

**NORTHWEST GEORGIA  
REGIONAL COMMISSION**

**ROME, GEORGIA**

**ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2014**

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## **INTRODUCTORY SECTION**

# NWGRC

NORTHWEST GEORGIA REGIONAL COMMISSION

*A Region With A Bright Future*

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

December 12, 2014

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, 2014. 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, 2014, 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

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, 2014, 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 Single Audit designed to meet the needs of federal and state grantor agencies. The standards governing Single Audits 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, established in 2009, was preceded by the Coosa Valley Regional Development Center and the North Georgia Regional Development Center. The two Regional Development Center's were merged in 2009 as required by House Bill 1216, which reorganized Georgia's system of regional planning service delivery organizations. 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 Board of Directors.

### **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 800,000 estimated population. The condition of the regional, state, and national economies affect 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 actually 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**

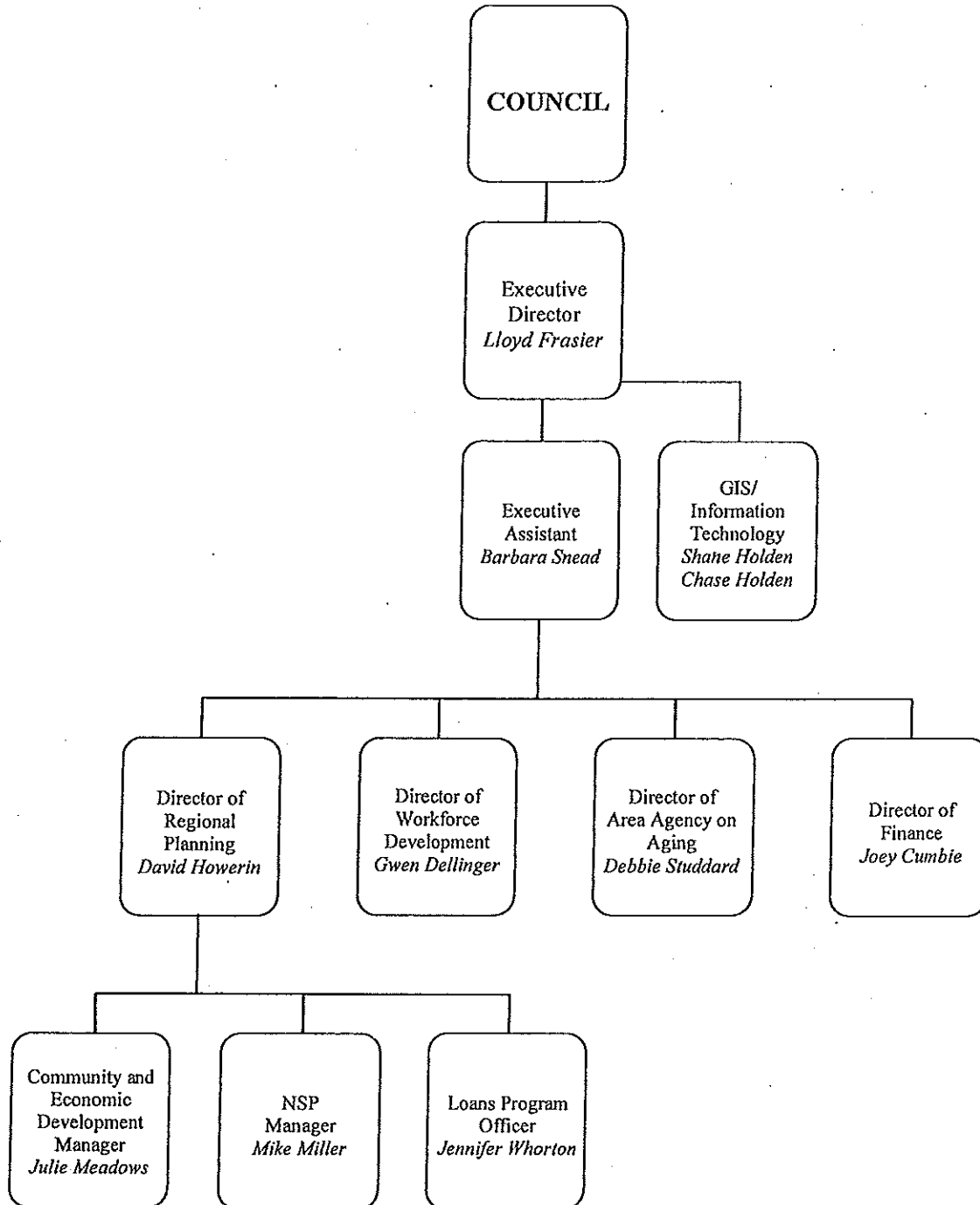
The preparation of this report was a cooperative effort of the Commission's fiscal staff. They were assisted by other program staff as needed, and by the auditors, RL Jennings & Associates, PC, whose knowledge and judgement were very valuable in the successful completion of this task.

Respectfully submitted,



Lloyd Frasier  
Executive Director

NORTHWEST GEORGIA REGIONAL COMMISSION  
Organizational Chart





NORTHWEST GEORGIA REGIONAL COMMISSION COUNCIL

**Bartow County**

Commissioner Steve Taylor  
Councilman Louis Tonsmeire, Cartersville  
Edsel Dean, Nonpublic

**Catoosa County**

Commissioner Jim Cutler  
Vacancy, Fort Oglethorpe  
Mark Fletcher, 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 Anthony Emanuel, Trenton  
Peter Cervelli, Nonpublic

**Fannin County**

Commission Chairman Bill Simonds  
Mayor Donna Whitener, Blue Ridge  
Stan Helton, Nonpublic

**Floyd County**

Commissioner John Mayes  
City Commissioner Buzz Wachsteter, Rome  
Mark Eubanks, Nonpublic

**Gilmer County**

Commission Chairman J. C. Sanford  
Mayor Al Hoyle, Ellijay  
Hubert Parker, Nonpublic

**Gordon County**

Commissioner Jeff Gazaway  
Councilman David Hammond, Calhoun  
Dan McBee, Nonpublic

**Haralson County**

Commission Chairman Allen Poole  
Councilwoman Jane Wilson, Bremen  
Bob Birky, Nonpublic

**Murray County**

Commissioner Brittany Pittman  
Mayor Dan Penland, Chatsworth  
Steve Noland, Nonpublic

**Paulding County**

Commission Chairman David A. Austin  
Mayor Boyd Austin, Dallas  
Ken McMichen, Nonpublic

**Pickens County**

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

**Polk County**

Commissioner Billy Croker  
City Commission Chairman Dale L. Tuck, Cedartown  
Alan Dean, Nonpublic

**Walker County**

Commissioner Bebe Heiskell  
Vacancy, LaFayette  
Virgil Sperry, Nonpublic

**Whitfield County**

Commission Chairman Mike Babb  
Mayor Ken Gowin, Tunnel Hill  
Nicky Starling, Nonpublic

**Governor's Appointees**

James Coughlin, Floyd Medical Center, Rome  
Butch Jones, Businessman, Ellijay  
Melissa Mathis, Assistant Superintendent of Schools, Walker County

**Lieutenant Governor's Appointee**

Brian Anderson, Greater Dalton Chamber of Commerce

**Speaker of the House's Appointee**  
**Donald N. Murray, Gilmer County**

**OFFICERS**

**David A. Austin, Chairperson**

**Al Hoyle, Vice Chairperson**

**Allen Poole, Secretary**

**Ted Rumley, Treasurer**

**FINANCIAL SECTION**

# RL Jennings & Associates, PC

## Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA  
Mona Evans, CPA  
Joe Sapp, CPA  
Thomas H. Evans, Jr., CPA  
Sherry L. Estes, CPA  
Katherine S. Washington, CPA  
David E DeScalzo, CPA, CFE, PC

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### INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Directors  
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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Northwest Georgia Regional Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Northwest Georgia Regional Commission, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Aging Fund, Workforce Fund, and Neighborhood Stabilization Fund 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 and budgetary comparison information on pages 10-15 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 nonmajor 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of 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 Northwest Georgia Regional Commission's internal control over financial reporting and compliance.

