

**SOUTHERN GEORGIA REGIONAL
COMMISSION
VALDOSTA, GEORGIA**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

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January 4, 2013

RECEIVED
JAN 08 REC'D

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, 2011 to June 30, 2012.

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

Sincerely,

A handwritten signature in blue ink that reads 'Kelly A. Schultz'.

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, 2012, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the RC'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, 2012, 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 7, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of retirement funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise the RC's basic financial statements. The accompanying combining and individual nonmajor 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above accompanying fund statements and schedules are 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 7, 2012

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The RC presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2012. 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 \$7,594,711 (net assets). Net assets are comprised of the following:
 - \$778,989, which represents the RC's investments in land, structures and equipment (investment in capital assets, net of related debt).
 - \$4,380,089, 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).
 - \$2,435,633, which may be used to meet the RC's ongoing obligations (unrestricted net assets).
- The RC's net assets increased \$190,243 over the previous fiscal year.
- Total combined revenues for governmental and business-type activities were \$15,531,862.
- The RC's expenses in governmental activities during the year were \$14,109,766, while revenues were \$14,451,418, resulting in an increase of \$341,652 in net assets for the year.
- The RC's business type activities expenses were \$1,231,853, while revenues were \$1,080,444, resulting in a decrease of \$151,409 in net assets for the year.
- At the end of the fiscal year, the general fund total fund balance was \$2,222,071.

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 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.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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 \$7,594,711 at the close of the fiscal year, June 30, 2012. 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 \$2,435,633 at the end of this year.

The largest category of net assets is the business type RLF restricted which represent 58% of total net assets. These business-type assets, \$4,380,089, 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, 2012**

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 10% 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 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Current and other assets	\$4,369,239	\$ 4,221,751	\$ 5,694,044	\$6,015,741	\$10,063,283	\$ 10,237,492
Capital assets	865,999	944,223	133,502	21,788	999,501	966,011
Total Assets	5,235,238	5,165,974	5,827,546	6,037,529	11,062,784	11,203,503
Long-term debt	(441,012)	(305,059)	(1,270,617)	(1,331,542)	(1,711,629)	(1,636,601)
Other Liabilities	(1,724,905)	(2,133,246)	(31,539)	(29,188)	(1,756,444)	(2,162,434)
Total Liabilities	(2,165,917)	(2,438,305)	(1,302,156)	(1,360,730)	(3,468,073)	(3,799,035)
Net Assets:						
Invested in capital assets, net of related debt	645,487	639,164	133,502	21,788	778,989	660,952
Restricted	-	-	4,380,089	4,388,446	4,380,089	4,388,446
Unrestricted	2,423,834	2,088,505	11,799	266,565	2,435,633	2,355,070
Total Net Assets	\$3,069,321	\$ 2,727,669	\$ 4,525,390	\$4,676,799	\$ 7,594,711	\$ 7,404,468

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 \$190,243 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net assets by \$341,652, while business-type activities decreased net assets by \$151,409.

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The governmental activities accounted for 93% of the revenue generated, and 92% of the program expenses. The RC's governmental activities generated the majority of its revenue (84%) 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 84% of the revenue generated during FY 2012, and 86% of the expenses for the year.

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues						
Program Revenues:						
Charges for services	\$ 914,206	\$ 91,640	\$ 1,079,792	\$ 1,115,026	\$ 1,993,998	\$ 1,206,666
Operating grants	13,028,983	14,553,654	-	-	13,028,983	14,553,654
General Revenues:						
Dues	508,229	496,081	-	-	508,229	496,081
Other revenues	-	-	652	739	652	739
Total Revenues	14,451,418	15,141,375	1,080,444	1,115,765	15,531,862	16,257,140
Program Expenses						
Solid waste and recycling	22,188	21,554	-	-	22,188	21,554
Planning & zoning	1,592,229	1,716,956	-	-	1,592,229	1,716,956
Economic development and assistance	295,714	275,249	-	-	295,714	275,249
Urban redevelopment	4,175	15,330	-	-	4,175	15,330
Economic opportunity	3,304,462	4,233,313	-	-	3,304,462	4,233,313
Conservation	213,513	236,694	-	-	213,513	236,694
Community Service	8,677,485	8,441,927	-	-	8,677,485	8,441,927
Information technology services	-	-	1,050,299	993,447	1,050,299	993,447
Revolving loan program	-	-	181,554	151,186	181,554	151,186
Total Expenses	14,109,766	14,941,023	1,231,853	1,144,633	15,341,619	16,085,656
Increase in Net Assets	341,652	200,352	(151,409)	(28,868)	190,243	171,484
Net Assets - Beginning	2,727,669	2,527,317	4,676,799	4,705,667	7,404,468	7,232,984
Net Assets - Ending	\$ 3,069,321	\$ 2,727,669	\$ 4,525,390	\$ 4,676,799	\$ 7,594,711	\$ 7,404,468

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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 2012 fiscal year with a balance of \$2,536,187 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a fund equity balance of \$4,525,390, with \$4,380,089 of the balance being restricted.

The Governmental Funds increased the RC's net fund balance by \$339,072, accounting for 15% growth of the fund balance of the RC as shown in Table 4. 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 5% and expenses decreased by 5% in the RC Primary Government when comparing FY 2012 to FY 2011. Costs to maintain services continue to rise, while other major fund revenues remained relatively constant during FY 2012.

**Table 3
Balance Sheet**

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2012	FY 2011	FY 2012	FY2011	FY 2012	FY2011
Current and other assets	\$ 4,917,720	\$ 4,639,689	\$ 6,161,912	\$ 6,189,796	\$ 11,079,632	\$ 10,829,485
Net Capital Assets	-	-	133,502	21,788	133,502	21,788
Total Assets	4,917,720	4,639,689	6,295,414	6,211,584	11,213,134	10,851,273
Long-term debt	-	-	1,270,617	1,331,542	1,270,617	1,331,542
Other Liabilities	2,381,533	2,442,574	499,407	203,243	2,880,940	2,645,817
Total Liabilities	2,381,533	2,442,574	1,770,024	1,534,785	4,151,557	3,977,359
Net Assets						
Restricted	-	-	4,380,089	4,388,446	4,380,089	4,388,446
Unrestricted	-	-	145,301	288,353	145,301	288,353
Fund Balance						
Assigned	314,116	314,116	-	-	314,116	314,116
Unassigned	2,222,071	1,882,999	-	-	2,222,071	1,882,999
Total Fund Equity	\$ 2,536,187	\$ 2,197,115	\$ 4,525,390	\$ 4,676,799	\$ 7,061,577	\$ 6,873,914

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$2,222,071, 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 starting in FY11.

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 2012 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 \$151,409, as shown in Table 4. Revenues in the business-type activities (Table 4) decreased by 3% (\$1.080 million in 2012 compared to \$1.112 million in 2011), and expenses increased by 8%, or \$89,716. The major funds for FY 2012 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, 2012**

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

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues						
Intergovernmental	\$13,028,981	\$13,787,089	\$ -	\$ -	\$13,028,981	\$13,787,089
Dues	508,229	496,081	-	-	508,229	496,081
Charges for Service	-	-	907,247	969,621	907,247	969,621
Investment Earnings	-	-	-	-	-	-
In-kind	243,633	362,507	-	-	243,633	362,507
Program/Other Income	914,207	858,205	172,545	145,405	1,086,752	1,003,610
Total Revenues	14,695,050	15,503,882	1,079,792	1,115,026	15,774,842	16,618,908
Expenditures						
Current	14,355,978	15,268,315	1,219,288	1,129,572	15,575,266	16,397,887
Total Expenditures	14,355,978	15,268,315	1,219,288	1,129,572	15,575,266	16,397,887
Non-Operating Revenue (Expense)						
Interest Income	-	-	652	739	652	739
Interest Expense	-	-	(12,565)	(15,061)	(12,565)	(15,061)
Gain on sale of capital assets	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)			(11,913)	(14,322)	(11,913)	(14,322)
Other Financing Sources						
Transfers - In	535,477	537,160	-	-	535,477	537,160
Transfers - Out	(535,477)	(537,160)	-	-	(535,477)	(537,160)
Total Other Financing Sources	-	-	-	-	-	-
Net Change In						
Fund Balance	339,072	235,567	(151,409)	(28,868)	187,663	206,699
Fund Balance - Beginning	2,197,115	1,961,548	4,676,799	4,705,667	6,873,914	6,667,215
Fund Balance - Ending	\$ 2,536,187	\$ 2,197,115	\$4,525,390	\$4,676,799	\$ 7,061,577	\$ 6,873,914

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2012 RC annual Budget was adopted by the RC Council at its June 23, 2011 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2012 budget on April 26, 2012. The amended budget reflected an increase in revenues and expenditures as a result of increased grant and contract funding and correlating expenses.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, was \$778,989, net of accumulated depreciation of \$1,675,765 and related debt of \$261,748. This investment in capital assets includes land, buildings/leasehold improvements and equipment and vehicles.

At June 30, 2012, the future minimum lease payments due on the building capital lease were \$226,866. 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 \$78,224 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$101,195. Depreciation expense for Business-type Activities was \$23,671. 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 \$220,512 in outstanding Governmental Activities long-term debt of which, \$86,532 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, 2012 the RC had \$1,270,617 outstanding in its business-type activities. \$1,229,381 of 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 2013 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,

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

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, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 1,344,129	\$ -	\$ 1,344,129	\$ -
Accounts receivable	2,406,239	197,462	2,603,701	-
Due from primary government	-	-	-	72,842
Unamortized advances	54,330	-	54,330	-
Prepaid expenses	96,673	6,546	103,219	-
Notes receivable, net	-	3,103,465	3,103,465	-
Restricted cash	-	2,854,439	2,854,439	-
Internal balances	467,868	(467,868)	-	-
Capital assets:				
Land	14,000	-	14,000	-
Other capital assets, net of depreciation	851,999	133,502	985,501	-
Total capital assets	<u>865,999</u>	<u>133,502</u>	<u>999,501</u>	<u>-</u>
Total assets	<u>5,235,238</u>	<u>5,827,546</u>	<u>11,062,784</u>	<u>72,842</u>
LIABILITIES				
Accounts payable and other accrued expenses	1,571,775	31,294	1,603,069	100
Accounts payable - component unit	72,842	-	72,842	-
Deferred revenue	80,288	245	80,533	-
Long-term liabilities:				
Compensated absences	220,500	-	220,500	-
Due within one year	86,532	123,385	209,917	-
Due in more than one year	133,980	1,147,232	1,281,212	-
Total liabilities	<u>2,165,917</u>	<u>1,302,156</u>	<u>3,468,073</u>	<u>100</u>
NET ASSETS				
Invested in capital assets, net of related debt	645,487	133,502	778,989	-
Restricted for programs:				
Economic development - revolving loan	-	4,380,089	4,380,089	-
Southern Georgia Area Development Corp.	-	-	-	72,742
Unrestricted	2,423,834	11,799	2,435,633	-
Total net assets	<u>\$ 3,069,321</u>	<u>\$ 4,525,390</u>	<u>\$ 7,594,711</u>	<u>\$ 72,742</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Function/Programs: PRIMARY GOVERNMENT:	Net (Expense) Revenue and Changes in Net Assets							Component Unit
	Direct Expenses	Indirect/Expense Allocation	Program Revenues		Primary Government		Total	
			Charges for Services	Operating Grants/Contributions	Governmental Activities	Business-type Activities		
Governmental activities								
General government	\$ 1,061,045	\$(1,067,026)	\$ -	\$ -	\$ 5,981	\$ 5,981	\$ 5,981	
Community service	8,296,740	380,745	799,989	7,894,213	16,717	16,717	16,717	
Solid waste and recycling	19,749	2,439	22,188	-	-	-	-	
Planning and zoning	1,255,605	336,624	92,029	1,272,609	(227,591)	(227,591)	(227,591)	
Economic development	229,836	65,878	-	349,101	53,387	53,387	53,387	
Urban redevelopment	3,179	996	-	4,090	(85)	(85)	(85)	
Economic opportunity	3,139,547	164,915	-	3,314,148	9,686	9,686	9,686	
Conservation	169,365	44,148	-	194,822	(18,691)	(18,691)	(18,691)	
Interest on long-term debt	5,981	-	-	-	(5,981)	(5,981)	(5,981)	
Total governmental activities	14,181,047	(71,281)	914,206	13,028,983	(166,577)	(166,577)	(166,577)	
Business-type activities:								
Information technology	1,032,146	18,153	907,247	-	-	(143,052)	(143,052)	
Revolving loan program	141,717	39,837	172,545	-	-	(9,009)	(9,009)	
Total business-type activities	1,173,863	57,990	1,079,792	-	-	(152,061)	(152,061)	
Total primary government	\$ 15,354,910	\$ (13,291)	\$ 1,993,998	\$ 13,028,983	(166,577)	(152,061)	(318,638)	
COMPONENT UNIT:								
Southern Georgia Area Dev. Corp.	\$ 47,954	\$ 13,291	\$ 52,566	\$ -	\$ -	\$ -	\$ -	\$ (8,679)
General revenues:								
Local dues						508,229	508,229	-
Investment earnings						-	-	-
Total general revenues						508,229	508,881	652
Change in net assets						341,652	190,243	(8,679)
Net assets - beginning						2,727,669	7,404,468	81,421
Net assets - ending						\$ 3,069,321	\$ 7,594,711	\$ 72,742

SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

	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	\$ -	\$ 450,498	\$ 464,297	\$ 163,165	\$ 1,063,442	\$ 206,051	\$ 2,347,453
Unamortized advances	-	-	-	-	54,330	-	54,330
Prepaid expenses	-	-	-	-	2,166	-	2,166
Interfund balances	2,222,071	-	-	291,700	-	-	2,513,771
Total assets	<u>\$ 2,222,071</u>	<u>\$ 450,498</u>	<u>\$ 464,297</u>	<u>\$ 454,865</u>	<u>\$ 1,119,938</u>	<u>\$ 206,051</u>	<u>\$ 4,917,720</u>

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ -	\$ 25,826	\$ 398,116	\$ 140,749	\$ 781,326	\$ 126	\$ 1,346,143
Unamortized advances	-	-	-	-	102,190	-	102,190
Due to other governments	-	3,062	-	-	25,086	-	28,148
Deferred revenue	-	37,806	-	-	20,176	22,306	80,288
Interfund balances	-	383,804	66,181	-	191,160	183,619	824,764
Total liabilities	-	<u>450,498</u>	<u>464,297</u>	<u>140,749</u>	<u>1,119,938</u>	<u>206,051</u>	<u>2,381,533</u>
Fund balances:							
Assigned for transportation program	-	-	-	314,116	-	-	314,116
Unassigned	2,222,071	-	-	-	-	-	2,222,071
Total fund balances	<u>2,222,071</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>2,536,187</u>
Total liabilities and fund balances	<u>\$ 2,222,071</u>	<u>\$ 450,498</u>	<u>\$ 464,297</u>	<u>\$ 454,865</u>	<u>\$ 1,119,938</u>	<u>\$ 206,051</u>	<u>\$ 4,917,720</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.

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.

Net assets of governmental activities

	104,785
	<u>428,349</u>
	<u>\$ 3,069,321</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	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	\$ -	\$ 976,206	\$ 3,314,145	\$ 1,636,318	\$ 6,257,894	\$ 844,418	\$ 13,028,981
Dues	508,229	-	-	-	-	-	508,229
In-kind contributions	-	6,799	-	25,666	211,168	-	243,633
Program/other income	-	35,191	-	-	799,989	79,027	914,207
Total revenues	508,229	1,018,196	3,314,145	1,661,984	7,269,051	923,445	14,695,050
EXPENDITURES							
Current:							
Community services	-	-	-	1,558,241	7,354,549	-	8,912,790
Economic opportunity	-	-	3,314,145	-	-	-	3,314,145
Planning and zoning	-	891,435	-	-	-	695,219	1,586,654
Conservation	-	220,312	-	-	-	-	220,312
Economic development and assistance	-	86,765	-	-	-	208,949	295,714
Urban redevelopment and housing	-	4,175	-	-	-	-	4,175
Solid waste and recycling	-	22,188	-	-	-	-	22,188
Total expenditures	-	1,224,875	3,314,145	1,558,241	7,354,549	904,168	14,355,978
Excess (deficiency) of revenues over (under) expenditures	508,229	(206,679)	-	103,743	(85,498)	19,277	339,072
OTHER FINANCING SOURCES (USES)							
Transfers in	183,160	206,679	-	-	85,498	60,140	535,477
Transfers out	(352,317)	-	-	(103,743)	-	(79,417)	(535,477)
Total other financing sources and uses	(169,157)	206,679	-	(103,743)	85,498	(19,277)	-
Net change in fund balances	339,072	-	-	-	-	-	339,072
Fund balances - beginning	1,882,999	-	-	314,116	-	-	2,197,115
Fund balances - ending	\$ 2,222,071	\$ -	\$ -	\$ 314,116	\$ -	\$ -	\$ 2,536,187

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 See accompanying notes to the basic financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds \$ 339,072

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 capital outlay (\$24,040) exceeded depreciation (\$21,438) and a cost adjustment (\$22) in the current period.

2,580

Change in net assets of governmental activities

\$ 341,652

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	
ASSETS				
Current assets:				
Cash	\$ -	\$ -	\$ -	\$ 1,344,129
Restricted cash	-	2,854,439	2,854,439	-
Accounts receivable	197,462	-	197,462	57,495
Notes receivable - current portion	-	364,416	364,416	-
Allowance for loan loss	-	(145,341)	(145,341)	-
Interest receivable	-	-	-	-
Prepaid expenses	6,546	-	6,546	94,507
Interfund balances	-	-	-	64,981
Due from employees	-	-	-	1,291
Total current assets	204,008	3,073,514	3,277,522	1,562,403
Noncurrent assets:				
Notes receivables, less current portion	-	2,884,390	2,884,390	-
Capital assets:				
Land	-	-	-	14,000
Equipment and vehicles	467,576	-	467,576	518,763
Buildings	-	-	-	1,202,339
Less accumulated depreciation	(334,074)	-	(334,074)	(973,885)
Total noncurrent assets	133,502	2,884,390	3,017,892	761,217
Total assets	337,510	5,957,904	6,295,414	2,323,620

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See accompanying notes to the basic financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2012

	Enterprise Funds			Governmental Fund Internal Service Funds
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	
LIABILITIES				
Current liabilities:				
Accounts payable	10,148	-	10,148	95,297
Accrued expenses	-	6,146	6,146	-
Interfund balances	125,580	342,288	467,868	1,286,120
Current portion:				
Capital lease payable	20,297	-	20,297	86,532
Notes payable	-	103,088	103,088	-
Total current liabilities	<u>156,025</u>	<u>451,522</u>	<u>607,547</u>	<u>1,467,949</u>
Noncurrent liabilities:				
Accounts payable - component unit	-	-	-	72,842
Deferred revenue	245	-	245	-
Due to other governments	15,000	-	15,000	-
Compensated absences	-	-	-	220,500
Capital lease payable, less current portion	20,939	-	20,939	133,980
Notes payable, less current portion	-	1,126,293	1,126,293	-
Total noncurrent liabilities	<u>36,184</u>	<u>1,126,293</u>	<u>1,162,477</u>	<u>427,322</u>
Total liabilities	<u>192,209</u>	<u>1,577,815</u>	<u>1,770,024</u>	<u>1,895,271</u>
NET ASSETS				
Invested in capital assets, net of related debt	133,502	-	133,502	367,612
Restricted for revolving loan program	-	4,380,089	4,380,089	-
Unrestricted	11,799	-	11,799	60,737
Total net assets	<u>\$ 145,301</u>	<u>\$ 4,380,089</u>	<u>\$ 4,525,390</u>	<u>\$ 428,349</u>

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, 2012**

	Enterprise Funds			Totals	Governmental Fund	
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	-		Internal Service Funds	-
OPERATING REVENUES						
Charges for services	\$ 907,247	\$ -	\$ -	\$ 907,247	\$ 3,165,216	-
Interest on notes receivable	-	170,122	-	170,122	-	-
Other income	-	2,423	-	2,423	38,164	-
Total operating revenue	<u>907,247</u>	<u>172,545</u>	<u>-</u>	<u>1,079,792</u>	<u>3,203,380</u>	<u>-</u>
OPERATING EXPENSES						
Personnel services	784,767	126,296	-	911,063	2,216,393	-
Computer maintenance/charges	101,839	-	-	101,839	44,869	-
Indirect cost allocation	18,153	39,837	-	57,990	-	-
Depreciation	23,672	-	-	23,672	79,756	-
Supplies	21,988	-	-	21,988	48,624	-
Utilities	23,163	-	-	23,163	44,694	-
Administrative expense	16,800	-	-	16,800	-	-
Motor pool costs	9,410	327	-	9,737	5,113	-
Training and education	880	-	-	880	7,203	-
Repairs and maintenance	10,206	-	-	10,206	37,972	-
Contract services	12,570	-	-	12,570	-	-
Telecommunications	14,800	-	-	14,800	31,184	-
Other	2,880	1,682	-	4,562	12,770	-
Rent	7,096	-	-	7,096	27,878	-
Per diem and fees	129	1,012	-	1,141	35,125	-
Travel	1,556	-	-	1,556	16,312	-
Memberships and subscriptions	225	-	-	225	11,774	-
Insurance and bonding	-	-	-	-	31,083	-

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See accompanying notes to the basic financial statements.

SOUTHERN GEORGIA REGIONAL COMMISSION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds		Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Internal Service Funds
		Totals	
OPERATING EXPENSES (CONTINUED)			
Fuel	-	-	42,312
Work experience benefits	-	-	27,935
Job training participant support	-	-	485,940
Total operating expenses	1,050,134	169,154	3,206,937
Operating income (loss)	(142,887)	3,391	(3,557)
NONOPERATING REVENUES (EXPENSES)			
Gain on disposal of capital assets	-	-	9,538
Interest income	-	652	-
Interest expense	(165)	(12,400)	(5,981)
	(165)	(11,748)	3,557
Change in net assets	(143,052)	(8,357)	-
Total net assets - beginning	288,353	4,388,446	428,349
Total net assets - ending	\$ 145,301	\$ 4,380,089	\$ 428,349

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See accompanying notes to the basic financial statements.

