

**NORTHWEST GEORGIA
REGIONAL COMMISSION**

ROME, GEORGIA

**ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016**

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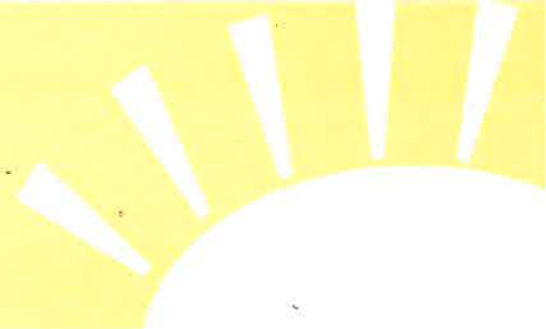
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INTRODUCTORY SECTION

NWGRC

NORTHWEST GEORGIA REGIONAL COMMISSION

A Region With A Bright Future



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

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

December 28, 2016

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, 2016. 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, 2016, 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, 2016, 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 Centers 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 Council Members.

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

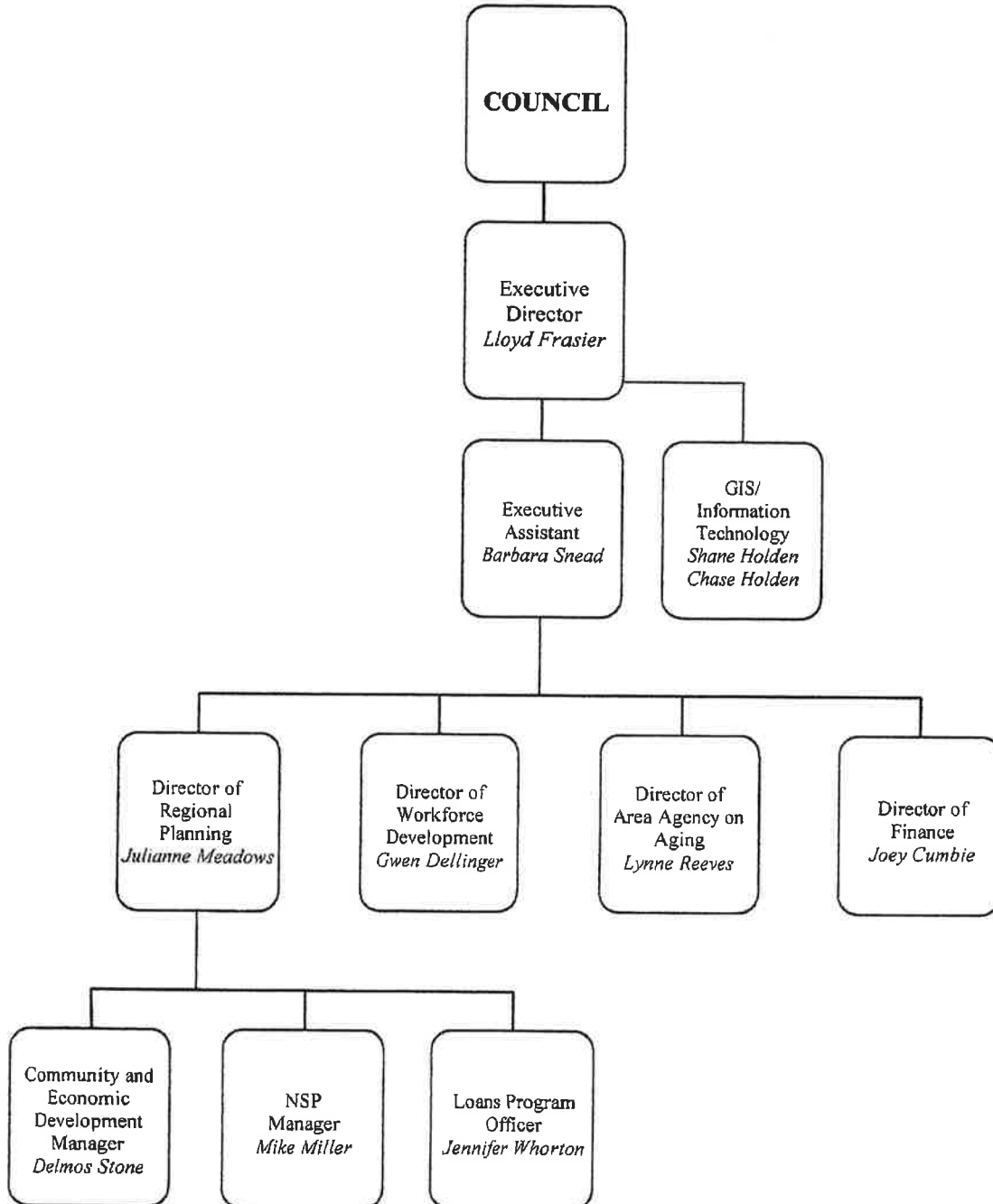
The preparation of this report was a cooperative effort of the Commission's fiscal staff. They were assisted by other program staff as needed, and by the auditors, RL Jennings & Associates, PC, whose knowledge and judgement were very valuable in the successful completion of this task.

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
Clarence Brown, Nonpublic

Catoosa County

Commissioner Jim Cutler
Vacancy, Fort Oglethorpe
Vacancy, Nonpublic

Chattooga County

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

Dade County

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

Fannin County

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

Floyd County

Commissioner Rhonda Wallace
City Commissioner Sue Hamler Lee, Rome
Ronnie Kilgo, Nonpublic

Gilmer County

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

Gordon County

Commissioner Jeff Gazaway
Councilman David Hammond, Calhoun
Vacancy, Nonpublic

Haralson County

Commission Chairman Allen Poole
Councilman Terry Crawford, Bremen
Bob Birky, Nonpublic

Murray County

Commissioner Brittany Pittman
Mayor Tyson Haynes, Chatsworth
Steve Noland, Nonpublic

Paulding County

Commission Chairman David A. Austin
Mayor Boyd Austin, Dallas
Greg Perry, Nonpublic

Pickens County

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

Polk County

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

Walker County

Commissioner Bebe Heiskell
Vacancy, LaFayette
Chip Catlett, Nonpublic

Whitfield County

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

Governor's Appointees

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

Lieutenant Governor's Appointee

Vacancy

Speaker of the House's Appointee

Donald N. Murray, Gilmer County

OFFICERS

Al Hoyle, Chairperson

Allen Poole, Vice Chairperson

Ted Rumley, Secretary

Brittany Pittman, Treasurer

FINANCIAL SECTION

RL Jennings & Associates, PC

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Northwest Georgia Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, 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 9-14 and 21-24 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the Northwest Georgia Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northwest Georgia Regional Commission's internal control over financial reporting and compliance.