*R. L. Jennings & Associates, PC*

Rome, Georgia  
December 29, 2014

**Northwest Georgia Regional Commission**  
Management's Discussion and Analysis  
June 30, 2014

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Our discussion and analysis of the Northwest Georgia Regional Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Commission's accompanying financial statements and the Notes to the Financial Statements. The components of the financial statements include 1) Management's Discussion and Analysis (MD&A), 2) Basic Financial Statements, and 3) Other Required Supplementary Information (RSI). Management's Discussion & Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities. The MD&A for the current year ending June 30, 2014 provides comparisons with the previous year in compliance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34.

### **FINANCIAL HIGHLIGHTS**

The assets of the Commission exceeded its liabilities at the close of the fiscal year by \$3,713,146. Of this amount, \$2,162,245 in unrestricted net assets may be used to meet the Commission's ongoing obligations to the member local governments and other creditors. As indicated in the *Statement of Activities*, this year's operations resulted in a net asset increase of \$629,182 or a 20.4% increase. Total program expenditures for the Commission decreased by \$2,010,242 (10.8%), and program revenues decreased by \$1,871,450 (9.8%).

Also from the *Statement Activities*, the General government reported a decrease of \$920 in expenditures for the year. Aging services reported a decrease in revenue of \$537,393 and a decrease of \$182,366 in expenditures for the year. Planning services reported a decrease in revenue of \$271,601 and a decrease of \$343,619 in expenditures for the year. Workforce services reported a decrease in revenue of \$2,089,818 and a decrease of \$2,089,667 in expenditures for the year. Neighborhood stabilization services reported an increase in revenue of \$579,630 and an increase of \$573,789 in expenditures for the year.

From the *Statement of Revenues, Expenditures and Changes in Fund Balance*, the General Fund reported an increase in revenue of \$184,376, an increase of \$18,138 in expenditures for the year, and an increase in Fund Balance of \$447,724 to a current Fund Balance of \$2,305,507. The Special Revenue Fund reported a decrease in revenue of \$1,945,554 and a decrease of \$1,943,499 in expenditures for the year. The Special Revenue Fund Balance increased to \$2,182.

The General Fund is used primarily to account for local dues revenue and the contribution of those dues as required match to grants accounted for in the Special Revenue Fund. The Special Revenue Fund is used to account for the many different grants that the Commission receives and administers.

Salaries, travel, indirect costs, and fringe benefits make up the majority of the administrative operating costs of the Commission. The remaining balance of the Special Revenue Fund monies is spent for service contracts that provide a wide variety of services to the target groups designated by the grant agencies and/or grant documents. The Commission's ability to control the amount of these many funding resources is in most cases very limited. The General Fund local dues revenue is one revenue source that the Commission's Council directly controls. The Board directly approves the amount of this dues assessment. The Aging services grant amount is determined by the Department of Human Services as part of an annual state-wide allocation of funds which also contains a number of restrictions and limitations concerning the use of funds. The Commission maintains approximately twenty separate cost centers to record and track spending for the Aging services. We are also subject to a number of budgetary line item limitations within those cost centers. The total Aging services grant amount has been relatively stable.

The Workforce services grants are segregated into three main funding streams: adult, youth, and dislocated worker. Within those streams, administrative and program costs must be accounted for and are strictly limited. Most Workforce grants are for a two year period and two grants for each funding stream are usually awarded each year. During the year, additional funds often become available because of Commission's requests for additional funds or because of money becoming available at the state level. These new funds are also subject to strict limitations controlling their use. Grant funds for one grant may not be spent for expenditures relating to the other grants. Each grant may only pay for those things that result in a direct or indirect benefit to that grant.

Planning service grants have recently become more unpredictable. Federal and state grant amounts are often subject to reductions or delays. When new grants are made available, they are often offered on a limited time basis and with little advance notice. These conditions do not facilitate good planning for staff composition or financial budgets. The Commission's assets exceed our liabilities, and net assets for the year increased. The General Fund's fund balance also exhibited a good increase. In light of these favorable indicators, we conclude that the Commission's financial position improved during this fiscal year.

## **OVERVIEW OF THE AUDIT REPORT AND BASIC FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities are basic government-wide statements that provide information about the activities of the Commission as a whole and present a long-term view of the Commission's finances. Fund Financial Statements are for separate governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than government-wide statements by providing information about all the Commission's funds.

### **REPORTING THE COMMISSION AS A WHOLE**

#### *The Statement of Net Assets and the Statement of Activities*

For our analysis of the Commission as a whole, one of the most important concerns about the Commission's finances is whether or not we improved our general financial condition as a result of the year's activities. Such improvement is one indicator of how successfully we perform our financial duties and responsibilities to our member governments currently, and how we will be able to perform them in the future. The Statement of Net Assets and the Statement of Activities report information about the Commission as a whole and about its activities in a way that addresses this government-wide focus. Changes in the Commission's financial position may be measured over time by increases and decreases in the Statement of Net Assets. The Statement of Activities reflects how the net assets changed during the year.

### **REPORTING THE COMMISSION'S FUNDS**

#### *Fund Financial Statements*

For our analysis of the Commission's funds, the Fund Financial Statements provide more detailed information about individual funds and individual funds sources, rather than the Commission as a whole. Some funds are required to be established by grant providers, federal and state laws, regulations, or other policies. Some funds are established for the Commission's management and control purposes.

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 Assets and the Statement of Activities) and governmental funds is reconciled on the following page of the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the government wide and fund financial statements. Refer to Note A of the financial statements for more detailed information on the many elements of the financial statements.

**CONDENSED FINANCIAL INFORMATION**

The Commission's combined net assets are composed primarily of equipment, furnishings, and real property. The Commission's fiscal year is July 1 to June 30.

Net assets of the Commission's governmental activities compared to the previous year are as follows:

	Change in Net Assets	
	Governmental Activities	
	2013-2014	2012-2013
Current and other assets	\$ 5,404,391	\$ 4,684,753
Capital assets	88,165	110,529
Total Assets	\$ 5,492,556	\$ 4,795,282
Current liabilities	\$ 3,067,920	\$ 2,871,420
Long-term liabilities	174,226	216,445
Total Liabilities	\$ 3,242,146	\$ 3,087,865
Net assets:		
Invested in capital assets	\$ 88,165	\$ 110,529
Unrestricted	2,162,245	1,596,888
Total net assets	\$ 2,250,410	\$ 1,707,417

Net assets increased \$629,182 in the current fiscal year.