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			Governmental Fund	
	Information Tech.	Southern Georgia	Total		Internal
	Services Fund	Revolving Loan Fund			Service Fund
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from:					
Customers and borrowers	\$ 924,235	\$ 542,880	\$ 1,467,115	\$ -	
Other	-	-	-	38,164	
Internal activity: receipts (payments)	199,758	168,233	367,991	2,942,689	
Payments to:					
Borrowers for loans	-	(244,711)	(244,711)	-	
Employees or for their benefit	(784,767)	(126,296)	(911,063)	(2,205,768)	
Suppliers/job training participant support	(244,911)	(42,858)	(287,769)	(880,553)	
Net cash provided (used) by operating activities	94,315	297,248	391,563	(105,468)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(72,717)	-	(72,717)	-	
Proceeds from sale of capital assets	-	-	-	10,585	
Principal paid on capital debt	(21,433)	(102,161)	(123,594)	(84,547)	
Interest paid on capital debt	(165)	(13,379)	(13,544)	(5,981)	
Net cash provided (used) by capital and related financing activities	(94,315)	(115,540)	(209,855)	(79,943)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	-	652	652	-	
Net cash provided by investing activities	-	652	652	-	
Net (decrease) in cash and cash equivalents	-	182,360	182,360	(185,411)	
Balances - beginning	-	2,672,079	2,672,079	1,529,540	
Balances - ending	\$ -	\$ 2,854,439	\$ 2,854,439	\$ 1,344,129	

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds		Total	Governmental Fund	
	Information Tech. Services Fund	Southern Georgia Revolving Loan Fund		Internal	Service Fund
	\$	\$		\$	\$
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	(142,887)	3,391	(139,496)	-	(3,557)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	23,672	-	23,672	-	79,756
Change in assets and liabilities:					
Receivables, net	16,988	125,624	142,612	-	(21,967)
Prepaid expenses	-	-	-	-	(8,294)
Change interfund balances	199,758	168,233	367,991	-	(200,560)
Change in deferred revenue	-	-	-	-	-
Accounts and other payables	(3,216)	-	(3,216)	-	49,154
Net cash provided by operating activities	94,315	297,248	391,563	-	(105,468)

Non-cash activity: Capital assets in the Information Technology Fund and Internal Service Fund with costs of \$126,400 and \$120,068 and accumulated depreciation of \$126,400 and 120,068, respectively, were disposed of in the current year. Capital assets in the Information Technology Fund with a cost of \$62,669 were purchased with a capital lease of \$62,669.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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 and Proprietary 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, 2012

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, 2012

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, 2012 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, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Agency	Amount
Georgia Department of Labor	\$ 120,686
Georgia Department of Community Affairs	14,273
Georgia Department of Human Services	12,681
	\$ 147,640

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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	\$ 131,586	\$ 10,544	\$ -	\$ 4,555	\$ 146,685
Medicare contributions	31,063	2,489	17,474	1,075	52,101
Group health insurance	280,223	22,455	157,636	-	460,314
Group life insurance	19,893	1,594	11,190	-	32,677
Retirement - Valdosta	282,381	22,628	-	-	305,009
Retirement - Waycross	-	-	192,273	-	192,273
Unemployment insurance	-	-	-	-	-
Workers compensation	9,444	757	5,313	327	15,841
Total fringe benefit costs	\$ 754,590	\$ 60,467	\$ 383,886	\$ 5,957	\$ 1,204,900
Total salaries	\$ 2,264,180	\$ 181,435	\$ 1,273,686	\$ 78,371	\$ 3,797,672
Fringe benefits rates (final)	33.3%	33.3%	30.1%	7.6%	31.7%

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, \$1,204,900 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, 2012

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 \$1,067,026 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, 2012

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	\$1,193,378	\$ 1,518,588
Deposits		
Internal Service Funds		
Public Fund	147,244	147,244
Payroll Services Fund	3,507	11,967
Enterprise Fund		
Revolving Loan Fund	2,854,439	2,854,440
 Total cash and cash equivalents	 \$4,198,568	 \$4,532,239

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, 2012

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 \$2,854,539 is restricted for use in the Revolving Loan Fund.

Note 4 - Receivables

Accounts receivable balances are as follows:

	Governmental Funds	Business - Type Activities	Total
Economic Development Administration	\$ 118,460	\$ -	\$ 118,460
U. S. Department of Defense - JLUS	24,986	-	24,986
Georgia Department of:			
Human Services - Aging program	1,063,442	-	1,063,442
Labor - WIA	464,297	-	464,297
Human Services - Transportation program	163,165	-	163,165
Natural Resources	16,807	-	16,807
Community Affairs	54,213	-	54,213
Transportation	14,484	-	14,484
Other grants and contracts receivable	427,600	197,462	625,062
Other receivables - internal service funds	58,785	-	58,785
Total receivables	<u>\$ 2,406,239</u>	<u>\$ 197,462</u>	<u>\$2,603,701</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

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, 2012 the balances on these loans were \$3,248,806 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, 2012.

Note 5 - Deferred Revenue

Deferred revenue is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Planning and Technical Assistance	\$ 37,806	\$ -	\$ 37,806
Aging	20,176	-	20,176
Nonmajor funds	22,306	-	22,306
ITS	-	245	245
Total deferred revenue	<u>\$ 80,288</u>	<u>\$ 245</u>	<u>\$ 80,533</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>5,400</u>
	<u>\$10,680</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, 2012

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, 2012

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 7/1/2011</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance 6/30/2012</u>
Governmental activities:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Buildings and improvements	1,390,452	5,969	(5,150)	1,391,271
Equipment and autos	913,172	18,071	(128,823)	802,420
Total depreciable capital assets	2,303,624	24,040	(133,973)	2,193,691
Less accumulated depreciation for:				
Buildings and improvements	(642,246)	(51,754)	5,150	(688,850)
Equipment	(731,155)	(49,441)	127,754	(652,842)
Total accumulated depreciation	(1,373,401)	(101,195)	132,904	(1,341,692)
Total governmental activities, capital assets, net	<u>\$ 944,223</u>	<u>\$ (77,155)</u>	<u>\$ (1,069)</u>	<u>\$ 865,999</u>
Business-type activities:				
Equipment	\$ 458,590	\$ 135,385	\$ (126,400)	\$ 467,575
Less accumulated depreciation	(436,802)	(23,671)	126,400	(334,073)
Total business-type activities, capital assets, net	<u>\$ 21,788</u>	<u>\$ 111,714</u>	<u>\$ -</u>	<u>\$ 133,502</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Economic opportunity	\$ 8,366	\$ -
Planning and zoning	11,543	-
Community service	1,529	-
Information Technology	-	23,671
 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.	<u>79,757</u>	<u>-</u>
 Total depreciation expense	<u>\$ 101,195</u>	<u>\$ \$ 23,671</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

Fund	Receivable	Payable	Net
Governmental Activities:			
General:			
Planning and Tech. Assist.	\$ 318,823	\$ -	\$ 318,823
Job Development & Training	66,181	-	66,181
Aging	191,160	-	191,160
Nonmajor governmental	183,619	-	183,619
S. Georgia Revolving Loan	342,288	-	342,288
Information Technology	125,580	-	125,580
Internal Service	994,420	-	994,420
Planning and Tech. Assist.:			
General	-	(318,823)	(318,823)
Internal Service	-	(64,981)	(64,981)
Job Dev. & Training:			
General	-	(66,181)	(66,181)
Coordinated Transportation			
Internal Service	291,700	-	291,700
Aging:			
General	-	(191,160)	(191,160)
Nonmajor governmental:			
General	-	(183,619)	(183,619)
Subtotal	<u>2,513,771</u>	<u>(824,764)</u>	<u>1,689,007</u>
Internal Service Fund:			
Planning and Tech. Assist.	64,981	-	64,981
Information Technology	-	-	-
General	-	(994,420)	(994,420)
Coordinated Transportation	-	(291,700)	(291,700)
Subtotal	<u>64,981</u>	<u>(1,286,120)</u>	<u>(1,221,139)</u>
Total governmental activities	<u>\$ 2,578,752</u>	<u>\$ (2,110,884)</u>	<u>\$ 467,868</u>
Business-type Activities:			
Information Technology:			
General	\$ -	\$ (125,580)	\$ (125,580)
S. Georgia Revolving Loan:			
General	-	(342,288)	(342,288)
Total business-type activities	<u>\$ -</u>	<u>\$ (467,868)</u>	<u>\$ (467,868)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.	\$ -	\$ (206,679)	\$ (206,679)
Aging Fund	-	(85,498)	(85,498)
Coordinated Transportation	103,743	-	103,743
Nonmajor governmental funds	79,417	(60,140)	19,277
Planning and Technical Assist.			
General Fund	206,679	-	206,679
Aging Fund			
General Fund	85,498	-	85,498
Coordinated Transportation			
General Fund	-	(103,743)	(103,743)
Nonmajor governmental funds			
General Fund	60,140	(79,417)	(19,277)
Transfers - governmental funds	<u>\$ 535,477</u>	<u>\$ (535,477)</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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%, due in annual payments of \$21,225, which include interest, beginning on January 28, 2005 and thereafter until January 28, 2031, 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, 2012

Note 10 – Long-Term Debt (Continued)

Capital Leases Payable

Information Technology Fund

Capital lease payable to IBM Corporation, for \$62,669.10 dated January 5, 2012, with interest at 3.1%, due installments of \$21,597.71, which includes interest, beginning February 1, 2012 and thereafter until February 1, 2014.

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, 2012

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

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

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Due Within One Year
Business-Type Activities					
U.S. Department of Agriculture/FHA					
IRP #1	\$ 228,184	\$ -	\$ (27,645)	\$ 200,539	\$ 27,919
IRP#2	491,729	-	(43,525)	448,204	43,955
IRP#3	231,944	-	(13,638)	218,306	13,770
IRP#4	379,685	-	(17,353)	362,332	17,444
Subtotal	<u>1,331,542</u>	<u>-</u>	<u>(102,161)</u>	<u>1,229,381</u>	<u>103,088</u>
Capital lease					
IBM	<u>-</u>	<u>62,669</u>	<u>(21,433)</u>	<u>41,236</u>	<u>20,297</u>
Total business activities	<u>\$ 1,331,542</u>	<u>\$ 62,669</u>	<u>\$ (123,594)</u>	<u>\$ 1,270,617</u>	<u>\$ 123,385</u>
Governmental Activities					
Capital lease obligation - building					
	\$ 305,059	\$ -	\$ (84,547)	\$ 220,512	\$ 86,532
Compensated absences payable					
	<u>209,852</u>	<u>563,988</u>	<u>(553,340)</u>	<u>220,500</u>	<u>-</u>
Total governmental activities	<u>\$ 514,911</u>	<u>\$ 563,988</u>	<u>\$ (637,887)</u>	<u>\$ 441,012</u>	<u>\$ 86,532</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$12,400 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2012. The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities. Interest of \$165 was incurred and charged to expense regarding the IBM capital lease for the year ended June 30, 2012. The Information Technology Service Fund has been used in the past to liquidate the above lease liability.

