

SOUTHERN GEORGIA REGIONAL
COMMISSION
VALDOSTA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, 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 *xvi*, and budgetary comparison information and the pension related schedules on pages 47 to 55 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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, state compliance schedules 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 11, 2017, 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 11, 2017

**SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The Southern Georgia Regional Commission (“the RC”) presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the RC’s Financial Statements, which begin on page 1, and the Notes to the Financial Statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The assets of the RC exceeded its liabilities at the end of the fiscal year by \$6,759,593 (net position). Net position is comprised of the following:
 - \$741,278, which represents the RC’s investments in land, structures and equipment (net investment in capital assets).
 - \$4,587,056, 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).
 - \$1,431,259 which may be used to meet the RC’s ongoing obligations (unrestricted net position).
- Total combined revenues for governmental and business-type activities were \$16,895,665.
- The RC’s expenses in governmental activities during the year were \$15,072,858, while revenues were \$15,884,720, resulting in an increase in net position of \$811,862 for the year.
- The RC’s business type activities expenses were \$1,056,377, while revenues were \$1,010,945, resulting in a decrease of \$45,432 for the year.
- The RC’s net position increased \$766,430 over the previous fiscal year.
- At the end of the fiscal year, the General Fund total fund balance was \$3,288,164.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Southern Georgia Regional Commission’s basic financial statements. The basic financial statements are made up of three components: 1) Statement of Net Position and the Statement of Activities (pages 1 and 2) which provide information about the RC as a whole in a government-wide format; 2) Fund Financial Statements (pages 3 through 11) which provide detailed information on the RC’s most significant funds; and 3) notes to the financial statements (pages 12 through 45). The government-wide financial statements are designed to provide readers with a broad overview of the RC’s financial position. The Statement of Net Position presents information on all of the RC’s assets and liabilities, with the difference between the two reported as net position, while the Statement of Activities presents information showing how the RC’s net position changed during the most recent fiscal year. Fund financial statements report the RC’s operations in more detail than the government-wide statements by providing information about the RC’s most significant funds.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The Governmental Accounting Standards Board (GASB) implemented new pension reporting requirements in *Statement 68, Accounting and Financial Reporting for Pensions* which took effect for fiscal years ending June 30, 2015. Statement 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 found on page 1. 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.

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

REPORTING THE RC's MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The RC's net position is listed below in Table 1. The RC's Total Net Position (governmental and business-type activities) was \$6,759,593 at the close of the fiscal year, June 30, 2017. The RC's assets exceeded liabilities by this amount. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$1,431,259 at the end of this year. As noted earlier, GASB 68 required the SGRC to include the Net Pension Liability of \$2,236,046 on its Government-wide Statement of Net Position.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets and deferred outflows of resources						
Current and other assets	\$5,971,609	\$ 5,033,834	\$ 5,207,625	\$ 5,363,377	\$11,179,234	\$ 10,397,211
Capital assets	703,260	710,700	38,018	49,162	741,278	759,862
Deferred outflows of resources related to pensions	378,900	718,676	-	-	378,900	718,676
Total assets and deferred outflows of resources	7,053,769	6,463,210	5,245,643	5,412,539	12,299,412	11,875,749
Liabilities and deferred inflows of resources						
Net pension liability	(2,236,046)	(2,830,711)	-	-	(2,236,046)	(2,830,711)
Other long-term debt	(195,179)	(192,575)	(702,393)	(809,969)	(897,572)	(1,002,544)
Other liabilities	(2,284,135)	(1,803,973)	(7,558)	(21,446)	(2,291,693)	(1,825,419)
Deferred inflows of resources related to pensions	(114,508)	(223,912)	-	-	(114,508)	(223,912)
Total liabilities and deferred inflows of resources	(4,829,868)	(5,051,171)	(709,951)	(831,415)	(5,539,819)	(5,882,586)
Net position:						
Net investment in capital assets	703,260	710,700	38,018	49,162	741,278	759,862
Restricted	-	-	4,587,056	4,581,124	4,587,056	4,581,124
Unrestricted	1,520,641	701,339	(89,382)	(49,162)	1,431,259	652,177
Total net position	\$2,223,901	\$ 1,412,039	\$ 4,535,692	\$ 4,581,124	\$ 6,759,593	\$ 5,993,163

The largest category of net position is the business type RLF restricted which represents 68% of total net position. These business-type assets, \$4,587,056, 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 \$741,278, which represents 11% 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. The remaining amount is Unrestricted which represents 21% of net position. Unrestricted assets are the accumulated resources that are available and may be used to meet the RC's future funding needs, without any constraints.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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 \$766,430 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net position by \$811,862, while business-type activities decreased net position by \$45,432.

The governmental activities accounted for 94% of the total revenue generated of \$16,895,665, and 93% of the total program expenses of \$16,129,235 as shown in Table 2. The RC's governmental activities generated the majority of its revenue of \$14,179,076 (89%) from operating grants, and the remainder was generated from a combination of local government dues and other revenues.

In the business-type activities, the Information Technology Service accounted for 84% of the revenue of \$1,010,945 generated during FY 2017, and 85% of the expenses of \$1,056,377 for the year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues						
Program Revenues:						
Charges for services	\$ 1,192,920	\$1,282,495	\$ 1,010,483	\$ 1,137,802	\$ 2,203,403	\$ 2,420,297
Operating grants	14,179,076	13,293,914	-	-	14,179,076	13,293,914
General Revenues:						
Dues	512,724	512,028	-	-	512,724	512,028
Other general revenues	-	-	462	332	462	332
Total Revenues	15,884,720	15,088,437	1,010,945	1,138,134	16,895,665	16,226,571
Program Expenses						
Solid waste and recycling	19,322	26,919	-	-	19,322	26,919
Planning & zoning	1,420,506	1,420,199	-	-	1,420,506	1,420,199
Economic development and assistance	308,611	303,418	-	-	308,611	303,418
Urban redevelopment	3,825	3,781	-	-	3,825	3,781
Economic opportunity	4,047,184	3,117,276	-	-	4,047,184	3,117,276
Conservation	74,190	328,779	-	-	74,190	328,779
Community Service	9,199,220	9,201,922	-	-	9,199,220	9,201,922
Information technology serv	-	-	898,756	980,199	898,756	980,199
Revolving loan program	-	-	157,621	108,030	157,621	108,030
Total Expenses	15,072,858	14,402,294	1,056,377	1,088,229	16,129,235	15,490,523
Change in Net Position						
Before Transfers	811,862	686,143	(45,432)	49,905	766,430	736,048
Transfers	-	(53,494)	-	53,494	-	-
Change in Net Position	811,862	632,649	(45,432)	103,399	766,430	736,048
Net Position - Beginning	1,412,039	779,390	4,581,124	4,477,725	5,993,163	5,257,115
Net Position - Ending	\$ 2,223,901	\$1,412,039	\$ 4,535,692	\$ 4,581,124	\$ 6,759,593	\$ 5,993,163

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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 2017 fiscal year with a balance of \$3,602,280 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a fund equity balance of \$4,535,692, with all of the balance being restricted.

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

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2017	FY 2016	FY 2017	FY2016	FY 2017	FY2016
Current and other assets	\$ 6,632,893	\$ 5,533,093	\$5,732,757	\$ 5,800,969	\$12,365,650	\$11,334,062
Net capital assets	-	-	38,018	49,162	38,018	49,162
Total Assets	6,632,893	5,533,093	5,770,775	5,850,131	12,403,668	11,383,224
Long-term debt						
outstanding	-	-	702,393	809,969	702,393	809,969
Other liabilities	3,030,613	2,350,903	532,690	459,038	3,563,303	2,809,941
Total Liabilities	3,030,613	2,350,903	1,235,083	1,269,007	4,265,696	3,619,910
Net Position						
Net investment in capital assets			38,018	49,162	38,018	49,162
Restricted for RLF	-	-	4,587,056	4,581,124	4,587,056	4,581,124
Unrestricted	-	-	(89,382)	(49,162)	(89,382)	(49,162)
Fund Balance						
Nonspendable - prepaid	36,597	38,585			36,597	38,585
Assigned	314,116	314,116	-	-	314,116	314,116
Unassigned	3,251,567	2,829,489	-	-	3,251,567	2,829,489
Total Fund Balance/						
Net Position	\$ 3,602,280	\$ 3,182,190	\$4,535,692	\$ 4,581,124	\$ 8,137,972	\$ 7,763,314

The Governmental Funds increased the RC's Governmental fund balance by \$420,090, accounting for a 13.2% growth of the fund balance of the RC as shown in Table 4. For the most part, it is difficult to correlate the revenues and expenses reported in governmental activities on a year-to-year basis, as several significant revenue sources are dependent upon the availability of federal and state grants each year. Revenues increased by 5.2% (\$796,283) and expenses increased by 5.1% (\$760,276) in the RC Primary Government when comparing FY 2017 to FY 2016.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$3,288,164, all of which is designated as unassigned as described on page 22 of the notes. New fund balance classifications per GASB Statement No. 54 were instituted for governmental fund balances starting in FY2011.

