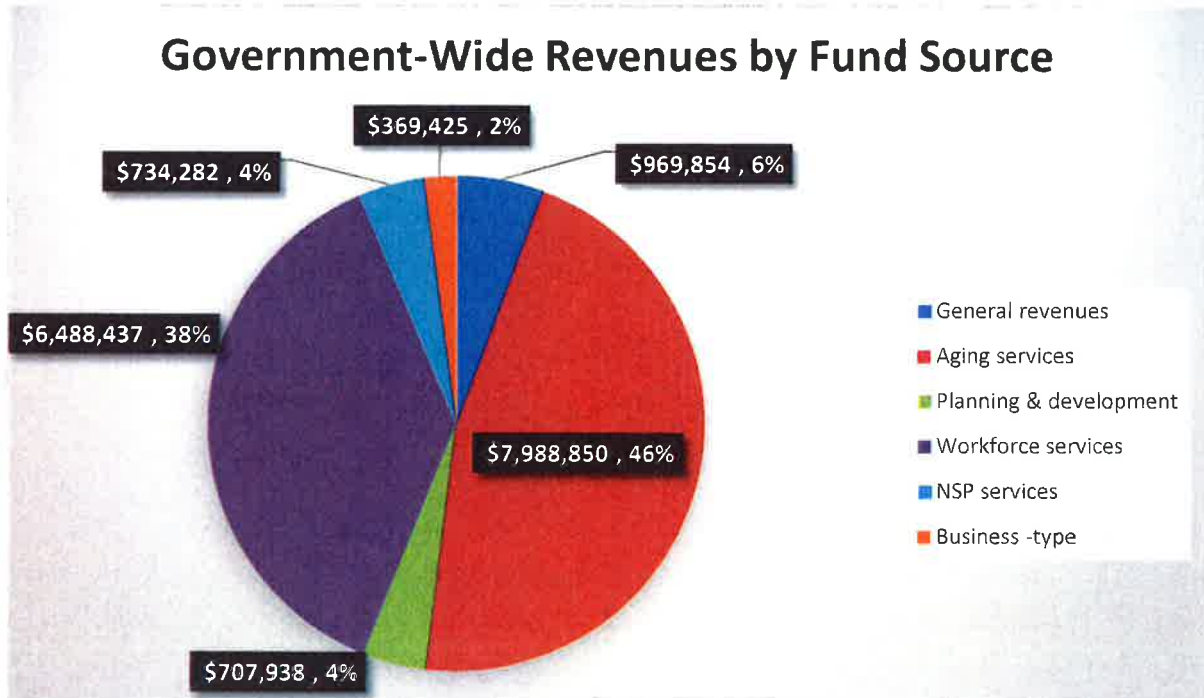
CONDENSED FINANCIAL INFORMATION (CONT.)

overruns due to decreasing grant funding. Overall changes in functional expenses generally mirrored changes in operating grants and charges for services for activities identified in the above paragraph.

Business-type activities increased the Commission's net position by \$273,789 which is an \$13,159 increase from 2017. Charges for services increased \$35,748 as a result of the addition of the local service contracts fund (\$51,326). Charges for services in the fiscal intermediary fund decreased \$13,187 as a result of decreased activity in the Money Follows the Person (MFP) program. Revolving loan fund (RLF) revenues decreased \$15,792 due to payoff of RLF loans and an adjustment to the allowance for doubtful accounts.



CONDENSED FINANCIAL INFORMATION (CONT.)



THE COMMISSION'S FUNDS

The Commission uses fund accounting to document financial activities and demonstrate compliance with finance related regulations and laws. The Commission maintains two types of governmental funds, a general fund and special revenue funds (grants fund). The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balance of usable resources.

The Commission's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Factors concerning the operations of the proprietary funds are addressed in the discussion of the Commission's business-type activities.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

At the end of 2018, the Commission had \$237,965 in capital assets (net of depreciation), which was a net decrease of \$81,901 from 2017 as follows:

Capital Assets, Net	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 23,413	\$ 23,413	\$ -	\$ -	\$ 23,413	\$ 23,413
Buildings and improvements	5,678	8,790			5,678	8,790
Equipment	202,765	276,370	-	-	202,765	276,370
Vehicles	6,109	11,293			6,109	11,293
Ending Balance, Equipment	\$ 237,965	\$ 319,866	\$ -	\$ -	\$ 237,965	\$ 319,866

Some assets owned by the Commission are purchased with grant money and maintained for the associated state agencies.

For more detail on capital asset and long-term liabilities, please refer to Note E. Capital Assets and Note I. Long-Term Liabilities for more information on the respective classification.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission's financial position is directly affected by the level of state funding and federal appropriations available for those activities undertaken by the Commission to assist its members.

Because of the variations in funding at the Federal and State levels as well as the nature of the programs and services offered, the Commission's funding allocations change over the course of the year. The Commission derived over 92% of its governmental activities' income from Federal and State grants. The Commission's continued success is dependent upon Management's ability to maintain good stewardship of the taxpayer dollars that are entrusted to it. Accordingly, each program attempts to expend their allocated funding in the most efficient and effective manner, thereby, maximizing services to the citizens of the Region.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact us at the Northwest Georgia Regional Commission, One Jackson Hill Drive, P.O. Box 1798, Rome, Georgia 30162-1798.

BASIC FINANCIAL STATEMENTS

Northwest Georgia Regional Commission
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Cash	\$ 1,665,915	\$ 903,315	\$ 2,569,230	\$ 90,754
Receivables	3,075,993	114,057	3,190,050	-
Current portion of notes receivable	-	-	-	-
Internal balances	(791,739)	791,739	-	-
Due from component unit	160,805	-	160,805	-
Due from agency fund	1,115,612	-	1,115,612	-
Prepaid items	57,190	-	57,190	-
Notes receivable (net of allowance of \$24,923)	-	410,934	410,934	-
Nondepreciable capital assets	23,413	-	23,413	-
Depreciable capital assets, net	214,552	-	214,552	-
Total assets	<u>5,521,741</u>	<u>2,220,045</u>	<u>7,741,786</u>	<u>90,754</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	352,546	-	352,546	-
Total deferred outflows of resources	<u>352,546</u>	<u>-</u>	<u>352,546</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,359,772	49	1,359,821	2,591
Accrued liabilities	94,964	-	94,964	-
Due to primary government	-	-	-	160,805
Unearned revenues	594,114	-	594,114	-
Long-term compensated absences	201,090	-	201,090	-
Net pension liability	265,586	-	265,586	-
Total liabilities	<u>2,515,526</u>	<u>49</u>	<u>2,515,575</u>	<u>163,396</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	654,581	-	654,581	-
Total deferred inflows of resources	<u>654,581</u>	<u>-</u>	<u>654,581</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	237,965	-	237,965	-
Restricted - Grant Provisions	30,647	-	30,647	-
Unrestricted	2,435,568	2,219,996	4,655,564	(72,642)
Total net position	<u>\$ 2,704,180</u>	<u>\$ 2,219,996</u>	<u>\$ 4,924,176</u>	<u>\$ (72,642)</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	-	-	Primary Government		
						Governmental Activities	Business-type Activities	
Governmental activities:								
General government	\$ 76,336	\$ 17,000	\$ -	\$ -	\$ (59,336)	\$ -	\$ (59,336)	\$ -
Aging services	8,208,178	-	7,988,850	-	(219,328)	-	(219,328)	-
Planning and development services	1,105,295	13,085	694,853	-	(397,357)	-	(397,357)	-
Workforce services	6,498,230	-	6,488,437	-	(9,793)	-	(9,793)	-
Neighborhood stabilization	906,328	-	734,282	-	(172,046)	-	(172,046)	-
Total governmental activities	16,794,367	30,085	15,906,422	-	(857,860)	-	(857,860)	-
Business-type activities:								
Revolving loan	10,297	13,764	-	-	-	3,467	3,467	-
Fiscal intermediary	49,299	304,335	-	-	-	255,036	255,036	-
Local Services Contracts	36,040	51,326	-	-	-	15,286	15,286	-
Total business-type activities	95,636	369,425	-	-	-	273,789	273,789	-
Total primary government	\$ 16,890,003	\$ 399,510	\$ 15,906,422	-	(857,860)	273,789	(584,071)	-
Component Unit								
NGCDC, Inc.	\$ 29,762	\$ 20,889	\$ -	-	-	-	-	(8,873)
Total component unit	\$ 29,762	\$ 20,889	\$ -	-	-	-	-	(8,873)
General revenues:								
Regional appropriations					888,658	-	888,658	-
Interest revenue					155	-	155	15
Miscellaneous income					64,041	-	64,041	864
Total general revenues					952,854	-	952,854	879
Change in net position					94,994	273,789	368,783	(7,994)
Net position-beginning, as restated					2,609,186	1,946,207	4,555,393	(64,648)
Net position-ending					\$ 2,704,180	\$ 2,219,996	\$ 4,924,176	\$ (72,642)

