

SOUTHERN GEORGIA REGIONAL
COMMISSION
VALDOSTA, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013



January 3, 2014

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

REC'D JAN 08 2014

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, 2012 to June 30, 2013.

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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SOUTHERN GEORGIA REGIONAL COMMISSION
 TABLE OF CONTENTS
 JUNE 30, 2013

	PAGE
TABLE OF CONTENTS	<i>i -iii</i>
INDEPENDENT AUDITOR'S REPORT	<i>iv - vi</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	<i>vii -xvi</i>
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Government-wide Statement of Net Position	1
Government-wide Statement of Activities	2
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 5
Proprietary Funds:	
Statement of Net Position	6 - 7
Statement of Revenues, Expenses, and Changes in Net Position	8 - 9
Statement of Cash Flows	10 - 11
 NOTES TO THE FINANCIAL STATEMENTS	 12 - 45
 REQUIRED SUPPLEMENTARY INFORMATION:	 46
BUDGETARY COMPARISON SCHEDULES:	
General Fund	47
Special Revenue Funds:	
Planning and Technical Assistance Fund	48
Job Development and Training Fund	49
Coordinated Transportation Fund	50
Aging Fund	51
 Schedule of Funding Progress - Retirement Plan	 52
Notes to Required Supplementary Information	53 - 54

SOUTHERN GEORGIA REGIONAL COMMISSION
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2013

	<u>PAGE</u>
COMBINING AND INDIVIDUAL FUND SCHEDULES	55
COMBINING SCHEDULES:	
Nonmajor Governmental Funds:	
Combining Schedule of Assets, Liabilities and Fund Balances	56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	57
Southern Georgia Revolving Loan Fund:	
Combining Schedule of Net Position	58
Combining Schedule of Revenues, Expenses and Changes in Net Position	59
Internal Service Funds:	
Combining Schedule of Net Position	60
Combining Schedule of Revenues, Expenses and Changes in Net Position	61
BUDGETARY COMPARISON SCHEDULES - NONMAJOR FUNDS:	
Data Management Fund	62
Community Development Fund	63
Community Development Fund	64
STATE COMPLIANCE SECTION:	65
Schedule of Nonpublic Funds	66 - 67
Independent Auditor's Opinion on Schedule of Nonpublic Funds	68
Schedule of Employee Benefit Cost Pool - Actual Rates	69
Schedule of Indirect Cost Pool - Actual Rates	70
Schedule of City/County Dues and Assessments	71
Schedule of Revenue Earned and Matching Funds Applied	72 - 79
Statement of Proposed Financial Settlement "As Required by the Georgia Department of Human Services"	80
Schedule of Expenditures of State Awards	81
Area Agency on Aging - Schedule of Units/Persons Served State Fiscal Year 2013	82

SOUTHERN GEORGIA REGIONAL COMMISSION
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2013

	<u>PAGE</u>
FEDERAL COMPLIANCE SECTION:	83
Schedule of Expenditures of Federal Awards	84 - 89
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90 - 91
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 <i>OMB Circular A-133</i>	92 - 93
Schedule of Findings and Questioned Costs	94 - 95
Summary Schedule of Prior Year Audit Findings	96

INDEPENDENT AUDITOR'S REPORT

To the Council Members
Southern Georgia Regional Commission
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2013, and the related notes to the financial statements, which collectively comprise the RC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RC's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RC's internal control over financial reporting and compliance.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 9, 2013

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The Southern Georgia Regional Commission ("the RC") presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2013. 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 \$7,641,868 (net position). Net position is comprised of the following:
 - \$745,746, which represents the RC's investments in land, structures and equipment (net investment in capital assets).
 - \$4,351,400, 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).
 - \$2,544,722, which may be used to meet the RC's ongoing obligations (unrestricted net position).
- The RC's net position increased \$47,157 over the previous fiscal year.
- Total combined revenues for governmental and business-type activities were \$16,282,463.
- The RC's expenses in governmental activities during the year were \$14,968,692, while revenues were \$15,177,039, resulting in an increase of \$208,347 in net position for the year.
- The RC's business type activities expenses were \$1,266,614, while revenues were \$1,105,424, resulting in a decrease of \$161,190 in net position for the year.
- At the end of the fiscal year, the general fund total fund balance was \$2,409,481.

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 Position 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 Position presents information on all of the RC's assets and liabilities, with the difference between the two reported as net position, while the Statement of Activities presents information showing how the RC's net position 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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements and can be found on pages 1 and 2. The Statement of Net Position provides information on all assets and liabilities, with the difference being net position. The Statement of Activities provides information on all expenses and revenues for the fiscal year, and shows the change in net position 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 position and changes in them. You can think of the RC's net position – the difference between assets and liabilities – as one way to measure the RC's financial position. Over time, increases or decreases in net position 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 Position 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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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 Position 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 the 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 Government-Wide Statement of Net Position 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 position is listed below in Table 1. The RC's Total Net Position (governmental and business-type activities) was \$7,641,868 at the close of the fiscal year, June 30, 2013. The RC's assets exceeded liabilities by this amount. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$2,544,722 at the end of this year.

The largest category of net position is the business type RLF restricted which represents 57% of total net position. These business-type assets, \$4,351,400, 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, 2013**

The second category of net position is unrestricted, which represents 33% 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 Net Investment in Capital Assets, which represents 10% of net position. 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 Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Current and other assets	\$4,493,335	\$ 4,369,239	\$ 5,430,741	\$5,694,044	\$ 9,924,076	\$ 10,063,283
Capital assets	866,980	865,999	107,875	133,502	974,855	999,501
Total Assets	5,360,315	5,235,238	5,538,616	5,827,546	10,898,931	11,062,784
Long-term debt outstanding	(362,219)	(441,012)	(1,146,926)	(1,270,617)	(1,509,145)	(1,711,629)
Other Liabilities	(1,720,428)	(1,724,905)	(27,490)	(31,539)	(1,747,918)	(1,756,444)
Total Liabilities	(2,082,647)	(2,165,917)	(1,174,416)	(1,302,156)	(3,257,063)	(3,468,073)
Net Position:						
Net Investment in						
Capital Assets	732,946	645,487	12,800	133,502	745,746	778,989
Restricted	-	-	4,351,400	4,380,089	4,351,400	4,380,089
Unrestricted	2,544,722	2,423,834	-	11,799	2,544,722	2,435,633
Total Net Position	\$3,277,668	\$ 3,069,321	\$ 4,364,200	\$4,525,390	\$ 7,641,868	\$ 7,594,711

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The RC's Changes in Net Position is listed below in Table 2. The RC's total change in net position was an increase of \$47,157 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net position by \$208,347, while business-type activities decreased net position by \$161,190.

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 (91%) from operating grants, and the remainder was 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 2013, and 83% of the expenses for the year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues						
Program Revenues:						
Charges for services	\$ 923,906	\$ 914,206	\$ 1,104,740	\$ 1,079,792	\$ 2,028,646	\$ 1,993,998
Operating grants	13,737,155	13,028,983	-	-	13,737,155	13,028,983
General Revenues:						
Dues	515,978	508,229	-	-	515,978	508,229
Other general revenues	-	-	684	652	684	652
Total Revenues	15,177,039	14,451,418	1,105,424	1,080,444	16,282,463	15,531,862
Program Expenses						
Solid waste and recycling	25,338	22,188	-	-	25,338	22,188
Planning & zoning	1,460,165	1,592,229	-	-	1,460,165	1,592,229
Economic development and assistance	309,824	295,714	-	-	309,824	295,714
Urban redevelopment	4,389	4,175	-	-	4,389	4,175
Economic opportunity	4,072,202	3,304,462	-	-	4,072,202	3,304,462
Conservation	250,375	213,513	-	-	250,375	213,513
Community Service	8,846,399	8,677,485	-	-	8,846,399	8,677,485
Information technology service	-	-	1,055,882	1,050,299	1,055,882	1,050,299
Revolving loan program	-	-	210,732	181,554	210,732	181,554
Total Expenses	14,968,692	14,109,766	1,266,614	1,231,853	16,235,306	15,341,619
Increase in Net Position	208,347	341,652	(161,190)	(151,409)	47,157	190,243
Net Position - Beginning	3,069,321	2,727,669	4,525,390	4,676,799	7,594,711	7,404,468
Net Position - Ending	\$ 3,277,668	\$ 3,069,321	\$ 4,364,200	\$ 4,525,390	\$ 7,641,868	\$ 7,594,711

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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 2013 fiscal year with a balance of \$2,723,597 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a fund equity balance of \$4,364,200, with \$4,351,400 of the balance being restricted.

**Table 3
Balance Sheet/Statement of Net Position**

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY2012	FY 2013	FY2012
Current and other assets	\$ 5,094,114	\$ 4,917,720	\$5,829,919	\$ 6,161,912	\$10,924,033	\$11,079,632
Net Capital Assets	-	-	107,875	133,502	107,875	133,502
Total Assets	5,094,114	4,917,720	5,937,794	6,295,414	11,031,908	11,213,134
Long-term debt outstanding	-	-	1,146,926	1,270,617	1,146,926	1,270,617
Other Liabilities	2,370,517	2,381,533	426,668	499,407	2,797,185	2,880,940
Total Liabilities	2,370,517	2,381,533	1,573,594	1,770,024	3,944,111	4,151,557
Net Position						
Restricted	-	-	4,351,400	4,380,089	4,351,400	4,380,089
Unrestricted	-	-	12,800	145,301	12,800	145,301
Fund Balance						
Assigned	314,116	314,116	-	-	314,116	314,116
Unassigned	2,409,481	2,222,071	-	-	2,409,481	2,222,071
Total Fund Balance/ Net Position	\$ 2,723,597	\$ 2,536,187	\$4,364,200	\$ 4,525,390	\$ 7,087,797	\$ 7,061,577

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

The Governmental Funds increased the RC's governmental fund balance by \$187,410, accounting for 7% 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 increased by 5.5% and expenses increased by 6.6% in the RC Primary Government when comparing FY 2013 to FY 2012. Costs to maintain services continue to rise, while other major fund revenues remained relatively constant during FY 2013.

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$2,409,481, 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 2013 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 \$161,190, as shown in Table 4. Revenues in the business-type activities (Table 4) increased by 2% (\$1.105 million in FY 2013 compared to \$1.080 million in FY 2012), and expenses increased by 3%, or \$34,396. The major funds for FY 2013 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, 2013

Table 4
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues						
Intergovernmental	\$13,737,155	\$13,028,981	\$ -	\$ -	\$13,737,155	\$13,028,981
Dues	515,978	508,229	-	-	515,978	508,229
Charges for Services	-	-	923,381	907,247	923,381	907,247
In-kind	320,463	243,633	-	-	320,463	243,633
Program/Other Income	923,906	914,207	181,359	172,545	1,105,265	1,086,752
Total Revenues	15,497,502	14,695,050	1,104,740	1,079,792	16,602,242	15,774,842
Expenditures						
Current	15,310,092	14,355,978	1,253,684	1,219,288	16,563,776	15,575,266
Total Expenditures	15,310,092	14,355,978	1,253,684	1,219,288	16,563,776	15,575,266
Non-Operating Revenue (Expense)						
Interest Income	-	-	684	652	684	652
Interest Expense	-	-	(12,930)	(12,565)	(12,930)	(12,565)
Total Non-Operating Rev. (Expense)	-	-	(12,246)	(11,913)	(12,246)	(11,913)
Other Financing Sources						
Transfers - In	518,916	535,477	-	-	518,916	535,477
Transfers - Out	(518,916)	(535,477)	-	-	(518,916)	(535,477)
Total Other Financing Sources	-	-	-	-	-	-
Net Change In Fund Bal/Net Position	187,410	339,072	(161,190)	(151,409)	26,220	187,663
Fund Bal/Net Position						
Beginning	2,536,187	2,197,115	4,525,390	4,676,799	7,061,577	6,873,914
Ending	\$ 2,723,597	\$ 2,536,187	\$4,364,200	\$4,525,390	\$ 7,087,797	\$ 7,061,577

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2013 RC annual Budget was adopted by the RC Council at its June 28, 2012 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2013 budget on April 25, 2013. The amended budget reflected a decrease in revenues and expenditures as a result of decreased grant and contract funding and correlating expenses.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

The RC's Net Position in net investment in capital assets for its governmental and business type activities as of June 30, 2013, was \$745,746, net of accumulated depreciation of \$1,551,625 (as shown on page 31) and related debt of \$154,973 (as shown on page 37). This investment in capital assets includes land, buildings/leasehold improvements and equipment and vehicles.