R L Jennings & Associates, PC

Rome, Georgia
December 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. 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, 2016 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 \$4,138,665. Of this amount, \$3,726,718 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 \$419,361. Total program expenditures for the Commission increased by \$1,124,003 (7.2%), and program revenues increased by \$870,721 (5.4%).

Also from the *Statement of Activities*, the General government reported an increase in revenues of \$168,499 and a decrease of \$20,216 in expenditures for the year. Aging services reported an increase in revenues of \$314,523 and an increase of \$533,038 in expenditures for the year. Planning services reported a decrease in revenue of \$63,619 and a decrease of \$33,201 in expenditures for the year. Workforce services reported an increase in revenue of \$696,600 and an increase of \$607,918 in expenditures for the year. Neighborhood stabilization services reported a decrease in revenue of \$218,373 and a decrease of \$213,840 in expenditures for the year.

From the *Statement of Revenues, Expenditures and Changes in Fund Balance*, the General Fund reported a decrease in revenue of \$48,284, a decrease of \$128,756 in expenditures for the year, and an increase in Fund Balance of \$230,060 to a current Fund Balance of \$2,733,582. The Special Revenue Fund reported an increase in revenue of \$594,682 and an increase of \$594,682 in expenditures for the year.

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 the 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 Position 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 Position 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:

	<u>Change in Net Position</u> <u>Governmental Activities</u>	
	<u>2015-2016</u>	<u>2014-2015</u>
Current and other assets	\$ 5,096,371	\$ 5,296,341
Capital assets	380,954	79,817
Deferred outflows	553,370	160,515
Total Assets	<u>6,030,695</u>	<u>5,536,673</u>
Current liabilities	2,331,796	2,657,826
Long-term liabilities	1,108,746	557,471
Deferred inflows	140,274	316,764
Total Liabilities	<u>3,580,816</u>	<u>3,532,061</u>
Net assets:		
Invested in capital assets	380,954	79,817
Unrestricted	2,068,925	1,924,795
Total net assets	<u>\$2,449,879</u>	<u>\$2,004,612</u>

Net assets increased by \$419,361 in the current fiscal year.

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

	Change in Net Position Governmental Activities	
	2015-2016	2014-2015
Program revenues -		
General government	-	-
Regional appropriations	\$ 873,305	\$ 868,768
Interest income	336	93
Miscellaneous income	339,370	308,451
Gain on sale of capital asset	-	-
Transfers	203,800	-
Charges for services	-	27,000
Aging services	7,781,918	7,467,395
Planning and development	802,908	866,527
Workforce services	6,294,648	5,598,048
Neighborhood stabilization	510,571	728,944
Total Revenues	<u>16,806,856</u>	<u>15,865,226</u>
Program expenses -		
General government	82,687	102,903
Aging services	8,478,473	7,945,435
Planning services	1,217,647	1,250,848
Workforce services	6,074,391	5,466,473
Neighborhood stabilization	508,391	722,231
Total Expenditures	<u>16,361,589</u>	<u>15,487,890</u>
Change in net assets	445,267	377,336
Net assets, beginning	<u>2,004,612</u>	<u>1,627,276</u>
Net assets, ending	<u>\$2,449,879</u>	<u>\$2,004,612</u>

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 \$230,060 to \$2,764,575. The General Fund fund balance increased \$230,060 to \$2,733,582.

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 slightly lower than the final budget and actual expenditures were less than final budgeted expenditures. Although the actual transfers out (local match) were more than the final budgeted amount, the General Fund fund balance increased \$230,060.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Commission had \$380,954 in capital assets (net of depreciation), which was an increase of \$301,137 from 2015 as follows:

	<u>2015-2016</u>	<u>2014-2015</u>
Beginning Balance, Equipment	\$ 79,817	\$ 88,165
Increase	335,785	25,922
Decrease	<u>(34,648)</u>	<u>(34,270)</u>
Ending Balance, Equipment	<u>\$ 380,954</u>	<u>\$ 79,817</u>

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 H. Capital Assets and Note J. 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 2016 – 2017 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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Cash	\$ 1,706,277	\$ 561,565	\$ 2,267,842	\$ 62,014
Receivables	2,924,887	60,476	2,985,363	-
Current portion of notes receivable	-	37,563	37,563	-
Internal balances	(277,998)	277,998	-	-
Due from component unit	121,043	-	121,043	-
Due from agency fund	553,359	347,074	900,433	-
Prepaid expenses	68,803	-	68,803	-
Notes receivable (net of allowance of \$38,297)	-	404,110	404,110	-
Deposit	0	-	-	-
Nondepreciable capital assets	23,413	-	23,413	-
Depreciable capital assets, net	357,541	-	357,541	-
Total assets	<u>5,477,325</u>	<u>1,688,786</u>	<u>7,166,111</u>	<u>62,014</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	<u>553,370</u>	<u>-</u>	<u>553,370</u>	<u>-</u>
Total deferred outflows of resources	<u>553,370</u>	<u>-</u>	<u>553,370</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,759,481	-	1,759,481	50
Accrued liabilities	96,805	-	96,805	-
Due to primary government	-	-	-	121,043
Unearned revenues	475,510	-	475,510	-
Long-term compensated absences	195,266	-	195,266	-
Net pension liability	913,480	-	913,480	-
Total liabilities	<u>3,440,542</u>	<u>-</u>	<u>3,440,542</u>	<u>121,093</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	<u>140,274</u>	<u>-</u>	<u>140,274</u>	<u>-</u>
Total deferred inflows of resources	<u>140,274</u>	<u>-</u>	<u>140,274</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	380,954	-	380,954	-
Restricted - Grant Provisions	30,993	-	30,993	-
Unrestricted	2,037,932	1,688,786	3,726,718	(59,079)
Total net position	<u>\$ 2,449,879</u>	<u>\$ 1,688,786</u>	<u>\$ 4,138,665</u>	<u>\$ (59,079)</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Activities