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 1,743,732	\$ 253,336	\$ 225,364	\$ 558,632	\$ 464	\$ 2,781,528
Receivables	108,214	2,097	-	179	-	110,490
Due from other funds	2,117,487	-	-	-	7,049	2,124,536
Due from component unit	160,805	-	-	-	-	160,805
Due from other governments	-	1,413,868	1,085,709	309,742	156,184	2,965,503
Prepaid expenses	57,190	-	-	-	-	57,190
Total assets	\$ 4,187,428	\$ 1,669,301	\$ 1,311,073	\$ 868,553	\$ 163,697	\$ 8,200,052
LIABILITIES						
Accounts payable	24,489	619,275	690,075	10,849	15,082	1,359,770
Accrued liabilities	64,018	-	30,946	-	-	94,964
Due to other funds	867,905	667,464	559,186	803,863	17,857	2,916,275
Unearned revenues	29,625	382,562	-	53,841	128,086	594,114
Total liabilities	986,037	1,669,301	1,280,207	868,553	161,025	4,965,123
FUND BALANCES						
Nonspendable	57,190	-	-	-	-	57,190
Restricted - Grant Provisions	-	-	30,520	-	127	30,647
Unassigned	3,144,201	-	346	-	2,544	3,147,091
Total fund balances	3,201,391	-	30,866	-	2,672	3,234,929
Total liabilities and fund balances	\$ 4,187,428	\$ 1,669,301	\$ 1,311,073	\$ 868,553	\$ 163,697	\$ 8,200,052

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 For the Year Ended June 30, 2018

Total fund balance, governmental funds		\$ 3,234,929
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements.		
Capital assets	\$ 2,141,555	
Accumulated depreciation	<u>1,903,593</u>	237,962
Long-term liabilities consisting of compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.		(201,090)
The deferred outflows of resources, inflows of resources, and the net pension liability related to the pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources-pension items		352,546
Net pension liability		(265,586)
Deferred inflows of resources-pension items		<u>(654,581)</u>
Net position of governmental activities		<u>\$ 2,704,180</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Regional appropriations	\$ 888,658	\$ -	\$ -	\$ -	\$ -	888,658
From grantor agencies	-	7,980,830	6,664,479	-	718,619	15,363,928
Charges for services	17,000	-	-	-	-	17,000
Interest revenue	155	-	-	-	-	155
Program revenue	-	-	-	734,282	-	734,282
Indirect cost recoveries	1,676,005	-	-	-	-	1,676,005
Other revenue	120	144,781	-	-	30,000	174,901
Total revenues	2,581,938	8,125,611	6,664,479	734,282	748,619	18,854,929
EXPENDITURES						
Current						
General government	1,851,877	-	-	-	-	1,851,877
Aging	-	8,224,358	-	-	-	8,224,358
Planning services and economic development	-	-	-	-	1,056,552	1,056,552
Workforce	-	-	6,664,479	-	-	6,664,479
Neighborhood stabilization	-	-	-	907,232	-	907,232
Capital outlay	-	-	-	-	-	-
Aging	-	15,044	-	-	-	15,044
Workforce	-	-	-	-	-	-
Total expenditures	1,851,877	8,239,402	6,664,479	907,232	1,056,552	18,719,542
Excess (deficiency) of revenues over expenditures	730,061	(113,791)	-	(172,950)	(307,933)	135,387
OTHER FINANCING SOURCES (USES)						
Transfers in	-	113,791	-	172,950	307,933	594,674
Transfers (out)	(594,674)	-	-	-	-	(594,674)
Total other financing sources (uses)	(594,674)	113,791	-	172,950	307,933	-
Net change in fund balances	135,387	-	-	-	-	135,387
Fund balances-beginning, as restated	3,066,004	-	30,866	-	2,672	3,099,542
Fund balances-ending	\$ 3,201,391	\$ -	\$ 30,866	\$ -	\$ 2,672	\$ 3,234,929

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 135,387

*Amounts reported for governmental activities in the Statement of Activities
are different because:*

Capital outlays are reported as expenditures in governmental funds.

However, in the Statement of Activities, the cost of capital assets
is allocated over their estimated useful lives as depreciation
expense. In the current period, these amounts are:

Capital outlay	\$ 15,044	
Depreciation expense	<u>(81,901)</u>	(66,857)

The increase in liability for compensated absences from the prior year
does not provide current financial resources and, therefore, is not
reported in governmental funds.

Compensated absences		9,195
----------------------	--	-------

The decrease in net pension liability from the prior year does not provide
current financial resources and, therefore, is not reported in
governmental funds.

	<u>17,269</u>
--	---------------

Change in net position of governmental activities	\$ <u><u>94,994</u></u>
---	-------------------------