At June 30, 2013, the present value of net future minimum lease payments due on the building capital lease were \$134,034 as shown on page 38. 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, increased by \$981 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$101,050. Depreciation expense for Business-type Activities was \$40,756. 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 \$134,034 outstanding in Governmental Activities long-term debt of which, \$88,464 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, 2013 the RC had \$1,146,926 outstanding in its business-type activities. \$1,125,987 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 2014 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 plays a significant role when preparing the budget. For example, the effects of the federal sequestration are not fully known at this time; however, the impact may be significant for those programs funded primarily with federal funds. The RC intends to closely monitor the regional demand for services that continues to rise, as does the expense to provide those services, and whether Federal, State, and local programs, grants and contracts increase, decrease or remain constant and intends to adjust to these changes by adjusting staff and services to match the available funding.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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 POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 1,550,216	\$ -	\$ 1,550,216	\$ -
Accounts receivable	2,394,485	155,748	2,550,233	-
Due from primary government	-	-	-	43,546
Unamortized advances	53,681	-	53,681	-
Prepaid expenses	95,775	3,656	99,431	-
Notes receivable, net	-	3,210,883	3,210,883	-
Restricted cash	-	2,459,632	2,459,632	-
Internal balances	399,178	(399,178)	-	-
Capital assets:				
Land	14,000	-	14,000	-
Other capital assets, net of depreciation	852,980	107,875	960,855	-
Total capital assets	<u>866,980</u>	<u>107,875</u>	<u>974,855</u>	<u>-</u>
Total assets	<u>5,360,315</u>	<u>5,538,616</u>	<u>10,898,931</u>	<u>43,546</u>
LIABILITIES				
Accounts payable and other accrued expenses	1,587,338	27,245	1,614,583	-
Accounts payable - component unit	43,546	-	43,546	-
Unearned revenue	89,544	245	89,789	-
Long-term liabilities:				
Compensated absences	228,185	-	228,185	-
Due within one year	88,464	125,057	213,521	-
Due in more than one year	45,570	1,021,869	1,067,439	-
Total liabilities	<u>2,082,647</u>	<u>1,174,416</u>	<u>3,257,063</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	732,946	12,800	745,746	-
Restricted for programs:				
Economic development - revolving loan	-	4,351,400	4,351,400	-
Southern Georgia Area Development Corp.	-	-	-	43,546
Unrestricted	2,544,722	-	2,544,722	-
Total net position	<u>\$ 3,277,668</u>	<u>\$ 4,364,200</u>	<u>\$ 7,641,868</u>	<u>\$ 43,546</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Function/Programs: PRIMARY GOVERNMENT:	Net (Expense) Revenue and Changes in Net Position									
	Direct Expenses	Indirect/Expense Allocation	Program Revenues		Governmental Activities	Primary Government Business-type Activities		Total	Component Unit	
			Charges for Services	Operating Grants/Contributions						
Governmental activities:										
General government	\$ 1,073,572	\$ (1,077,622)	\$ -	\$ -	\$ 4,050	\$ 4,050	\$ -	\$ 4,050	\$ 4,050	
Community service	8,457,329	389,070	811,070	7,979,497	(55,832)	(55,832)	-	(55,832)	(55,832)	
Solid waste and recycling	22,189	3,149	25,338	-	-	-	-	-	-	
Planning and zoning	1,131,625	328,540	87,498	1,099,475	(273,192)	(273,192)	-	(273,192)	(273,192)	
Economic development	236,673	73,151	-	351,490	41,666	41,666	-	41,666	41,666	
Urban redevelopment	3,318	1,071	-	4,091	(298)	(298)	-	(298)	(298)	
Economic opportunity	3,904,558	167,644	-	4,065,227	(6,975)	(6,975)	-	(6,975)	(6,975)	
Conservation	206,558	43,817	-	237,375	(13,000)	(13,000)	-	(13,000)	(13,000)	
Interest on long-term debt	4,050	-	-	-	(4,050)	(4,050)	-	(4,050)	(4,050)	
Total governmental activities	15,039,872	(71,180)	923,906	13,737,155	(307,631)	(307,631)	-	(307,631)	(307,631)	
Business-type activities:										
Information technology	1,036,617	19,265	923,381	-	-	-	-	(132,501)	(132,501)	
Revolving loan program	179,589	31,143	181,359	-	-	-	-	(29,373)	(29,373)	
Total business-type activities	1,216,206	50,408	1,104,740	-	-	-	-	(161,874)	(161,874)	
Total primary government	\$ 16,256,078	\$ (20,772)	\$ 2,028,646	\$ 13,737,155	\$ (307,631)	\$ (307,631)	\$ -	\$ (469,505)	\$ (469,505)	
COMPONENT UNIT:										
Southern Georgia Area Dev. Corp	\$ 65,661	\$ 20,772	\$ 57,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,196)
General revenues:										
Local dues										
Investment earnings					515,978	515,978	-	515,978	515,978	-
Total general revenues					515,978	515,978	684	516,662	516,662	-
Change in net position					208,347	208,347	(161,190)	47,157	47,157	(29,196)
Net position - beginning					3,069,321	3,069,321	4,525,390	7,594,711	7,594,711	72,742
Net position - ending					\$ 3,277,668	\$ 3,277,668	\$ 4,364,200	\$ 7,641,868	\$ 7,641,868	\$ 43,546

See accompanying notes to the basic financial statements.

**SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Receivables	\$ -	\$ 351,986	\$ 550,803	\$ 137,229	\$ 1,160,527	\$ 119,962	\$ 2,320,507
Unamortized advances	-	-	-	-	53,681	-	53,681
Prepaid expenses	-	1,199	-	-	4,544	387	6,130
Interfund balances	2,409,481	-	-	304,315	-	-	2,713,796
Total assets	<u>\$ 2,409,481</u>	<u>\$ 353,185</u>	<u>\$ 550,803</u>	<u>\$ 441,544</u>	<u>\$ 1,218,752</u>	<u>\$ 120,349</u>	<u>\$ 5,094,114</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 20,835	\$ 412,264	\$ 127,428	\$ 825,360	\$ 3,689	\$ 1,389,576
Unamortized advances	-	-	-	-	74,203	-	74,203
Due to other governments	-	3,062	-	-	25,085	-	28,147
Unearned revenue	-	33,398	-	-	31,578	24,568	89,544
Interfund balances	-	295,890	138,539	-	262,526	92,092	789,047
Total liabilities	-	<u>\$ 353,185</u>	<u>\$ 550,803</u>	<u>\$ 127,428</u>	<u>\$ 1,218,752</u>	<u>\$ 120,349</u>	<u>\$ 2,370,517</u>
Fund balances:							
Assigned for transportation program	-	-	-	314,116	-	-	314,116
Unassigned	2,409,481	-	-	-	-	-	2,409,481
Total fund balances	<u>2,409,481</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>2,723,597</u>
Total liabilities and fund balances	<u>\$ 2,409,481</u>	<u>\$ 353,185</u>	<u>\$ 550,803</u>	<u>\$ 441,544</u>	<u>\$ 1,218,752</u>	<u>\$ 120,349</u>	<u>\$ 5,094,114</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 position.

Net position of governmental activities

125,722

428,349
\$ 3,277,668

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Intergovernmental							
Dues	\$ 515,978	\$ 880,970	\$ 4,065,227	\$ 1,708,820	\$ 6,270,677	\$ 811,461	\$ 13,737,155
In-kind contributions	-	103,076	-	-	-	-	515,978
Program/other income	-	36,897	-	8,263	209,124	-	320,463
Total revenues	515,978	1,020,943	4,065,227	1,717,083	7,290,871	75,939	923,906
EXPENDITURES							
Current:							
Community services	-	-	-	1,696,319	7,370,413	-	9,066,732
Economic opportunity	-	-	4,065,227	-	-	-	4,065,227
Planning and zoning	-	845,234	-	-	-	639,896	1,485,130
Conservation	-	353,451	-	-	-	-	353,451
Economic development and assistance	-	84,641	-	-	-	225,185	309,826
Urban redevelopment and housing	-	4,388	-	-	-	-	4,388
Solid waste and recycling	-	25,338	-	-	-	-	25,338
Total expenditures	-	1,313,052	4,065,227	1,696,319	7,370,413	865,081	15,310,092
Excess (deficiency) of revenues over (under) expenditures	515,978	(292,109)	-	20,764	(79,542)	22,319	187,410
OTHER FINANCING SOURCES (USES)							
Transfers in	95,174	296,466	-	-	79,542	47,734	518,916
Transfers out	(423,742)	(4,357)	-	(20,764)	-	(70,053)	(518,916)
Total other financing sources and uses	(328,568)	292,109	-	(20,764)	79,542	(22,319)	-
Net change in fund balances	187,410	-	-	-	-	-	187,410
Fund balances - beginning	2,222,071	-	-	314,116	-	-	2,536,187
Fund balances - ending	\$ 2,409,481	\$ -	\$ -	\$ 314,116	\$ -	\$ -	\$ 2,723,597

SOUTHERN GEORGIA REGIONAL COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$ 187,410
<p>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 (\$43,491) exceeded depreciation (\$22,554) in the current period.</p>	
Change in net position of governmental activities	<u>20,937</u> <u>\$ 208,347</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds			Totals	Governmental Fund	
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	-		Internal Service Funds	-
ASSETS						
Current assets:						
Cash	\$ -	\$ -	\$ -	\$ -	1,550,216	-
Restricted cash	-	2,459,632	-	2,459,632	-	-
Accounts receivable	155,748	-	-	155,748	73,128	-
Notes receivable - current portion	-	302,469	-	302,469	-	-
Allowance for loan loss	-	(145,341)	-	(145,341)	-	-
Interest receivable	-	-	-	-	-	-
Prepaid expenses	3,656	-	-	3,656	89,645	-
Due from employees	-	-	-	-	850	-
Total current assets	<u>159,404</u>	<u>2,616,760</u>	<u>-</u>	<u>2,776,164</u>	<u>1,713,839</u>	<u>-</u>
Noncurrent assets:						
Notes receivables, less current portion	-	3,053,755	-	3,053,755	-	-
Capital assets:						
Land	-	-	-	-	14,000	-
Equipment and vehicles	318,679	-	-	318,679	519,524	-
Buildings	-	-	-	-	1,202,339	-
Less accumulated depreciation	(210,804)	-	-	(210,804)	(994,603)	-
Total noncurrent assets	<u>107,875</u>	<u>3,053,755</u>	<u>-</u>	<u>3,161,630</u>	<u>741,260</u>	<u>-</u>
Total assets	<u>267,279</u>	<u>5,670,515</u>	<u>3,053,755</u>	<u>5,937,794</u>	<u>2,455,099</u>	<u>-</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2013

	Enterprise Funds			Governmental Fund Internal Service Funds
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	
LIABILITIES				
Current liabilities:				
Accounts payable	6,595	-	6,595	63,564
Accrued expenses	-	5,632	5,632	31,850
Interfund balances	211,700	187,478	399,178	1,525,571
Current portion:				
Capital lease payable	20,939	-	20,939	88,464
Notes payable	-	104,118	104,118	-
Total current liabilities	<u>239,234</u>	<u>297,228</u>	<u>536,462</u>	<u>1,709,449</u>
Noncurrent liabilities:				
Accounts payable - component unit	-	-	-	43,546
Unearned revenue	245	-	245	-
Due to other governments	15,000	18	15,018	-
Compensated absences	-	-	-	228,185
Capital lease payable, less current portion	-	-	-	45,570
Notes payable, less current portion	-	-	-	-
Total noncurrent liabilities	<u>15,245</u>	<u>1,021,869</u>	<u>1,021,869</u>	<u>317,301</u>
Total liabilities	<u>254,479</u>	<u>1,319,115</u>	<u>1,573,594</u>	<u>2,026,750</u>
NET POSITION				
Investment in capital assets	12,800	-	12,800	406,459
Restricted for revolving loan program	-	4,351,400	4,351,400	-
Restricted	-	-	-	21,890
Total net position	<u>\$ 12,800</u>	<u>\$ 4,351,400</u>	<u>\$ 4,364,200</u>	<u>\$ 428,349</u>

7

See accompanying notes to the basic financial statements.