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**Northwest Georgia Regional Commission**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The comparison to the previous year revenues and expenses for governmental activities for the year are:

	Change in Net Assets	
	Governmental Activities	
	<u>2013-2014</u>	<u>2012-2013</u>
Program revenues -		
General government	\$ -	\$ -
Regional appropriations	868,076	865,294
Interest income	91	869
Miscellaneous income	389,623	24,692
Gain on sale of capital asset	-	2,055
Transfers	77,032	35,801
Charges for services	99,003	-
Aging services	7,950,776	8,488,169
Planning & development services	614,750	886,351
Workforce services	5,846,455	7,936,273
Neighborhood stabilization	1,202,912	623,282
Total Revenues	<u>17,048,718</u>	<u>18,862,786</u>
Program expenses -		
General government	1,547,824	1,548,744
Aging services	7,813,927	7,996,293
Planning services	622,246	965,865
Workforce services	5,448,235	7,537,902
Neighborhood stabilization	1,148,907	575,118
Total Expenditures	<u>16,581,139</u>	<u>18,623,922</u>
Change in net assets	467,579	238,864
Net assets, beginning	<u>1,782,831</u>	<u>1,468,553</u>
Net assets, ending	<u>\$ 2,250,410</u>	<u>\$ 1,707,417</u>

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## THE COMMISSION'S FUNDS

The Commission uses fund accounting to document financial activities and demonstrate compliance with finance related regulations and laws. This method of accounting provides the necessary level of detail to report and monitor expenditures in a number of individual cost centers. As the Commission completed the year, its governmental funds reported a combined fund balance increase of \$447,724 to \$2,305,507. The General Fund, fund balance increased \$447,724 to \$2,305,507.

Over the course of the year, the Commission's grant amounts, and therefore its budget, are constantly changing. The wide range of programs and services, the variety of grant start and end dates, and additional funds awarded to the Commission during the year dictates continuous attention to the Budget. For example, worker layoffs in our area can result in receiving substantial additional funds from the Georgia Department of Economic Development – Workforce Division to assist in retraining or job finding services.

An important concept to keep in mind for budget analysis and comparisons to expenditures is that some of the Commission's major activities do not consider the only purpose of the budget to be an instrument to limit spending. The service programs plan to and actually should spend most of the funds available to them during the year. That provides one indication that they are fully utilizing available resources to provide the most services possible. Of course, the money is being spent in a responsible manner approved by the proper oversight Boards and officials. The Aging and Workforce Investment programs include grants and portions of grants that are examples of this situation.

## GENERAL FUND BUDGETARY HIGHLIGHTS

In the General fund, the budgeted amounts changed during the year in several line items. Actual revenues were higher than the final budget and actual expenditures were less than final budgeted expenditures. The actual transfers out (local match) were less than the final budgeted amount which, along with the favorable revenue and expenditure budget variances, allowed for a \$447,724 increase in General Fund fund balance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of 2014, the Commission had \$88,165 in capital assets (net of depreciation).

	<u>2013-2014</u>	<u>2012-2013</u>
Beginning Balance, Equipment	\$110,529	\$ 150,283
Increase	-	-
Decrease	<u>(22,364)</u>	<u>(39,754)</u>
Ending Balance, Equipment	<u>\$ 88,165</u>	<u>\$ 110,529</u>

The percentage decrease in the Equipment Balance is 20%.

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 debt activity, 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 Council considered many factors when setting the 2014 – 2015 fiscal year budget. The Commission's staff and total budget has grown in many areas over the last several years. However, some of the Commission's grants sources continue to predict significant reductions in award amounts due to the budget shortfalls and cuts at federal and state levels, forcing the use of additional local funds if service levels are to be maintained. Considerable effort has been made to identify additional federal and state funding, but all levels of government are reducing where possible.

Local government contributions to the Commission remain one of the best investments available to cities and counties. Local dues allow the Commission to match grants and have funds for cash flow that enables the Commission to provide services that many community based service agencies would find to be impossible. The return on the dues investment made by member governments is very good by any standard. Every \$1 of local dues received allows the Commission to obtain up to \$18 of federal and state grant funds for the area.

## **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, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
<b>ASSETS</b>				
Cash	\$ 1,609,606	\$ 630,770	\$ 2,240,376	\$ 114,587
Receivables	3,488,658	509,779	3,998,437	5
Current portion of notes receivable	-	68,205	68,205	-
Internal balances	92,969	(92,969)	-	-
Due from component unit	162,401	-	162,401	-
Prepaid expenses	50,757	-	50,757	-
Notes receivable (net of allowance of \$46,279)	-	347,600	347,600	-
Nondepreciable capital assets	23,413	-	23,413	-
Depreciable capital assets, net	64,752	-	64,752	-
<b>TOTAL ASSETS</b>	<u>\$ 5,492,556</u>	<u>\$ 1,463,385</u>	<u>\$ 6,955,941</u>	<u>\$ 114,592</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,760,227	\$ -	\$ 1,760,227	\$ -
Accrued liabilities	138,521	-	138,521	-
Due to primary government	-	-	-	162,401
Deferred revenues	1,169,172	-	1,169,172	-
Long-term compensated absences	174,226	-	174,226	-
<b>TOTAL LIABILITIES</b>	<u>3,242,146</u>	<u>-</u>	<u>3,242,146</u>	<u>162,401</u>
<b>NET POSITION</b>				
Investment in capital assets	88,165	-	88,165	-
Restricted	30,631	-	30,631	-
Unrestricted	2,131,614	1,463,385	3,594,999	(47,809)
<b>TOTAL NET POSITION</b>	<u>2,250,410</u>	<u>1,463,385</u>	<u>3,713,795</u>	<u>(47,809)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 5,492,556</u>	<u>\$ 1,463,385</u>	<u>\$ 6,955,941</u>	<u>\$ 114,592</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission  
Statement of Activities  
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>							
<u>Governmental activities:</u>							
General government	\$ 1,547,824	\$ 99,003	\$ -	\$ (1,448,821)	\$ -	\$ (1,448,821)	\$ -
Aging services	7,813,927	-	7,950,776	136,849	-	136,849	-
Planning and development services	622,246	93,000	521,750	(7,496)	-	(7,496)	-
Workforce services	5,448,235	-	5,846,455	398,220	-	398,220	-
Neighborhood stabilization	1,148,907	1,202,912	-	54,005	-	54,005	-
Total governmental activities	16,581,139	1,394,915	14,318,981	(867,243)	-	(867,243)	-
<u>Business-Type Activities</u>							
Revolving Loan	18,718	1,505	-	-	(17,213)	(17,213)	-
Fiscal Intermediary	42,604	215,141	-	-	172,537	172,537	-
Total business-type activities	61,322	216,646	-	-	155,324	155,324	-
Total primary government	\$ 16,642,461	\$ 1,611,561	\$ 14,318,981	(867,243)	155,324	(711,919)	-
<b>Component Unit</b>							
NGCDC, Inc.	\$ 43,948	\$ 38,775	\$ -	-	-	-	(5,173)
Total component unit	\$ 43,948	\$ 38,775	\$ -	-	-	-	(5,173)
<b>General revenues:</b>							
Regional appropriations				868,076	-	868,076	-
Interest revenue				91	24,530	24,621	86
Miscellaneous income				389,623	-	389,623	52
Transfers				77,032	(18,251)	58,781	(20,992)
Total general revenues and transfers				1,334,822	6,279	1,341,101	(20,854)
Change in net position				467,579	161,603	629,182	(26,027)
Net position - beginning of year, as restated				1,782,831	1,301,782	3,084,613	(21,782)
Net position - end of year				\$ 2,250,410	\$ 1,463,385	\$ 3,713,795	\$ (47,809)

