

SOUTHERN GEORGIA REGIONAL
COMMISSION
VALDOSTA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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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 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, 2015, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of June 30, 2015, 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 on pages *vii* to *xvii*, and budgetary comparison information and the pension related schedules on pages 49 to 57 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 and state compliance 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, state compliance schedules 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 4, 2015, 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 4, 2015

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

The Southern Georgia Regional Commission ("the RC") presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2015. 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

- Adoption of Statement of Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27* ("GASB No. 68"), during the year ended June 30, 2015, significantly impacted the beginning net positions of the internal service fund and the governmental activities in the government-wide financial statements. The required reporting of deferred outflows/inflows of resources and net pension liability reduced both beginning net positions by \$3,040,429.
- The assets of the RC exceeded its liabilities at the end of the fiscal year by \$5,257,115 (net position). Net position is comprised of the following:
 - \$824,933, which represents the RC's investments in land, structures and equipment (net investment in capital assets).
 - \$4,477,725, 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).
 - Deficient of \$45,543 in unrestricted net position, which must be funded before any funds may be used to meet the RC's ongoing obligations.
- Total combined revenues for governmental and business-type activities were \$14,597,706.
- The RC's expenses in governmental activities during the year were \$12,895,953, while revenues were \$13,636,788, resulting in an increase in net position before transfers of \$740,835 for the year.
- The RC's business type activities expenses were \$1,150,855, while revenues were \$960,918, resulting in a decrease in net position before transfers of \$189,937 for the year.
- The RC's governmental activities transferred \$282,320 to business type activities.
- The RC's net position increased \$550,792 over the previous fiscal year.
- At the end of the fiscal year, the General Fund total fund balance was \$2,537,485.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

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 47). 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.

The Governmental Accounting Standards Board (GASB) implemented new pension reporting requirements, GASB No. 68 (referred to on the previous page), which took effect for the fiscal year ending June 30, 2015. GASB No. 68 revises and establishes new financial reporting requirements for state and local governments that provide their employees with pension benefits. It requires governments to recognize their long-term obligation for pension benefits as a liability on the Government-Wide Statement of Net Position (page 1) and Statement of Net Position - Proprietary Funds (pages 6-7). The net pension liability is a present obligation to pay deferred benefits in the future and results from the total pension liability being greater than the value of the assets available in the plan for paying benefits. Net pension liability was previously disclosed in the notes as an unfunded liability.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

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.

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 reconciliations presented 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 \$5,257,115 at the close of the fiscal year, June 30, 2015. 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 had a deficit balance of \$45,543 at the end of this year. As noted earlier, adoption of GASB No. 68 required the SGRC to include the Net Pension Liability of \$2,569,985 on its Government-wide Statement of Net Position, which had a significant negative impact on the FY2015 unrestricted net position.

For comparison purposes only, the FY2014 Net Position as shown in Table 1, and Changes in Net Position as shown in Table 2, were restated to record the required GASB No. 68 pension related assets and liabilities, resulting in a \$3,040,429 decrease in the FY2014 Governmental Activities ending Net Position. This provided a more relevant basis for comparison between the two fiscal years' net positions. See Note 13 for details on the restatement at July 1, 2014.

The largest category of net position is the business type RLF restricted which represents 85% of total net position. These business-type assets, \$4,477,725, 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.

The second category of net position is Net Investment in Capital Assets of \$824,933, which represents 15% 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.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Table 1
Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|----------------------------|--------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | FY 2015 | FY 2014* | FY 2015 | FY 2014 | FY 2015 | FY 2014* |
| Assets and deferred outflows of resources | | | | | | |
| Current and other assets | \$4,471,496 | \$ 4,211,010 | \$ 5,356,297 | \$ 5,365,543 | \$ 9,827,793 | \$ 9,576,553 |
| Capital assets | 765,745 | 808,468 | 59,188 | 65,659 | 824,933 | 874,127 |
| Deferred outflows of resources related to pensions | 490,643 | 483,654 | - | - | 490,643 | 483,654 |
| Total assets and deferred outflows of resources | 5,727,884 | 5,503,132 | 5,415,485 | 5,431,202 | 11,143,369 | 10,934,334 |
| Liabilities and deferred inflows of resources | | | | | | |
| Net pension liability | (2,569,985) | (2,737,487) | - | - | (2,569,985) | (2,737,487) |
| Other long-term debt | (196,442) | (255,106) | (916,386) | (1,021,672) | (1,112,828) | (1,276,778) |
| Other liabilities | (1,615,319) | (1,402,962) | (21,374) | (24,188) | (1,636,693) | (1,427,150) |
| Deferred Inflows of resources related to pensions | (566,748) | (786,596) | - | - | (566,748) | (786,596) |
| Total liabilities and deferred inflows of resources | (4,948,494) | (5,182,151) | (937,760) | (1,045,860) | (5,886,254) | (6,228,011) |
| Net Position | | | | | | |
| Net investment in capital assets | 765,745 | 762,871 | 59,188 | 65,659 | 824,933 | 828,530 |
| Restricted | - | - | 4,477,725 | 4,385,342 | 4,477,725 | 4,385,342 |
| Unrestricted | 13,645 | (441,890) | (59,188) | (65,659) | (45,543) | (507,549) |
| Total net position | \$ 779,390 | \$ 320,981 | \$ 4,477,725 | \$ 4,385,342 | \$ 5,257,115 | \$ 4,706,323 |

* Amounts for FY14, Governmental activities have been restated due to adoption of GASB No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27*.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

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 \$550,792 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net position by \$458,409, due in part to a decrease in the Net Pension Liability from FY2014 to FY2015. Business-type activities increased net position by \$92,383.

The governmental activities accounted for 93% of the total revenue generated of \$14,597,706, and 92% of the total program expenses of \$14,046,808 as shown in Table 2. The RC's governmental activities generated the majority of its revenue of \$12,270,914 (90%) 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 76% of the revenue of \$960,918 generated during FY 2015, and 89% of the expenses of \$1,150,855 for the year.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Table 2
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|----------------------------|-------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | FY 2015 | FY 2014 | FY 2015 | FY 2014 | FY 2015 | FY 2014 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 853,473 | \$ 747,091 | \$ 960,571 | \$ 1,010,469 | \$ 1,814,044 | \$ 1,757,560 |
| Operating grants | 12,270,704 | 12,529,954 | - | - | 12,270,704 | 12,529,954 |
| General Revenues: | | | | | | |
| Dues | 512,611 | 516,045 | - | - | 512,611 | 516,045 |
| Other general revenues | - | - | 347 | 556 | 347 | 556 |
| Total Revenues | 13,636,788 | 13,793,090 | 960,918 | 1,011,025 | 14,597,706 | 14,804,115 |
| Program Expenses | | | | | | |
| Solid waste and recycling | 22,785 | 25,177 | - | - | 22,785 | 25,177 |
| Planning & zoning | 1,233,292 | 1,455,650 | - | - | 1,233,292 | 1,455,650 |
| Economic development and assistance | 289,294 | 320,053 | - | - | 289,294 | 320,053 |
| Urban redevelopment | 3,879 | 4,479 | - | - | 3,879 | 4,479 |
| Economic opportunity | 2,548,107 | 3,075,149 | - | - | 2,548,107 | 3,075,149 |
| Conservation | 70,007 | 252,434 | - | - | 70,007 | 252,434 |
| Community Service | 8,728,695 | 8,384,615 | - | - | 8,728,695 | 8,384,615 |
| Information technology services | - | - | 1,020,632 | 1,040,469 | 1,020,632 | 1,040,469 |
| Revolving loan program | - | - | 130,223 | 141,205 | 130,223 | 141,205 |
| Total Expenses | 12,896,059 | 13,517,557 | 1,150,855 | 1,181,674 | 14,046,914 | 14,699,231 |
| Change in Net Position | | | | | | |
| Before Transfers | 740,729 | 275,533 | (189,937) | (170,649) | 550,792 | 104,884 |
| Transfers | (282,320) | (191,791) | 282,320 | 191,791 | - | - |
| Change in Net Position | 458,409 | 83,742 | 92,383 | 21,142 | 550,792 | 104,884 |
| Net Position - Beginning | 320,981 | 3,277,668 | 4,385,342 | 4,364,200 | 4,706,323 | 7,641,868 |
| GASB 68 Restatement* | - | (3,040,429) | - | - | - | (3,040,429) |
| Net Position - Ending | \$ 779,390 | \$ 320,981 | \$ 4,477,725 | \$ 4,385,342 | \$ 5,257,115 | \$ 4,706,323 |

* See Note 13 for more information.

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 2015 fiscal year with a balance of \$2,851,601 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a net position of \$4,477,725, with all of the balance being restricted.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Table 3
Balance Sheet/Statement of Net Position

| | Governmental Funds | | Proprietary Funds | | Total Primary Government | |
|----------------------------------|---------------------|---------------------|--------------------|---------------------|--------------------------|---------------------|
| | FY 2015 | FY 2014 | FY 2015 | FY2014 | FY 2015 | FY2014 |
| Current and other assets | \$ 5,377,566 | \$4,633,016 | \$5,807,958 | \$ 5,802,662 | \$11,185,524 | \$10,435,678 |
| Net capital assets | - | - | 59,188 | 65,659 | 59,188 | 65,659 |
| Total Assets | 5,377,566 | 4,633,016 | 5,867,146 | 5,868,321 | 11,244,712 | 10,501,337 |
| Long-term debt outstanding | - | - | 916,386 | 1,021,672 | 916,386 | 1,021,672 |
| Other liabilities | 2,525,965 | 1,819,107 | 473,035 | 461,307 | 2,999,000 | 2,280,414 |
| Total Liabilities | 2,525,965 | 1,819,107 | 1,389,421 | 1,482,979 | 3,915,386 | 3,302,086 |
| Net Position | | | | | | |
| Net investment in capital assets | - | - | 59,188 | 65,659 | 59,188 | 65,659 |
| Restricted for RLF | - | - | 4,477,725 | 4,385,342 | 4,477,725 | 4,385,342 |
| Unrestricted | - | - | (59,188) | (65,659) | (59,188) | (65,659) |
| Fund Balance | | | | | | |
| Nonspendable - prepaid | 7,252 | 2,640 | - | - | 7,252 | 2,640 |
| Assigned | 314,116 | 314,116 | - | - | 314,116 | 314,116 |
| Unassigned | 2,530,233 | 2,497,153 | - | - | 2,530,233 | 2,497,153 |
| Total Fund Balance/ | | | | | | |
| Net Position | \$ 2,851,601 | \$ 2,813,909 | \$4,477,725 | \$ 4,385,342 | \$ 7,329,326 | \$ 7,199,251 |

The Governmental Funds increased the RC's Governmental fund balance by \$37,692, accounting for a 1.3% growth of the fund balance of the RC as shown in Table 4. For the most part, it is difficult to correlate the revenues and expenses reported in governmental activities on a year-to-year basis, as several significant revenue sources are dependent upon the availability of federal and state grants each year. Revenues decreased by 1.1% (\$156,301) and expenses decreased by 1.4% (\$194,316) in the RC Primary Government when comparing FY 2015 to FY 2014.

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$2,537,485, all of which is designated as unassigned as described on page 22 of the notes.

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. Information on the Special Revenue Funds can be found on pages 3–5 and on pages 50-53. The major funds for FY 2015 are the General Fund, Planning and Technical Assistance Fund, Job Development and Training Fund, Coordinated Transportation Fund and Aging Fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Proprietary Fund - The RC's enterprise funds had an increase in the net fund balance of \$92,383, as shown in Table 4. Revenues in the business-type activities (Table 4) decreased by 5%, \$49,898, and expenses decreased by 2.5%, or \$29,069. The major funds for FY 2015 are Information Technology Services Fund and the Revolving Loan Fund.

Table 4

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

| | Governmental Funds | | Proprietary Funds | | Total Primary Government | |
|---|---------------------|---------------------|--------------------|--------------------|--------------------------|---------------------|
| | FY 2015 | FY 2014 | FY 2015 | FY 2014 | FY 2015 | FY 2014 |
| Revenues | | | | | | |
| Intergovernmental | \$12,074,713 | \$12,265,312 | \$ - | \$ - | \$12,074,713 | \$12,265,312 |
| Dues | 512,611 | 516,045 | - | - | 512,611 | 516,045 |
| Charges for service | - | - | 738,312 | 835,878 | 738,312 | 835,878 |
| Investment earnings | - | - | - | - | - | - |
| In-kind | 195,992 | 264,642 | - | - | 195,992 | 264,642 |
| Program/other Income | 853,473 | 747,091 | 222,259 | 174,591 | 1,075,732 | 921,682 |
| Total Revenues | 13,636,789 | 13,793,090 | 960,571 | 1,010,469 | 14,597,360 | 14,803,559 |
| Expenditures | | | | | | |
| Current | 13,316,671 | 13,510,987 | 1,141,185 | 1,170,254 | 14,457,856 | 14,681,241 |
| Total Expenditures | 13,316,671 | 13,510,987 | 1,141,185 | 1,170,254 | 14,457,856 | 14,681,241 |
| Non-Operating Revenue (Expense) | | | | | | |
| Transfer in | - | - | 282,320 | 191,791 | 282,320 | 191,791 |
| Interest income | - | - | 347 | 556 | 347 | 556 |
| Interest expense | - | - | (9,670) | (11,420) | (9,670) | (11,420) |
| Total Non-Operating Revenue (Expense) | - | - | 272,997 | 180,927 | 272,997 | 180,927 |
| Other Financing Sources | | | | | | |
| Transfer in | 467,343 | 423,954 | - | - | 467,343 | 423,954 |
| Transfer out | (749,769) | (615,745) | - | - | (749,769) | (615,745) |
| Total Other Financing Sources | (282,426) | (191,791) | - | - | (282,426) | (191,791) |
| Net Change In Fund Balances/Net Position | 37,692 | 90,312 | 92,383 | 21,142 | 130,075 | 111,454 |
| Fund Balances/Net Position | | | | | | |
| Beginning | 2,813,909 | 2,723,597 | 4,385,342 | 4,364,200 | 7,199,251 | 7,087,797 |
| Ending | \$ 2,851,601 | \$ 2,813,909 | \$4,477,725 | \$4,385,342 | \$ 7,329,326 | \$ 7,199,251 |

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2015 RC annual Budget was adopted by the RC Council at its June 26, 2014 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2015 budget on April 23, 2015. The amended budget reflected a decrease in revenues and expenditures as a result of decreased grant and contract funding and correlating expenses.

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, 2015, was \$824,933, net of accumulated depreciation of \$1,601,379 (as shown on page 31) and no related debt as shown on page 37. This investment in capital assets includes land, buildings/leasehold improvements and equipment and vehicles.

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. Capital assets, net of depreciation, decreased by \$42,723 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$102,882. Depreciation expense for Business-type Activities was \$33,854. 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 no debt outstanding in Governmental Activities. The capital lease payable to the Waycross-Ware County Development Authority for the Waycross office building was paid off during FY2015.

As of June 30, 2015 the RC had \$916,386 outstanding in its business-type activities. This long-term debt is comprised of four Promissory Agreements with the U.S. Department of Agriculture for IRP funds used in the Revolving Loan Program. The four loans are all 30-year notes, at 1% interest, with principal and interest paid annually. Additional information on Long-Term Debt can be found in Note 10 of the Notes to Financial Statements, beginning on page 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The RC's Council had to consider many factors when setting the Fiscal Year 2016 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. 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.