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Funds			Governmental Fund
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 923,381	\$ -	\$ 923,381	\$ 3,545,398
Interest on notes receivable	-	170,671	170,671	-
Other income	-	10,688	10,688	38,155
Total operating revenue	<u>923,381</u>	<u>181,359</u>	<u>1,104,740</u>	<u>3,583,553</u>
OPERATING EXPENSES				
Personnel services	831,525	93,860	925,385	2,313,633
Bad debt	-	70,727	70,727	-
Indirect cost allocation	19,265	31,143	50,408	-
Depreciation	40,756	-	40,756	78,496
Computer maintenance/charges	31,800	-	31,800	37,386
Supplies	23,997	-	23,997	43,193
Utilities	22,959	-	22,959	40,730
Administrative expense	16,800	-	16,800	-
Telecommunications/internet	15,296	-	15,296	31,775
Contract services	14,000	-	14,000	-
Repairs and maintenance	11,306	-	11,306	40,696
Motor pool costs	9,247	296	9,543	4,534
Rent	7,184	-	7,184	20,704
Other	3,962	1,829	5,791	20,385
Training and education	4,187	-	4,187	7,115
Per diem and fees	716	1,247	1,963	36,914
Travel	1,432	-	1,432	15,313
Memberships and subscriptions	150	-	150	11,050

SOUTHERN GEORGIA REGIONAL COMMISSION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds			Governmental Fund Internal Service Funds
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	
OPERATING EXPENSES (CONTINUED)				
Insurance and bonding	-	-	-	31,157
Fuel	-	-	-	35,435
Work experience benefits	-	-	-	108,831
Job training participant support	-	-	-	710,458
Total operating expenses	1,054,582	199,102	1,253,684	3,587,805
Operating income (loss)	(131,201)	(17,743)	(148,944)	(4,252)
NONOPERATING REVENUES (EXPENSES)				
Gain on disposal of capital assets	-	684	684	8,302
Interest income	(1,300)	(11,630)	(12,930)	(4,050)
Interest expense	(1,300)	(10,946)	(12,246)	4,252
Change in net position	(132,501)	(28,689)	(161,190)	-
Total net position - beginning	145,301	4,380,089	4,525,390	428,349
Total net position - ending	\$ 12,800	\$ 4,351,400	\$ 4,364,200	\$ 428,349

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds			Governmental Fund Internal Service Fund
	Information Tech. Services Fund	Southern Georgia Revolving Loan Fund	Total	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from:				
Customers and borrowers	\$ 965,095	\$ 877,651	\$ 1,842,746	\$ -
Other	-	-	-	38,155
Internal activity: receipts (payments)	86,120	(154,810)	(68,690)	3,804,901
Payments to:				
Borrowers for loans	-	(803,710)	(803,710)	-
Employees or for their benefit	(831,525)	(93,860)	(925,385)	(2,305,507)
Suppliers/job training participant support	(182,964)	(105,224)	(288,188)	(1,190,697)
Net cash provided (used) by operating activities	<u>36,726</u>	<u>(279,953)</u>	<u>(243,227)</u>	<u>346,852</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(15,129)	-	(15,129)	(58,539)
Proceeds from sale of capital assets	-	-	-	8,302
Principal paid on capital debt	(20,297)	(103,394)	(123,691)	(86,478)
Interest paid on capital debt	(1,300)	(12,144)	(13,444)	(4,050)
Net cash provided (used) by capital and related financing activities	<u>(36,726)</u>	<u>(115,538)</u>	<u>(152,264)</u>	<u>(140,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	684	684	-
Net cash provided by investing activities	<u>-</u>	<u>684</u>	<u>684</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	-	(394,807)	(394,807)	206,087
Balances - beginning	-	2,854,439	2,854,439	1,344,129
Balances - ending	<u>\$ -</u>	<u>\$ 2,459,632</u>	<u>\$ 2,459,632</u>	<u>\$ 1,550,216</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds			Governmental Fund
	Information Tech. Services Fund	Southern Georgia Revolving Loan Fund	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (131,201)	\$ (17,743)	\$ (148,944)	\$ (4,252)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	40,756	-	40,756	78,496
Change in assets and liabilities:				
Receivables, net	41,714	(107,418)	(65,704)	(15,633)
Prepaid expenses	-	-	-	4,862
Change interfund balances	86,120	(154,810)	(68,690)	275,136
Change in deferred revenue	-	-	-	-
Accounts and other payables	(663)	18	(645)	8,243
Net cash provided by operating activities	\$ 36,726	\$ (279,953)	\$ (243,227)	\$ 346,852

Non-cash activity. Capital assets in the Information Technology Fund and Internal Service Fund with costs of \$164,025 and \$57,778 and accumulated depreciation of \$164,025 and \$57,778, respectively, were disposed of in the current year.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - Summary of Significant Accounting Policies

The Southern Georgia Regional Commission (hereafter referred to as the RC) is one of twelve similar 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).

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, 2013

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 Position, 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 position is reported in three parts – net investment in capital assets, restricted, and unrestricted. 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, 2013

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 position 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, 2013

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 position, 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, 2013

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 RC'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, 2013

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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 capital 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 position. The RC maintains a separate inventory and accountability of these capital assets. Detailed below are the balances at June 30, 2013 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, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Agency	Amount
Georgia Department of Labor	\$ 101,723
Georgia Department of Community Affairs	14,273
Georgia Department of Human Services	11,381
	\$ 127,377

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 capital 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, 2013

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, 2013

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 position. 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 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, 2013

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, 2013

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, 2013

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		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
	\$ 129,061	\$ 10,589	\$ -	\$ 1,506	\$ 141,156
FICA contributions	30,544	2,506	17,018	357	50,425
Medicare contributions	283,938	23,295	158,201	-	465,434
Group health insurance	14,888	1,221	8,295	-	24,404
Group life insurance	329,636	27,045	-	-	356,681
Retirement - Valdosta	-	-	236,785	-	236,785
Retirement - Waycross	-	-	-	-	-
Unemployment insurance	10,357	850	5,771	121	17,099
Workers compensation	798,424	65,506	426,070	1,984	1,291,984
Total fringe benefit costs	\$ 2,230,098	\$ 182,966	\$ 1,242,539	\$ 26,029	\$ 3,681,632
Total salaries					
Fringe benefits rates (final)	35.8%	35.8%	34.3%	7.6%	35.1%

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, \$1,291,984 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, 2013

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 \$1,077,620 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, 2013

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	\$ 1,399,332	\$ 1,786,474
Deposits		
Internal Service Funds		
Public Fund	147,244	147,244
Payroll Services Fund	3,640	11,416
Enterprise Fund		
Revolving Loan Fund	2,459,632	2,459,632
 Total cash and cash equivalents	 \$4,009,848	 \$4,404,766

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. 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, 2013

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 \$2,459,632 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	\$ 11,760	\$ -	\$ 11,760
Georgia Department of:			
Human Services - Aging program	1,160,527	-	1,160,527
GOWD - WIA	550,803	-	550,803
Human Services - Transportation program	137,229	-	137,229
Natural Resources	25,680	-	25,680
Community Affairs	54,174	-	54,174
Transportation	38,820	-	38,820
Other grants and contracts receivable	341,515	155,748	497,263
Other receivables - internal service funds	73,977	-	73,977
Total receivables	<u>\$ 2,394,485</u>	<u>\$ 155,748</u>	<u>\$2,550,233</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

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, 2013 the balances on these loans were \$3,356,224 with an allowance for loan loss of \$145,341. Bad debt of \$70,727 was written off against the allowance for loan loss in the current year and the allowance was subsequently increased by \$70,727 to \$145,341.

Note 5 - Unearned Revenue (eligibility requirements not met)

Unearned revenue is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Planning and Technical Assistance	\$ 33,398	\$ -	\$ 33,398
Aging	31,578	-	31,578
Nonmajor funds	24,568	-	24,568
ITS	-	245	245
Total deferred revenue	<u>\$ 89,544</u>	<u>\$ 245</u>	<u>\$ 89,789</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>7,500</u>
	<u>\$12,780</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, 2013

Note 7 – Fund Balances and Net Position

Proprietary Fund\ Net Position

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, 2013

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 7/1/2012</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance 6/30/2013</u>
Governmental activities:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Buildings and improvements	1,391,271	35,508	-	1,426,779
Equipment and autos	<u>802,420</u>	<u>66,523</u>	<u>(101,921)</u>	<u>767,022</u>
Total depreciable capital assets	2,193,691	102,031	(101,921)	2,193,801
Less accumulated depreciation for:				
Buildings and improvements	(688,850)	(53,429)	-	(742,279)
Equipment	<u>(652,842)</u>	<u>(47,621)</u>	<u>101,921</u>	<u>(598,542)</u>
Total accumulated depreciation	<u>(1,341,692)</u>	<u>(101,050)</u>	<u>101,921</u>	<u>(1,340,821)</u>
Total governmental activities, capital assets, net	<u>\$ 865,999</u>	<u>\$ 981</u>	<u>\$ -</u>	<u>\$ 866,980</u>
Business-type activities:				
Equipment	\$ 467,575	\$ 15,129	\$ (164,025)	\$ 318,679
Less accumulated depreciation	<u>(334,073)</u>	<u>(40,756)</u>	<u>164,025</u>	<u>(210,804)</u>
Total business-type activities, capital assets, net	<u>\$ 133,502</u>	<u>\$ (25,627)</u>	<u>\$ -</u>	<u>\$ 107,875</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

	Governmental Activities	Business-Type Activities
Economic opportunity	\$ 9,364	\$ -
Planning and zoning	10,542	-
Community service	2,648	-
Information Technology	-	40,756
 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.	 78,496	 -
 Total depreciation expense	 \$ 101,050	 \$ \$ 40,756

