

SOUTHERN GEORGIA REGIONAL COMMISSION

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

RECEIVED

December 20, 2011

JAN 03 2012

Mr. Jim Frederick
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329-2231

Dear Mr. Frederick:

Per the requirements of our contract, please find enclosed for your review one copy of the Southern Georgia Regional Commission's annual audit report for the period of July 1, 2010 to June 30, 2011.

If you need additional information, please give me a call.

Sincerely,



Kelly A. Schultz
Finance Director

Enclosure

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INDEPENDENT AUDITOR'S REPORT

To the Council Members
Southern Georgia Regional Commission

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 Southern Georgia Regional Commission ("the RC") as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of the RC as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, on our consideration of the RC'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, budgetary comparison information, and the schedule of retirement funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise the RC's basic financial statements. The combining and individual fund statements and schedules described in the accompanying table of contents, including the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Southern Georgia Regional Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 9, 2011

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The Official Code of Georgia, as amended by House Bill 1216 mandated the consolidation of the South Georgia Regional Development Center and the Southeast Georgia Regional Development Center effective July 1, 2009. Both Centers were legally dissolved and all the assets, liabilities, contracts, staff, and records of the dissolved Centers were transferred to the newly created Regional Commission. State law mandated the name change from Regional Development Center to Regional Commission, as well as the RDC Boards becoming RC Councils. The new entity became the Southern Georgia Regional Commission (RC). The RC presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the RC's Financial Statements, which begin on page 1, and the Notes to the Financial Statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The assets of the RC exceeded its liabilities at the end of the fiscal year by \$7,404,468 (net assets). Net assets are comprised of the following:
 - \$660,952, which represents the RC's investments in land, structures and equipment (investment in capital assets, net of related debt).
 - \$4,388,446, which is restricted as to use by grant agreements, contracts, and laws and regulations, and can only be used for specific purposes (restricted for programs).
 - \$2,355,070, which may be used to meet the RC's ongoing obligations (unrestricted net assets).
- The RC's net assets increased \$171,484 over the previous fiscal year.
- Total combined revenues for governmental and business-type activities were \$16,257,140.
- The RC's expenses in governmental activities during the year were \$14,941,023, while revenues were \$15,141,375, resulting in an increase of \$200,352 in net assets for the year.
- The RC's business type activities expenses were \$1,144,633, while revenues were \$1,115,765, resulting in a decrease of \$28,868 in net assets for the year.
- At the end of the fiscal year, the general fund total fund balance was \$1,882,999.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Southern Georgia Regional Commission's basic financial statements. The basic financial statements are made up of three components: 1) Statement of Net Assets and the Statement of Activities (pages 1 and 2) which provide information about the RC as a whole in a government-wide format; 2) Fund Financial Statements (pages 3 through 11) which provide detailed information on the RC's most significant funds; and 3) notes to the financial statements (pages 12 through 45). The government-wide financial statements are designed to provide readers with a broad overview of the RC's financial position. The Statement of Net Assets

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

presents information on all of the RC's assets and liabilities, with the difference between the two reported as net assets, while the Statement of Activities presents information showing how the RC's net assets changed during the most recent fiscal year. Fund financial statements report the RC's operations in more detail than the government-wide statements by providing information about the RC's most significant funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities comprise the government-wide financial statements and can be found on pages 1 and 2. The Statement of Net Assets provides information on all assets and liabilities, with the difference being net assets. The Statement of Activities provides information on all expenses and revenues for the fiscal year, and shows the change in net assets from one year to the next. These two statements help answer the question "Is the RC as a whole better off or worse off as a result of the year's activities?" The accrual basis of accounting is used, which means that all current year revenues and expenses are taken into account, whether or not cash has been paid or received.

These two statements report the RC's net assets and changes in them. You can think of the RC's net assets – the difference between assets and liabilities – as one way to measure the RC's financial position. Over time, increases or decreases in net assets can indicate whether the financial position of the RC has improved or deteriorated. Other non-financial factors, such as changes in the local government dues base, population of the region, the region's economy, and grants and contracts awarded by federal and state agencies, also need to be applied to determine the full financial health of the RC.

The government-wide financial statements, the Statement of Net Assets and Statement of Activities, segregate functions of the RC into three activities:

- Governmental activities – The RC reports its basic services here, including the administration of direct federal and state grants, contracts with local governments as well as general administration. Local dues and federal and state grants finance most of these activities. The major funds are the General Fund, Planning and Technical Assistance Fund, Job Development and Training Fund, Coordinated Transportation Fund and Aging Fund.
- Business-type activities –The RC charges a fee to customers of the Information Technology Services Fund, and Revolving Loan Fund to help cover most of the cost of services provided and are accounted for in the Enterprise Fund.
- Component Units – The RC has one component unit, the Southern Georgia Area Development Corporation (ADC), which the RC is financially accountable for. The ADC is presented in a separate column in the basic financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

REPORTING THE RC's MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and/or objectives. The RC uses fund accounting to ensure compliance with finance related legal requirements. All of the funds can be divided into the three activities listed above. The analysis and fund financial statements of the RC's major funds begin on page 3 and provide information on the most significant funds, and not the RC as a whole.

Governmental Funds. Most of the RC's basic services are reported as governmental funds, and are used to account for inflows and outflows of spendable resources and the balances of spendable resources available at the end of the year. 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. Governmental fund statements provide a detailed short-term view of the RC's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the RC's programs. The focus of the governmental funds financial statements is narrower than the government-wide financial statements. The relationship between the government-wide (reported in the Statement of Net Assets and Statement of Activities) and governmental funds (reported in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances) is described in reconciliation at the bottom of the governmental fund balance sheet on pages 3 and 5.

Proprietary Funds. The RC has two types of proprietary funds, Enterprise funds and Internal Service Funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Enterprise funds are used to account for charges to outside customers and are presented as a business type activity in the governmental financial statements, but with much more detail than the government-wide financials. Internal Service Funds are used to accumulate and allocate fringe and indirect costs internally among the RC's various functions. The assets and liabilities of the internal service fund are included in the balance sheet of the governmental activities due to the fact that these costs are fully allocated to the various RC funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The RC's net assets are listed below in Table 1. The RC's Total Net Assets (governmental and business-type activities) were \$7,404,468 at the close of the fiscal year, June 30, 2011. The RC's assets exceeded liabilities by this amount. Unrestricted net assets, the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$2,355,070 at the end of this year.

The largest category of net assets is the business type RLF restricted which represent 59% of total net assets. These business-type assets, \$4,388,446, are restricted due to promissory agreements with the U.S. Department of Agriculture, and can only be used for the specific purpose of funding the Revolving Loan Fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

The second category of net assets is unrestricted, which represents 32% of the total resources. Unrestricted assets are the accumulated resources that are available and may be used to meet the RC's future funding needs, without any constraints. The remaining amount is Investment in Capital Assets, which represents 9% of net assets. These assets include investment in land, buildings, equipment and vehicles less any debt used to acquire these assets that remains outstanding. The RC used these capital assets to provide services to its member governments; therefore, these assets are not available for future spending. Although the RC's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Current and other assets	\$ 4,221,751	\$ 4,785,216	\$ 6,015,741	\$ 6,132,163	\$ 10,237,492	\$ 10,917,379
Capital assets	944,223	1,002,850	21,788	45,357	966,011	1,048,207
Total Assets	5,165,974	5,788,066	6,037,529	6,177,520	11,203,503	11,965,586
Long-term debt outstanding	(305,059)	(387,757)	(1,331,542)	(1,448,291)	(1,636,601)	(1,836,048)
Other Liabilities	(2,133,246)	(2,872,992)	(29,188)	(23,562)	(2,162,434)	(2,896,554)
Total Liabilities	(2,438,305)	(3,260,749)	(1,360,730)	(1,471,853)	(3,799,035)	(4,732,602)
Net Assets:						
Invested in capital assets, net of related debt	639,164	615,093	21,788	29,919	660,952	645,012
Restricted	-	-	4,388,446	4,393,488	4,388,446	4,393,488
Unrestricted	2,088,505	1,912,224	266,565	282,260	2,355,070	2,194,484
Total Net Assets	\$ 2,727,669	\$ 2,527,317	\$ 4,676,799	\$ 4,705,667	\$ 7,404,468	\$ 7,232,984

The RC's Changes in Net Assets is listed below in Table 2. The RC's total change in net assets was an increase of \$171,484 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net assets by \$200,352, while business-type activities decreased net assets by \$28,868.

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The governmental activities accounted for 93% of the revenue generated, and 93% of the program expenses. The RC's governmental activities generated the majority of its revenue (90%) from operating grants, and the remainder generated from a combination of local government dues and other revenues.

In the business-type activities, the Information Technology Service accounted for 87% of the revenue generated during FY 2011, and 87% of the expenses for the year.

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Revenues						
Program Revenues:						
Charges for services	\$ 91,640	\$ 97,670	\$ 1,115,026	\$ 1,022,942	\$ 1,206,666	\$ 1,120,612
Operating grants	13,695,449	14,500,071	-	-	13,695,449	14,500,071
Dues	496,081	491,396	-	-	496,081	491,396
Program Income	858,205	766,854	-	-	858,205	766,854
Other general revenues	-	1,304	739	1,714	739	3,018
Total Revenues	15,141,375	15,857,295	1,115,765	1,024,656	16,257,140	16,881,951
Program Expenses						
Solid waste and recycling	21,554	20,538	-	-	21,554	20,538
Planning & zoning	1,716,956	1,780,691	-	-	1,716,956	1,780,691
Economic development and assistance	275,249	290,704	-	-	275,249	290,704
Urban redevelopment	15,330	33,294	-	-	15,330	33,294
Economic opportunity	4,233,313	5,293,340	-	-	4,233,313	5,293,340
Conservation	236,694	206,722	-	-	236,694	206,722
Community Service	8,441,927	7,930,643	-	-	8,441,927	7,930,643
Information tech. services	-	-	993,447	897,208	993,447	897,208
Revolving loan program	-	-	151,186	186,219	151,186	186,219
Kitchen Fund	-	-	-	4,050	-	4,050
Total Expenses	14,941,023	15,555,932	1,144,633	1,087,477	16,085,656	16,643,409
Increase in Net Assets	200,352	301,363	(28,868)	(62,821)	171,484	238,542
Transfers	-	(4,577)	-	4,577	-	-
Net Assets - Beginning	2,527,317	2,230,531	4,705,667	4,763,911	7,232,984	6,994,442
Net Assets - Ending	\$ 2,727,669	\$ 2,527,317	\$ 4,676,799	\$ 4,705,667	\$ 7,404,468	\$ 7,232,984

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

GOVERNMENTAL FUNDS

The objective of the RC's governmental funds is to provide information on near-term activity and balances of spendable resources. Such information is useful in assessing the RC's financial requirements. The RC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund balance at the close of the fiscal year should be large enough to provide adequate financial resources to cover general government operations for the next fiscal year. The RC ended the 2011 fiscal year with a balance of \$2,197,115 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a fund equity balance of \$4,676,799, with \$4,388,446 of the balance being restricted.

The Governmental Funds increased the RC's net fund balance by \$235,567, accounting for 12% growth of the fund balance of the RC as shown in Table 4 on page xiii. For the most part, it is difficult to correlate the revenues and expenses reported in governmental activities on a year-to-year basis, as several significant revenue sources are dependent upon the availability of federal and state grants each year. Revenues decreased by 4% and expenses decreased by 4% in the RC Primary Government when comparing FY 2011 to FY 2010. Costs to maintain services continue to rise, while other major fund revenues remained constant during FY 2011.

**Table 3
Balance Sheet**

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY2010	FY 2011	FY2010
Current and other assets	\$4,639,689	\$4,819,835	\$6,189,796	\$6,360,319	\$10,829,485	\$11,180,154
Net Capital Assets	-	-	21,788	45,357	21,788	45,357
Total Assets	4,639,689	4,819,835	6,211,584	6,405,676	10,851,273	11,225,511
Long-term debt						
outstanding	-	-	1,331,542	1,448,291	1,331,542	1,448,291
Other Liabilities	2,442,574	2,858,287	203,243	251,718	2,645,817	3,110,005
Total Liabilities	2,442,574	2,858,287	1,534,785	1,700,009	3,977,359	4,558,296
Net Assets						
Restricted	-	-	4,388,446	4,393,488	4,388,446	4,393,488
Unrestricted	-	-	288,353	312,179	288,353	312,179
Fund Balance						
Unassigned	2,197,115	1,961,548	-	-	2,197,115	1,961,548
Total Fund Equity	\$2,197,115	\$1,961,548	\$4,676,799	\$4,705,667	\$6,873,914	\$6,667,215

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$1,882,999, all of which is designated as unassigned as described on page 22 of the notes. New fund balance classifications per GASB Statement No. 54 were instituted for governmental fund balances for FY11. The fund balance on Table 3 restates the prior year figures to reflect the new classifications.

Special Revenue Fund – The Special Revenue Fund of the RC accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. This includes all grants and contracts received by the RC. The RC uses cost centers and elements in its accounting system to account for each grant or contract in the special revenue fund. Additional information on the Special Revenue Fund can be found starting on page 46. The major funds for FY 2011 are the General Fund, Planning and Technical Assistance Fund, Job Development and Training Fund, Coordinated Transportation Fund and Aging Fund.

Proprietary Fund - The RC's enterprise funds had a decrease in the net fund balance of \$28,868, as shown in Table 4 on page xii. Revenues in the business-type activities (Table 4) increased by 9% (\$1.115 million in 2011 compared to \$1.023 million in 2010), and expenses increased by 5.7%, or \$60,754. The major funds for FY 2011 are Information Technology Services Fund and the Revolving Loan Fund.

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

**Table 4
Statement of Revenues, Expenditures and Changes in Fund Balances**

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY2010	FY 2011	FY2010
Revenues						
Intergovernmental	\$ 13,787,089	\$ 14,576,436	\$ -	\$ -	\$ 13,787,089	\$ 14,576,436
Dues	496,081	491,396	-	-	496,081	491,396
Charges for Service	-	-	969,621	843,285	969,621	843,285
Investment Earnings	-	1,304	-	-	-	1,304
In-kind	362,507	327,602	-	-	362,507	327,602
Program/Other Income	858,205	788,160	145,405	179,657	1,003,610	967,817
Total Revenues	15,503,882	16,184,898	1,115,026	1,022,942	16,618,908	17,207,840
Expenditures						
Current	15,268,315	15,899,173	1,129,572	1,068,818	16,397,887	16,967,991
Total Expenditures	15,268,315	15,899,173	1,129,572	1,068,818	16,397,887	16,967,991
Non-Operating Revenue (Expense)						
Interest Income	-	-	739	1,714	739	1,714
Interest Expense	-	-	(15,061)	(14,609)	(15,061)	(14,609)
Gain on sale of fixed assets	-	-	-	(4,050)	-	(4,050)
Total Non-Operating Revenue (Expense)			(14,322)	(16,945)	(14,322)	(16,945)
Other Financing Sources						
Operating Transfers - In	537,160	526,843	-	4,577	537,160	531,420
Operating Transfers - Out	(537,160)	(531,420)	-	-	(537,160)	(531,420)
Total Other Financing Sources	-	(4,577)	-	4,577	-	-
Net Change In Fund Balance	235,567	281,148	(28,868)	(58,244)	206,699	222,904
Fund Balance - Beginning	1,961,548	1,680,400	4,705,667	4,763,911	6,667,215	6,444,311
Fund Balance - Ending	\$ 2,197,115	\$ 1,961,548	\$ 4,676,799	\$ 4,705,667	\$ 6,873,914	\$ 6,667,215

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2011 RC annual Budget was adopted by the RC Council at its June 28, 2010 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2011 budget on April 26, 2011. The amended budget reflected an increase in revenues and expenditures.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

The RC's Net Assets invested in capital assets for its governmental and business type activities as of June 30, 2011, was \$660,952, net of accumulated depreciation of \$1,810,203 and related debt of \$305,059. This investment in capital assets includes land, buildings/leasehold improvements and equipment and vehicles.

At June 30, 2011 the future minimum lease payments due on the building capital lease were \$317,299. Additional information on Long-Term Debt can be found in Note 10 of the Notes to Financial Statements, beginning on page 35.

The RC does not own any infrastructure assets such as roads, bridges, curbs, gutters, storm drains, and so forth.

Total capital assets net of additions, retirements and depreciation, decreased \$58,627 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$123,335. Depreciation expense for Business-type Activities was \$23,569. Additional information on Capital Assets can be found in Note 8 of the Notes to Financial Statements, beginning on page 31.