Special Revenue Fund – The Special Revenue Fund of the RC accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. This includes all grants and contracts received by the RC. The RC uses cost centers and elements in its accounting system to account for each grant or contract in the special revenue fund. Additional information on the Special Revenue Fund can be found starting on page 46. The major funds for FY 2017 are the General Fund, Planning and Technical Assistance Fund, Job Development and Training Fund, Coordinated Transportation Fund and Aging Fund.

Proprietary Fund - The RC's enterprise funds had a decrease in the net fund balance of \$45,432, as shown in Table 4. Revenues in the business-type activities (Table 4) decreased by 11.2%, \$127,319 and expenses decreased by 2.8%, or \$30,687. The major funds for FY 2017 are Information Technology Services Fund and the Revolving Loan Fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues						
Intergovernmental	\$ 14,001,995	\$ 13,115,046	\$ -	\$ -	\$ 14,001,995	\$ 13,115,046
Dues	512,724	512,028	-	-	512,724	512,028
Charges for service	-	-	849,319	926,705	849,319	926,705
In-kind	177,081	366,378	-	-	177,081	366,378
Program/other Income	1,192,920	1,094,985	161,164	211,097	1,354,084	1,306,082
Total Revenues	15,884,720	15,088,437	1,010,483	1,137,802	16,895,203	16,226,239
Expenditures						
Current	15,464,630	14,704,354	1,048,952	1,079,639	16,513,582	15,783,993
Total Expenditures	15,464,630	14,704,354	1,048,952	1,079,639	16,513,582	15,783,993
Non-Operating Revenue (Expense)						
Transfer in	-	-	-	53,494	-	53,494
Interest income	-	-	462	332	462	332
Interest expense	-	-	(7,425)	(8,590)	(7,425)	(8,590)
Total Non-Operating Revenue (Expense)	-	-	(6,963)	45,236	(6,963)	45,236
Other Financing Sources						
Transfer in	704,394	439,653	-	-	704,394	439,653
Transfer out	(704,394)	(493,147)	-	-	(704,394)	(493,147)
Total Other Financing Sources	-	(53,494)	-	-	-	(53,494)
Net Change In Fund Balances/Net Position						
Balances/Net Position	420,090	330,589	(45,432)	103,399	374,658	433,988
Fund Balances/Net Position						
Beginning	3,182,190	2,851,601	4,581,124	4,477,725	7,763,314	7,329,326
Ending	\$ 3,602,280	\$ 3,182,190	\$ 4,535,692	\$ 4,581,124	\$ 8,137,972	\$ 7,763,314

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2017 RC annual Budget was adopted by the RC Council at its June 23, 2016 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2017 budget on April 27, 2017. The amended budget reflected an increase in revenues and expenditures as a result of increased grant and contract funding and correlating expenses.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, was \$741,278, net of accumulated depreciation of \$1,703,105 (as shown on page 31) and no related debt as shown on page 36. 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.

Total capital assets net of additions, retirements and depreciation, decreased by \$7,440 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$105,090. Depreciation expense for Business-type Activities was \$11,144. 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 long-term debt.

As of June 30, 2017 the RC had \$702,393 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 2018 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.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 2,393,181	\$ -	\$ 2,393,181	\$ -
Accounts receivable	2,822,931	96,237	2,919,168	-
Due from component unit	95,084	-	95,084	-
Unamortized advances	-	-	-	-
Prepaid expenses	135,281	1,884	137,165	-
Notes receivable, net	-	3,292,167	3,292,167	-
Restricted cash	-	2,342,469	2,342,469	-
Internal balances	525,132	(525,132)	-	-
Capital assets:				
Land	14,000	-	14,000	-
Other capital assets, net of depreciation	689,260	38,018	727,278	-
Total capital assets	<u>703,260</u>	<u>38,018</u>	<u>741,278</u>	<u>-</u>
Total assets	<u>6,674,869</u>	<u>5,245,643</u>	<u>11,920,512</u>	<u>-</u>
Deferred outflows of resources related to pensions	<u>378,900</u>	<u>-</u>	<u>378,900</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>7,053,769</u>	<u>5,245,643</u>	<u>12,299,412</u>	<u>-</u>
LIABILITIES AND DEFERRED INFLOWS				
OF RESOURCES				
Liabilities				
Accounts payable and other accrued expenses	2,130,777	7,313	2,138,090	92
Accounts payable - primary government	-	-	-	95,084
Unearned revenue	153,358	245	153,603	-
Long-term liabilities:				
Compensated absences	195,179	-	195,179	-
Due within one year	-	108,346	108,346	-
Due in more than one year	-	594,047	594,047	-
Net pension liability	2,236,046	-	2,236,046	-
Total liabilities	<u>4,715,360</u>	<u>709,951</u>	<u>5,425,311</u>	<u>95,176</u>
Deferred inflows of resources related to pensions	<u>114,508</u>	<u>-</u>	<u>114,508</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>4,829,868</u>	<u>709,951</u>	<u>5,539,819</u>	<u>95,176</u>
NET POSITION				
Net investment in capital assets	703,260	38,018	741,278	-
Restricted for programs:				
Economic development - revolving loan	-	4,587,056	4,587,056	-
Southern Georgia Area Development Corp.	-	-	-	(95,176)
Unrestricted	1,520,641	(89,382)	1,431,259	-
Total net position	<u>\$ 2,223,901</u>	<u>\$ 4,535,692</u>	<u>\$ 6,759,593</u>	<u>\$ (95,176)</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Function/Programs:					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Direct Expenses	Indirect/Expense Allocation	Program Revenues		Primary Government		Total	
			Charges for Services	Operating Grants/Contributions	Governmental Activities	Business -type Activities		
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 686,270	\$ (686,270)	\$ -	\$ -	\$ -		\$ -	
Community service	8,938,002	261,218	1,024,842	8,361,156	186,778		186,778	
Solid waste and recycling	17,555	1,767	20,405	-	1,083		1,083	
Planning and zoning	1,241,987	178,519	147,673	1,292,413	19,580		19,580	
Economic development	257,504	51,107	-	366,999	58,388		58,388	
Urban redevelopment	3,155	670	-	4,091	266		266	
Economic opportunity	3,957,337	89,847	-	4,100,763	53,579		53,579	
Conservation	62,868	11,322	-	53,654	(20,536)		(20,536)	
Total governmental activities	<u>15,164,678</u>	<u>(91,820)</u>	<u>1,192,920</u>	<u>14,179,076</u>	<u>299,138</u>		<u>299,138</u>	
Business-type activities:								
Information technology	878,365	20,391	847,392	-	-	(51,364)	(51,364)	
Revolving loan program	120,871	36,750	163,091	-	-	5,470	5,470	
Total business-type activities	<u>999,236</u>	<u>57,141</u>	<u>1,010,483</u>	<u>-</u>	<u>-</u>	<u>(45,894)</u>	<u>(45,894)</u>	
Total primary government	<u>\$ 16,163,914</u>	<u>\$ (34,679)</u>	<u>\$ 2,203,403</u>	<u>\$ 14,179,076</u>	<u>299,138</u>	<u>(45,894)</u>	<u>253,244</u>	
COMPONENT UNIT:								
Southern Georgia Area Dev. Corp.	<u>\$ 111,294</u>	<u>\$ 34,679</u>	<u>\$ 63,023</u>	<u>\$ -</u>				<u>\$ (82,950)</u>
General revenues:								
Local dues					512,724	-	512,724	-
Investment earnings					-	462	462	-
Total general revenues					<u>512,724</u>	<u>462</u>	<u>513,186</u>	<u>-</u>
Change in net position					811,862	(45,432)	766,430	(82,950)
Net position - beginning					1,412,039	4,581,124	5,993,163	(12,226)
Net position - ending					<u>\$ 2,223,901</u>	<u>\$ 4,535,692</u>	<u>\$ 6,759,593</u>	<u>\$ (95,176)</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Receivables	\$ -	\$ 397,687	\$ 572,731	\$ 331,646	\$ 1,361,820	\$ 140,230	\$ 2,804,114
Prepaid expenditures	-	1,475	-	-	4,448	30,674	36,597
Interfund balances	3,288,164	-	-	290,495	-	213,523	3,792,182
Total assets	<u>\$ 3,288,164</u>	<u>\$ 399,162</u>	<u>\$ 572,731</u>	<u>\$ 622,141</u>	<u>\$ 1,366,268</u>	<u>\$ 384,427</u>	<u>\$ 6,632,893</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 163,267	\$ 526,397	\$ 308,025	\$ 951,083	\$ 32,262	\$ 1,981,034
Due to other governments	-	-	-	-	-	129,805	129,805
Unearned revenue	-	32,806	-	-	17,866	102,686	153,358
Interfund balances	-	203,089	46,334	-	397,319	119,674	766,416
Total liabilities	-	<u>399,162</u>	<u>572,731</u>	<u>308,025</u>	<u>1,366,268</u>	<u>384,427</u>	<u>3,030,613</u>
Fund balances:							
Nonspendable - prepaid items	-	1,475	-	-	4,448	30,674	36,597
Assigned for transportation program	-	-	-	314,116	-	-	314,116
Unassigned	3,288,164	(1,475)	-	-	(4,448)	(30,674)	3,251,567
Total fund balances	<u>3,288,164</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>3,602,280</u>
Total liabilities and fund balances	<u>\$ 3,288,164</u>	<u>\$ 399,162</u>	<u>\$ 572,731</u>	<u>\$ 622,141</u>	<u>\$ 1,366,268</u>	<u>\$ 384,427</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.