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

Fund	Receivable	Payable	Net
Governmental Activities:			
General:			
Planning and Tech. Assist.	\$ 295,890	\$ -	\$ 295,890
Job Development & Training	138,539	-	138,539
Aging	262,526	-	262,526
Nonmajor governmental	92,092	-	92,092
S. Georgia Revolving Loan	187,478	-	187,478
Information Technology	211,700	-	211,700
Internal Service	1,221,256	-	1,221,256
Planning and Tech. Assist.:			
General	-	(295,890)	(295,890)
Job Dev. & Training:			
General	-	(138,539)	(138,539)
Coordinated Transportation			
Internal Service	304,315	-	304,315
Aging:			
General	-	(262,526)	(262,526)
Nonmajor governmental:			
General	-	(92,092)	(92,092)
Subtotal	<u>2,713,796</u>	<u>(789,047)</u>	<u>1,924,749</u>
Internal Service Fund:			
General	-	(1,221,256)	(1,221,256)
Coordinated Transportation	-	(304,315)	(304,315)
Subtotal	<u>-</u>	<u>(1,525,571)</u>	<u>(1,525,571)</u>
Total governmental activities	<u>\$ 2,713,796</u>	<u>\$ (2,314,618)</u>	<u>\$ 399,178</u>
Business-type Activities:			
Information Technology:			
General	\$ -	\$ (211,700)	\$ (211,700)
S. Georgia Revolving Loan:			
General	-	(187,478)	(187,478)
Total business-type activities	<u>\$ -</u>	<u>\$ (399,178)</u>	<u>\$ (399,178)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

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.:	\$ 4,357	\$ (296,466)	\$ (292,109)
Aging Fund	-	(79,542)	(79,542)
Coordinated Transportation	20,764	-	20,764
Nonmajor governmental funds	70,053	(47,734)	22,319
Planning and Technical Assist.:			
General Fund	296,466	(4,357)	292,109
Aging Fund:			
General Fund	79,542	-	79,542
Coordinated Transportation:			
General Fund	-	(20,764)	(20,764)
Nonmajor governmental funds:			
General Fund	47,734	(70,053)	(22,319)
Transfers - governmental funds	<u>\$ 518,916</u>	<u>\$ (518,916)</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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, 2013

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

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

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2013</u>	<u>Due Within One Year</u>
Business-Type Activities					
U.S. Department of Agriculture/FHA					
IRP #1	\$ 200,539	\$ -	\$ (27,920)	\$ 172,619	\$ 28,198
IRP#2	448,204	-	(43,977)	404,227	44,394
IRP#3	218,306	-	(13,865)	204,441	13,907
IRP#4	362,332	-	(17,632)	344,700	17,619
Subtotal	<u>1,229,381</u>	<u>-</u>	<u>(103,394)</u>	<u>1,125,987</u>	<u>104,118</u>
Capital lease IBM	<u>41,236</u>	<u>-</u>	<u>(20,297)</u>	<u>20,939</u>	<u>20,939</u>
Total business activities	<u>\$ 1,270,617</u>	<u>\$ -</u>	<u>\$ (123,691)</u>	<u>\$ 1,146,926</u>	<u>\$ 125,057</u>
Governmental Activities					
Capital lease obligation - building					
	\$ 220,512	\$ -	\$ (86,478)	\$ 134,034	\$ 88,464
Compensated absences payable	<u>220,500</u>	<u>565,329</u>	<u>(557,644)</u>	<u>228,185</u>	<u>-</u>
Total governmental activities	<u>\$ 441,012</u>	<u>\$ 565,329</u>	<u>\$ (644,122)</u>	<u>\$ 362,219</u>	<u>\$ 88,464</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$11,630 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2013. The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities. Interest of \$1,300 was incurred and charged to expense regarding the IBM capital lease for the year ended June 30, 2013. The Information Technology Service Fund has been used in the past to liquidate the above lease liability.

Governmental Activities: interest of \$4,050 was incurred and charged to expense regarding the building capital lease for the year ended June 30, 2013. 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
2014	88,464	2,064	90,528
2015	45,570	294	45,864
Total	<u>\$ 134,034</u>	<u>\$ 2,358</u>	136,392
Less imputed interest			(2,358)
Present value of net future minimum lease payments			<u>\$ 134,034</u>

Assets acquired through capital leases are as follows:

Asset:		
Building		\$ 894,461
Accumulated depreciation		(393,563)
Net assets acquired through capital leases		<u>\$ 500,898</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10 – Long-Term Debt (Continued)

Business-Type Activities - Enterprise Funds

Year Ended June 30	Principal	Interest	Future Minimum Lease Payments
2014	20,939	659	21,598
Total	\$ 20,939	\$ 659	21,598
Less imputed interest			(659)
Present value of net future minimum lease payments			\$ 20,939

Assets acquired through capital leases are as follows:

Asset:		
IBM Power 720 computer equipment		\$ 62,669
Accumulated depreciation		(29,591)
		\$ 33,078
Net assets acquired through capital leases		

Payments on notes payable are due as follows:

Year Ended June 30	Notes Payable		
	Principal	Interest	Total
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	108,346	7,043	115,389
2019 - 2023	375,569	20,703	396,272
2024 - 2028	158,216	7,528	165,744
2029 - 2031	61,096	1,244	62,340
Total	\$1,125,987	\$ 75,314	\$ 1,201,301

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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).

The recommended employer contribution in accordance with the funding policy of the plan is \$587,473 and \$644,872, for years ended June 30, 2013 and June 30, 2014, respectively.

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 11 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

Valuation date	January 1, 2013
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 10 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	34
Terminated plan members entitled to, but not yet receiving benefits	41
Active plan members	<u>73</u>
Total	<u>148</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

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)]
1/1/13	\$8,187,438	\$10,463,999	\$2,276,561	78.24%	\$3,243,643	70.19%

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

Fiscal Year End June 30	Annual Pension Cost	Contribution Made	Percentage of APC Contributed	Pension Obligation
2013	\$ 587,473	\$ 587,473	100%	\$ -
2012	\$ 490,254	\$ 490,254	100%	\$ -
2011	\$ 600,607	\$ 600,607	100%	\$ -

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 12 – Other Retirement Plans

Plan provisions and contribution requirements of the plans below are established by the Commission's Council and may be amended by the Commission's Council. The plans are administered by independent plan administrators through administrative service agreements. The RC staff administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The RC Council 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.

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 annually until his 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 \$5,993.

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, 2013

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, 2013, no claims were paid by the RC.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$2,222,071	\$2,222,071	\$2,222,071	\$ -
Resources (inflows):				
Local government dues	515,978	515,978	515,978	-
Amounts available for appropriation	<u>2,738,049</u>	<u>2,738,049</u>	<u>2,738,049</u>	<u>-</u>
Charges to appropriation (outflows):				
Transfers to other funds	476,752	482,389	328,568	153,821
Total charges to appropriations	<u>476,752</u>	<u>482,389</u>	<u>328,568</u>	<u>153,821</u>
Budgetary fund balance, June 30	<u>\$2,261,297</u>	<u>\$2,255,660</u>	<u>\$2,409,481</u>	<u>\$ 153,821</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,173,578	1,009,283	880,970	(128,313)
In-kind contributions	-	-	103,076	103,076
Program/other income	9,280	11,558	36,897	25,339
Investment earnings	-	-	-	-
Transfers from other funds	289,241	317,228	296,466	(20,762)
Amounts available for appropriation	<u>1,472,099</u>	<u>1,338,069</u>	<u>1,317,409</u>	<u>(20,660)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	790,384	756,059	752,049	4,010
Operating expenditures	402,704	284,277	275,961	8,316
Indirect				
Cost allocation plan	254,011	252,733	249,535	3,198
Capital outlay	25,000	45,000	35,507	9,493
Transfers to other funds	-	-	4,357	(4,357)
Total charges to appropriations	<u>1,472,099</u>	<u>1,338,069</u>	<u>1,317,409</u>	<u>20,660</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	4,746,577	4,456,849	4,065,227	(391,622)
Amounts available for appropriation	4,746,577	4,456,849	4,065,227	(391,622)
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	724,326	721,905	725,253	(3,348)
Operating expenditures	242,394	168,235	153,716	14,519
Contractual	3,586,338	3,397,763	3,018,614	379,149
Indirect				
Cost allocation plan	163,602	168,946	167,644	1,302
Capital outlays	29,917	-	-	-
Total charges to appropriations	4,746,577	4,456,849	4,065,227	391,622
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 COORDINATED TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 314,116	\$ 314,116	\$ 314,116	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,723,942	1,683,050	1,708,820	25,770
In-kind contributions	-	-	8,263	8,263
Amounts available for appropriation	<u>2,038,058</u>	<u>1,997,166</u>	<u>2,031,199</u>	<u>34,033</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	73,753	79,037	73,698	5,339
Operating expenditures	31,430	16,921	14,771	2,150
Contractual	1,595,057	1,560,672	1,583,397	(22,725)
Indirect				
Cost allocation plan	23,702	26,420	24,453	1,967
Transfer out to other funds	-	-	20,764	(20,764)
Total charges to appropriations	<u>1,723,942</u>	<u>1,683,050</u>	<u>1,717,083</u>	<u>(34,033)</u>
Budgetary fund balance, June 30	<u>\$ 314,116</u>	<u>\$ 314,116</u>	<u>\$ 314,116</u>	<u>\$ 0</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 AGING FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	7,193,610	7,241,460	6,270,677	(970,783)
In-kind contributions	-	-	209,124	209,124
Program/other income	15,000	9,000	811,070	802,070
Transfers from other funds	100,085	87,158	79,542	(7,616)
Amounts available for appropriation	<u>7,308,695</u>	<u>7,337,618</u>	<u>7,370,413</u>	<u>32,795</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,190,951	1,107,335	1,098,879	8,456
Operating expenditures	489,547	489,919	463,377	26,542
Contractual	5,245,455	5,364,607	5,437,946	(73,339)
Indirect				
Cost allocation plan	382,742	370,157	364,616	5,541
Capital outlay	-	5,600	5,595	5
Total charges to appropriations	<u>7,308,695</u>	<u>7,337,618</u>	<u>7,370,413</u>	<u>(32,795)</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, 2013

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)
1/1/13	\$8,187,438	\$ 10,463,999	\$ 2,276,561	78.24%	\$3,243,643	70.19%
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%

* *Not less than zero*

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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, 2013 was adopted by the Council on June 28, 2012. Amendments were made and adopted by the Council on April 25, 2013. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013

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:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule

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

Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule

Difference - budget to GAAP

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

	General Fund	Planning & Tech. Assist. Fund	Job Dev. and Training Fund	Coordinated Trans. Fund	Aging Fund
	\$ 2,738,049	\$ 1,317,409	\$ 4,065,227	\$ 2,031,199	\$ 7,370,413
	(2,222,071)	-	-	(314,116)	-
	-	(296,466)	-	-	(79,542)
	<u>\$ 515,978</u>	<u>\$ 1,020,943</u>	<u>\$ 4,065,227</u>	<u>\$ 1,717,083</u>	<u>\$ 7,290,871</u>
	\$ 328,568	\$ 1,317,409	\$ 4,065,227	\$ 1,717,083	\$ 7,370,413
	<u>(328,568)</u>	<u>(4,357)</u>	<u>-</u>	<u>(20,764)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,313,052</u>	<u>\$ 4,065,227</u>	<u>\$ 1,696,319</u>	<u>\$ 7,370,413</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Data Management Fund	Community Development Fund	Total
ASSETS			
Receivables	\$ 22,165	\$ 97,797	\$ 119,962
Prepaid expenses	387	-	387
Total assets	<u>22,552</u>	<u>97,797</u>	<u>120,349</u>
LIABILITIES			
Accounts payable	3,689	-	3,689
Deferred revenue	14,000	10,568	24,568
Interfund balances	4,863	87,229	92,092
Total liabilities	<u>22,552</u>	<u>97,797</u>	<u>120,349</u>
FUND BALANCES			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 22,552</u>	<u>\$ 97,797</u>	<u>\$ 120,349</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Data Management Fund	Community Development Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 519,203	\$ 292,258	\$ 811,461
Other income	75,939	-	75,939
Total revenues	<u>595,142</u>	<u>292,258</u>	<u>887,400</u>
EXPENDITURES			
Current:			
Planning and zoning	639,896	-	639,896
Economic development and assistance	-	225,185	225,185
Total expenditures	<u>639,896</u>	<u>225,185</u>	<u>865,081</u>
Excess (deficiency) of revenues over (under) expenditures	(44,754)	67,073	22,319
OTHER FINANCING SOURCES (USES)			
Transfers in	45,137	2,597	47,734
Transfers out	(383)	(69,670)	(70,053)
Total other financing sources and uses	<u>44,754</u>	<u>(67,073)</u>	<u>(22,319)</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 POSITION
 SOUTHERN GEORGIA REVOLVING LOAN FUND - ENTERPRISE FUND
 JUNE 30, 2013