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 137,176	\$ 5,396	\$ 31,304	\$ 1,432,823	\$ 2,907	\$ 1,609,606
Receivables	64,618	1,737,847	-	-	316,003	2,118,468
Due from other funds	2,621,429	303,217	-	-	60,135	2,984,781
Due from component unit	162,401	-	-	-	-	162,401
Due from other government	-	70,269	1,079,653	131,746	-	1,281,668
Prepaid expenses	50,424	-	-	333	-	50,757
<b>TOTAL ASSETS</b>	<b>\$ 3,036,048</b>	<b>\$ 2,116,729</b>	<b>\$ 1,110,957</b>	<b>\$ 1,564,902</b>	<b>\$ 379,045</b>	<b>\$ 8,207,681</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 65,205	\$ 867,333	\$ 713,748	\$ 104,235	\$ 9,706	\$ 1,760,227
Accrued liabilities	127,844	-	10,677	-	-	138,521
Due to other funds	507,867	1,190,714	355,695	645,856	103,158	2,803,290
Unearned revenues	29,625	58,682	-	814,811	266,054	1,169,172
<b>TOTAL LIABILITIES</b>	<b>730,541</b>	<b>2,116,729</b>	<b>1,080,120</b>	<b>1,564,902</b>	<b>378,918</b>	<b>5,871,210</b>
<b>FUND BALANCES</b>						
Nonspendable	50,424	-	-	333	-	50,757
Restricted	-	-	30,837	(333)	127	30,631
Unassigned	2,255,083	-	-	-	-	2,255,083
<b>TOTAL FUND BALANCES</b>	<b>2,305,507</b>	<b>-</b>	<b>30,837</b>	<b>-</b>	<b>127</b>	<b>2,336,471</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,036,048</b>	<b>\$ 2,116,729</b>	<b>\$ 1,110,957</b>	<b>\$ 1,564,902</b>	<b>\$ 379,045</b>	<b>\$ 8,207,681</b>

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, 2014

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Total fund balance, governmental funds \$ 2,336,471

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

Capital assets used in governmental activities are not financial resources  
 and, therefore, are not reported in the governmental fund statements.

Capital assets	\$	1,758,540	
Accumulated depreciation		<u>1,670,375</u>	88,165

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.

(174,226)

Net position of governmental activities

\$ 2,250,410

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, 2014

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Regional appropriations	\$ 868,076	\$ -	\$ -	\$ -	\$ -	\$ 868,076
From grantor agencies	-	7,950,776	5,846,455	-	521,750	14,318,981
Charges for services	99,003	-	-	-	93,000	192,003
Interest revenue	91	-	-	-	-	91
Other revenue	-	359,913	-	1,202,912	-	1,562,825
<b>TOTAL REVENUES</b>	<b>967,170</b>	<b>8,310,689</b>	<b>5,846,455</b>	<b>1,202,912</b>	<b>614,750</b>	<b>16,941,976</b>
<b>EXPENDITURES</b>						
Current						
General government	1,499,961	-	-	-	-	1,499,961
Aging	-	7,816,606	-	-	-	7,816,606
Planning/economic development	-	-	-	-	648,674	648,674
Workforce	-	-	5,448,811	-	-	5,448,811
Neighborhood stabilization	-	-	-	1,137,191	-	1,137,191
Capital outlay	-	16,896	-	3,145	-	20,041
<b>TOTAL EXPENDITURES</b>	<b>1,499,961</b>	<b>7,833,502</b>	<b>5,448,811</b>	<b>1,140,336</b>	<b>648,674</b>	<b>16,571,284</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(532,791)</b>	<b>477,187</b>	<b>397,644</b>	<b>62,576</b>	<b>(33,924)</b>	<b>370,692</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,417,002	114,610	3,411	-	318,466	1,853,489
Transfers (out)	(436,487)	(591,797)	(401,055)	(62,576)	(284,542)	(1,776,457)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>980,515</b>	<b>(477,187)</b>	<b>(397,644)</b>	<b>(62,576)</b>	<b>33,924</b>	<b>77,032</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>447,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,724</b>
FUND BALANCES, beginning of year, as restated	1,857,783	-	30,837	-	127	1,888,747
FUND BALANCES, end of year	\$ 2,305,507	\$ -	\$ 30,837	\$ -	\$ 127	\$ 2,336,471

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, 2014

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Net change in fund balances - total governmental funds \$ 447,724

*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	\$ 8,825	
Depreciation expense	<u>(31,189)</u>	(22,364)

Some expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not  
reported as expenditures in governmental funds. These activities  
consist of:

Compensated absences		
Liability, 06/30/14	(174,226)	
Liability, 06/30/13	<u>216,445</u>	<u>42,219</u>

Change in net position of governmental activities \$ 467,579

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, 2014

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local dues	\$ 863,217	\$ 863,217	\$ 868,076	\$ 4,859
Charges for services	-	-	99,003	99,003
Interest revenue	5,000	5,000	91	(4,909)
Indirect cost recoveries	1,591,725	1,477,100	1,543,972	66,872
<b>TOTAL REVENUES</b>	<b>2,459,942</b>	<b>2,345,317</b>	<b>2,511,142</b>	<b>165,825</b>
<b>EXPENDITURES</b>				
Current				
Personnel services	1,228,425	1,170,100	1,175,296	(5,196)
Supplies	67,700	48,250	39,647	8,603
Contractual	162,600	163,800	163,993	(193)
Other	225,800	251,200	121,025	130,175
Indirect costs	14,700	13,500	126,970	(113,470)
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,699,225</b>	<b>1,646,850</b>	<b>1,626,931</b>	<b>19,919</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>760,717</b>	<b>698,467</b>	<b>884,211</b>	<b>185,744</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	-	-	-	-
Transfers (out)	(400,000)	(450,000)	(436,487)	13,513
<b>TOTAL OTHER SOURCES AND OTHER (USES)</b>	<b>(400,000)</b>	<b>(450,000)</b>	<b>(436,487)</b>	<b>13,513</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>360,717</b>	<b>248,467</b>	<b>447,724</b>	<b>199,257</b>
<b>FUND BALANCE - beginning of year, as restated</b>	<b>1,857,783</b>	<b>1,857,783</b>	<b>1,857,783</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 2,218,500</b>	<b>\$ 2,106,250</b>	<b>\$ 2,305,507</b>	<b>\$ 199,257</b>

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, 2014

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
From grantor agencies	\$ 8,685,171	\$ 8,599,729	\$ 7,950,776	\$ (648,953)
Subgrantee match				
In-kind	-	-	-	-
Interest revenue	-	300	-	(300)
Other income	-	-	359,913	359,913
<b>TOTAL REVENUES</b>	<u>8,685,171</u>	<u>8,600,029</u>	<u>8,310,689</u>	<u>(289,340)</u>
<b>EXPENDITURES</b>				
Current				
Personnel services	1,068,403	1,068,950	1,063,463	5,487
Supplies	32,929	36,427	93,777	(57,350)
Contractual	6,758,705	6,785,090	6,462,129	322,961
Other	111,794	185,352	197,237	(11,885)
Indirect costs	798,340	622,110	591,797	30,313
Capital outlay	-	17,100	16,896	204
<b>TOTAL EXPENDITURES</b>	<u>8,770,171</u>	<u>8,715,029</u>	<u>8,425,299</u>	<u>289,730</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(85,000)</u>	<u>(115,000)</u>	<u>(114,610)</u>	<u>390</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	85,000	115,000	114,610	(390)
Transfers (out)	-	-	-	-
<b>TOTAL OTHER SOURCES AND OTHER (USES)</b>	<u>85,000</u>	<u>115,000</u>	<u>114,610</u>	<u>(390)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE - beginning of year</b>	-	-	-	-
<b>FUND BALANCE - end of year</b>	<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, 2014