Governmental Activities: interest of \$5,981 was incurred and charged to expense regarding the building capital lease for the year ended June 30, 2012. 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
2013	\$ 86,532	\$ 3,996	\$ 90,528
2014	88,464	2,064	90,528
2015	45,516	294	45,810
Total	<u>\$ 220,512</u>	<u>\$ 6,354</u>	226,866
Less imputed interest			(6,354)
Present value of net future minimum lease payments			<u>\$ 220,512</u>

Assets acquired through capital leases are as follows:

Asset:

Building	\$ 894,461
Accumulated depreciation	(357,784)
Net assets acquired through capital leases	<u>\$ 536,677</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 10 – Long-Term Debt (Continued)

Business-Type Activities - Enterprise Funds

Year Ended June 30	Principal	Interest	Future Minimum Lease Payments
2013	\$ 20,297	\$ 1,300	\$ 21,597
2014	20,939	659	21,598
Total	<u>\$ 41,236</u>	<u>\$ 1,959</u>	43,195
Less imputed interest			(1,959)
Present value of net future minimum lease payments			<u>\$ 41,236</u>

Assets acquired through capital leases are as follows:

Asset:

IBM Power 720 computer equipment	\$ 62,669
Accumulated depreciation	<u>(8,703)</u>
Net assets acquired through capital leases	<u>\$ 53,966</u>

Payments on notes payable are due as follows:

Year Ended June 30	Notes Payable		
	Principal	Interest	Total
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	107,272	8,117	115,389
2018 - 2022	449,458	25,200	474,658
2023 - 2027	172,538	9,253	181,791
2028 - 2031	<u>81,537</u>	<u>2,066</u>	<u>83,603</u>
Total	<u>\$1,229,381</u>	<u>\$ 87,617</u>	<u>\$ 1,316,998</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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. 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, 2012

Note 11 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

Valuation date	January 1, 2012
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
Inflation	3.50%
Cost of living adjustments	0%

Membership of the Plan

Retirees and beneficiaries	33
Terminated plan members entitled to, but not yet receiving benefits	43
Active plan members	<u>65</u>
Total	<u>141</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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)]
1/1/12	\$7,818,499	\$10,088,951	\$2,270,452	77.50%	\$2,947,951	77.02%

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>
6/30/12	\$490,254	100%	-
6/30/11	\$600,607	100%	-
6/30/10			
SGRC - Valdosta	\$186,432	100%	-
SGRC - Waycross	\$284,607	100%	-

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012, no claims were paid by the RC.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ 1,882,999	\$ 1,882,999	\$ 1,882,999	\$ -
Resources (inflows):				
Local government dues	508,229	508,229	508,229	-
Transfers from other funds	-	-	183,160	183,160
Amounts available for appropriation	<u>2,391,228</u>	<u>2,391,228</u>	<u>2,574,388</u>	<u>183,160</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	-	-	-	-
Operating expenditures	-	-	-	-
Indirect				
Cost allocation plan	-	-	-	-
Transfers to other funds	462,374	463,066	352,317	110,749
Total charges to appropriations	<u>462,374</u>	<u>463,066</u>	<u>352,317</u>	<u>110,749</u>
Budgetary fund balance, June 30	<u>\$ 1,928,854</u>	<u>\$ 1,928,162</u>	<u>\$ 2,222,071</u>	<u>\$ 293,909</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,040,577	1,001,898	976,206	(25,692)
In-kind contributions	-	-	6,799	6,799
Program/other income	5,280	12,670	35,191	22,521
Investment earnings	-	-	-	-
Transfers from other funds	261,874	215,445	206,679	(8,766)
Amounts available for appropriation	<u>1,307,731</u>	<u>1,230,013</u>	<u>1,224,875</u>	<u>(5,138)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	826,372	750,730	780,750	(30,020)
Operating expenditures	179,249	210,406	191,888	18,518
Indirect				
Cost allocation plan	273,110	245,257	246,268	(1,011)
Capital outlay	29,000	23,620	5,969	17,651
Transfers to other funds	-	-	-	-
Total charges to appropriations	<u>1,307,731</u>	<u>1,230,013</u>	<u>1,224,875</u>	<u>5,138</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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Intergovernmental grants and contracts	\$3,757,663	\$ 3,737,344	\$ 3,314,145	\$ (423,199)
Amounts available for appropriation	<u>3,757,663</u>	<u>3,737,344</u>	<u>3,314,145</u>	<u>(423,199)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	735,593	725,739	711,022	14,717
Operating expenditures	171,506	203,944	150,114	53,830
Contractual	2,674,172	2,627,028	2,278,260	348,768
Indirect				
Cost allocation plan	174,692	170,799	164,915	5,884
Capital outlays	1,700	9,834	9,834	-
Total charges to appropriations	<u>3,757,663</u>	<u>3,737,344</u>	<u>3,314,145</u>	<u>423,199</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, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Budgetary fund balance, July 1	\$ 314,116	\$ 314,116	\$ 314,116	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,531,605	1,430,129	1,636,318	206,189
In-kind contributions	-	-	25,666	25,666
Amounts available for appropriation	<u>1,845,721</u>	<u>1,744,245</u>	<u>1,976,100</u>	<u>231,855</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	73,447	70,310	72,724	(2,414)
Operating expenditures	16,150	32,637	30,292	2,345
Contractual	1,417,734	1,304,212	1,432,286	(128,074)
Indirect				
Cost allocation plan	24,274	22,970	22,939	31
Transfer out to other funds	-	-	103,743	(103,743)
Total charges to appropriations	<u>1,531,605</u>	<u>1,430,129</u>	<u>1,661,984</u>	<u>(231,855)</u>
Budgetary fund balance, June 30	<u>\$ 314,116</u>	<u>\$ 314,116</u>	<u>\$ 314,116</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 AGING FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	7,023,793	7,266,586	6,257,894	(1,008,692)
In-kind contributions	-	-	211,168	211,168
Program/other income	17,000	15,000	799,989	784,989
Transfers from other funds	83,330	97,645	85,498	(12,147)
Amounts available for appropriation	<u>7,124,123</u>	<u>7,379,231</u>	<u>7,354,549</u>	<u>(24,682)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,196,738	1,169,684	1,134,361	35,323
Operating expenditures	406,607	482,358	446,568	35,790
Contractual	5,125,263	5,345,066	5,415,814	(70,748)
Indirect				
Cost allocation plan	395,515	382,123	357,806	24,317
Capital outlay	-	-	-	-
Total charges to appropriations	<u>7,124,123</u>	<u>7,379,231</u>	<u>7,354,549</u>	<u>24,682</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, 2012

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)]
1/1/12	\$7,818,499	\$ 10,088,951	\$2,270,452	77.50%	\$2,947,951	77.02%
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%

* Note less than zero

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

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, 2012 was adopted by the Council on June 23, 2011. Amendments were made and adopted by the Council on April 26, 2012. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 2,574,388	\$ 1,224,875	\$ 3,314,145	\$ 1,976,100	\$ 7,354,549
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	(1,882,999)	-	-	(314,116)	-
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(183,160)	(206,679)	-	-	(85,498)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 508,229</u>	<u>\$ 1,018,196</u>	<u>\$ 3,314,145</u>	<u>\$ 1,661,984</u>	<u>\$ 7,269,051</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 352,317	\$ 1,224,875	\$ 3,314,145	\$ 1,661,984	\$ 7,354,549
Difference - budget to GAAP	(352,317)	-	-	(103,743)	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	-	-	-	(103,743)	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ 1,224,875</u>	<u>\$ 3,314,145</u>	<u>\$ 1,558,241</u>	<u>\$ 7,354,549</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Data Management Fund	Community Development Fund	Total
ASSETS			
Receivables	\$ 80,722	\$ 125,329	\$ 206,051
Total assets	<u>\$ 80,722</u>	<u>\$ 125,329</u>	<u>\$ 206,051</u>
LIABILITIES			
Accounts payable	\$ 126	\$ -	\$ 126
Deferred revenue	6,786	15,520	22,306
Interfund balances	73,810	109,809	183,619
Total liabilities	<u>80,722</u>	<u>125,329</u>	<u>206,051</u>
FUND BALANCES			
Unreserved	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 80,722</u>	<u>\$ 125,329</u>	<u>\$ 206,051</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Data Management Fund	Community Development Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 556,052	\$ 288,366	\$ 844,418
Program income	-	-	-
In-kind contributions	-	-	-
Other income	79,027	-	79,027
Total revenues	<u>635,079</u>	<u>288,366</u>	<u>923,445</u>
EXPENDITURES			
Current:			
Planning and zoning	695,219	-	695,219
Economic development and assistance	-	208,949	208,949
Total expenditures	<u>695,219</u>	<u>208,949</u>	<u>904,168</u>
Excess (deficiency) of revenues over (under) expenditures	(60,140)	79,417	19,277
OTHER FINANCING SOURCES (USES)			
Transfers in	60,140	-	60,140
Transfers out	-	(79,417)	(79,417)
Total other financing sources and uses	<u>60,140</u>	<u>(79,417)</u>	<u>(19,277)</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, 2012

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
ASSETS				
Current assets:				
Restricted cash	\$ 1,942,552	\$ 686,905	\$ 224,982	\$ 2,854,439
Notes receivable - current	252,313	103,216	8,887	364,416
Allowance for loan loss	(110,341)	(35,000)	-	(145,341)
Total current assets	<u>2,084,524</u>	<u>755,121</u>	<u>233,869</u>	<u>3,073,514</u>
Noncurrent assets:				
Notes receivable, less current portion	<u>1,809,895</u>	<u>1,024,833</u>	<u>49,662</u>	<u>2,884,390</u>
Total assets	<u>3,894,419</u>	<u>1,779,954</u>	<u>283,531</u>	<u>5,957,904</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	-	103,088	-	103,088
Accrued interest	-	6,146	-	6,146
Total current liabilities	<u>-</u>	<u>109,234</u>	<u>-</u>	<u>109,234</u>
Noncurrent liabilities:				
Long-term debt, less current portion	-	1,126,293	-	1,126,293
Interfund balances	<u>149,188</u>	<u>141,457</u>	<u>51,643</u>	<u>342,288</u>
Total liabilities	<u>149,188</u>	<u>1,376,984</u>	<u>51,643</u>	<u>1,577,815</u>
NET ASSETS				
Restricted for revolving loan program	<u>3,745,231</u>	<u>402,970</u>	<u>231,888</u>	<u>4,380,089</u>
Total net assets	<u>\$ 3,745,231</u>	<u>\$ 402,970</u>	<u>\$ 231,888</u>	<u>\$ 4,380,089</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, 2012

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
OPERATING REVENUE				
Interest on notes receivable	\$ 101,587	\$ 65,415	\$ 3,120	\$ 170,122
Other income	2,423	-	-	2,423
Total operating revenue	<u>104,010</u>	<u>65,415</u>	<u>3,120</u>	<u>172,545</u>
OPERATING EXPENSES				
Personnel services	59,366	45,477	21,453	126,296
Indirect cost allocation	18,726	14,344	6,767	39,837
Per diem and fees	967	31	14	1,012
Other	841	571	270	1,682
Motor pool costs	104	152	71	327
Total operating expenses	<u>80,004</u>	<u>60,575</u>	<u>28,575</u>	<u>169,154</u>
Operating income (loss)	<u>24,006</u>	<u>4,840</u>	<u>(25,455)</u>	<u>3,391</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest revenue	652	-	-	652
Interest expense	-	(12,400)	-	(12,400)
Total non-operating revenue (expense)	<u>652</u>	<u>(12,400)</u>	<u>-</u>	<u>(11,748)</u>
Change in net assets	24,658	(7,560)	(25,455)	(8,357)
Total net assets - beginning	<u>3,720,573</u>	<u>410,530</u>	<u>257,343</u>	<u>4,388,446</u>
Total net assets - ending	<u>\$ 3,745,231</u>	<u>\$ 402,970</u>	<u>\$ 231,888</u>	<u>\$ 4,380,089</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2012

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
ASSETS				
Cash	\$ 1,340,622	\$ -	\$ 3,507	\$ 1,344,129
Accounts receivable	3,507	-	53,988	57,495
Prepaid expenses	94,507	-	-	94,507
Due from employees	1,291	-	-	1,291
Interfund balances	-	64,981	-	64,981
Capital assets:				
Land	14,000	-	-	14,000
Equipment	214,693	-	-	214,693
Vehicles	-	304,070	-	304,070
Buildings	1,202,339	-	-	1,202,339
Less accumulated depreciation	(725,429)	(248,456)	-	(973,885)
Total assets	<u>2,145,530</u>	<u>120,595</u>	<u>57,495</u>	<u>2,323,620</u>
LIABILITIES				
Accounts payable	33,608	4,244	57,445	95,297
Accounts payable - component unit	72,842	-	-	72,842
Accrued salaries and fringe benefits	-	-	-	-
Interfund balances	1,286,070	-	50	1,286,120
Compensated absences payable	220,500	-	-	220,500
Capital lease payable	220,512	-	-	220,512
Total liabilities	<u>1,833,532</u>	<u>4,244</u>	<u>57,495</u>	<u>1,895,271</u>
NET ASSETS				
Invested in capital assets, net of related debt	311,998	55,614	-	367,612
Unrestricted	-	60,737	-	60,737
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, 2012