For the Year Ended June 30, 2016

Functions/Programs Primary Government	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government		Governmental Activities	Business-type Activities	Total	
				Charges for Services	Operating Grants & Contributions				
Governmental activities:									
General government	\$ 82,687	\$ -	\$ -	\$ -	\$(82,687)	\$ -	\$ -	\$(82,687)	\$ -
Aging services	8,478,473	-	7,781,918	-	(696,555)	-	-	(696,555)	-
Planning and development services	1,217,647	48,000	754,908	-	(414,739)	-	-	(414,739)	-
Workforce services	6,074,391	-	6,294,648	-	220,257	-	-	220,257	-
Neighborhood stabilization	508,391	510,571	-	-	2,180	-	-	2,180	-
Total governmental activities	16,361,589	558,571	14,831,474	-	(971,544)	-	-	(971,544)	-
Business-type activities:									
Revolving loan	19,371	23,051	-	-	-	3,680	-	3,680	-
Fiscal intermediary	92,995	267,209	-	-	-	174,214	-	174,214	-
Total business-type activities	112,366	290,260	-	-	-	177,894	-	177,894	-
Total primary government	16,473,955	848,831	14,831,474	-	(971,544)	177,894	-	(793,650)	-
Component Unit									
NGCDC, Inc.	\$ 26,970	\$ 13,211	\$ -	-	-	-	-	-	\$(13,759)
Total component unit	\$ 26,970	\$ 13,211	\$ -	-	-	-	-	-	\$(13,759)
General revenues:									
Regional appropriations					873,305	-	-	873,305	-
Interest revenue					336	-	-	336	10,708
Miscellaneous income					339,370	-	-	339,370	13
Transfers					203,800	(203,800)	-	-	-
Total general revenues					1,416,811	(203,800)	-	1,213,011	10,721
Change in net position					445,267	(25,906)	-	419,361	(3,038)
Net position-beginning, as restated					2,004,612	1,714,692	-	3,719,304	(56,041)
Net position-ending					\$ 2,449,879	\$ 1,688,786	\$ -	\$ 4,138,665	\$ (59,079)

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Balance Sheet

Governmental Funds

June 30, 2016

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 110,311	\$ 72,345	\$ 60,460	\$ 1,462,694	\$ 466	\$ 1,706,276
Receivables	31,045	17,192	-	179	-	48,416
Due from other funds	2,919,216	53,163	-	-	-	2,972,379
Due from component unit	121,043	-	-	-	-	121,043
Due from other governments	-	1,094,014	1,576,913	-	205,545	2,876,472
Prepaid expenses	68,803	-	-	-	-	68,803
Total assets	\$ 3,250,418	\$ 1,236,714	\$ 1,637,373	\$ 1,462,873	\$ 206,011	\$ 7,793,389
LIABILITIES						
Accounts payable	\$ 16,458	\$ 525,759	\$ 1,193,513	\$ 11,431	\$ 12,319	\$ 1,759,480
Accrued liabilities	79,616	-	17,188	-	-	96,804
Due to other funds	391,137	640,813	396,182	1,150,732	118,156	2,697,020
Unearned revenues	29,625	70,142	(376)	300,710	75,409	475,510
Total liabilities	516,836	1,236,714	1,606,507	1,462,873	205,884	5,028,814
FUND BALANCES						
Nonspendable	68,803	-	-	-	-	68,803
Restricted - Grant Provisions	-	-	30,866	-	127	30,993
Unassigned	2,664,779	-	-	-	-	2,664,779
Total fund balances	2,733,582	-	30,866	-	127	2,764,575
Total liabilities and fund balances	\$ 3,250,418	\$ 1,236,714	\$ 1,637,373	\$ 1,462,873	\$ 206,011	\$ 7,793,389

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, 2016

Total fund balance, governmental funds	\$	2,764,575
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements.		
Capital assets	\$	2,120,247
Accumulated depreciation		<u>1,739,293</u>
		380,954
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.		
		(195,266)
The deferred outflows of resources, inflows of resources, and the net pension liability related to the pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources-pension items		553,370
Net pension liability		(913,480)
Deferred inflows of resources-pension items		<u>(140,274)</u>
Net position of governmental activities	\$	<u><u>2,449,879</u></u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Regional appropriations	\$ 873,305	\$ -	\$ -	\$ -	\$ -	\$ 873,305
From grantor agencies	-	7,767,088	6,404,386	-	755,057	14,926,531
Charges for services	-	-	-	2,880	48,000	50,880
Interest revenue	100	236	-	-	-	336
Program revenue	-	-	-	507,691	-	507,691
Indirect cost recoveries	1,741,842	-	-	-	-	1,741,842
Other revenue	28,404	325,122	-	-	-	353,526
Total revenues	2,643,651	8,092,446	6,404,386	510,571	803,057	18,454,111
EXPENDITURES						
Direct						
General government	1,806,651	-	-	-	-	1,806,651
Aging	-	8,488,707	-	-	-	8,488,707
Planning services and economic development	-	-	-	-	1,217,500	1,217,500
Workforce	-	-	6,172,601	-	-	6,172,601
Neighborhood stabilization	-	-	-	510,571	-	510,571
Capital outlay	-	-	-	-	-	-
Workforce	-	-	231,785	-	-	231,785
Total expenditures	1,806,651	8,488,707	6,404,386	510,571	1,217,500	18,427,815
Excess (deficiency) of revenues over expenditures	837,000	(396,261)	-	-	(414,443)	26,296
OTHER FINANCING SOURCES (USES)						
Transfers in	-	396,261	-	-	414,443	810,704
Transfers (out)	(606,940)	-	-	-	-	(606,940)
Total other financing sources (uses)	(606,940)	396,261	-	-	414,443	203,764
Net change in fund balances	230,060	-	-	-	-	230,060
Fund balances-beginning-as restated	2,503,522	-	30,866	-	127	2,534,515
Fund balances-ending	\$ 2,733,582	\$ -	\$ 30,866	\$ -	\$ 127	\$ 2,764,575

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, 2016

Net change in fund balances - total governmental funds \$ 230,060

*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	\$ 231,785	
Depreciation expense	<u>(34,648)</u>	197,137

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

Compensated absences	(21,699)
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The decrease in net pension liability from the prior year does not provide
current financial resources and, therefore, is not reported in
governmental funds.