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
From grantor agencies	\$ 9,824,702	\$ 6,000,000	\$ 5,846,455	\$ (153,545)
Other income	-	-	-	-
Subgrantee match	-	-	-	-
<b>TOTAL REVENUES</b>	<b>9,824,702</b>	<b>6,000,000</b>	<b>5,846,455</b>	<b>(153,545)</b>
<b>EXPENDITURES</b>				
Current				
Personnel services	679,034	700,000	694,954	5,046
Supplies	29,100	12,750	16,227	(3,477)
Contractual	8,454,912	4,795,850	4,675,093	120,757
Other	137,254	66,400	62,537	3,863
Indirect costs	524,402	425,000	401,055	23,945
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>9,824,702</b>	<b>6,000,000</b>	<b>5,849,866</b>	<b>150,134</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(3,411)</b>	<b>(3,411)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	-	-	3,411	3,411
Transfers (out)	-	-	-	-
<b>TOTAL OTHER SOURCES AND OTHER (USES)</b>	<b>-</b>	<b>-</b>	<b>3,411</b>	<b>3,411</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - beginning of year, as restated</b>	<b>-</b>	<b>-</b>	<b>30,837</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,837</b>	<b>\$ -</b>

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, 2014

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
From grantor agencies	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Other income	1,500,000	1,200,000	1,202,912	2,912
<b>TOTAL REVENUES</b>	<b>1,500,000</b>	<b>1,200,000</b>	<b>1,202,912</b>	<b>2,912</b>
<b>EXPENDITURES</b>				
Current				
Personnel services	159,505	110,000	106,648	3,352
Supplies	400	200	-	200
Grant services	1,203,391	1,012,650	993,655	18,995
Other	25,050	12,150	36,888	(24,738)
Indirect costs	111,654	65,000	62,576	2,424
Capital outlay	-	-	3,145	(3,145)
<b>TOTAL EXPENDITURES</b>	<b>1,500,000</b>	<b>1,200,000</b>	<b>1,202,912</b>	<b>(2,912)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER SOURCES AND OTHER (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund (nonmajor)	
<b>ASSETS</b>			
Current Assets			
Cash	\$ 630,770	\$ -	\$ 630,770
Current portion of notes receivable	68,205	-	68,205
Total current assets	698,975	-	698,975
Noncurrent Assets			
Notes receivable, net of allowance	347,600	72,874	420,474
Due from other funds	-	436,905	436,905
Total noncurrent assets	347,600	509,779	857,379
<b>TOTAL ASSETS</b>	<b>\$ 1,046,575</b>	<b>\$ 509,779</b>	<b>\$ 1,556,354</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Due to other funds	\$ 92,969	\$ -	\$ 92,969
Total current liabilities	92,969	-	92,969
<b>TOTAL LIABILITIES</b>	<b>92,969</b>	<b>-</b>	<b>92,969</b>
<b>NET POSITION</b>			
Unrestricted	953,606	509,779	1,463,385
<b>TOTAL NET POSITION</b>	<b>953,606</b>	<b>509,779</b>	<b>1,463,385</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,046,575</b>	<b>\$ 509,779</b>	<b>\$ 1,556,354</b>

The accompanying notes are an integral part of this statement.



**Northwest Georgia Regional Commission**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund (nonmajor)	
<b>Revenues:</b>			
Interest revenue from operations	\$ 24,530	\$ -	\$ 24,530
Commission revenue	-	215,141	215,141
Bad debt recoveries	1,505	-	1,505
Total operating revenues	<u>26,035</u>	<u>215,141</u>	<u>241,176</u>
<b>Operating expenses:</b>			
Personnel services			
Salaries and wages	18,629	13,154	31,783
Fringe benefits	58	-	58
Total personnel services	<u>18,687</u>	<u>13,154</u>	<u>31,841</u>
Operating expenses	31	29,450	29,481
Total operating expenses	<u>18,718</u>	<u>42,604</u>	<u>61,322</u>
Operating income before transfers	7,317	172,537	179,854
Transfers (out)	<u>(10,473)</u>	<u>(7,778)</u>	<u>(18,251)</u>
Increase (decrease) in net position	(3,156)	164,759	161,603
Net Position, beginning of year	<u>956,762</u>	<u>345,020</u>	<u>1,301,782</u>
Net Position, end of year	\$ <u><u>953,606</u></u>	\$ <u><u>509,779</u></u>	\$ <u><u>1,463,385</u></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, 2014

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund (nonmajor)	
<i>Cash flows from operating activities</i>			
Cash received from customers	\$ 40,317	\$ 215,141	\$ 255,458
Interest received from bank	-	-	-
Loans to customers	-	-	-
Cash payments for personnel services	(18,687)	(13,154)	(31,841)
Cash payments for goods and services	(31)	(29,450)	(29,481)
Net cash provided (used) by operating activities	<u>21,599</u>	<u>172,537</u>	<u>194,136</u>
<i>Cash flows from noncapital financing activities</i>			
Interfund loans received (payments made)	<u>18,687</u>	<u>(172,537)</u>	<u>(140,696)</u>
Net cash provided (used) by noncapital financing activities	<u>18,687</u>	<u>(172,537)</u>	<u>(153,850)</u>
Net increase (decrease) in cash	40,286	-	40,286
Cash, beginning of year	<u>590,484</u>	<u>-</u>	<u>590,484</u>
Cash, end of year	<u>\$ 630,770</u>	<u>\$ -</u>	<u>\$ 630,770</u>
<i>Reconciliation of net income to net cash provided (used) by operating activities:</i>			
Operating income	\$ 7,317	\$ 172,537	\$ 179,854
Adjustments to reconcile operating income to net cash provided by operating activities:			
Bad debt recoveries	(1,505)	-	(1,505)
(Increase) decrease in notes receivable	<u>15,787</u>	<u>-</u>	<u>15,787</u>
Net cash provided (used) by operating activities	<u>\$ 21,599</u>	<u>\$ 172,537</u>	<u>\$ 194,136</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 234,234
Investments held for pension benefits		
Mutual funds	616,681	-
Annuities	-	-
Receivables	-	579,753
Due from others	-	-
Due from other funds	-	107,848
Due from other government	-	155,162
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	\$ <u>616,681</u>	\$ <u>1,076,997</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 109,349
Due to others	-	-
Due to other funds	-	633,277
Unearned revenues	-	334,371
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	\$ -	\$ <u>1,076,997</u>
<b>NET POSITION</b>		
Assets held in trust for pension benefits	<u>616,681</u>	
	<u>                    </u>	
TOTAL NET POSITION	\$ <u>616,681</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, 2014**

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	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$          9,169
Investment income	
Interest, dividends, and other	11,677
Net appreciation (depreciation) in fair value of assets	<u>184,065</u>
<b>TOTAL ADDITIONS</b>	<b>204,911</b>
<b>DEDUCTIONS</b>	<u>-</u>
Change in Net Assets Held In Trust For Employee Pension Benefits	204,911
NET POSITION - beginning of year	<u>411,770</u>
NET POSITION - end of year	<u><u>\$          616,681</u></u>

The accompanying notes are an integral part of this statement.

## Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

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### *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 region comprising its membership. Workforce Investment Act grants represent 37% and Agency on Aging grants represent 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 are 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) in servicing financing through the U.S. Small Business Administration's 504 and 7A Loan Program. The administration of NGCDC, Inc. is provided by the Commission.

# Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

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## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

### **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 fund:

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Deferred Outflows/Inflows of Resources***

In preparing the accompanying financial statements, the County 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. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. The County only has one type of item, which arises only under modified accrual accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance billings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***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 equipment, 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 estimated useful lives of the assets. Equipment useful lives range from 5 to 7 years. Donated property is valued at the estimated fair market value on the date each asset was acquired.

Capital assets purchased with resources provided by the Georgia Department of Human Resources have not been recorded in these financial statements.



## Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

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### **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, 2014 amounted to \$174,226. 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 for both governmental and proprietary fund types.

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 a 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, 2014

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### *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 really 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 is 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, 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 reported period. Actual results could differ from those estimates.

## Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

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### ***NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### ***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Organization, 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.

### ***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, 2014, expenditures exceed appropriations at the department level (the legal level of control) as follows:

Neighborhood Stabilization Fund   \$ 2,912

The overages in expenditures resulted from unanticipated costs and improper budgeting, and were funded by available revenues that exceeded projected amounts.