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, 2015

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|---------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS AND DEFERRED | | | | |
| OUTFLOWS OF RESOURCES | | | | |
| ASSETS | | | | |
| Cash | \$ 1,878,932 | \$ - | \$ 1,878,932 | \$ - |
| Accounts receivable | 2,052,796 | 84,264 | 2,137,060 | 10,485 |
| Due from primary government | - | - | - | 17,180 |
| Unamortized advances | 52,079 | - | 52,079 | - |
| Prepaid expenses | 91,318 | 4,133 | 95,451 | - |
| Notes receivable, net | - | 4,319,219 | 4,319,219 | - |
| Restricted cash | - | 1,345,052 | 1,345,052 | - |
| Internal balances | 396,371 | (396,371) | - | - |
| Capital assets: | | | | |
| Land | 14,000 | - | 14,000 | - |
| Other capital assets, net of depreciation | 751,745 | 59,188 | 810,933 | - |
| Total capital assets | <u>765,745</u> | <u>59,188</u> | <u>824,933</u> | <u>-</u> |
| Total assets | <u>5,237,241</u> | <u>5,415,485</u> | <u>10,652,726</u> | <u>27,665</u> |
| Deferred outflows of resources related to pensions | 490,643 | - | 490,643 | - |
| Total assets and deferred outflows of resources | <u>5,727,884</u> | <u>5,415,485</u> | <u>11,143,369</u> | <u>27,665</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | |
| Liabilities | | | | |
| Accounts payable and other accrued expenses | 1,431,786 | 21,129 | 1,452,915 | - |
| Accounts payable - component unit | 17,180 | - | 17,180 | - |
| Unearned revenue | 166,353 | 245 | 166,598 | - |
| Long-term liabilities: | | | | |
| Compensated absences | 196,442 | - | 196,442 | - |
| Due within one year | - | 106,211 | 106,211 | - |
| Due in more than one year | - | 810,175 | 810,175 | - |
| Net pension liability | 2,569,985 | - | 2,569,985 | - |
| Total liabilities | <u>4,381,746</u> | <u>937,760</u> | <u>5,319,506</u> | <u>-</u> |
| Deferred inflows of resources related to pensions | 566,748 | - | 566,748 | - |
| Total liabilities and deferred inflows of resources | <u>4,948,494</u> | <u>937,760</u> | <u>5,886,254</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 765,745 | 59,188 | 824,933 | - |
| Restricted for programs: | | | | |
| Economic development - revolving loan | - | 4,477,725 | 4,477,725 | - |
| Southern Georgia Area Development Corp. | - | - | - | 27,665 |
| Unrestricted | 13,645 | (59,188) | (45,543) | - |
| Total net position | <u>\$ 779,390</u> | <u>\$ 4,477,725</u> | <u>\$ 5,257,115</u> | <u>\$ 27,665</u> |

**SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

| Function/Programs: | | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit |
|---|----------------------|-----------------------------|----------------------|--------------------------------|---|---------------------------|---------------------|------------------|
| | Direct Expenses | Indirect/Expense Allocation | Charges for Services | Operating Grants/Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business -type Activities | | |
| PRIMARY GOVERNMENT: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 658,414 | \$ (658,726) | \$ - | \$ - | \$ 312 | | \$ 312 | |
| Community service | 8,475,338 | 253,357 | 738,198 | 8,132,301 | 141,804 | | 141,804 | |
| Solid waste and recycling | 20,596 | 2,189 | 24,272 | - | 1,487 | | 1,487 | |
| Planning and zoning | 1,042,672 | 190,620 | 91,003 | 1,114,523 | (27,766) | | (27,766) | |
| Economic development | 240,981 | 48,313 | - | 354,719 | 65,425 | | 65,425 | |
| Urban redevelopment | 3,214 | 665 | - | 4,091 | 212 | | 212 | |
| Economic opportunity | 2,474,789 | 73,318 | - | 2,587,742 | 39,635 | | 39,635 | |
| Conservation | 58,126 | 11,881 | - | 77,328 | 7,321 | | 7,321 | |
| Interest on long-term debt | 312 | - | - | - | (312) | | (312) | |
| Total governmental activities | <u>12,974,442</u> | <u>(78,383)</u> | <u>853,473</u> | <u>12,270,704</u> | <u>228,118</u> | | <u>228,118</u> | |
| Business-type activities: | | | | | | | | |
| Information technology | 997,392 | 23,240 | 738,312 | - | - | (282,320) | (282,320) | |
| Revolving loan program | 99,062 | 31,161 | 222,259 | - | - | 92,036 | 92,036 | |
| Total business-type activities | <u>1,096,454</u> | <u>54,401</u> | <u>960,571</u> | <u>-</u> | <u>-</u> | <u>(190,284)</u> | <u>(190,284)</u> | |
| Total primary government | <u>\$ 14,070,896</u> | <u>\$ (23,982)</u> | <u>\$ 1,814,044</u> | <u>\$ 12,270,704</u> | <u>228,118</u> | <u>(190,284)</u> | <u>37,834</u> | |
| COMPONENT UNIT: | | | | | | | | |
| Southern Georgia Area Dev. Corp. | \$ 71,159 | \$ 23,982 | \$ 59,567 | \$ - | | | | \$ (35,574) |
| General revenues: | | | | | | | | |
| Local dues | | | | | 512,611 | - | 512,611 | - |
| Investment earnings | | | | | - | 347 | 347 | 39 |
| Total general revenues | | | | | <u>512,611</u> | <u>347</u> | <u>512,958</u> | <u>39</u> |
| Transfers | | | | | (282,320) | 282,320 | - | - |
| Total general revenues and transfers | | | | | <u>230,291</u> | <u>282,667</u> | <u>512,958</u> | <u>39</u> |
| Change in net position | | | | | 458,409 | 92,383 | 550,792 | (35,535) |
| Net position - beginning (governmental activities restated) | | | | | 320,981 | 4,385,342 | 4,706,323 | 63,200 |
| Net position - ending | | | | | <u>\$ 779,390</u> | <u>\$ 4,477,725</u> | <u>\$ 5,257,115</u> | <u>\$ 27,665</u> |

**SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

| | General Fund | Planning and Technical Assistance Fund | Job Development and Training Fund | Coordinated Transportation Fund | Aging Fund | Nonmajor Funds | Total Governmental Funds |
|--------------------------------------|---------------------|--|---|---------------------------------------|---------------------|-------------------|--------------------------------|
| ASSETS | | | | | | | |
| Receivables | \$ - | \$ 211,693 | \$ 304,158 | \$ 354,878 | \$ 1,047,999 | \$ 112,372 | \$ 2,031,100 |
| Unamortized advances | - | - | - | - | 52,079 | - | 52,079 |
| Prepaid expenditures | - | 2,386 | - | - | 295 | 4,571 | 7,252 |
| Interfund balances | 2,948,946 | - | - | 284,162 | - | 54,027 | 3,287,135 |
| Total assets | <u>\$ 2,948,946</u> | <u>\$ 214,079</u> | <u>\$ 304,158</u> | <u>\$ 639,040</u> | <u>\$ 1,100,373</u> | <u>\$ 170,970</u> | <u>\$ 5,377,566</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ 5,366 | \$ 237,838 | \$ 324,924 | \$ 740,131 | \$ 14,417 | \$ 1,322,676 |
| Unamortized advances | - | - | - | - | 52,079 | - | 52,079 |
| Due to other governments | - | 3,062 | - | - | 25,085 | 3,177 | 31,324 |
| Unearned revenue | - | 38,353 | - | - | 49,132 | 78,868 | 166,353 |
| Interfund balances | 411,461 | 167,298 | 66,320 | - | 233,946 | 74,508 | 953,533 |
| Total liabilities | <u>411,461</u> | <u>214,079</u> | <u>304,158</u> | <u>324,924</u> | <u>1,100,373</u> | <u>170,970</u> | <u>2,525,965</u> |
| Fund balances: | | | | | | | |
| Nonspendable - prepaid items | - | 2,386 | - | - | 295 | 4,571 | 7,252 |
| Assigned for transportation program | - | - | - | 314,116 | - | - | 314,116 |
| Unassigned | 2,537,485 | (2,386) | - | - | (295) | (4,571) | 2,530,233 |
| Total fund balances | <u>2,537,485</u> | <u>-</u> | <u>-</u> | <u>314,116</u> | <u>-</u> | <u>-</u> | <u>2,851,601</u> |
| Total liabilities and fund balances | <u>\$ 2,948,946</u> | <u>\$ 214,079</u> | <u>\$ 304,158</u> | <u>\$ 639,040</u> | <u>\$ 1,100,373</u> | <u>\$ 170,970</u> | |

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

| | |
|--|-------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 145,530 |
| 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. | (2,217,741) |
| Net position of governmental activities | <u>\$ 779,390</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | General Fund | Planning and Technical Assistance Fund | Job Development and Training Fund | Coordinated Transportation Fund | Aging Fund | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|--|---|---------------------------------------|------------------|-------------------|--------------------------------|
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ 729,175 | \$ 2,587,742 | \$ 1,832,210 | \$ 6,104,364 | \$ 821,222 | \$ 12,074,713 |
| Dues | 512,611 | - | - | - | - | - | 512,611 |
| In-kind contributions | - | 265 | - | 19,109 | 176,618 | - | 195,992 |
| Program/other income | - | 34,952 | - | - | 738,198 | 80,323 | 853,473 |
| Total revenues | <u>512,611</u> | <u>764,392</u> | <u>2,587,742</u> | <u>1,851,319</u> | <u>7,019,180</u> | <u>901,545</u> | <u>13,636,789</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Community services | - | - | - | 1,816,709 | 7,093,963 | - | 8,910,672 |
| Economic opportunity | - | - | 2,587,742 | - | - | - | 2,587,742 |
| Planning and zoning | - | 765,933 | - | - | - | 623,530 | 1,389,463 |
| Conservation | - | 78,078 | - | - | - | - | 78,078 |
| Economic development and assistance | - | 93,850 | - | - | - | 228,263 | 322,113 |
| Urban redevelopment and housing | - | 4,331 | - | - | - | - | 4,331 |
| Solid waste and recycling | - | 24,272 | - | - | - | - | 24,272 |
| Total expenditures | <u>-</u> | <u>966,464</u> | <u>2,587,742</u> | <u>1,816,709</u> | <u>7,093,963</u> | <u>851,793</u> | <u>13,316,671</u> |
| Excess (deficiency) of revenues over (under) expenditures | 512,611 | (202,072) | - | 34,610 | (74,783) | 49,752 | 320,118 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 137,425 | 244,126 | - | - | 74,783 | 11,009 | 467,343 |
| Transfers out | (612,344) | (42,054) | - | (34,610) | - | (60,761) | (749,769) |
| Total other financing sources and uses | <u>(474,919)</u> | <u>202,072</u> | <u>-</u> | <u>(34,610)</u> | <u>74,783</u> | <u>(49,752)</u> | <u>(282,426)</u> |
| Net change in fund balances | 37,692 | - | - | - | - | - | 37,692 |
| Fund balances - beginning | 2,499,793 | - | - | 314,116 | - | - | 2,813,909 |
| Fund balances - ending | <u>\$ 2,537,485</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 314,116</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,851,601</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | | |
|---|----|-----------------------|
| Net change in fund balances - total governmental funds | \$ | 37,692 |
| Loss on disposal of capital assets is not reported in the governmental funds, however, is reported in the statement of activities | | (518) |
| Actual pension expense paid (\$654,190) by the internal service fund is reported in the governmental funds, however, actuarially determined pension expense (\$259,851) is reported in the statement of activities. | | 394,339 |
| 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 outlays (\$47,724) exceeded depreciation (\$20,828) in the current period. | | <u>26,896</u> |
| Change in net position of governmental activities | \$ | <u><u>458,409</u></u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2015

| | Enterprise Funds | | | Governmental Activities |
|--|--|--|------------------|------------------------------|
| | Information Technology Services Fund | Southern Georgia Revolving Loan Fund | Totals | Internal Service Funds |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Current assets: | | | | |
| Cash | \$ - | \$ - | \$ - | \$ 1,878,932 |
| Restricted cash | - | 1,345,052 | 1,345,052 | - |
| Accounts receivable | 84,264 | - | 84,264 | 21,251 |
| Notes receivable - current portion | - | 381,984 | 381,984 | - |
| Allowance for loan loss | - | (145,341) | (145,341) | - |
| Interest receivable | - | - | - | - |
| Prepaid expenses | 4,133 | - | 4,133 | 84,066 |
| Due from employees | - | - | - | 445 |
| Interfund balances | - | 55,290 | 55,290 | 72,982 |
| Total current assets | <u>88,397</u> | <u>1,636,985</u> | <u>1,725,382</u> | <u>2,057,676</u> |
| Noncurrent assets: | | | | |
| Notes receivables, less current portion | - | 4,082,576 | 4,082,576 | - |
| Capital assets: | | | | |
| Land | - | - | - | 14,000 |
| Equipment and vehicles | 256,055 | - | 256,055 | 467,101 |
| Buildings | - | - | - | 1,226,469 |
| Less accumulated depreciation | (196,867) | - | (196,867) | (1,087,355) |
| Total noncurrent assets | <u>59,188</u> | <u>4,082,576</u> | <u>4,141,764</u> | <u>620,215</u> |
| Total assets | <u>147,585</u> | <u>5,719,561</u> | <u>5,867,146</u> | <u>2,677,891</u> |
| Deferred outflows of resources related to pensions | - | - | - | 490,643 |
| Total assets and deferred outflow of resources | <u>147,585</u> | <u>5,719,561</u> | <u>5,867,146</u> | <u>3,168,534</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2015

| | Enterprise Funds | | | Governmental Activities |
|--|--|--|---------------------|------------------------------|
| | Information Technology Services Fund | Southern Georgia Revolving Loan Fund | Totals | Internal Service Funds |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,255 | 290 | 1,545 | 25,707 |
| Accrued expenses | - | 4,584 | 4,584 | - |
| Interfund balances | 131,085 | 320,576 | 451,661 | 2,010,213 |
| Current portion: | | | | |
| Notes payable | - | 106,211 | 106,211 | - |
| Total current liabilities | <u>132,340</u> | <u>431,661</u> | <u>564,001</u> | <u>2,035,920</u> |
| Noncurrent liabilities: | | | | |
| Accounts payable - component unit | - | - | - | 17,180 |
| Unearned revenue | 245 | - | 245 | - |
| Due to other governments | 15,000 | - | 15,000 | - |
| Compensated absences | - | - | - | 196,442 |
| Net pension liability | - | - | - | 2,569,985 |
| Notes payable, less current portion | - | 810,175 | 810,175 | - |
| Total noncurrent liabilities | <u>15,245</u> | <u>810,175</u> | <u>825,420</u> | <u>2,783,607</u> |
| Total liabilities | <u>147,585</u> | <u>1,241,836</u> | <u>1,389,421</u> | <u>4,819,527</u> |
| Deferred inflows of resources related to pensions | - | - | - | 566,748 |
| Total liabilities and deferred inflows of resources | <u>147,585</u> | <u>1,241,836</u> | <u>1,389,421</u> | <u>5,386,275</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 59,188 | - | 59,188 | 620,215 |
| Restricted for revolving loan program | - | 4,477,725 | 4,477,725 | - |
| Unrestricted | (59,188) | - | (59,188) | (2,837,956) |
| Total net position | <u>\$ -</u> | <u>\$ 4,477,725</u> | <u>\$ 4,477,725</u> | <u>\$ (2,217,741)</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | Enterprise Funds | | | Governmental Activities |
|-------------------------------|------------------------|---------------------|------------------|-------------------------|
| | Information Technology | Southern Georgia | Totals | Internal Service |
| | Services Fund | Revolving Loan Fund | | Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 738,312 | \$ - | \$ 738,312 | \$ 2,653,088 |
| Interest on notes receivable | - | 213,502 | 213,502 | - |
| Other income | - | 8,757 | 8,757 | 27,025 |
| Total operating revenue | <u>738,312</u> | <u>222,259</u> | <u>960,571</u> | <u>2,680,113</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 832,378 | 86,778 | 919,156 | 1,880,681 |
| Indirect cost allocation | 23,240 | 31,161 | 54,401 | - |
| Depreciation | 33,854 | - | 33,854 | 82,055 |
| Computer maintenance/charges | 17,588 | - | 17,588 | 31,230 |
| Supplies and materials | 21,989 | - | 21,989 | 39,913 |
| Utilities | 25,993 | - | 25,993 | 42,284 |
| Administrative expense | 16,800 | - | 16,800 | - |
| Telecommunications/internet | 9,461 | - | 9,461 | 20,387 |
| Contract services | 581 | - | 581 | - |
| Repairs and maintenance | 18,651 | - | 18,651 | 44,254 |
| Motor pool costs | 8,269 | 165 | 8,434 | - |
| Rent | 7,177 | - | 7,177 | 20,750 |
| Other | 3,709 | 2,066 | 5,775 | 6,912 |
| Training and education | 295 | - | 295 | 6,242 |
| Per diem and fees | 300 | 383 | 683 | 41,633 |
| Travel | 347 | - | 347 | 18,355 |
| Memberships and subscriptions | - | - | - | 11,412 |
| Insurance and bonding | - | - | - | 18,324 |
| Fuel | - | - | - | 21,136 |
| Total operating expenses | <u>1,020,632</u> | <u>120,553</u> | <u>1,141,185</u> | <u>2,285,568</u> |
| Operating income (loss) | <u>(282,320)</u> | <u>101,706</u> | <u>(180,614)</u> | <u>394,545</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