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Local dues	\$ 873,305	\$ 888,658	\$ 888,658	\$ -
Charges for services	-	17,000	17,000	-
Interest revenue	125	130	155	25
Indirect cost recoveries	1,843,272	1,704,145	1,676,005	(28,140)
Other revenue			120	120
Total revenues	<u>2,716,702</u>	<u>2,609,933</u>	<u>2,581,938</u>	<u>(27,995)</u>
EXPENDITURES				
Current				
Personnel services	1,313,328	1,176,250	1,185,460	(9,210)
Supplies	40,000	44,500	37,281	7,219
Contractual	100,500	108,800	138,431	(29,631)
Operating	349,600	309,450	228,660	80,790
Indirect costs	147,790	148,491	157,298	(8,807)
Capital outlay				
General government	-	-	-	-
Total expenditures	<u>1,951,218</u>	<u>1,787,491</u>	<u>1,747,130</u>	<u>40,361</u>
Excess (deficiency) of revenues over expenditures	<u>765,484</u>	<u>822,442</u>	<u>834,808</u>	<u>12,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	<u>(535,000)</u>	<u>(784,296)</u>	<u>(699,421)</u>	<u>84,875</u>
Total other financing sources (uses)	<u>(535,000)</u>	<u>(784,296)</u>	<u>(699,421)</u>	<u>84,875</u>
Net change in fund balance	230,484	38,146	135,387	97,241
Fund balances-beginning - as restated	<u>3,066,004</u>	<u>3,066,004</u>	<u>3,066,004</u>	<u>-</u>
Fund balances-ending	<u>\$ 3,296,488</u>	<u>\$ 3,104,150</u>	<u>\$ 3,201,391</u>	<u>\$ 97,241</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Aging Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ 7,718,202	\$ 7,718,202	\$ 7,980,830	\$ 262,628
Interest revenue	-	-	-	-
Other income	-	-	144,781	144,781
Total revenue	<u>7,718,202</u>	<u>7,718,202</u>	<u>8,125,611</u>	<u>407,409</u>
EXPENDITURES				
Current				
Personnel services	1,410,840	1,400,070	1,240,239	159,831
Supplies	26,592	36,000	60,041	(24,041)
Contractual	5,758,602	5,777,341	6,251,630	(474,289)
Operating	134,115	159,000	323,161	(164,161)
Indirect costs	498,053	430,791	349,287	81,504
Capital outlay				
Aging	-	-	15,044	(15,044)
Total expenditures	<u>7,828,202</u>	<u>7,803,202</u>	<u>8,239,402</u>	<u>(436,200)</u>
Excess (deficiency) of revenues over expenditures	<u>(110,000)</u>	<u>(85,000)</u>	<u>(113,791)</u>	<u>(28,791)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	85,000	113,791	28,791
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>110,000</u>	<u>85,000</u>	<u>113,791</u>	<u>28,791</u>
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Workforce Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ 8,197,833	\$ 8,152,351	\$ 6,664,479	\$ (1,487,872)
Other income	-	-	-	-
Subgrantee match	-	-	-	-
Total revenues	<u>8,197,833</u>	<u>8,152,351</u>	<u>6,664,479</u>	<u>(1,487,872)</u>
EXPENDITURES				
Current				
Personnel services	799,226	799,226	793,877	5,349
Supplies	39,782	30,800	31,486	(686)
Contractual	6,993,705	7,004,295	5,338,111	1,666,184
Operating	142,007	112,100	105,757	6,343
Indirect costs	221,513	197,930	395,248	(197,318)
Capital outlay				
Workforce	1,600	8,000	-	8,000
Total expenditures	<u>8,197,833</u>	<u>8,152,351</u>	<u>6,664,479</u>	<u>1,487,872</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances-beginning	<u>30,866</u>	<u>30,866</u>	<u>30,866</u>	-
Fund balances-ending	<u>\$ 30,866</u>	<u>\$ 30,866</u>	<u>\$ 30,866</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Neighborhood Stabilization Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Program revenue	500,000	750,000	734,282	(15,718)
Other income	-	-	-	-
Total revenues	500,000	750,000	734,282	(15,718)
EXPENDITURES				
Current				
Personnel services	235,748	232,176	132,292	99,884
Grant services	191,185	750,000	731,826	18,174
Operating	5,200	3,100	4,025	(925)
Indirect costs	67,867	71,439	39,089	32,350
Total expenditures	500,000	1,056,715	907,232	149,483
Excess (deficiency) of revenues over expenditures	-	(306,715)	(172,950)	133,765
OTHER FINANCING SOURCES (USES)				
Transfers in	-	306,715	172,950	(133,765)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	306,715	172,950	(133,765)
Net change in fund balances	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	Local Services Fund	
ASSETS				
Current Assets				
Cash	\$ 556,151	\$ 347,164	\$ -	\$ 903,315
Accounts receivable	-	110,731	3,326	114,057
Current portion of notes receivable	-	-	-	-
Total current assets	<u>556,151</u>	<u>457,895</u>	<u>3,326</u>	<u>1,017,372</u>
Noncurrent Assets				
Notes receivable, net of allowance	410,934	-	-	410,934
Due from other funds	11,923	767,807	12,009	791,739
Total noncurrent assets	<u>422,857</u>	<u>767,807</u>	<u>12,009</u>	<u>1,202,673</u>
Total assets	<u>\$ 979,008</u>	<u>\$ 1,225,702</u>	<u>\$ 15,335</u>	<u>\$ 2,220,045</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 49	\$ 49
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
NET POSITION				
Unrestricted	<u>979,008</u>	<u>1,225,702</u>	<u>15,286</u>	<u>2,219,996</u>
Total net position	<u>\$ 979,008</u>	<u>\$ 1,225,702</u>	<u>\$ 15,286</u>	<u>\$ 2,219,996</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	Local Services Fund	
REVENUES				
Interest revenue from operations	\$ 12,669	\$ 1	\$ -	\$ 12,670
Commission revenue	1,095	304,335	51,326	356,756
Bad debt recoveries	-	-	-	-
Total operating revenues	<u>13,764</u>	<u>304,336</u>	<u>51,326</u>	<u>369,426</u>
Operating expenses:				
Personnel services				
Salaries and wages	5,976	1,963	19,551	27,490
Fringe benefits	1,900	-	5,693	7,593
Total personnel services	<u>7,876</u>	<u>1,963</u>	<u>25,244</u>	<u>35,083</u>
Operating expenses	<u>2,421</u>	<u>47,337</u>	<u>10,796</u>	<u>60,554</u>
Total operating expenses	<u>2,421</u>	<u>47,337</u>	<u>10,796</u>	<u>60,554</u>
Net change in net position	3,467	255,036	15,286	273,789
Net position-beginning	<u>975,541</u>	<u>970,666</u>	<u>-</u>	<u>1,946,207</u>
Net position-ending	<u>\$ 979,008</u>	<u>\$ 1,225,702</u>	<u>\$ 15,286</u>	<u>\$ 2,219,996</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	Local Service Fund	
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ (172,861)	\$ 271,748	\$ 35,991	\$ 134,878
Interest received from bank		-	-	-
Cash payments for personnel services	(7,876)	(1,983)	(25,244)	(35,103)
Cash payments for goods and services	(2,421)	(47,337)	(10,747)	(60,505)
Net cash provided (used) by operating activities	(183,158)	222,428	-	39,270
<i>Cash flows from noncapital financing activities</i>				
Interfund transfer in(out)	-	347,075	-	347,075
Interfund loans received (payments made)	(65,892)	(222,339)	-	(288,231)
Net cash provided (used) by noncapital financing activities	(65,892)	124,736	-	58,844
Net increase (decrease) in cash	(249,050)	347,164	-	98,114
Cash, beginning of year	805,201	-	-	805,201
Cash, end of year	\$ 556,151	\$ 347,164	\$ -	\$ 903,315

Reconciliation of net income to net cash provided (used) by operating activities:

Operating income	\$ 3,467	\$ 255,036	\$ 15,286	\$ 273,789
Adjustments to reconcile operating income to net cash provided by operating activities:				
Increase(Decrease) in Accounts payable	-	(20)	49	29
(Increase) decrease in receivables	(186,625)	(32,588)	(15,335)	(234,548)
Net cash provided (used) by operating activities	\$ (183,158)	\$ 222,428	\$ -	\$ 39,270

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 183,339
Investments held for pension benefits		
Mutual funds	733,066	-
Receivables	-	197,934
Due from other funds	-	79,539
Due from other government	-	32,000
	<hr/>	<hr/>
Total assets	\$ <u>733,066</u>	\$ <u>492,812</u>
LIABILITIES		
Accounts payable	\$ -	\$ 73,587
Due to others	-	110,937
Due to other funds	-	-
Unearned revenues	-	308,288
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>492,812</u>
NET POSITION		
Net position - restricted for pensions	<u>733,066</u>	<u>-</u>
	<hr/>	<hr/>
Total liabilities and net position	\$ <u>733,066</u>	\$ <u>492,812</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 11,447
Investment income	
Interest, dividends, and other	17,040
Net appreciation (depreciation) in fair value of assets	<u>(142)</u>
Total additions	<u>28,345</u>
Change in net position held in trust for employee pension benefits	<u>28,345</u>
Net position-beginning	<u>704,721</u>
Net position-ending	<u>\$ 733,066</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northwest Georgia Regional Commission (the “Commission”) succeeded the former Coosa Valley Regional Development Center and the North Georgia Regional Development Center (the “Centers”) effective July 1, 2009. Both of the Centers elected to ratify Georgia House Bill 1216, which required the combination of the Regional Development Centers. The responsibilities and authority of the regional commissions are contained in Sections 50-8-30 through 50-8-46 of OCGA. County members of the Commission are: Bartow, Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer, Gordon, Haralson, Murray, Paulding, Pickens, Polk, Whitfield and Walker counties of Georgia. Municipalities which are members are: Adairsville, Aragon, Blue Ridge, Braswell, Bremen, Buchanan, Calhoun, Cartersville, Cave Spring, Cedartown, Chatsworth, Chickamauga, Cohutta, Dallas, Dalton, East Ellijay, Ellijay, Emerson, Euharlee, Fairmount, Fort Oglethorpe, Hiram, Jasper, Kingston, Lafayette, Lookout Mountain, Lyerly, McCaysville, Menlo, Morganton, Nelson, Plainville, Ranger, Resaca, Ringgold, Rockmart, Rome, Rossville, Summerville, Talking Rock, Tallapoosa, Taylorsville, Trenton, Trion, Tunnel Hill, Varnell, Waco, and White.

The Commission administers the spending of various federal and state grants in the fifteen county regions comprising its membership. Workforce Investment Act grants represents 40% and Agency on Aging grants represents 50% of the Commission’s total combined revenue. The Commission administers the Workforce Investment Act funds by authorization of the local Workforce Investment Board.

A. Reporting Entity

The Governmental Accounting Standard Board (GASB) requires the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In evaluating the Commission’s reporting entity in accordance with GASB Statement No. 14, The Financial Reporting Entity, management has included all organizations that make up the Commission’s legal entity and all component units. Consistent with applicable guidance, the criteria used by the Commission to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The Commission includes organizations as component units under the following financial accountability criteria:

- Organizations for which the Commission appoints a voting majority of the Organizations’ governing body and for which (a) the Commission is able to impose its will on the Organization or (b) there is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on the Commission.
- Organizations that is fiscally dependent on the Commission. Fiscal dependency is established if the Organization is unable to adopt its budget, set rates or charges, or enter into debt without approval by the Commission.

As a result of applying the criteria of GASB Statement 14, certain organizations have been included in the Commission’s financial statements:

Discretely Presented Component Unit – NGCDC, Inc.

The NGCDC, Inc. assists local enterprises within the State (not exclusively in the Commission’s region) as the servicing agent for loans financed through the U.S. Small Business Administration’s 504 and 7A Loan Program. The administration of NGCDC, Inc. is provided by the Commission.