### ***NOTE 3. CASH AND INVESTMENTS***

At June 30, 2014, the carrying amount of the Commission's deposits was \$ 2,467,287 and the bank balance was \$2,660,006. At June 30, 2014, all financial institution deposits were fully insured or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial risk. The Commission has not adopted a formal investment policy. Currently, the Commission does not hold any investments, and therefore, is not exposed to any credit risk related to investments.

### ***NOTE 4. RECEIVABLES***

Amounts due from local governments include local participation amounts 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.

Other receivables include any other amounts due from debtors.

**Northwest Georgia Regional Commission**  
Notes to Financial Statements  
June 30, 2014

**NOTE 5. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts received, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Commission's management expects such amounts, if any, to be immaterial.

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2014:

<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	472,893	-	-	-	472,893
Machinery and equipment	1,212,677	8,825	-	-	1,221,502
Vehicles	40,732	-	-	-	40,732
Total capital assets depreciated	<u>1,726,302</u>	<u>8,825</u>	<u>-</u>	<u>-</u>	<u>1,735,127</u>
Less accumulated depreciation for:					
Buildings and improvements	463,450	11,646	-	-	475,096
Machinery and equipment	1,135,004	19,543	-	-	1,154,547
Vehicles	40,732	-	-	-	40,732
Total accumulated depreciation	<u>1,639,186</u>	<u>31,189</u>	<u>-</u>	<u>-</u>	<u>1,670,375</u>
Total capital assets depreciated, net	<u>87,116</u>	<u>(22,364)</u>	<u>-</u>	<u>-</u>	<u>64,752</u>
Governmental activities capital assets, net	<u>\$ 110,529</u>	<u>\$ (22,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,165</u>

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

<u>Governmental Activities:</u>	
General government	\$ 15,526
Planning services	1,966
Workforce services	<u>13,697</u>
Total depreciation expense - Government activities	<u>\$ 31,189</u>

Northwest Georgia Regional Commission  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2014 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 Organization expects to repay all interfund balances within one year.

Payable to:	Payable from:						Total
	General Fund	Aging Fund	WIA Fund	Neighborhood Stabilization Fund	Revolving Loan Fund	Nonmajor Funds and Fiduciary Funds	
General Fund	\$ -	\$ 250,054	\$ -	\$ -	\$ -	\$ 257,813	\$ 507,867
Aging Fund	1,190,714	-	-	-	-	-	1,190,714
WIA Fund	355,695	-	-	-	-	-	355,695
Neigh Stab Fund	645,856	-	-	-	-	-	645,856
Revolving Loan Fund	92,969	-	-	-	-	-	92,969
Nonmajor Fund and Fiduciary Funds	336,195	53,163	-	-	-	215,348	604,706
<b>Total</b>	<b>\$ 2,621,429</b>	<b>\$ 303,217</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 473,161</b>	<b>\$ 3,397,807</b>

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, (2) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) record indirect costs that are expended in the General Fund but recovered by the General Fund from various programs, with budgetary authorization as indirect cost expenditures of the program.

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	WIA Fund	Neighborhood Stabilization Fund	Revolving Loan Fund	Nonmajor Funds and Fiduciary Funds	Component Unit	
General Fund	\$ -	\$ 591,798	\$ 401,056	\$ 62,576	\$ 10,474	\$ 330,106	\$ 20,992	\$ 1,417,002
Aging Fund	114,610	-	-	-	-	-	-	114,610
WIA Fund	3,411	-	-	-	-	-	-	3,411
Nonmajor Fund	318,466	-	-	-	-	-	-	318,466
<b>Total</b>	<b>\$ 436,487</b>	<b>\$ 591,798</b>	<b>\$ 401,056</b>	<b>\$ 62,576</b>	<b>\$ 10,474</b>	<b>\$ 330,106</b>	<b>\$ 20,992</b>	<b>\$ 1,853,489</b>

**Northwest Georgia Regional Commission**  
Notes to Financial Statements  
June 30, 2014

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***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 included in the accompanying Governmental Funds Balance Sheet at June 30, 2014, are as follows:

General Fund – This fund has nonspendable fund balance in the amount of \$50,424 which consists of prepaid items not in spendable form.

Neighborhood Stabilization Fund – This fund has nonspendable fund balance in the amount of \$333 which consists of prepaid items not in spendable form.

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

***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. Six of the 37 WIB members are also owners or employees of subcontractors of the Commission in the utilization of WIA funds. During the year ended June 30, 2014, contracts between the Commission and subcontractors whose owners or employees are on the WIB totaled \$1,610,890. The WIB board members abstain from voting on contracts that may result in a conflict of interest.

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# Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

## 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. The Commission's payroll for employees covered by GMEBS is as follows:

<u>Year Ending</u>	<u>Covered Payroll</u>
June 30, 2014	\$ 2,064,199
June 30, 2013	2,235,717
June 30, 2012	2,491,687

The Commission's total payroll was \$2,834,928 for the year ended June 30, 2014. Certain required information is presented herein. For additional information about GMEBS including separately issued financial statements, contact GMEBS, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

### Plan Membership

As of January 1, Plan membership consisted of the following:

Retired participants, currently receiving benefits	33
Vested former participants	26
Active participants	<u>43</u>
Total	<u>102</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 5 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 one and three fourths percent 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 fifty-five 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 sixty-five percent 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, 2014, the Commission made contributions in the amount of \$247,005 (11.42% of expected payroll).

**Northwest Georgia Regional Commission**

Notes to Financial Statements

June 30, 2014

**NOTE 10. RETIREMENT BENEFITS (CONTINUED)**

The table below sets forth required supplementary information to be disclosed in the schedule of funding progress. The items presented are based on the 2014, 2013 and 2012 actuarial valuations.

	2014	2013	2012
Actuarial value of assets	\$ 6,673,479	\$ 6,208,671	\$ 5,836,675
Actuarial accrued liability	7,046,586	6,636,285	6,250,149
Funded ratio	94.71%	93.56%	93.38%
Total unfunded actuarial liability (funding excess)	373,107	427,614	413,474
Annual covered payroll	2,064,199	2,235,717	2,491,687
Ratio of unfunded (excess) to annual covered payroll	18.08%	19.13%	16.59%

The participant data and the added values used in the actuarial valuations were compiled as of January 1, 2014, January 1, 2013 and January 1, 2012, respectively.

The actuarial method used to determine the actuarial value of assets includes rolling forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10 % of gains (losses) during the 10 prior years.

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4., "Measuring Pension Obligations", establishing generally accepted actuarial principles and practices.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

The significant actuarial assumptions used in the current valuation are:

- interest rate 7.75% per year
- annual rates of increase in:
  - o salaries 3.5% per year
  - o cost of living adjustment 0.00% per year

Actuarial assumptions also include an expected inflation of 3.5 percent.

The effect on the actuarial liability of any current year changes in actuarial assumptions or benefit provisions is:

The plan provisions valued are the same as those used in the preceding valuation. The actuarial assumptions have been changed since the preceding year and the effect can be obtained from GMEBS.

Trend Information for the GMEBS  
(Based on results of the January 1, actuarial valuation)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2012	\$ 217,877	100 %	\$ -
June 30, 2013	189,636	100	-
June 30, 2014	178,989	100	-



# Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

## **NOTE 10. RETIREMENT BENEFITS (CONTINUED)**

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27 of the Government Accounting Standards Board. These contributions are determined under the projected unit credit actuarial cost method. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is the following:

	Amortization Period	Related Method
Gains and losses	15 years	Level dollar amount
Plan provisions	20 years	Level dollar amount
Actuarial assumptions	30 years	Level dollar amount

These amortization periods, if applicable, are open for this plan year.