| | Enterprise Funds | | | Governmental Activities |
|---|--|--|--------------|------------------------------|
| | Information Technology Services Fund | Southern Georgia Revolving Loan Fund | Totals | Internal Service Funds |
| OPERATING EXPENSES (CONTINUED) | | | | |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | - | 347 | 347 | - |
| Interest expense | - | (9,670) | (9,670) | (312) |
| Total nonoperating revenues (expenses) | - | (9,323) | (9,323) | (312) |
| TRANSFERS | | | | |
| Transfer in | 282,320 | - | 282,320 | 106 |
| Change in net position | - | 92,383 | 92,383 | 394,339 |
| Total net position - beginning (gov. activities restated) | - | 4,385,342 | 4,385,342 | (2,612,080) |
| Total net position - ending | \$ - | \$ 4,477,725 | \$ 4,477,725 | \$ (2,217,741) |

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

| | Enterprise Funds | | | Governmental Activities |
|--|------------------------------------|---|---------------------|--------------------------|
| | Information Tech. Services Fund | Southern Georgia Revolving Loan Fund | Total | Internal Service Fund |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts from: | | | | |
| Customers and borrowers | \$ 813,222 | \$ 805,260 | \$ 1,618,482 | \$ - |
| Other | - | - | - | 27,025 |
| Internal activity: receipts (payments) | 206,595 | 34,977 | 241,572 | 2,681,094 |
| Payments to: | | | | |
| Borrowers for loans | - | (979,507) | (979,507) | - |
| Employees or for their benefit | (855,618) | (86,778) | (942,396) | (2,287,444) |
| Suppliers | (136,817) | (33,516) | (170,333) | (318,653) |
| Net cash provided (used) by operating activities | <u>27,382</u> | <u>(259,564)</u> | <u>(232,182)</u> | <u>102,022</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (27,382) | - | (27,382) | (12,952) |
| Proceeds from sale of capital assets | - | - | - | - |
| Principal paid on capital debt | - | (105,286) | (105,286) | (45,597) |
| Interest paid on capital debt | - | (10,253) | (10,253) | (312) |
| Net cash provided (used) by capital and related financing activities | <u>(27,382)</u> | <u>(115,539)</u> | <u>(142,921)</u> | <u>(58,861)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | - | 347 | 347 | - |
| Net cash provided by investing activities | <u>-</u> | <u>347</u> | <u>347</u> | <u>-</u> |
| Net (decrease) in cash and cash equivalents | - | (374,756) | (374,756) | 43,161 |
| Balances - beginning | - | 1,719,808 | 1,719,808 | 1,835,771 |
| Balances - ending | <u>\$ -</u> | <u>\$ 1,345,052</u> | <u>\$ 1,345,052</u> | <u>\$ 1,878,932</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

| | Enterprise Funds | | | Governmental Activities |
|--|------------------------------------|---|---------------------|--------------------------|
| | 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) | \$ (282,320) | \$ 101,706 | \$ (180,614) | \$ 394,545 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 33,854 | - | 33,854 | 82,055 |
| Transfer in | 282,320 | - | 282,320 | - |
| Change in assets and liabilities: | | | | |
| Receivables, net | 74,910 | (396,506) | (321,596) | 2,779 |
| Prepaid expenses | - | - | - | (1,246) |
| Interfund balances | (75,725) | 34,977 | (40,748) | 25,227 |
| Accounts and other payables | (5,657) | 259 | (5,398) | (6,999) |
| Deferred outflows/inflows and net pension liability | - | - | - | (394,339) |
| Net cash provided by operating activities | <u>\$ 27,382</u> | <u>\$ (259,564)</u> | <u>\$ (232,182)</u> | <u>\$ 102,022</u> |

Non-cash activity. Fully depreciated capital assets in the Information Technology Fund and Internal Service Fund with costs of \$86,685 and \$23,600, respectively, were disposed of in the current year.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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).

For the year ended June 30, 2015, the RC adopted Statement of Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. As a result, beginning balances in the internal service fund and the governmental activities reported in the government-wide financial statements have been restated (see Note 13).

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, 2015

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, 2015

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 only excess (or shortfall) in indirect costs the RC has to allocate in preparing government-wide statements is related to the difference in pension expense calculated in accordance with GASB 68 and amount actually paid by the RC. This difference is allocated in the statement of activities based on the percentage of indirect charges to each governmental activity.

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 transfers.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the RC's pension plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by Georgia Municipal Association. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015

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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Receivables and Payables (Continued)

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

Unearned 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 yearend 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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

L. Capital Assets (Continued)

| Agency | Amount |
|---|-----------|
| Georgia Department of Labor | \$ 44,692 |
| Georgia Department of Community Affairs | 14,273 |
| Georgia Department of Human Services | 26,895 |
| | \$ 85,860 |

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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Compensated Absences and Employee Benefits (Continued)

Sick Leave (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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Compensated Absences and Employee Benefits (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 Net Position

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 or net position are available for use for expenditures or expenses 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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Fund Balances and Net Position (Continued)

Minimum fund balance. On July 23, 2015, the RC adopted a policy, at a minimum; the RC will maintain an unassigned fund balance in the general fund at fiscal year end of no less than two months of regular operating expenses (excluding payments to grant related contractors/subrecipients).

Net Position. 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 net position 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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. Direct Costs/Indirect Costs (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.

Pension expense included in fringe benefit allocation is based on amounts paid/accrued rather than on the pension expense as calculated in accordance with GASB No. 68.

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, 2015

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:

| | <u>Class 1</u> | <u>Class 2</u> | <u>Class 3</u> | <u>Class 4</u> | <u>Total</u> |
|-------------------------------|-------------------|-------------------|-------------------|-----------------|---------------------|
| FICA contributions | Y | Y | N | Y | N/A |
| Medicare contributions | Y | Y | Y | Y | N/A |
| Group health insurance | Y | Y | Y | N | N/A |
| Group life insurance | Y | Y | Y | N | N/A |
| Retirement - Valdosta | Y | Y | N | N | N/A |
| Retirement - Waycross | N | N | Y | N | N/A |
| Unemployment insurance | Y | Y | Y | Y | N/A |
| Workers compensation | Y | Y | Y | Y | N/A |
| | | | | | |
| FICA contributions | \$ 107,303 | \$ 15,061 | \$ - | \$ 771 | \$ 123,135 |
| Medicare contributions | 25,387 | 3,564 | 15,636 | 182 | 44,769 |
| Group health insurance | 261,606 | 36,718 | 161,124 | - | 459,448 |
| Group life insurance | 13,187 | 1,850 | 8,122 | - | 23,159 |
| Retirement - Valdosta | 344,820 | 48,399 | - | - | 393,219 |
| Retirement - Waycross | - | - | 266,964 | - | 266,964 |
| Unemployment insurance | - | - | - | - | - |
| Workers compensation | 9,263 | 1,301 | 5,705 | 67 | 16,336 |
| Total fringe benefit costs | <u>\$ 761,566</u> | <u>\$ 106,893</u> | <u>\$ 457,551</u> | <u>\$ 1,020</u> | <u>\$ 1,327,030</u> |
| | | | | | |
| Total salaries | \$ 1,862,514 | \$ 261,421 | \$ 1,147,127 | \$ 13,385 | \$ 3,284,447 |
| Fringe benefits rates (final) | 40.9% | 40.9% | 39.9% | 7.6% | 40.4% |

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, the total fringe benefit costs above 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, 2015

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. These costs exclude the difference in pension expense as calculated in accordance with GASB 68 and actual costs paid/accrued. 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. Actual costs 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, 2015

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 and the Public Funds. 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 | \$1,818,291 | \$2,101,944 |
| Deposits | | |
| Internal Service Funds | | |
| Public Fund | 60,641 | 60,641 |
| Enterprise Fund | | |
| Revolving Loan Fund | 1,345,052 | 1,345,052 |
| Total cash and cash equivalents | \$3,223,984 | \$3,507,637 |

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, 2015

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 \$1,345,052 is restricted for use in the Revolving Loan Fund.

Note 4 - Receivables

Accounts receivable balances are as follows:

| | <u>Governmental Funds</u> | <u>Business - Type Activities</u> | <u>Total</u> |
|--|-------------------------------|---------------------------------------|---------------------|
| Economic Development Administration | \$ 59,085 | \$ - | \$ 59,085 |
| Georgia Department of: | | | |
| Human Services | | | |
| Aging programs | 1,047,999 | - | 1,047,999 |
| Transportation program | 354,878 | - | 354,878 |
| Labor - WIA | 304,158 | - | 304,158 |
| Natural Resources | 1,520 | - | 1,520 |
| Community Affairs | 53,912 | - | 53,912 |
| Transportation | 62,163 | - | 62,163 |
| Other grants and contracts receivable | 147,385 | 84,264 | 231,649 |
| Other receivables - internal service funds | 21,696 | - | 21,696 |
| Total receivables | <u>\$ 2,052,796</u> | <u>\$ 84,264</u> | <u>\$ 2,137,060</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 the balances on these loans were \$4,464,561 with an allowance for loan loss of \$145,341. There was no change in the allowance for loan loss.

Note 5 - Unearned Revenue (eligibility requirements not met)

Unearned revenue is as follows:

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|------------|
| Planning and Technical Assistance | \$ 38,353 | \$ - | \$ 38,353 |
| Aging | 49,132 | - | 49,132 |
| Nonmajor funds | 78,868 | - | 78,868 |
| ITS | - | 245 | 245 |
| Total unearned revenue | \$ 166,353 | \$ 245 | \$ 166,598 |

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>6,000</u> |
| | <u>\$11,280</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, 2015

Note 7 –Fund Balances and Net Position

Proprietary Fund/Net Position

Restricted 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, 2015

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 7/1/2014</u> | <u>Additions</u> | <u>Disposals/ Retirements</u> | <u>Balance 6/30/2015</u> |
|---|-----------------------------|--------------------|-----------------------------------|------------------------------|
| Governmental activities: | | | | |
| Land | \$ 14,000 | \$ - | \$ - | \$ 14,000 |
| Buildings and improvements | 1,458,502 | 21,467 | - | 1,479,969 |
| Equipment and autos | 690,951 | 39,208 | (53,871) | 676,288 |
| Total depreciable capital assets | 2,149,453 | 60,675 | (53,871) | 2,156,257 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (799,034) | (57,552) | - | (856,586) |
| Equipment and autos | (555,951) | (45,330) | 53,355 | (547,926) |
| Total accumulated depreciation | (1,354,985) | (102,882) | 53,355 | (1,404,512) |
| Total governmental activities, capital assets, net | <u>\$ 808,468</u> | <u>\$ (42,207)</u> | <u>\$ (516)</u> | <u>\$ 765,745</u> |
| Business-type activities: | | | | |
| Equipment | \$ 315,357 | \$ 27,383 | \$ (86,685) | \$ 256,055 |
| Less accumulated depreciation | (249,698) | (33,854) | 86,685 | (196,867) |
| Total business-type activities, capital assets, net | <u>\$ 65,659</u> | <u>\$ (6,471)</u> | <u>\$ -</u> | <u>\$ 59,188</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

| | Governmental Activities | Business-Type Activities |
|---|----------------------------|-----------------------------|
| Economic opportunity | \$ 9,655 | \$ - |
| Planning and zoning | 8,615 | - |
| Community service | 2,558 | - |
| Information Technology | - | 33,854 |
| 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. | 82,054 | - |
| Total depreciation expense | \$ 102,882 | \$ \$ 33,854 |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

| Fund | Receivable | Payable | Net |
|--------------------------------|---------------------|-----------------------|---------------------|
| Governmental Activities: | | | |
| General: | | | |
| Planning and Tech. Assist. | \$ 167,298 | \$ - | \$ 167,298 |
| Job Development & Training | 66,320 | - | 66,320 |
| Aging | 233,946 | - | 233,946 |
| Coordinated Transportation | - | (284,162) | (284,162) |
| Nonmajor governmental | 74,508 | (54,027) | 20,481 |
| S. Georgia Revolving Loan | 265,576 | (290) | 265,286 |
| Information Technology | 131,085 | - | 131,085 |
| Internal Service | 2,010,213 | (72,982) | 1,937,231 |
| Planning and Tech. Assist.: | | | |
| General | - | (167,298) | (167,298) |
| Job Dev. & Training: | | | |
| General | - | (66,320) | (66,320) |
| Coordinated Transportation | | | |
| General | 284,162 | - | 284,162 |
| Aging: | | | |
| Internal Service | - | (233,946) | (233,946) |
| Nonmajor governmental: | | | |
| General | 54,027 | (74,508) | (20,481) |
| Subtotal | <u>3,287,135</u> | <u>(953,533)</u> | <u>2,333,602</u> |
| Internal Service Fund: | | | |
| General | 72,982 | (2,010,213) | (1,937,231) |
| Subtotal | <u>72,982</u> | <u>(2,010,213)</u> | <u>(1,937,231)</u> |
| Total governmental activities | <u>\$ 3,360,117</u> | <u>\$ (2,963,746)</u> | <u>\$ 396,371</u> |
| Business-type Activities: | | | |
| Information Technology: | | | |
| General | \$ - | \$ (131,085) | \$ (131,085) |
| S. Georgia Revolving Loan: | | | |
| General | 290 | (265,576) | (265,286) |
| S. Georgia Revolving Loan | 55,000 | (55,000) | - |
| Total business-type activities | <u>\$ 55,290</u> | <u>\$ (451,661)</u> | <u>\$ (396,371)</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.: | \$ 42,054 | \$ (244,126) | \$ (202,072) |
| Aging Fund | - | (74,783) | (74,783) |
| Coordinated Transportation | 34,610 | - | 34,610 |
| Nonmajor governmental funds | 60,761 | (11,009) | 49,752 |
| Information Technology Services | - | (282,320) | (282,320) |
| Internal service fund - motor pool | - | (106) | (106) |
| Planning and Technical Assist.: | | | |
| General Fund | 244,126 | (42,054) | 202,072 |
| Aging Fund: | | | |
| General Fund | 74,783 | - | 74,783 |
| Coordinated Transportation: | | | |
| General Fund | - | (34,610) | (34,610) |
| Nonmajor governmental funds: | | | |
| General Fund | 11,009 | (60,761) | (49,752) |
| Internal service fund - motor pool | | | |
| General Fund | 106 | - | 106 |
| Transfers - governmental funds | <u>\$ 467,449</u> | <u>\$ (749,769)</u> | <u>\$ (282,320)</u> |
| Business-type Activities: | | | |
| Information Technology Services: | | | |
| General Fund | <u>\$ 282,320</u> | <u>\$ -</u> | <u>\$ 282,320</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

Note 10 – Long-Term Debt (Continued)

Capital Leases Payable

Internal Service Fund

The RC leases its Waycross building under a capital lease arrangement with the Waycross-Ware County Development Authority with the financing agreement being administered through SunTrust Bank. The capital lease was paid off on January 20, 2015.