Financial information pertaining to the above component unit may be obtained from the Northwest Georgia Regional Commission upon request. NGCDC, Inc. has the same fiscal year end as the Commission.

The Commission includes the general operations authorized by statute, programs and projects in which goals and objectives as well as funding is specified in grant contracts, and such proprietary type activities which have been established by the Board of Directors.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which are normally supported by regional appropriations, intergovernmental revenues and grants, are reported separately from *business-type activities*, which rely to a significant extent on fees and information sales.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational requirement of a particular function or segment. Regional appropriations and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Commission reports the following major governmental funds:

The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Aging Fund is used to account for the grant activity from the Department of Human Resources for the Area Agency on Aging which provides programs for older citizens.

The Workforce Fund is used to account for the grant activity from the Department of Labor for the purpose of a job training program designed to increase employment, job retention, earnings, and occupational skills improvement by participants.

The Neighborhood Stabilization Fund is used to account for the purchase and redevelopment of foreclosed and abandoned homes and residential properties in order to stabilize communities that have suffered from foreclosures and abandonment.

The Commission reports the following major proprietary funds:

The Revolving Loan Fund is used to account for funds granted to the Commission and then loaned to entities that meet federal requirements.

The Fiscal Intermediary Fund is used to account for funds related to the performance of third-party contract administration services for various Aging related grants.

The Local Service Contracts Fund is used to account for funds related to services performed for local governments.

Additionally, the Commission reports the following fund types:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary fund reporting focuses on net assets. The Commission's fiduciary funds are agency funds and a pension trust fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Agency funds are used to account for the collection and disbursement of monies by the Commission on behalf of other entities. The pension trust fund accounts for activities related to the public employees retirement system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Regional appropriations are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Commission 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, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Revenues of the governmental funds susceptible to accrual are dues from member counties and municipal governments, earned portion of grant contracts and interest on invested funds. Recognized costs of grant contracts are used as the basis of recorded revenues from the grantor. Accounts receivable will reflect amounts earned which are undrawn, and deferred revenues will show balances of advance contract and interest on invested funds.

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 the proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund is the loans fees for services provided. Operating expenses for the enterprise fund includes the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues. The proprietary fund type statement is prepared on the accrual basis of accounting. Revenues are recognized when they have been earned and are measurable; expenses are recognized when they are incurred, if measurable.

Agency funds use the modified accrual basis of accounting for purposes of recognizing assets and liabilities, such as receivables and payables. However, agency funds do not have or report operations, and, accordingly, are said not to have a measurement focus.

D. Deferred Outflows/Inflows of Resources

In preparing the accompanying financial statements, the Commission has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and No. 65, Items Previously Reported as Assets and Liabilities. These standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and so will not be recognized as an inflow of resources (revenue) until that time.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deferred Outflows/Inflows of Resources (Continued)

The Commission also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Commission's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Commission to the pension plan before year end but subsequent to the measurement date of the Commission's net pension liability are reported as deferred outflows of resources. See Note 10 for further detail.

E. Encumbrances

Encumbrance accounting, in which purchase orders, contract and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Commission.

F. Cash

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

G. Prepaid Items

Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items.

H. Capital Assets

Capital assets, which include buildings and improvements, equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and depreciated using the straight-line method of depreciation over the following useful lives of the assets.

<u>Asset Category</u>	<u>Years</u>
Buildings	50
Building improvements	10 - 30
Equipment	5 - 10
Vehicles	6

Capital assets purchased with resources provided by the Georgia Department of Human Resources have not been recorded in these financial statements. Donated property is valued at the estimated fair market value on the date each asset was acquired.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences and Employee Benefits

The Commission provides the following compensated absences and employee benefits:

Vacation Leave: Regular employees are awarded 10 to 24 days per year of vacation leave and may accumulate up to 30 days. Upon termination of employment, employees are allowed to be reimbursed for accumulated vacation leave up to a maximum of 30 days. Accumulated leave for which employees could be reimbursed based on salary rates at June 30, 2017 amounted to \$191,895. Amounts vested or accumulated vacation leave that is not expected to be liquidated with current financial resources are reported in the long-term Debt Section of the financial statements.

Sick Leave: Employees are awarded 12 days per year of sick leave and may accumulate up to 90 days. The cost of sick leave is recognized as the employee takes it. In accordance with the provisions of Statement of Financial Accounting Standards No. 43 *Accounting for Compensated Absences*; no liability is recorded for nonvested accumulating rights to sick pay benefits.

Holidays: Employees are awarded 12 days per year as holidays. The cost of holiday leave is recorded when it is taken by the employee.

Insurance: The Commission maintains contributory group health plan as well as workers compensation coverage for all employees.

Payroll Taxes: The Commission, acting as a local government entity, is a participant in the State of Georgia Employees' Retirement System, which administers FICA and Medicare taxes for local governments of Georgia. However, payroll tax payments are made to the Internal Revenue Service in accordance with IRS regulations.

Retirement Benefits: The Commission contributes to the Georgia Municipal Employees Benefit System, a multiple employer public employee retirement system, for covered employees. See Note 10 for a further description of this plan.

J. Long-Term Obligations

The long-term liabilities for vacation leave have been recorded in the fund in which they will be expended.

K. Fund Equity

The Commission has adopted GASB Statement No. 54, which establishes criteria for classifying fund balances in governmental fund financial statements. Fund balances are presented based on classifications that comprise a hierarchy which is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Commission has classified prepaid items as being nonspendable as these items are not resources in spendable form.

Restricted: This classification includes amounts that are restricted to specific purposes whereby constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Commission's special revenue funds are legally restricted to expenditures for specific purposes.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity(Continued)

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council members. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Commission's intent to use for a specific purpose but are neither restricted nor committed. This intent can be expressed by (a) the Council or (b) the Council delegating this responsibility to the Commission's management through the budgetary process. This classification also includes all remaining positive fund balance for all governmental funds other than the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. It 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. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Commission's policy would be to use restricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the Commission's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

L. Direct Costs/Indirect Costs

Costs that can be identified specifically with a particular cost objective are considered direct costs and are charged directly to the applicable grant or contract. Costs that are incurred for a common or joint purpose benefiting more than one cost objective or are not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved, are considered indirect costs. Indirect costs include fringe benefit allocation. These indirect costs are recorded in the General Fund by the Commission's accounting system and allocated to elements of the special revenue funds and general fund based upon various factors. The Commission's indirect cost allocations are based upon prior cost experience, documented by a cost allocation plan, and are prepared annually in accordance with the provisions of the U.S. Office of Management and Budget Circular A-87.

At the end of each month during the year, an actual indirect cost and the fringe benefit rate is determined.

Indirect costs recovered as reimbursable costs in accordance with OMB Circular A-87 are transferred to the General Fund and recognized as an "other financing source".

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Commission, these revenues are charges for administrative services. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each program.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Northwest Georgia Regional Commission Retirement Plan (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

OCGA Section 50-8-34 paragraph (g) provides for the Council Board of Directors to adopt an annual budget and work program for the Commission. Annual appropriated budgets are adopted for the General Fund and all special revenue fund types. These budgets are adopted on a basis consistent with generally accepted governmental accounting principles. The "legal level of control" (the level at which expenditures may not legally exceed appropriations) is at the department level. There were no material supplementary appropriations made during the year. All annual appropriations lapse at year-end.

For the year ended June 30, 2018, expenditures exceed appropriations at the department level (the legal level of control) as follows:

Aging Fund	\$	113,791
Neighborhood Stabilization Fund		172,950

Most federal and state grants require local match in addition to the grant amount awarded (revenues budgeted) These overages in expenditures over appropriations represent the local match from the general fund.

NOTE 3. DEPOSITS AND INVESTMENTS

The Official Code of Georgia requires that deposited funds be secured by the Federal Deposit Insurance Corporation (FDIC), pledged securities, or a combination of these methods. The fair value of pledged securities should equal or exceed 110 percent of the deposited public funds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. All the Commission's deposits are covered by a combination of federal depository insurance and securities pledged by financial institutions as collateral to protect the deposits of the Commission as required under state law. Therefore, the Commission has no custodial risk.

The carrying amount of the Commission's deposits with financial institutions as of June 30, 2018 was \$2,487,112. The bank balance was \$4,077,734 on June 30, 2018. Of the bank balances, \$750,000 was covered by federal depository insurance, \$3,443,416 was collateralized in a pool of pledged securities, in the Commission's name, established and maintained by United Community Bank in accordance with Georgia Uniform Commercial Code Chapter 8, Title 45, Code Section 45-8-1.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 4. RECEIVABLES

Amounts due from local governments include local participation amounts (membership dues) assessed and unpaid by member cities and counties.