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
OPERATING REVENUE				
Charges for services	\$ 2,579,065	\$ 72,276	\$ 513,875	\$ 3,165,216
Other income	35,455	2,709	-	38,164
Total operating revenue	<u>2,614,520</u>	<u>74,985</u>	<u>513,875</u>	<u>3,203,380</u>
OPERATING EXPENSES				
Personnel services	2,216,393	-	-	2,216,393
Job training participant support	-	-	485,940	485,940
Depreciation	60,177	19,579	-	79,756
Consumable supplies	48,624	-	-	48,624
Computer charges	44,869	-	-	44,869
Utilities	44,694	-	-	44,694
Fuel	-	42,312	-	42,312
Repairs and maintenance	25,405	12,567	-	37,972
Per diem and fees	35,125	-	-	35,125
Telecommunications	31,184	-	-	31,184
Insurance and bonding	21,078	10,005	-	31,083
Work experience benefits	-	-	27,935	27,935
Rent	27,878	-	-	27,878
Travel	16,312	-	-	16,312
Postage and freight	12,272	-	-	12,272
Membership and subscriptions	11,774	-	-	11,774
Training and education	7,203	-	-	7,203
Other	5,551	60	0	5,611
Total operating expenses	<u>2,608,539</u>	<u>84,523</u>	<u>513,875</u>	<u>3,206,937</u>
Operating income (loss)	<u>5,981</u>	<u>(9,538)</u>	<u>-</u>	<u>(3,557)</u>
NON-OPERATING REVENUE (EXPENSE)				
Gain on disposal of capital asset	-	9,538	-	9,538
Interest expense	(5,981)	-	-	(5,981)
Total non-operating rev. (expense)	<u>(5,981)</u>	<u>9,538</u>	<u>-</u>	<u>3,557</u>
Change in net assets	-	-	-	-
Total net assets - beginning	<u>311,998</u>	<u>116,351</u>	<u>-</u>	<u>428,349</u>
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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contracts	560,770	655,010	556,052	(98,958)
Other income	-	-	79,027	79,027
Transfers from other funds	92,655	101,841	60,140	(41,701)
Amounts available for appropriation	<u>653,425</u>	<u>756,851</u>	<u>695,219</u>	<u>(61,632)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	464,439	515,744	492,855	22,889
Operating expenditures	35,492	72,620	46,905	25,715
Indirect				
Cost allocation plan	153,494	168,487	155,459	13,028
Total charges to appropriations	<u>653,425</u>	<u>756,851</u>	<u>695,219</u>	<u>61,632</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	211,000	216,375	288,366	71,991
Transfers from other funds	115	-	-	-
Amounts available for appropriation	<u>211,115</u>	<u>216,375</u>	<u>288,366</u>	<u>71,991</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	152,413	157,237	153,306	3,931
Operating expenditures	8,331	7,770	7,286	484
Indirect				
Cost allocation plan	50,371	51,368	48,357	3,011
Transfers to other funds	-	-	79,417	(79,417)
Total charges to appropriations	<u>211,115</u>	<u>216,375</u>	<u>288,366</u>	<u>(71,991)</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, 2012

Beginning Fund Balance - Nonpublic Funds			<u>\$ 81,421.27</u>
Revenues - Nonpublic Funds:	Date Received		
Colson Services Corp.	7/11/2011	Loan Servicing Fee	3,276.71
Colson Services Corp.	8/9/2011	Loan Servicing Fee	3,133.17
Moore, Clarke, DuVall & Rodgers, - Fallins BBQ	8/24/2011	7A Loan Processing Fee	2,500.00
U.S. Treasury - SBA Recovery Act - Lemongrass Day Spa	8/28/2011	504 Loan Processing Fee	852.00
Colson Services Corp.	9/6/2011	Loan Servicing Fee	3,206.10
Colson Services Corp. - C. Paschal Brooks, DDS	9/19/2011	504 Loan Processing Fee	4,149.02
Colson Services Corp.	10/11/2011	Loan Servicing Fee	3,194.86
Dover, Miller, Stone, Karras & Langdale -VYOM Entrerp.	10/24/2011	7A Loan Processing Fee	2,500.00
Colson Services Corp.	11/7/2011	Loan Servicing Fee	3,130.63
Colson Services Corp.	12/6/2011	Loan Servicing Fee	3,086.81
Colson Services Corp.	1/9/2012	Loan Servicing Fee	2,876.63
Colson Services Corp.	2/7/2012	Loan Servicing Fee	2,876.63
Colson Services Corp.	3/5/2012	Loan Servicing Fee	2,842.42
Colson Services Corp.	4/10/2012	Loan Servicing Fee	2,823.06
Moore, Clarke, DuVall & Rodgers, - Moe's Southwest Grill	4/24/2012	7A Loan Processing Fee	2,500.00
Colson Services Corp.	5/7/2012	Loan Servicing Fee	2,823.06
Colson Services Corp.	6/8/2012	Loan Servicing Fee	2,794.57
CT Title, LLC - Janakkumar N. Patel	6/26/2012	504 Loan Processing Fee	<u>4,000.00</u>
Total Revenues			<u>52,565.67</u>
Disbursements - 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)			31,603.44
Fringe benefits allocated (for administering the SBA Loan Program)			10,532.56
Motor vehicle expenditures/expenses			554.44
Motor Pool Expense	7/31/2011		48.18
Motor Pool Expense	8/31/2011		36.13
Motor Pool Expense	10/31/2011		67.84
Motor Pool Expense	11/30/2011		11.82
Motor Pool Expense	12/31/2011		11.53
Motor Pool Expense	2/29/2012		25.58
Motor Pool Expense	3/31/2012		76.59
Motor Pool Expense	4/30/2012		73.33
Motor Pool Expense	5/31/2012		105.29
Motor Pool Expense	6/30/2012		98.15

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2012

Board meeting expense			105.97
Western Sizzlin	1/3/2012	87.99	
Western Sizzlin	6/15/2012	17.98	
Membership and subscriptions			1,073.33
NADCO	10/26/2011	1,000.00	
Credit Bureau Association	4/4/2012	73.33	
Per Diem and fees			1,625.07
Equifax Information Svcs., LLC	7/29/2011	100.65	
Lowndes County Clerk of Superior Court	8/5/2011	36.00	
Equifax Information Svcs., LLC	8/30/2011	100.00	
Equifax Information Svcs., LLC	9/26/2011	100.00	
Cook County Clerk of Court	10/14/2011	10.00	
Lowndes County Clerk of Superior Court	10/14/2011	20.00	
Equifax Information Svcs., LLC	10/26/2011	100.00	
Lowndes County Clerk of Superior Court	10/31/2011	32.00	
Equifax Information Svcs., LLC	11/30/2011	100.13	
Equifax Information Svcs., LLC	1/4/2012	100.13	
Equifax Information Svcs., LLC	1/25/2012	100.00	
Lowndes County Clerk of Superior Court	2/2/2012	44.00	
Thomas County Clerk of Court	2/2/2012	10.00	
FIA Card Services - Experian Credit Report	2/13/2012	29.95	
Equifax Information Svcs., LLC	2/27/2012	100.26	
Equifax Information Svcs., LLC	3/29/2012	100.00	
Cook County Clerk of Court	4/3/2012	10.00	
Georgia Secretary of State - Corporate Reg.	4/15/2012	50.00	
Equifax Information Svcs., LLC	4/30/2012	100.00	
Lowndes County Clerk of Superior Court	5/1/2012	10.00	
FIA Card Services - Experian Credit Report	5/21/2012	34.95	
Lowndes County Clerk of Superior Court	5/23/2012	37.00	
Equifax Information Svcs., LLC	5/30/2012	100.00	
Equifax Information Svcs., LLC	6/27/2012	100.00	
Equifax Information Svcs., LLC	6/30/2011	100.00	
Publications & Printing			302.00
CBA of Georgia	11/30/2011	55.00	
The Risk Management Assoc.	12/20/2011	192.00	
CBA of Georgia	5/29/2012	55.00	
Supplies & Materials			58.86
Michelle Frey	9/30/2011	14.87	
Publix	9/30/2011	24.20	
Quill Corporation	6/7/2012	19.79	

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2012

Training and Education			178.00
Fred Pryor Seminars	12/9/2011	128.00	
FIA Card Services - NADCO Webinar	3/13/2012	50.00	
Contractor Expenditure			1,920.00
John Holcombe, Sr.	7/13/2011	780.00	
John Holcombe, Sr.	8/9/2011	1,140.00	
Indirect cost allocated (for administering the SBA Loan Program)			<u>13,290.77</u>
Total Disbursements - Nonpublic Funds			<u>61,244.44</u>
Excess of revenues (disbursements) over disbursements (revenues)			<u>(8,678.77)</u>
Ending Fund Balance - Nonpublic funds			<u><u>\$ 72,742.50</u></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, 2012, and have issued our report thereon dated December 7, 2012. 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, 2012 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, 2012 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 7, 2012

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
 FOR THE YEAR ENDED JUNE 30, 2012

Annual leave used	\$	223,192
Sick leave granted		147,563
Holiday leave granted		155,435
Annual leave termination		12,205
Other leave granted		4,297
Change in annual leave liability		10,648
Total compensated absences	\$	<u>553,340</u>
Computation of actual employee benefit rate		
Gross Salaries	\$	3,797,672
Less: Compensated absences		<u>553,340</u>
Allocation base - chargeable salaries	\$	<u>3,244,332</u>
Leave costs - final rate		<u>17.0556%</u>
Total fringe benefits	\$	<u>1,204,900</u>
Final rate		<u>31.7273%</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2012

	Amount	Rate
Indirect costs:		
Salaries and compensated absences	\$ 536,706	
Fringe benefits allocated	167,648	
Depreciation	60,177	
Supplies and materials	48,624	
Utilities	44,694	
Per diem and fees	35,125	
Telecommunications/internet	31,184	
Computer charges	29,474	
Rent	27,878	
Repairs and maintenance	25,405	
Insurance and bonding	21,077	
Travel	16,312	
Software, licence, maintenance and supply	15,395	
Postage and freight	12,272	
Membership and subscriptions	11,774	
Training and education	7,203	
Interest expense	5,981	
Motor vehicle expense	5,113	
Other expenses	439	
Other income and reimbursement of overhead costs	(35,455)	
Total indirect costs	\$ 1,067,026	31.5426%
Summary of costs in computation of indirect cost rate		
Chargeable salaries	\$ 3,244,332	
Chargeable compensated absences and fringe benefits	1,758,240	
Total personnel costs	5,002,572	
Personnel costs excluded from indirect cost pool:		
Indirect personnel costs	(704,354)	
Career net centers personnel costs	(188,188)	
Information Technology Services personnel costs	(727,215)	
Net personnel costs - allocation base	\$ 3,382,815	