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, 2015

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

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

| | Balance 7/1/2014 | Additions | Reductions | Balance 6/30/2015 | Due Within One Year |
|--|---------------------|-------------------|---------------------|----------------------|---------------------------|
| Business-Type | | | | | |
| Activities | | | | | |
| U.S. Department of Agriculture/FHA | | | | | |
| IRP #1 | \$ 144,416 | \$ - | \$ (28,465) | \$ 115,951 | \$ 28,765 |
| IRP#2 | 359,799 | - | (44,822) | 314,977 | 45,286 |
| IRP#3 | 190,544 | - | (14,052) | 176,492 | 14,187 |
| IRP#4 | 326,913 | - | (17,947) | 308,966 | 17,973 |
| Total business activities | <u>\$ 1,021,672</u> | <u>\$ -</u> | <u>\$ (105,286)</u> | <u>\$ 916,386</u> | <u>\$ 106,211</u> |
| Governmental | | | | | |
| Activities | | | | | |
| Capital lease obligation - building | | | | | |
| | \$ 45,597 | \$ - | \$ (45,597) | \$ - | \$ - |
| Compensated absences payable | | | | | |
| | <u>209,509</u> | <u>506,635</u> | <u>(519,702)</u> | <u>196,442</u> | <u>-</u> |
| Total governmental activities | <u>\$ 255,106</u> | <u>\$ 506,635</u> | <u>\$ (565,299)</u> | <u>\$ 196,442</u> | <u>\$ -</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$10,254 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2015. The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities.

Governmental Activities: interest of \$312 was incurred and charged to expense regarding the building capital lease for the year ended June 30, 2015.

The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

Payments on notes payable are due as follows:

| Year Ended June 30 | Notes Payable | | |
|--------------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2016 | \$ 106,211 | \$ 9,178 | \$ 115,389 |
| 2017 | 107,273 | 8,116 | 115,389 |
| 2018 | 108,346 | 7,044 | 115,390 |
| 2019 | 108,583 | 5,960 | 114,543 |
| 2020 | 80,590 | 4,874 | 85,464 |
| 2021 - 2025 | 256,383 | 13,926 | 270,309 |
| 2026 - 2030 | 129,338 | 4,507 | 133,845 |
| 2031 | 19,662 | 209 | 19,871 |
| Total | <u>\$ 916,386</u> | <u>\$ 53,814</u> | <u>\$ 970,200</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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. All employees working 30 hours or more per week are eligible. 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.

Employees Covered

As of January 1, 2015, the following employees were covered by the benefit terms for the plan:

| Participants | Count | Average | | | |
|-----------------------|-------|---------|---------|-----------|-------------|
| | | Age | Service | Pay | Benefits |
| Active participants | 60 | 48.3 | 12.6 | \$ 50,550 | N/A |
| Retired participants | 37 | 70.6 | N/A | N/A | \$1,506/mth |
| Disabled participants | 1 | 74.0 | N/A | N/A | \$880/mth |

Contributions

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 \$654,190, for year ended June 30, 2015, (19.98% of covered payroll).

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 – Defined Benefit Pension Plan (Continued)

Net Pension Liability

The net pension liability as of September 30, 2014 (the measurement date), is \$2,569,985, being the excess of the total pension liability, \$12,148,695, over the plan's fiduciary net position, \$9,578,710, both as of the measurement date. The total pension liability was determined as of the measurement date using amounts determined from actuarial valuation as of the measurement date.

Actuarial Assumptions

Valuation Date. The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

Measurement Date. September 30, 2014

Methods and assumptions used to determine contribution rates.

Actuarial Cost Method. Projected Unit Credit

Amortization Method. Closed level dollar for remaining unfunded liability

Remaining Amortization Period. Remaining amortization period various for the bases, with a net effective amortization period of 10 years.

Asset Valuation Method. Sum of actuarial value at the 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 the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return. 7.75%,

Projected Salary Increases. 3.25% plus service based merit increases

Inflation rate. 3.25%

Cost of living adjustments. 0%

Retirement age. 65+5 and Rule of 85

Mortality. Based on actuarial experience study for the period of January 1, 2010 to June 30, 2014

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 – Defined Benefit Pension Plan (Continued)

Changes in Methods and Assumptions:

Eligibility changed from one year of service to immediate; mortality table for disabled participants changed to remove two-year and one-year set-forward for males and females, respectively; turnover rates updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55; select period rates further constrained to be not less than the ultimate rates; inflation assumption decreased from 3.5% to 3.25%; retirement rates where normal retirement only available on or after age 65 changed from prior assumption of 100% at to age 65 to 60% at ages 65 to 69 and 100% at age 70; where normal retirement available before age 65, rates changed from prior assumption of 100% at earliest unreduced age, but not below age 60, to 10% at ages 55-59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65-69, and 100% at age 70; salary increase assumption changed from select period rates during first five years of service, followed by age-related rates (salary increases ranging from 4-11% including an inflation adjustment of 3.5%) to new service-related rates (salary increases ranging from 3.75-8% including inflation assumption of 3.25%).

Long-term Expected Rate of Return – 7.75%, On-going Basis

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Long-term Nominal Real Rate of Return |
|----------------------|-------------------|--|---------------------------------------|
| Domestic equity | 50% | 5.95% | 9.20% |
| International equity | 15% | 6.45% | 9.70% |
| Fixed income | 25% | 1.55% | 4.80% |
| Real estate | 10% | 3.75% | 7.00% |
| Cash | 0% | | |
| Total | 100% | | |

Plan termination basis. 3.20% (30 year Treasury Securities Rate as of August, 2014, published in September, 2014; 3.76% last year)

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 – Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability

The changes in the net pension liability are as follows:

| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
|---|-------------------------------|------------------------------|-----------------------------|
| Balances at September 30, 2013* | \$12,155,977 | \$8,631,894 | \$3,524,083 |
| Changes for the year: | | | |
| Service cost | 214,569 | - | 214,569 |
| Interest | 916,163 | - | 916,163 |
| Differences between expected and actual experience | (222,272) | - | (222,272) |
| Contributions - employer | - | 647,201 | (647,201) |
| Net investment income | - | 985,096 | (985,096) |
| Benefit payments | (669,026) | (669,026) | - |
| Administrative expense | - | (16,455) | 16,455 |
| Changes in assumptions | (246,716) | - | (246,716) |
| Net changes | (7,282) | 946,816 | (954,098) |
| Balances at September 30, 2014** | <u>\$12,148,695</u> | <u>\$9,578,710</u> | <u>\$2,569,985</u> |

*Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2014 are used to measure TPL as of September 30, 2013. The balances as of September 30, 2013 constitute measurements of the NPL for the fiscal year ending June 30, 2014.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending June 30, 2015.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 – Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Discount Rate – 7.75%

The following presents the net pension liability of the RC, calculated using the discount rate of 7.75%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (6.75%) and one percentage point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability | \$ 3,963,208 | \$ 2,569,985 | \$ 1,393,902 |

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the RC recognized pension expense of \$259,851. At June 30, 2015, the RC reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 490,643 | \$ - |
| Differences between expected and actual experience | - | (148,182) |
| Changes in assumptions | - | (164,478) |
| Net differences between projected and actual earnings on pension plan investments | - | (254,088) |
| Total | \$ 490,643 | \$ (566,748) |

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 – Defined Benefit Pension Plan (Continued)

Deferred outflows of resources related to contributions made subsequent to the measurement date of September 30, 2014, in the amount of \$490,643, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions at June 30, 2015, will reduce pension expense in the future as follows:

| Year Ended June 30 | Amounts |
|-----------------------|-------------------|
| 2016 | \$ 219,852 |
| 2017 | 219,852 |
| 2018 | 63,522 |
| 2019 | 63,522 |
| 2020 | - |
| Thereafter | - |
| Total | <u>\$ 566,748</u> |

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 13 – Beginning Net Position, Restated

The RC implemented GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27*, for the year ended June 30, 2015. As a result, net positions at July 1, 2014, have been restated as follows:

| | Governmental Activities | |
|---|--------------------------|---------------------|
| | Internal Service Fund | Government- Wide |
| Beginning net position - July 1, 2014 | \$ 428,349 | \$ 3,361,410 |
| Related to pension plan: | | |
| Deferred outflows of resources at July 1, 2014 | 483,654 | 483,654 |
| Deferred inflows of resources at July 1, 2014 | (786,596) | (786,596) |
| Net pension liability at July 1, 2014 | (2,737,487) | (2,737,487) |
| Net change related to the pension plan | (3,040,429) | (3,040,429) |
| Beginning net position - July 1, 2014, restated | \$ (2,612,080) | \$ 320,981 |

Note 14 – 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, 2015

Note 15 - 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 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, 2015, \$0 was paid by the RC.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 16 - 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, 2015

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--------------------------------------|--------------------|--------------------|---|----------------------------------|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$2,499,793 | \$2,499,793 | \$2,499,793 | \$ - |
| Resources (inflows): | | | | |
| Local government dues | 512,610 | 512,610 | 512,611 | 1 |
| Amounts available for appropriation | 3,012,403 | 3,012,403 | 3,012,404 | 1 |
| Charges to appropriation (outflows): | | | | |
| Transfers to other funds, net | 485,732 | 474,677 | 474,919 | (242) |
| Total charges to appropriations | 485,732 | 474,677 | 474,919 | (242) |
| Budgetary fund balance, June 30 | <u>\$2,526,671</u> | <u>\$2,537,726</u> | <u>\$2,537,485</u> | <u>\$ (241)</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--|------------------|----------------|---|----------------------------------|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental grants and contracts | 739,087 | 699,180 | 729,175 | 29,995 |
| In-kind contributions | - | - | 265 | 265 |
| Program/other income | 10,280 | 10,580 | 34,952 | 24,372 |
| Investment earnings | - | - | - | - |
| Transfers from other funds, net | 322,110 | 282,898 | 202,072 | (80,826) |
| Amounts available for appropriation | <u>1,071,477</u> | <u>992,658</u> | <u>966,464</u> | <u>(26,194)</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 654,697 | 618,879 | 627,937 | (9,058) |
| Operating expenditures | 140,617 | 109,950 | 97,141 | 12,809 |
| Indirect | | | | |
| Cost allocation plan | 226,163 | 223,829 | 225,478 | (1,649) |
| Capital outlay | 50,000 | 40,000 | 15,908 | 24,092 |
| Total charges to appropriations | <u>1,071,477</u> | <u>992,658</u> | <u>966,464</u> | <u>26,194</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (0)</u> | <u>\$ (0)</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 JOB DEVELOPMENT AND TRAINING FUND
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--|------------------|------------------|---|----------------------------------|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental grants and contracts | 3,450,763 | 2,740,461 | 2,587,742 | (152,719) |
| Transfer in | 20,000 | | | - |
| Amounts available for appropriation | <u>3,470,763</u> | <u>2,740,461</u> | <u>2,587,742</u> | <u>(152,719)</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 544,792 | 518,620 | 516,598 | 2,022 |
| Operating expenditures | 90,803 | 80,348 | 72,157 | 8,191 |
| Contractual | 2,705,870 | 2,016,000 | 1,875,863 | 140,137 |
| Indirect | | | | |
| Cost allocation plan | 129,298 | 125,493 | 123,124 | 2,369 |
| Total charges to appropriations | <u>3,470,763</u> | <u>2,740,461</u> | <u>2,587,742</u> | <u>152,719</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 COORDINATED TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2015

| | 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 | 1,988,971 | 1,733,300 | 1,832,210 | 98,910 |
| In-kind contributions | - | - | 19,109 | 19,109 |
| Amounts available for appropriation | <u>2,303,087</u> | <u>2,047,416</u> | <u>2,165,435</u> | <u>118,019</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 80,509 | 77,995 | 73,359 | 4,636 |
| Operating expenditures | 3,682 | 7,152 | 24,482 | (17,330) |
| Contractual | 1,876,968 | 1,619,945 | 1,692,526 | (72,581) |
| Indirect | | | | |
| Cost allocation plan | 27,812 | 28,208 | 26,342 | 1,866 |
| Transfer out to other funds | - | - | 34,610 | (34,610) |
| Total charges to appropriations | <u>1,988,971</u> | <u>1,733,300</u> | <u>1,851,319</u> | <u>(118,019)</u> |
| Budgetary fund balance, June 30 | <u>\$ 314,116</u> | <u>\$ 314,116</u> | <u>\$ 314,116</u> | <u>\$ -</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 AGING FUND
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|---------------------------------|----------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental grants and contracts | 6,527,306 | 6,852,204 | 6,104,364 | (747,840) |
| In-kind contributions | - | - | 176,618 | 176,618 |
| Program/other income | 14,000 | 11,452 | 738,198 | 726,746 |
| Transfers from other funds | 72,657 | 75,892 | 74,783 | (1,109) |
| Amounts available for appropriation | <u>6,613,963</u> | <u>6,939,548</u> | <u>7,093,963</u> | <u>154,415</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 1,134,394 | 1,128,550 | 1,111,519 | 17,031 |
| Operating expenditures | 216,797 | 291,541 | 478,659 | (187,118) |
| Contractual | 4,868,896 | 5,100,647 | 5,092,234 | 8,413 |
| Indirect | | | | |
| Cost allocation plan | 391,876 | 408,160 | 399,122 | 9,038 |
| Capital outlay | 2,000 | 10,650 | 12,429 | (1,779) |
| Total charges to appropriations | <u>6,613,963</u> | <u>6,939,548</u> | <u>7,093,963</u> | <u>(154,415)</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
JUNE 30, 2015

| Year Ended June 30 | 2015 |
|--|----------------------|
| Total Pension Liability | |
| Service cost | \$ 214,569 |
| Interest | 916,163 |
| Change in benefit terms | - |
| Difference between expected and actual experience | (222,272) |
| Change in assumptions | (246,716) |
| Benefit payments | (669,026) |
| Net change in total pension liability | (7,282) |
| Total pension liability | |
| Beginning* | 12,155,977 |
| Ending** | \$ 12,148,695 |
| Plan fiduciary net position | |
| Contributions - employer | \$ 647,201 |
| Net investment income | 985,096 |
| Benefit payments | (669,026) |
| Administrative expenses | (16,455) |
| Net change in plan fiduciary net position | \$ 946,816 |
| Plan fiduciary net position | |
| Beginning* | 8,631,894 |
| Ending** | \$ 9,578,710 |
| Net pension liability - ending | \$ 2,569,985 |
| Plan fiduciary net position as a % of total pension liability | 78.85% |
| Covered-employee payroll | \$ 3,032,995 |
| Net pension liability as a % of covered employee payroll | 84.73% |

Notes to Schedule

Benefit changes. Effective January 1, 2015, the Plan was amended to provide for immediate participation for all employees. This change has no impact on service credited under the Plan and has no impact on benefits.