<u>39,769</u>

Change in net position of governmental activities	\$ <u><u>445,267</u></u>
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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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local dues	\$ 868,768	\$ 868,768	\$ 873,305	\$ 4,537
Charges for services	-	-	-	-
Interest revenue	125	125	100	(25)
Indirect cost recoveries	1,752,951	1,752,951	1,741,842	(11,109)
Other revenue	40,075	40,075	28,405	(11,670)
Total revenues	<u>2,661,919</u>	<u>2,661,919</u>	<u>2,643,652</u>	<u>(18,267)</u>
EXPENDITURES				
Current				
Personnel services	1,433,051	1,433,051	1,260,471	172,580
Supplies	52,850	52,850	41,137	11,713
Contractual	131,900	131,900	161,898	(29,998)
Operating	206,725	206,725	189,274	17,451
Indirect costs	24,000	24,000	153,872	(129,872)
Capital outlay				
General government	35,000	35,000	-	35,000
Total expenditures	<u>1,883,526</u>	<u>1,883,526</u>	<u>1,806,652</u>	<u>76,874</u>
Excess (deficiency) of revenues over expenditures	<u>778,393</u>	<u>778,393</u>	<u>837,000</u>	<u>58,607</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(478,085)	(478,085)	(606,940)	(128,855)
Total other financing sources (uses)	<u>(478,085)</u>	<u>(478,085)</u>	<u>(606,940)</u>	<u>(128,855)</u>
Net change in fund balance	300,308	300,308	230,060	(70,248)
Fund balances-beginning - as restated	<u>2,503,522</u>	<u>2,503,522</u>	<u>2,503,522</u>	<u>-</u>
Fund balances-ending	\$ <u>2,803,830</u>	\$ <u>2,803,830</u>	\$ <u>2,733,582</u>	\$ <u>(70,248)</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

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

Aging Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ 8,064,672	\$ 8,123,930	\$ 7,767,088	\$ (356,842)
Interest revenue	-	-	236	236
Other income	-	-	325,122	325,122
Total revenue	<u>8,064,672</u>	<u>8,123,930</u>	<u>8,092,446</u>	<u>(31,484)</u>
EXPENDITURES				
Current				
Personnel services	1,337,809	1,333,486	1,257,452	76,034
Supplies	112,288	29,241	30,445	(1,204)
Contractual	6,330,475	6,520,667	6,697,770	(177,103)
Operating	153,466	99,980	188,596	(88,616)
Indirect costs	212,640	240,556	314,444	(73,888)
Total expenditures	<u>8,146,678</u>	<u>8,223,930</u>	<u>8,488,707</u>	<u>(264,777)</u>
Excess (deficiency) of revenues over expenditures	<u>(82,006)</u>	<u>(100,000)</u>	<u>(396,261)</u>	<u>(296,261)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	82,006	100,000	396,261	296,261
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>82,006</u>	<u>100,000</u>	<u>396,261</u>	<u>296,261</u>
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

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

Workforce Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ 6,728,028	\$ 6,728,028	\$ 6,404,386	\$ (323,642)
Other income	-	-	-	-
Subgrantee match	-	-	-	-
Total revenues	<u>6,728,028</u>	<u>6,728,028</u>	<u>6,404,386</u>	<u>(323,642)</u>
EXPENDITURES				
Current				
Personnel services	770,096	787,750	921,377	(133,627)
Supplies	41,257	17,050	24,873	(7,823)
Contractual	5,640,566	5,378,582	4,874,123	504,459
Operating	106,103	102,998	133,186	(30,188)
Indirect costs	170,006	191,648	219,042	(27,394)
Capital outlay				
Workforce	-	250,000	231,785	18,215
Total expenditures	<u>6,728,028</u>	<u>6,728,028</u>	<u>6,404,386</u>	<u>323,642</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	30,866	-
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,866</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Neighborhood Stabilization Fund
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
From grantor agencies	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	2,880	2,880
Program revenue	711,894	711,894	507,691	(204,203)
Other income	-	-	-	-
Total revenues	711,894	711,894	510,571	(201,323)
EXPENDITURES				
Current				
Personnel services	154,715	160,712	141,240	19,472
Grant services	514,599	506,744	311,180	195,564
Operating	5,400	4,500	23,908	(19,408)
Indirect costs	37,180	39,938	34,243	5,695
Total expenditures	711,894	711,894	510,571	201,323
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Statement of Net Position

Proprietary Funds

June 30, 2016

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	
ASSETS			
Current Assets			
Cash	\$ 561,505	\$ -	\$ 561,505
Accounts receivable	-	60,536	60,536
Current portion of notes receivable	37,563	-	37,563
Total current assets	<u>599,068</u>	<u>60,536</u>	<u>659,604</u>
Noncurrent Assets			
Notes receivable, net of allowance	404,110	-	404,110
Due from other funds	-	660,729	660,729
Total noncurrent assets	<u>404,110</u>	<u>660,729</u>	<u>1,064,839</u>
Total assets	<u>\$ 1,003,178</u>	<u>\$ 721,265</u>	<u>\$ 1,724,443</u>
LIABILITIES			
Due to other funds	\$ 35,657	\$ -	\$ 35,657
Total liabilities	<u>35,657</u>	<u>-</u>	<u>35,657</u>
NET POSITION			
Unrestricted	<u>967,521</u>	<u>721,265</u>	<u>1,688,786</u>
Total net position	<u>967,521</u>	<u>721,265</u>	<u>1,688,786</u>
Total liabilities and net position	<u>\$ 1,003,178</u>	<u>\$ 721,265</u>	<u>\$ 1,724,443</u>