164,926

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.

(1,543,305)

Net position of governmental activities

\$ 2,223,901

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Intergovernmental	\$ -	\$ 934,845	\$ 4,100,764	\$ 1,917,581	\$ 6,271,471	\$ 777,334	\$ 14,001,995
Dues	512,724	-	-	-	-	-	512,724
In-kind contributions	-	4,977	-	18,968	153,136	-	177,081
Program/other income	-	137,170	-	-	1,024,842	30,908	1,192,920
Total revenues	<u>512,724</u>	<u>1,076,992</u>	<u>4,100,764</u>	<u>1,936,549</u>	<u>7,449,449</u>	<u>808,242</u>	<u>15,884,720</u>
EXPENDITURES							
Current:							
Community services	-	-	-	1,867,770	7,488,336	-	9,356,106
Economic opportunity	-	-	4,100,764	-	-	-	4,100,764
Planning and zoning	-	1,019,431	-	-	-	542,630	1,562,061
Conservation	-	81,128	-	-	-	-	81,128
Economic development and assistance	-	122,304	-	-	-	217,627	339,931
Urban redevelopment and housing	-	4,235	-	-	-	-	4,235
Solid waste and recycling	-	20,405	-	-	-	-	20,405
Total expenditures	<u>-</u>	<u>1,247,503</u>	<u>4,100,764</u>	<u>1,867,770</u>	<u>7,488,336</u>	<u>760,257</u>	<u>15,464,630</u>
Excess (deficiency) of revenues over (under) expenditures	512,724	(170,511)	-	68,779	(38,887)	47,985	420,090
OTHER FINANCING SOURCES (USES)							
Transfers in	305,880	267,966	-	-	63,899	66,649	704,394
Transfers out	(398,514)	(97,455)	-	(68,779)	(25,012)	(114,634)	(704,394)
Total other financing sources and uses	<u>(92,634)</u>	<u>170,511</u>	<u>-</u>	<u>(68,779)</u>	<u>38,887</u>	<u>(47,985)</u>	<u>-</u>
Net change in fund balances	420,090	-	-	-	-	-	420,090
Fund balances - beginning	<u>2,868,074</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>3,182,190</u>
Fund balances - ending	<u>\$ 3,288,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,602,280</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, 2017

Net change in fund balances - total governmental funds	\$	420,090
Actual pension expense paid (\$505,200) by the internal service fund is reported in the governmental funds, however, actuarially determined pension expense (\$140,907) is reported in the statement of activities.		364,293
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 (\$50,838) exceeded depreciation expense (\$23,359) in the current period.		<u>27,479</u>
Change in net position of governmental activities	\$	<u><u>811,862</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2017

	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	\$ -	\$ -	\$ -	\$ 2,393,181
Restricted cash	-	2,342,469	2,342,469	-
Accounts receivable	96,237	-	96,237	18,817
Notes receivable - current portion	-	246,709	246,709	-
Allowance for loan loss	-	(145,341)	(145,341)	-
Interest receivable	-	-	-	-
Prepaid expenses	1,884	-	1,884	98,684
Due from component unit	-	-	-	95,084
Total current assets	<u>98,121</u>	<u>2,443,837</u>	<u>2,541,958</u>	<u>2,605,766</u>
Noncurrent assets:				
Notes receivables, less current portion	-	3,190,799	3,190,799	-
Capital assets:				
Land	-	-	-	14,000
Equipment and vehicles	269,146	-	269,146	454,287
Buildings	-	-	-	1,240,884
Less accumulated depreciation	(231,128)	-	(231,128)	(1,170,836)
Total noncurrent assets	<u>38,018</u>	<u>3,190,799</u>	<u>3,228,817</u>	<u>538,335</u>
Total assets	<u>136,139</u>	<u>5,634,636</u>	<u>5,770,775</u>	<u>3,144,101</u>
Deferred outflows of resources related to pensions	-	-	-	378,900
Total assets and deferred outflow of resources	<u>136,139</u>	<u>5,634,636</u>	<u>5,770,775</u>	<u>3,523,001</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2017

	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	3,624	177	3,801	19,939
Accrued expenses	-	3,512	3,512	-
Interfund balances	183,634	341,498	525,132	2,500,634
Current portion:				
Notes payable	-	108,346	108,346	-
Total current liabilities	<u>187,258</u>	<u>453,533</u>	<u>640,791</u>	<u>2,520,573</u>
Noncurrent liabilities:				
Unearned revenue	245	-	245	-
Due to other governments	-	-	-	-
Compensated absences	-	-	-	195,179
Net pension liability	-	-	-	2,236,046
Notes payable, less current portion	-	594,047	594,047	-
Total noncurrent liabilities	<u>245</u>	<u>594,047</u>	<u>594,292</u>	<u>2,431,225</u>
Total liabilities	<u>187,503</u>	<u>1,047,580</u>	<u>1,235,083</u>	<u>4,951,798</u>
Deferred inflows of resources related to pensions	-	-	-	114,508
Total liabilities and deferred inflows of resources	<u>187,503</u>	<u>1,047,580</u>	<u>1,235,083</u>	<u>5,066,306</u>
NET POSITION				
Net investment in capital assets	38,018	-	38,018	538,335
Restricted for revolving loan program	-	4,587,056	4,587,056	-
Unrestricted	(89,382)	(0)	(89,382)	(2,081,640)
Total net position	<u>\$ (51,364)</u>	<u>\$ 4,587,056</u>	<u>\$ 4,535,692</u>	<u>\$ (1,543,305)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			Governmental Activities
	Information Technology	Southern Georgia	Totals	Internal Service
	Services Fund	Revolving Loan Fund		Funds
OPERATING REVENUES				
Charges for services	\$ 847,392	\$ 1,927	\$ 849,319	\$ 2,581,784
Interest on notes receivable	-	161,164	161,164	-
Other income	-	-	-	27,656
Total operating revenue	<u>847,392</u>	<u>163,091</u>	<u>1,010,483</u>	<u>2,609,440</u>
OPERATING EXPENSES				
Personnel services	723,031	106,786	829,817	1,822,386
Indirect cost allocation	20,391	36,750	57,141	-
Supplies and materials	41,577	-	41,577	31,389
Administrative expense	24,000	-	24,000	-
Utilities	23,858	-	23,858	40,411
Computer maintenance/charges	19,430	-	19,430	74,986
Depreciation	11,144	-	11,144	81,731
Telecommunications/internet	11,395	-	11,395	23,710
Repairs and maintenance	9,490	-	9,490	40,186
Motor pool costs	5,967	1,120	7,087	-
Rent	7,068	-	7,068	16,707
Other	299	4,301	4,600	6,662
Per diem and fees	313	1,239	1,552	48,298
Travel	413	-	413	13,746
Training and education	320	-	320	4,370
Memberships and subscriptions	60	-	60	12,041
Insurance and bonding	-	-	-	15,211
Fuel	-	-	-	16,291
Total operating expenses	<u>898,756</u>	<u>150,196</u>	<u>1,048,952</u>	<u>2,248,125</u>
Operating income (loss)	<u>(51,364)</u>	<u>12,895</u>	<u>(38,469)</u>	<u>361,315</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	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	-	462	462	-
Interest expense	-	(7,425)	(7,425)	-
Gain on disposal	-	-	-	2,978
Total nonoperating revenues (expenses)	-	(6,963)	(6,963)	2,978
Change in net position	(51,364)	5,932	(45,432)	364,293
Total net position - beginning	-	4,581,124	4,581,124	(1,907,598)
Total net position - ending	\$ (51,364)	\$ 4,587,056	\$ 4,535,692	\$ (1,543,305)

**SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$ 856,143	\$ 940,726	\$ 1,796,869	\$ -
Other	-	-	-	27,656
Internal activity: receipts (payments)	44,175	43,365	87,540	2,794,005
Payments to:				
Borrowers for loans	-	(102,200)	(102,200)	-
Employees or for their benefit	(743,422)	(106,786)	(850,208)	(2,184,075)
Suppliers	(156,896)	(43,233)	(200,129)	(352,286)
Net cash provided (used) by operating activities	<u>-</u>	<u>731,872</u>	<u>731,872</u>	<u>285,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(46,813)
Proceeds from sale of capital assets	-	-	-	2,978
Principal paid on capital debt	-	(107,576)	(107,576)	-
Interest paid on capital debt	-	(7,956)	(7,956)	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(115,532)</u>	<u>(115,532)</u>	<u>(43,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	462	462	-
Net cash provided by investing activities	<u>-</u>	<u>462</u>	<u>462</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	-	616,802	616,802	241,465
Balances - beginning	<u>-</u>	<u>1,725,667</u>	<u>1,725,667</u>	<u>2,151,716</u>
Balances - ending	<u>\$ -</u>	<u>\$ 2,342,469</u>	<u>\$ 2,342,469</u>	<u>\$ 2,393,181</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	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)	\$ (51,364)	\$ 12,895	\$ (38,469)	\$ 361,315
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	11,144	-	11,144	81,731
Change in assets and liabilities:				
Receivables, net	8,751	675,435	684,186	(101,620)
Prepaid expenses	-	-	-	(5,436)
Interfund balances	44,175	43,365	87,540	313,841
Accounts and other payables	(12,706)	177	(12,529)	(238)
Deferred outflows/inflows and net pension liability	-	-	-	(364,293)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 731,872</u>	<u>\$ 731,872</u>	<u>\$ 285,300</u>

Non-cash activity. Fully depreciated capital assets in the Internal Service Fund with costs of \$47,000 were disposed of in the current year.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies

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

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

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

The RC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies, established in GAAP and used by the RC, are discussed below.

A. Reporting Entity

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

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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) 2 CFR 200, Uniform Guidance), state 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, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

L. Capital Assets (Continued)

Agency	Amount
Georgia Department of Labor	\$ 34,304
Georgia Department of Human Services	28,692
	\$ 62,996

The RC recognizes depreciation in its indirect cost allocation plan as an allowable cost in accordance with United States Office of Management and Budget issued 2 CFR 200 (Uniform Guidance). 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 the Uniform Guidance.

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, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Compensated Absences and Employee Benefits (Continued)

Sick Leave (Continued)

In accordance with the provisions of FASC 710-10-25, *Compensation, 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, 2017

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, 2017

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 the Uniform Guidance.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

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

	Class 1	Class 2	Class 3	Class 4	Total
FICA contributions	Y	Y	N	Y	N/A
Medicare contributions	Y	Y	Y	Y	N/A
Group health insurance	Y	Y	Y	N	N/A
Group life insurance	Y	Y	Y	N	N/A
Retirement - Valdosta	Y	Y	N	N	N/A
Retirement - Waycross	N	N	Y	N	N/A
Unemployment insurance	Y	Y	Y	Y	N/A
Workers compensation	Y	Y	Y	Y	N/A
FICA contributions	\$ 96,058	\$ 19,447	\$ -	\$ 978	\$ 116,483
Medicare contributions	22,438	4,543	15,815	229	43,025
Group health insurance	298,241	60,380	210,211	-	568,832
Group life insurance	12,029	2,435	8,478	-	22,942
Retirement - Valdosta	242,407	49,076	-	-	291,483
Retirement - Waycross	-	-	213,717	-	213,717
Unemployment insurance	2,271	460	1,600	23	4,354
Workers compensation	8,424	1,705	5,938	86	16,153
Total fringe benefit costs	<u>\$ 681,868</u>	<u>\$ 138,046</u>	<u>\$ 455,759</u>	<u>\$ 1,316</u>	<u>\$ 1,276,989</u>
Total salaries	\$ 1,665,781	\$ 337,244	\$ 1,174,103	\$ 16,964	\$ 3,194,092
Fringe benefits rates (final)	40.9%	40.9%	38.8%	7.8%	40.0%

These final rates were applied to the year-to-date salaries based by class in each project to determine its share of fringe benefit costs. In the aggregate, the total fringe benefit costs above were 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, 2017

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 *2 CFR 200.516(a)*, Uniform Guidance. 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, 2017

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	\$2,332,540	\$2,682,898
Deposits		
Internal Service Funds		
Public Fund	60,641	60,641
Enterprise Fund		
Revolving Loan Fund	2,342,469	2,342,469
 Total cash and cash equivalents	 \$4,735,650	 \$5,086,008

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, 2017

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

Interest Rate Risk

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

Note 3 – Restricted Cash

Cash in the amount of \$2,342,469 is restricted for use in the Revolving Loan Fund.

Note 4 - Receivables

Accounts receivable balances are as follows:

	Governmental Funds	Business - Type Activities	Total
Economic Development Administration	\$ 45,456	\$ -	\$ 45,456
Georgia Department of:			
Human Services			
Aging programs	1,325,661	-	1,325,661
Transportation program	331,646	-	331,646
Labor - WIOA	572,731	-	572,731
Natural Resources	15,150	-	15,150
Community Affairs	51,760	-	51,760
Transportation	232,197	-	232,197
Northwest Georgia Regional Commission:			
Aging MFP	36,159	-	36,159
Other grants and contracts receivable	193,354	96,237	289,591
Other receivables - internal service funds	18,817	-	18,817
Total receivables	\$ 2,822,931	\$ 96,237	\$ 2,919,168

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 the balances on these loans were \$3,437,508 with an allowance for loan loss of \$145,341. During the year ended June 30, 2017, two loans totaling \$17,658 were written off through the allowance for loan loss. The allowance was subsequently increased by \$17,658.

Note 5 - Unearned Revenue (eligibility requirements not met)

Unearned revenue is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Planning and Technical Assistance	\$ 32,806	\$ -	\$ 32,806
Aging	17,866	-	17,866
Nonmajor funds	102,686	-	102,686
ITS	-	245	245
Total unearned revenue	<u>\$ 153,358</u>	<u>\$ 245</u>	<u>\$ 153,603</u>

Note 6 - Lease Arrangements

Rental expense included the following real estate rental:

Information Technology Services (enterprise fund)- McKey Street Property, Valdosta, Georgia	\$ 5,280
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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, 2017

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, 2017

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 7/1/2016</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance 6/30/2017</u>
Governmental activities:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Buildings and improvements	1,489,444	9,500	-	1,498,944
Equipment and autos	674,276	88,150	(100,133)	662,293
Total depreciable capital assets	2,163,720	97,650	(100,133)	2,161,237
Less accumulated depreciation for:				
Buildings and improvements	(913,840)	(55,677)	-	(969,517)
Equipment and autos	(553,180)	(49,413)	100,133	(502,460)
Total accumulated depreciation	<u>(1,467,020)</u>	<u>(105,090)</u>	<u>100,133</u>	<u>(1,471,977)</u>
Total governmental activities, capital assets, net	<u>\$ 710,700</u>	<u>\$ (7,440)</u>	<u>\$ -</u>	<u>\$ 703,260</u>
Business-type activities:				
Equipment	\$ 269,146	\$ -	\$ -	\$ 269,146
Less accumulated depreciation	(219,984)	(11,144)	-	(231,128)
Total business-type activities, capital assets, net	<u>\$ 49,162</u>	<u>\$ (11,144)</u>	<u>\$ -</u>	<u>\$ 38,018</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

	Governmental Activities	Business-Type Activities
Economic opportunity	\$ 1,480	\$ -
Planning and zoning	16,886	-
Community service	4,993	-
Information Technology	-	11,144
 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.	 81,731	 -
 Total depreciation expense	 \$ 105,090	 \$ \$ 11,144