*Fiscal year 2015 was the 1st year of implementation; therefore only one year is shown.

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF RETIREMENT PLAN CONTRIBUTIONS
 LAST TEN YEARS*
 JUNE 30, 2015

| Year Ended June 30 | 2015 |
|---|------|
| Actuarially determined contribution | __** |
| Contribution in relation to the actuarially determined contribution | __** |
| Contribution deficiency (excess) | __** |
| Covered-employee payroll | __** |
| Contributions as a % of covered employee payroll | __** |

Notes to Schedule of Contributions – see Note 11 for details

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**2015 information will be determined after fiscal year end and will be included in the 2016 valuation report.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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, 2015 was adopted by the Council on June 26, 2014. Amendments were made and adopted by the Council on April 23, 2015. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

NOTE B – BUDGET-TO-ACTUAL RECONCILIATION

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

| | General Fund | Planning & Tech. Assist. Fund | Job Dev. and Training Fund | Coordinated Trans. Fund | Aging Fund |
|---|-------------------|----------------------------------|-------------------------------|----------------------------|---------------------|
| Sources/inflows of resources: | | | | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | \$ 3,012,404 | \$ 966,464 | \$ 2,587,742 | \$ 2,165,435 | \$ 7,093,963 |
| 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 | (2,499,793) | - | - | (314,116) | - |
| Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes | - | (202,072) | - | - | (74,783) |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | <u>\$ 512,611</u> | <u>\$ 764,392</u> | <u>\$ 2,587,742</u> | <u>\$ 1,851,319</u> | <u>\$ 7,019,180</u> |
| Uses/outflows of resources: | | | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 474,919 | \$ 966,464 | \$ 2,587,742 | \$ 1,851,319 | \$ 7,093,963 |
| Difference - budget to GAAP | | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | (474,919) | - | - | (34,610) | - |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | <u>\$ -</u> | <u>\$ 966,464</u> | <u>\$ 2,587,742</u> | <u>\$ 1,816,709</u> | <u>\$ 7,093,963</u> |

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

| | Data Management Fund | Community Development Fund | Total |
|--|----------------------------|----------------------------------|-------------------|
| ASSETS | | | |
| Receivables | \$ 10,891 | \$ 101,481 | \$ 112,372 |
| Prepaid expenses | 4,571 | - | 4,571 |
| Interfund balances | 54,027 | - | 54,027 |
| Total assets | <u>69,489</u> | <u>101,481</u> | <u>170,970</u> |
| LIABILITIES | | | |
| Accounts payable | 14,417 | - | 14,417 |
| Unearned revenue | 51,895 | 26,973 | 78,868 |
| Due to other governments | 3,177 | - | 3,177 |
| Interfund balances | - | 74,508 | 74,508 |
| Total liabilities | <u>69,489</u> | <u>101,481</u> | <u>170,970</u> |
| FUND BALANCES | | | |
| Unassigned | - | - | - |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 69,489</u> | <u>\$ 101,481</u> | <u>\$ 170,970</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Data Management Fund | Community Development Fund | Total Governmental Funds |
|--|----------------------------|----------------------------------|--------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 532,198 | \$ 289,024 | \$ 821,222 |
| Other income | 80,323 | - | 80,323 |
| Total revenues | <u>612,521</u> | <u>289,024</u> | <u>901,545</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Planning and zoning | 623,530 | - | 623,530 |
| Economic development and assistance | - | 228,263 | 228,263 |
| Total expenditures | <u>623,530</u> | <u>228,263</u> | <u>851,793</u> |
| Excess (deficiency) of revenues over (under) expenditures | (11,009) | 60,761 | 49,752 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 11,009 | - | 11,009 |
| Transfers out | - | (60,761) | (60,761) |
| Total other financing sources and uses | <u>11,009</u> | <u>(60,761)</u> | <u>(49,752)</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, 2015

| | Economic Development Administration | RECD-IRP | RECD-IDG & RBEG | Total |
|---|---|-------------------|--------------------|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Restricted cash | \$ 1,001,600 | \$ 217,852 | \$ 125,600 | \$ 1,345,052 |
| Notes receivable - current | 215,598 | 163,552 | 2,834 | 381,984 |
| Allowance for loan loss | (110,341) | (35,000) | - | (145,341) |
| Interfund balances | - | 290 | 55,000 | 55,290 |
| Total current assets | <u>1,106,857</u> | <u>346,694</u> | <u>183,434</u> | <u>1,636,985</u> |
| Noncurrent assets: | | | | |
| Notes receivable, less current portion | <u>2,648,338</u> | <u>1,359,688</u> | <u>74,550</u> | <u>4,082,576</u> |
| Total assets | <u>3,755,195</u> | <u>1,706,382</u> | <u>257,984</u> | <u>5,719,561</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 290 | - | 290 |
| Current portion of long-term debt | - | 106,211 | - | 106,211 |
| Due to other governments | - | - | - | - |
| Interfund balances | 7,142 | 283,933 | 29,501 | 320,576 |
| Accrued interest | - | 4,584 | - | 4,584 |
| Total current liabilities | <u>7,142</u> | <u>395,018</u> | <u>29,501</u> | <u>431,661</u> |
| Noncurrent liabilities: | | | | |
| Long-term debt, less current portion | - | 810,175 | - | 810,175 |
| Total liabilities | <u>7,142</u> | <u>1,205,193</u> | <u>29,501</u> | <u>1,241,836</u> |
| NET POSITION | | | | |
| Restricted for revolving loan program | <u>3,748,053</u> | <u>501,189</u> | <u>228,483</u> | <u>4,477,725</u> |
| Total net position | <u>\$ 3,748,053</u> | <u>\$ 501,189</u> | <u>\$ 228,483</u> | <u>\$ 4,477,725</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, 2015

| | Economic Development Administration | RECD-IRP | RECD-IDG & RBEG | Total |
|--|---|-------------------|--------------------|---------------------|
| OPERATING REVENUE | | | | |
| Interest on notes receivable | \$ 126,727 | \$ 83,063 | \$ 3,712 | \$ 213,502 |
| Other income | 8,757 | - | - | 8,757 |
| Total operating revenue | <u>135,484</u> | <u>83,063</u> | <u>3,712</u> | <u>222,259</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 61,111 | 23,285 | 2,382 | 86,778 |
| Indirect cost allocation | 21,944 | 8,362 | 855 | 31,161 |
| Per diem and fees | 383 | - | - | 383 |
| Other | 1,256 | 735 | 75 | 2,066 |
| Motor pool costs | 96 | 63 | 6 | 165 |
| Bad debt | - | - | - | - |
| Total operating expenses | <u>84,790</u> | <u>32,445</u> | <u>3,318</u> | <u>120,553</u> |
| Operating income (loss) | <u>50,694</u> | <u>50,618</u> | <u>394</u> | <u>101,706</u> |
| NON-OPERATING REVENUE (EXPENSE) | | | | |
| Interest revenue | 347 | - | - | 347 |
| Interest expense | - | (9,670) | - | (9,670) |
| Total non-operating revenue (expense) | <u>347</u> | <u>(9,670)</u> | <u>-</u> | <u>(9,323)</u> |
| Change in net position | 51,041 | 40,948 | 394 | 92,383 |
| Total net position - beginning | <u>3,697,012</u> | <u>460,241</u> | <u>228,089</u> | <u>4,385,342</u> |
| Total net position - ending | <u>\$ 3,748,053</u> | <u>\$ 501,189</u> | <u>\$ 228,483</u> | <u>\$ 4,477,725</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2015

| | Administrative Services Fund | Motor Pool Fund | Total |
|--|---------------------------------|--------------------|-----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| Cash | \$ 1,878,932 | \$ - | \$ 1,878,932 |
| Accounts receivable | 21,251 | - | 21,251 |
| Prepaid expenses | 84,066 | - | 84,066 |
| Due from employees | 445 | - | 445 |
| Interfund balances | - | 72,982 | 72,982 |
| Capital assets: | | | |
| Land | 14,000 | - | 14,000 |
| Equipment | 151,085 | - | 151,085 |
| Vehicles | - | 316,016 | 316,016 |
| Buildings | 1,226,469 | - | 1,226,469 |
| Less accumulated depreciation | (816,582) | (270,773) | (1,087,355) |
| Total assets | <u>2,559,666</u> | <u>118,225</u> | <u>2,677,891</u> |
| Deferred outflows of resources related to pensions | 490,643 | - | 490,643 |
| Total assets and deferred outflow of resources | <u>3,050,309</u> | <u>118,225</u> | <u>3,168,534</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | |
| Liabilities | | | |
| Accounts payable | 23,833 | 1,874 | 25,707 |
| Accounts payable - component unit | 17,180 | - | 17,180 |
| Due to other governments | - | - | - |
| Interfund balances | 2,010,213 | - | 2,010,213 |
| Net pension liability | 2,569,985 | - | 2,569,985 |
| Compensated absences payable | 196,442 | - | 196,442 |
| Total liabilities | <u>4,817,653</u> | <u>1,874</u> | <u>4,819,527</u> |
| Deferred inflows of resources related to pensions | 566,748 | - | 566,748 |
| Total liabilities and deferred inflows of resources | <u>5,384,401</u> | <u>1,874</u> | <u>5,386,275</u> |
| NET POSITION | | | |
| Net investment in capital assets | 574,972 | 45,243 | 620,215 |
| Unrestricted | (2,909,064) | 71,108 | (2,837,956) |
| Total net position | <u>\$ (2,334,092)</u> | <u>\$ 116,351</u> | <u>\$ (2,217,741)</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
 POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Administrative Services Fund | Motor Pool Fund | Total |
|--|---------------------------------|--------------------|-----------------------|
| OPERATING REVENUE | | | |
| Charges for services | \$ 2,590,266 | \$ 62,822 | \$ 2,653,088 |
| Other income | 27,025 | - | 27,025 |
| Total operating revenue | <u>2,617,291</u> | <u>62,822</u> | <u>2,680,113</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 1,880,681 | - | 1,880,681 |
| Depreciation | 58,863 | 23,192 | 82,055 |
| Repairs and maintenance | 33,634 | 10,620 | 44,254 |
| Utilities | 42,284 | - | 42,284 |
| Per diem and fees | 41,633 | - | 41,633 |
| Supplies and materials | 39,780 | 133 | 39,913 |
| Computer charges | 31,230 | - | 31,230 |
| Fuel | - | 21,136 | 21,136 |
| Rent | 20,750 | - | 20,750 |
| Telecommunications/internet | 20,387 | - | 20,387 |
| Insurance and bonding | 10,477 | 7,847 | 18,324 |
| Travel | 18,355 | - | 18,355 |
| Membership and subscriptions | 11,412 | - | 11,412 |
| Postage and freight | 6,707 | - | 6,707 |
| Training and education | 6,242 | - | 6,242 |
| Other | 205 | - | 205 |
| Total operating expenses | <u>2,222,640</u> | <u>62,928</u> | <u>2,285,568</u> |
| Operating income (loss) | <u>394,651</u> | <u>(106)</u> | <u>394,545</u> |
| NON-OPERATING REVENUE (EXPENSE) | | | |
| Transfer in | - | 106 | 106 |
| Interest expense | (312) | - | (312) |
| Total non-operating rev. (expense) | <u>(312)</u> | <u>106</u> | <u>(206)</u> |
| Change in net position | 394,339 | - | 394,339 |
| Total net position - beginning | <u>(2,728,431)</u> | <u>116,351</u> | <u>(2,612,080)</u> |
| Total net position - ending | <u>\$ (2,334,092)</u> | <u>\$ 116,351</u> | <u>\$ (2,217,741)</u> |

BUDGETARY COMPARISON SCHEDULES – NONMAJOR FUNDS

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – DATA MANAGEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance |
|--------------------------------------|------------------|----------------|----------------------|----------------------|
| | Original | Final | (Budgetary Basis) | with Final Budget |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Contracts | 617,461 | 630,751 | 532,198 | (98,553) |
| Other income | - | - | 80,323 | 80,323 |
| Transfers from other funds | 70,965 | 887 | 11,009 | 10,122 |
| Amounts available for appropriation | <u>688,426</u> | <u>631,638</u> | <u>623,530</u> | <u>(8,108)</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 467,879 | 406,745 | 395,342 | 11,403 |
| Operating expenditures | 53,919 | 63,787 | 66,844 | (3,057) |
| Indirect | | | | |
| Cost allocation plan | 161,628 | 147,106 | 141,958 | 5,148 |
| Capital Outlay | 5,000 | 14,000 | 19,386 | (5,386) |
| Total charges to appropriations | <u>688,426</u> | <u>631,638</u> | <u>623,530</u> | <u>8,108</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, 2015

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--|------------------|----------------|---|----------------------------------|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental grants and contracts | 234,040 | 227,637 | 289,024 | 61,387 |
| Transfers from other funds | - | - | - | - |
| Amounts available for appropriation | <u>234,040</u> | <u>227,637</u> | <u>289,024</u> | <u>61,387</u> |
| Charges to appropriation (outflows): | | | | |
| General government | | | | |
| Direct | | | | |
| Personnel services | 167,429 | 161,234 | 163,063 | (1,829) |
| Operating expenditures | 8,773 | 8,090 | 6,648 | 1,442 |
| Indirect | | | | |
| Cost allocation plan | 57,838 | 58,313 | 58,552 | (239) |
| Transfers to other funds, net | - | - | 60,761 | (60,761) |
| Total charges to appropriations | <u>234,040</u> | <u>227,637</u> | <u>289,024</u> | <u>(61,387)</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, 2015

| | <u>Date Received</u> | | | |
|--|----------------------|-------------------------|----------|---------------------|
| | <u>or Paid</u> | | | |
| Beginning Fund Balance - Nonpublic Funds | | | | <u>\$ 63,200.45</u> |
| Revenues - Nonpublic Funds: | | | | |
| Wells Fargo | 7/3/2014 | Loan Servicing Fee | 4,202.06 | |
| Wells Fargo | 8/5/2014 | Loan Servicing Fee | 4,188.67 | |
| Wells Fargo | 9/4/2014 | Loan Servicing Fee | 4,188.67 | |
| Wells Fargo | 10/3/2014 | Loan Servicing Fee | 4,188.67 | |
| Wells Fargo | 11/5/2014 | Loan Servicing Fee | 4,174.64 | |
| Wells Fargo | 11/6/2014 | Semi-annual Interest | 13.97 | |
| Wells Fargo Innovative Rehab | 11/6/2014 | Loan Prepayment Fee | 483.44 | |
| Wells Fargo | 12/3/2014 | Loan Servicing Fee | 3,968.70 | |
| Wells Fargo | 1/6/2015 | Loan Servicing Fee | 3,968.70 | |
| Wells Fargo | 2/4/2015 | Loan Servicing Fee | 3,928.56 | |
| Wells Fargo | 3/4/2015 | Loan Servicing Fee | 3,928.56 | |
| Wells Fargo | 4/3/2015 | Loan Servicing Fee | 3,928.56 | |
| Wells Fargo | 5/5/2015 | Loan Servicing Fee | 3,897.80 | |
| Wells Fargo | 5/7/2015 | Semi-annual Interest | 25.40 | |
| Wells Fargo | 6/30/2015 | Loan Servicing Fee | 3,834.75 | |
| Wells Fargo Better Mood Clinic | 6/9/2015 | Late Fee | 200.00 | |
| Wells Fargo Honey Hospitality | Accrual | 504 Loan Processing Fee | 5,951.92 | |
| Wells Fargo Willow Lodge, Inc. | Accrual | 504 Loan Processing Fee | 4,532.92 | |
| Total Revenues | | | | <u>59,605.99</u> |
| Disbursements - Nonpublic Funds | | | | |
| OCGA 50-8-35 Qualifying Expenditures (All expenses for administration of SBA Loan Program located at the Southern Georgia Regional Commission) | | | | |
| Salaries and wages (for administering the SBA Loan Program) | | | | 47,405.34 |
| Fringe benefits allocated (for administering the SBA Loan Program) | | | | 19,383.65 |
| Motor vehicle expenditures/expenses | | | | 368.01 |
| Motor Pool Expense | 7/31/2014 | | 41.70 | |
| Motor Pool Expense | 8/31/2014 | | 42.73 | |
| Motor Pool Expense | 9/30/2014 | | 21.97 | |
| Motor Pool Expense | 10/30/2014 | | 12.13 | |
| Motor Pool Expense | 12/31/2014 | | 48.83 | |
| Motor Pool Expense | 1/31/2015 | | 27.54 | |
| Motor Pool Expense | 2/28/2015 | | 4.25 | |
| Motor Pool Expense | 3/31/2015 | | 33.91 | |
| Motor Pool Expense | 4/30/2015 | | 87.62 | |
| Motor Pool Expense | 5/31/2015 | | 29.98 | |
| Motor Pool Expense | 6/30/2015 | | 17.35 | |