Federal grants receivable includes amounts earned on approved federal grant contracts, including federal grants which may be passed through state agencies.

State grants receivable include amounts earned on grant contracts which do not contain federal fund participation.

<u>Receivables:</u>	<u>General Fund</u>	<u>Aging Fund</u>
Membership dues from local governments	\$ 108,214	\$ -
Receivables from service contractors	-	2,097
Total	<u>\$ 108,214</u>	<u>\$ 2,097</u>

NOTE 5. CONTINGENT LIABILITIES

Use of federal, state and other grant funds is subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. To the extent such allowances involve expenditures under subcontracted arrangements, the Commission generally has the right of recovery from such subcontractors. Based upon prior experience, management believes that no significant liability exists for possible grant disallowances.

Northwest Georgia Regional Commission
Notes to Financial Statements
June 30, 2018

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassi- fication</u>	<u>Ending Balance</u>
Capital assets not depreciated:					
Land	\$ 23,413	\$ -	\$ -	\$ -	\$ 23,413
Total capital assets not depreciated	<u>23,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,413</u>
Capital assets depreciated:					
Buildings and improvements	578,464	-	-	-	578,464
Machinery and equipment	1,473,027	-	-	-	1,473,027
Vehicles	66,654	-	-	-	66,654
Total capital assets depreciated	<u>2,118,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,118,145</u>
Less accumulated depreciation for:					
Buildings and improvements	569,674	3,112	-	-	572,786
Machinery and equipment	1,196,657	73,605	-	-	1,270,262
Vehicles	55,361	5,184	-	-	60,545
Total accumulated depreciation	<u>1,821,692</u>	<u>81,901</u>	<u>-</u>	<u>-</u>	<u>1,903,593</u>
Total capital assets depreciated, net	<u>296,453</u>	<u>(81,901)</u>	<u>-</u>	<u>-</u>	<u>214,552</u>
Governmental activities capital assets, net	<u>\$ 319,866</u>	<u>\$ (81,901)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,965</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General government	\$ 12,195
Planning services	755
Workforce services	<u>68,951</u>
Total depreciation expense - Government activities	<u>\$ 81,901</u>

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2018 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The Commission expects to repay all interfund balances within one year.

Payable to:	Payable from:					Total
	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,167,572	\$ 559,186	\$ 803,863	\$ 43,840	\$ 2,574,461
Aging Fund	7,049	-	-	-	-	7,049
Fiduciary Funds	100,218	-	-	-	-	100,218
Enterprise Funds	767,807	-	-	-	-	767,807
Total	\$ 875,074	\$ 1,167,572	\$ 559,186	\$ 803,863	\$ 43,840	\$ 3,449,535

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All interfund transfers occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Transfers to:	Transfers from:					Total
	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aging Fund	113,791	-	-	-	-	113,791
Neighborhood	172,950	-	-	-	-	172,950
Nonmajor Funds	307,933	-	-	-	-	307,933
Total	\$ 594,674	\$ -	\$ -	\$ -	\$ -	\$ 594,674

NOTE 8. FUND BALANCES

For the year ended June 30, 2013, the Commission adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The detail of fund balances that are nonspendable, assigned, committed, or restricted in the accompanying Governmental Funds Balance Sheet at June 30, 2018, is as follows:

General Fund – This fund has nonspendable fund balance in the amount of \$57,190 which consists of prepaid items not in spendable form.

Workforce Fund – This fund has restricted fund balance in the amount of \$30,520 for the purposes of the grants received.

All other funds have fund balances that are classified as unassigned. Interfund receivables are considered current enough to provide cash flows in the near future.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 9. RELATED PARTY TRANSACTIONS

Because of the unique nature of its administrative duties, the Commission had business relationships and transactions with companies that could be construed as related parties. The Commission administers the spending of the Workforce Investment Act (WIA) grant funds by contracting with various educational institutions as well as private companies in the 15 county region comprising its WIA membership. These contracts are awarded by the Workforce Investment Board (the "WIB"), and subsequently approved by the Commission's board of directors. These awards are made generally upon the recommendation of WIA personnel employed by the Commission. The members of the WIB are appointed by the council of elected officials, which is comprised of various senior elected local government officials in the 15 county regions. Five of the 21 WIB members are also owners or employees of subcontractors of the Commission in the utilization of WIA funds. During the year ended June 30, 2018, contracts between the Commission and subcontractors whose owners or employees are on the WIB totaled \$1,674,189. The WIB board members abstain from voting on contracts that may result in a conflict of interest.

NOTE 10. RETIREMENT BENEFITS

The Commission contributes to the Georgia Municipal Employees Benefit System ("GMEBS"), a multi-employer public employee retirement system that acts as a common investment and administrative agent for municipalities in Georgia. The plan is an agent multiple-employer defined benefit plan. Certain required information is presented herein. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership consists of the following:

(as of January 1, 2018, the date of the most recent actuarial valuation)

Number of retired participants and beneficiaries	41
Number of vested former participants	27
Number of active employees	<u>28</u>
Total	<u>96</u>

The plan was amended to close participation to employees hired or rehired on or after August 19, 2010. Commission employees who retire at or after age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount (ranging from \$4,944 for employees born in 1903 or earlier to \$7,800 for employees born in 1941 or later) multiplied by the number of credited service years, plus 1.75% of the number of credited service years. Final average earnings are defined as the employee's highest five consecutive earning years prior to retirement date. The GMEBS plan permits early retirement for employees who have reached the age of 55 and have completed ten years of credited service. The GMEBS plan also provides for disability retirement calculated in the same manner as the normal retirement, with no actuarial reduction for age imposed and in no event will the disability be less than 65% of the retiree's average monthly earnings, when coordinated with workman's compensation and Social Security for the twelve calendar month period immediately preceding the disability termination.

The benefit provisions and all other requirements are established pursuant to the authority vested in the Commission by Georgia Law 1965, pp. 421 et. Seq., amended.

The Commission's pension plan with GMEBS is a non-contributory plan. The Commission contributes the minimum contributory amount each year out of current operations. For the year ended June 30, 2018, the Commission made contributions in the amount of \$137,032 (9.63% of expected payroll).

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Net Pension Liability of the Commission

Effective July 1, 2014, the Commission implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, which significantly changed the Commission’s accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The Commission’s net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

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

Inflation	2.75%
Salary increases (including inflation)	2.75% plus service based merit increases
Investment rate of return (net of pension plan investment expense, including inflation)	7.50%

Mortality rates for 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.

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

Cost of living adjustments were assumed to be 0% although the Plan allowance for annual cost of living adjustments is variable, as established by the Commission, in an amount not to exceed 4%.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2014 are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	45.00%	6.71%
International equity	20.00%	7.71%
Real estate	10.00%	5.21%
Global fixed income	5.00%	3.36%
Domestic fixed income	20.00%	2.11%
Cash	0%	
Total	<u>100.00%</u>	

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Net Pension Liability of the Commission (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, which is zero, and that the Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the Commission. The changes in the components of the net pension liability of the Commission for the fiscal year ended June 30, 2018 were as follows:

The required schedule of changes in the Commission's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at September 30, 2016	\$ 8,180,572	\$ 7,417,871	\$ 762,701
Changes for the year:			
Service cost	56,005	-	56,005
Interest	613,221	-	613,221
Differences between expected and actual experience	(82,888)	-	(82,888)
Assumption changes	-	-	-
Contributions - employer	-	150,008	(150,008)
Net investment income	-	1,090,386	(1,090,386)
Benefit payments, including refunds of employee contributions	(536,087)	(536,087)	-
Administrative expense	-	(19,294)	19,294
Other	137,647	-	137,647
Net changes	187,898	685,013	(497,115)
Balances at September 30, 2017	\$ 8,368,470	\$ 8,102,884	\$ 265,586

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Commission, calculated using the discount rate of 7.75 percent, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that 1 percentage-point lower (6.75 %) or 1 percentage-point higher (8.75 %) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Sensitivity of the net pension liability to the changes in discount rate	\$ 992,940	\$ 265,586	\$ (363,900)

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 10. RETIREMENT BENEFITS (CONTINUED)**Net Pension Liability of the Commission (Continued)**Changes in the Net Pension Liability of the Commission

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2018, the Commission recognized pension expense of \$98,605. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,444
Changes in assumptions	68,824	-
Net difference between projected and actual earnings on pension plan investments	180,948	613,137
Commission contributions subsequent to the measurement date	102,774	-
Total	<u>\$ 352,546</u>	<u>\$ 654,581</u>

Commission contributions subsequent to the measurement date of \$102,774 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2019	\$ (82,283)
2020	(62,905)
2021	(153,379)
2022	(106,242)
Total	<u>\$ (404,809)</u>

401(k) Deferred Compensation Plan

The Northwest Georgia Regional Commission maintains a 401(k) Deferred Compensation Plan for the benefit of its employees. The Plan was established by resolution of the Board of Directors effective November 1, 1984, and the Plan received a favorable determination from the Internal Revenue Service, establishing it as a plan qualified under the applicable Internal Revenue Code provisions and regulations. The Plan is sponsored by the Lincoln Financial Group and is administered by the Cannon Financial Strategists.