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

Fund	Receivable	Payable	Net
Governmental Activities:			
General:			
Planning and Tech. Assist.	\$ 203,089	\$ -	\$ 203,089
Job Development & Training	46,334	-	46,334
Aging	397,319	-	397,319
Nonmajor governmental	119,674	-	119,674
S. Georgia Revolving Loan	341,498	-	341,498
Information Technology	183,634	-	183,634
Internal Service	1,996,616	-	1,996,616
Planning and Tech. Assist.:			
General	-	(203,089)	(203,089)
Job Dev. & Training:			
General	-	(46,334)	(46,334)
Aging:			
General	-	(397,319)	(397,319)
Coordinated Transportation			
Internal Service Fund	290,495	-	290,495
Nonmajor governmental:			
General	-	(119,674)	(119,674)
Internal Service Fund	213,523	-	213,523
Subtotal	<u>3,792,182</u>	<u>(766,416)</u>	<u>3,025,766</u>
Internal Service Fund:			
General	-	(1,996,616)	(1,996,616)
Coordinated Transportation	-	(290,495)	(290,495)
Nonmajor governmental fund	-	(213,523)	(213,523)
Subtotal	<u>-</u>	<u>(2,500,634)</u>	<u>(2,500,634)</u>
Total governmental activities	<u>\$ 3,792,182</u>	<u>\$ (3,267,050)</u>	<u>\$ 525,132</u>
Business-type Activities:			
Information Technology:			
General	\$ -	\$ (183,634)	\$ (183,634)
S. Georgia Revolving Loan:			
General	-	(341,498)	(341,498)
Total business-type activities	<u>\$ -</u>	<u>\$ (525,132)</u>	<u>\$ (525,132)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.:	\$ 97,455	\$ (267,966)	\$ (170,511)
Aging Fund	25,012	(63,899)	(38,887)
Coordinated Transportation	68,779	-	68,779
Nonmajor governmental funds	114,634	(66,649)	47,985
Planning and Technical Assist.:			
General Fund	267,966	(97,455)	170,511
Aging Fund:			
General Fund	63,899	(25,012)	38,887
Coordinated Transportation:			
General Fund	-	(68,779)	(68,779)
Nonmajor governmental funds:			
General Fund	66,649	(114,634)	(47,985)
Transfers - governmental funds	<u>\$ 704,394</u>	<u>\$ (704,394)</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
Business-Type					
Activities					
U.S. Department of Agriculture/FHA					
IRP #1	\$ 87,198	\$ -	\$ (29,069)	\$ 58,129	\$ 29,343
IRP#2	269,702	-	(45,814)	223,888	46,197
IRP#3	162,315	-	(14,360)	147,955	14,472
IRP#4	290,754	-	(18,333)	272,421	18,334
Total business activities	<u>\$ 809,969</u>	<u>\$ -</u>	<u>\$ (107,576)</u>	<u>\$ 702,393</u>	<u>\$ 108,346</u>
Governmental					
Activities					
Compensated absences payable					
	<u>\$ 192,575</u>	<u>\$ 484,636</u>	<u>\$ (482,032)</u>	<u>\$ 195,179</u>	<u>\$ -</u>
Total governmental activities	<u>\$ 192,575</u>	<u>\$ 484,636</u>	<u>\$ (482,032)</u>	<u>\$ 195,179</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$7,425 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2017. The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities.

Payments on notes payable are due as follows:

Year Ended June 30	Notes Payable		
	Principal	Interest	Total
2018	\$ 108,346	\$ 7,044	\$ 115,390
2019	108,578	5,977	114,555
2020	80,591	4,874	85,465
2021	81,396	4,068	85,464
2022	70,448	3,328	73,776
2023 - 2027	172,426	9,285	181,711
2028 - 2032	80,608	2,247	82,855
Total	<u>\$ 702,393</u>	<u>\$ 36,823</u>	<u>\$ 739,216</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the following employees were covered by the benefit terms for the plan:

Participants	Count	Average			
		Age	Service	Pay	Benefits
Active participants	53	47.9	13.4	\$ 50,832	N/A
Retired participants	47	70.4	N/A	N/A	\$1,319
Disabled participants	1	76	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 was \$505,200, for year ended June 30, 2017, (17.22% of covered payroll). The recommended employer contribution for the year ended June 30, 2018, is \$466,317 (17.03% of covered payroll).

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11 – Defined Benefit Pension Plan (Continued)

Net Pension Liability

The net pension liability as of September 30, 2016 (the measurement date), is \$2,236,046, being the excess of the total pension liability, \$12,662,502, over the plan's fiduciary net position, \$10,426,456, 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

Actuarial cost method for determining pension liability: Entry Age Method

Inflation rate. 3.25%

Valuation Date. The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2018.

Measurement Date. September 30, 2016

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 varies 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

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, 2017

Note 11 – Defined Benefit Pension Plan (Continued)

Changes in Assumptions: As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. 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, 2016, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	<u>100%</u>	

Plan termination basis. 2.26% (30 year Treasury Securities Rate as of August, 2016, published in September, 2016; 2.86% last year)

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2015*	\$ 12,414,237	\$ 9,583,526	\$ 2,830,711
Changes for the year:			
Service cost	151,458	-	151,458
Interest	933,606	-	933,606
Differences between expected and actual experience	(101,377)	-	(101,377)
Contributions - employer	-	534,434	(534,434)
Net investment income	-	1,061,648	(1,061,648)
Benefit payments	(735,422)	(735,422)	-
Administrative expense	-	(17,730)	17,730
Changes in assumptions	-	-	-
Net changes	<u>248,265</u>	<u>842,930</u>	<u>(594,665)</u>
Balances at September 30, 2016**	<u>\$ 12,662,502</u>	<u>\$ 10,426,456</u>	<u>\$ 2,236,046</u>

*Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending June 30, 2016.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending June 30, 2017.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	\$ 3,633,485	\$ 2,236,046	\$ 1,051,794

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

For the year ended June 30, 2017, the RC recognized pension expense of \$140,907. At June 30, 2017, 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	\$ 378,900	\$ -
Differences between expected and actual experience	-	(101,375)
Net differences between projected and actual earnings on pension plan investments	-	(13,133)
Total	\$ 378,900	\$ (114,508)

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11 – Defined Benefit Pension Plan (Continued)

Deferred outflows of resources related to contributions made subsequent to the measurement date of September 30, 2016, in the amount of \$378,900, will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions at June 30, 2016, will increase or decrease pension expense, respectively, in the future as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2018	\$ -	\$ (71,308)	\$ (71,308)
2019	-	(37,517)	(37,517)
2020	-	59,797	59,797
2021	-	(65,480)	(65,480)
2022	-	-	-
Thereafter	-	-	-
Total	<u>\$ -</u>	<u>\$ (114,508)</u>	<u>\$ (114,508)</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.

Note 13 – Deficit Net Position

The Information Technology Services fund has a deficit net position of \$51,364 at June 30, 2017.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 15 - Risk Financing Activities (Continued)

The RC is self- insured with regard to unemployment claims of terminated employees. During the year ended June 30, 2017, \$4,354 was paid by the RC.

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. The Uniform Guidance requires certain governmental and non-profit subrecipients to have periodic independent audits of their operations. The Uniform Guidance requires the RC to rely on such audits if they meet the requirements of the Uniform Guidance. Accordingly, the RC's compliance with this Uniform Guidance 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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$2,868,074	\$2,868,074	\$2,868,074	\$ -
Resources (inflows):				
Local government dues	512,724	512,724	512,724	-
Amounts available for appropriation	<u>3,380,798</u>	<u>3,380,798</u>	<u>3,380,798</u>	<u>-</u>
Charges to appropriation (outflows):				
Transfers to other funds, net	452,495	469,500	92,634	376,866
Total charges to appropriations	<u>452,495</u>	<u>469,500</u>	<u>92,634</u>	<u>376,866</u>
Budgetary fund balance, June 30	<u>\$2,928,303</u>	<u>\$2,911,298</u>	<u>\$3,288,164</u>	<u>\$ 376,866</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	918,427	1,032,192	934,845	(97,347)
In-kind contributions	-	-	4,977	4,977
Program/other income	10,280	10,280	137,170	126,890
Investment earnings	-	-		-
Transfers from other funds, net	316,234	345,097	170,511	(174,586)
Amounts available for appropriation	<u>1,244,941</u>	<u>1,387,569</u>	<u>1,247,503</u>	<u>(140,066)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	668,610	661,142	678,693	(17,551)
Operating expenditures	303,106	451,506	335,235	116,271
Indirect				
Cost allocation plan	225,725	237,608	233,575	4,033
Capital outlay	47,500	37,313	-	37,313
Total charges to appropriations	<u>1,244,941</u>	<u>1,387,569</u>	<u>1,247,503</u>	<u>140,066</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 JOB DEVELOPMENT AND TRAINING FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	2,689,820	3,541,880	4,100,764	558,884
Amounts available for appropriation	<u>2,689,820</u>	<u>3,541,880</u>	<u>4,100,764</u>	<u>558,884</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	608,044	476,454	469,818	6,636
Operating expenditures	69,383	77,178	87,010	(9,832)
Contractual	1,823,575	2,835,000	3,399,028	(564,028)
Indirect				
Cost allocation plan	<u>188,818</u>	<u>153,248</u>	<u>144,908</u>	<u>8,340</u>
Total charges to appropriations	<u>2,689,820</u>	<u>3,541,880</u>	<u>4,100,764</u>	<u>(558,884)</u>
Budgetary fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 COORDINATED TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	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	2,116,261	1,870,242	1,917,581	47,339
In-kind contributions	-	-	18,968	18,968
Amounts available for appropriation	<u>2,430,377</u>	<u>2,184,358</u>	<u>2,250,665</u>	<u>66,307</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	71,378	71,663	70,682	981
Operating expenditures	33,864	25,407	21,991	3,416
Contractual	1,985,900	1,747,417	1,748,974	(1,557)
Capital outlay	-	-	1,797	(1,797)
Indirect				
Cost allocation plan	25,119	25,755	24,326	1,429
Transfer out to other funds	-	-	68,779	(68,779)
Total charges to appropriations	<u>2,116,261</u>	<u>1,870,242</u>	<u>1,936,549</u>	<u>(66,307)</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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	7,205,150	7,420,496	6,271,471	(1,149,025)
In-kind contributions	-	-	153,136	153,136
Program/other income	22,000	19,000	1,024,842	1,005,842
Transfers from other funds, net	84,185	65,546	38,887	(26,659)
Amounts available for appropriation	<u>7,311,335</u>	<u>7,505,042</u>	<u>7,488,336</u>	<u>(16,706)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,200,683	1,165,132	1,153,477	11,655
Operating expenditures	406,999	601,719	580,393	21,326
Contractual	5,298,301	5,319,457	5,357,491	(38,034)
Indirect				
Cost allocation plan	405,352	418,734	396,975	21,759
Total charges to appropriations	<u>7,311,335</u>	<u>7,505,042</u>	<u>7,488,336</u>	<u>16,706</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, 2017