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2015

| | <u>Date Received or Paid</u> | | |
|--|----------------------------------|----------|----------|
| Board meeting expense | | | 53.45 |
| Western Sizzlin | 2/13/2015 | 32.35 | |
| Western Sizzlin | 4/14/2015 | 21.10 | |
| Computer charges | | | 471.25 |
| ITS Charges | 7/31/2014 | 75.00 | |
| ITS Charges | 8/31/2014 | 356.25 | |
| ITS Charges | 4/30/2015 | 33.75 | |
| ITS Charges | 6/30/2015 | 6.25 | |
| Membership and subscriptions | | | 1,030.00 |
| NADCO | 12/30/2014 | 1,000.00 | |
| State of Georgia Corporation Fee | 2/13/2015 | 30.00 | |
| Per Diem and fees | | | 1,919.21 |
| Equifax Information Svcs., LLC | 7/29/2014 | 115.00 | |
| Equifax Information Svcs., LLC | 8/28/2014 | 115.00 | |
| Lowndes County Clerk of Superior Court | 9/2/2014 | 14.00 | |
| Lowndes County Clerk of Superior Court | 9/2/2014 | 14.00 | |
| Equifax Information Svcs., LLC | 9/24/2014 | 115.00 | |
| Lowndes County Clerk of Superior Court | 10/20/2014 | 10.00 | |
| Equifax Information Svcs., LLC | 10/28/2014 | 116.16 | |
| Lowndes County Clerk of Superior Court | 12/02/2014 | 32.00 | |
| Equifax Information Svcs., LLC | 12/3/2014 | 115.00 | |
| Lowndes County Clerk of Superior Court | 12/17/2014 | 2.00 | |
| Crisp County Clerk of Superior Court | 12/23/2014 | 48.00 | |
| Equifax Information Svcs., LLC | 12/30/2014 | 116.16 | |
| Lowndes County Clerk of Superior Court | 1/27/2015 | 12.00 | |
| Equifax Information Svcs., LLC | 1/28/2015 | 115.00 | |
| Main Street Environment | 2/11/2014 | 350.00 | |
| Equifax Information Svcs., LLC | 2/25/2015 | 115.00 | |
| Equifax Information Svcs., LLC | 3/25/2015 | 116.63 | |
| Lowndes County Clerk of Superior Court | 3/31/2015 | 49.00 | |
| Lowndes County Clerk of Superior Court | 5/5/2015 | 1.00 | |
| Equifax Information Svcs., LLC | 5/6/2015 | 115.00 | |
| Equifax Information Svcs., LLC | 6/3/2015 | 115.00 | |
| Equifax Information Svcs., LLC | 6/30/2015 | 118.26 | |
| Postage and Freight | | | 106.42 |
| Fed-Ex Dallas | 10/21/2014 | 99.42 | |
| The Risk Management Assoc. | 12/30/2014 | 7.00 | |
| Publications and Printing | | | 375.00 |
| The Risk Management Assoc. | 12/30/2014 | 375.00 | |
| Software, License, Mtn & Support | | | 46.56 |
| Dell Marketing | 10/28/2014 | 46.56 | |

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2015

| | <u>Date Received or Paid</u> | |
|--|----------------------------------|----------------------------|
| Indirect cost allocated (for administering the SBA Loan Program) | | <u>23,982.44</u> |
| Total Disbursements - Nonpublic Funds | | <u>95,141.33</u> |
| Excess of revenues (disbursements) over disbursements (revenues) | | <u>(35,535.34)</u> |
| Ending Fund Balance - Nonpublic funds | | <u><u>\$ 27,665.11</u></u> |

INDEPENDENT AUDITOR'S OPINION ON SCHEDULE OF NONPUBLIC FUNDS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Southern Georgia Regional Commission for the year ended June 30, 2015, and have issued our report thereon dated December 4, 2015. 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, 2015 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, 2015 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 4, 2015

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2015

| | | |
|---|----|------------------|
| Annual leave used | \$ | 226,937 |
| Sick leave granted | | 135,586 |
| Holiday leave granted | | 139,285 |
| Annual leave termination | | 11,699 |
| Other leave granted | | 6,196 |
| Change in annual leave liability | | (13,068) |
| Total compensated absences | \$ | <u>506,635</u> |
| | | |
| Computation of actual employee benefit rate | | |
| Gross Salaries | \$ | 3,284,447 |
| Less: Compensated absences | | <u>506,635</u> |
| Allocation base - chargeable salaries | \$ | <u>2,777,812</u> |
| | | |
| Leave costs - final rate | | <u>18.2386%</u> |
| | | |
| Total fringe benefits | \$ | <u>1,327,030</u> |
| Final rate | | <u>40.4035%</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2015

| | Amount | Rate |
|---|--------------|----------|
| Indirect costs: | | |
| Salaries and compensated absences | \$ 524,804 | |
| Fringe benefits allocated | 212,910 | |
| Depreciation | 58,863 | |
| Utilities | 42,284 | |
| Per diem and fees | 41,633 | |
| Supplies and materials | 39,780 | |
| Repairs and maintenance | 33,634 | |
| Telecommunications/internet | 20,387 | |
| Insurance and bonding | 10,477 | |
| Rent | 20,750 | |
| Software, license, maintenance and supply | 10,623 | |
| Computer charges | 20,607 | |
| Travel | 14,233 | |
| Membership and subscriptions | 11,412 | |
| Postage and freight | 6,707 | |
| Motor vehicle expense | 4,122 | |
| Training and education | 6,242 | |
| Interest expense | 312 | |
| Other expenses | 204 | |
| Other income and reimbursement of overhead costs | (27,025) | |
| Total indirect costs | \$ 1,052,959 | 35.9078% |
| Summary of costs in computation of indirect cost rate | | |
| Chargeable salaries | \$ 2,777,812 | |
| Chargeable compensated absences and fringe benefits | 1,833,665 | |
| Total personnel costs | 4,611,477 | |
| Personnel costs excluded from indirect cost pool: | | |
| Indirect | (737,713) | |
| Career net centers | (173,708) | |
| Information Technology Services | (767,657) | |
| Net personnel costs - allocation base | \$ 2,932,399 | |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