The Plan provides for employer matching funds of up to 7.5%. All contributions are made by the employee and are fully vested at the time of contribution. The Plan year is January 1 to December 31. All regular employees are eligible to participate in the Plan beginning with their beginning date of employment with no age or service length requirements. During fiscal year 2018 employer contributions totaled \$57,508.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Non-Contributory Defined Contribution Pension Trust Plan

The Commission maintains a non-contributory defined contribution single-employer pension plan administered by a Board of Trustees appointed by the Commission's Board of Directors. Under the Plans' provisions, the Commission's commitment is not to a defined benefit upon retirement but only to provide a regular contribution. Future benefits depend solely on amounts contributed to the Plan plus investment earnings.

Balance - July 1, 2017	\$	704,721
Fiscal Year 2018 Contributions		11,447
Fiscal Year 2018 Distributions		-
Investment income (loss)		17,040
Net appreciation (depreciation) in fair value of assets		(142)
Balance - June 30, 2018	\$	<u>733,066</u>

This plan is qualified under Section 401(a) of the Internal Revenue Code and the Trust created by the Plan is exempt from tax under Section 503(b) of the Internal Revenue Code.

Total payroll for eligible employees for the year was \$146,901.

Under authority of the Board of Directors, the Commission has established a contribution requirement of 7.5% of the participant's compensation in keeping with the minimum requirements of the Internal Revenue Service. For the fiscal year ending June 30, 2018, contributions were as follows:

	Amount	Amount as a % of Covered Payroll
Contribution by employer	\$ 10,411	7.50%

NOTE 11. LONG-TERM LIABILITIES

The following is a summary of changes in accrued annual compensated absences:

Balance - July 1, 2017	\$	191,895
Additions		192,943
Reductions		<u>(183,748)</u>
Balance - June 30, 2018	\$	<u>201,090</u>

Typically, long-term liabilities are paid from the funds under which they are incurred or accrued. If the related fund is unable to liquidate the long-term liability, the General Fund would liquidate the long-term liability utilizing unrestricted funds.

NOTE 12. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission purchases commercial insurance to cover property and liability and professional liability claims. There were no significant reductions of insurance coverage compared to the prior year. Settlement claims have not exceeded insurance coverage in the past three years.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2018

NOTE 12. RISK MANAGEMENT (continued)

Risk Pools

The Commission joined the Georgia Interlocal Risk Management Agency (GIRMA). The Commission's management, based on anticipated needs, selects insurance coverage and deductible options for property, casualty and crime under the policy. The Commission is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as follow loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the Commission in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims in "IBNR" is established by an actuary. The Commission has not completed a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The Commission is unaware of any claims that the Commission is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2018. No provisions have been made in the financial statements for the year ended June 30, 2018 for any estimate of potential unpaid claims.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant 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 the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management believes such disallowances, if any, will not be significant.

Commitments

The Commission routinely enters into other agreements and commitments during the year in the ordinary course of business. Such other agreements and commitments are not considered material to the accompanying financial statements.

NOTE 14. PRIOR PERIOD RESTATEMENT

The Commission has determined that restatements are required to properly reflect costs to prior periods cost as follows:

Governmental fund financial statements:

General Fund

Fund Balance, June 30, 2017, as previously reported	\$ 3,738,250
Adjustment to correct balances from prior years	65,000
Fund Balance, June 30, 2017, as restated	<u>\$ 3,803,250</u>

Government-wide financial statements:

Net position, June 30, 2017, as previously reported	\$ 2,544,186
Adjustment to correct balances from prior years	65,000
Fund Balance, June 30, 2017, as restated	<u>\$ 2,609,186</u>

REQUIRED SUPPLEMENTAL INFORMATION

**NORTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST FISCAL YEAR ENDED JUNE 30**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 56,005	\$ 71,267	\$ 116,521	\$ 149,445
Interest	613,221	591,765	559,487	551,437
Differences between expected and actual experience	(82,888)	103,090	149,024	(169,544)
Changes of assumptions	137,647	-	-	
Benefit payments	(536,087)	(442,467)	(374,617)	(300,468)
Other				(89,919)
Net change in total pension liability	187,898	323,655	450,415	140,951
Total pension liability - beginning	8,180,572	7,856,917	7,406,502	7,265,551
Total pension liability - ending (a)	<u>\$ 8,368,470</u>	<u>\$ 8,180,572</u>	<u>\$ 7,856,917</u>	<u>\$ 7,406,502</u>
Plan fiduciary net position				
Contributions - employer	\$ 150,008	\$ 165,680	\$ 222,945	\$ 276,742
Net investment income	1,090,386	762,636	85,501	723,310
Benefit payments	(536,087)	(442,467)	(374,617)	(300,468)
Administrative expense	(19,294)	(11,415)	(12,990)	(10,428)
Net change in plan fiduciary net position	685,013	474,434	(79,161)	689,156
Plan fiduciary net position - beginning	7,417,871	6,943,437	7,022,598	6,333,442
Plan fiduciary net position - ending (b)	<u>\$ 8,102,884</u>	<u>\$ 7,417,871</u>	<u>\$ 6,943,437</u>	<u>\$ 7,022,598</u>
Net pension liability - ending (a) - (b)	<u>\$ 265,586</u>	<u>\$ 762,701</u>	<u>\$ 913,480</u>	<u>\$ 383,904</u>
Plan fiduciary net position as a percentage of total pension liability	96.83%	90.68%	88.37%	94.82%
Covered-employee payroll	\$ 1,122,643	\$ 1,399,814	\$ 1,813,910	\$ 2,064,199
Net pension liability as a percentage of covered-employee payroll	23.66%	54.49%	50.36%	18.60%

Note: Pension schedules are intended to show information for ten year. 2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68. Additional years' information will be displayed as it becomes available.

**NORTHWEST GEORGIA REGIONAL COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
LAST FISCAL YEAR ENDED JUNE 30**

	2018	2017	2016	2015
Actuarially determined contribution	\$ 137,032	\$ 154,333	\$ 169,462	\$ 240,773
Contributions in relation to the actuarially determined contribution	137,032	154,333	169,462	240,773
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,122,643	\$ 1,399,814	\$ 1,533,598	\$ 2,064,199
Contributions as a percentage	12.21%	11.03%	11.05%	11.66%

Notes to Schedule:

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation date:	January 1, 2018
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining liability
Remaining amortization period	Varies for the bases, net effective amortization period of 18 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.
Inflation	2.75%
Projected Salary Increases	2.75% plus service based merit increases
Investment rate of return	7.50%
Retirement age	65
Mortality	RP-2000 Healthy Morality Table with sex-distinct rates, adjusted for actuarial experience study for the period January 1, 2010 through June 30, 2014

Note: Pension schedules are intended to show information for ten year. 2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68. Additional years' information will be displayed as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