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Government	Amount Due July 1, 2011	Total Billed For FY 2012 - \$1.25 per Capita	Amount Collected FY 2012	Balance Due June 30, 2012
Atkinson County	\$ -	\$ 6,083.76	\$ 6,083.76	\$ -
City of Pearson	-	2,646.24	2,646.24	-
City of Willacoochee	-	1,738.76	1,738.76	-
Bacon County	-	9,234.24	6,925.68	2,308.56
City of Alma	-	4,635.72	4,635.72	-
Ben Hill County	-	11,021.24	11,021.24	-
City of Fitzgerald	-	11,021.24	11,021.24	-
Berrien County	-	14,138.76	14,138.76	-
City of Alapaha	-	835.00	835.00	-
City of Enigma	275.63	1,597.52	675.01	1,198.14
City of Nashville	-	6,173.76	6,173.76	-
City of Ray City	-	1,362.52	1,362.52	-
Brantley County	-	21,037.52	21,037.52	-
City of Hoboken	-	660.00	660.00	-
City of Nahunta	-	1,316.24	1,316.24	-
Brooks County	-	13,177.12	13,177.12	-
City of Quitman	-	7,126.60	7,126.60	-
Charlton County	-	10,948.76	10,948.76	-
City of Folkston	-	3,127.52	3,127.52	-
City of Homeland	-	1,137.52	1,137.52	-
Clinch County	-	5,076.84	5,076.84	-
City of Homerville	-	3,420.68	3,420.68	-
Coffee County	-	38,034.88	38,034.88	-
City of Douglas	-	14,910.04	14,910.04	-
Cook County	-	10,757.52	10,757.52	-
City of Adel	-	10,757.52	10,757.52	-
Echols County	-	5,042.52	5,042.52	-
Irwin County	-	7,201.20	7,201.20	-
City of Ocilla	-	4,721.32	4,721.32	-
Lanier County	-	6,298.76	6,298.76	-
City of Lakeland	-	6,298.76	6,298.76	-
Lowndes County	-	66,013.56	66,013.56	-
City of Valdosta	5,747.15	70,527.60	76,274.75	-
Pierce County	-	17,677.52	17,677.52	-
City of Blackshear	-	4,306.24	4,306.24	-
City of Offerman	-	551.24	551.24	-
City of Patterson	-	912.52	912.52	-
Tift County	-	25,073.76	25,073.76	-
City of Tifton	-	25,073.76	25,073.76	-
Turner County	-	5,815.68	5,815.68	-
City of Ashburn	-	5,346.84	5,346.84	-
Ware County	-	26,699.64	26,699.64	-
City of Waycross	-	18,690.32	18,690.32	-
Total	<u>\$ 6,022.78</u>	<u>\$ 508,228.76</u>	<u>\$ 510,744.84</u>	<u>\$ 3,506.70</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2012**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2011	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2012	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2012
PLANNING & TECHNICAL ASSISTANCE											
EDA											
Planning	\$ 131,275	-	\$ 131,275	30%	\$ 86,765	\$ 60,735	\$ -	\$ -	\$ 26,029	\$ -	\$ 70,540
DCA											
Coord. Planning	-	216,852	216,852	10%	248,885	216,852	2,778	-	29,254	-	-
Berrien County Urban Redev P	-	11,250	11,250	0%	11,132	11,250	3,750	-	(3,868)	-	-
DOT											
Transp. Planning Services	-	93,600	93,600	20%	77,548	62,039	-	-	15,510	31,561	-
FTA 5303 Transit Plan	-	28,125	28,125	10%	30,825	27,742	3,082	-	-	383	-
MPO - City of Valdosta	-	225,030	225,030	20%	88,483	70,787	17,696	-	-	154,243	-
DNR											
Historic Preservation	-	4,090	4,090	0%	4,175	4,090	-	-	85	-	-
Environmental Protection Div.:											
Section 319 USRP	20,684	-	20,684	40%	12,763	11,468	-	624	671	9,216	-
Section 604(b) Phase II	11,972	-	11,972	0%	7,231	7,134	-	-	97	4,838	-
Withlacoochee WIP 319	-	43,500	43,500	40%	1,569	942	-	-	628	-	42,558
Waycross Drainage WIP 311	-	100,000	100,000	40%	11,067	4,892	-	6,175	-	-	95,108
Green Growth Guidelines	-	30,000	30,000	0%	20,974	20,974	-	-	-	-	9,026
Coastal NP Source Mgt.	4,660	-	4,660	0%	6,307	4,660	-	-	1,647	-	-
UGA - MREX Coastal	19,673	-	19,673	0%	14,256	14,256	-	-	-	-	5,417
Seven Rivers:											
Alapahoochee 319	96,644	-	96,644	10%	66,892	59,950	-	-	6,941	-	36,694
Little Satilla BMP 319	-	22,528	22,528	0%	481	481	-	-	-	-	22,047
Little Satilla 319	116,777	-	116,777	11%	78,772	70,065	-	-	8,706	-	46,712

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2012

<u>Name of Grant/Contract/Program</u>	<u>Unearned Revenue June 30, 2011</u>	<u>Current Year Award/Adjustments</u>	<u>Total Funds Available</u>	<u>Required Matching %</u>	<u>Total Program Cost June 30, 2012</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, 2012</u>
OTHER											
Special Projects	-	-	-	0%	39,949	-	9,002	-	30,947	-	-
Regional Solid Waste Auth.	-	-	-	0%	22,188	-	22,189	-	-	-	-
GA Muni Assoc Health Prom.	-	-	-	0%	4,021	-	4,000	-	21	-	-
Joint Land Use Study	124,933	-	124,933	10%	117,778	106,001	-	-	11,777	-	18,932
Brantley Co. Planning/Zoning	-	511	511	0%	515	511	-	-	4	-	-
Tift Co. Planning Project	-	8,868	8,868	0%	8,819	8,868	-	-	(49)	-	-
Tifton Planning/Zoning	-	5,767	5,767	0%	5,722	5,767	-	-	(45)	-	-
Coffee Co. Land Dev Code	-	45,000	45,000	0%	1,456	1,456	-	-	-	-	43,544
Dasher Planning Project	-	1,539	1,539	0%	1,533	1,539	-	-	(5)	-	-
Douglas Planning/Zoning	-	6,175	6,175	0%	6,068	6,175	-	-	(106)	-	-
Pierce C. Planning Project	-	49	49	0%	273	49	-	-	223	-	-
Brooks Co. Planning Project	-	5,454	5,454	0%	5,392	5,454	-	-	(62)	-	-
Lake Park Planning Projects	-	931	931	0%	939	931	-	-	9	-	-
Lakeland Zoning/Code	11,779	78	11,857	0%	11,346	11,857	-	-	(512)	-	-
Lakeland Planning/Zoning	-	1,869	1,869	0%	1,853	1,869	-	-	(15)	-	-
Quitman Zoning Code	-	15,026	15,026	0%	11,128	15,026	-	-	(3,899)	-	-
Quitman Planning/Zoning	-	718	718	0%	718	718	-	-	-	-	-
Quitman Enterp./Opp. Zone	-	2,500	2,500	0%	5,083	2,500	-	-	2,583	-	-
Tifton Opportunity Zone	7,527	-	7,527	0%	10,036	7,527	-	-	2,509	-	-
Pre-Disaster Mitigation Plans	167,054	75,000	242,054	0%	124,334	124,334	-	-	-	-	117,720
Local Gov. Tech. Assist.	-	-	-	0%	77,599	-	-	-	77,599	-	-
TOTAL PLANNING AND TECHNICAL ASSIST.	712,978	944,460	1,657,438		1,224,875	948,899	62,497	6,799	206,679	200,241	508,298

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2012**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2011	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2012	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2012	
COMMUNITY DEVELOPMENT												
EDA												
A del	22,689	-	22,689	0%	4,512	4,512	-	-	-	-	18,177	
Blackshear	2,659	-	2,659	0%	1,490	1,456	-	-	33	1,203	-	
CDBG												
A del	1,000	-	1,000	0%	591	1,000	-	-	(409)	-	-	
Ambrose	15,689	-	15,689	0%	6,804	6,804	-	-	-	-	8,885	
Argyle	18,247	-	18,247	0%	7,615	7,615	-	-	-	-	10,632	
Atkinson County	15,223	-	15,223	0%	6,173	6,173	-	-	-	-	9,050	
Berrien Co. FY12	-	22,944	22,944	0%	3,596	3,596	-	-	-	-	19,348	
Berrien Co. FY09	14,118	-	14,118	0%	4,580	12,118	-	-	(7,539)	-	2,000	
Brantley County	-	28,030	28,030	0%	4,362	4,362	-	-	-	-	23,668	
Coffee County	-	30,000	30,000	0%	7,636	7,636	-	-	-	-	22,364	
Cook County FY11	24,015	-	24,015	0%	12,138	12,138	-	-	-	-	11,877	
Cook County FY12	-	25,958	25,958	0%	4,816	4,816	-	-	-	-	21,142	
Echols County FY11	26,243	-	26,243	0%	5,007	5,007	-	-	-	-	21,236	
Homeland FY09	2,088	-	2,088	0%	5,974	2,088	-	-	3,886	-	-	
Homeland FY12	-	24,912	24,912	0%	3,711	3,711	-	-	-	-	21,201	
Homerville FY09	14,959	-	14,959	0%	1,302	14,959	-	-	(13,657)	-	-	
Homerville FY12	-	29,644	29,644	0%	8,077	8,077	-	-	-	-	21,567	
Irwin County FY11	23,475	-	23,475	0%	7,592	23,475	-	-	(15,883)	-	-	
Lanier County FY12	-	27,637	27,637	0%	16,241	16,241	-	-	-	-	11,396	
Lowndes Co.	25,528	-	25,528	0%	9,451	9,451	-	-	-	-	16,077	
Nashville	-	23,222	23,222	0%	6,504	6,504	-	-	-	-	16,718	

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
 FOR THE YEAR ENDED JUNE 30, 2012

<u>Name of Grant/Contract/Program</u>	<u>Revenue June 30, 2011</u>	<u>Award/Adjustments</u>	<u>Funds Available</u>	<u>Matching %</u>	<u>Program Cost June 30, 2012</u>	<u>Revenue Earned</u>	<u>Other Income Earned</u>	<u>In-Kind Income</u>	<u>Funds Applied</u>	<u>Deobligated</u>	<u>Revenue June 30, 2012</u>
Nashville RDF	-	9,757	9,757	0%	1,802	1,802	-	-	-	-	7,955
Ocilla FY09	7,662	-	7,662	0%	1,213	7,662	-	-	(6,450)	-	-
Ocilla FY12	-	27,442	27,442	0%	5,108	5,108	-	-	-	-	22,334
Pierce County	-	30,000	30,000	0%	4,610	4,610	-	-	-	-	25,390
Quitman	-	30,000	30,000	0%	4,183	4,183	-	-	-	-	25,817
Ray City FY11	18,787	-	18,787	0%	8,575	8,575	-	-	-	-	10,212
Blackshear ARRA EIP:	2,000	-	2,000	0%	981	981	-	-	-	-	1,019
Adel	29,487	-	29,487	0%	4,627	4,487	-	-	140	25,000	-
Fitzgerald - Agri	2,000	-	2,000	0%	499	2,000	-	-	(1,501)	-	-
Quitman	-	-	-	0%	-	-	-	-	-	-	-
EECBG (ARRA):											
Ben Hill County	11,788	-	11,788	0%	4,228	9,289	-	-	(5,061)	-	2,499
Brooks County	10,616	-	10,616	0%	3,588	8,116	-	-	(4,529)	-	2,500
Clinch County	-	-	-	0%	365	-	-	-	365	-	-
Folkston	12,400	-	12,400	0%	3,998	9,900	-	-	(5,902)	-	2,500
Tifton	17,348	-	17,348	0%	5,768	14,849	-	-	(9,080)	-	2,499
Waycross	17,504	-	17,504	0%	3,696	15,004	-	-	(11,308)	-	2,500
OTHER											
Adel TE	-	18,750	18,750	0%	4,036	4,036	-	-	-	-	14,714
Enigma TE	-	15,000	15,000	0%	1,647	1,647	-	-	-	-	13,353
Folkston TE	-	15,000	15,000	0%	2,157	2,157	-	-	-	-	12,843
Folkston TE - Depot	1,890	-	1,890	0%	4,249	1,890	-	-	2,360	-	-