| Government | Amount Due July 1, 2014 | Total Billed For FY 2015 - \$1.25 per Capita | Amount Collected FY 2015 | Balance Due June 30, 2015 |
|----------------------|----------------------------|--|-----------------------------|------------------------------|
| Atkinson County | \$ - | \$ 6,036.24 | \$ 6,036.24 | \$ - |
| City of Pearson | - | 2,610.00 | 2,610.00 | - |
| City of Willacoochee | - | 1,716.24 | 1,716.24 | - |
| Bacon County | 2,400.00 | 9,613.76 | 9,610.32 | 2,403.44 |
| City of Alma | - | 4,406.24 | 4,406.24 | - |
| Ben Hill County | - | 10,946.88 | 10,946.88 | - |
| City of Fitzgerald | - | 10,946.88 | 10,946.88 | - |
| Berrien County | - | 13,911.24 | 13,911.24 | - |
| City of Alapaha | - | 822.52 | 822.52 | - |
| City of Enigma | 405.31 | 1,622.52 | 405.31 | 1,622.52 |
| City of Nashville | - | 6,128.76 | 6,128.76 | - |
| City of Ray City | - | 1,325.00 | 1,325.00 | - |
| Brantley County | 5,301.25 | 20,895.00 | 26,196.25 | - |
| City of Hoboken | - | 656.24 | 656.24 | - |
| City of Nahunta | - | 1,313.76 | 1,313.76 | - |
| Brooks County | - | 12,587.36 | 12,587.36 | - |
| City of Quitman | - | 6,807.64 | 6,807.64 | - |
| Charlton County | - | 8,655.00 | 8,655.00 | - |
| City of Folkston | - | 6,820.00 | 6,820.00 | - |
| City of Homeland | - | 1,093.76 | 1,093.76 | - |
| Clinch County | - | 5,437.52 | 5,437.52 | - |
| City of Homerville | - | 3,056.24 | 3,056.24 | - |
| Coffee County | - | 39,185.00 | 39,185.00 | - |
| City of Douglas | - | 14,840.00 | 14,840.00 | - |
| Cook County | - | 10,666.24 | 10,666.24 | - |
| City of Adel | - | 10,666.24 | 10,666.24 | - |
| Echols County | - | 5,071.24 | 5,071.24 | - |
| Irwin County | 1,812.00 | 7,117.40 | 8,929.40 | - |
| City of Ocilla | - | 4,666.36 | 4,666.36 | - |
| Lanier County | - | 6,505.00 | 6,505.00 | - |
| City of Lakeland | - | 6,505.00 | 6,505.00 | - |
| Lowndes County | - | 68,239.32 | 68,239.32 | - |
| City of Valdosta | - | 72,905.64 | 72,905.64 | - |
| Pierce County | - | 17,757.52 | 17,757.52 | - |
| City of Blackshear | - | 4,431.24 | 4,431.24 | - |
| City of Offerman | - | 553.76 | 553.76 | - |
| City of Patterson | - | 930.00 | 930.00 | - |
| Tift County | - | 25,178.76 | 25,178.76 | - |
| City of Tifton | - | 25,178.76 | 25,178.76 | - |
| Turner County | - | 5,297.28 | 5,297.28 | - |
| City of Ashburn | - | 4,870.24 | 4,870.24 | - |
| Ware County | - | 26,823.76 | 26,823.76 | - |
| City of Waycross | - | 17,812.52 | 17,812.52 | - |
| Total | <u>\$ 9,918.56</u> | <u>\$ 512,610.08</u> | <u>\$ 518,502.68</u> | <u>\$ 4,025.96</u> |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|--|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|-------------|--------------------------------------|
| PLANNING & TECHNICAL ASSISTANCE | | | | | | | | | | | |
| EDA | | | | | | | | | | | |
| Planning - 2013 | \$ 94,360 | \$ 13,500 | \$ 107,860 | 30% | \$ 93,850 | \$ 65,695 | - | - | \$ 28,155 | - | \$ 42,165 |
| DCA | | | | | | | | | | | |
| Coord. Planning | - | 215,646 | 215,646 | 10% | 254,674 | 215,646 | - | - | 39,028 | - | - |
| GTA Digital Economy Regional Plan | 38,194 | - | 38,194 | 0% | 19,571 | 38,194 | - | - | (18,623) | - | - |
| DOT | | | | | | | | | | | |
| Transp. Planning Services | - | 89,600 | 89,600 | 20% | 51,486 | 41,189 | - | - | 10,297 | - | 48,411 |
| FTA 5303 Transit Plan FY14 | - | 28,125 | 28,125 | 10% | 31,224 | 28,102 | 3,122 | - | - | 23 | - |
| MPO - City of Valdosta | - | 238,646 | 238,646 | 20% | 189,796 | 151,837 | 37,959 | - | - | 86,809 | - |
| DNR | | | | | | | | | | | |
| Historic Preservation | - | 4,091 | 4,091 | 0% | 4,331 | 4,091 | - | - | 240 | - | - |
| Environmental Protection Div.: | | | | | | | | | | | |
| Section 319(h) GA Back Roads | - | 150,000 | 150,000 | 44% | 2,535 | 1,521 | - | 264 | 749 | - | 148,479 |
| Franks Creek WIP 319 | 82,157 | - | 82,157 | 8% | 75,543 | 75,543 | - | - | - | - | 6,614 |
| LOCAL | | | | | | | | | | | |
| Special Projects | - | - | - | 0% | 53,115 | - | 6,181 | - | 46,934 | - | - |
| Regional Solid Waste Auth. | - | - | - | 0% | 24,272 | - | 24,272 | - | - | - | - |
| GA Muni Assoc Health Prom. | - | - | - | 0% | 4,500 | - | 4,500 | - | - | - | - |
| City of Homerville - URP | 2,668 | - | 2,668 | 0% | - | - | - | - | - | - | 2,668 |
| Tift Co. Planning Project | - | 1,814 | 1,814 | 0% | 1,596 | 1,814 | - | - | (218) | - | - |
| Clinch Co. Planning Project | - | 7,500 | 7,500 | 0% | 8,662 | 7,500 | - | - | 1,162 | - | - |
| Ben Hill Planning Project | - | 8,500 | 8,500 | 0% | 5,118 | 5,118 | - | - | - | - | 3,382 |
| Coffee Co. Land Dev Code | 11,250 | - | 11,250 | 0% | 2,426 | 6,426 | - | - | (4,000) | - | 4,824 |
| Dasher Planning Project | - | 603 | 603 | 0% | 603 | 603 | - | - | - | - | - |
| Douglas Planning/Zoning | - | 3,148 | 3,148 | 0% | 3,136 | 3,148 | - | - | (12) | - | - |
| Douglas Tourism | - | 691 | 691 | 0% | 688 | 691 | - | - | (3) | - | - |
| Douglas Grant Application | - | 186 | 186 | 0% | 184 | 186 | - | - | (3) | - | - |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|---|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|---------------|--------------------------------------|
| PLANNING & TECHNICAL ASSISTANCE | | | | | | | | | | | |
| LOCAL (Continued) | | | | | | | | | | | |
| Berrien Co. Planning Project | 3,353 | - | 3,353 | 0% | 1,670 | 3,353 | - | - | (1,682) | - | - |
| Coffee Co. URP | - | 4,000 | 4,000 | 0% | 3,126 | 4,000 | - | - | (874) | - | - |
| Brooks Co. Planning Project | - | 5,723 | 5,723 | 0% | 5,702 | 5,723 | - | - | (21) | - | - |
| Cook Co. Planning Project | - | 10,000 | 10,000 | 0% | 9,398 | 10,000 | - | - | (602) | - | - |
| Lake Park Planning Project | - | 844 | 844 | 0% | 833 | 844 | - | - | (11) | - | - |
| Lakeland Planning | - | 50 | 50 | 0% | 48 | 50 | - | - | (2) | - | - |
| Nashville Planning | 750 | - | 750 | 0% | 419 | 750 | - | - | (331) | - | - |
| Lanier County Planning | - | 8,500 | 8,500 | 0% | - | - | - | - | - | - | 8,500 |
| Folkston Planning | 25,772 | - | 25,772 | 0% | 101 | 15,772 | - | - | (15,670) | - | 10,000 |
| Valdosta Planning Project | - | 298 | 298 | 0% | 298 | 298 | - | - | - | - | - |
| Local Gov. Tech. Assist. | - | - | - | 0% | 117,559 | - | - | - | 117,559 | - | - |
| TOTAL PLANNING AND TECHNICAL ASSIST. | <u>258,504</u> | <u>791,465</u> | <u>1,049,969</u> | | <u>966,464</u> | <u>688,094</u> | <u>76,034</u> | <u>264</u> | <u>202,072</u> | <u>86,832</u> | <u>275,043</u> |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|-----------------------------------|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|-------------|--------------------------------------|
| COMMUNITY DEVELOPMENT | | | | | | | | | | | |
| EDA | | | | | | | | | | | |
| Adel | 1,611 | - | 1,611 | 0% | 1,045 | 1,611 | - | - | (566) | - | - |
| Nashville | 22,319 | - | 22,319 | 0% | 9,859 | 9,859 | - | - | - | - | 12,460 |
| CDBG | | | | | | | | | | | |
| Adel | 27,345 | - | 27,345 | 0% | 6,319 | 6,319 | - | - | - | - | 21,026 |
| Alapaha FY13 | 17,467 | - | 17,467 | 0% | 14,459 | 17,467 | - | - | (3,008) | - | - |
| Atkinson County FY09 | 3,501 | - | 3,501 | 0% | 639 | 3,501 | - | - | (2,861) | - | - |
| Berrien Co. FY13 | 14,268 | - | 14,268 | 0% | 4,356 | 14,268 | - | - | (9,911) | - | - |
| Blackshear FY13 | 16,191 | - | 16,191 | 0% | 12,604 | 12,604 | - | - | - | - | 3,587 |
| Blackshear FY15 | - | 28,796 | 28,796 | 0% | 4,096 | 4,096 | - | - | - | - | 24,700 |
| Brantley County | 3,214 | - | 3,214 | 0% | 1,703 | 1,703 | - | - | - | - | 1,511 |
| Brooks County FY13 | 19,064 | - | 19,064 | 0% | 11,304 | 19,064 | - | - | (7,760) | - | - |
| Broxtton FY14 | 25,297 | - | 25,297 | 0% | 15,633 | 20,297 | - | - | (4,664) | - | 5,000 |
| Coffee County FY13 | 8,443 | - | 8,443 | 0% | 3,322 | 8,443 | - | - | (5,121) | - | - |
| Coffee County FY15 | - | 30,000 | 30,000 | 0% | 6,747 | 6,747 | - | - | - | - | 23,253 |
| Cook County FY12 | 3,191 | - | 3,191 | 0% | 1,218 | 3,191 | - | - | (1,973) | - | - |
| Folkston FY14 | 25,986 | - | 25,986 | 0% | 10,595 | 10,595 | - | - | - | - | 15,391 |
| Homeland FY12 | 5,666 | - | 5,666 | 0% | 1,738 | 5,666 | - | - | (3,929) | - | - |
| Homerville FY14 | 25,833 | - | 25,833 | 0% | 12,937 | 12,937 | - | - | - | - | 12,896 |
| Irwin County FY14 | 25,788 | - | 25,788 | 0% | 8,915 | 8,915 | - | - | - | - | 16,873 |
| Lowndes Co. FY14 | 26,196 | - | 26,196 | 0% | 9,623 | 14,980 | - | - | (5,357) | - | 11,216 |
| Nahunta FY14 | 27,586 | - | 27,586 | 0% | 9,976 | 9,976 | - | - | - | - | 17,610 |
| Nashville FY13 | 16,965 | - | 16,965 | 0% | 11,829 | 11,829 | - | - | - | - | 5,136 |
| Omega FY14 | 23,744 | - | 23,744 | 0% | 13,871 | 13,871 | - | - | - | - | 9,873 |
| Patterson FY15 | - | 20,924 | 20,924 | 0% | 3,390 | 3,390 | - | - | - | - | 17,534 |
| Remerton FY13 | 8,527 | - | 8,527 | 0% | 6,833 | 6,833 | - | - | - | - | 1,694 |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|--|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|-------------|--------------------------------------|
| CDBG (Continued) | | | | | | | | | | | |
| EIP: | | | | | | | | | | | |
| Alma | 1,500 | - | 1,500 | 0% | 646 | 1,500 | - | - | (855) | - | - |
| Berrien County | - | 30,000 | 30,000 | 0% | 7,736 | 22,500 | - | - | (14,764) | - | 7,500 |
| Brooks County | - | 25,500 | 25,500 | 0% | 1,545 | 1,545 | - | - | - | - | 23,955 |
| Cook County | 10,000 | - | 10,000 | 0% | 4,252 | 4,252 | - | - | - | - | 5,748 |
| Nashville | - | 30,000 | 30,000 | 0% | 5,001 | 5,001 | - | - | - | - | 24,999 |
| Quitman | 5,664 | - | 5,664 | 0% | 2,717 | 2,717 | - | - | - | - | 2,947 |
| Ray City EDSI | 72 | - | 72 | 0% | 79 | 72 | - | - | 7 | - | - |
| OTHER | | | | | | | | | | | |
| Adel TE | 10,962 | - | 10,962 | 0% | 1,505 | 1,505 | - | - | - | - | 9,457 |
| Blackshear TE | 24,468 | - | 24,468 | 0% | 3,796 | 3,796 | - | - | - | - | 20,672 |
| Enigma TE | 9,324 | - | 9,324 | 0% | 685 | 685 | - | - | - | - | 8,639 |
| Folkston TE | 9,146 | - | 9,146 | 0% | 4,168 | 4,168 | - | - | - | - | 4,978 |
| Hahira TE | 8,217 | - | 8,217 | 0% | 3,801 | 3,801 | - | - | - | - | 4,416 |
| Nashville TE FY12 | 9,831 | - | 9,831 | 0% | 1,764 | 1,764 | - | - | - | - | 8,067 |
| Ocilla TE | 19,102 | - | 19,102 | 0% | 2,171 | 2,171 | - | - | - | - | 16,931 |
| Pearson TE | 7,006 | - | 7,006 | 0% | 1,626 | 1,626 | - | - | - | - | 5,380 |
| Ray City TE FY12 | 8,218 | - | 8,218 | 0% | 1,903 | 1,903 | - | - | - | - | 6,315 |
| Remerton TE | 1,098 | - | 1,098 | 0% | 119 | 119 | - | - | - | - | 979 |
| Tifton TE | 25,479 | - | 25,479 | 0% | 1,738 | 1,738 | - | - | - | - | 23,741 |
| TOTAL COMMUNITY DEVELOPMENT | 498,289 | 165,220 | 663,509 | | 228,263 | 289,025 | - | - | (60,762) | - | 374,484 |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|---|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|-------------|--------------------------------------|
| DATA MANAGEMENT | | | | | | | | | | | |
| Valor | - | 492,982 | 492,982 | 0% | 492,982 | 492,982 | - | - | - | - | - |
| Regional GIS | - | 39,216 | 39,216 | 0% | 130,548 | 39,216 | 80,323 | - | 11,010 | - | - |
| TOTAL DATA MGT | - | 532,198 | 532,198 | | 623,530 | 532,198 | 80,323 | - | 11,010 | - | - |
| TRANSPORTATION | | | | | | | | | | | |
| Department of Human Serv. | | | | | | | | | | | |
| Coordinated Transportation | - | 2,169,363 | 2,169,363 | 1% | 1,816,708 | 1,832,209 | - | 19,109 | (34,610) | 337,154 | - |
| TOTAL TRANSPORTATION | - | 2,169,363 | 2,169,363 | | 1,816,708 | 1,832,209 | - | 19,109 | (34,610) | 337,154 | - |
| AGING | | | | | | | | | | | |
| Department of Health & Human Services: | | | | | | | | | | | |
| OAA Title III Part A | - | 101,186 | 101,186 | 25% | 134,554 | 100,916 | - | - | 33,638 | 270 | - |
| OAA Title III Part B | - | 259,723 | 259,723 | 10% | 288,129 | 259,150 | 458 | 26,344 | 2,177 | 573 | - |
| OAA Title III Part C | - | 940,430 | 940,430 | 10% | 1,661,216 | 938,000 | 612,723 | 110,493 | - | 2,430 | - |
| OAA Title III Part D | - | 30,972 | 30,972 | 10% | 32,100 | 29,184 | - | 2,916 | - | 1,788 | - |
| OAA Title III Part E Admin | - | 40,113 | 40,113 | 25% | 53,361 | 40,021 | - | - | 13,340 | 92 | - |
| OAA Title III Part E | - | 165,032 | 165,032 | 10% | 187,770 | 164,156 | 5,376 | 18,238 | - | 876 | - |
| OAA Title XIX - CCSP | - | 2,662,790 | 2,662,790 | 0% | 2,655,165 | 2,655,165 | - | - | - | 7,625 | - |
| LTCO III B | - | 45,000 | 45,000 | 10% | 48,892 | 44,003 | - | 4,889 | - | 997 | - |
| LTCO State Support | - | 85,546 | 85,546 | 0% | 85,546 | 85,546 | - | - | - | - | - |
| LTCO Activities | - | 22,665 | 22,665 | 10% | 25,183 | 22,665 | - | 2,518 | - | - | - |
| SSBG | - | 264,370 | 264,370 | 12% | 284,204 | 260,793 | 375 | 6,743 | 16,293 | 3,577 | - |
| NSIP | - | 255,040 | 255,040 | 0% | 255,040 | 255,040 | - | - | - | - | - |
| MIPPA | 37,560 | - | 37,560 | 0% | 20,731 | 20,731 | - | - | - | - | 16,829 |
| ADRC | - | 108,028 | 108,028 | 0% | 107,257 | 107,079 | - | - | 178 | 949 | - |
| Georgia Cares - SMP AoA | - | 12,500 | 12,500 | 0% | 12,436 | 12,436 | - | - | - | 64 | - |
| Georgia Cares-CMS | - | 49,655 | 49,655 | 0% | 57,238 | 49,240 | - | - | 7,998 | 415 | - |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| Name of Grant/Contract/Program | Unearned Revenue June 30, 2014 | Current Year Award/ Adjustments | Total Funds Available | Required Matching % | Total Program Cost June 30, 2015 | Revenue Earned | Program/ Other Income Earned | In-Kind Income | Matching Funds Applied | Deobligated | Unearned Revenue June 30, 2015 |
|---|--------------------------------------|---------------------------------------|-----------------------------|---------------------------|--|-------------------|------------------------------------|-------------------|------------------------------|---------------|--------------------------------------|
| AGING (Continued) | | | | | | | | | | | |
| Money Follows the Person | - | 119,600 | 119,600 | 0% | 114,911 | 113,753 | - | - | 1,158 | 5,847 | - |
| Alzheimer's Program | - | 115,964 | 115,964 | 0% | 118,291 | 115,955 | 2,336 | - | - | 9 | - |
| CBS | - | 751,121 | 751,121 | 0% | 864,081 | 748,182 | 115,899 | - | - | 2,939 | - |
| Income Tax Check Off | - | 3,908 | 3,908 | 0% | 3,908 | 3,908 | - | - | - | - | - |
| Other Aging contracts: | | | | | | | | | | | |
| Caregiver Education | 13,432 | - | 13,432 | 25% | 17,909 | 13,432 | - | 4,477 | - | - | - |
| ADRC - MIPPA 14/15 | 1,854 | - | 1,854 | 0% | - | - | - | - | - | - | 1,854 |
| ADRC - MIPPA 15/16 | - | 62,410 | 62,410 | 0% | 45,187 | 45,187 | - | - | - | - | 17,223 |
| Georgia Cares - SHIP | - | 7,961 | 7,961 | 0% | 1,029 | - | 1,029 | - | - | - | 7,961 |
| Aging Wellness CDSME | - | 23,641 | 23,641 | 0% | 18,913 | 18,913 | - | - | - | - | 4,728 |
| Community Garden | - | 5,000 | 5,000 | 0% | 911 | 911 | - | - | - | - | 4,089 |
| TOTAL AGING | 52,846 | 6,132,655 | 6,185,501 | | 7,093,962 | 6,104,366 | 738,196 | 176,618 | 74,782 | 28,451 | 52,684 |
| DEPARTMENT OF LABOR JOB DEVELOPMENT AND TRAINING | | | | | | | | | | | |
| WORKFORCE INVESTMENT ACT | | | | | | | | | | | |
| Adult: | | | | | | | | | | | |
| #11-14-14-11-018 | - | 82,172 | 82,172 | 0% | 82,172 | 82,172 | - | - | - | - | - |
| #11-14-15-11-018 | - | 1,597,155 | 1,597,155 | 0% | 409,719 | 409,719 | - | - | - | - | 1,187,436 |
| #11-13-13-11-018 | 8,656 | 11,883 | 20,539 | 0% | 20,539 | 20,539 | - | - | - | - | - |
| #11-13-14-11-018 | 664,252 | 47,532 | 711,784 | 0% | 711,784 | 711,784 | - | - | - | - | - |
| #99-13-13-11-018 | - | 151,000 | 151,000 | 0% | 10,068 | 10,068 | - | - | - | - | 140,932 |
| Youth: | | | | | | | | | | | |
| #15-15-15-11-018 | - | 1,227,346 | 1,227,346 | 0% | - | - | - | - | - | - | 1,227,346 |
| #15-13-11-11-018 | 468,121 | - | 468,121 | 0% | 468,121 | 468,121 | - | - | - | - | - |
| #15-14-14-11-018 | 1,226,439 | - | 1,226,439 | 0% | 505,957 | 504,499 | 1,458 | - | - | - | 721,940 |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2015**

| <u>Name of Grant/Contract/Program</u> | <u>Revenue June 30, 2014</u> | <u>Award/ Adjustments</u> | <u>Funds Available</u> | <u>Matching %</u> | <u>Program Cost June 30, 2015</u> | <u>Revenue Earned</u> | <u>Other Income Earned</u> | <u>In-Kind Income</u> | <u>Funds Applied</u> | <u>Deobligated</u> | <u>Revenue June 30, 2015</u> |
|---|----------------------------------|-------------------------------|----------------------------|-----------------------|---------------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------|--------------------|----------------------------------|
| WORKFORCE INVESTMENT | | | | | | | | | | | |
| ACT (Continued) | | | | | | | | | | | |
| Dislocated Worker: | | | | | | | | | | | |
| #31-14-14-11-018 | - | 171,294 | 171,294 | 0% | 58,522 | 58,522 | - | - | - | - | 112,772 |
| #31-14-15-11-018 | - | 518,512 | 518,512 | 0% | - | - | - | - | - | - | 518,512 |
| #31-13-14-11-018 | 320,861 | - | 320,861 | 0% | 320,861 | 320,861 | - | - | - | - | - |
| #44-14-15-11-018 | - | 97,382 | 97,382 | 0% | - | - | - | - | - | - | 97,382 |
| #44-14-14-11-018 | - | 16,160 | 16,160 | 0% | - | - | - | - | - | - | 16,160 |
| #44-13-13-11-018 | 23,766 | (11,883) | 11,883 | 0% | - | - | - | - | - | 11,883 | - |
| #44-13-14-11-018 | 95,065 | (47,532) | 47,533 | 0% | - | - | - | - | - | 47,533 | - |
| TOTAL JOB DEV. AND TRAINING | 2,807,160 | 3,861,021 | 6,668,181 | | 2,587,743 | 2,586,285 | 1,458 | - | - | 59,416 | 4,022,480 |
| Totals | \$ 3,616,799 | \$ 13,651,922 | \$ 17,268,721 | | \$ 13,316,670 | \$ 12,032,177 | \$ 896,011 | \$ 195,991 | \$ 192,492 | \$ 511,853 | \$ 4,724,691 |