Year Ended June 30	2017	2016	2015
Total Pension Liability			
Service cost	\$ 151,458	\$ 166,408	\$ 214,569
Interest	933,606	913,881	916,163
Difference between expected and actual experience	(101,377)	(101,374)	(222,272)
Change in assumptions	-	-	(246,716)
Benefit payments	(735,422)	(713,373)	(669,026)
Net change in total pension liability	<u>248,265</u>	<u>265,542</u>	<u>(7,282)</u>
Total pension liability			
Beginning	<u>12,414,237</u>	<u>12,148,695</u>	<u>12,155,977</u>
Ending	<u>\$ 12,662,502</u>	<u>\$ 12,414,237</u>	<u>\$ 12,148,695</u>
Plan fiduciary net position			
Contributions - employer	\$ 534,434	\$ 626,687	\$ 647,201
Net investment income	1,061,648	111,817	985,096
Benefit payments	(735,422)	(713,373)	(669,026)
Administrative expenses	(17,730)	(20,315)	(16,455)
Net change in plan fiduciary net position	<u>\$ 842,930</u>	<u>\$ 4,816</u>	<u>\$ 946,816</u>
Plan fiduciary net position			
Beginning	<u>9,583,526</u>	<u>9,578,710</u>	<u>8,631,894</u>
Ending	<u>\$ 10,426,456</u>	<u>\$ 9,583,526</u>	<u>\$ 9,578,710</u>
Net pension liability - ending	<u>\$ 2,236,046</u>	<u>\$ 2,830,711</u>	<u>\$ 2,569,985</u>
Plan fiduciary net position as a % of total pension liability	82.34%	77.20%	78.85%
Covered payroll	\$ 2,694,101	\$ 2,886,705	\$ 3,032,995
Net pension liability as a % of covered payroll	83.00%	98.06%	84.73%

*Fiscal year 2015 was the 1st year of implementation; therefore only three years are shown.

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF RETIREMENT PLAN CONTRIBUTIONS
LAST TEN YEARS*
JUNE 30, 2017

Year Ended June 30	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	__**	\$ 544,178	\$ 654,190
Contribution in relation to the actuarially determined contribution	__**	\$ 544,178	\$ 654,190
Contribution deficiency (excess)	__**	\$ -	\$ -
Covered payroll	__**	\$ 2,886,705	\$ 3,032,995
Contributions as a % of covered payroll	__**	18.85%	21.57%

Notes to Schedule of Contributions – see Note 11 for details

*Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

**2017 information will be determined after fiscal year end and will be included in the 2018 valuation report.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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, 2017 was adopted by the Council on June 23, 2016. Amendments were made and adopted by the Council on April 27, 2017. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 3,380,798	\$ 1,247,503	\$ 4,100,764	\$ 2,250,665	\$ 7,488,336
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	(2,868,074)	-	-	(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	-	(170,511)	-	-	(38,887)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 512,724	\$ 1,076,992	\$ 4,100,764	\$ 1,936,549	\$ 7,449,449
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 92,634	\$ 1,247,503	\$ 4,100,764	\$ 1,936,549	\$ 7,488,336
Difference - budget to GAAP					
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(92,634)	-	-	(68,779)	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ -	\$ 1,247,503	\$ 4,100,764	\$ 1,867,770	\$ 7,488,336

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Data Management Fund	Community Development Fund	Total
ASSETS			
Receivables	\$ 19,805	\$ 120,425	\$ 140,230
Prepaid expenses	30,674	-	30,674
Interfund balances	213,523	-	213,523
Total assets	<u>264,002</u>	<u>120,425</u>	<u>384,427</u>
LIABILITIES			
Accounts payable	32,262	-	32,262
Unearned revenue	101,935	751	102,686
Due to other governments	129,805	-	129,805
Interfund balances	-	119,674	119,674
Total liabilities	<u>264,002</u>	<u>120,425</u>	<u>384,427</u>
FUND BALANCES			
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 264,002</u>	<u>\$ 120,425</u>	<u>\$ 384,427</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Data Management Fund	Community Development Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 495,948	\$ 281,386	\$ 777,334
Other income	30,908	-	30,908
Total revenues	<u>526,856</u>	<u>281,386</u>	<u>808,242</u>
EXPENDITURES			
Current:			
Planning and zoning	542,630	-	542,630
Economic development and assistance	-	217,627	217,627
Total expenditures	<u>542,630</u>	<u>217,627</u>	<u>760,257</u>
Excess (deficiency) of revenues over (under) expenditures	(15,774)	63,759	47,985
OTHER FINANCING SOURCES (USES)			
Transfers in	66,075	574	66,649
Transfers out	(50,301)	(64,333)	(114,634)
Total other financing sources and uses	<u>15,774</u>	<u>(63,759)</u>	<u>(47,985)</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, 2017

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
ASSETS				
Current assets:				
Restricted cash	\$ 1,287,283	\$ 890,296	\$ 164,890	\$ 2,342,469
Notes receivable - current	211,164	34,547	998	246,709
Allowance for loan loss	(110,341)	(35,000)	-	(145,341)
Interfund balances	-	-	78,000	78,000
Total current assets	<u>1,388,106</u>	<u>889,843</u>	<u>243,888</u>	<u>2,521,837</u>
Noncurrent assets:				
Notes receivable, less current portion	<u>2,445,020</u>	<u>726,699</u>	<u>19,080</u>	<u>3,190,799</u>
Total assets	<u>3,833,126</u>	<u>1,616,542</u>	<u>262,968</u>	<u>5,712,636</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	177	-	177
Current portion of long-term debt	-	108,346	-	108,346
Interfund balances	13,044	370,957	35,497	419,498
Accrued interest	-	3,512	-	3,512
Total current liabilities	<u>13,044</u>	<u>482,992</u>	<u>35,497</u>	<u>531,533</u>
Noncurrent liabilities:				
Long-term debt, less current portion	-	594,047	-	594,047
Total liabilities	<u>13,044</u>	<u>1,077,039</u>	<u>35,497</u>	<u>1,125,580</u>
NET POSITION				
Restricted for revolving loan program	<u>3,820,082</u>	<u>539,503</u>	<u>227,471</u>	<u>4,587,056</u>
Total net position	<u>\$ 3,820,082</u>	<u>\$ 539,503</u>	<u>\$ 227,471</u>	<u>\$ 4,587,056</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, 2017

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
OPERATING REVENUE				
Interest on notes receivable	\$ 116,090	\$ 43,615	\$ 1,459	\$ 161,164
Charges for services	1,927	-	-	1,927
Total operating revenue	<u>118,017</u>	<u>43,615</u>	<u>1,459</u>	<u>163,091</u>
OPERATING EXPENSES				
Personnel services	79,718	24,994	2,074	106,786
Indirect cost allocation	27,435	8,601	714	36,750
Per diem and fees	1,023	199	17	1,239
Other	2,221	1,920	160	4,301
Motor pool costs	1,093	25	2	1,120
Total operating expenses	<u>111,490</u>	<u>35,739</u>	<u>2,967</u>	<u>150,196</u>
Operating income (loss)	<u>6,527</u>	<u>7,876</u>	<u>(1,508)</u>	<u>12,895</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest revenue	462	-	-	462
Interest expense	-	(7,425)	-	(7,425)
Total non-operating revenue (expense)	<u>462</u>	<u>(7,425)</u>	<u>-</u>	<u>(6,963)</u>
Change in net position	6,989	451	(1,508)	5,932
Total net position - beginning	3,813,093	539,052	228,979	4,581,124
Total net position - ending	<u>\$ 3,820,082</u>	<u>\$ 539,503</u>	<u>\$ 227,471</u>	<u>\$ 4,587,056</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2017