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, 2016

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	
REVENUES			
Interest revenue from operations	\$ 22,051	\$ -	\$ 22,051
Commission revenue	1,000	267,209	268,209
Bad debt recoveries	-	-	-
Total operating revenues	<u>23,051</u>	<u>267,209</u>	<u>290,260</u>
Operating expenses:			
Personnel services			
Salaries and wages	10,645	30,985	41,630
Fringe benefits	3,416	6,422	9,838
Total personnel services	<u>14,061</u>	<u>37,407</u>	<u>51,468</u>
Operating expenses	<u>5,310</u>	<u>55,588</u>	<u>60,898</u>
Total operating expenses	<u>5,310</u>	<u>55,588</u>	<u>60,898</u>
Operating income before transfers	3,680	174,214	177,894
Transfers (out)	<u>-</u>	<u>(203,800)</u>	<u>(203,800)</u>
Net change in net position	3,680	(29,586)	(25,906)
Net position-beginning	<u>963,841</u>	<u>750,851</u>	<u>1,714,692</u>
Net position-ending	<u>\$ 967,521</u>	<u>\$ 721,265</u>	<u>\$ 1,688,786</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, 2016

	Enterprise Funds		Total Proprietary Funds
	Revolving Loan Fund	Fiscal Intermediary Fund	
<i>Cash flows from operating activities</i>			
Cash received from customers	\$ (73,951)	\$ 268,282	\$ 194,331
Interest received from bank		-	-
Cash payments for personnel services	(14,061)	(37,407)	(51,468)
Cash payments for goods and services	(5,310)	(55,588)	(60,898)
Net cash provided (used) by operating activities	<u>(93,322)</u>	<u>175,287</u>	<u>81,965</u>
<i>Cash flows from noncapital financing activities</i>			
Interfund transfer in(out)	-	(203,800)	(203,800)
Interfund loans received (payments made)	(73,690)	28,513	(45,177)
Net cash provided (used) by noncapital financing activities	<u>(73,690)</u>	<u>(175,287)</u>	<u>(248,977)</u>
Net increase (decrease) in cash	(167,012)	(0)	(167,012)
Cash, beginning of year	728,517	-	728,517
Cash, end of year	<u>\$ 561,505</u>	<u>\$ (0)</u>	<u>\$ 561,505</u>
<i>Reconciliation of net income to net cash provided (used) by operating activities:</i>			
Operating income	\$ 3,680	\$ 174,214	\$ 177,894
Adjustments to reconcile operating income to net cash provided by operating activities:			
Indirect cost allocated			-
(Increase) decrease in receivables	(97,003)	1,133	(95,870)
Net cash provided (used) by operating activities	<u>\$ (93,323)</u>	<u>\$ 175,347</u>	<u>\$ 82,024</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ -	\$ 695,645
Investments held for pension benefits		
Mutual funds	647,217	-
Receivables	-	611,471
Due from other funds	-	100,464
Due from other government	-	32,000
	<u>647,217</u>	<u>1,439,580</u>
Total assets	\$ <u>647,217</u>	\$ <u>1,439,580</u>
LIABILITIES		
Accounts payable	\$ -	\$ 495
Due to others	-	72,642
Due to other funds	-	1,000,898
Unearned revenues	-	365,545
Total liabilities	<u>-</u>	<u>1,439,580</u>
NET POSITION		
Assets held in trust for pension benefits	<u>647,217</u>	<u>-</u>
	<u>647,217</u>	<u>1,439,580</u>
Total liabilities and net position	\$ <u>647,217</u>	\$ <u>1,439,580</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, 2016

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 10,490
Investment income	
Interest, dividends, and other	25,437
Net appreciation (depreciation) in fair value of assets	<u>(14,627)</u>
Total additions	<u>21,300</u>
Change in net assets held in trust for employee pension benefits	<u>21,300</u>
Net position-beginning	<u>625,917</u>
Net position-ending	<u>\$ 647,217</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

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 35% and Agency on Aging grants represent 49% 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.

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

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

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

The Commission reports the following major governmental funds:

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

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

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

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

The Commission reports the following major proprietary funds:

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

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

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.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

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

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

D. Deferred Outflows/Inflows of Resources

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

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

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

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deferred Outflows/Inflows of Resources (Continued)

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

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

E. Encumbrances

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

F. Cash

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

G. Prepaid Items

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

H. Capital Assets

Capital assets, which include 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, 2016

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, 2016 amounted to \$195,266. 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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity(Continued)

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

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

Unassigned: This classification includes the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

L. Direct Costs/Indirect Costs

Costs that can be identified specifically with a particular cost objective are considered direct costs and are charged directly to the applicable grant or contract. Costs that are incurred for a common or joint purpose benefiting more than one cost objective or are not 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.

N. Operating Revenues and Expenses

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

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

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

For the year ended June 30, 2016, expenditures exceed appropriations at the department level (the legal level of control) as follows:

Aging Fund	\$ 396,261
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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, 2016, cash on the accompanying financial statements includes cash on hand and demand deposits held by financial institutions. At June 30, 2016, 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.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

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.

<u>Receivables:</u>	<u>General Fund</u>	<u>Aging Fund</u>
Membership dues from other governments	\$ 31,045	\$ -
Receivables from service contractors	-	17,192
Other	-	-
Total	<u>\$ 31,045</u>	<u>\$ 17,192</u>

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.