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, 2015

| Contract Name | Contract Number | Due from DHS | Due to DHS |
|----------------|--------------------|----------------------------|-------------------------|
| Aging Program: | | | |
| Various | 427-373-0000029830 | \$ 1,026,504 | \$ - |
| 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 | | | <u>121</u> |
| Total | | <u><u>\$ 1,026,504</u></u> | <u><u>\$ 25,085</u></u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| | Contract Number | Total Funds Available (Note 3) | Revenue Earned | Expenditures Incurred | State Agency | |
|---|-------------------------|-----------------------------------|----------------------|--------------------------|---------------------|------------------|
| | | | | | Due From | Due To |
| Department of Community Affairs Coordinated Planning | None | \$ 215,646 | \$ 215,646 | \$ 254,674 | \$ 53,912 | \$ - |
| Department of Transportation Transportation Related Services - Planning | PI #0013921 | 89,600 | 41,189 | 51,486 | 13,985 | - |
| Department of Natural Resources Historic Preservation | None | 4,091 | 4,091 | 4,331 | - | - |
| Department of Economic Development, Workforce Division Workforce Investment Act | Various (Note 1) | 6,668,181 | 2,586,285 | 2,587,743 | 304,158 | - |
| Department of Human Services (Note 2) Coordinated Transportation | 42700-362-0000023230-01 | 2,169,363 | 1,832,209 | 1,816,708 | 354,878 | - |
| Aging/MFP Programs | 42700-373-0000029830 | 6,071,203 | 6,025,923 | 7,010,013 | 1,047,999 | - |
| Aging Programs | various contracts | 114,298 | 79,472 | 83,949 | - | 25,085 |
| Total Expenditures of State Awards | | <u>\$ 15,332,382</u> | <u>\$ 10,784,815</u> | <u>\$ 11,808,904</u> | <u>\$ 1,774,932</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 2015
 FOR THE YEAR ENDED JUNE 30, 2015

| Service | Units Served | Persons Served |
|----------------------------|-----------------|-------------------|
| SSBG | | |
| Case Management | 65.00 | 50 |
| Telephone Reassurance | 4,546.00 | 35 |
| Congregate meals | 98,892.00 | 743 |
| Home delivered meals | 114,719.00 | 641 |
| Title IIIB | | |
| Adult Day Care | 442.00 | 6 |
| Homemaker | 4,705.75 | 56 |
| Personal Care | 3,253.25 | 39 |
| Alzheimer's Program, State | | |
| Adult Day Care | 1,776.50 | 13 |
| Respite | 4,512.50 | 41 |
| CBS | | |
| Adult Day Care | 966.00 | 11 |
| Alzheimer's Respite | 605.50 | 16 |
| Case Management | 1,811.00 | 1,390 |
| Home Modification | 11.00 | 11 |
| Nutrition Counseling | 25.00 | 16 |
| Respite | 4,333.75 | 44 |
| Title IIIE | | |
| Adult Day Care | 2,067.50 | 8 |
| Home Modification | 29.00 | 29 |
| Respite | 4,590.75 | 39 |
| Legal Services | | |
| Community Education | 21.00 | 521 |
| Counseling Cases Opened | 218.00 | 193 |
| Info & Referral | 1,511.00 | 1,511 |

FEDERAL COMPLIANCE SECTION

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

| Federal Grantor/Pass-Through Grantor/Program Titles | Federal CFDA # | Grant/Contract Number | Expenditures |
|---|-------------------|--------------------------|-------------------------|
| U.S. Department of Agriculture | | | |
| Direct Programs | | | |
| Intermediary Relending Programs (IRP) | 10.767 | 10-092-0580942510 | \$ 1,691,776 |
| Rural Development Grants (IDG/RBEG) | 10.769 | 10-92-580942510 | 83,370 |
| Total U.S. Department of Agriculture | | | <u>1,775,146</u> |
| U.S. Department of Commerce | | | |
| Direct Programs - Economic Development Adm. | | | |
| Economic Development - Support for Planning | 11.302 | 04-83-06740 | 93,850 |
| Economic Adjustment Assist. - RLF (EDA) | 11.307 | 04-39-02010 | 3,357,777 |
| 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 | 1,045 |
| Nashville | 11.300 | 04-01-06881 | 9,859 |
| Subtotal Economic Develop. cluster | | | 3,368,681 |
| Passed through National Telecommunications and Information Administration, passed through Middle Georgia Regional Commission: | | | |
| GTA Digital Economy Regional Plan | 11.549 | 98000-501-000008284 | 19,571 |
| Total U.S. Dept. of Commerce | | | <u>3,482,102</u> |
| U.S. Department of Labor | | | |
| Passed through GA Dept. of Economic Development, Workforce Division | | | |
| Workforce Investment Act | | | |
| Adult Program | 17.258 | 11-14-14-11-018 | 82,172 |
| Adult Program | 17.258 | 11-14-15-11-018 | 409,719 |
| Adult Program | 17.258 | 11-13-14-11-018 | 711,784 |
| Adult Program | 17.258 | 11-13-13-11-018 | 20,539 |
| Subtotal Adult Program | | | <u>1,224,214</u> |
| Youth Activities | 17.259 | 15-14-14-11-018 | 504,499 |
| Youth Activities | 17.259 | 15-13-11-11-018 | 468,121 |
| Subtotal Youth Activities | | | <u>972,620</u> |
| Dislocated Worker Formula Grants | 17.278 | 31-13-14-11-018 | 320,861 |
| Dislocated Worker Formula Grants | 17.278 | 31-14-14-11-018 | 58,522 |
| Subtotal Dislocated Worker Form. Grants | | | <u>379,383</u> |
| Subtotal WIA cluster | | | 2,576,217 |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-Through Grantor/Program Titles | Federal CFDA # | Grant/Contract Grant/Contract Number | Expenditures |
|---|-------------------|---|-------------------------|
| U.S. Department of Labor (Continued) | | | |
| Passed through GA Department of Economic Development, Workforce Division | | | |
| Incentive Grants | 17.267 | 99-13-13-11-018 | 10,068 |
| Total U. S. Department of Labor | | | <u>2,586,285</u> |
| U. S. Dept. of Health & Human Services | | | |
| Passed through State Dept. of Human Services: | | | |
| Aging Title III Part A & B | 93.044 | 427-373-0000029830 | 422,683 |
| Aging Title III Part B - Coord. Transportation | 93.044 | 42700-362-0000023230-01 | 106,316 |
| Aging Title III Part C | 93.045 | 427-373-0000029830 | 1,661,216 |
| Aging Nutrition Services Incentive Program | 93.053 | 427-373-0000029830 | <u>255,040</u> |
| Subtotal Aging cluster | | | 2,445,255 |
| Aging Title VII - LTCO | 93.042 | 427-373-0000029830 | 159,622 |
| Aging Title III Part D | 93.043 | 427-373-0000029830 | 32,100 |
| Aging Title IV and II Disc Proj - Caregiver Ed | 93.048 | 427-373-0000025101 | 17,909 |
| Aging Title IV and II Disc Proj - Wellness | 93.048 | 427-373-0000029830 | 107,257 |
| Aging Title IV and II Disc Proj - Comm. Garden | 93.048 | 427-373-0000029830 | 911 |
| Aging Title IV and II Disc Proj - GA Cares | 93.048 | 427-373-0000029830 | <u>12,437</u> |
| Subtotal Aging Title IV and II | | | 138,514 |
| Aging Title III Part E | 93.052 | 427-373-0000029830 | 241,131 |
| Aging Medicare Enrollment Assist. ADRC | 93.071 | 427-373-0000012543 | 45,187 |
| Aging Medicare Enrollment Assist. MIPPA | 93.071 | 0000292527 | <u>20,731</u> |
| Subtotal Aging Medicare Enrollment Assist. | | | 65,918 |
| TANF - Coordinated Transportation | 93.558 | 42700-362-0000023230-01 | 393,266 |
| Aging Affordable Care Act | 93.609 | 427-373-0000029830 | 20,000 |
| SSBG - Aging Program | 93.667 | 427-373-0000029830 | 284,204 |
| SSBG - Coordinated Transportation | 93.667 | 42700-362-0000023230-01 | <u>143,774</u> |
| Subtotal SSBG | | | 427,978 |
| Aging Empowering Older Adults | 93.734 | 427-373-0000029830 | 18,913 |
| Aging Title XIX CCSP | 93.778 | 427-373-0000029830 | 2,635,165 |
| Aging GA Cares SHP CMS | 93.779 | 427-373-0000029830 | 57,238 |
| Money Follows the Person | 93.791 | 427-373-0000029830 | <u>114,911</u> |
| Total U. S. Dept. of Health & Human Serv. | | | <u>6,750,011</u> |
| U.S. Department of Education | | | |
| Passed through the State Department of Human Services | | | |
| Rehabilitation Svs - Coord. Transportation | 84.126 | 42700-362-0000023230-01 | <u>239</u> |
| Total U.S. Department of Education | | | <u>239</u> |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-Through Grantor/Program Titles | Federal CFDA # | Grant/Contract Number | Expenditures |
|--|-------------------|-------------------------|-------------------------|
| U. S. Department of Transportation | | | |
| Passed through State Dept. of Transportation: | | | |
| Highway Planning and Construction | 20.205 | PL0013921 | 51,486 |
| Met. Transp. Planning | 20.205 | PL00120938 | <u>189,796</u> |
| Subtotal | | | 241,282 |
| Met. Transp. Planning - FTA 5303 Supp | 20.505 | T005313 | 31,224 |
| Capital Assist. Program - Coord. Transp. | 20.513 | 42700-362-0000023230-01 | 515,776 |
| Job Access Reverse Comm - Coord. Transp. | 20.516 | 42700-362-0000023230-01 | 466,216 |
| New Freedom Program - Coord. Transp. | 20.521 | 42700-362-0000023230-01 | <u>65,691</u> |
| Subtotal cluster | | | <u>1,047,683</u> |
| Total U.S. Department of Transportation | | | <u>1,320,189</u> |
| US. Department of Environmental Protection | | | |
| Passed through State Dept. of Natural Resources, passed through member local governments: | | | |
| Section 319(h): | | | |
| Coastal GA Better Back Roads | 66.460 | 751-150-115 | 2,535 |
| Seven Rivers Franks Crk WIP 319 | 66.460 | 751-130-100 | <u>75,543</u> |
| Total U.S. Dept. of Environmental Protection | | | <u>78,078</u> |
| U.S. Small Business Administration | | | |
| Direct Programs | | | |
| Certified Development Corporation | 59.041 | 04-235 | 35,535 |
| U.S. Dept. of Housing and Urban Dev. | | | |
| Passed through State Dept. of Community Affairs, passed through member local governments: | | | |
| Community Dev. Block Grant/Small Cities Program | | | |
| Adel FY14 | 14.228 | 13p-x-037-2-5597 | 6,319 |
| Alapaha FY13 | 14.228 | 12p-x-010-2-5459 | 14,459 |
| Atkinson County FY09 | 14.228 | 09p-y-002-1-5173 | 639 |
| Berrien County FY13 | 14.228 | 12p-y-010-1-5478 | 4,356 |
| Blackshear FY13 | 14.228 | 12p-x-113-2-5458 | 12,604 |
| Blackshear FY15 | 14.228 | 14p-x-113-2-5645 | 4,096 |
| Brantley County FY12 | 14.228 | 11p-y-013-1-5402 | 1,703 |
| Brooks County FY13 | 14.228 | 12p-y-014-1-5490 | 11,304 |
| Broxton FY14 | 14.228 | 13p-x-034-5-5586 | 15,633 |

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

| 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 | | | |
| Coffee County FY13 | 14.228 | 12p-y-034-1-5474 | 3,322 |
| Coffee County FY15 | 14.228 | 14p-y-034-1-5654 | 6,747 |
| Cook County FY12 | 14.228 | 11p-y-037-1-5396 | 1,218 |
| Folkston FY14 | 14.228 | 13p-x-024-2-5587 | 10,595 |
| Homeland FY12 | 14.228 | 11p-x-024-2-5394 | 1,738 |
| Homerville FY14 | 14.228 | 13p-x-032-5-5588 | 12,937 |
| Irwin County FY14 | 14.228 | 13p-y-077-1-5593 | 8,915 |
| Lowndes County FY14 | 14.228 | 13p-y-092-1-5596 | 9,623 |
| Nahunta FY14 | 14.228 | 13p-x-013-2-5595 | 9,976 |
| Nashville FY13 | 14.228 | 12p-x-010-2-5460 | 11,829 |
| Omega FY14 | 14.228 | 13p-x-137-5-5594 | 13,871 |
| Patterson FY15 | 14.228 | 14p-x-113-2-5689 | 3,390 |
| Remerton FY13 | 14.228 | 12p-x-092-2-5477 | 6,833 |
| Alma EIP | 14.228 | 12q-x-003-2-5537 | 646 |
| Berrien County EIP | 14.228 | 13q-y-010-1-5637 | 7,736 |
| Brooks County EIP | 14.228 | 14q-y-014-1-5727 | 1,545 |
| Cook County EIP | 14.228 | 12q-y-037-1-5525 | 4,252 |
| Nashville EIP | 14.228 | 14q-x-010-2-5716 | 5,001 |
| Quitman EIP | 14.228 | 13q-x-014-5-5615 | 2,717 |
| Subtotal CDBG | | | 194,004 |
| Subtotal Community Dev. Block Grant | | | 194,004 |
| Ray City ESDI | 14.251 | B-10-SP-GA-0136 | 79 |
| Total U. S. Dept. of Housing Urban Dev. | | | 194,083 |
| | | | |
| Total Federal Financial Assistance | | | \$ 16,221,668 |

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Notes to the 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.

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

| | | Amount Provided |
|-----------------------------------|--------|--------------------|
| Aging Programs | | |
| Title III, Part B | 93.044 | \$ 239,528 |
| Title III, Part C | 93.045 | 424,459 |
| Title III, Part D | 93.043 | 29,124 |
| Title III, Part E | 93.052 | 164,156 |
| Title XIX CCSP | 93.778 | 1,872,806 |
| Powerful Tools for Caregivers | 93.048 | 13,432 |
| SSBG | 93.667 | 49,233 |
| Title VII LTCO | 93.042 | 22,665 |
| Title XIX CCSP, PHQ-9 | 93.609 | 20,000 |
| Money Follows the Person | 93.791 | 11,273 |
| Subtotal Aging Program | | 2,846,676 |
| Workforce Investment Act | | |
| Adult formula grants | 17.258 | 969,468 |
| Youth formula grants | 17.259 | 700,505 |
| Dislocated worker formula grants | 17.278 | 205,889 |
| Subtotal Workforce Investment Act | | 1,875,862 |
| Total provided to subrecipients | | \$ 4,722,538 |

3. Expenditures of federal awards for revolving loan funds are calculated as follows:

| | EDA | IRP | IDG/RBEG |
|--|--------------|--------------|-----------|
| Note receivable balances at: | | | |
| Beginning of year | | \$ 1,649,661 | \$ 80,052 |
| End of year | \$ 2,863,936 | | |
| New loans made during current year | | - | - |
| Loans written off in current year | - | - | - |
| Cash and investment balance at end of year | 1,001,600 | | |
| Current year expenditures (cash basis) | 84,790 | 42,115 | 3,318 |
| | 3,950,326 | 1,691,776 | 83,370 |
| Times applicable %* | 85% | | |
| Expenditures of federal awards | \$ 3,357,777 | \$ 1,691,776 | \$ 83,370 |

* [(sum of all EDA dollars from all grantee's RLF awards)/(sum of all project dollars for all grantee's RLF awards)]

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 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, 2015, 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 4, 2015.

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 4, 2015

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, 2015. 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, 2015.

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 4, 2015

SOUTHERN GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.