### 401(k) Pension Plan

The Northwest Georgia Regional Commission maintains a 401(k) Pension 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 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. Fiscal year 2014 employer contributions totaled \$22,496.

### 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, 2013	\$ 411,770
Fiscal Year 2014 Contributions	9,169
Fiscal Year 2014 Distributions	-
Investment income (loss)	195,742
Balance - June 30, 2014	<u>\$ 616,681</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 the year was \$119,207.

## Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2014

### **NOTE 10. RETIREMENT BENEFITS (CONTINUED)**

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, 2014, contributions were as follows:

	<u>Amount</u>	<u>Amount as a % of Covered Payroll</u>
Contribution by employer	\$ 9,169	7.50%
Contribution by employee	\$ -	-

### **NOTE 11. LONG-TERM LIABILITIES**

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

Balance - July 1, 2013	\$ 216,445
Additions	198,808
Reductions	<u>(241,027)</u>
Balance - June 30, 2014	<u>\$ 174,226</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.

#### 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 following loss reductions 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, 2014. No provisions have been made in the financial statements for the year ended June 30, 2014 for any estimate of potential unpaid claims.

Northwest Georgia Regional Commission  
Notes to Financial Statements  
June 30, 2014

**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 agreements and commitments during the year in the ordinary course of business. Such agreements do not give rise to assets or liabilities considered material.

**NOTE 14. PRIOR PERIOD RESTATEMENT**

The Commission has determined a restatement is required to properly reflect accruals of accounts receivable relating to the prior period(s).

*Governmental fund financial statements:*

General Fund

Fund Balance, June 30, 2013, as previously reported	\$1,811,151
Adjustment to record project delivery costs earned in FY2013 but not accrued	120,000
Adjustment to write-off duplicate account receivable invoice	<u>(73,368)</u>
Fund Balance, June 30, 2013, as restated	<u>\$1,857,783</u>

Workforce Investment Act Fund

Fund Balance, June 30, 2013, as previously reported	\$ 2,055
Adjustment to record a receivable for expenditures paid but not reimbursed	<u>28,782</u>
Fund Balance, June 30, 2013, as restated	<u>\$ 30,837</u>

*Government-wide financial statements:*

Governmental Activities

Net Assets, June 30, 2013, as previously reported	\$1,707,417
Adjustment to record project delivery costs earned in FY2013 but not accrued	120,000
Adjustment to write-off duplicate account receivable invoice	<u>(73,368)</u>
Adjustment to record a receivable for expenditures paid but not reimbursed	<u>28,782</u>
Net Assets, June 30, 2013, as restated	<u>\$1,782,831</u>

**OTHER SUPPLEMENTARY INFORMATION**

Northwest Georgia Regional Commission  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds		Total Governmental Funds
	Economic Development Fund	Planning Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,907	\$ 2,907
Receivables	77,019	238,984	316,003
Due from other funds	60,135	-	60,135
<b>TOTAL ASSETS</b>	<b>\$ 137,154</b>	<b>\$ 241,891</b>	<b>\$ 379,045</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,963	\$ 7,743	\$ 9,706
Due to other funds	-	103,158	103,158
Unearned revenues	135,191	130,863	266,054
<b>TOTAL LIABILITIES</b>	<b>137,154</b>	<b>241,764</b>	<b>378,918</b>
<b>FUND BALANCES</b>			
Unassigned	-	127	127
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>127</b>	<b>127</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 137,154</b>	<b>\$ 241,891</b>	<b>\$ 379,045</b>

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, 2014

	<u>Special Revenue Funds</u>		<u>Total Governmental Funds</u>
	<u>Economic Development Fund</u>	<u>Planning Fund</u>	
<b>REVENUES</b>			
From grantor agencies	\$ 152,954	\$ 368,796	\$ 521,750
Charges for services	-	93,000	93,000
Other revenue	-	-	-
<b>TOTAL REVENUES</b>	<u>152,954</u>	<u>461,796</u>	<u>614,750</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Aging	-	-	-
Planning and economic development	255,212	393,462	648,674
Workforce	-	-	-
Neighborhood stabilization	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>255,212</u>	<u>393,462</u>	<u>648,674</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(102,258)</u>	<u>68,334</u>	<u>(33,924)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers in	214,086	104,380	318,466
Transfers (out)	<u>(111,828)</u>	<u>(172,714)</u>	<u>(284,542)</u>
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>102,258</u>	<u>(68,334)</u>	<u>33,924</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCES - beginning of year</b>	<u>-</u>	<u>127</u>	<u>127</u>
<b>FUND BALANCES - end of year</b>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 127</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, 2014

	Hwy 27 Association Fund	Northwest Georgia Water Resource Partnership Fund	Money Follows Person Fund	NSP Paulding Fund	NSP Whitfield Fund	Total Agency Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 755	\$ 132,034	\$ 101,445	\$ -	\$ -	234,234
Receivables	-	-	474,737	70,719	34,297	579,753
Due from others	-	-	-	-	-	-
Due from other funds	-	85,979	-	21,869	-	107,848
Due from other government	-	-	123,162	32,000	-	155,162
<b>TOTAL ASSETS</b>	<b>\$ 755</b>	<b>\$ 218,013</b>	<b>\$ 699,344</b>	<b>\$ 124,588</b>	<b>\$ 34,297</b>	<b>\$ 1,076,997</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 220	\$ 3,639	\$ 96,923	\$ 4,591	\$ 3,976	109,349
Due to others	-	-	-	-	-	-
Due to other funds	535	-	602,421	-	30,321	633,277
Unearned revenues	-	214,374	-	119,997	-	334,371
<b>TOTAL LIABILITIES</b>	<b>\$ 755</b>	<b>\$ 218,013</b>	<b>\$ 699,344</b>	<b>\$ 124,588</b>	<b>\$ 34,297</b>	<b>\$ 1,076,997</b>

The accompanying notes are an integral part of this statement.

**STATE COMPLIANCE SECTION**



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

To the Chairman and Board of Directors  
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, 2014, and have issued our report thereon dated December 29, 2014. 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, 2014, 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.

*RL Jennings & Associates, PC*

Rome, Georgia  
December 29, 2014

Northwest Georgia Regional Commission  
 Schedule of Nonpublic Funds  
 For the Year Ended June 30, 2014

Nonpublic Funds Retained Earnings 7/1/13

\$ (21,782)

Revenues - Nonpublic Funds:

<u>Source</u>	<u>Date</u>	<u>Amount</u>
Wells Fargo	7/2/2013	\$ 1,564
Wells Fargo	8/2/2013	1,340
Wells Fargo	9/4/2013	1,340
Wells Fargo	10/2/2013	1,340
Wells Fargo	10/21/2013	12,200
Wells Fargo	11/4/2013	1,523
Wells Fargo	12/3/2013	1,523
Wells Fargo	1/6/2014	1,225
Wells Fargo	2/4/2014	1,225
Wells Fargo	3/4/2014	1,225
Wells Fargo	4/17/2014	1,225
Wells Fargo	4/17/2014	-
Wells Fargo	5/2/2014	35,592
Wells Fargo	6/3/2014	1,846
Interest		138
Accrued Revenue - Wells Fargo - Prior Year		-
Accrued Revenue - Wells Fargo - Current Year		-
Prior Year Escrow		-
		<hr/>
<i>Total Revenues - Nonpublic Funds</i>		<u>63,306</u>

Expenditures of Nonpublic Funds:

<u>Place</u>	<u>Purpose</u>	<u>Persons</u>	<u>Date</u>	<u>Amount</u>
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	NGCDC, Inc. Board Members	10/25/2013	\$ 120
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	NGCDC, Inc. Board Members	12/18/2013	120
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	NGCDC, Inc. Board Members	3/24/2014	90
Other expenditures paid from nonpublic funds				89,003
Accrued expenditures - Prior year				-
Accrued expenditures - Current year				-
				<hr/>
<i>Total Expenditures of NonPublic Funds</i>				<u>89,333</u>

Excess (Deficit) of Revenues Over Expenditures - NonPublic Funds (26,027)

Nonpublic Funds Retained Earnings 6/30/2014

\$ (47,809)

See following Notes to the Schedule of Nonpublic Funds.