Northwest Georgia Regional Commission
Notes to Financial Statements
June 30, 2016

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

Governmental Activities:	Beginning Balance	Additions	Disposals	Reclassi- fication	Ending Balance
Capital assets not depreciated:					
Land	\$ 23,413	\$ -	\$ -	\$ -	\$ 23,413
Total capital assets not depreciated	23,413	-	-	-	23,413
Capital assets depreciated:					
Buildings and improvements	578,464	-	-	-	578,464
Machinery and equipment	1,115,931	335,785	-	-	1,451,716
Vehicles	66,654	-	-	-	66,654
Total capital assets depreciated	1,761,049	335,785	-	-	2,096,834
Less accumulated depreciation for:					
Buildings and improvements	563,450	3,112	-	-	566,562
Machinery and equipment	1,096,202	26,352	-	-	1,122,554
Vehicles	44,993	5,184	-	-	50,177
Total accumulated depreciation	1,704,645	34,648	-	-	1,739,293
Total capital assets depreciated, net	56,404	301,137	-	-	357,541
Governmental activities capital assets, net	\$ 79,817	\$ 301,137	\$ -	\$ -	\$ 380,954

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

Governmental Activities:	
General government	\$ 12,403
Planning services	818
Workforce services	21,427
Total depreciation expense - Government activities	\$ 34,648

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016 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	Workforce Fund	Neighborhood Stabilization Fund	Nonmajor Funds	Fiduciary Funds	Enterprise Funds	
General Fund	\$ -	\$ 640,813	\$ 396,182	\$ 1,150,732	\$ 118,156	\$ 600,660	\$ 35,657	\$ 2,942,200
Aging Fund	-	-	-	-	-	53,163	-	53,163
Fiduciary Funds	77,887	-	-	-	-	-	-	77,887
Enterprise Funds	313,249	-	-	-	-	347,074	-	660,323
Total	\$ 391,136	\$ 640,813	\$ 396,182	\$ 1,150,732	\$ 118,156	\$ 1,000,897	\$ 35,657	\$ 3,733,573

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

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

Transfers to:	Transfers from:					Total
	General Fund	Aging Fund	Workforce Fund	Neighborhood Stabilization Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aging Fund	192,497	-	-	-	203,800	396,297
Workforce Fund	-	-	-	-	-	-
Nonmajor Fund	414,443	-	-	-	-	414,443
Total	\$ 606,940	\$ -	\$ -	\$ -	\$ 203,800	\$ 810,740

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, 2016, are as follows:

General Fund – This fund has nonspendable fund balance in the amount of \$68,803 which consists of prepaid items not in spendable form.

Workforce Fund – This fund has restricted fund balance in the amount of \$30,866 for the purposes of the grants received.

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

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

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. Two of the 21 WIB members are also owners or employees of subcontractors of the Commission in the utilization of WIA funds. During the year ended June 30, 2016, contracts between the Commission and subcontractors whose owners or employees are on the WIB totaled \$1,546,926. The WIB board members abstain from voting on contracts that may result in a conflict of interest.

NOTE 10. RETIREMENT BENEFITS

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

Plan Membership consists of the following:

(as of January 1, 2016, the date of the most recent actuarial valuation)

Number of retired participants and beneficiaries	39
Number of vested former participants	26
Number of active employees	<u>32</u>
Total	<u>97</u>

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

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

The Commission's pension plan with GMEBS is a non-contributory plan. The Commission contributes the minimum contributory amount each year out of current operations. For the year ended June 30, 2016, the Commission made contributions in the amount of \$154,333 (9.90% of expected payroll).

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Net Pension Liability of the Commission

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

The Commission’s net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases (including inflation)	3.75% - 8.00%
Investment rate of return (net of pension plan investment expense, including inflation)	7.75%

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the Commission, in an amount not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the table below.

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50.00%	5.95%
International equity	15.00%	6.45%
Fixed income	25.00%	1.55%
Real estate	10.00%	3.75%
Cash	--- %	--- %
Total	100.00%	

* Rates shown are net of the 3.25% assumed rate of inflation

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Net Pension Liability of the Commission (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, which is zero, and that the Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the Commission. The changes in the components of the net pension liability of the Commission for the fiscal year ended June 30, 2016 were as follows:

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at September 30, 2014	\$ 7,265,551	\$ 6,333,442	\$ 932,109
Changes for the year:			
Service cost	149,445	-	149,445
Interest	551,437	-	551,437
Differences between expected and actual experience	(169,544)	-	(169,544)
Assumption changes	-	-	-
Contributions - employer	-	276,742	(276,742)
Net investment income	-	723,310	(723,310)
Benefit payments, including refunds of employee contributions	(300,468)	(300,468)	-
Administrative expense	-	(10,428)	10,428
Other	(89,919)	-	(89,919)
Net changes	<u>140,951</u>	<u>689,156</u>	<u>(548,205)</u>
Balances at September 30, 2015	<u>\$ 7,406,502</u>	<u>\$ 7,022,598</u>	<u>\$ 383,904</u>

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

	<u>1% Decrease 6.75%</u>	<u>Discount Rate 7.75%</u>	<u>1% Increase 8.75%</u>
Sensitivity of the net pension liability to the changes in discount rate	\$ 1,641,988	\$ 913,480	\$ 284,140

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Net Pension Liability of the Commission (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2016, the Commission recognized pension expense of \$179,393. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 74,512	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	361,896	140,274
Commission contributions subsequent to the measurement date	<u>116,962</u>	<u>-</u>
Total	<u>\$ 553,370</u>	<u>\$ 140,274</u>

Commission contributions subsequent to the measurement date of \$116,962 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2017	\$ (118,228)
2018	(43,716)
2019	(43,716)
2020	<u>(90,474)</u>
Total	<u>\$ (296,134)</u>

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 2016 employer contributions totaled \$44,665.

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 10. RETIREMENT BENEFITS (CONTINUED)

Non-Contributory Defined Contribution Pension Trust Plan

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

Balance - July 1, 2015	\$	625,917
Fiscal Year 2016 Contributions		10,101
Fiscal Year 2016 Distributions		-
Investment income (loss)		25,437
Net appreciation (depreciation) in fair value of assets		<u>(14,627)</u>
Balance - June 30, 2016	\$	<u>646,828</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 \$130,900.