	Administrative Services Fund	Motor Pool Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash	\$ 2,393,181	\$ -	\$ 2,393,181
Accounts receivable	18,817	-	18,817
Prepaid expenses	98,684	-	98,684
Due from component unit	95,084	-	95,084
Interfund balances	-	52,219	52,219
Capital assets:			
Land	14,000	-	14,000
Equipment	143,692	-	143,692
Vehicles	-	310,595	310,595
Buildings	1,240,884	-	1,240,884
Less accumulated depreciation	(926,807)	(244,029)	(1,170,836)
Total assets	<u>3,077,535</u>	<u>118,785</u>	<u>3,196,320</u>
Deferred outflows of resources related to pensions	<u>378,900</u>	<u>-</u>	<u>378,900</u>
Total assets and deferred outflow of resources	<u>3,456,435</u>	<u>118,785</u>	<u>3,575,220</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities			
Accounts payable	17,505	2,434	19,939
Interfund balances	2,552,853	-	2,552,853
Net pension liability	2,236,046	-	2,236,046
Compensated absences payable	195,179	-	195,179
Total liabilities	<u>5,001,583</u>	<u>2,434</u>	<u>5,004,017</u>
Deferred inflows of resources related to pensions	<u>114,508</u>	<u>-</u>	<u>114,508</u>
Total liabilities and deferred inflows of resources	<u>5,116,091</u>	<u>2,434</u>	<u>5,118,525</u>
NET POSITION			
Net investment in capital assets	471,769	66,566	538,335
Unrestricted	(2,131,425)	49,785	(2,081,640)
Total net position	<u>\$ (1,659,656)</u>	<u>\$ 116,351</u>	<u>\$ (1,543,305)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
 POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Administrative Services Fund	Motor Pool Fund	Total
OPERATING REVENUE			
Charges for services	\$ 2,531,292	\$ 50,492	\$ 2,581,784
Other income	27,656	-	27,656
Total operating revenue	<u>2,558,948</u>	<u>50,492</u>	<u>2,609,440</u>
OPERATING EXPENSES			
Personnel services	1,822,386	-	1,822,386
Depreciation	58,094	23,637	81,731
Computer charges	74,938	48	74,986
Repairs and maintenance	31,974	8,212	40,186
Utilities	40,411	-	40,411
Per diem and fees	48,256	42	48,298
Supplies and materials	31,064	325	31,389
Telecommunications/internet	23,710	-	23,710
Rent	16,707	-	16,707
Insurance and bonding	10,319	4,892	15,211
Travel	13,746	-	13,746
Fuel	-	16,291	16,291
Membership and subscriptions	12,041	-	12,041
Postage and freight	6,242	23	6,265
Training and education	4,370	-	4,370
Other	397	-	397
Total operating expenses	<u>2,194,655</u>	<u>53,470</u>	<u>2,248,125</u>
Operating income (loss)	<u>364,293</u>	<u>(2,978)</u>	<u>361,315</u>
NON-OPERATING REVENUE (EXPENSE)			
Gain on disposal	-	2,978	2,978
Total non-operating rev. (expense)	<u>-</u>	<u>2,978</u>	<u>2,978</u>
Change in net position	364,293	-	364,293
Total net position - beginning	<u>(2,023,949)</u>	<u>116,351</u>	<u>(1,907,598)</u>
Total net position - ending	<u>\$ (1,659,656)</u>	<u>\$ 116,351</u>	<u>\$ (1,543,305)</u>

BUDGETARY COMPARISON SCHEDULES – NONMAJOR FUNDS

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – DATA MANAGEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contracts	608,171	611,016	495,948	(115,068)
Other income	-	-	30,908	30,908
Transfers from other funds	-	-	66,075	66,075
Amounts available for appropriation	<u>608,171</u>	<u>611,016</u>	<u>592,931</u>	<u>(18,085)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	376,336	320,713	304,565	16,148
Operating expenditures	84,484	119,585	84,206	35,379
Contractual	15,000	20,000	-	20,000
Indirect				
Cost allocation plan	127,051	115,260	104,818	10,442
Capital Outlay	5,300	35,458	49,041	(13,583)
Total charges to appropriations	<u>608,171</u>	<u>611,016</u>	<u>542,630</u>	<u>68,386</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,301</u>	<u>\$ 50,301</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – COMMUNITY DEVELOPMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	249,415	245,306	281,386	36,080
Transfers from other funds	-	697	-	(697)
Amounts available for appropriation	<u>249,415</u>	<u>246,003</u>	<u>281,386</u>	<u>35,383</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	179,768	175,533	157,315	18,218
Operating expenditures	8,957	7,385	6,171	1,214
Indirect				
Cost allocation plan	60,690	63,085	54,141	8,944
Transfers to other funds, net	-	-	63,759	(63,759)
Total charges to appropriations	<u>249,415</u>	<u>246,003</u>	<u>281,386</u>	<u>(35,383)</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, 2017

	Date Received or Paid		
Beginning Fund Balance - Nonpublic Funds			<u>\$ (12,226.42)</u>
Revenues - Nonpublic Funds:			
Wells Fargo	7/6/2016	Loan Servicing Fee	3,997.26
Wells Fargo	8/3/2016	Loan Servicing Fee	3,808.59
Wells Fargo	9/6/2016	Loan Servicing Fee	3,794.54
Wells Fargo	10/5/2016	Loan Servicing Fee	2,458.22
Moore, Clarke, DuVall & Rodgers, PC - South Georgia Gra	10/13/2016	7A Loan Processing Fee	1,362.00
Wells Fargo Hampton Inn & Suites	10/17/2016	Loan Payout	1,295.83
Wells Fargo	11/3/2016	Loan Servicing Fee	2,498.22
Coleman, Talley, LLP - Bed'r Mattress, Inc.	11/3/2016	7A Loan Processing Fee	2,500.00
Wells Fargo	11/4/2016	Semi-annual Interest	537.72
Wells Fargo RPI Underground, Inc.	11/17/2016	504 Loan Processing Fee	4,921.20
Wells Fargo	12/5/2016	Loan Servicing Fee	2,611.86
Moore, Clarke, DuVall & Rodgers, PC - Bo Sunlight Ent.	12/20/2016	7A Loan Processing Fee	2,500.00
Wells Fargo	1/6/2017	Loan Servicing Fee	2,565.16
Moore, Clarke, DuVall & Rodgers, PC - Oke Pies, LLC	1/27/2017	7A Loan Processing Fee	4,000.00
Wells Fargo	2/3/2017	Loan Servicing Fee	2,565.16
Wells Fargo	3/3/2017	Loan Servicing Fee	2,520.56
Moore, Clarke, DuVall & Rodgers, PC - Veera, Inc.	3/8/2017	7A Loan Processing Fee	2,500.00
Wells Fargo	4/5/2017	Loan Servicing Fee	2,494.26
Wells Fargo	5/3/2017	Loan Servicing Fee	2,494.26
Wells Fargo	5/5/2017	Semi-annual Interest	6,254.34
Moore, Clarke, DuVall & Rodgers, PC - JA Park Ent.	5/15/2017	7A Loan Processing Fee	700.00
Wells Fargo	6/5/2017	Loan Servicing Fee	2,494.26
Moore, Clarke, DuVall & Rodgers, PC - JA Park Ent.	6/8/2017	7A Loan Processing Fee	1,300.00
Moore, Clarke, DuVall & Rodgers, PC - JA Park Ent.	6/29/2017	7A Loan Processing Fee	850.00
Total Revenues			<u>63,023.44</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)			71,498.93
Fringe benefits allocated (for administering the SBA Loan Program)			29,267.21
Motor vehicle expenditures/expenses			355.22
Motor Pool Expense	7/31/2016		48.41
Motor Pool Expense	8/31/2016		30.45
Motor Pool Expense	9/30/2016		3.23
Motor Pool Expense	10/31/2016		28.00
Motor Pool Expense	11/30/2016		1.45
Motor Pool Expense	12/31/2016		50.44