Long-Term Debt

At the end of the fiscal year, the RC had \$305,059 in outstanding Governmental Activities long-term debt of which, \$84,643 is due within one year. The debt of the RC represents obligations under a capital lease for the Waycross office building. The office building capital lease is with the Waycross-Ware County Development Authority. Lease payments are billed in the RC's Internal Service fund. Resources of the Internal Service Fund are expected to be used to make the lease payments and the debt is recorded in the Internal Service Fund as a capital lease obligation.

As of June 30, 2011 the RC had \$1,331,542 outstanding in its business-type activities. This long-term debt is comprised of four Promissory Agreements with the U.S. Department of Agriculture for IRP funds used in the Revolving Loan Program. The four loans are all 30-year notes, at 1% interest, with principal and interest paid annually. Additional information on Long-Term Debt can be found in Note 10 of the Notes to Financial Statements, beginning on page 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The RC's Council had to consider many factors when setting the Fiscal Year 2012 budget, including, but not limited to, dues and fee for services contracts from member governments and grants and contracts from Federal and State sources which will be received and administered as programs. The current condition of the State and National economy could be significant factors which have to be considered. In the past, District programs have actually benefited from national economic downturns by serving as a delivery vehicle for economic stimulus programs. The RC intends to closely monitor the regional demand for services that continues to rise, as does the expense to provide those services, and whether Federal, State, and local programs, grants and contracts increase, decrease or remain constant and intends to adjust to these changes by adjusting staff to match the available funding.

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The RC actively participates in regional planning with State and Federal agencies and counties and municipalities within the RC to maximize service to the region's citizens and to provide those services as economically reasonable as possible.

CONTACTING THE RC's FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the RC's finances for all those with an interest in the RC's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director of the Southern Georgia Regional Commission, 327 W. Savannah Avenue, Valdosta, Georgia, 31601.

SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 1,529,540	\$ -	\$ 1,529,540	\$ -
Accounts receivable	2,451,955	214,450	2,666,405	-
Due from primary government	-	-	-	81,421
Unamortized advances	53,371	-	53,371	-
Interest receivable	-	-	-	-
Prepaid expenses	87,008	-	87,008	-
Notes receivable, net	-	3,229,089	3,229,089	-
Restricted cash	-	2,672,079	2,672,079	-
Internal balances	99,877	(99,877)	-	-
Capital assets:				
Land	14,000	-	14,000	-
Other capital assets, net of depreciation	930,223	21,788	952,011	-
Total capital assets	<u>944,223</u>	<u>21,788</u>	<u>966,011</u>	<u>-</u>
Total assets	<u>5,165,974</u>	<u>6,037,529</u>	<u>11,203,503</u>	<u>81,421</u>
LIABILITIES				
Accounts payable and other accrued expenses	1,943,043	28,943	1,971,986	-
Accounts payable - component unit	81,421	-	81,421	-
Deferred revenue	108,782	245	109,027	-
Long-term liabilities:				
Due within one year	84,643	102,066	186,709	-
Due in more than one year	220,416	1,229,476	1,449,892	-
Total liabilities	<u>2,438,305</u>	<u>1,360,730</u>	<u>3,799,035</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	639,164	21,788	660,952	-
Restricted for programs:				
Economic development - revolving loan	-	4,388,446	4,388,446	-
Southern Georgia Area Development Corp.	-	-	-	81,421
Unrestricted	2,088,505	266,565	2,355,070	-
Total net assets	<u>\$ 2,727,669</u>	<u>\$ 4,676,799</u>	<u>\$ 7,404,468</u>	<u>\$ 81,421</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Function/Programs:	Direct Expenses	Indirect/Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Unit
			Charges for Services	Operating Grants/Contributions	Primary Government			
					Governmental Activities	Business -type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 1,075,302	\$ (1,083,134)	\$ -	\$ -	\$ 7,832		\$ 7,832	
Community service	8,089,667	352,260	-	8,414,967	(26,960)		(26,960)	
Solid waste and recycling	19,133	2,421	21,554	-	-		-	
Planning and zoning	1,341,403	375,553	70,086	1,319,912	(326,958)		(326,958)	
Economic development	211,910	63,339	-	355,032	79,783		79,783	
Urban redevelopment	11,648	3,682	-	14,818	(512)		(512)	
Economic opportunity	4,062,512	170,801	-	4,220,687	(12,626)		(12,626)	
Conservation	195,494	41,200	-	228,238	(8,456)		(8,456)	
Interest on long-term debt	7,832	-	-	-	(7,832)		(7,832)	
Total governmental activities	<u>15,014,901</u>	<u>(73,878)</u>	<u>91,640</u>	<u>14,553,654</u>	<u>(295,729)</u>		<u>(295,729)</u>	
Business-type activities:								
Information technology	973,817	19,630	969,621	-	-	(23,826)	(23,826)	
Revolving loan program	118,303	32,883	145,405	-	-	(5,781)	(5,781)	
Total business-type activities	<u>1,092,120</u>	<u>52,513</u>	<u>1,115,026</u>	<u>-</u>	<u>-</u>	<u>(29,607)</u>	<u>(29,607)</u>	
Total primary government	<u>\$ 16,107,021</u>	<u>\$ (21,365)</u>	<u>\$ 1,206,666</u>	<u>\$ 14,553,654</u>	<u>(295,729)</u>	<u>(29,607)</u>	<u>(325,336)</u>	
COMPONENT UNIT:								
Southern Georgia Area Dev. Corp.	\$ 76,590	\$ 21,365	\$ 60,939	\$ -				\$ (37,016)
General revenues:								
Local dues					496,081	-	496,081	-
Investment earnings					-	739	739	-
Total general revenues					<u>496,081</u>	<u>739</u>	<u>496,820</u>	<u>-</u>
Change in net assets					200,352	(28,868)	171,484	(37,016)
Net assets - beginning					2,527,317	4,705,667	7,232,984	118,437
Net assets - ending					<u>\$ 2,727,669</u>	<u>\$ 4,676,799</u>	<u>\$ 7,404,468</u>	<u>\$ 81,421</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	(Nonmajor) Other Funds	Total Governmental Funds
ASSETS							
Receivables	\$ -	\$ 360,806	\$ 375,592	\$ 246,675	\$ 1,265,172	\$ 166,914	\$ 2,415,159
Unamortized advances	-	-	-	-	53,371	-	53,371
Prepaid expenses	-	795	-	-	-	-	795
Interfund balances	1,882,999	-	-	287,365	-	-	2,170,364
Total assets	<u>\$ 1,882,999</u>	<u>\$ 361,601</u>	<u>\$ 375,592</u>	<u>\$ 534,040</u>	<u>\$ 1,318,543</u>	<u>\$ 166,914</u>	<u>\$ 4,639,689</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 9,359	\$ 304,976	\$ 219,924	\$ 1,113,601	\$ 418	\$ 1,648,278
Due to other governments	-	3,062	-	-	25,085	-	28,147
Deferred revenue	-	36,806	-	-	15,986	55,990	108,782
Interfund balances	-	312,374	70,616	-	163,871	110,506	657,367
Total liabilities	<u>-</u>	<u>361,601</u>	<u>375,592</u>	<u>219,924</u>	<u>1,318,543</u>	<u>166,914</u>	<u>2,442,574</u>
Fund balances:							
Unassigned fund balance	1,882,999	-	-	314,116	-	-	2,197,115
Total fund balances	<u>1,882,999</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>2,197,115</u>
Total liabilities and fund balances	<u>\$ 1,882,999</u>	<u>\$ 361,601</u>	<u>\$ 375,592</u>	<u>\$ 534,040</u>	<u>\$ 1,318,543</u>	<u>\$ 166,914</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

102,205

An internal service fund is used by management to charge indirect costs and fringe benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

428,349

Net assets of governmental activities

\$ 2,727,669

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	(Nonmajor) Other Funds	Total Governmental Funds
REVENUES							
Intergovernmental	\$ -	\$ 964,459	\$ 4,220,687	\$ 1,464,081	\$ 6,184,320	\$ 953,542	\$ 13,787,089
Dues	496,081	-	-	-	-	-	496,081
In-kind contributions	-	105,404	-	10,140	246,963	-	362,507
Program/other income	-	39,379	-	-	766,566	52,260	858,205
Total revenues	<u>496,081</u>	<u>1,109,242</u>	<u>4,220,687</u>	<u>1,474,221</u>	<u>7,197,849</u>	<u>1,005,802</u>	<u>15,503,882</u>
EXPENDITURES							
Current:							
Community services	-	-	-	1,421,003	7,275,349	-	8,696,352
Economic opportunity	-	-	4,221,204	-	-	-	4,221,204
Planning and zoning	-	860,368	-	-	-	836,160	1,696,528
Conservation	-	342,098	-	-	-	-	342,098
Economic development and assistance	-	96,268	-	-	-	178,981	275,249
Urban redevelopment and housing	-	15,330	-	-	-	-	15,330
Solid waste and recycling	-	21,554	-	-	-	-	21,554
Total expenditures	<u>-</u>	<u>1,335,618</u>	<u>4,221,204</u>	<u>1,421,003</u>	<u>7,275,349</u>	<u>1,015,141</u>	<u>15,268,315</u>
Excess (deficiency) of revenues over (under) expenditures	496,081	(226,376)	(517)	53,218	(77,500)	(9,339)	235,567
OTHER FINANCING SOURCES (USES)							
Transfers in	111,714	227,082	517	-	77,500	120,347	537,160
Transfers out	(425,446)	(706)	-	-	-	(111,008)	(537,160)
Total other financing sources and uses	<u>(313,732)</u>	<u>226,376</u>	<u>517</u>	<u>-</u>	<u>77,500</u>	<u>9,339</u>	<u>-</u>
Net change in fund balances	182,349	-	-	53,218	-	-	235,567
Fund balances - beginning	1,700,650	-	-	260,898	-	-	1,961,548
Fund balances - ending	<u>\$ 1,882,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,197,115</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds	\$ 235,567
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$36,246) exceeded capital outlay (\$1,031) in the current period.	 <u>(35,215)</u>
Change in net assets of governmental activities	<u><u>\$ 200,352</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ -	\$ -	\$ -	\$ 1,529,540
Restricted cash	-	2,672,079	2,672,079	-
Accounts receivable	214,450	-	214,450	35,528
Notes receivable - current portion	-	400,459	400,459	-
Allowance for loan loss	-	(145,341)	(145,341)	-
Interest receivable	-	-	-	-
Prepaid expenses	-	-	-	86,213
Due from employees	-	-	-	1,268
Total current assets	<u>214,450</u>	<u>2,927,197</u>	<u>3,141,647</u>	<u>1,652,549</u>
Noncurrent assets:				
Notes receivables, less current portion	-	2,973,971	2,973,971	-
Interfund balances	74,178	-	74,178	43,980
Capital assets:				
Land	-	-	-	14,000
Equipment and vehicles	458,590	-	458,590	645,812
Buildings	-	-	-	1,202,339
Less accumulated depreciation	(436,802)	-	(436,802)	(1,020,130)
Total noncurrent assets	<u>95,966</u>	<u>2,973,971</u>	<u>3,069,937</u>	<u>886,001</u>
Total assets	<u>310,416</u>	<u>5,901,168</u>	<u>6,211,584</u>	<u>2,538,550</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	6,818	-	6,818	56,769
Accrued expenses	-	7,125	7,125	-
Interfund balances	-	174,055	174,055	1,457,100
Current portion:				
Capital lease payable	-	-	-	84,643
Notes payable	-	102,066	102,066	-
Total current liabilities	6,818	283,246	290,064	1,598,512
Noncurrent liabilities:				
Accounts payable - component unit	-	-	-	81,421
Deferred revenue	245	-	245	-
Due to other governments	15,000	-	15,000	-
Compensated absences	-	-	-	209,852
Capital lease payable, less current portion	-	-	-	220,416
Notes payable, less current portion	-	1,229,476	1,229,476	-
Total noncurrent liabilities	15,245	1,229,476	1,244,721	511,689
Total liabilities	22,063	1,512,722	1,534,785	2,110,201
NET ASSETS				
Invested in capital assets, net of related debt	21,788	-	21,788	388,238
Restricted for revolving loan program	-	4,388,446	4,388,446	-
Unrestricted	266,565	-	266,565	40,111
Total net assets	\$ 288,353	\$ 4,388,446	\$ 4,676,799	\$ 428,349

See accompanying notes to the basic financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 969,621	\$ -	\$ 969,621	\$ 3,881,571
Interest on notes receivable	-	136,090	136,090	-
Other income	-	9,315	9,315	38,752
Total operating revenue	<u>969,621</u>	<u>145,405</u>	<u>1,115,026</u>	<u>3,920,323</u>
OPERATING EXPENSES				
Personnel services	771,906	101,120	873,026	2,233,849
Computer maintenance/charges	59,991	-	59,991	45,657
Indirect cost allocation	19,630	32,883	52,513	-
Depreciation	23,569	-	23,569	87,089
Supplies	23,353	-	23,353	52,385
Utilities	22,045	-	22,045	43,752
Administrative expense	16,800	-	16,800	-
Motor pool costs	11,207	343	11,550	7,456
Training and education	9,690	-	9,690	8,414
Repairs and maintenance	9,657	-	9,657	38,344
Telecommunications	9,264	-	9,264	32,376
Other	7,385	1,544	8,929	16,663
Rent	7,067	-	7,067	36,878
Per diem and fees	4	1,067	1,071	35,705
Travel	972	-	972	18,933
Memberships and subscriptions	75	-	75	11,988
Insurance and bonding	-	-	-	32,973
Fuel	-	-	-	34,492

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
OPERATING EXPENSES (CONTINUED)				
Work experience benefits	-	-	-	629,151
Job training participant support	-	-	-	546,386
Total operating expenses	<u>992,615</u>	<u>136,957</u>	<u>1,129,572</u>	<u>3,912,491</u>
Operating income (loss)	<u>(22,994)</u>	<u>8,448</u>	<u>(14,546)</u>	<u>7,832</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	739	739	-
Interest expense	<u>(832)</u>	<u>(14,229)</u>	<u>(15,061)</u>	<u>(7,832)</u>
	<u>(832)</u>	<u>(13,490)</u>	<u>(14,322)</u>	<u>(7,832)</u>
Change in net assets	<u>(23,826)</u>	<u>(5,042)</u>	<u>(28,868)</u>	-
Total net assets - beginning	312,179	4,393,488	4,705,667	428,349
Total net assets - ending	<u>\$ 288,353</u>	<u>\$ 4,388,446</u>	<u>\$ 4,676,799</u>	<u>\$ 428,349</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Governmental Fund
	Information Tech. Services Fund	Southern Georgia Revolving Loan Fund	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from:				
Customers and borrowers	\$ 900,814	\$ 1,027,220	\$ 1,928,034	\$ -
Other	-	-	-	38,752
Internal activity: receipts (payments)	79,754	(54,101)	25,653	4,413,951
Payments to:				
Borrowers for loans	-	(931,503)	(931,503)	-
Employees or for their benefit	(771,906)	(101,120)	(873,026)	(2,237,219)
Suppliers/job training participant support	(192,392)	(35,837)	(228,229)	(2,011,610)
Net cash provided (used) by operating activities	<u>16,270</u>	<u>(95,341)</u>	<u>(79,071)</u>	<u>203,874</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(63,678)
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capital debt	(15,438)	(101,311)	(116,749)	(82,698)
Interest paid on capital debt	(832)	(14,229)	(15,061)	(7,832)
Net cash provided (used) by capital and related financing activities	<u>(16,270)</u>	<u>(115,540)</u>	<u>(131,810)</u>	<u>(154,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	738	738	-
Net cash provided by investing activities	<u>-</u>	<u>738</u>	<u>738</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	-	(210,143)	(210,143)	49,666
Balances - beginning	-	2,882,222	2,882,222	1,479,874
Balances - ending	<u>\$ -</u>	<u>\$ 2,672,079</u>	<u>\$ 2,672,079</u>	<u>\$ 1,529,540</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Governmental Fund
	Information Tech. Services Fund	Southern Georgia Revolving Loan Fund	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (22,994)	\$ 8,448	\$ (14,546)	\$ 7,832
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	23,569	-	23,569	87,089
Change in assets and liabilities:				
Receivables, net	(68,807)	(49,688)	(118,495)	260,005
Prepaid expenses	-	-	-	6,600
Change interfund balances	79,754	(54,101)	25,653	272,304
Change in deferred revenue	-	-	-	-
Accounts and other payables	4,798	-	4,798	(429,956)
Net cash provided by operating activities	<u>\$ 16,320</u>	<u>\$ (95,341)</u>	<u>\$ (79,021)</u>	<u>\$ 203,874</u>

Non-cash activity. Capital assets in the internal service fund with costs of \$53,255 and accumulated depreciation of \$53,255 was disposed of during the year.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies

The Southern Georgia Regional Commission (hereafter referred to as the RC) is one of twelve entities in Georgia. The RC was created by state legislation, as amended by House Bill 1216, requiring that the South Georgia Regional Development Center and Southeast Georgia Regional Development Center be combined as of July 1, 2009 to form a Regional Commission for Region 11. The Official Code of Georgia Annotated (OCGA) Section 50-8-41 provided for the succession. As a result, both Centers were legally dissolved and all the assets, liabilities, contracts and staff and records of the dissolved Centers were transferred to a Regional Commission with offices in Valdosta and Waycross, Georgia. This new governmental entity serves the areas previously served by the South Georgia and Southeast Georgia Regional Development Centers.