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, 2016, contributions were as follows:

	Amount	Amount as a % of Covered Payroll
Contribution by employer	\$ 10,101	<u>7.50%</u>

NOTE 11. LONG-TERM LIABILITIES

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

Balance - July 1, 2015	\$	174,226
Additions		220,340
Reductions		<u>(199,300)</u>
Balance - June 30, 2016	\$	<u>195,266</u>

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

NOTE 12. RISK MANAGEMENT

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

Northwest Georgia Regional Commission

Notes to Financial Statements

June 30, 2016

NOTE 12. RISK MANAGEMENT(continued)

Risk Pools

The Commission joined the Georgia Interlocal Risk Management Agency (GIRMA). The Commission's management, based on anticipated needs, selects insurance coverage and deductible options for property, casualty and crime under the policy. The Commission is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as 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, 2016. No provisions have been made in the financial statements for the year ended June 30, 2016 for any estimate of potential unpaid claims.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Contingencies

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

Commitments

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

NOTE 14. PRIOR PERIOD RESTATEMENT

The Commission has determined a restatement is required to properly reflect adjustments to prior period cost adjustment:

Governmental fund financial statements:

General Fund

Fund Balance, June 30, 2015, as previously reported	\$2,547,522
Adjustment to project delivery costs for grants in prior years	<u>(44,000)</u>
Fund Balance, June 30, 2015, as restated	<u>\$2,503,522</u>

Government-wide financial statements:

Governmental Activities

Net Assets, June 30, 2015, as previously reported above	\$2,048,612
Adjustment to project delivery costs for grants in prior years	<u>(44,000)</u>
Net Assets, June 30, 2015, as restated	<u>\$2,004,612</u>

Northwest Georgia Regional Commission
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds		Total Governmental Funds
	Economic Development Fund	Planning Fund	
	Fund	Fund	
ASSETS			
Cash and cash equivalents	\$ -	\$ 466	\$ 466
Due from other governments	44,148	161,397	205,545
Due from other funds	-	-	-
Total assets	<u>44,148</u>	<u>161,863</u>	<u>206,011</u>
LIABILITIES			
Accounts payable	1,984	10,335	12,319
Due to other funds	86,836	31,320	118,156
Unearned revenues	(44,672)	120,081	75,409
Total liabilities	<u>44,148</u>	<u>161,736</u>	<u>205,884</u>
FUND BALANCES			
Unassigned	-	127	127
Total fund balances	<u>-</u>	<u>127</u>	<u>127</u>
Total liabilities and fund balances	<u>\$ 44,148</u>	<u>\$ 161,863</u>	<u>\$ 206,011</u>

The accompanying notes are an integral part of this statement.

Northwest Georgia Regional Commission

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		<u>Total Governmental Funds</u>
	<u>Economic Development Fund</u>	<u>Planning Fund</u>	
REVENUES			
From grantor agencies	\$ 315,279	\$ 439,778	\$ 755,057
Charges for services	-	48,000	48,000
Miscellaneous	-	-	-
Total revenues	<u>315,279</u>	<u>487,778</u>	<u>803,057</u>
EXPENDITURES			
Current			
Planning and economic development	<u>561,553</u>	<u>461,955</u>	<u>1,023,508</u>
Indirect			
Indirect cost allocations	<u>103,395</u>	<u>90,597</u>	<u>193,992</u>
Total expenditures	<u>664,948</u>	<u>552,552</u>	<u>1,217,500</u>
Excess (deficiency) of revenues over expenditures	<u>(349,669)</u>	<u>(64,774)</u>	<u>(414,443)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	349,669	64,774	414,443
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>349,669</u>	<u>64,774</u>	<u>414,443</u>
Net change in fund balance	-	-	-
Fund balances-beginning	<u>-</u>	<u>127</u>	<u>127</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 127</u>

The accompanying notes are an integral part of this statement.

STATE COMPLIANCE SECTION

Northwest Georgia Regional Commission
 Combining Statement of Assets and Liabilities
 All Agency Funds
 June 30, 2016

	Northwest Georgia						Total Agency Funds
	Hwy 127 Association Fund	Water Resource Partnership Fund	Money Follows Person Fund	NSP Paulding Fund	NSP Whitfield Fund		
ASSETS							
Cash and cash equivalents	\$ 20,378	\$ 105,694	\$ 569,573	\$ -	\$ -	\$ -	\$ 695,645
Receivables	12,207	-	402,382	118,142	78,740	-	611,471
Due from other funds	-	100,464	-	-	-	-	100,464
Due from other government	-	-	-	32,000	-	-	32,000
Total assets	\$ 32,585	\$ 206,158	\$ 971,955	\$ 150,142	\$ 78,740	\$ -	\$ 1,439,580
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 129	\$ 366	\$ -	\$ 495
Due to others	-	13,625	59,017	-	-	-	72,642
Due to other funds	13,717	-	886,230	22,577	78,374	-	1,000,898
Unearned revenues	18,868	192,533	26,708	127,436	0	0	365,545
Total liabilities	\$ 32,585	\$ 206,158	\$ 971,955	\$ 150,142	\$ 78,740	\$ -	\$ 1,439,580

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

RL Jennings & Associates, PC
Certified Public Accountants

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

Member

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission as of and for the year ended June 30, 2016, and have issued our report thereon dated December 28, 2016. 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, 2016, 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.



Rome, Georgia
December 28, 2016

Northwest Georgia Regional Commission
 Schedule of Nonpublic Funds
 For the Year Ended June 30, 2016

Nonpublic Funds Retained Earnings 7/1/15

\$ (56,041)

Revenues - Nonpublic Funds:

<u>Source</u>	<u>Date</u>	<u>Amount</u>
Wells Fargo	7/2/2015	\$ 1,983
Wells Fargo	8/4/2015	1,983
Wells Fargo	9/2/2015	1,877
Wells Fargo	10/2/2015	1,877
Wells Fargo	11/3/2015	1,847
Wells Fargo	12/2/2015	1,850
Wells Fargo	1/5/2016	1,850
Wells Fargo	2/2/2016	1,850
Wells Fargo	3/2/2016	1,765
Wells Fargo	4/4/2016	1,765
Wells Fargo	5/3/2016	1,765
Wells Fargo	6/2/2016	1,725
Wells Fargo	6/2/2015	-
Wells Fargo	6/18/2015	-
Wells Fargo	6/19/2015	-
Interest		66
Refunded expenditures		
Total Revenues - Nonpublic Funds		22,204

Expenditures of Nonpublic Funds:

<u>Place</u>	<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	7/14/2015	\$ 90
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	10/12/2015	90
NWGRC - Dalton Office	NGCDC Board Meeting Per Diem Fee	4/5/2016	90
Other expenditures paid from nonpublic funds			10,299
Total Expenditures of NonPublic Funds			10,569
	Excess (Deficit) of Revenues Over Expenditures - NonPublic Funds		11,635
Nonpublic Funds Retained Earnings 6/30/2016			\$ (44,406)

See following Notes to the Schedule of Nonpublic Funds.