Northwest Georgia Regional Commission
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total Nonmajors Funds</u>
	<u>Economic Development Fund</u>	<u>Planning Fund</u>	
ASSETS			
Cash	\$ -	\$ 464	\$ 464
Due from other governments	32,279	123,905	156,184
Due from other funds		7,049	7,049
Total assets	<u>\$ 32,279</u>	<u>\$ 131,418</u>	<u>\$ 163,697</u>
LIABILITIES			
Accounts payable	\$ 9,024	\$ 6,058	\$ 15,082
Due to other funds	17,857	-	17,857
Unearned revenues	5,398	122,688	128,086
Total liabilities	<u>32,279</u>	<u>128,746</u>	<u>161,025</u>
FUND BALANCES			
Unassigned	<u>-</u>	<u>2,672</u>	<u>2,672</u>
Total fund balances	<u>-</u>	<u>2,672</u>	<u>2,672</u>
Total liabilities and fund balances	<u>\$ 32,279</u>	<u>\$ 131,418</u>	<u>\$ 163,697</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	Economic Development Fund	Planning Fund	
REVENUES			
From grantor agencies	\$ 316,054	\$ 402,565	\$ 718,619
Charges for services	-	-	-
Other revenue	30,000	-	30,000
Total revenues	<u>346,054</u>	<u>402,565</u>	<u>748,619</u>
EXPENDITURES			
Current			
Planning services and economic development	<u>592,543</u>	<u>464,009</u>	<u>1,056,552</u>
Total expenditures	<u>592,543</u>	<u>464,009</u>	<u>1,056,552</u>
Excess (deficiency) of revenues over expenditures	<u>(246,489)</u>	<u>(61,444)</u>	<u>(307,933)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	246,489	61,444	307,933
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>246,489</u>	<u>61,444</u>	<u>307,933</u>
Net change in fund balance	-	-	-
Fund balances-beginning, as restated	-	2,672	2,672
Fund balances-ending	<u>\$ -</u>	<u>\$ 2,672</u>	<u>\$ 2,672</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
 Combining Statement of Assets and Liabilities
 All Agency Funds
 June 30, 2018

	Northwest Georgia						Total Agency Funds
	Hwy 127 Association Fund	Water Resource Partnership Fund	Money Follows Person Fund	NSP Paulding Fund	NSP Whitfield Fund		
ASSETS							
Cash	\$ 4,887	\$ 178,452	\$ -	\$ -	\$ -	\$ -	\$ 183,339
Receivables	11,905	-	126,634	57,325	2,070	-	197,934
Due from other funds	-	-	31,897	47,642	-	-	79,539
Due from other government	-	-	-	32,000	-	-	32,000
Total assets	\$ 16,792	\$ 178,452	\$ 158,531	\$ 136,967	\$ 2,070	\$ -	\$ 492,812
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 71,517	\$ -	\$ 2,070	\$ -	\$ 73,587
Due to others	-	-	-	110,937	-	-	110,937
Due to other funds	-	-	0	-	0	-	-
Unearned revenues	16,792	178,452	87,014	26,030	-	-	308,288
Total liabilities	\$ 16,792	\$ 178,452	\$ 158,531	\$ 136,967	\$ 2,070	\$ -	\$ 492,812

The accompanying notes are an integral part of this statement.

STATE COMPLIANCE SECTION

RL Jennings & Associates, PC
Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA
Marvin Chance, CPA, CGMA
Thomas H. Evans, Jr., CPA
Katherine S. Washington, CPA

Member

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

506 East Third Street
Rome, Georgia 30161
Phone 706.802.1945 Fax 706.802.1279
www.romecpa.com
14224 Highway 515 North
Ellijay, Georgia 30540
Phone 706.273.1945 Fax 706.273.1946
www.ellijaycpa.com

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF NONPUBLIC FUNDS**

To the Chairman and Council Members
Northwest Georgia Regional Commission
Rome, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission as of and for the year ended June 30, 2018, and have issued our report thereon dated November 15, 2018. We have also audited the Schedule of Nonpublic Funds of North Georgia CDC, Inc., a component unit of the Northwest Georgia Regional Commission, as required by the Official Code of Georgia Annotated, Section 50-8-35. This schedule is the responsibility of management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule 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 Schedule of Nonpublic Funds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Nonpublic Funds referred to above was prepared to present the beginning balance, revenues, expenditures and ending balance of nonpublic funds as required by the Official Code of Georgia Annotated, Section 50-8-35. The Schedule of Nonpublic Funds is not intended to be a complete presentation of assets, liabilities, revenues, and expenditures.

In our opinion, the Schedule of Nonpublic Funds referred to above presents fairly, in all material respects, the beginning balance, revenues, expenditures and ending balance of nonpublic funds as required by the Official Code of Georgia Annotated, Section 50-8-35 for the year ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information of the administrative committee, management, the Georgia Department of Audits, and the Georgia Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

R L Jennings & Associates, P.C.

Rome, Georgia
November 15, 2018

Northwest Georgia Regional Commission
 Schedule of Nonpublic Funds
 For the Year Ended June 30, 2018

Nonpublic Funds Retained Earnings 7/1/17 \$ (29,347)

Revenues - Nonpublic Funds:

<u>Source</u>	<u>Date</u>	<u>Amount</u>
Wells Fargo	7/5/2017	\$ 1,705
Wells Fargo	8/2/2017	1,705
Wells Fargo	9/5/2017	1,705
Wells Fargo	10/3/2017	1,705
Wells Fargo	11/2/2017	1,705
Wells Fargo	11/7/2017	365
Wells Fargo	12/4/2017	1,705
Wells Fargo	1/3/2018	1,705
Wells Fargo	2/2/2018	1,688
Wells Fargo	3/2/2018	1,688
Wells Fargo	4/3/2018	1,688
Wells Fargo	5/2/2018	1,688
Wells Fargo	5/4/2018	1,013
Wells Fargo	6/2/2018	1,688
Interest		15
Refunded expenditures		
Total Revenues - Nonpublic Funds		<u>21,768</u>

Expenditures of Nonpublic Funds:

<u>Place</u>	<u>Date</u>	<u>Amount</u>	<u>Persons</u>
NWGRC - Dalton Office	10/10/2017	\$ 90	NGCDC, Inc. Board Members
NWGRC - Dalton Office	1/23/2018	60	NGCDC, Inc. Board Members
NWGRC - Dalton Office	4/16/2018	90	NGCDC, Inc. Board Members
Other expenditures paid from nonpublic funds		<u>6,938</u>	
Total Expenditures of NonPublic Funds		<u>7,178</u>	

Excess (Deficit) of Revenues Over Expenditures - NonPublic Funds

14,590

Nonpublic Funds Retained Earnings 6/30/2018

\$ (14,757)

See following Notes to the Schedule of Nonpublic Funds.

Northwest Georgia Regional Commission
Notes to The Schedule of Nonpublic Funds
June 30, 2018

Note 1 - Schedule of Nonpublic Funds

The employees and representatives of NGCDC, Inc. are authorized to expend nonpublic funds for the business meals and incidental expenses of bona fide industrial prospects and other persons who attend any meeting at their request to discuss the location or development of new business, industry, or tourism within the region of the Northwest Georgia Regional Commission, in accordance with the Official Code of Georgia Annotated, Section 50-8-35. Nonpublic funds are defined by state law as the servicing fees which are received by a nonprofit corporation for administering federal or state revolving loan programs or loan packaging programs.

According to the Official Code of Georgia Annotated, Section 50-8-35(f)(2), a schedule is required to be included within the annual audit of each nonprofit corporation which reports the beginning balance of unexpended nonpublic funds; the date, amount, and source of all receipts of nonpublic funds; the date, place, purpose and persons for whom expenditures were made for all such expenditures of nonpublic funds; and the ending balance of unexpended nonpublic funds.

Note 2 - Basis of Accounting

The Schedule of Nonpublic Funds is prepared in accordance with the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Northwest Georgia Regional Commission
 Schedule of State Contractual Assistance
 State of Georgia-Department of Human Resources
 For the Year Ended June 30, 2018

	<u>Contract Number</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Amount Owed to Grantor</u>	<u>Amount Due from Grantor</u>
AREA AGENCY ON AGING					
Aging/Multi-funded	42700-373-0000060376	\$ 4,216,612	\$ 4,216,612	\$ -	\$ 1,413,868.00
Aging/Multi-funded	42700-373-0000065743	<u>1,026</u>	<u>1,026</u>	<u>-</u>	<u>-</u>
TOTAL		<u>\$ 4,217,638</u>	<u>\$ 4,217,638</u>	<u>\$ -</u>	<u>\$ 1,413,868</u>

* Revenues and expenditures are net of in-kind

Northwest Georgia Regional Commission
 Schedule of Actual Indirect and Fringe Benefit Cost Pools
 Budget and Actual
 For the Year Ended June 30, 2018

	Budget	Actual
Salaries and wages	\$ 497,195	\$ 470,966
Bank charges	500	357
Computer charges	15,000	9,690
Contracts and leases	198,750	186,738
Dues and subscriptions	1,000	1,841
Education and training	15,000	11,385
Insurance and bonding	31,000	32,501
Motor vehicle expense	5,000	4,955
Postage and freight	20,000	19,046
Printing and reproduction	2,500	1,846
Repairs and maintenance	53,000	29,053
Supplies and materials	23,500	15,287
Telecommunications	28,200	28,967
Travel	3,500	4,381
Utilities	40,000	35,309
TOTAL INDIRECT COST	\$ 934,145	\$ 852,322
Direct salaries (excludes fringe benefits)	\$ 2,421,143	\$ 2,352,993
Indirect cost rate	38.6%	36.2%
Payroll taxes	\$ 195,000	\$ 203,993
Insurance	250,000	263,176
Retirement benefits	325,000	356,614
TOTAL FRINGE BENEFIT	\$ 770,000	\$ 823,783
Total salaries (excludes fringe benefits)	\$ 2,918,338	\$ 2,739,784
Fringe benefit rate	26.4%	30.1%

NOTE: The Commission includes fringe benefits in indirect costs for the computation of indirect rates.