The RC is a quasi-governmental regional planning organization created and managed by the member local governments and it serves forty-five municipalities and eighteen counties (members) in South Georgia, including Atkinson, Bacon, Ben Hill, Berrien, Brantley, Brooks, Charlton, Clinch, Coffee, Cook, Echols, Irwin, Lanier, Lowndes, Pierce, Tift, Turner, and Ware counties. The responsibilities and authority of regional commissions are contained in Sections 50-8-30 through 50-8-67 of O.C.G.A. For more than forty years, the RC and former Regional Development Centers have provided a comprehensive array of services and resources in response to the needs of member local governments. Staff, including technical experts in a number of specialized fields, team with local governments to solve problems and to increase the prosperity and quality of life in the region.

The RC is a multi-funded organization receiving funds from federal, state, and local agencies, plus member governments. In some cases, federal grants may be passed through and administered by a state agency via a contractual relationship with the RC. Additionally, state agencies contract with the RC to perform certain services. These contracts are funded with money appropriated by the Georgia Legislature. Additionally, member governments provide funds to the RC through quarterly dues or contracts with the RC for a specific product or service.

The RC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the RC has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the RC has chosen not to do so. The more significant accounting policies, established in GAAP and used by the RC, are discussed below.

A. Reporting Entity

The Southern Georgia Regional Commission includes the general operations authorized and/or mandated by statute, programs and projects in which goals and objectives as well as funding is specified in grant contracts, and such proprietary fund type activities as have been established by the Council.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

The Governmental Accounting Standards Board sets forth criteria for determining whether related organizations are included in the reporting entity. The definition of the financial reporting entity is primarily based on the concept of financial accountability. Financial accountability exists if the primary government appoints a majority of an organization's governing body, and is either able to impose its will on the organization or there is potential for the organization to provide a specific benefit to, or impose specific burdens on, the primary government.

Based on the above criteria, the financial statements of the RC include the Southern Georgia Area Resource Development Agency, Inc. as a blended component unit and The Southern Georgia Area Development Corporation as a discretely presented component unit. The Southern Georgia Area Development Corporation administers the Small Business Administration Loan Programs for the Commission. Separate financial statements are not issued by these component units.

There are no potential units which are excluded from the RC's reporting entity.

B. Basic Financial Statements – Government-wide Statements

The RC's basic financial statements include both government-wide (reporting the RC as a whole) and fund financial statements (reporting the RC's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The RC's Planning & Technical Assistance Fund, Job Development & Training Fund, Coordinated Transportation Fund, Aging Fund, Community Development Fund, Data Management Fund and General Fund are classified as governmental activities. The RC's Revolving Loan Fund and Information Technology Services Fund are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The RC's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted assets are liquid assets (generated from revenues and not bond proceeds) that have third party (statutory, bond covenant, or granting agency) limitation on their use. The RC would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

The government-wide Statement of Activities reports both the gross and net cost of each of the RC's functions and business-type activities (grant administration, revolving loan program, etc.). The functions are also supported by general government revenues (dues, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (community service, economic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

The net costs (by function or business-type activity) are normally covered by general revenue (dues, investment earnings, etc.).

The RC does not have excess indirect costs to allocate in preparing government-wide statements. Administrative service fees are charged by the internal service funds to the other operating funds in preparing the government-wide financial statements. These fees and associated costs are eliminated like a reimbursement (reducing the revenue and expense in the internal service funds) to recover the direct costs of the internal service funds services provided.

The government-wide focus is more on the sustainability of the RC as an entity and the change in the RC's net assets resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the RC are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The RC's major funds are the General Fund, Planning and Technical Assistance Fund, Job Development and Training Fund, Coordinated Transportation Fund, Aging Fund, Information Technology Services Fund, and Southern Georgia Revolving Loan Fund.

The following fund types are used by the RC:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the RC:

The **General Fund** is used to account for all activities of the Commission not accounted for in some other fund. Specifically, this fund recognizes as revenue dues paid by the RC's member governments. These dues are principally used as matching funds for grants and contracts and, additionally, to fund projects or activities which are not funded by other sources. Matching funds for grants and contracts are transferred to the special revenue funds through operating transfers.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects. Activities for grants, contracts, and special projects are accounted for in these funds.

- (a) Planning and Technical Assistance Fund - Used to account for revenues and expenditures related to planning and technical assistance activities.
- (b) Job Development and Training Fund - Used to account for revenues and expenditures related to job development and training activities.
- (c) Aging Fund - Used to account for revenues and expenditures related to services that assist older individuals, at-risk adults, persons with disabilities, their families, and caregivers.
- (d) Coordinated Transportation Fund - Used to account for revenues and expenditures related to coordinating and providing transportation needs for elderly individuals, individuals with disabilities, and other DHS clientele.
- (e) Community Development Fund - Used to account for revenues and expenditures related to administration of community development grants and activities.
- (f) Data Management Fund - Used to account for revenues and expenditures related to computerized data management activities.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector. The following is a description of the proprietary funds of the RC:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or auxiliary activities.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

- (a) Information Technology Services Fund - Used to account for revenues and expenses relating to computer programming and data processing services to entities within the Commission's service area.
- (b) Southern Georgia Revolving Loan Fund - Used to account for revenues and expenses related to administering a revolving loan fund. Loans are made to qualifying businesses in the RC's service area. Interest, principal and fees received are used to pay administrative costs and to reinvest in the fund for additional lending. The original source of funds loaned is federal grants and loans.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the RC on a cost-reimbursement basis.

The RC's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the RC's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity (community service, economic development, etc.)

- (a) Administrative Services Fund - Used to account for costs pooled and charged to benefiting programs accounted for in other RC funds. Costs pooled and recovered from benefiting funds, grants and projects include fringe benefits, compensated absences and indirect costs.
- (b) Motor Pool Fund - Used to accumulate costs of the RC's motor vehicles. Costs are pooled and recovered from benefiting funds, grants and projects based on vehicle usage.
- (c) Payroll Services Fund - Used to account for costs of direct payroll expenses relative to the Workforce Investment Act.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide, Proprietary and Fiduciary Funds Financial Statements:

The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the RC gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within one year. Revenues of the governmental funds susceptible to accrual are dues from member county and municipal governments, earned portion of grant contracts and interest on invested funds. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Other Significant Accounting Policies

Recognized costs of grant contracts are used as the basis of recording revenues from the grantor. Accounts receivable will reflect amounts earned which are undrawn and unapplied funds will show balances of advance contract receipts which have not been earned.

The accrual basis of accounting is also used by the Southern Georgia Area Development Corporation, shown as a discretely presented component unit.

The RC's policy is not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Equivalents

Cash and equivalents shown on the balance sheet and the statement of cash flows include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the RC.

G. Investments

Investments are stated at cost or amortized cost. The RC's policy is to invest only in the type of investments permitted by state law pertaining to local governments. Such investments are limited to obligations of the State of Georgia or other states; obligations issued by the U. S. Government or by one of its agencies or corporations; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

H. Notes Receivable and Allowance for Uncollectible Notes

Notes receivable are stated at net collectible amounts, and bad debts are recorded by the allowance method in the proprietary and fiduciary fund types. Doubtful loans are written off against the allowance after an adequate collection effort is exhausted.

I. Inventories

The RC does not show inventories on its balance sheet. The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The proprietary fund has no inventory.

J. Prepaid Items

Payments made to vendors for services that will benefit subsequent periods are generally recorded as prepaid items. An exception exists for equipment maintenance agreements which are charged to expenditures in the year paid in governmental fund types.

K. Receivables and Payables

Local participation includes amounts assessed to member cities and counties (refer to the Schedule of City/County Dues and Assessments in the State Compliance Section) and amounts earned on local contracts.

Federal grants include amounts earned on approved federal grant contracts (includes federal grants which may be passed through State agencies).

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

Notes receivable include all amounts due where debt is evidenced by a note signed by debtor.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts payable - operating includes obligations for invoices billed by vendors for materials, supplies and services.

Deferred revenue includes amounts due to grantor agencies where funds were received in advance and balances remain which are unearned.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs cost and maintenance are recorded as expenses. Renewals and betterments are capitalized. The RC has a capitalization threshold of \$2,000. No Interest has been capitalized during the construction period on property, plant, and equipment.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives used are as follows:

Buildings and improvements	10-50 yrs
Furnishings and equipment	3-15 yrs
Vehicles	3-5 yrs

The RC has no public domain or infrastructure fixed assets, such as roads and bridges.

Capital assets acquired with grantor agency funds are charged as direct costs to the particular grant and/or contract in the fund level financial statements. The RC does not consider itself as holding clear legal title to these assets, although Federal regulations (United States Office of Management and Budget (OMB) Circular A-102) states that "Title - Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or sub grant will vest upon acquisition in the grantee or sub grantee respectively. Additionally, Georgia Department of Labor regulations state that the State of Georgia retains an interest in non-expendable personal property purchased with Workforce Investment Act funds and that if the RC ceases to exist or the WIA program ends, the property or its residual value will be returned to the State. Notwithstanding that residual rights are retained by these grantor agencies, the RC accounts for these capital assets in its governmental activities as reported in the statement of net assets. The RC maintains a separate inventory and accountability of these capital assets. Detailed below are the balances at June 30, 2011 recorded as capital assets and the agency which retains an interest in or residual right to the capital assets:

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Agency	Amount
Georgia Department of Labor	\$ 102,637
Georgia Department of Community Affairs	14,273
Georgia Department of Human Services	12,681
	\$ 129,591

The RC recognizes depreciation in its indirect cost allocation plan as an allowable cost in accordance with United States Office of Management and Budget Circular A-87. The depreciation charge is recovered as a reimbursable cost from benefiting activities. The costs of normal maintenance and repairs which do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

M. Compensated Absences and Employee Benefits

The RC charges employee benefits and compensated absences in accordance with its cost allocation plan (see Note 1, Q) as an allowable reimbursable cost under the provisions of OMB Circular A-87.

Total compensated absences and employee benefits incurred by the RC in its cost allocation plan for the year are reported on the schedule of employee benefit cost pool – actual rates in the state compliance section.

The RC provides the following compensated absences and employee benefits:

Vacation Leave

Employees are awarded 10-23 days per year of vacation leave depending on the employee’s length of service, and an employee may accumulate up to 40 days of vacation leave. Upon termination of employment, employees are allowed to be reimbursed for accumulated vacation leave up to a maximum of 40 days. Vested or accumulated vacation leave that is expected to be liquidated with available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick Leave

Full-Time employees accrue sick leave at the rate of 1 day per calendar month worked and may accumulate up to 65 days. The cost of sick leave is recognized as it is taken by the employee.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. The RC does not pay for accumulated sick leave at employment termination.

Holiday

Employees are awarded 10 days per year as holidays for the first twenty-four months of employment and 11 days per year thereafter. The cost of holiday leave is recorded when it is taken by the employee.

Insurance

The RC maintains a contributory group insurance plan, as well as workers compensation coverage, for all employees.

Cafeteria Plan

The RC maintains a Cafeteria Plan under Section 125 of the Internal Revenue Code of 1986, which is funded through voluntary employee salary reductions. Employees are eligible upon employment.

The following are benefits employees may choose under the plan:

- a) Child Care Assistance
- b) Medical and Dental Expense Reimbursement
- c) Cancer Insurance
- d) Hospital and Accidental Supplement Insurance
- e) Major Medical Insurance

Payroll Taxes

The RC, acting as a local government entity, is a participant in the State of Georgia Employee's 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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Retirement Benefits

Defined Benefit Pension Plan. The RC maintains a non-contributory defined benefit pension plan. (Please refer to Note 11 for additional plan information.)

Other Retirement Plans. The RC maintains a deferred compensation plan in accordance with Internal Revenue Code Section 457 that permits employees to defer a portion of compensation until future years. The RC maintains a money purchase plan in accordance with Internal Revenue Code Section 401(a). (Please refer to Note 12 for additional information.)

N. Long-Term Obligations

All debt is reported in the government-wide statement of net assets. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a governmental fund. Debt expected to be paid with the resources of proprietary funds is reported in those funds.

O. Fund Balances and Fund Equity

Fund Balances. Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the RC is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

1. Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
2. Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
3. Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Council through the adoption of a resolution. The Council also may modify or rescind the commitment.
4. Assigned – Fund balances are reported as assigned when amounts are constrained by the RC's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the Council can authorize the finance committee or executive director to assign fund balances.
5. Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow assumption. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the RC's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the RC's policy to use fund balances in the following order: (a) committed, (b) assigned, (c) unassigned.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Equity. Contributed capital is recorded in proprietary funds that have received grants from federal, state or private sources designated for the specific activity or monies received from other fund entities of the RC. These contributions are combined with retained earnings or losses from operations of the enterprise activity.

P. Interfund Transactions

Interfund activities are reported as loans, as services provided, reimbursements or transfers. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

The principal purpose of the RC's interfund transfers is to satisfy grant contracts that require a percentage of the costs to be expended from local resources. Local dues, which are transferred from the general fund to the special revenue funds, are used as matching funds for grants and contracts.

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The principal purpose of interfund balances is to provide working capital in the funds where management deems appropriate.

Receipts and/or payments to or from other governmental units not included in the reporting entity of the RC are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

Q. 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 objective and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved, are considered indirect costs. These indirect costs are recorded in an internal service fund by the RC's accounting system and allocated to the individual specific revenue funds based on an indirect cost rate. The RC's actual indirect cost rate is based upon the current year's cost experience, documented by a cost allocation plan, in accordance with the provisions of U. S. Office of Management and Budget Circular A-87.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

The following is a summary of significant cost allocation policies:

Cost allocation operates in accordance with an indirect cost proposal developed annually. The proposal identifies shared costs and the financial bases for cost-sharing. It also identifies various non-financial bases for allocating certain joint or common costs as direct costs. The concepts in the proposal were used by the accounting system and produced the following actual results for the fiscal year.

1. Leave benefits consist of accrued annual leave and other types of leave granted, i.e. sick, holiday and jury leave. Leave costs are accumulated in an organizational leave pool and distributed to activities based on year-to-date in-service salary costs. This distribution results in all activities bearing an equitable share of leave costs and diminishes the circumstantial effects of timing associated with leave usage.

Actual leave rates by employee classification (which reflects leave eligibility) are developed and applied to the year-to-date base of in-service salaries in each project to determine its share of leave costs. (Note: Separate classes may be necessary if leave benefit eligibility differs among employees.)

2. Employees are defined by class based upon fringe benefit eligibility. Employee fringe benefits are accumulated in an organizational pool as they are incurred. Fringe costs are prorated by employee class (i.e. eligibility) based on its year-to-date proportionate share of salaries to total year-to-date organizational salaries.

WIA Cost Pools

Non-administrative costs associated with the RC's Workforce Investment Act (WIA) program are pooled in accordance with federal regulations. The WIA non-administrative costs are allocated to specific WIA funding sources based on a plan for allocating these costs.