Northwest Georgia Regional Commission
Notes to The Schedule of Nonpublic Funds
June 30, 2016

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, 2016

	<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	42700-373-0000033355	\$ <u>8,488,744</u>	\$ <u>8,488,744</u>	\$ <u>-</u>	\$ <u>1,094,014</u>
TOTAL		\$ <u><u>8,488,744</u></u>	\$ <u><u>8,488,744</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,094,014</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, 2016

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
APPALACHIAN REGIONAL COMMISSION			
Local Development District	23.001	GA-701-G-C5-15	\$ 103,780
Local Development District	23.001	GA-701-G-C6-16	103,780
			207,560
HOUSING AND URBAN DEVELOPMENT			
Neighborhood Stabilization	14.256	08-NS-5052	220,177
Neighborhood Stabilization	14.256	11-NS-6009	290,394
			510,571
U.S DEPARTMENT OF COMMERCE			
Economic Development Administration Planning and Administrative Grants	11.302	04-83-06896	107,573
LTED Revolving Loan Fund	11.307		1,052,821
Total U.S. Department of Commerce			1,160,394
U.S. DEPARTMENT OF TRANSPORTATION			
Georgia Department of Transportation Transit Planning Assistance	20.205	GA-80-X009-02	34,499
Surface Transportation Funds	20.205	STP-0013-00(921)/PI-0013291	15,927
Highway Safety Improvement Program	20.205	PI-0013550	58,420
Total U.S. Department of Transportation			108,846
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Georgia Environmental Protection Division	66.460	Silver Creek	69,404
Total U.S. Environmental Protection Agency			69,404
<i>AGING CLUSTER</i>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Georgia Department of Health and Human Services Title IIIA	93.045	42700-373-0000039955	229,647
Title III C-1	93.045	42700-373-0000039955	689,249
Title III C-2	93.045	42700-373-0000039955	818,951
			1,737,847
Title IIIB	93.044	42700-373-0000039955	515,526
TOTAL AGING CLUSTER			2,253,373
Title IIID	93.043	42700-373-0000039955	39,364
Title IIIE	93.052	42700-373-0000039955	240,422
Title VII	93.042	42700-373-0000039955	18,557
Title XIX Community Care	93.778	42700-373-0000039955	988,817
Title XX SSBG	93.667	42700-373-0000039955	308,222
Chronic Disease Self-Management	93.734	42700-373-0000037100	4,076
Georgia Cares	93.779	42700-373-0000039955	75,423
Money Follows the Person	93.791	42700-373-0000039955	167,520
Nutrition Services Incentive Program	93.053	42700-373-0000039955	371,075
			2,213,476

AGING CLUSTER (Continued)

Northwest Georgia Regional Commission
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2016

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Georgia Department of Health and Human Services (Continued)			
Aging Disability Resource Center	93.048	42700-373-0000039955	\$ 45,330
Georgia Cares - SMP	93.048	42700-373-0000039955	9,375
			<u>54,705</u>
Total U.S. Department of Health and Human Services			<u>4,521,554</u>
<i>WIA CLUSTER</i>			
U.S. DEPARTMENT OF LABOR			
Georgia Department of Labor			
Workforce Investment Act			
Adult	17.258	11-14-14-01-001	53,398
Adult	17.258	11-14-15-01-001	2,189,296
Adult	17.258	11-15-15-01-001	169,264
Adult	17.258	11-15-16-01-001	228,857
Adult	17.258	14-14-15-01-001	3,118
			<u>2,643,933</u>
Youth	17.259	15-14-14-01-001	983,086
Youth	17.259	15-15-15-01-001	1,060,069
			<u>2,043,155</u>
Dislocated Worker	17.278	31-13-14-01-001	5,932
Dislocated Worker	17.278	31-14-14-01-001	403,607
Dislocated Worker	17.278	31-14-15-01-001	1,154,559
Rapid Response	17.278	44-14-14-01-001	86,321
Rapid Response	17.278	44-14-15-01-001	42,725
Rapid Response	17.278	44-15-16-01-001	2,322
			<u>1,695,466</u>
<i>TOTAL WIA CLUSTER</i>			6,382,554
WIA Incentives Program	17.267	99-13-13-01-001	<u>21,833</u>
Total U.S. Department of Labor			<u>6,404,387</u>
Total Expenditures of Federal Awards			<u>\$ 13,052,120</u>

Northwest Georgia Regional Commission
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

Note 1 - GENERAL

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

Note 2 – BASIC OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1.C of the basic financial statements. The Commission did not use the de-minimis indirect cost rate during the year ended June 30, 2016.

Note 3 – NON-CASH AWARDS

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

RL Jennings & Associates, PC

Certified Public Accountants

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Georgia Regional Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Northwest Georgia Regional Commission's basic financial statements, and have issued our report thereon dated December 28, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R. L. Jennings & Associates, PC

Rome, Georgia
December 28, 2016

RL Jennings & Associates, PC
Certified Public Accountants

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

Member

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Northwest Georgia Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Northwest Georgia Regional Commission's major federal programs for the year ended June 30, 2016. Northwest Georgia Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Northwest Georgia Regional Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

R. L. Jennings & Associates, PC

Rome, Georgia
December 28, 2016

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <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:
Unmodified

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 Funded)
11.307	LTED Revolving Loan Fund
93.045	Georgia Department of Human Resources Social Services Block Grant
93.778	Georgia Department of Human Resources Medical Assistance Program
17.258	Georgia Department of Labor – Workforce Investment Act – Adult
17.259	Georgia Department of Labor – Workforce Investment Act – Youth
17.278	Georgia Department of Labor – Workforce Investment Act – Dislocated Worker

Northwest Georgia Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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

Auditee qualified as low-risk auditee? X Yes No

Section II—Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.