FEDERAL COMPLIANCE SECTION

Northwest Georgia Regional Commission

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Provided to Subrecipients	Federal Expenditures
APPALACHIAN REGIONAL COMMISSION				
Direct Programs				
Local Development District	23.001	GA-701-G-C7-17	\$ -	\$ 103,779
Local Development District	23.001	GA-701-G-C8-R1-18	-	104,679
			<u>-</u>	<u>208,458</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Georgia Department of Community Affairs (DCA)				
Neighborhood Stabilization #1	14.256	08-NS-5052	-	214,763
Neighborhood Stabilization #3	14.256	11-NS-6009	-	285,182
			<u>-</u>	<u>499,945</u>
U.S. DEPARTMENT OF COMMERCE				
Direct Programs				
Economic Development Administration				
Planning and Administrative Grants	11.302	ED17ATL3020011	-	50,279
Floor 360 Consortium Advancing Mfg in NWGA IMCP	11.302	ED16ATL3020029	-	57,317
			<u>-</u>	<u>107,596</u>
LTED Revolving Loan Fund	11.307		-	1,002,305
Total U.S. Department of Commerce			<u>-</u>	<u>1,109,901</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Georgia Department of Transportation (GDOT)				
FY2018 5304 Transit Planning Contract	20.205	T006057	0	16,689
Lump Sum Traf & Revenue/Design-Build/Special Studies	20.205	PI-0015270	0	-
State Planning and Research (SPR) Funds 2018	20.205	PI-0015579	0	39,001
Total U.S. Department of Transportation			<u>0</u>	<u>55,690</u>
<i>AGING CLUSTER</i>				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Georgia Department of Human Resources (DHR)				
Aging Cluster				
Title IIIA	93.045	42700-373-0000060376	-	198,109
Title III C-1	93.045	42700-373-0000060376	947,908	947,908
Title III C-2	93.044	42700-373-0000060376	471,566	471,566
			<u>1,419,474</u>	<u>1,617,583</u>
Title III B	93.045	42700-373-0000060376	126,472	358,051
Total Aging Cluster			<u>1,545,946</u>	<u>1,975,634</u>

Northwest Georgia Regional Commission

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Georgia Department of Health and Human Services (Continued)

Title IIID	93.043	42700-373-0000060376	-	45,973
Title IIIIE	93.052	42700-373-0000060376	222,381	222,381
Title XIX Community Care	93.778	42700-373-0000060376	762,500	987,646
Title XX SSBG	93.667	42700-373-0000060376	309,765	309,765
Georgia Cares	93.779	42700-373-0000060376	-	75,865
Georgia Cares - SMP	93.048	42700-373-0000060376	-	10,791
Money Follows the Person	93.791	42700-373-0000060376	-	169,240
Nutrition Services Incentive Program	93.053	42700-373-0000060376	419,317	419,317
Alzheimer's Disease Supportive Service Program (ADSSP)	93.051	42700-373-0000065743	1,026	1,026
			<u>1,714,989</u>	<u>2,242,004</u>
Total U.S. Department of Health and Human Services			<u>3,260,935</u>	<u>4,217,638</u>

WIA CLUSTER

U.S. DEPARTMENT OF LABOR

Passed Through Georgia Department of Economic Development,
Workforce Innovation and Opportunity Act

Adult	17.258	11-16-16-01-001	60,934	67,081
Adult	17.258	11-16-17-01-001	474,463	508,960
Adult	17.258	11-17-17-01-001	198,458	203,502
Adult	17.258	11-17-18-01-001	275,651	582,627
WIOA Branding Grant	17.258	WSG16-16-01-001	-	12,544
High Demand Career Initiative	12.258	HDCl-16-17-01-001	-	70,148
			<u>1,009,506</u>	<u>1,444,862</u>
Youth	17.259	15-16-16-01-001	514,810	705,144
Youth	17.259	15-17-17-01-001	1,125,152	1,752,216
Youth	17.259	OSY-15-15-01-001	161,257	200,000
			<u>1,801,219</u>	<u>2,657,360</u>
Dislocated Worker	17.278	31-16-16-01-001	440,147	445,472
Dislocated Worker	17.278	31-16-17-01-001	355,582	759,773
Rapid Response	17.278	44-16-17-01-001	-	89,899
Rapid Response	17.278	44-17-18-01-001	-	12,598
Dislocated Worker (Adult)	17.278	36-16-17-01-001	1,010,136	1,078,000
			<u>1,805,865</u>	<u>2,385,742</u>

TOTAL WIA CLUSTER

Total U.S. Department of Labor

Total Expenditures of Federal Awards

	<u>4,616,590</u>	<u>6,487,964</u>
	<u>4,616,590</u>	<u>6,487,964</u>
	<u>\$ 7,877,525</u>	<u>\$ 12,579,596</u>

Northwest Georgia Regional Commission
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

Note 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal assistance programs of the Northwest Georgia Regional Commission (Commission). The Commission reporting entity is defined in Note 1.A of the basic financial statements. Federal assistance received directly from federal or state agencies, as well as federal financial assistance passed through state agencies, are included on the schedule.

Note 2 – BASIC OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1.C of the basic financial statements. The Commission did not use the de-minimis indirect cost rate during the year ended June 30, 2018.

Note 3 – NON-CASH AWARDS

The Commission did not have any non-cash awards during the fiscal year.

RL Jennings & Associates, PC

Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA
Marvin Chance, CPA, CGMA
Thomas H. Evans, Jr., CPA
Katherine S. Washington, CPA
David E DeScalzo, CPA, CFE, PC

Member
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

506 East Third Street
Rome, Georgia 30161
Phone 706.802.1945 Fax 706.802.1279
www.romecpa.com
14224 Highway 515N
Ellijay, Georgia 30536
Phone 706.273.1945 Fax 706.273.1946
www.ellijaycpa.com

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*

To the Chairman and the Council Members
Northwest Georgia Regional Commission
Rome, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Northwest Georgia Regional Commission's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northwest Georgia Regional 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 Northwest Georgia Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Georgia 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R J Jennings & Associates, P.C.

Rome, Georgia
November 15, 2018

RL Jennings & Associates, PC

Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA
Marvin Chance, CPA, CGMA
Thomas H. Evans, Jr., CPA
Katherine S. Washington, CPA
David E DeScalzo, CPA, CFE, PC

Member
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

506 East Third Street
Rome, Georgia 30167
Phone 706.802.1945 Fax 706.802.1271
www.romecpa.com
14224 Highway 515
Ellijay, Georgia 30531
Phone 706.273.1945 Fax 706.273.1946
www.ellijaycpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Chairman and Council Members
Northwest Georgia Regional Commission
Rome, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Northwest Georgia 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 the Northwest Georgia Regional Commission's major federal programs for the year ended June 30, 2018. Northwest Georgia 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 the Northwest Georgia 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 the Northwest Georgia 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 Northwest Georgia Regional Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Northwest Georgia 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 year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Northwest Georgia 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 the Northwest Georgia 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 the Northwest Georgia 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 a 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.

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.

R L Jennings & Associates P.C.

Rome, Georgia
November 15, 2018

Northwest Georgia Regional Commission
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2018

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

Material weakness (es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness (es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weaknesses? _____ Yes X No

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 Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.256	Neighborhood Stabilization Program (Recovery Act Funded)
11.307	LTED Revolving Loan Fund
93.045	Georgia Department of Human Resources Social Services Block Grant
93.778	Georgia Department of Human Resources Medical Assistance Program
17.258	Georgia Department of Labor – Workforce Investment Act – Adult
17.259	Georgia Department of Labor – Workforce Investment Act – Youth
17.278	Georgia Department of Labor – Workforce Investment Act – Dislocated Worker

Northwest Georgia Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Dollar threshold used to distinguish between Type A and Type B \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Section II—Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.