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

The fringe benefit eligibility matrix and actual fringe benefit costs and final rates for the year are as follows:

	Class 1	Class 2	Class 3	Class 4	Total
FICA contributions	Y	Y	N	Y	N/A
Medicare contributions	Y	Y	Y	Y	N/A
Group health insurance	Y	Y	Y	N	N/A
Group life insurance	Y	Y	Y	N	N/A
Retirement - Valdosta	Y	Y	N	N	N/A
Retirement - Waycross	N	N	Y	N	N/A
Unemployment insurance	Y	Y	Y	Y	N/A
Workers compensation	Y	Y	Y	Y	N/A
FICA contributions	\$ 130,027	\$ 3,725	\$ -	\$ 5,845	\$ 139,597
Medicare contributions	30,512	874	17,605	1,371	50,362
Group health insurance	256,238	7,340	147,845	-	411,423
Group life insurance	23,787	681	13,725	-	38,193
Retirement - Valdosta	341,630	9,786	-	-	351,416
Retirement - Waycross	-	-	256,219	-	256,219
Unemployment insurance	6,231	178	3,595	280	10,284
Workers compensation	10,981	315	6,336	494	18,126
	<u>799,406</u>	<u>22,899</u>	<u>445,325</u>	<u>7,990</u>	<u>1,275,620</u>
Total salaries	\$ 2,205,675	\$ 63,181	\$ 1,272,639	\$ 99,148	\$ 3,640,643
Fringe benefits rates (final)	36.2%	36.2%	35.0%	8.1%	35.0%

These final rates were applied to the year-to-date salaries based by class in each project to determine its share of fringe benefit costs. In the aggregate, \$1,275,620 was charged among all programs operated during the fiscal year. The use of the pool and year-to-date financial activity results in an equitable distribution among all activities regardless of individual contract periods or monthly expenditure levels.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

3. Indirect costs consist of salaries and fringe benefits of central organization personnel who perform management and administrative functions necessary and beneficial to all activities. Also included are joint or common costs supporting all programs, or the central administrative portions of these costs. Indirect costs were accumulated in an organizational pool and distributed to activities/programs based on year-to-date direct salaries, fringe benefits and in-kind salaries in conformance with the organization's indirect cost allocation plan. Please refer to the schedule of indirect cost pool – actual rates in the table of contents for actual indirect costs and the final rate for the year.

The final rate was applied to the year-to-date base in each project to determine its share of indirect costs. In the aggregate, actual costs of \$1,083,136 were charged among all programs operated during the fiscal year. The use of year-to-date financial information arrayed costs equitably regardless of individual contract periods or monthly expenditure levels.

4. Motor Pool Cost – the RC pools the cost of operation and maintenance of its automobiles. Miles driven are logged and identified by the programmatic functions for which the automobile was driven. The expenses are allocated based on the miles driven.

5. Financial reporting - projects completed during the fiscal year may have reported interim costs to grantor agencies, pending the determination of financial costs at June 30, the end of the organization's fiscal period. Interim reports may show higher or lower allocated costs which reflect changing rates after project termination. Final costs for completed projects can only be determined at the end of the organization's fiscal year.

R. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southern Georgia Regional Commission and is presented on the modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2 - Cash and Equivalents, Custodial Risk and Interest Rate Risk

The RC maintains a pool of cash and investments for all funds except for the Revolving Loan Fund, the Public Funds and Payroll Services Fund. The zero balance accounts and the daily sweeps allow the RC's portfolio to be fully invested at all times. The RC allocates income earned on federal advances from pooled cash investments. The allocation method is the actual monthly rate of return times the federal cash advance balance.

Cash and equivalents are comprised of the following:

	Carrying Amount	Bank Balance
Primary government		
Pooled cash and investments		
Internal Service Fund		
Administrative Services Fund	\$ 1,400,472	\$ 1,608,299
Deposits		
Internal Service Funds		
Public Fund	126,878	126,878
Payroll Services Fund	2,190	10,800
Enterprise Fund		
Revolving Loan Fund	2,672,079	2,672,079
 Total cash and cash equivalents	 \$ 4,201,619	 \$ 4,418,056

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, the RC's deposits may not be returned to it. While the RC avoids un-entrusted deposits, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 100 percent of all amounts not covered by federal deposit insurance. Pledged securities are held at the Federal Reserve Bank in the bank's name and pledged at the Federal Reserve in the name of the RC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and subdivisions.

Of the carrying amount and bank balance, all was fully insured or collateralized.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2 - Cash and Equivalents, Custodial Risk and Interest Rate Risk (Continued)

Interest Rate Risk

The RC does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate risk. However the RC has made no investments that would subject it to interest rate risk.

Note 3 – Restricted Cash

Cash in the amount of \$2,672,079 is restricted for use in the Revolving Loan Fund.

Note 4 - Receivables

Accounts receivable balances are as follows:

	<u>Governmental Funds</u>	<u>Business - Type Activities</u>	<u>Total</u>
Economic Development Administration	\$ 57,725	\$ -	\$ 57,725
U.S. Department of Agriculture - RGIS	42,187	-	42,187
U. S. Department of Defense - JLUS	21,454	-	21,454
Georgia Department of:			
Human Services - Aging program	1,264,684	-	1,264,684
Labor - WIA	375,592	-	375,592
Human Services - Transportation program	246,675	-	246,675
Natural Resources	86,792	-	86,792
Community Affairs	57,519	-	57,519
Transportation	16,773	-	16,773
Other grants and contracts receivable	251,292	214,450	465,742
Other receivables	31,262	-	31,262
Total receivables	<u>\$ 2,451,955</u>	<u>\$ 214,450</u>	<u>\$2,666,405</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4 - Receivables (Continued)

Loans Receivable - Business – type activities:

Proprietary fund

Loans receivable consist of balances of revolving loan funds loaned to area businesses. As of June 30, 2011 the balances on these loans were \$3,374,430 with an allowance for loan loss of \$145,341. There were no changes in the allowance for loan loss for the year ended June 30, 2011.

Note 5 - Deferred Revenue

Deferred revenue is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Data Management	\$ 42,700	\$ -	\$ 42,700
Planning and Technical Assistance	36,806	-	36,806
Aging	15,986	-	15,986
Community Development	13,290	-	13,290
ITS	-	245	245
Total deferred revenue	<u>\$ 108,782</u>	<u>\$ 245</u>	<u>\$ 109,027</u>

Note 6 - Lease Arrangements

Rental expenditures/expenses included the following real estate rentals:

Information Technology Services (enterprise fund)- McKey Street Property, Valdosta, Georgia	\$ 5,280
Job Development and Training Fund (special revenue fund)- N. Highway 41, Tifton, Georgia (career net center)	<u>5,850</u>
	<u>\$11,130</u>

The McKey Street rental expense is an interfund charge from the Planning and Technical Assistance Fund to the Information Technology Services Fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 7 –Fund Balances and Net Assets

Proprietary Fund\ Net Assets

Restricted/Reserved for Revolving Loan Fund - The RC has established a revolving loan fund to stimulate economic development and to create job opportunities through the U. S. Department of Commerce and the U. S. Department of Agriculture. The grant funds increase or decrease by the results of restricted grant operations. The U. S. Department of Commerce's and U. S. Department of Agriculture's revolving loan funds are recorded in the proprietary fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8 – Capital Assets

The following is a summary of changes in capital assets during the fiscal year. Depreciation on all capital assets is provided on the straight-line basis:

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance 6/30/2011</u>
Governmental activities:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Buildings and improvements	1,384,192	6,260	-	1,390,452
Equipment and autos	907,979	58,448	(53,255)	913,172
Total depreciable capital assets	2,292,171	64,708	(53,255)	2,303,624
Less accumulated depreciation for:				
Buildings and improvements	(591,763)	(50,483)	-	(642,246)
Equipment	(711,558)	(72,852)	53,255	(731,155)
Total accumulated depreciation	<u>(1,303,321)</u>	<u>(123,335)</u>	<u>53,255</u>	<u>(1,373,401)</u>
Total governmental activities, capital assets, net	<u>\$ 1,002,850</u>	<u>\$ (58,627)</u>	<u>\$ -</u>	<u>\$ 944,223</u>
Business-type activities:				
Equipment	\$ 458,590	\$ -	\$ -	\$ 458,590
Less accumulated depreciation	<u>(413,233)</u>	<u>(23,569)</u>	<u>-</u>	<u>(436,802)</u>
Total business-type activities, capital assets, net	<u>\$ 45,357</u>	<u>\$ (23,569)</u>	<u>\$ -</u>	<u>\$ 21,788</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

	Governmental Activities	Business-Type Activities
Economic opportunity	\$ 13,140	\$ -
Planning and zoning	20,428	-
Community service	2,678	-
Information Technology	-	23,569
 In addition, depreciation on capital assets held by the RC's internal service fund is charged to various functions based on their usage of the assets.	 87,089	 -
 Total depreciation expense	 \$ 123,335	 \$ \$ 23,569

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

Fund	Receivable	Payable	Net
Governmental Activities:			
General:			
Planning and Tech. Assist.	\$ 268,394	\$ -	\$ 268,394
Job Development & Training	70,616	-	70,616
Aging	163,871	-	163,871
Nonmajor governmental	110,506	-	110,506
S. Georgia Revolving Loan	174,055	-	174,055
Internal Service	1,095,557	-	1,095,557
Planning and Tech. Assist.:			
General	-	(268,394)	(268,394)
Internal Service	-	(43,980)	(43,980)
Job Dev. & Training:			
General	-	(70,616)	(70,616)
Coordinated Transportation			
Internal Service	287,365	-	287,365
Aging:			
General	-	(163,871)	(163,871)
Nonmajor governmental:			
General	-	(110,506)	(110,506)
Subtotal	<u>2,170,364</u>	<u>(657,367)</u>	<u>1,512,997</u>
Internal Service Fund:			
Planning and Tech. Assist.	43,980	-	43,980
Information Technology	-	(74,178)	(74,178)
General	-	(1,095,557)	(1,095,557)
Coordinated Transportation	-	(287,365)	(287,365)
Subtotal	<u>43,980</u>	<u>(1,457,100)</u>	<u>(1,413,120)</u>
Total governmental activities	<u>\$ 2,214,344</u>	<u>\$ (2,114,467)</u>	<u>\$ 99,877</u>
Business-type Activities:			
Information Technology:			
Internal Service Fund	\$ 74,178	\$ -	\$ 74,178
S. Georgia Revolving Loan:			
General	-	(174,055)	(174,055)
Total business-type activities	<u>\$ 74,178</u>	<u>\$ (174,055)</u>	<u>\$ (99,877)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 9 - Interfund Balances and Transfers (Continued)

All remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made and are not expected to be repaid within one year.

	Transfers		
	In	Out	Net
Governmental funds:			
General Fund			
Planning and Technical Assist.	\$ 706	\$ (227,082)	\$ (226,376)
Aging Fund	-	(77,500)	(77,500)
Job Development and Training	-	(517)	(517)
Nonmajor governmental funds	111,008	(120,347)	(9,339)
Planning and Technical Assist.			
General Fund	227,082	(706)	226,376
Job Development and Training			
General Fund	517	-	517
Aging Fund			
General Fund	77,500	-	77,500
Nonmajor governmental funds			
General Fund	120,347	(111,008)	9,339
Transfers - governmental funds	\$ 537,160	\$ (537,160)	\$ -
Enterprise fund			
Nonmajor Fund			
General Fund	-	\$ -	\$ -

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 – Long-Term Debt

Notes Payable – Business – Type Activities - Southern Georgia Revolving Fund

IRP #1: Promissory agreement between the U.S. Department of Agriculture/Rural Economic & Community Development Administration and the Southern Georgia Area Resource Development Agency, Inc. for \$750,000 of loan proceeds, solely for activities as set forth in its “Intermediary Relending Program Application”, with interest at 1%, due in annual payments of \$29,925, which include interest, beginning on January 1, 1991 and thereafter until January 1, 2018, collateralized by all loan proceeds deposited and all receivables, accounts, notes, contract rights, other assets, tangible or intangible, now or thereafter acquired or generated by the Intermediary Relending Program Loan agreement, dated February 16, 1989.

IRP #2: Promissory agreement between the U.S. Department of Agriculture/Rural Economic & Community Development Administration and the Southern Georgia Area Resource Development Agency, Inc. for \$1,250,000 of loan proceeds, solely for activities as set forth in its “Intermediary Relending Program Application”, with interest at 1%, due in annual payments of \$48,438, which include interest, beginning on January 1, 1992 and thereafter until January 1, 2021, collateralized by all loan proceeds deposited and all receivables, accounts, notes, contract rights, other assets, tangible or intangible, now or thereafter acquired or generated by the Intermediary Relending Program Loan agreement, dated September 21, 1991.

IRP #3: Promissory agreement between the U.S. Department of Agriculture/Rural Economic & Community Development Administration and the Southern Georgia Area Resource Development Agency, Inc. for \$399,790 of loan proceeds, solely for activities as set forth in its “Intermediary Relending Program Application,” at 1% interest, due in annual payments of \$15,952, which include interest, beginning on May 28, 1999 and thereafter until May 28, 2027, collateralized by all loan proceeds deposited and all receivables, accounts, notes, contract rights, other assets, tangible or intangible, now or thereafter acquired or generated by the Intermediary Relending Program Loan agreement, dated May 28, 1997.

IRP #4: Promissory agreement between the U.S. Department of Agriculture/Rural Economic & Community Development Administration and the Southern Georgia Area Resource Development Agency, Inc. for \$500,000 of loan proceeds, solely for activities as set forth in its “Intermediary Relending Program Application”, with interest at 1%, interest only due January 28, 2004 and beginning on January 28, 2005 principal and interest payments in an amount to fully amortize the loan thirty years from January 28, 2005 until the principal and interest are fully paid, collateralized by all loan proceeds deposited and all receivables, accounts, notes, contract rights, other assets, tangible or intangible, now or thereafter acquired or generated by the Intermediary Relending Program Loan agreement, dated January 31, 2001.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 – Long-Term Debt (Continued)

Capital Leases Payable

Internal Service Fund

The RC leases its Waycross building under a capital lease arrangement with the Waycross-Ware County Development Authority with the financing agreement being administered through SunTrust Bank.

Capital lease payable to Waycross-Ware County Development Authority for \$850,000 dated January 2000 with interest of 5.78%, due in monthly installments of \$7,109.15, which includes interest, beginning January 20, 2000 and thereafter until December 2015. The interest rate is adjusted at each five year anniversary date of the lease under a formula multiplying the prime interest rate in effect times .68. The first anniversary date of the lease was January 20, 2005. The interest rate was adjusted to 3.57%, and the new payment amount was \$7,544.03. The second anniversary date of the lease was January 20, 2010. The interest rate was adjusted to 2.21% and the monthly payment remained unchanged.

The RC recorded the capital lease as a capital asset in the Internal Service Fund at the present value of the net minimum lease payments.

During the term of the lease, the RC covenants and agrees that it will cause its budget officer (i) to include in the budget for adoption by the RC's governing Council a request or requests for the amount necessary to pay the rental and the reasonably estimated additional rentals for the facilities during the next succeeding renewal term, and (ii) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that availability of moneys appropriated to pay such rentals and additional rentals for each such term, including all such actions for such purpose as may be required under Section 36-60-13 of the Official Code of Georgia Annotated, as amended.

It is the intention of the RC and Authority that the lease not constitute a true lease for certain purposes and, therefore, it is the intention of the parties that the RC be considered the owner of the leased premises for certain purposes, but not for Georgia law purposes relating to title and other matters as herein provided. To the extent lawfully permissible, the RC, and not the Authority, will be considered the owner of the lease premises for liability and insurance purposes.

The Authority grants to the RC the right and option to purchase the leased premises at any time during the term of the lease at a purchase price of one dollar and the unpaid principal balance with all accrued interest to date of payments due by the Authority upon the Note and Deed to Secure Debt.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

The following is a summary of long-term debt transactions for the year.

	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities					
U.S. Department of Agriculture/FHA					
IRP #1	\$ 255,609	\$ -	\$ (27,425)	\$ 228,184	\$ 27,643
IRP#2	534,938	-	(43,209)	491,729	43,519
IRP#3	245,355	-	(13,411)	231,944	13,633
IRP#4	396,951	-	(17,266)	379,685	17,271
Subtotal	<u>1,432,853</u>	<u>-</u>	<u>(101,311)</u>	<u>1,331,542</u>	<u>102,066</u>
Capital lease IBM					
	<u>15,438</u>	<u>-</u>	<u>(15,438)</u>	<u>-</u>	<u>-</u>
Total business activities	<u>\$ 1,448,291</u>	<u>\$ -</u>	<u>\$ (116,749)</u>	<u>\$ 1,331,542</u>	<u>\$ 102,066</u>
Governmental Activities					
Capital lease obligation - building					
	\$ 387,757	\$ -	\$ (82,698)	\$ 305,059	\$ 84,643
Compensated absences payable	<u>213,151</u>	<u>516,121</u>	<u>(519,420)</u>	<u>209,852</u>	<u>-</u>
Total governmental activities	<u>\$ 600,908</u>	<u>\$ 516,121</u>	<u>\$ (602,118)</u>	<u>\$ 514,911</u>	<u>\$ 84,643</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$14,229 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2011. The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities. Interest of \$833 was incurred and charged to expense regarding the IBM capital lease for the year ended June 30, 2011. The Information Technology Service Fund has been used in the past to liquidate the above lease liability.