**Northwest Georgia Regional Commission**  
Notes to Financial Statements  
June 30, 2014

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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, 2014

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	<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	42700-373-0000020966	\$ <u>7,908,988</u>	\$ <u>7,908,988</u>	\$ -	\$ <u>1,672,530</u>
TOTAL		\$ <u><u>7,908,988</u></u>	\$ <u><u>7,908,988</u></u>	\$ -	\$ <u><u>1,672,530</u></u>

\* Revenues and expenditures are net of in-kind

**FEDERAL COMPLIANCE SECTION**

Northwest Georgia Regional Commission  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2014

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>APPALACHIAN REGIONAL COMMISSION</b>			
Local Development District	23.001	GA-0701G-C3	\$ 41,642
Local Development District	23.001	GA-0701G-C4	51,074
Local Food Guide	23.001	GA-17090-2011	6,598
			<u>99,314</u>
<b>HOUSING AND URBAN DEVELOPMENT</b>			
Neighborhood Stabilization	14.256	08-NS-5052	325,396
Neighborhood Stabilization	14.256	11-NS-6009	877,471
			<u>1,202,867</u>
<b>U.S DEPARTMENT OF COMMERCE</b>			
Economic Development Administration			
Planning and Administrative Grants	11.302	04-83-06502	26,371
Planning and Administrative Grants	11.302	04-83-06896	27,269
			<u>53,640</u>
LTED Revolving Loan Fund	11.307		<u>1,074,262</u>
Total U.S. Department of Commerce			<u>1,127,902</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Georgia Department of Transportation			
Surface Transportation Funds	20.205	STP-0009-00(326)	134,753
Total U.S. Department of Transportation			<u>134,753</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Georgia Environmental Protection Division			
Georgia Environmental Protection Division	66.460	Planning Council	21,810
Georgia Environmental Protection Division	66.460	Dykes Creek	13,718
Georgia Environmental Protection Division	66.460	Silver Creek	11,218
Georgia Environmental Protection Division	66.460	Watershed Assessment	15,507
Total U.S. Environmental Protection Agency			<u>62,253</u>
<b>AGING CLUSTER</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Georgia Department of Health and Human Services			
Title IIIA	93.045	42700-373-0000020966	231,439
Title III C-1	93.045	42700-373-0000020966	569,258
Title III C-2	93.045	42700-373-0000020966	789,642
			<u>1,590,339</u>
Title IIIB	93.044	42700-373-0000020966	<u>466,468</u>
<b>TOTAL AGING CLUSTER</b>			<u>2,056,807</u>
Title IIID	93.043	42700-373-0000020966	43,167
Title IIIE	93.052	42700-373-0000020966	220,453
Title VII	93.042	42700-373-0000020966	18,290
Title XIX Community Care	93.778	42700-373-0000020966	1,082,551
Title XX SSBG	93.667	42700-373-0000020966	373,909
Chronic Disease Self-Management	93.734	42700-373-0000020966	13,603
Georgia Cares	93.779	42700-373-0000020966	98,479
Money Follows the Person	93.791	42700-373-0000020966	155,922
USDA Nutrition	93.053	42700-373-0000020966	724,760
Powerful Tools for Caregivers	93.048	42700-373-0000025273	16,378
			<u>2,747,512</u>

Northwest Georgia Regional Commission  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2014

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Total U.S. Department of Health and Human Services			\$ <u>4,804,319</u>
<i>WIA CLUSTER</i>			
U.S. DEPARTMENT OF LABOR			
Georgia Department of Labor			
Workforce Investment Act			
Adult	17.258	11-12-12-01-001	\$ 78,599
Adult	17.258	11-12-13-01-001	796,316
Adult	17.258	11-13-13-01-001	55,970
Adult	17.258	11-13-14-01-001	690,890
			<u>1,621,775</u>
Youth	17.259	15-12-11-01-001	702,525
Youth	17.259	15-13-11-01-001	1,160,142
			<u>1,862,667</u>
Dislocated Worker	17.260	31-12-12-01-001	153,217
Dislocated Worker	17.260	31-12-13-01-001	1,581,153
Dislocated Worker	17.260	31-13-13-01-001	169,433
Dislocated Worker	17.260	31-13-14-01-001	5,198
Rapid Response	17.260	44-13-13-01-001	43,771
Rapid Response	17.260	44-13-14-01-001	846
			<u>1,953,618</u>
<i>TOTAL WIA CLUSTER</i>			<u>5,438,060</u>
NEG	17.277	71-11-11-01-001	87,251
NEG	17.277	73-11-11-01-001	146,370
NEG	17.277	73-13-13-01-001	142,082
NEG	17.277	71-11-TS-01-001	36,104
			<u>411,807</u>
			<u>5,849,867</u>
Georgia Department of Health and Human Services Title V	17.235	42700-373-0000020966	575,406
			<u>575,406</u>
Total U.S. Department of Labor			<u>6,425,273</u>
Total Expenditures of Federal Awards			\$ <u>13,856,681</u>

# RL Jennings & Associates, PC

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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Board of Directors  
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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Northwest Georgia Regional Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Northwest Georgia Regional Commission's basic financial statements and have issued our report thereon dated December 29, 2014.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Northwest Georgia Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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*.

## Northwest Georgia Regional Commission's Response to Findings

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

## Purpose of this Report

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. L. Jennings & Associates, PC*

Rome, Georgia  
December 29, 2014

# RL Jennings & Associates, PC

## Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA  
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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Chairman and Board of Directors  
Northwest Georgia Regional Commission  
Rome, Georgia

#### Report on Compliance for Each Major Federal Program

We have audited Northwest Georgia Regional Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Northwest Georgia Regional Commission's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 Northwest Georgia Regional Commission's compliance.

#### *Opinion on Each of the Major Federal Programs*

In our opinion, 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, 2014.

## Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*R. L. Jennings & Associates, PC*

Rome, Georgia  
December 29, 2014

Northwest Georgia Regional Commission  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2014

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> No
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> No

Type of auditor’s report issued on compliance for major programs:  
*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	<u>  X  </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.256	Neighborhood Stabilization Program (Recovery Act Fund
17.235	Georgia Department of Human Resources Senior Community Service Employment Program
17.277	Georgia Department of Labor Workforce Investment Act (WIA) National Emergency Grants
93.667	Georgia Department of Human Resources Social Services Block Grant
93.778	Georgia Department of Human Resources Medical Assistance Program
93.791	Georgia Department of Human Resources Money Follows the Person Rebalancing Demonstration

**Northwest Georgia Regional Commission**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2014**

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Dollar threshold used to distinguish between Type A and Type B      \$ 500,000

Auditee qualified as low-risk auditee?             Yes      X   No

**Section II—Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**Northwest Georgia Regional Commission**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2014

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**Auditor Reference Number**

**13-01 Reconciliation of Wage Reporting**

Corrected.

**10-02 Maintenance of General Ledger**

Corrected.

**10-3 Reconciliation of Grant Submissions to the General Ledger**

Corrected.

**10-04 Segregation of Duties**

Corrected.