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
 FOR THE YEAR ENDED JUNE 30, 2012

Grant/Contract/Program	Name of	Unearned Revenue June 30, 2011	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2012	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2012
Hahira TE		-	18,750	18,750	0%	3,249	3,249	-	-	-	-	15,501
Nashville TE FY08		6,158	-	6,158	0%	895	6,158	-	-	(5,263)	-	-
Nashville TE FY12		-	15,000	15,000	0%	442	442	-	-	-	-	14,558
Ocilla TE		-	26,250	26,250	0%	1,864	1,864	-	-	-	-	24,386
Pearson TE		-	11,250	11,250	0%	324	324	-	-	-	-	10,926
Ray City TE FY08		298	-	298	0%	678	298	-	-	381	-	-
Ray City TE FY12		-	11,250	11,250	0%	385	385	-	-	-	-	10,865
Ray City EDSI		-	9,643	9,643	0%	3,060	3,060	-	-	-	-	6,583
Remerton TE		7,046	-	7,046	0%	1,528	1,528	-	-	-	-	5,518
Tifton TE		-	37,500	37,500	0%	3,021	3,021	-	-	-	-	34,479
TOTAL COMMUNITY DEVELOPMENT		350,917	487,939	838,856		208,948	288,364	-	-	(79,417)	26,203	524,289
DATA MANAGEMENT												
UGA - ITOS		-	4,080	4,080	0%	4,904	4,080	-	-	824	-	-
Valor		-	506,891	506,891	0%	509,651	506,891	1,120	-	1,640	-	-
Regional GIS		-	45,081	45,081	0%	180,664	45,081	77,907	-	57,676	-	-
TOTAL DATA MGT		-	556,052	556,052		695,219	556,052	79,027	-	60,140	-	-
TRANSPORTATION												
Department of Human Serv.												
Coordinated Transportation		-	2,144,810	2,144,810	1%	1,558,241	1,636,318	-	25,666	(103,743)	508,492	-
TOTAL TRANSPORTATION		-	2,144,810	2,144,810		1,558,241	1,636,318	-	25,666	(103,743)	508,492	-

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2012

<u>Name of Grant/Contract/Program</u>	<u>Revenue June 30, 2011</u>	<u>Award/ Adjustments</u>	<u>Funds Available</u>	<u>Matching %</u>	<u>Program Cost June 30, 2012</u>	<u>Revenue Earned</u>	<u>Other Income Earned</u>	<u>In-Kind Income</u>	<u>Funds Applied</u>	<u>Deobligated</u>	<u>Revenue June 30, 2012</u>
AGING											
Department of Health & Human Services:											
OAA Title III Part A	-	110,108	110,108	25%	134,026	100,520	-	-	33,507	9,588	-
OAA Title III Part B	-	422,994	422,994	3%	429,232	378,134	9,084	32,249	9,765	44,860	-
OAA Title III Part C	-	996,835	996,835	10%	1,702,376	982,705	610,482	109,189	-	14,130	-
OAA Title III Part D	-	37,070	37,070	10%	27,763	24,964	25	-	2,774	12,106	-
OAA Title III Part E	-	199,943	199,943	2%	210,922	187,999	2,034	18,136	2,753	11,944	-
OAA Title III Part E Adm	-	52,693	52,693	25%	65,903	49,427	-	-	16,476	3,266	-
OAA Title XIX - CCSP	-	2,445,759	2,445,759	0%	2,426,423	2,424,945	1,478	-	-	20,814	-
OAA Title V - SCSEP	-	220,154	220,154	10%	244,567	220,111	-	24,457	-	43	-
LTCO State Supplemental	-	-	-	0%	-	-	-	-	-	-	-
OAA Title III Part B LTCO	-	164,456	164,456	5%	172,950	164,166	-	8,784	-	290	-
ADRC Expansion	-	50,000	50,000	0%	46,345	46,345	-	-	-	3,655	-
SSBG	-	288,370	288,370	12%	326,605	282,889	5,141	18,352	20,224	5,481	-
NSIP	-	262,471	262,471	0%	262,471	262,471	-	-	-	-	-
ADRC - MIPPA	-	80,393	80,393	0%	72,005	70,530	1,475	-	-	9,863	-
Georgia Cares - SMP AoA	-	12,500	12,500	0%	11,390	11,390	-	-	-	1,110	-
Georgia Cares - SHIP	-	10,500	10,500	0%	610	610	-	-	-	9,890	-
Georgia Cares - SHIP Supp	-	12,000	12,000	0%	11,435	11,435	-	-	-	565	-
Georgia Cares-CMS	-	59,788	59,788	0%	58,611	58,611	-	-	-	1,177	-
Money Follows the Person	-	126,231	126,231	0%	46,282	46,282	-	-	-	79,949	-
Alzheimer's Program	-	129,857	129,857	0%	131,188	129,853	1,335	-	-	4	-
CBS	-	834,334	834,334	0%	967,872	798,937	168,935	-	-	35,397	-
Income Tax Check Off	-	5,572	5,572	0%	5,572	5,572	-	-	-	-	-
TOTAL AGING	-	6,522,028	6,522,028		7,354,548	6,257,896	799,989	211,167	85,499	264,132	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Name of Grant/Contract/Program</u>	<u>Unearned Revenue June 30, 2011</u>	<u>Current Year Award/ Adjustments</u>	<u>Total Funds Available</u>	<u>Required Matching %</u>	<u>T total Program Cost June 30, 2012</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, 2012</u>
DEPARTMENT OF LABOR JOB DEVELOPMENT AND TRAINING											
Workforce Investment Act											
Adult:											
#10-11-11-11-019	-	79,879	79,879	0%	71,891	71,891	-	-	-	-	7,988
#11-12-11-11-019	-	574,939	574,939	0%	250,084	250,084	-	-	-	-	324,855
#10-10-11-11-019	7,421	-	7,421	0%	7,421	7,421	-	-	-	-	-
#11-11-11-11-019	278,853	-	278,853	0%	278,853	278,853	-	-	-	-	-
#10-10-11-11-018	25,208	-	25,208	0%	25,208	25,208	-	-	-	-	-
#10-11-11-11-018	-	42,383	42,383	0%	38,568	38,568	-	-	-	-	3,815
#11-11-11-11-018	371,735	-	371,735	0%	371,735	371,735	-	-	-	-	-
#11-12-11-11-018	-	680,459	680,459	0%	287,753	287,753	-	-	-	-	392,706
Youth:											
#15-12-11-11-019	-	455,420	455,420	0%	-	-	-	-	-	-	455,420
#15-10-11-11-019	207,819	-	207,819	0%	207,819	207,819	-	-	-	-	-
#15-11-11-11-019	424,908	-	424,908	0%	169,005	169,005	-	-	-	-	255,903
#15-12-11-11-018	-	688,848	688,848	0%	-	-	-	-	-	-	688,848
#15-10-11-11-018	432,234	-	432,234	0%	432,234	432,234	-	-	-	-	-
#15-11-11-11-018	632,522	-	632,522	0%	193,428	193,428	-	-	-	-	439,094
Dislocated Worker:											
#30-11-11-11-019	-	46,507	46,507	0%	41,857	41,857	-	-	-	-	4,650
#30-10-11-11-019	6,660	-	6,660	0%	6,660	6,660	-	-	-	-	-
#31-12-11-11-019	-	220,035	220,035	0%	57,359	57,359	-	-	-	-	162,676
#31-11-11-11-019	84,006	-	84,006	0%	84,006	84,006	-	-	-	-	-
#30-11-11-11-018	-	135,509	135,509	0%	114,974	114,974	-	-	-	-	20,535
#30-10-11-11-018	52,813	-	52,813	0%	52,813	52,813	-	-	-	-	-
#31-12-11-11-018	-	402,501	402,501	0%	228,611	228,611	-	-	-	-	173,890
#31-11-11-11-018	293,867	-	293,867	0%	293,867	293,867	-	-	-	-	-

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
 FOR THE YEAR ENDED JUNE 30, 2012

<u>Name of Grant/Contract/Program</u>	<u>Unearned Revenue June 30, 2011</u>	<u>Current Year Award/ Adjustments</u>	<u>Total Funds Available</u>	<u>Required Matching %</u>	<u>Total Program Cost June 30, 2012</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, 2012</u>
Dislocated Worker ARRA: #43-11-11-11-019 TANF/ARRA SYP	-	100,000	100,000	0%	100,000	100,000	-	-	-	-	-
#20-10-TY-111-149	69,746	-	69,746	0%	-	-	-	-	-	69,746	-
#20-10-TY-111-148	193,144	-	193,144	0%	-	-	-	-	-	193,144	-
TOTAL JOB DEV. AND TRAINING	3,080,936	3,426,480	6,507,416		3,314,146	3,314,146	-	-	-	262,890	2,930,380
Totals	\$ 4,144,831	\$ 14,081,769	\$ 18,226,600		\$ 14,355,977	\$ 13,001,675	\$ 941,513	\$ 243,632	\$ 169,158	\$ 1,261,958	\$ 3,962,967

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, 2012

Contract Name	Contract Number	Due from DHS	Due to DHS
Aging Program:			
Various	427-373-0000008194	\$ 1,050,084	\$ -
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	-	7
Subtotal			1,309
Aging Program:			
CCSP	427-93-07070239-99	-	370
CBS GACares	427-93-07070239-99	-	7
CBS	427-93-07070239-99	-	35
Subtotal			412
Aging Program:			
SSBG	427-93-08080187-99	-	202
CBS	427-93-08080187-99	-	8
Subtotal			210
Aging Program:			
Title III D	427-93-09090176-99	-	5
SSBG	427-93-09090176-99	-	116
Subtotal			121
Total		<u>\$ 1,050,084</u>	<u>\$ 25,085</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs						
Coordinated Planning	None	\$ 216,852	\$ 216,852	\$ 248,885	\$ 54,213	\$ -
Berrien County URP	None	11,250	11,250	11,132	-	-
Department of Transportation						
Transportation Related Services - Planning	STP-0009-00(326)	93,600	62,039	77,548	14,484	-
Department of Natural Resources						
Historic Preservation	None	4,090	4,090	4,175	-	-
Department of Labor (Note 2)						
Workforce Investment Act - Valdosta	Various (Note 1)	4,572,892	1,274,954	1,274,954	295,631	-
Workforce Investment Act - Waycross	Various (Note 1)	3,228,126	2,039,191	2,039,191	168,666	-
Department of Human Services (Note 2)						
Coordinated Transportation	42700-362-0000008676	2,144,810	1,636,318	1,558,241	163,165	-
Aging Programs	427-373-0000008194	6,522,028	6,257,896	7,354,548	1,050,084	-
Aging Programs	various contracts	-	-	-	-	25,085
Total Expenditures of State Awards		<u>\$ 16,793,648</u>	<u>\$ 11,502,590</u>	<u>\$ 12,568,674</u>	<u>\$ 1,746,243</u>	<u>\$ 25,085</u>

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 2012
 FOR THE YEAR ENDED JUNE 30, 2012