Governmental Activities: interest of \$7,832 was incurred and charged to expense regarding the building capital lease for the year ended June 30, 2011. The Internal Service Fund has been used in the past to liquidate the above capital lease liability and the compensated absences liability.

The annual requirements to amortize the capital leases are as follows:

Governmental Activities – Internal Service Fund

Year Ended June 30	Principal	Interest	Future Minimum Lease Payments
2012	\$ 84,643	\$ 5,886	\$ 90,529
2013	86,532	3,996	90,528
2014	88,464	2,064	90,528
2015	45,420	294	45,714
Total	<u>\$ 305,059</u>	<u>\$ 12,240</u>	317,299
Less imputed interest			(12,240)
Present value of net future minimum lease payments			<u>\$ 305,059</u>

Assets acquired through capital leases are as follows:

Asset:		
Building		\$ 894,461
Accumulated depreciation		(322,006)
Net assets acquired through capital leases		<u>\$ 572,455</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 – Long-Term Debt (Continued)

Business-Type Activities - Enterprise Funds

Year Ended <u>June 30</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 102,066	\$ 13,323	\$ 115,389
2013	103,088	12,302	115,390
2014	104,118	11,271	115,389
2015	105,159	10,230	115,389
2016	106,211	9,178	115,389
2017 - 2021	486,180	30,062	516,242
2022 - 2026	210,555	11,360	221,915
2027 - 2031	114,165	3,180	117,345
Total	<u><u>\$ 1,331,542</u></u>	<u><u>\$ 100,906</u></u>	<u><u>\$ 1,432,448</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 11 – Defined Benefit Pension Plan

Plan Description

The Southern Georgia Regional Commission Retirement Plan is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a noncontributory agent multiple-employer public employer retirement system that acts as a common investment and administrative agent for governmental entities in the State of Georgia. This is a new plan effective July 1, 2009, reflecting the merger of South Georgia and Southeast Georgia Regional Development Center Retirement Plans. The defined benefit pension plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan is administered by the Board of Trustees of GMEBS. Benefit provisions and all other requirements are established by state statute. Plan features, including benefit provisions, are established by the plan Board of Trustees. Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303-3606.

Recommended Contribution

The Board of Trustees of the Georgia Municipal Employees Benefit System has adopted an actuarial funding policy for the determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1981 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and 30-year amortization of the unfunded (surplus) actuarial accrued liability.

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 11 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

Valuation date	January 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Net investment rate of return	7.75%
Projected salary increases	3.5% plus age and service based merit increases
Cost of living adjustments	0%
Membership of the Plan	
Retirees and beneficiaries	30
Terminated plan members entitled to, but not yet receiving benefits	45
Active plan members	<u>67</u>
Total	<u>142</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 11 – Defined Benefit Pension Plan (Continued)

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

Information regarding the funded status of the plan is provided below.

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Excess) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll * [(b)-(a)]/(c)]
1/1/11	\$7,474,652	\$9,169,306	\$1,694,654	81.52%	\$3,090,584	54.83%

Please refer to the Schedule of Funding Progress – Last Three Years following the notes to the financial statements for multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three Year Trend Information

<u>Fiscal Year End</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Pension Obligation</u>
Post-merger			
6/30/11	\$600,607	100%	-
6/30/10			
SGRC - Valdosta	\$186,432	100%	-
SGRC - Waycross	\$284,607	100%	-
Pre-merger			
6/30/09			
SGRDC (Valdosta)	\$140,777	100%	-
SEGRDC (Waycross)	\$236,750	100%	-

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 12 – Other Retirement Plans

Contribution requirements of the plans are established and may be amended by the Commission's Council. The plans are administered by independent plan administrators through administrative service agreements. The RC administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The RC approved plan amendments such that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activities of these plans are not reported in the RC's financial statements. (Refer to Note 12 for additional plan information.)

Section 457 Plans. The Southern Georgia Regional Commission Deferred Compensation plans are available to all eligible employees for voluntary contributions only. Compensation that is deferred will not be available to employees until termination, retirement, death, disability or an unforeseeable emergency. The plans are administered by the Variable Insurance Annuity Life Insurance Company (VALIC), AXA Equitable Life Insurance Company, and the Georgia Municipal Association and are available to eligible employees.

Section 401(a) Plan. The Southern Georgia Regional Commission Defined Contribution Plan is available to senior management and only allows for employer contributions. The RC is required to contribute \$5,993 for the current executive director and \$1,035 for the current ITS Director, annually until their separation from the RC. The plan is administered by Variable Insurance Annuity Life Insurance Company (VALIC) and is available to senior management. Employer contributions for the year were \$7,028.

Note 13 – Schedule of Nonpublic Funds

The employees and representatives of Southern Georgia Regional Commission 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 RC, 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. This schedule may be found in the State Compliance Section of this report.

The Schedule of Nonpublic Funds is prepared in accordance with the accrual basis of accounting.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 14 - Risk Financing Activities

Major categories of risk to which the entity is exposed consist of property damage from casualties such as fire or other causes, liability for injuries to employees while on the job, liability for injuries to others for which the organization is responsible, losses due to theft or illegal acts by RC employees, errors and omissions and natural disasters. The RC reduces these risks of loss by purchasing insurance coverage through the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund and the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

These pools are to defend and protect the members of the pools against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The pools are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years (including the years as Regional Development Centers) have not exceeded the coverage and there was no significant reduction in insurance coverage.

The RC is self insured with regard to unemployment claims of terminated employees. During the year ended June 30, 2011, claims totaling \$10,284 were paid by the RC.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 15 - Contingent Liabilities

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

Use of federal, state and locally administered federal and other grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. To the extent that such disallowances involve expenditures under subcontracted arrangements, the RC generally has the right of recovery from such third parties. Circular A-133 requires certain governmental and non-profit subrecipients to have periodic independent audits of their operations. Circular A-133 requires the RC to rely on such audits if they meet the requirements of the Circular. Accordingly, the RC's compliance with this Circular A-133 requirement will be established at some future date. The amount, if any, of subrecipient expenditures which may be disallowed to the RC after reviewing these subrecipients' audits cannot be determined at this time, although the RC expects such amounts, if any, to be immaterial. Based upon prior experience and audit results, management believes that the RC will not incur significant losses on possible grant disallowances.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ 1,700,650	\$ 1,700,650	\$ 1,700,650	\$ -
Resources (inflows):				
Local government dues	496,083	496,083	496,081	(2)
Transfers from other funds	-	-	111,714	111,714
Amounts available for appropriation	<u>2,196,733</u>	<u>2,196,733</u>	<u>2,308,445</u>	<u>111,712</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	-	-	-	-
Operating expenditures	-	-	-	-
Indirect				
Cost allocation plan	-	-	-	-
Transfers to other funds	<u>469,687</u>	<u>458,393</u>	<u>425,446</u>	<u>32,947</u>
Total charges to appropriations	<u>469,687</u>	<u>458,393</u>	<u>425,446</u>	<u>32,947</u>
Budgetary fund balance, June 30	<u>\$ 1,727,046</u>	<u>\$ 1,738,340</u>	<u>\$ 1,882,999</u>	<u>\$ 144,659</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,188,017	1,103,196	964,459	(138,737)
In-kind contributions	-	-	105,404	105,404
Program/other income	5,280	9,280	39,379	30,099
Investment earnings	750	-	-	-
Transfers from other funds	275,160	274,810	227,082	(47,728)
Amounts available for appropriation	<u>1,469,207</u>	<u>1,387,286</u>	<u>1,336,324</u>	<u>(50,962)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	791,501	796,953	794,839	2,114
Operating expenditures	350,427	260,945	282,307	(21,362)
Indirect				
Cost allocation plan	297,279	272,388	258,472	13,916
Capital outlay	30,000	57,000	-	57,000
Transfers to other funds	-	-	706	(706)
Total charges to appropriations	<u>1,469,207</u>	<u>1,387,286</u>	<u>1,336,324</u>	<u>50,962</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 JOB DEVELOPMENT AND TRAINING FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Intergovernmental grants and contracts	\$ 4,403,699	\$ 5,156,928	\$ 4,220,687	\$ (936,241)
Transfer in	-	-	517	517
Amounts available for appropriation	<u>4,403,699</u>	<u>5,156,928</u>	<u>4,221,204</u>	<u>(935,724)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	753,217	730,724	705,868	24,856
Operating expenditures	169,489	178,695	194,515	(15,820)
Contractual	3,254,381	4,065,263	3,148,989	916,274
Indirect				
Cost allocation plan	206,612	180,546	170,801	9,745
Capital outlays	20,000	1,700	1,031	669
Total charges to appropriations	<u>4,403,699</u>	<u>5,156,928</u>	<u>4,221,204</u>	<u>935,724</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 COORDINATED TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 260,898	\$ 260,898	\$ 260,898	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,504,925	1,513,153	1,464,081	(49,072)
In-kind contributions			10,140	10,140
Transfers from other funds			-	-
Amounts available for appropriation	<u>1,765,823</u>	<u>1,774,051</u>	<u>1,735,119</u>	<u>(38,932)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	68,621	69,331	67,842	1,489
Operating expenditures	18,098	15,195	12,307	2,888
Contractual	1,392,433	1,404,931	1,318,793	86,138
Indirect				
Cost allocation plan	25,773	23,696	22,061	1,635
Total charges to appropriations	<u>1,504,925</u>	<u>1,513,153</u>	<u>1,421,003</u>	<u>92,150</u>
Budgetary fund balance, June 30	<u>\$ 260,898</u>	<u>\$ 260,898</u>	<u>\$ 314,116</u>	<u>\$ 53,218</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 AGING FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	6,382,550	7,006,060	6,184,320	(821,740)
In-kind contributions	-	-	246,963	246,963
Program/other income	15,000	15,000	766,566	751,566
Transfers from other funds	82,665	84,058	77,500	(6,558)
Amounts available for appropriation	<u>6,480,215</u>	<u>7,105,118</u>	<u>7,275,349</u>	<u>170,231</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,020,419	1,022,023	1,015,411	6,612
Operating expenditures	347,271	428,002	456,209	(28,207)
Contractual	4,724,864	5,305,782	5,473,530	(167,748)
Indirect				
Cost allocation plan	383,261	349,311	330,199	19,112
Capital outlay	4,400	-	-	-
Total charges to appropriations	<u>6,480,215</u>	<u>7,105,118</u>	<u>7,275,349</u>	<u>(170,231)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN
LAST THREE YEARS
JUNE 30, 2011

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Excess) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll * [(b)-(a)]/(c)]
Post-merger						
SGRC						
1/1/11	\$7,474,652	\$9,169,306	\$1,694,654	81.52%	\$3,090,584	54.83%
1/1/10	\$7,109,054	\$9,522,777	\$2,413,723	74.65%	\$3,566,240	67.68%
Pre-merger						
SGRDC						
5/1/09	\$4,020,506	\$6,617,433	\$2,596,927	60.76%	\$2,039,289	127.34%
SEGRDC						
1/1/09	\$1,331,965	\$2,328,795	\$ 996,830	57.20%	\$1,526,217	65.31%

* Note less than zero

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE A – BUDGETS

The Official Code of Georgia Annotated (OCGA) Section 50-8-34 paragraph (g) provides for the Council to adopt an annual budget and work program for the RC. Budgets are adopted for all funds. RC policy calls for adoption of an annual budget prior to July 1. The departments, with approval of the Executive Director, can amend their budgets without Council approval on all expenditures except personnel services. The budget is a planning device and does not represent a legal spending limit.

The RC prepares its annual budget on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The major funds' budget and all transactions are presented in accordance with the RC's method (budget basis) in the Budgetary Comparison Schedules to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund and other major funds are listed on the Budget-to-Actual Reconciliation following the Budgetary Comparison Schedules.

The budget for the year ended June 30, 2011 was adopted by the Council on June 28, 2010. Amendments were made and adopted by the Council on April 26, 2011. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

NOTE B – BUDGET-TO-ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund	Planning & Tech. Assist. Fund	Job Dev. and Training Fund	Coord. Trans. Fund	Aging Fund
Sources/inflows of resources:					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,308,445	\$ 1,336,324	\$ 4,221,204	\$ 1,735,119	\$ 7,275,349
Differences - budget to GAAP:					
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(1,700,650)	-	-	(260,898)	-
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(111,714)	(227,082)	(517)	-	(77,500)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 496,081</u>	<u>\$ 1,109,242</u>	<u>\$ 4,220,687</u>	<u>\$ 1,474,221</u>	<u>\$ 7,197,849</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 425,446	\$ 1,336,324	\$ 4,221,204	\$ 1,421,003	\$ 7,275,349
Difference - budget to GAAP					
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(425,446)	(706)	-	-	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ 1,335,618</u>	<u>\$ 4,221,204</u>	<u>\$ 1,421,003</u>	<u>\$ 7,275,349</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Data Management Fund	Community Development Fund	Total
ASSETS			
Receivables	\$ 67,176	\$ 99,738	\$ 166,914
Total assets	\$ 67,176	\$ 99,738	\$ 166,914
LIABILITIES			
Accounts payable	\$ 418	\$ -	\$ 418
Deferred revenue	42,700	13,290	55,990
Interfund balances	24,058	86,448	110,506
Total liabilities	67,176	99,738	166,914
FUND BALANCES			
Unreserved	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 67,176	\$ 99,738	\$ 166,914

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Data Management Fund	Community Development Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 669,175	\$ 284,367	\$ 953,542
Program income	-	-	-
In-kind contributions	-	-	-
Other income	52,260	-	52,260
Total revenues	<u>721,435</u>	<u>284,367</u>	<u>1,005,802</u>
EXPENDITURES			
Current:			
Planning and zoning	836,160	-	836,160
Economic development and assistance	-	178,981	178,981
Total expenditures	<u>836,160</u>	<u>178,981</u>	<u>1,015,141</u>
Excess (deficiency) of revenues over (under) expenditures	(114,725)	105,386	(9,339)
OTHER FINANCING SOURCES (USES)			
Transfers in	114,725	5,622	120,347
Transfers out	-	(111,008)	(111,008)
Total other financing sources and uses	<u>114,725</u>	<u>(105,386)</u>	<u>9,339</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET ASSETS
 SOUTHERN GEORGIA REVOLVING LOAN FUND - ENTERPRISE FUND
 JUNE 30, 2011

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
ASSETS				
Current assets:				
Restricted cash	\$ 1,824,020	\$ 614,538	\$ 233,521	\$ 2,672,079
Notes receivable - current	289,303	85,172	25,984	400,459
Allowance for loan loss	(110,341)	(35,000)	-	(145,341)
Total current assets	<u>2,002,982</u>	<u>664,710</u>	<u>259,505</u>	<u>2,927,197</u>
Noncurrent assets:				
Notes receivable, less current portion	<u>1,787,696</u>	<u>1,145,204</u>	<u>41,071</u>	<u>2,973,971</u>
Total assets	<u>3,790,678</u>	<u>1,809,914</u>	<u>300,576</u>	<u>5,901,168</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	-	102,066	-	102,066
Accrued interest	-	7,125	-	7,125
Total current liabilities	<u>-</u>	<u>109,191</u>	<u>-</u>	<u>109,191</u>
Noncurrent liabilities:				
Long-term debt, less current portion	-	1,229,476	-	1,229,476
Interfund balances	70,105	60,717	43,233	174,055
Total liabilities	<u>70,105</u>	<u>1,399,384</u>	<u>43,233</u>	<u>1,512,722</u>
NET ASSETS				
Restricted for revolving loan program	<u>3,720,573</u>	<u>410,530</u>	<u>257,343</u>	<u>4,388,446</u>
Total net assets	<u>\$ 3,720,573</u>	<u>\$ 410,530</u>	<u>\$ 257,343</u>	<u>\$ 4,388,446</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 SOUTHERN GEORGIA REVOLVING LOAN FUND – ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
OPERATING REVENUE				
Interest on notes receivable	\$ 105,969	\$ 26,765	\$ 3,356	\$ 136,090
Other income	5,315	3,750	250	9,315
Total operating revenue	<u>111,284</u>	<u>30,515</u>	<u>3,606</u>	<u>145,405</u>
OPERATING EXPENSES				
Personnel services	51,489	30,731	18,900	101,120
Indirect cost allocation	16,744	9,993	6,146	32,883
Per diem and fees	943	114	10	1,067
Other	772	478	294	1,544
Motor pool costs	237	66	40	343
Total operating expenses	<u>70,185</u>	<u>41,382</u>	<u>25,390</u>	<u>136,957</u>
Operating income (loss)	<u>41,099</u>	<u>(10,867)</u>	<u>(21,784)</u>	<u>8,448</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest revenue	739	-	-	739
Interest expense	-	(14,229)	-	(14,229)
Total non-operating revenue (expense)	<u>739</u>	<u>(14,229)</u>	<u>-</u>	<u>(13,490)</u>
Change in net assets	41,838	(25,096)	(21,784)	(5,042)
Total net assets - beginning	<u>3,678,735</u>	<u>435,626</u>	<u>279,127</u>	<u>4,393,488</u>
Total net assets - ending	<u>\$ 3,720,573</u>	<u>\$ 410,530</u>	<u>\$ 257,343</u>	<u>\$ 4,388,446</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2011