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
ASSETS				
Current assets:				
Restricted cash	\$ 1,870,908	\$ 406,022	\$ 182,702	\$ 2,459,632
Notes receivable - current	134,582	164,137	3,750	302,469
Allowance for loan loss	(110,341)	(35,000)	-	(145,341)
Due from other funds	-	-	8,746	8,746
Total current assets	<u>1,895,149</u>	<u>535,159</u>	<u>195,198</u>	<u>2,625,506</u>
Noncurrent assets:				
Notes receivable, less current portion	<u>1,799,522</u>	<u>1,220,402</u>	<u>33,831</u>	<u>3,053,755</u>
Total assets	<u>3,694,671</u>	<u>1,755,561</u>	<u>229,029</u>	<u>5,679,261</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	-	104,118	-	104,118
Due to other governments	18	-	-	18
Accrued interest	-	5,632	-	5,632
Total current liabilities	<u>18</u>	<u>109,750</u>	<u>-</u>	<u>109,768</u>
Noncurrent liabilities:				
Long-term debt, less current portion	-	1,021,869	-	1,021,869
Interfund balances	<u>7,280</u>	<u>188,944</u>	<u>-</u>	<u>196,224</u>
Total liabilities	<u>7,298</u>	<u>1,320,563</u>	<u>-</u>	<u>1,327,861</u>
NET POSITION				
Restricted for revolving loan program	<u>3,687,373</u>	<u>434,998</u>	<u>229,029</u>	<u>4,351,400</u>
Total net position	<u>\$ 3,687,373</u>	<u>\$ 434,998</u>	<u>\$ 229,029</u>	<u>\$ 4,351,400</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
 POSITION
 SOUTHERN GEORGIA REVOLVING LOAN FUND – ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
OPERATING REVENUE				
Interest on notes receivable	\$ 94,782	\$ 73,339	\$ 2,550	\$ 170,671
Other income	4,715	5,973	-	10,688
Total operating revenue	<u>99,497</u>	<u>79,312</u>	<u>2,550</u>	<u>181,359</u>
OPERATING EXPENSES				
Personnel services	63,788	26,111	3,961	93,860
Indirect cost allocation	21,165	8,664	1,314	31,143
Per diem and fees	1,174	63	10	1,247
Other	943	769	117	1,829
Motor pool costs	242	47	7	296
Bad debt	70,727	-	-	70,727
Total operating expenses	<u>158,039</u>	<u>35,654</u>	<u>5,409</u>	<u>199,102</u>
Operating income (loss)	<u>(58,542)</u>	<u>43,658</u>	<u>(2,859)</u>	<u>(17,743)</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest revenue	684	-	-	684
Interest expense	-	(11,630)	-	(11,630)
Total non-operating revenue (expense)	<u>684</u>	<u>(11,630)</u>	<u>-</u>	<u>(10,946)</u>
Change in net position	<u>(57,858)</u>	<u>32,028</u>	<u>(2,859)</u>	<u>(28,689)</u>
Total net position - beginning	<u>3,745,231</u>	<u>402,970</u>	<u>231,888</u>	<u>4,380,089</u>
Total net position - ending	<u>\$ 3,687,373</u>	<u>\$ 434,998</u>	<u>\$ 229,029</u>	<u>\$ 4,351,400</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2013

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
ASSETS				
Cash	\$ 1,546,576	\$ -	\$ 3,640	\$ 1,550,216
Accounts receivable	8,333	2,474	62,321	73,128
Prepaid expenses	89,645	-	-	89,645
Due from employees	850	-	-	850
Interfund balances	-	22,304	-	22,304
Capital assets:				
Land	14,000	-	-	14,000
Equipment	179,908	-	-	179,908
Vehicles	-	339,616	-	339,616
Buildings	1,202,339	-	-	1,202,339
Less accumulated depreciation	(749,448)	(245,155)	-	(994,603)
Total assets	<u>2,292,203</u>	<u>119,239</u>	<u>65,961</u>	<u>2,477,403</u>
LIABILITIES				
Accounts payable	26,615	2,888	34,061	63,564
Accounts payable - component unit	43,546	-	-	43,546
Accrued salaries and fringe benefits	-	-	31,850	31,850
Interfund balances	1,547,825	-	50	1,547,875
Compensated absences payable	228,185	-	-	228,185
Capital lease payable	134,034	-	-	134,034
Total liabilities	<u>1,980,205</u>	<u>2,888</u>	<u>65,961</u>	<u>2,049,054</u>
NET POSITION				
Net investment in capital assets	311,998	94,461	-	406,459
Unrestricted	-	21,890	-	21,890
Total net position	<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
 POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Administrative Services Fund	Motor Pool Fund	Payroll Services	Total
OPERATING REVENUE				
Charges for services	\$ 2,658,839	\$ 67,210	\$ 819,349	\$ 3,545,398
Other income	35,455	2,700	-	38,155
Total operating revenue	<u>2,694,294</u>	<u>69,910</u>	<u>819,349</u>	<u>3,583,553</u>
OPERATING EXPENSES				
Personnel services	2,313,633	-	-	2,313,633
Job training participant support	-	-	710,458	710,458
Depreciation	58,804	19,692	-	78,496
Consumable supplies	43,169	24	-	43,193
Computer charges	37,386	-	-	37,386
Utilities	40,730	-	-	40,730
Fuel	-	35,435	-	35,435
Repairs and maintenance	26,338	14,358	-	40,696
Per diem and fees	36,851	63	-	36,914
Telecommunications/internet	31,775	-	-	31,775
Insurance and bonding	22,517	8,640	-	31,157
Work experience benefits	-	-	108,831	108,831
Rent	20,704	-	-	20,704
Travel	15,313	-	-	15,313
Postage and freight	11,754	-	-	11,754
Membership and subscriptions	11,050	-	-	11,050
Training and education	7,115	-	-	7,115
Other	13,105	-	60	13,165
Total operating expenses	<u>2,690,244</u>	<u>78,212</u>	<u>819,349</u>	<u>3,587,805</u>
Operating income (loss)	<u>4,050</u>	<u>(8,302)</u>	<u>-</u>	<u>(4,252)</u>
NON-OPERATING REVENUE (EXPENSE)				
Gain on disposal of capital asset	-	8,302	-	8,302
Interest expense	(4,050)	-	-	(4,050)
Total non-operating rev. (expense)	<u>(4,050)</u>	<u>8,302</u>	<u>-</u>	<u>4,252</u>
Change in net position	-	-	-	-
Total net position - beginning	311,998	116,351	-	428,349
Total net position - 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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contracts	627,743	598,840	519,203	(79,637)
Other income	-	-	75,939	75,939
Transfers from other funds	71,375	55,064	45,137	(9,927)
Amounts available for appropriation	<u>699,118</u>	<u>653,904</u>	<u>640,279</u>	<u>(13,625)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	470,583	449,949	437,750	12,199
Operating expenditures	66,802	53,547	56,897	(3,350)
Indirect				
Cost allocation plan	151,233	150,408	145,249	5,159
Capital Outlay	10,500	-	-	-
Transfers to other funds	-	-	383	(383)
Total charges to appropriations	<u>699,118</u>	<u>653,904</u>	<u>640,279</u>	<u>13,625</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	221,525	226,150	292,258	66,108
Transfers from other funds	-	-	2,597	2,597
Amounts available for appropriation	<u>221,525</u>	<u>226,150</u>	<u>294,855</u>	<u>68,705</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	160,840	165,552	165,588	(36)
Operating expenditures	8,995	5,257	4,654	603
Indirect				
Cost allocation plan	51,690	55,341	54,943	398
Transfers to other funds	-	-	69,670	(69,670)
Total charges to appropriations	<u>221,525</u>	<u>226,150</u>	<u>294,855</u>	<u>(68,705)</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, 2013

	Date Received or Paid		
Beginning Fund Balance - Nonpublic Funds			\$ 72,742.50
Revenues - Nonpublic Funds:			
Colson Services Corp.	7/17/2012	Loan Servicing Fee	2,715.52
Howell & Parrott, LLP - Owens Propane	7/19/2012	7A Loan Processing Fee	5,000.00
Colson Services Corp.	7/24/2012	Loan Servicing Fee	55.84
Colson Services Corp.	8/7/2012	Loan Servicing Fee	2,715.52
Colson Services Corp.	8/14/2012	Loan Servicing Fee	55.84
Colson Services Corp.	9/12/2012	Loan Servicing Fee	2,771.36
Colson Services Corp.	10/10/2012	Loan Servicing Fee	2,771.36
Langdale, Vallotton. LLP - i2o Technologies	11/9/2012	7A Loan Processing Fee	1,500.00
Colson Services Corp.	11/14/2012	Loan Servicing Fee	2,771.36
Colson Services Corp.	12/11/2012	Loan Servicing Fee	2,771.36
Moore, Clarke, DuVall & Rodgers. PC - Valentino Lan	1/4/2013	7A Loan Processing Fee	5,000.00
Colson Services Corp.	1/8/2013	Loan Servicing Fee	2,771.36
Moore, Clarke, DuVall & Rodgers. PC - Atlantic Tel-C	2/8/2013	7A Loan Processing Fee	2,500.00
Colson Services Corp.	2/12/2013	Loan Servicing Fee	2,689.08
Colson Services Corp.	3/7/2013	Loan Servicing Fee	2,602.41
Wells Fargo	4/18/2013	Loan Servicing Fee	2,602.41
Wells Fargo - Bo Tifton Properties	4/24/2013	504 Loan Processing Fee	10,179.00
Wells Fargo	5/8/2013	Loan Servicing Fee	2,886.18
Wells Fargo	6/5/2013	Loan Servicing Fee	2,878.06
Total Revenues			57,236.66
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)			46,097.89
Fringe benefits allocated (for administering the SBA Loan Program)			16,504.07
Motor vehicle expenditures/expenses			355.20
Motor Pool Expense	7/31/2012		9.10
Motor Pool Expense	8/31/2012		51.56
Motor Pool Expense	9/30/2012		30.01
Motor Pool Expense	11/30/2012		29.51
Motor Pool Expense	12/31/2012		73.08
Motor Pool Expense	1/31/2013		21.71
Motor Pool Expense	4/30/2013		37.41
Motor Pool Expense	5/31/2013		48.75
Motor Pool Expense	6/30/2013		54.07

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2013

	Date Received or Paid			
Board meeting expense				54.27
Western Sizzlin	12/31/2012	54.27		
Membership and subscriptions				1,000.00
NADCO	12/17/2012	1,000.00		
Per Diem and fees				1,234.68
Georgia Secretary of State - Corporate Reg.	7/3/2012	(40.00)		
Equifax Information Svcs., LLC	8/28/2012	100.13		
Equifax Information Svcs., LLC	9/26/2012	104.64		
Equifax Information Svcs., LLC	10/29/2012	100.00		
Equifax Information Svcs., LLC	11/30/2012	100.58		
Equifax Information Svcs., LLC	1/7/2013	100.00		
Equifax Information Svcs., LLC	1/31/2013	100.00		
Equifax Information Svcs., LLC	2/26/2013	100.00		
Lowndes County Clerk of Superior Court	3/4/2013	31.00		
Lowndes County Clerk of Superior Court	3/5/2013	10.00		
Equifax Information Svcs., LLC	4/1/2013	100.00		
Lowndes County Clerk of Superior Court	4/12/2013	36.00		
Credit Bureau Association	4/18/2013	73.33		
Lowndes County Clerk of Superior Court	4/19/2013	14.00		
Equifax Information Svcs., LLC	5/29/2013	115.00		
CBA of Georgia	5/29/2013	75.00		
Equifax Information Svcs., LLC	6/27/2013	115.00		
Postage and Freight				36.75
Purchase Power - Pitney Bowes	12/26/2012	29.75		
The Risk Management Association	1/7/2013	7.00		
Publications and Printing				185.00
The Risk Management Assoc.	12/5/2012	185.00		
Supplies & Materials				113.06
Southern Computer Warehouse	5/2/2013	0.76		
Southern Computer Warehouse	5/2/2013	112.30		
Travel				80.50
Michelle Frey	1/9/2013	23.00		
Regions Bank - Visa	2/25/2013	57.50		
Indirect cost allocated (for administering the SBA Loan Program)				<u>20,771.79</u>
Total Disbursements - Nonpublic Funds				<u>86,433.21</u>
Excess of revenues (disbursements) over disbursements (revenues)				<u>(29,196.55)</u>
Ending Fund Balance - Nonpublic funds				<u>\$ 43,545.95</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, 2013, and have issued our report thereon dated December 9, 2013. 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, 2013 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, 2013 in conformity with generally accepted accounting principles.