Service	Units Served	Persons Served
SSBG		
Adult Day Care	1,243.00	5
Case Management	1.00	1
Telephone Reassurance	4,174.00	42
Transportation	64,404.00	2,256
Congregate meals	96,638.00	706
Home delivered meals	137,783.00	795
Information and Assistance	11,036.00	9,338
Title IIIB		
Adult Day Care	2,849.00	10
Homemaker	6,140.50	81
Personal Care	5,337.00	71
Alzheimer's Adult Day Care	1,986.50	3
Alzheimer's In-Home Respite	5,151.25	48
CBS		
Alzheimer's Respite	607.50	26
Case Management	1,428.00	1,375
Home Mod	30.00	22
Nutritional Counseling	13.00	8
Personal Care	4,176.50	68
Title IIIE		
Adult Day Care	804.50	8
Kinship Care	480.00	2
Case Management	81.00	81
Home Mod	38.00	38
Respite	6,289.75	74
Title IIID Medication Management	45.00	45
Legal Services		
Community Education	25.00	649
Counseling Cases Opened	348.00	270
Info & Referral	477.00	477

FEDERAL COMPLIANCE SECTIONS

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Department of Agriculture			
Direct Programs			
Intermediary Relending Programs	10.767	10-092-0580942510	\$ 1,303,352
Rural Development Grants	10.769	10-92-580942510	<u>95,629</u>
Total U.S. Department of Agriculture			<u>1,398,981</u>
U.S. Department of Commerce			
Direct Programs - Economic Development Adm.			
Economic Development - Support for Planning	11.302	04-83-06330	86,765
Economic Adjustment Assist. - RLF	11.307	04-39-02010	3,472,049
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	4,512
Blackshear	11.300	04-01-06141	<u>1,490</u>
Subtotal Public Works and Econ. Dev.			<u>6,002</u>
Subtotal cluster			3,478,051
Passed through State Dept. of Natural Resources			
Green Growth Guidelines Update	11.419	NA09NOS4190171	20,974
Coastal Nonpoint Source Mgt.	11.419	NA09NOS4190171	<u>6,307</u>
Total U.S. Dept. of Commerce			<u>27,281</u> <u>3,592,097</u>
U.S. Department of Labor			
Passed through State Department of Labor			
Title V Senior Comm. Service Employment Prog.	17.235	427-373-000008194	244,567
Workforce Investment Act			
Adult Program	17.258	10-10-11-11-019	7,422
Adult Program	17.258	10-11-11-11-019	71,891
Adult Program	17.258	11-12-11-11-019	250,083
Adult Program	17.258	11-11-11-11-019	278,853
Adult Program	17.258	10-11-11-11-018	38,568
Adult Program	17.258	10-10-11-11-018	25,208
Adult Program	17.258	11-11-11-11-018	371,735
Adult Program	17.258	11-12-11-11-018	<u>287,753</u>
Subtotal Adult Program			<u>1,331,513</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

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			
Youth Activities	17.259	15-10-11-11-019	207,819
Youth Activities	17.259	15-11-11-11-019	169,005
Youth Activities	17.259	15-10-11-11-018	432,234
Youth Activities	17.259	15-11-11-11-018	193,428
Subtotal Youth Activities			1,002,486
Dislocated Worker Formula Grants	17.278	31-11-11-11-019	84,006
Dislocated Worker Formula Grants	17.278	30-11-11-11-019	41,857
Dislocated Worker Formula Grants	17.278	31-12-11-11-019	57,359
Dislocated Worker Formula Grants	17.278	30-10-11-11-019	6,660
Dislocated Worker Formula Grants	17.278	30-10-11-11-018	52,813
Dislocated Worker Formula Grants	17.278	30-11-11-11-018	114,974
Dislocated Worker Formula Grants	17.278	31-12-11-11-018	228,611
Dislocated Worker Formula Grants	17.278	31-11-11-11-018	293,867
Subtotal Dislocated Worker Form. Grants			880,147
ARRA Dislocated Worker Form. Grants	17.278	43-11-11-11-019	100,000
Subtotal Dislocated Worker Form. Grants			980,147
Subtotal WIA cluster			3,314,146
Total U. S. Department of Labor			3,558,713
U. S. Dept. of Health & Human Services			
Passed through State Dept. of Human Services:			
TANF - Coordinated Transportation	93.558	42700-362-0000008676	660,081
SSBG - Coordinated Transportation	93.667	42700-362-0000008676	70,817
SSBG - Aging Program	93.667	427-373-0000008194	326,605
Subtotal			397,422
Aging Title III Part B	93.044	427-373-0000008194	563,258
Aging Title III Part B - Coord. Transportation	93.044	42700-362-0000008676	83,777
Aging Title III Part C	93.045	427-373-0000008194	1,702,376
Aging Nutrition Services Incentive Program	93.053	427-373-0000008194	262,471
Subtotal cluster			2,611,882
Aging Title VII - LTCO	93.042	427-373-0000008194	172,950
Aging Title III Part D	93.043	427-373-0000008194	27,763
Aging Title III Part E	93.052	427-373-0000008194	276,825

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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:			
Aging Title XIX CCSP	93.778	427-373-000008194	2,426,423
Aging GA CARES	93.779	427-373-000008194	82,045
Aging GA CARES - MIPPA	93.779	427-373-000008194	72,005
ADRC Expansion	93.779	427-373-000008194	46,345
Subtotal			200,395
Money Follows the Person	93.791	427-373-000008194	46,282
Total U. S. Dept. of Health & Human Serv.			6,820,023
U. S. Department of Transportation			
Passed through State Dept. of Transportation:			
Transportation Planning	20.505	STP-0009-00(326)	77,548
FTA 5303 Transit Planning	20.505	T003585	30,825
Metropolitan Planning	20.505	P.I.0009668	88,483
Subtotal			196,856
Capital Assist. Program - Coord. Transportation	20.513	42700-362-000008676	262,029
New Freedom Program - Coord. Transportation	20.521	42700-362-000008676	380,805
Subtotal cluster			642,834
Total U.S. Department of Transportation			839,690
U.S. Department of Defense			
Direct Program			
Joint Land Use Study - Moody Air Force Base	12.607	EN 0630-10-02	117,778
U.S. Department of Environmental Protection			
Passed through State Dept. of Natural Resources, passed through member local governments:			
UGA - MREX Coastal	66.460	RE337-452/4786606	14,256
USRP 319(h) FY05	66.460	751-90039	12,763
Section 604(b) Phase II	66.460	751-110056	7,231
Section 319(h):			
Withlacoochee WIP	66.460	751-120155	1,570
Waycross Drainage Canal WIP	66.460	751-120153	11,067
Seven Rivers Alapahoochee River BMP	66.460	751-100060	481
Seven Rivers Alapahoochee River	66.460	751-100060	66,892
Seven Rivers Little Satilla/Hurr Crk	66.460	751-100061	78,772
Subtotal			193,032
Total U.S. Dept. of Environmental Protection			193,032

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Expenditures
U.S. Small Business Administration			
Direct Programs			
Certified Development Corporation	59.041	04-235	44,743
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	591
Ambrose	14.228	10p-x-034-2-5289	6,804
Argyle	14.228	09p-x-032-2-5171	7,615
Atkinson County	14.228	09p-y-002-1-5173	6,173
Berrien County FY12	14.228	11p-y-010-1-5403	3,596
Berrien County FY09	14.228	09p-y-010-1-5177	4,579
Brantley County	14.228	11p-y-013-1-5402	4,362
Coffee County	14.228	11p-y-034-1-5399	7,636
Cook County FY12	14.228	11p-y-037-1-5396	4,816
Cook County	14.228	10p-y-037-1-5292	12,138
Echols County	14.228	10p-y-050-1-5293	5,007
Lanier County	14.228	11p-y-086-1-5393	16,241
Homeland	14.228	09p-x-024-2-5176	5,974
Homeland FY12	14.228	11p-x-024-2-5394	3,711
Homerville	14.228	09p-x-032-2-5175	1,302
Homerville FY12	14.228	11p-x-032-2-5395	8,077
Irwin County FY11	14.228	10p-y-077-1-5282	7,592
Lowndes County	14.228	10p-y-092-1-5284	9,451
Nashville	14.228	11p-x-010-2-5397	6,504
Nashville RDF	14.228	11rd-x-010-2-5434	1,802
Ocilla 12	14.228	11p-x-077-2-5400	5,108
Ocilla 09	14.228	09p-x-077-2-5148	1,213
Quitman	14.228	09b-x-014-2-5174	4,184
Pierce County	14.228	11p-y-113-1-5392	4,610
Ray City FY11	14.228	10p-x-010-2-5285	8,575

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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			
Employment Incentive Program:			
Adel	14.228	10q-x-037-2-5319	4,627
Fitzgerald - Agri Products	14.228	08q-x-009-2-5091	499
Subtotal CDBG			<u>152,787</u>
ARRA Blackshear	14.255	09-cr-5100	<u>981</u>
Subtotal cluster			153,768
Ray City ESDI	14.251	B-10-SP-GA-0136	3,060
Total U. S. Dept. of Housing Urban Dev. (and cluster)			<u><u>156,828</u></u>
U. S. Department of Energy			
Passed through member local governments:			
ARRA EECBG:			
Ben Hill County	81.128	EECBG-ARRA-GOV-2010-102	4,228
Brooks County	81.128	EECBG-ARRA-GOV-2010-104	3,588
Clinch County	81.128	EECBG-ARRA-GOV-2010-141	365
Folkston	81.128	EECBG-ARRA-GOV-2010-122	3,998
Tifton	81.128	EECBG-ARRA-GOV-2010-134	5,768
Waycross	81.128	EECBG-ARRA-GOV-2010-137	<u>3,696</u>
Total U. S. Dept. of Energy			<u>21,643</u>
U. S. Department of Education			
Passed through State Dept. of Transportation:			
Rehabilitation Services - Vocational Rehab -			
Coordinated Transportation	84.126	42700-362-0000008676	<u>160</u>
Total Federal Financial Assistance			<u><u>\$ 16,743,688</u></u>

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

2. The RC provided federal awards to subrecipients as follows:

Aging Programs		
Title III, Part B	93.044	\$ 338,186
Title III, Part C	93.045	982,705
Title III, Part E	93.052	163,226
Title XIX CCSP	93.778	1,805,354
Title V SCSEP	17.235	220,111
SSBG	93.667	134,581
Title VII LTCO	93.042	31,120
Subtotal Aging Program		<u>3,675,283</u>
Workforce Investment Act		
Valdosta		
Adult program	17.258	467,143
Youth activities	17.259	403,999
Dislocated worker formula grants	17.278	356,122
Waycross		
Adult program	17.258	518,833
Youth activities	17.259	293,404
Dislocated worker formula grants	17.278	238,760
Subtotal Workforce Investment Act		<u>2,278,261</u>
Total provided to subrecipients		<u>\$ 5,953,544</u>

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, 2012, which collectively comprise the RC's basic financial statements and have issued our report thereon dated December 7, 2012. 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 7, 2012

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, 2012. 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, 2012. 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 7, 2012

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Type of auditor's report issued on compliance for major programs: unqualified

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.767	U. S. Department of Agriculture - Loan Guarantee - Intermediary Relending Program
11.300, 11.307	U. S. Department of Commerce - Economic Development cluster - Investments in Public Works/Economic Development Facilities and Economic Adjustment Assistance
17.258, 17.259, 17278 20.513	U. S. Department of Labor - Workforce Investment Act cluster U. S. Department of Transportation - Capital Assistance Program for Elderly Persons and Persons with Disabilities
93.044, 93.045, 93.053	U. S. Department of Health and Human Services - Aging cluster - Special Programs for Aging - Title III, Parts B & C and Nutrition Services Incentive Program
93.558	U. S. Department of Health and Human Services - Temporary Assistance for Needy Families (TANF) - Coordinated Transportation Program
93.778	U. S. Department of Health and Human Services - Medical Assistance Program

Auditee qualified as a low-risk auditee? X yes no

Dollar threshold used to distinguish between type A and B programs: \$ 502,311

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SOUTHERN GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

None reported.