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
ASSETS				
Cash	\$ 1,527,350	\$ -	\$ 2,190	\$ 1,529,540
Accounts receivable	6,023	-	29,505	35,528
Prepaid expenses	86,213	-	-	86,213
Due from employees	1,268	-	-	1,268
Interfund balances	-	43,980	-	43,980
Capital assets:				
Land	14,000	-	-	14,000
Equipment	214,693	-	-	214,693
Vehicles	-	431,119	-	431,119
Buildings	1,202,339	-	-	1,202,339
Less accumulated depreciation	(665,251)	(354,879)	-	(1,020,130)
Total assets	<u>2,386,635</u>	<u>120,220</u>	<u>31,695</u>	<u>2,538,550</u>
LIABILITIES				
Accounts payable	21,255	3,869	31,645	56,769
Accounts payable - component unit	81,421	-	-	81,421
Accrued salaries and fringe benefits	-	-	-	-
Interfund balances	1,457,050	-	50	1,457,100
Compensated absences payable	209,852	-	-	209,852
Capital lease payable	305,059	-	-	305,059
Total liabilities	<u>2,074,637</u>	<u>3,869</u>	<u>31,695</u>	<u>2,110,201</u>
NET ASSETS				
Invested in capital assets, net of related debt	311,998	76,240	-	388,238
Unrestricted	-	40,111	-	40,111
Total net assets	<u>\$ 311,998</u>	<u>\$ 116,351</u>	<u>\$ -</u>	<u>\$ 428,349</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
OPERATING REVENUE				
Charges for services	\$ 2,623,692	\$ 81,711	\$ 1,176,168	\$ 3,881,571
Other income	35,455	2,657	640	38,752
Total operating revenue	<u>2,659,147</u>	<u>84,368</u>	<u>1,176,808</u>	<u>3,920,323</u>
OPERATING EXPENSES				
Personnel services	2,233,849	-	-	2,233,849
Work experience benefits	-	-	629,151	629,151
Job training participant support	-	-	546,386	546,386
Depreciation	61,003	26,086	-	87,089
Consumable supplies	52,385	-	-	52,385
Computer charges	45,657	-	-	45,657
Utilities	43,752	-	-	43,752
Repairs and maintenance	25,064	13,280	-	38,344
Rent	36,878	-	-	36,878
Per diem and fees	35,705	-	-	35,705
Fuel	-	34,492	-	34,492
Insurance and bonding	22,463	10,510	-	32,973
Telecommunications	32,376	-	-	32,376
Travel	18,933	-	-	18,933
Postage and freight	14,700	-	-	14,700
Membership and subscriptions	11,988	-	-	11,988
Training and education	8,414	-	-	8,414
Interest expense	7,832	-	-	7,832
Motor pool costs	7,456	-	-	7,456
Other	692	0	1,271	1,963
Total operating expenses	<u>2,659,147</u>	<u>84,368</u>	<u>1,176,808</u>	<u>3,920,323</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-	-
Total net assets - beginning	311,998	116,351	-	428,349
Total net assets - ending	<u>\$ 311,998</u>	<u>\$ 116,351</u>	<u>\$ -</u>	<u>\$ 428,349</u>

BUDGETARY COMPARISON SCHEDULES – NONMAJOR FUNDS

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – DATA MANAGEMENT
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contracts	679,770	730,231	669,175	(61,056)
Other income			52,260	52,260
Transfers from other funds	111,546	101,789	114,725	12,936
Amounts available for appropriation	<u>791,316</u>	<u>832,020</u>	<u>836,160</u>	<u>4,140</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	533,720	563,840	570,481	(6,641)
Operating expenditures	53,936	70,468	80,166	(9,698)
Indirect				
Cost allocation plan	200,460	192,712	185,513	7,199
Capital outlay	3,200	5,000	-	5,000
Transfers to other funds	-	-	-	-
Total charges to appropriations	<u>791,316</u>	<u>832,020</u>	<u>836,160</u>	<u>(4,140)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – COMMUNITY DEVELOPMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	195,225	185,342	284,367	99,025
Transfers from other funds	316		5,622	5,622
Amounts available for appropriation	<u>195,541</u>	<u>185,342</u>	<u>289,989</u>	<u>104,647</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	131,966	130,071	129,800	271
Operating expenditures	14,009	8,551	6,973	1,578
Indirect				
Cost allocation plan	49,566	44,456	42,208	2,248
Transfers to other funds	-	2,264	111,008	(108,744)
Total charges to appropriations	<u>195,541</u>	<u>185,342</u>	<u>289,989</u>	<u>(104,647)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE COMPLIANCE SECTION

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS
FOR THE PERIOD ENDED JUNE 30, 2011

Beginning Fund Balance - Nonpublic Funds			<u>\$118,437.46</u>
Revenues - Nonpublic Funds:	Date Received		
Colson Services Corp.	7/7/2010	Loan Servicing Fee	2,990.15
U.S. Treasury - SBA Recovery Act - Woods Holdings	7/30/2010	504 Loan Processing Fee	2,276.00
Moore, Clarke, DuVall & Rodgers, - Isabellas of Statesboro	8/1/2010	7A Loan Processing Fee	3,000.00
Colson Services Corp.	8/10/2010	Loan Servicing Fee	3,182.23
Colson Services Corp.	9/8/2010	Loan Servicing Fee	4,701.79
Moore, Clarke, DuVall & Rodgers, - Lee County Optical	9/3/2010	7A Loan Processing Fee	1,500.00
U.S. Treasury - SBA Recovery Act - J. Randall Hicks	10/5/2010	504 Loan Processing Fee	551.67
Colson Services Corp.	10/7/2010	Loan Servicing Fee	5,372.05
U.S. Treasury - SBA Recovery Act - Lemongrass Day Spa	11/5/2010	504 Loan Processing Fee	1,704.00
Colson Services Corp.	11/9/2010	Loan Servicing Fee	3,721.86
U.S. Treasury - SBA Recovery Act - Blakely Feed/Seed	11/29/2010	504 Loan Processing Fee	418.00
Colson Services Corp.	12/7/2010	Loan Servicing Fee	5,165.59
Colson Services Corp.	1/11/2011	Loan Servicing Fee	3,773.11
Colson Services Corp.	2/9/2011	Loan Servicing Fee	3,195.06
Colson Services Corp.	3/10/2011	Loan Servicing Fee	2,920.02
Colson Services Corp.	3/23/2011	Loan Servicing Fee	384.16
Colson Services Corp.	4/11/2011	Loan Servicing Fee	3,101.31
Colson Services Corp.	4/19/2011	Loan Servicing Fee	318.40
Colson Services Corp.	5/10/2011	Loan Servicing Fee	5,375.50
Colson Services Corp.	6/7/2011	Loan Servicing Fee	3,214.19
Colson Services Corp.- Jonathan A. Sule	6/21/2011	504 Loan Processing Fee	3,073.52
Moore, Clarke, DuVall & Rodgers, - Sega Media Holdings	6/21/2011	7A Loan Processing Fee	<u>1,000.00</u>
Total Revenues			<u>60,938.61</u>
Expenses - Nonpublic Funds			
OCGA 50-8-35 Qualifying Expenditures (All expenses for administration of SBA Loan Program located at the Southern Georgia Regional Commission)			
Salaries and wages (for administering the SBA Loan Program)			48,223.89
Fringe benefits allocated (for administering the SBA Loan Program)			17,477.85
Motor vehicle expenditures/expenses			865.96
Motor Pool Expense	7/31/2010		62.34
Motor Pool Expense	8/31/2010		24.45
Motor Pool Expense	9/30/2010		161.85
Motor Pool Expense	10/31/2010		132.17
Motor Pool Expense	11/30/2010		35.62
Motor Pool Expense	12/31/2010		(2.92)
Motor Pool Expense	1/31/2011		22.41

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2011

Motor vehicle expenditures/expenses (continued)	Date Received		
Motor Pool Expense	2/28/2011	44.65	
Motor Pool Expense	3/31/2011	188.09	
Motor Pool Expense	4/30/2011	39.99	
Motor Pool Expense	5/31/2011	124.33	
Motor Pool Expense	6/30/2011	32.98	
Advertising			261.36
South Georgia Media	12/15/2010	261.36	
Membership and subscriptions			1,220.00
NADCO	11/15/2010	1,000.00	
Credit Bureau Association	4/21/2011	220.00	
Per Diem and fees			1,505.72
Tift County Clerk of Court	8/3/2010	30.00	
Equifax Information Svcs., LLC	8/4/2010	100.00	
Equifax Information Svcs., LLC	8/26/2010	100.00	
Golden Corral #836	8/31/2010	68.03	
Equifax Information Svcs., LLC	10/1/2010	100.33	
Lowndes County Clerk of Superior Court	10/5/2010	10.00	
Equifax Information Svcs., LLC	11/1/2010	100.00	
FIA Card Services	11/11/2010	29.95	
Equifax Information Svcs., LLC	12/1/2010	100.00	
Equifax Information Svcs., LLC	1/3/2011	100.11	
Equifax Information Svcs., LLC	2/1/2011	100.11	
Lowndes County Clerk of Superior Court	2/28/2011	10.00	
Equifax Information Svcs., LLC	3/2/2011	100.13	
FIA Card Services	3/11/2011	50.00	
Equifax Information Svcs., LLC	3/31/2011	100.00	
Lowndes County Clerk of Superior Court	4/4/2011	12.00	
Golden Corral #836	4/4/2011	84.80	
Equifax Information Svcs., LLC	4/28/2011	100.13	
Lowndes County Clerk of Superior Court	5/2/2011	10.00	
Equifax Information Svcs., LLC	5/27/2011	100.00	
Equifax Information Svcs., LLC	6/30/2011	100.13	
Publications & Printing			237.00
The Risk Management Assoc.	11/19/2010	182.00	
CBA of Georgia	6/16/2011	55.00	
Supplies & Materials			137.62
Southern Stationary	8/26/2010	24.60	
Quill Corporation	1/24/2011	113.02	

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2011

Contractor Expenditure	Date Received		6,660.00
John Holcombe, Sr.	8/3/2010	740.00	
John Holcombe, Sr.	8/11/2010	300.00	
John Holcombe, Sr.	9/13/2010	940.00	
John Holcombe, Sr.	10/13/2010	540.00	
John Holcombe, Sr.	11/11/2010	620.00	
John Holcombe, Sr.	12/10/2010	660.00	
John Holcombe, Sr.	1/12/2011	580.00	
John Holcombe, Sr.	2/14/2011	500.00	
John Holcombe, Sr.	3/11/2011	540.00	
John Holcombe, Sr.	4/13/2011	300.00	
John Holcombe, Sr.	5/11/2011	360.00	
John Holcombe, Sr.	6/14/2011	580.00	
Indirect cost allocated (for administering the SBA Loan Program)			<u>21,365.40</u>
Total Expenses - Nonpublic Funds			<u>97,954.80</u>
Ending Fund Balance - Nonpublic funds			<u>\$ 81,421.27</u>

INDEPENDENT AUDITOR'S OPINION ON SCHEDULE OF NONPUBLIC FUNDS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Southern Georgia Regional Commission for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. We have also audited the Schedule of Nonpublic Funds of Southern Georgia Area Development Corporation, a component unit of Southern 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 *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 Schedule. 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 was prepared to present the beginning balance, revenues, expenses and ending balance of nonpublic funds in accordance with the Official Code of Georgia Annotated, Section 50-8-35 for the year ended June 30, 2011 in conformity with generally accepted accounting principles. The presentation is not intended to be a complete presentation of the entity's assets, liabilities, revenues and expenses.

In our opinion, the Schedule of Nonpublic Funds referred to above presents fairly, in all material respects, the beginning balance, revenues, expenses 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, 2011 in conformity with generally accepted accounting principles.

This report is intended solely for the information and use of management, the audit committee, federal awarding agencies, participating counties and municipalities and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC, Certified Public Accountants

December 9, 2011

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
 FOR THE YEAR ENDED JUNE 30, 2011

Annual leave earned	\$	226,215
Sick leave granted		133,669
Holiday leave granted		146,042
Annual leave termination		9,404
Other leave granted		4,090
Change in annual leave liability		(3,299)
Total compensated absences	\$	<u>516,121</u>
Computation of actual employee benefit rate		
Gross Salaries	\$	3,640,643
Less: Compensated absences		<u>516,121</u>
Allocation base - chargeable salaries	\$	<u>3,124,522</u>
Leave costs - final rate		<u>16.5184%</u>
Total fringe benefits	\$	<u>1,275,620</u>
Final rate		<u>35.0383%</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2011

	Amount	Rate
Indirect costs:		
Salaries and compensated absences	\$ 514,910	
Fringe benefits allocated	178,382	
Computer charges	45,657	
Supplies and materials	52,385	
Depreciation	61,003	
Telecommunications	32,376	
Utilities	43,752	
Rent	36,878	
Per diem and fees	35,705	
Repairs and maintenance	25,064	
Insurance and bonding	22,463	
Postage and freight	14,700	
Travel	18,933	
Interest expense	7,832	
Membership and subscriptions	11,988	
Motor vehicle expense	7,456	
Training and education	8,414	
Other expenses	693	
Other income and reimbursement of overhead costs	(35,455)	
Total indirect costs	\$ 1,083,136	32.5188%
 Summary of costs in computation of indirect cost rate		
Chargeable salaries	\$ 3,124,521	
Chargeable compensated absences and fringe benefits	1,791,741	
Total personnel costs	4,916,262	
Personnel costs excluded from indirect cost pool:		
Indirect personnel costs	(693,292)	
Career net centers personnel costs	(180,628)	
Information Technology Services personnel costs	(711,540)	
Net personnel costs - allocation base	\$ 3,330,802	

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Government	Amount Due July 1, 2010	Total Billed For FY 2011 - \$1.25 per Capita	Amount Collected FY 2011	Balance Due June 30, 2011
Atkinson County	\$ -	\$ 5,941.24	\$ 5,941.24	\$ -
City of Pearson	-	2,436.24	2,436.24	-
City of Willacochee	-	1,910.00	1,910.00	-
Bacon County	-	8,822.32	8,822.32	-
City of Alma	-	4,428.92	4,428.92	-
Ben Hill County	-	10,979.36	10,979.36	-
City of Fitzgerald	-	10,979.36	10,979.36	-
Berrien County	3,069.37	12,260.00	15,329.37	-
City of Alapaha	-	865.00	865.00	-
City of Enigma	-	1,102.52	826.89	275.63
City of Nashville	-	6,081.24	6,081.24	-
City of Ray City	-	996.24	996.24	-
Brantley County	-	17,671.24	17,671.24	-
City of Hoboken	-	651.24	651.24	-
City of Nahunta	-	1,231.24	1,231.24	-
Brooks County	-	13,267.20	13,267.20	-
City of Quitman	-	7,175.32	7,175.32	-
Charlton County	-	8,377.52	8,377.52	-
City of Folkston	-	4,038.76	4,038.76	-
City of Homeland	-	990.00	990.00	-
Clinch County	-	5,218.72	5,218.72	-
City of Homerville	-	3,516.28	3,516.28	-
Coffee County	-	36,698.68	36,698.68	-
City of Douglas	-	14,386.24	14,386.24	-
Cook County	-	10,376.88	10,376.88	-
City of Adel	-	10,376.88	10,376.88	-
Echols County	-	5,266.24	5,266.24	-
Irwin County	-	7,614.92	7,614.92	-
City of Ocilla	-	4,992.56	4,992.56	-
Lanier County	-	5,264.36	5,264.36	-
City of Lakeland	1,293.28	5,264.36	6,557.64	-
Lowndes County	-	64,551.00	64,551.00	-
City of Valdosta	-	68,965.80	63,218.65	5,747.15
Pierce County	-	17,451.24	17,451.24	-
City of Blackshear	-	4,372.52	4,372.52	-
City of Offerman	-	550.00	550.00	-
City of Patterson	-	851.24	851.24	-
Tift County	-	26,849.36	26,849.36	-
City of Tifton	-	26,849.00	26,849.00	-
Turner County	-	6,026.68	6,026.68	-
City of Ashburn	-	5,540.84	5,540.84	-
Ware County	-	26,407.00	26,407.00	-
City of Waycross	-	18,485.48	18,485.48	-
Total	\$ 4,362.65	\$ 496,081.24	\$ 494,421.11	\$ 6,022.78