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

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants
December 9, 2013

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
 FOR THE YEAR ENDED JUNE 30, 2013

Annual leave used	\$ 233,821
Sick leave granted	150,387
Holiday leave granted	153,377
Annual leave termination	7,158
Other leave granted	5,215
Change in annual leave liability	7,685
Total compensated absences	<u>\$ 557,643</u>
Computation of actual employee benefit rate	
Gross Salaries	\$ 3,681,631
Less: Compensated absences	<u>557,643</u>
Allocation base - chargeable salaries	<u>\$ 3,123,988</u>
Leave costs - final rate	<u>17.8504%</u>
Total fringe benefits	<u>\$ 1,291,984</u>
Final rate	<u>35.0927%</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2013

	Amount	Rate
Indirect costs:		
Salaries and compensated absences	\$ 546,257	
Fringe benefits allocated	186,157	
Depreciation	58,804	
Supplies and materials	43,169	
Utilities	40,731	
Computer charges	37,386	
Per diem and fees	36,851	
Telecommunications/internet	31,775	
Repairs and maintenance	26,338	
Insurance and bonding	22,517	
Rent	20,704	
Travel	15,313	
Postage and freight	11,754	
Membership and subscriptions	11,050	
Software, license, maintenance and supply	7,670	
Training and education	7,115	
Motor vehicle expense	4,534	
Interest expense	4,050	
Other expenses	900	
Other income and reimbursement of overhead costs	(35,455)	
Total indirect costs	\$ 1,077,620	33.1807%
Summary of costs in computation of indirect cost rate		
Chargeable salaries	\$ 3,123,988	
Chargeable compensated absences and fringe benefits	1,849,628	
Total personnel costs	4,973,616	
Personnel costs excluded from indirect cost pool:		
Indirect	(732,414)	
Career net centers	(220,007)	
Information Technology Services	(773,465)	
Net personnel costs - allocation base	\$ 3,247,730	

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Government	Amount Due July 1, 2012	Total Billed For FY 2013 - \$1.25 per Capita	Amount Collected FY 2013	Balance Due June 30, 2013
Atkinson County	\$ -	\$ 6,111.24	\$ 6,111.24	\$ -
City of Pearson	-	2,658.76	2,658.76	-
City of Willacoochee	-	1,746.24	1,746.24	-
Bacon County	2,308.56	9,323.32	9,301.05	2,330.83
City of Alma	-	4,680.44	4,680.44	-
Ben Hill County	-	11,045.64	11,045.64	-
City of Fitzgerald	-	11,045.64	11,045.64	-
Berrien County	-	14,138.76	14,138.76	-
City of Alapaha	-	840.00	840.00	-
City of Enigma	1,198.14	1,667.52	1,615.02	1,250.64
City of Nashville	-	6,201.24	6,201.24	-
City of Ray City	-	1,367.52	1,367.52	-
Brantley County	-	20,985.00	20,985.00	-
City of Hoboken	-	660.00	660.00	-
City of Nahunta	-	1,313.76	1,313.76	-
Brooks County	-	12,889.96	12,889.96	-
City of Quitman	-	6,971.28	6,971.28	-
Charlton County	-	12,540.00	12,540.00	-
City of Folkston	-	3,103.76	3,103.76	-
City of Homeland	-	1,133.76	1,133.76	-
Clinch County	-	5,061.16	5,061.16	-
City of Homerville	-	3,410.12	3,410.12	-
Coffee County	-	38,491.08	38,491.08	-
City of Douglas	-	15,088.88	15,088.88	-
Cook County	-	10,703.12	10,703.12	-
City of Adel	-	10,703.12	10,703.12	-
Echols County	-	5,161.24	5,161.24	-
Irwin County	-	7,307.64	7,307.64	-
City of Ocilla	-	4,791.12	4,791.12	-
Lanier County	-	6,502.52	6,502.52	-
City of Lakeland	-	6,502.52	6,502.52	-
Lowndes County	-	67,616.28	67,616.28	-
City of Valdosta	-	72,240.00	72,240.00	-
Pierce County	-	17,688.76	17,688.76	-
City of Blackshear	-	4,310.00	4,310.00	-
City of Offerman	-	551.24	551.24	-
City of Patterson	-	912.52	912.52	-
Tift County	-	25,913.12	25,913.12	-
City of Tifton	-	25,913.12	25,913.12	-
Turner County	-	5,779.84	5,779.84	-
City of Ashburn	-	5,313.92	5,313.92	-
Ware County	-	26,818.72	26,818.72	-
City of Waycross	-	18,773.72	18,773.72	-
Total	<u>\$ 3,506.70</u>	<u>\$ 515,977.60</u>	<u>\$ 515,902.83</u>	<u>\$ 3,581.47</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013**

Name of Grant/Contract/Program	Unearned	Current Year	Total	Required	Total	Revenue	Program/ Other Income	In-Kind	Matching	Unearned	
	Revenue June 30, 2012	Award/ Adjustments	Funds Available	Matching %	Program Cost June 30, 2013	Earned	Earned	Income	Funds Applied	Revenue June 30, 2013	
PLANNING & TECHNICAL ASSISTANCE											
EDA											
Planning - 2010	\$ 70,540	-	\$ 70,540	30%	\$ 46,949	\$ 32,848	\$ -	\$ -	\$ 14,101	\$ 37,692	\$ -
Planning - 2013	-	175,500	175,500	30%	37,692	26,384	-	-	11,307	-	149,116
DCA											
Coord Planning	-	216,697	216,697	10%	290,399	216,697	-	-	73,701	-	-
DOT											
Transp Planning Services	-	89,600	89,600	20%	80,964	64,771	-	-	16,193	24,829	-
FTA 5303 Transit Plan	-	28,125	28,125	10%	30,946	27,851	3,095	-	-	274	-
FTA 5303 Supplemental	-	28,125	28,125	10%	150	135	15	-	-	-	27,990
MPO - City of Valdosta	-	217,717	217,717	20%	123,412	98,730	24,683	-	-	118,987	-
DNR											
Historic Preservation	-	4,091	4,091	0%	4,388	4,091	-	-	297	-	-
Environmental Protection Div.											
Section 319(h) Ph III Coastal	-	100,000	100,000	40%	125,013	70,311	-	54,702	-	-	29,689
Withlacoochee WTP 319	42,558	-	42,558	40%	62,860	32,603	-	30,256	-	-	9,955
Waycross Drainage WTP 319	95,108	-	95,108	40%	40,226	25,884	-	13,724	619	-	69,224
Green Growth Guidelines	9,026	-	9,026	0%	9,096	9,026	-	-	70	-	-
Pride Branch WMP 319(h)	-	20,000	20,000	40%	11,430	5,844	-	4,394	1,192	-	14,156
UGA - MREX Coastal	5,417	-	5,417	0%	7,043	5,417	-	-	1,626	-	-
Seven Rivers:											
Alapahoochee 319	36,694	-	36,694	10%	40,581	36,371	-	-	4,210	323	-
Little Satilla BMP 319	22,047	-	22,047	0%	6,600	6,600	-	-	-	15,447	-
Little Satilla 319	46,712	-	46,712	11%	41,481	36,896	-	-	4,585	9,816	-
Franks Creek WTP 319	-	139,202	139,202	8%	9,122	8,423	-	-	699	-	130,779

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Name of Grant/Contract/Program</u>	<u>Unearned Revenue June 30, 2012</u>	<u>Current Year Award/ Adjustments</u>	<u>Total Funds Available</u>	<u>Required Matching %</u>	<u>Total Program Cost June 30, 2013</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, 2013</u>
OTHER											
Special Projects	-	-	-	0%	74,147	-	6,559	-	67,588	-	-
Regional Solid Waste Auth.	-	-	-	0%	25,338	-	25,338	-	-	-	-
GA Muni Assoc Health Prom.	-	-	-	0%	5,004	-	5,000	-	4	-	-
Joint Land Use Study	18,932	-	18,932	10%	2,910	2,503	-	-	407	16,429	-
Tift Co Planning Project	-	1,609	1,609	0%	1,584	1,609	-	-	(25)	-	-
Tifton Planning/Zoning	-	122	122	0%	121	122	-	-	(1)	-	-
Coffee Co. Land Dev Code	43,544	-	43,544	0%	16,783	21,044	-	-	(4,261)	-	22,500
Dasher Planning Project	-	516	516	0%	514	516	-	-	(2)	-	-
Douglas Planning/Zoning	-	569	569	0%	569	569	-	-	-	-	-
Berrien Co Planning Project	-	800	800	0%	817	800	-	-	17	-	-
Brooks Co. Planning Project	-	2,614	2,614	0%	2,604	2,614	-	-	(10)	-	-
Lake Park Planning Projects	-	1,456	1,456	0%	1,428	1,456	-	-	(29)	-	-
Lakeland Zoning/Code	-	1,231	1,231	0%	1,202	1,231	-	-	(29)	-	-
Quitman Zoning Code	-	-	-	0%	558	-	-	-	558	-	-
Quitman Planning/Zoning	-	260	260	0%	311	260	-	-	51	-	-
Pre-Disaster Mitigation Plans	117,720	-	117,720	0%	132,581	111,569	-	-	21,012	-	6,151
Local Gov. Tech. Assist.	-	-	-	0%	78,230	-	-	-	78,230	-	-
TOTAL PLANNING AND TECHNICAL ASSIST.	508,298	1,028,234	1,536,532		1,313,053	853,175	64,690	103,076	292,110	223,797	459,560

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2012	Current Year Award/Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2013	Revenue Earned	Program/Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
COMMUNITY DEVELOPMENT											
EDA											
Adel	18,177	-	18,177	0%	5,514	5,514	-	-	-	-	12,663
CDBG											
Alapaha FY13	-	29,400	29,400	0%	4,036	4,036	-	-	-	-	25,364
Ambrose	8,885	-	8,885	0%	5,554	5,554	-	-	-	-	3,331
Argyle	10,632	-	10,632	0%	2,577	10,632	-	-	(8,055)	-	-
Atkinson County	9,050	-	9,050	0%	1,213	1,213	-	-	-	-	7,837
Berrien Co. FY09	2,000	-	2,000	0%	1,269	2,000	-	-	(731)	-	-
Berrien Co. FY12	19,348	-	19,348	0%	9,003	9,003	-	-	-	-	10,345
Berrien Co. FY13	-	25,737	25,737	0%	3,974	3,974	-	-	-	-	21,763
Blackshear ARRA	1,019	-	1,019	0%	207	1,019	-	-	(812)	-	-
Blackshear FY13	-	30,000	30,000	0%	3,941	3,941	-	-	-	-	26,059
Brantley County	23,668	-	23,668	0%	7,689	7,689	-	-	-	-	15,979
Brooks County FY13	-	28,930	28,930	0%	4,260	4,260	-	-	-	-	24,670
Coffee County	22,364	-	22,364	0%	11,089	22,364	-	-	(11,274)	-	-
Coffee County FY13	-	30,000	30,000	0%	2,754	2,754	-	-	-	-	27,246
Cook County FY11	11,877	-	11,877	0%	7,361	11,877	-	-	(4,515)	-	-
Cook County FY12	21,142	-	21,142	0%	8,246	8,246	-	-	-	-	12,896
Echols County FY11	21,236	-	21,236	0%	7,160	7,160	-	-	-	-	14,076
Homeland FY09	-	-	-	0%	1,837	-	-	-	1,837	-	-
Homeland FY12	21,201	-	21,201	0%	9,959	9,959	-	-	-	-	11,242
Homerville FY12	21,567	-	21,567	0%	11,967	11,967	-	-	-	-	9,600
Lanier County FY12	11,396	-	11,396	0%	6,920	11,396	-	-	(4,476)	-	-
Lowndes Co.	16,077	-	16,077	0%	8,958	16,077	-	-	(7,120)	-	-
Nashville	16,718	-	16,718	0%	8,718	8,718	-	-	-	-	8,000
Nashville RDF	7,955	-	7,955	0%	5,224	5,224	-	-	-	-	2,731

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
 FOR THE YEAR ENDED JUNE 30, 2013

Name of Grant/Contract/Program	Uncearned Revenue June 30, 2012	Current Year Award/Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2013	Revenue Earned	Program/Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Uncearned Revenue June 30, 2013
Nashville FY13	-	27,700	27,700	0%	4,015	4,015	-	-	-	-	23,685
Ocilla FY12	22,334	-	22,334	0%	8,542	8,542	-	-	-	-	13,792
Pierce County	25,390	-	25,390	0%	7,121	7,121	-	-	-	-	18,269
Quitman	25,817	-	25,817	0%	7,098	25,817	-	-	(18,719)	-	-
Ray City FY11	10,212	-	10,212	0%	5,587	8,212	-	-	(2,625)	-	2,000
Remerton FY13	-	30,000	30,000	0%	8,969	8,969	-	-	-	-	21,031
Waycross FY13	-	30,000	30,000	0%	7,102	7,102	-	-	-	-	22,898
EIP:											
Adel	-	-	-	0%	341	-	-	-	341	-	-
Alma	-	17,043	17,043	0%	1,955	1,955	-	-	-	-	15,088
Cook County	-	30,000	30,000	0%	1,993	1,993	-	-	-	-	28,007
EECBG (ARRA):											
Ben Hill County	2,499	-	2,499	0%	201	2,499	-	-	(2,299)	-	-
Brooks County	2,500	-	2,500	0%	245	2,500	-	-	(2,255)	-	-
Folkston	2,500	-	2,500	0%	266	2,500	-	-	(2,234)	-	-
Tifton	2,499	-	2,499	0%	201	2,499	-	-	(2,299)	-	-
Waycross	2,500	-	2,500	0%	245	2,500	-	-	(2,255)	-	-
OTHER											
Adel TE	14,714	-	14,714	0%	2,650	2,650	-	-	-	-	12,064
Blackshear TE	-	25,740	25,740	0%	237	237	-	-	-	-	25,503
Enigma TE	13,353	-	13,353	0%	2,697	2,697	-	-	-	-	10,656
Folkston TE	12,843	-	12,843	0%	2,052	2,052	-	-	-	-	10,791
Hahira TE	15,501	-	15,501	0%	3,378	3,378	-	-	-	-	12,123
Nashville TE FY12	14,558	-	14,558	0%	2,642	2,642	-	-	-	-	11,916
Ocilla TE	24,386	-	24,386	0%	2,507	2,507	-	-	-	-	21,879

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2012	Current Year Award/Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2013	Revenue Earned	Program/Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
Pearson TE	10,926	-	10,926	0%	1,852	1,852	-	-	-	-	9,074
Ray City TE FY08	-	-	-	0%	418	-	-	-	418	-	-
Ray City TE FY12	10,865	-	10,865	0%	2,337	2,337	-	-	-	-	8,528
Ray City EDSI	6,583	-	6,583	0%	5,851	5,851	-	-	-	-	732
Remerton TE	5,518	-	5,518	0%	1,457	1,457	-	-	-	-	4,061
Tifton TE	34,479	-	34,479	0%	3,796	3,796	-	-	-	-	30,683
TOTAL COMMUNITY DEVELOPMENT	524,289	304,550	828,839		225,185	292,257	-	-	(67,073)	-	536,582
DATA MANAGEMENT											
UGA - ITOS	-	3,395	3,395	0%	3,012	3,395	-	-	(383)	-	-
Valor	-	480,318	480,318	0%	513,441	480,318	140	-	32,983	-	-
Regional GIS	-	35,490	35,490	0%	123,443	35,490	75,799	-	12,154	-	-
TOTAL DATA MGT	-	519,203	519,203		639,896	519,203	75,939	-	44,754	-	-
TRANSPORTATION											
Department of Human Serv.	-	2,080,545	2,080,545	1%	1,696,319	1,708,820	-	8,263	(20,764)	371,725	-
Coordinated Transportation	-	-	-	-	-	-	-	-	-	-	-
TOTAL TRANSPORTATION	-	2,080,545	2,080,545		1,696,319	1,708,820	-	8,263	(20,764)	371,725	-

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013

Name of Grant/Contract/Program	Unearned Revenue June 30, 2012	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2013	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
AGING											
Department of Health & Human Services:											
OAA Title III Part A	-	110,108	110,108	25%	143,479	107,583	35	-	35,861	2,525	-
OAA Title III Part B	-	366,629	366,629	10%	407,788	364,055	3,282	38,114	2,336	2,574	-
OAA Title III Part C	-	978,835	978,835	10%	1,718,454	978,835	630,862	108,757	-	-	-
OAA Title III Part D	-	37,070	37,070	10%	41,287	37,070	98	4,119	-	-	-
OAA Title III Part E	-	199,943	199,943	15%	224,646	198,208	4,415	21,632	391	1,735	-
OAA Title III Part E Adm	-	48,705	48,705	25%	64,042	47,209	1,097	-	15,736	1,496	-
OAA Title XIX - CCSP	-	2,560,063	2,560,063	0%	2,515,149	2,513,420	1,729	-	-	46,643	-
OAA Title V - SCSEP	-	137,891	137,891	10%	140,266	126,240	-	14,027	-	11,651	-
LTCO State Supplemental	-	85,065	85,065	0%	85,065	85,065	-	-	-	-	-
LTCO III B	-	48,229	48,229	10%	53,468	48,121	-	5,347	-	108	-
LTCO Activities	-	31,101	31,101	10%	34,557	31,101	-	3,456	-	-	-
ADRC Expansion	-	87,000	87,000	0%	42,173	41,257	-	-	916	45,743	-
SSBG	-	257,490	257,490	12%	295,719	255,569	5,300	13,672	21,178	1,921	-
SSBG OC	-	97,298	97,298	0%	76,384	76,384	-	-	-	20,914	-
NSIP	-	227,092	227,092	0%	227,180	227,092	88	-	-	-	-
ADRC - MIPPA	-	-	-	0%	6,041	-	6,041	-	-	-	-
Georgia Cares - SMP AoA	-	12,500	12,500	0%	12,326	12,326	-	-	-	174	-
Georgia Cares - SHIP	-	9,500	9,500	0%	10,871	9,229	1,642	-	-	271	-
Aging Wellness	-	16,778	16,778	0%	15,066	12,850	2,216	-	-	3,928	-
Georgia Cares-CMS	-	59,788	59,788	0%	53,759	50,723	185	-	2,851	9,065	-
Money Follows the Person	-	124,856	124,856	0%	88,283	88,010	-	-	273	36,846	-
Alzheimer's Program	-	129,857	129,857	0%	132,255	129,857	2,398	-	-	-	-
CBS	-	834,334	834,334	0%	976,585	824,901	151,683	-	-	9,433	-
Income Tax Check Off	-	5,572	5,572	0%	5,572	5,572	-	-	-	-	-
TOTAL AGING	-	6,465,704	6,465,704		7,370,415	6,270,677	811,071	209,124	79,542	195,027	-

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
 FOR THE YEAR ENDED JUNE 30, 2013

Name of Grant/Contract/Program	Unearned Revenue June 30, 2012	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2013	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
TOTAL JOB DEV. AND TRAINING	2,930,380	3,372,988	6,303,368		4,065,226	4,065,226	-	-	-	-	2,238,142
Totals	<u>\$ 3,962,967</u>	<u>\$ 13,771,224</u>	<u>\$ 17,734,191</u>		<u>\$ 15,310,094</u>	<u>\$ 13,709,358</u>	<u>\$ 951,700</u>	<u>\$ 320,463</u>	<u>\$ 328,569</u>	<u>\$ 790,549</u>	<u>\$ 3,234,284</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF AUDITOR'S PROPOSED FINANCIAL SETTLEMENT
"AS REQUIRED BY THE GEORGIA DEPARTMENT OF HUMAN SERVICES"
FOR THE YEAR ENDED JUNE 30, 2013

Contract Name	Contract Number	Due from DHS	Due to DHS
Aging Program:			
Various	427-373-0000012543	\$1,160,527	\$ -
Various	427-9361080	-	1,007
Various	427-9381274	-	10,772
Various	427-9311391	-	40
Various	427-9325242	-	4,989
Various	427-9335210	-	626
Various	427-93-05050219-99	-	5,599
Aging Program:			
Title III E	427-93-06060271-99	-	113
Title V	427-93-06060271-99	-	250
CBS	427-93-06060271-99	-	939
IIIB	427-93-06060271-99	-	<u>7</u>
Subtotal			1,309
Aging Program:			
CCSP	427-93-07070239-99	-	370
CBS GA Cares	427-93-07070239-99	-	7
CBS	427-93-07070239-99	-	<u>35</u>
Subtotal			412
Aging Program:			
SSBG	427-93-08080187-99	-	202
CBS	427-93-08080187-99	-	<u>8</u>
Subtotal			210
Aging Program:			
Title III D	427-93-09090176-99	-	5
SSBG	427-93-09090176-99	-	<u>116</u>
Subtotal			121
Total		<u>\$1,160,527</u>	<u>\$ 25,085</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs						
Coordinated Planning	None	\$ 216,697	\$ 216,697	\$ 290,399	\$ 54,174	\$ -
Department of Transportation						
Transportation Related Services - Planning	STP-0009-00(326)	89,600	64,771	80,964	38,820	-
Department of Natural Resources						
Historic Preservation	None	4,091	4,091	4,388	4,091	-
DOL/GOWD (Note 2)						
Workforce Investment Act	Various (Note 1)	6,303,368	4,065,226	4,065,226	550,803	-
Department of Human Services (Note 2)						
Coordinated Transportation	42700-373-0000013211	2,080,545	1,708,820	1,696,319	137,229	-
Aging Programs	427-373-0000012543	6,465,704	6,270,677	7,370,415	1,160,527	-
Aging Programs	various contracts	-	-	-	-	25,085
Total Expenditures of State Awards		<u>\$ 15,160,005</u>	<u>\$ 12,330,282</u>	<u>\$ 13,507,711</u>	<u>\$ 1,945,644</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 2013
 FOR THE YEAR ENDED JUNE 30, 2013