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of <u>Grant/Contract/Program</u>	Unearned Revenue <u>June 30, 2010</u>	Current Year Award/ Adjustments	Total Funds <u>Available</u>	Required Matching %	Total Program Cost <u>June 30, 2011</u>	Revenue <u>Earned</u>	Program/ Other Income <u>Earned</u>	In-Kind <u>Income</u>	Matching Funds <u>Applied</u>	<u>Deobligated</u>	Unearned Revenue <u>June 30, 2011</u>
PLANNING & TECHNICAL ASSISTANCE											
EDA											
Planning:											
FY 2007 - 2009 V	\$ 17,376	\$ -	\$ 17,376	20%	\$ 20,141	\$ 17,376	\$ -	\$ -	\$ 2,765	\$ -	\$ -
FY 2010	184,564	-	184,564	30%	76,127	53,289	-	-	22,838	-	131,275
DCA											
Coord. Planning	35,253	194,827	230,080	5%	362,947	230,080	58,261	-	74,605	-	-
DOT											
Transp. Planning Services	-	104,800	104,800	20%	85,109	68,087	-	-	17,021	36,713	-
FTA 5303 Transit Plan	-	28,125	28,125	10%	29,306	26,375	2,931	-	-	1,750	-
FTA 5307 Transit Planning	-	9,000	9,000	10%	9,845	8,861	985	-	-	139	-
MPO - City of Valdosta	-	167,486	167,486	20%	127,156	101,725	25,431	-	-	65,761	-
DNR											
Historic Preservation	-	14,818	14,818	0%	15,225	14,818	-	-	407	-	-
Environmental Protection Div.:											
Section 319 USRP	163,637	-	163,637	40%	248,357	142,953	-	105,404	-	-	20,684
Section 604(b) Phase I	-	12,500	12,500	0%	11,641	11,641	-	-	-	859	-
Section 604(b) Phase II	-	15,625	15,625	0%	3,653	3,653	-	-	-	-	11,972
Water Mgt. Pract. Comp Pln	2,500	-	2,500	0%	2,107	2,500	-	-	(393)	-	-
Coastal NP Source Mgt.	15,628	-	15,628	0%	13,653	10,968	-	-	2,685	-	4,660
UGA - MREX Coastal	-	24,500	24,500	0%	4,827	4,827	-	-	-	-	19,673
Seven Rivers:											
Alapahoochee 319	127,320	-	127,320	10%	34,228	30,676	-	-	3,553	-	96,644
Little Satilla 319	137,797	-	137,797	11%	23,632	21,020	-	-	2,612	-	116,777

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
OTHER											
Lowndes County Planning	-	-	-	0%	11,521	-	11,521	-	-	-	-
Special Projects	-	-	-	0%	40,821	-	13,038	-	27,783	-	-
Regional Solid Waste Authority	-	-	-	0%	21,554	-	21,554	-	-	-	-
UDAG Loan Servicing	-	-	-	0%	104	-	-	-	104	-	-
GA Muni Assoc Health Prom.	4,000	-	4,000	0%	4,012	4,000	-	-	12	-	-
JLUS	-	162,000	162,000	10%	41,186	37,067	-	-	4,119	-	124,933
Clinch Co. Dev. Code	-	-	-	0%	40	-	-	-	40	-	-
Tift Planning/Zoning	-	25,672	25,672	0%	25,311	25,672	-	-	(361)	-	-
Douglas Planning	-	4,066	4,066	0%	4,114	4,066	-	-	48	-	-
Douglas ULDC	24,999	323	25,322	0%	25,093	25,322	-	-	(229)	-	-
Brooks Co. Planning/Zoning	-	2,686	2,686	0%	2,663	2,686	-	-	(24)	-	-
Lake Park Planning/Zoning	-	5,992	5,992	0%	5,899	5,992	-	-	(92)	-	-
Lakeland Zoning/Code Update	-	15,000	15,000	0%	3,221	3,221	-	-	-	-	11,779
Tifton Opportunity Zone	-	10,000	10,000	0%	2,473	2,473	-	-	-	-	7,527
Various Pre-Disaster Mitigatior	-	177,824	177,824	0%	10,770	10,770	-	-	-	-	167,054
Local Gov. Tech. Assist.	-	-	-	0%	68,883	-	-	-	68,883	-	-
TOTAL PLANNING AND TECHNICAL ASSIST.	713,074	975,244	1,688,318		1,335,619	870,118	133,721	105,404	226,376	105,222	712,978
COMMUNITY DEVELOPMENT											
EDA											
Adel	-	25,000	25,000	0%	2,311	2,311	-	-	-	-	22,689
Blackshear	13,032	-	13,032	0%	10,373	10,373	-	-	-	-	2,659
Brooks County Dev. Auth.	2,310	-	2,310	0%	2,920	2,310	-	-	610	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
CDBG											
Adel	11,428	-	11,428	0%	3,181	10,428	-	-	(7,247)	-	1,000
Ambrose	-	19,289	19,289	0%	3,600	3,600	-	-	-	-	15,689
Argyle	23,507	-	23,507	0%	5,260	5,260	-	-	-	-	18,247
Atkinson County	23,411	-	23,411	0%	8,188	8,188	-	-	-	-	15,223
Berrien Co. FY07	-	-	-	0%	1,097	-	-	-	1,097	-	-
Berrien Co. FY09	24,150	-	24,150	0%	10,032	10,032	-	-	-	-	14,118
Coffee County	23,224	-	23,224	0%	8,161	23,224	-	-	(15,063)	-	-
Cook County	-	30,000	30,000	0%	5,985	5,985	-	-	-	-	24,015
Echols County	-	30,000	30,000	0%	3,757	3,757	-	-	-	-	26,243
Enigma	11,388	-	11,388	0%	3,488	11,388	-	-	(7,900)	-	-
Folkston	1,356	-	1,356	0%	1,837	1,356	-	-	481	-	-
Homeland	11,162	-	11,162	0%	9,074	9,074	-	-	-	-	2,088
Homerville	23,474	-	23,474	0%	8,515	8,515	-	-	-	-	14,959
Irwin County FY09	11,934	-	11,934	0%	2,569	11,934	-	-	(9,364)	-	-
Irwin County FY11	-	30,000	30,000	0%	6,525	6,525	-	-	-	-	23,475
Lowndes Co.	-	30,000	30,000	0%	4,472	4,472	-	-	-	-	25,528
Ocilla 05	-	-	-	0%	227	-	-	-	227	-	-
Ocilla 09	15,347	-	15,347	0%	7,685	7,685	-	-	-	-	7,662
Quitman	8,068	-	8,068	0%	815	8,068	-	-	(7,253)	-	-
Ray City FY08	7,930	-	7,930	0%	2,532	7,930	-	-	(5,399)	-	-
Ray City FY11	-	23,159	23,159	0%	4,372	4,372	-	-	-	-	18,787
Sparks	633	-	633	0%	1,164	633	-	-	531	-	-
Waycross	5,825	-	5,825	0%	165	141	-	-	24	5,684	-
Willacoochee	17,338	-	17,338	0%	2,789	17,338	-	-	(14,549)	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
Blackshear ARRA	19,692	-	19,692	0%	5,013	17,692	-	-	(12,679)	-	2,000
Coffee County ARRA	15,220	-	15,220	0%	9,988	15,220	-	-	(5,232)	-	-
EIP:											
Adel	-	30,000	30,000	0%	513	513	-	-	-	-	29,487
Fitzgerald - Agri	11,412	-	11,412	0%	528	9,412	-	-	(8,884)	-	2,000
Quitman	16,666	-	16,666	0%	1,310	16,666	-	-	(15,356)	-	-
EECBG (ARRA):											
Ben Hill County	17,624	-	17,624	0%	5,836	5,836	-	-	-	-	11,788
Brooks County	15,026	-	15,026	0%	4,410	4,410	-	-	-	-	10,616
Clinch County	1,969	-	1,969	0%	4,362	1,969	-	-	2,393	-	-
Folkston	-	17,400	17,400	0%	3,601	5,000	-	-	(1,399)	-	12,400
Tifton	26,510	-	26,510	0%	9,162	9,162	-	-	-	-	17,348
Waycross	21,973	-	21,973	0%	4,469	4,469	-	-	-	-	17,504
OTHER											
Folkston TE - Phase 3	1,798	-	1,798	0%	1,115	1,798	-	-	(683)	-	-
Folkston TE - Depot	4,397	-	4,397	0%	2,507	2,507	-	-	-	-	1,890
Nashville TE	8,028	-	8,028	0%	1,870	1,870	-	-	-	-	6,158
Patterson TE	-	-	-	0%	259	-	-	-	259	-	-
Ray City TE	2,182	-	2,182	0%	1,884	1,884	-	-	-	-	298
Remerton TE	8,106	-	8,106	0%	1,060	1,060	-	-	-	-	7,046
TOTAL COMMUNITY DEVELOPMENT	406,120	234,848	640,968		178,981	284,367	-	-	(105,386)	5,684	350,917

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
DATA MANAGEMENT											
RGIS - FY11	-	129,053	129,053	0%	166,973	129,053	-	-	37,920	-	-
RGIS - FY10	20,408	-	20,408	0%	27,971	20,408	-	-	7,564	-	-
Valor	-	-	-	0%	454,798	-	454,798	-	-	-	-
Regional GIS	-	-	-	0%	186,418	-	117,177	-	69,242	-	-
TOTAL DATA MGT	20,408	129,053	149,461		836,160	149,461	571,975	-	114,726	-	-
TRANSPORTATION											
Department of Human Serv.											
Coordinated Transportation	-	1,628,648	1,628,648	1%	1,421,003	1,464,081	-	10,141	(53,219)	164,567	-
TOTAL TRANSPORTATION	-	1,628,648	1,628,648		1,421,003	1,464,081	-	10,141	(53,219)	164,567	-
AGING											
Department of Health & Human Services:											
OAA Title III Part A	-	110,108	110,108	25%	134,458	100,844	-	-	33,615	9,264	-
OAA Title III Part B	-	440,994	440,994	10%	505,238	437,800	18,793	31,793	16,852	3,194	-
OAA Title III Part C	-	978,836	978,836	10%	1,762,691	975,585	678,708	108,397	-	3,251	-
OAA Title III Part D	-	32,369	32,369	10%	35,373	31,836	-	-	3,537	533	-
OAA Title III Part E	-	199,944	199,944	10%	222,204	198,618	1,439	19,113	3,032	1,326	-
OAA Title III Part E Adm	-	52,693	52,693	25%	61,906	46,430	-	-	15,477	6,263	-
OAA Title XIX - CCSP	-	2,545,108	2,545,108	0%	2,402,380	2,394,439	7,940	-	-	150,669	-
OAA Title V - SCSEP	-	415,314	415,314	10%	449,459	404,513	-	43,975	971	10,801	-
OAA Title VII-LTCO Act.	-	31,520	31,520	10%	35,022	31,520	-	3,502	-	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
LTCO State Supplemental	-	86,010	86,010	0%	86,010	86,010	-	-	-	-	-
OAA Title III Part B LTCO	-	48,229	48,229	10%	53,296	47,967	-	5,330	-	262	-
ADRC Expansion ARRA	-	50,000	50,000	0%	49,356	49,356	-	-	-	644	-
SSBG	-	288,396	288,396	12%	334,233	287,931	7,433	34,853	4,016	465	-
NSIP	-	109,957	109,957	0%	109,957	109,957	-	-	-	-	-
ADRC - MIPPA	-	64,683	64,683	0%	6,163	6,163	-	-	-	58,520	-
Georgia Cares - SMP AoA	-	12,500	12,500	0%	12,500	12,500	-	-	-	-	-
Georgia Cares - SHIP	-	30,467	30,467	0%	21,047	21,047	-	-	-	9,420	-
Georgia Cares-CMS	-	59,788	59,788	0%	59,788	59,788	-	-	-	-	-
Georgia Cares-Thanks	-	-	-	0%	6,500	-	6,500	-	-	-	-
Alzheimer's Program	-	129,857	129,857	0%	131,349	129,857	1,492	-	-	-	-
CBS	-	762,644	762,644	0%	790,203	745,943	44,259	-	-	16,701	-
Income Tax Check Off	-	6,216	6,216	0%	6,216	6,216	-	-	-	-	-
TOTAL AGING	-	6,455,633	6,455,633		7,275,349	6,184,320	766,564	246,963	77,500	271,313	-

**DEPARTMENT OF LABOR
JOB DEVELOPMENT
AND TRAINING**

Workforce Investment Act

Adult:

#10-09-11-11-019	6,124	-	6,124	0%	6,124	6,124	-	-	-	-	-
#11-10-11-11-019	49,792	100,000	149,792	0%	149,792	149,792	-	-	-	-	-
#10-10-11-11-019	-	140,357	140,357	0%	132,936	132,936	-	-	-	-	7,421
#11-11-11-11-019	-	528,057	528,057	0%	249,204	249,204	-	-	-	-	278,853
#10-10-11-11-018	-	102,496	102,496	0%	77,288	77,288	-	-	-	-	25,208
#10-09-11-11-018	9,483	-	9,483	0%	9,483	9,483	-	-	-	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2010	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2011	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
#11-11-11-11-018	-	575,983	575,983	0%	204,248	204,248	-	-	-	-	371,735
#11-10-11-11-018	353,708	(100,000)	253,708	0%	253,708	253,708	-	-	-	-	-
Youth:											
#15-09-11-11-019	81,156	90,000	171,156	0%	171,156	171,156	-	-	-	-	-
#15-10-11-11-019	414,586	-	414,586	0%	206,767	206,767	-	-	-	-	207,819
#15-11-11-11-019	-	424,908	424,908	0%	-	-	-	-	-	-	424,908
#15-09-11-11-018	289,925	(90,000)	199,925	0%	199,925	199,925	-	-	-	-	-
#15-10-11-11-018	655,460	-	655,460	0%	223,226	223,226	-	-	-	-	432,234
#15-11-11-11-018	-	632,522	632,522	0%	-	-	-	-	-	-	632,522
Dislocated Worker:											
#30-09-11-11-019	20,811	-	20,811	0%	20,811	20,811	-	-	-	-	-
#30-10-11-11-019	-	66,593	66,593	0%	59,933	59,933	-	-	-	-	6,660
#31-10-11-11-019	37,700	25,000	62,700	0%	62,700	62,700	-	-	-	-	-
#31-11-11-11-019	-	176,845	176,845	0%	92,839	92,839	-	-	-	-	84,006
#30-09-11-11-018	20,553	-	20,553	0%	20,553	20,553	-	-	-	-	-
#30-10-11-11-018	-	203,714	203,714	0%	150,901	150,901	-	-	-	-	52,813
#31-10-11-11-018	334,334	(25,000)	309,334	0%	309,334	309,334	-	-	-	-	-
#31-11-11-11-018	-	453,017	453,017	0%	159,150	159,150	-	-	-	-	293,867
Adult ARRA:											
#32-09-11-11-019	30,219	56,000	86,219	0%	86,097	86,097	-	-	-	122	-
#32-09-11-11-018	184,320	(56,000)	128,320	0%	128,320	128,320	-	-	-	-	-
Dislocated Worker ARRA:											
#34-09-11-11-019	119,172	-	119,172	0%	116,671	116,671	-	-	-	2,501	-
#34-09-11-11-018	186,500	(25,000)	161,500	0%	161,500	161,500	-	-	-	-	-
#35-11-09-11-019	-	150,000	150,000	0%	150,000	150,000	-	-	-	-	-
Youth ARRA:											
#33-09-11-11-019	24,248	(4,635)	19,613	0%	20,103	19,585	-	-	517	28	-
#33-09-11-11-018	47,483	-	47,483	0%	47,483	47,483	-	-	-	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Name of Grant/Contract/Program</u>	<u>Unearned Revenue June 30, 2010</u>	<u>Current Year Award/ Adjustments</u>	<u>Total Funds Available</u>	<u>Required Matching %</u>	<u>Total Program Cost June 30, 2011</u>	<u>Revenue Earned</u>	<u>Program/ Other Income Earned</u>	<u>In-Kind Income</u>	<u>Matching Funds Applied</u>	<u>Deobligated</u>	<u>Unearned Revenue June 30, 2011</u>
TANF/ARRA SYP											
#20-10-TY-11-149	338,222	34,600	372,822	0%	303,076	303,076	-	-	-	-	69,746
#20-10-TY-11-148	581,222	59,800	641,022	0%	447,878	447,878	-	-	-	-	193,144
TOTAL JOB DEV. AND TRAINING	<u>3,785,018</u>	<u>3,519,257</u>	<u>7,304,275</u>		<u>4,221,206</u>	<u>4,220,688</u>	<u>-</u>	<u>-</u>	<u>517</u>	<u>2,651</u>	<u>3,080,936</u>
Totals	<u>\$ 4,924,620</u>	<u>\$ 12,942,683</u>	<u>\$ 17,867,303</u>		<u>\$ 15,268,318</u>	<u>\$ 13,173,035</u>	<u>\$1,472,260</u>	<u>\$ 362,508</u>	<u>\$ 260,514</u>	<u>\$ 549,437</u>	<u>\$ 4,144,831</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 STATEMENT OF AUDITOR'S PROPOSED FINANCIAL SETTLEMENT
 "AS REQUIRED BY THE GEORGIA DEPARTMENT OF HUMAN SERVICES"
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Contract Name</u>	<u>Contract Number</u>	<u>Due from DHS</u>	<u>Due to DHS</u>
Coordinated Transportation	42700-362-0000006467	\$ 246,675	\$ - \$ -
Aging Program:			
Various	427-373-0000004831	1,264,683	-
Various	427-9361080	-	1,007
Various	427-9381274	-	10,772
Various	427-9311391	-	40
Various	427-9325242	-	4,989
Various	427-9335210	-	626
Various	427-93-05050219-99	-	5,599
Aging Program:			
Title III E	427-93-06060271-99	-	113
Title V	427-93-06060271-99	-	250
CBS	427-93-06060271-99	-	939
IIIB	427-93-06060271-99	-	<u>7</u>
Subtotal			1,309
Aging Program:			
CCSP	427-93-07070239-99	-	370
CBS GACares	427-93-07070239-99	-	7
CBS	427-93-07070239-99	-	<u>35</u>
Subtotal			412
Aging Program:			
SSBG	427-93-08080187-99	-	202
CBS	427-93-08080187-99	-	<u>8</u>
Subtotal			210
Aging Program:			
Title IIID	427-93-09090176-99	-	5
SSBG	427-93-09090176-99	-	<u>116</u>
Subtotal			<u>121</u>
Total		<u>\$1,511,358</u>	<u>\$ 25,085</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Contract Number</u>	<u>Total Funds Available (Note 3)</u>	<u>Revenue Earned</u>	<u>Expenditures Incurred</u>	<u>State Agency</u>	
					<u>Due From</u>	<u>Due To</u>
Department of Community Affairs						
Coordinated Planning	None	\$ 230,080	\$ 230,080	\$ 362,947	\$ 57,519	\$ -
Department of Transportation						
Transportation Related Services - Planning	STP-0009-00(325)	104,800	68,087	85,109	16,773	-
Department of Natural Resources						
Historic Preservation	None	14,818	14,818	15,224	-	-
Water Mgt. Practices Local Comp Plan	None	2,500	2,500	2,107	-	-
Department of Labor (Note 2)						
Workforce Investment Act - Valdosta	Various (Note 1)	3,753,498	1,945,120	1,945,120	-	-
Workforce Investment Act - Waycross	Various (Note 1)	2,536,933	1,524,614	1,525,132	135,934	-
Summer Jobs Program - Valdosta	Various (Note 1)	641,022	447,878	447,878	-	-
Summer Jobs Program - Waycross	Various (Note 1)	372,822	303,076	303,076	-	-
Department of Human Services (Note 2)						
Coordinated Transportation	42700-362-0000006467	1,628,648	1,464,081	1,421,003	246,675	-
Aging Programs	427-373-0000004831	6,455,633	6,184,320	7,275,349	1,264,683	-
Aging Programs	various contracts	-	-	-	-	25,085
Total Expenditures of State Awards		\$ 15,740,754	\$ 12,184,574	\$ 13,382,945	\$ 1,721,584	\$ 25,085

Note 1: Grant numbers are identified for each grant on the schedule of expenditures of federal awards.

Note 2: Includes federal funds that passed through state agencies.

Note 3: Total Funds Available consist of current year grant awards plus unearned revenue from prior year, if applicable.

SOUTHERN GEORGIA REGIONAL COMMISSION
 AREA AGENCY ON AGING
 SCHEDULE OF UNITS/PERSONS SERVED FOR STATE FISCAL YEAR 2011
 FOR THE YEAR ENDED JUNE 30, 2011

Service	Units Served	Persons Served
SSBG		
Adult Day Care	811.50	10
Case Management	9.00	9
Homemaker	819.25	20
Home Mod	4.00	4
In-Home Respite	6,663.25	76
Personal Care	813.75	32
Telephone Reassurance	3,788.00	49
Transportation	64,140.00	2,291
Congregate	98,273.00	682
HDM	125,634.00	755
Information and Assistance	8,683.00	8,114
Title IIIB		
Adult Day Care	2,727.50	16
Homemaker	5,977.75	78
Personal Care	5,203.50	63
Alzheimer's Adult Day Care	1,822.50	12
Alzheimer's In-Home Respite	5,399.50	40
CBS		
Alzheimer's In-Home Respite	159.50	3
Case Management	1,385.00	1,320
Home Mod	22.00	22
Nutritional Counseling	32.00	22
Personal Care	532.75	5
Title IIIE		
Adult Day Care	738.50	7
Kinship Care	684.00	4
Case Management	108.00	105
Home Mod	35.00	35
In-Home Respite	6,619.00	53
Title IIID Medication Management	51.00	51
Legal Services		
Community Education	27.00	561
Counseling Cases Opened	315.00	270
Info & Referral	300.00	300

FEDERAL COMPLIANCE SECTIONS

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Department of Agriculture			
Direct Programs			
RGIS	10.200	2010-34558-21128	\$ 166,973
RGIS	10.200	2009-34558-19968	<u>27,971</u>
Subtotal RGIS			\$ 194,944
Intermediary Relending Programs	10.767	10-092-0580942510	1,518,760
Rural Development Grants	10.769	10-92-580942510	<u>144,164</u>
Total U.S. Department of Agriculture			<u>1,857,868</u>
U.S. Department of Commerce			
Direct Programs - Economic Development Adm.			
Economic Development - FY09 Valdosta	11.302	04-83-05869	20,141
Economic Development - FY10	11.302	04-83-06330	<u>76,127</u>
Subtotal Economic Development			96,268
Revolving Loan Fund	11.307	04-39-02010	3,375,523
Passed through State Dept. of Economic Dev., passed through member local governments:			
Investment in Public Works and Eco. Dev. Facilities:			
Adel	11.300	04-01-06513	2,311
Brooks County	11.300	04-01-05966	2,920
Blackshear	11.300	04-01-06141	<u>10,373</u>
Subtotal Public Works and Econ. Dev.			<u>15,604</u>
Subtotal cluster			3,391,127
Passed through State Dept. of Natural Resources			
Coastal Nonpoint Source Mgt.	11.419	NA09NOS4190171	<u>13,653</u>
Total U.S. Dept. of Commerce			<u>3,501,048</u>
U.S. Department of Labor			
Passed through State Department of Labor			
Title V SCSEP	17.235	427-373-0000004831	449,459
Workforce Investment Act			
Adult	17.258	10-10-11-11-019	132,936
Adult	17.258	10-09-11-11-019	6,124
Adult	17.258	11-10-11-11-019	149,792
Adult	17.258	11-11-11-11-019	249,204
Adult	17.258	10-09-11-11-018	9,483
Adult	17.258	10-10-11-11-018	77,288

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Department of Labor (Continued)			
Passed through State Department of Labor			
Adult	17.258	11-10-11-11-018	253,708
Adult	17.258	11-11-11-11-018	204,248
ARRA Adult	17.258	32-09-11-11-019	86,097
ARRA Adult	17.258	32-09-11-11-018	128,320
Subtotal Adult			<u>1,297,200</u>
Youth	17.259	15-10-11-11-019	206,767
Youth	17.259	15-09-11-11-019	171,156
Youth	17.259	15-10-11-11-018	223,226
Youth	17.259	15-09-11-11-018	199,925
ARRA Youth	17.259	33-09-11-11-019	20,103
ARRA Youth	17.259	33-09-11-11-018	47,483
Subtotal Youth			<u>868,660</u>
Dislocated Worker	17.260	31-11-11-11-019	92,839
Dislocated Worker	17.260	30-09-11-11-019	20,811
Dislocated Worker	17.260	31-10-11-11-019	62,700
Dislocated Worker	17.260	30-10-11-11-019	59,933
Dislocated Worker	17.260	30-10-11-11-018	150,901
Dislocated Worker	17.260	30-09-11-11-018	20,553
Dislocated Worker	17.260	31-10-11-11-018	309,334
Dislocated Worker	17.260	31-11-11-11-018	159,150
ARRA Dislocated Worker	17.260	34-09-11-11-019	116,671
ARRA Dislocated Worker	17.260	34-09-11-11-018	161,500
Subtotal Dislocated Worker			<u>1,154,392</u>
ARRA Dislocated Worker	17.278	35-11-09-11-019	150,000
Subtotal Dislocated Worker			<u>1,304,392</u>
Subtotal WIA cluster			<u>3,470,252</u>
Total U. S. Department of Labor			<u>3,919,711</u>
U. S. Dept. of Health & Human Services			
Passed through State Dept. of Human Services:			
ARRA TANF - WIA	93.714	20-10-TY-11-149	303,076
ARRA TANF - WIA	93.714	20-10-TY-11-148	447,877
TANF - Coordinated Transportation	93.558	42700-362-0000006467	821,283
Subtotal cluster			<u>1,572,236</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U. S. Dept. of Health & Human Services (Continued)			
Passed through State Dept. of Human Services:			
SSBG - Coordinated Transportation	93.667	42700-362-0000006467	72,177
SSBG - Aging Program	93.667	427-373-0000004831	334,233
Subtotal			406,410
Aging Title III Part B	93.044	427-373-0000004831	639,696
Aging Title III Part C	93.045	427-373-0000004831	1,762,691
Aging NSIP	93.053	427-373-0000004831	109,957
Subtotal cluster			2,512,344
Aging Title VII - LTCO	93.042	427-373-0000004831	174,328
Aging Title III Part D	93.043	427-373-0000004831	35,373
Aging Title III Part E	93.052	427-373-0000004831	284,110
Aging Title XIX CCSP	93.778	427-373-0000004831	2,402,380
Aging GA CARES	93.779	427-373-0000004831	93,335
Aging GA CARES - MIPPA	93.779	427-373-0000004831	6,163
ADRC Expansion	93.779	427-373-0000004831	49,356
Subtotal			148,854
Total U. S. Dept. of Health & Human Serv.			7,536,035
U. S. Department of Transportation			
Passed through State Dept. of Transportation:			
Transp.Planning	20.505	STP-0009-00(325)	85,109
FTA 5303 Transit Planning	20.505	T003585	29,306
FTA 5307 Transit Study	20.505	T002082	9,845
Metropolitan Planning	20.505	P.I.0009668	127,156
Subtotal			251,416
Capital Assist. Program - Coord. Transportation	20.513	42700-362-0000006467	360,079
Job Access/Reverse Commute - Coord. Transp.	20.516	42700-362-0000006467	34,527
New Freedom Program	20.521	42700-362-0000006467	32,796
Subtotal cluster			427,402
Total U.S. Department of Transportation			678,818
U.S. Department of Defense			
Direct Program			
Joint Land Use Study for Moody Air Force Ba	12.607	EN 0630-10-02	41,186

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Department of Environmental Protection			
Passed through State Dept. of Natural Resources, passed through member local governments:			
UGA - MREX Coastal	66.450	RE337-452/4786606	4,827
USRP 319(h) FY05	66.460	751-90039	248,357
Section 604(b) Phase I	66.460	751-100090	11,641
Section 604(b) Phase II	66.460	751-110056	3,653
Seven Rivers Alapahoochee River 319	66.460	751-100060	34,228
Seven Rivers Little Satilla/Hurr Crk 319	66.460	751-100061	23,632
Subtotal			<u>321,511</u>
Total U.S. Dept. of Environmental Protection			<u>326,338</u>
U.S. Small Business Administration			
Direct Programs			
Certified Development Corporation	59.041	04-235	84,432
U.S. Dept. of Housing and Urban Dev.			
Passed through State Dept. of Community Affairs, passed through member local governments:			
Community Dev. Block Grant/Small Cities Program			
Adel	14.228	08p-x-037-2-5021	3,181
Ambrose	14.228	10p-x-034-2-5289	3,600
Argyle	14.228	09p-x-032-2-5171	5,260
Atkinson County	14.228	09p-y-002-1-5173	8,188
Berrien County FY07	14.228	07p-y-010-1-3347	1,097
Berrien County FY09	14.228	09p-y-010-1-5177	10,032
Coffee County	14.228	09p-y-034-1-5172	8,161
Cook County	14.228	10p-y-037-1-5292	5,985
Echols County	14.228	10p-y-050-1-5293	3,757
Enigma	14.228	08p-x-010-2-5040	3,488
Folkston	14.228	07p-x-024-2-3346	1,837
Homeland	14.228	09p-x-024-2-5176	9,074
Homerville	14.228	09p-x-032-2-5175	8,515
Irwin County FY09	14.228	08p-y-077-1-5051	2,569
Irwin County FY11	14.228	10p-y-077-1-5282	6,525

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Dept. of Housing and Urban Dev. (Continued)			
Passed through State Dept. of Community Affairs, passed through member local governments:			
Community Dev. Block Grant/Small Cities Program			
Lowndes County	14.228	10p-y-092-1-5284	4,472
Ocilla 05	14.228	05b-x-077-2-3097	227
Ocilla 09	14.228	09p-x-077-2-5148	7,685
Quitman	14.228	07p-x-014-2-3360	815
Ray City FY08	14.228	08p-x-010-2-5064	2,532
Ray City FY11	14.228	10p-x-010-2-5285	4,372
Sparks	14.228	06p-x-037-2-3240	1,164
Waycross	14.228	07p-x-148-2-3335	165
Willacoochee	14.228	08p-x-002-2-5083	2,789
Employment Incentive Program:			
Adel	14.228	10q-x-037-2-5319	513
Fitzgerald - Agri Products	14.228	08q-x-009-2-5091	528
Quitman	14.228	08q-x-014-2-5090	1,310
Subtotal CDBG			107,841
ARRA Blackshear	14.255	09-cr-5100	5,013
ARRA Coffee County	14.255	09-cr-5103	9,988
Subtotal ARRA CDBG			15,001
Total U. S. Dept. of Housing Urban Dev. (and cluster)			122,842
U. S. Department of Energy			
Passed through member local governments:			
ARRA EECBG:			
Ben Hill County	81.128	EECBG-ARRA-GOV-2010-102	5,836
Brooks County	81.128	EECBG-ARRA-GOV-2010-104	4,410
Clinch County	81.128	EECBG-ARRA-GOV-2010-141	4,362
Folkston	81.128	EECBG-ARRA-GOV-2010-122	3,601
Tifton	81.128	EECBG-ARRA-GOV-2010-134	9,162
Waycross	81.128	EECBG-ARRA-GOV-2010-137	4,469
Total U. S. Dept. of Energy			31,840

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Total Federal Financial Assistance

\$ 18,100,118

Notes to Schedule:

1. The RC follows the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the RC's financial statements.

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 Council Members
Southern Georgia Regional Commission

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Southern Georgia Regional Commission ("the RC"), as of and for the year ended June 30, 2011, which collectively comprise the RC's basic financial statements and have issued our report thereon dated December 9, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the RC's internal control over financial reporting as a basis for designing our auditing procedures 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 RC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the RC's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RC's financial statements are free of 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*.

This report is intended solely for the information and use of management, Council members, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Valdosta, Georgia

December 9, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Council Members
Southern Georgia Regional Commission

Compliance

We have audited Southern Georgia Regional Commission's ("the RC") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the RC's major federal programs for the year ended June 30, 2011. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the RC's management. Our responsibility is to express an opinion on the RC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the RC'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. Our audit does not provide a legal determination of the RC's compliance with those requirements.

In our opinion, the RC, complied, in all material respects, with the 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, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

Management of the RC, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the RC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RC'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Council members, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Valdosta, Georgia

December 9, 2011