Service	Units Served	Persons Served
SSBG		
Adult Day Care	1,245.50	12
Telephone Reassurance	4,581.00	53
Congregate meals	96,229.00	673
Home delivered meals	133,503.00	1,214
Information and Assistance	11,726.00	9,903
Title IIIB		
Adult Day Care	1,771.00	10
Homemaker	6,078.25	66
Personal Care	5,316.50	51
Transportation	65,810.00	2,293
Alzheimer's Adult Day Care	2,035.50	7
Alzheimer's In-Home Respite	5,169.25	33
CBS		
Alzheimer's Respite	619.75	13
Kinship Care	90.00	3
Case Management	1,334.00	1,252
Home Modification	16.00	16
Nutritional Counseling	12.00	7
Respite	4,181.25	49
Title IIIE		
Adult Day Care	1,390.50	5
Kinship Care	90.00	3
Case Management	83.00	79
Home Modification	31.00	31
Respite	6,316.00	41
Legal Services		
Community Education	32.00	712
Counseling Cases Opened	220.00	182
Info & Referral	784.00	784

FEDERAL COMPLIANCE SECTIONS

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 1,600,334
Rural Development Grants	10.769	10-92-580942510	<u>63,958</u>
Total U.S. Department of Agriculture			<u>1,664,292</u>
U.S. Department of Commerce			
Direct Programs - Economic Development Adm.			
Economic Development - Support for Planning	11.302	04-83-06330	46,949
Economic Development - Support for Planning	11.302	04-83-06740	<u>37,692</u>
			84,641
Economic Adjustment Assist. - RLF	11.307	04-39-02010	3,169,656
Passed through State Dept. of Economic Dev., passed through member local governments:			
Invest. in Public Works and Eco. Dev. Facilities:			
Adel	11.300	04-01-06513	<u>5,514</u>
Subtotal cluster			3,175,170
Passed through State Dept. of Natural Resources			
Green Growth Guidelines Update	11.419	NA09NOS4190171	<u>9,096</u>
Total U.S. Dept. of Commerce			<u>3,268,907</u>
U.S. Department of Labor			
Passed through State Department of Human Services			
Title V Senior Comm. Service Employ. Prog.	17.235	427-373-0000012543	140,266
Passed through GOWD			
Workforce Investment Act			
Adult Program	17.258	10-11-11-11-019	7,988
Adult Program	17.258	11-12-11-11-019	324,855
Adult Program	17.258	11-12-12-11-018	46,317
Adult Program	17.258	11-12-13-11-018	603,028
Adult Program	17.258	11-12-12-11-019	64,767
Adult Program	17.258	10-11-11-11-018	3,815
Adult Program	17.258	11-12-13-11-019	313,589
Adult Program	17.258	11-12-11-11-018	<u>392,706</u>
Subtotal Adult Program			<u>1,757,065</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013

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	15-12-11-11-019	200,689
Youth Activities	17.259	15-11-11-11-019	255,903
Youth Activities	17.259	15-12-11-11-018	458,284
Youth Activities	17.259	15-11-11-11-018	439,094
Subtotal Youth Activities			<u>1,353,970</u>
Dislocated Worker Formula Grants	17.278	30-11-11-11-019	4,650
Dislocated Worker Formula Grants	17.278	31-12-11-11-019	162,676
Dislocated Worker Formula Grants	17.278	31-12-13-11-019	101,878
Dislocated Worker Formula Grants	17.278	30-11-11-11-018	20,535
Dislocated Worker Formula Grants	17.278	31-12-12-11-019	32,423
Dislocated Worker Formula Grants	17.278	31-12-11-11-018	173,890
Dislocated Worker Formula Grants	17.278	31-12-13-11-018	360,116
Dislocated Worker Formula Grants	17.278	31-12-12-11-018	98,023
Subtotal Dislocated Worker Form. Grants			<u>954,191</u>
Subtotal WIA cluster			4,065,226
Total U. S. Department of Labor			<u>4,205,492</u>
U. S. Dept. of Health & Human Services			
Passed through State Dept. of Human Services:			
TANF - Coordinated Transportation	93.558	42700-362-0000013211	716,326
SSBG - Aging Program	93.667	427-373-0000012543	372,103
Aging Title III Part B	93.044	427-373-0000012543	604,734
Aging Title III Part B - Coord. Transportation	93.044	42700-362-0000013211	69,719
Aging Title III Part C	93.045	427-373-0000012543	1,718,454
Aging Nutrition Services Incentive Program	93.053	427-373-0000012543	227,180
Subtotal cluster			2,620,087
Aging Title VII - LTCO	93.042	427-373-0000012543	34,557
Aging Title III Part D	93.043	427-373-0000012543	41,287
Aging Title IV and II Disc Proj	93.048	427-373-0000012543	18,009
Aging Title III Part E	93.052	427-373-0000012543	288,688
Aging Empowering Older Adults	93.734	427-373-0000012543	14,778
Aging Title XIX CCSP	93.778	427-373-0000012543	2,515,149
Aging GA Cares SHP CMS	93.779	427-373-0000012543	53,759
Aging SHIP GA CARES	93.779	427-373-0000012543	10,871
Subtotal			<u>64,630</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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:			
Money Follows the Person	93.791	427-373-0000012543	88,283
 Total U. S. Dept. of Health & Human Serv.			6,773,897
U. S. Department of Transportation			
Passed through State Dept. of Transportation:			
Transportation Planning	20.505	STP-0009-00(326)	80,964
Transportation Planning - Supplementary	20.505	T004633	150
FTA 5303 Transit Planning	20.505	T004239	30,946
Metropolitan Planning	20.505	PL 0010812	123,412
Subtotal			235,472
Capital Assist. Program - Coord. Transportation	20.513	42700-362-0000013211	565,280
Job Access Reverse Comm - Coord. Transp.	20.516	42700-362-0000013211	12,866
New Freedom Program - Coord. Transportation	20.521	42700-362-0000013211	180,112
Subtotal cluster			758,258
 Total U.S. Department of Transportation			993,730
U.S. Department of Defense			
Direct Program			
Joint Land Use Study - Moody Air Force Base	12.607	EN 0630-10-02	2,910
US. Department of Environmental Protection			
Passed through State Dept. of Natural Resources, passed through member local governments:			
UGA - MREX Coastal	66.460	RE337-452/4786606	7,043
Phase II Coastal OSDS	66.460	751-100061	125,013
Pride Branch WMP	66.460	751-130122	11,430
Section 319(h):			
Withlacoochee WIP	66.460	751-120155	62,860
Waycross Drainage Canal WIP	66.460	751-120153	40,226
Seven Rivers Franks Crk WIP 319	66.460	751-130100	9,122
Seven Rivers Little Satilla/Hurr Crk BMP	66.460	751-120144	6,600
Seven Rivers Alapahoochee River	66.460	751-100060	40,581
Seven Rivers Little Satilla/Hurr Crk	66.460	751-100061	41,481
 Total U.S. Dept. of Environmental Protection			344,356

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013

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	62,254
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			
Alapaha	14.228	12p-x-010-2-5459	4,036
Ambrose	14.228	10p-x-034-2-5289	5,554
Argyle	14.228	09p-x-032-2-5171	2,577
Atkinson County	14.228	09p-y-002-1-5173	1,213
Berrien County FY09	14.228	11p-y-010-1-5403	1,269
Berrien County FY12	14.228	11p-y-010-1-5403	9,003
Berrien County FY13	14.228	12p-y-010-1-5478	3,974
Blackshear FY13	14.228	12p-x-113-2-5458	3,941
Brantley County	14.228	11p-y-013-1-5402	7,689
Brooks County FY13	14.228	12p-y-014-1-5490	4,260
Coffee County FY12	14.228	11p-y-034-1-5399	11,089
Coffee County FY13	14.228	12p-y-034-1-5474	2,754
Cook County FY11	14.228	10p-y-037-1-5292	7,361
Cook County FY12	14.228	11p-y-037-1-5396	8,246
Echols County	14.228	10p-y-050-1-5293	7,160
Homeland FY09	14.228	09p-x-024-2-5176	1,837
Homeland FY12	14.228	11p-x-024-2-5394	9,959
Homerville FY12	14.228	11p-x-032-2-5395	11,967
Lanier County	14.228	11p-y-086-1-5393	6,920
Lowndes County	14.228	10p-y-092-1-5284	8,958
Nashville FY12	14.228	11p-x-010-2-5397	8,718
Nashville RDF	14.228	11rd-x-010-2-5434	5,224
Nashville FY13	14.228	12p-x-010-2-5460	4,015
Ocilla 12	14.228	11p-x-077-2-5400	8,542
Pierce County	14.228	11p-y-113-1-5392	7,121
Quitman	14.228	09b-x-014-2-5174	7,098
Ray City FY11	14.228	10p-x-010-2-5285	5,587
Remerton FY13	14.228	12p-x-092-2-5477	8,969
Waycross FY13	14.228	12p-x-148-2-5476	7,102

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013

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			
Adel	14.228	10q-x-037-2-5319	341
Alma	14.228	12q-x-003-2-5537	1,955
Cook County	14.228	12q-y-037-1-5525	1,993
Subtotal CDBG			<u>186,432</u>
ARRA Blackshear	14.228	09-cr-5100	<u>207</u>
Subtotal cluster			186,639
Ray City ESDI	14.251	B-10-SP-GA-0136	5,851
Total U. S. Dept. of Housing Urban Dev. (and cluster)			<u><u>192,490</u></u>
 U. S. Department of Energy			
Passed through member local governments:			
ARRA EECBG:			
Ben Hill County	81.128	EECBG-ARRA-GOV-2010-102	201
Brooks County	81.128	EECBG-ARRA-GOV-2010-104	245
Folkston	81.128	EECBG-ARRA-GOV-2010-122	266
Tifton	81.128	EECBG-ARRA-GOV-2010-134	201
Waycross	81.128	EECBG-ARRA-GOV-2010-137	<u>245</u>
Total U. S. Dept. of Energy			<u>1,158</u>
 U. S. Department of Education			
Passed through State Dept. of Transportation:			
Rehabilitation Services - Vocational Rehab -			
Coordinated Transportation	84.126	42700-362-0000013211	<u>2,972</u>
Total Federal Financial Assistance			<u><u>\$ 17,512,458</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, 2013

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

		Amount Provided
Aging Programs		
Title III, Part B	93.044	\$ 391,149
Title III, Part C	93.045	503,166
Title III, Part D	93.043	37,070
Title III, Part E	93.052	194,690
Title XIX CCSP	93.778	1,862,854
Title V SCSEP	17.235	126,240
SSBG	93.667	54,062
Title VII LTCO	93.042	31,101
Wellness Grant	93.734	12,562
Wellness Grant	93.048	288
Money Follows the Person	93.791	11,273
Subtotal Aging Program		3,224,455
Workforce Investment Act		
Valdosta		
Adult program	17.258	304,154
Youth activities	17.259	411,434
Dislocated worker formula grants	17.278	189,514
Waycross		
Adult program	17.258	617,708
Youth activities	17.259	367,930
Dislocated worker formula grants	17.278	251,977
Subtotal Workforce Investment Act		2,142,717
Total provided to subrecipients		\$ 5,367,172

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

To the Council Members
Southern Georgia Regional Commission
Valdosta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Southern Georgia Regional Commission ("the RC"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the RC's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 9, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Council Members
Southern Georgia Regional Commission
Valdosta, Georgia

Report on Compliance for Each Major Federal Program

We have audited the 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the RC, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance that are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the RC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 9, 2013

SOUTHERN GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.