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2017

	Date Received or Paid		
Motor vehicle expenditures/expenses (continued)			
Motor Pool Expense	1/31/2017	8.11	
Motor Pool Expense	2/28/2017	39.85	
Motor Pool Expense	3/31/2017	125.50	
Motor Pool Expense	4/30/2017	6.07	
Motor Pool Expense	5/31/2017	4.08	
Motor Pool Expense	6/30/2017	9.63	
Advertising			92.10
Colson Printing Company	6/30/2017	92.10	
Board meeting expense			78.34
Western Sizzlin	8/31/2016	30.34	
Circlestone 19th	5/31/2017	48.00	
Computer charges			1,230.45
ITS Charges	7/31/2016	47.50	
ITS Charges	11/30/2016	193.35	
ITS Charges	12/31/2016	308.75	
ITS Charges	1/31/2017	174.18	
ITS Charges	3/31/2017	174.17	
ITS Charges	5/31/2017	332.50	
Membership and subscriptions			1,000.00
NADCO	12/6/2016	1,000.00	
Per Diem and fees			709.14
Equifax Information Svcs., LLC	7/26/2016	16.68	
Community Bankers Assoc.	8/2/2016	45.00	
Equifax Information Svcs., LLC	8/30/2016	16.68	
Equifax Information Svcs., LLC	9/20/2016	16.68	
Equifax Information Svcs., LLC	10/25/2016	16.68	
Equifax Information Svcs., LLC	11/22/2016	16.68	
Lowndes County Clerk of Superior Court	11/23/2016	11.50	
Thomas County Clerk of Court	11/23/2016	10.00	
Equifax Information Svcs., LLC	12/20/2016	16.68	
Equifax Information Svcs., LLC	1/24/2017	17.21	
Moore, Clarke, Duvall & Rodgers	1/31/2017	146.50	
GA Secretary of State	2/15/2017	30.00	
Moore, Clarke, Duvall & Rodgers	2/21/2017	79.00	
Moore, Clarke, Duvall & Rodgers	2/21/2017	48.18	
Equifax Information Svcs., LLC	2/28/2017	16.66	
Equifax Information Svcs., LLC	3/22/2017	16.66	
Nobles: LSCO	3/31/2017	15.00	
Equifax Information Svcs., LLC	4/25/2017	17.75	
Equifax Information Svcs., LLC	5/31/2017	16.68	

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2017

	Date Received or Paid		
Per Diem and fees (continued)			
Moore, Clarke, Duvall & Rodgers	5/31/2017	81.00	
Moore, Clarke, Duvall & Rodgers	5/31/2017	41.24	
Equifax Information Svcs., LLC	6/27/2017	16.68	
Software, License, Maint. & Support			2,776.50
Anchor Commercial	11/1/2016	2,700.00	
Softmart, Inc.	11/8/2016	76.50	
Supplies and Materials			1,491.67
Dell Marketing	7/19/2016	419.98	
Office Depot	11/15/2016	109.56	
SHI International	12/20/2016	140.00	
Dell Marketing	2/14/2017	630.45	
Southern Computer Warehouse	2/14/2017	77.92	
Yarbrough's Office Supply	2/14/2017	3.50	
Southern Computer Warehouse	2/21/2017	77.92	
Georgia Correctional Ind.	3/22/2017	10.66	
Georgia Correctional Ind.	4/25/2017	10.68	
Lowes	6/14/2017	11.00	
Training and Education			1,684.00
Anchor Commerical Serv.	10/6/2016	500.00	
NADCO	2/15/2017	1,184.00	
Travel			1,110.00
Rex Dorsey	4/12/2017	218.00	
Hyatt - NADCO Training - Regions Purchasing	5/31/2017	892.00	
Indirect cost allocated (for administering the SBA Loan Program)			34,679.16
Total Disbursements - Nonpublic Funds			145,972.72
Excess of revenues (disbursements) over disbursements (revenues)			(82,949.28)
Ending Fund Balance - Nonpublic funds			\$ (95,175.70)

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, 2017, and have issued our report thereon dated December 11, 2017. 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, 2017 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, 2017, in accordance with accounting principles generally accepted in the United States of America.

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 11, 2017

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2017

Annual leave used	\$	217,470
Sick leave granted		127,045
Holiday leave granted		131,160
Annual leave termination		972
Other leave granted		5,386
Change in annual leave liability		2,603
Total compensated absences	\$	<u>484,636</u>
Computation of actual employee benefit rate		
Gross Salaries	\$	3,194,092
Less: Compensated absences		<u>484,636</u>
Allocation base - chargeable salaries	\$	<u>2,709,456</u>
Leave costs - final rate		<u>17.8868%</u>
Total fringe benefits	\$	<u>1,276,989</u>
Final rate		<u>39.9797%</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Amount</u>	<u>Rate</u>
Indirect costs:		
Salaries and compensated absences	\$ 504,080	
Fringe benefits allocated	201,870	
Computer charges	61,792	
Depreciation	58,094	
Per diem and fees	48,256	
Utilities	40,411	
Repairs and maintenance	31,974	
Supplies and materials	31,064	
Telecommunications/internet	23,710	
Rent	16,707	
Software, license, maintenance and supply	13,145	
Membership and subscriptions	12,041	
Insurance and bonding	10,319	
Travel	8,357	
Postage and freight	6,242	
Motor vehicle expense	5,389	
Training and education	4,370	
Other expenses	398	
Other income and reimbursement of overhead costs	(27,656)	
Total indirect costs	<u>\$ 1,050,563</u>	<u>34.4155%</u>
Summary of costs in computation of indirect cost rate		
Chargeable salaries	\$ 2,709,456	
Chargeable compensated absences and fringe benefits	<u>1,761,625</u>	
Total personnel costs	4,471,081	
Personnel costs excluded from indirect cost pool:		
Indirect	(705,950)	
Career net centers	(48,765)	
Information Technology Services	<u>(663,780)</u>	
Net personnel costs - allocation base	<u>\$ 3,052,586</u>	

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Government	Amount Due July 1, 2016	Total Billed For FY 2017 - \$1.25 per Capita	Amount Collected FY 2017	Balance Due June 30, 2017
Atkinson County	\$ -	\$ 6,116.24	\$ 6,116.24	\$ -
City of Pearson	-	2,640.00	2,640.00	-
City of Willacoochee	-	1,741.24	1,741.24	-
Bacon County	-	9,703.76	9,703.76	-
City of Alma	-	4,420.00	4,420.00	-
Ben Hill County	2,728.75	10,876.88	13,605.63	-
City of Fitzgerald	-	10,876.88	10,876.88	-
Berrien County	-	13,883.76	13,883.76	-
City of Alapaha	-	820.00	820.00	-
City of Enigma	1,197.18	1,616.24	1,197.18	1,616.24
City of Nashville	-	6,067.52	6,067.52	-
City of Ray City	-	1,316.24	1,316.24	-
Brantley County	0.69	21,080.00	21,080.00	0.69
City of Hoboken	-	663.76	663.76	-
City of Nahunta	-	1,325.00	1,325.00	-
Brooks County	-	12,702.56	12,702.56	-
City of Quitman	-	6,869.96	6,869.96	-
Charlton County	-	8,558.76	8,558.76	-
City of Folkston	-	6,558.76	6,558.76	-
City of Homeland	-	1,088.76	1,088.76	-
Clinch County	-	5,516.24	5,516.24	-
City of Homerville	-	3,100.00	3,100.00	-
Coffee County	-	39,237.52	39,237.52	-
City of Douglas	-	14,647.52	14,647.52	-
Cook County	-	10,702.52	10,702.52	-
City of Adel	-	10,702.52	10,702.52	-
Echols County	-	5,050.00	5,050.00	-
Irwin County	-	6,979.96	5,234.97	1,744.99
City of Ocilla	-	4,576.28	4,576.28	-
Lanier County	-	6,445.00	6,445.00	-
City of Lakeland	-	6,445.00	6,445.00	-
Lowndes County	-	68,208.60	68,208.60	-
City of Valdosta	-	72,872.64	72,872.64	-
Pierce County	-	17,913.76	17,913.76	-
City of Blackshear	-	4,476.24	4,476.24	-
City of Offerman	-	550.00	550.00	-
City of Patterson	-	938.76	938.76	-
Tift County	-	25,477.52	25,477.52	-
City of Tifton	-	25,477.52	19,108.14	6,369.38
Turner County	-	5,349.36	5,349.36	-
City of Ashburn	-	4,918.12	4,918.12	-
Ware County	-	26,646.24	26,646.24	-
City of Waycross	-	17,566.24	17,566.24	-
Total	<u>\$ 3,926.62</u>	<u>\$ 512,723.88</u>	<u>\$ 506,919.20</u>	<u>\$ 9,731.30</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
PLANNING & TECHNICAL ASSISTANCE											
EDA											
Planning FY16	\$ 166,156	\$ 14,000	\$ 180,156	30%	\$ 122,304	\$ 85,613	\$ -	\$ -	\$ 36,691	\$ -	\$ 94,543
DCA											
Coord. Planning	-	207,039	207,039	10%	231,930	207,039	-	-	24,891	-	-
DOT											
Transp. Planning Services FY16	19,871	-	19,871	20%	23,205	18,021	-	-	5,184	1,850	-
Transp. Planning Services FY17	-	44,800	44,800	20%	47,951	38,361	-	-	9,590	-	6,439
Transit Planning Assist. 5303	-	60,375	60,375	10%	61,588	60,204	-	-	1,383	171	-
Transit Planning Assist. 5304	-	30,929	30,929	20%	29,008	23,206	-	-	5,801	7,723	-
MPO - City of Valdosta	-	144,039	144,039	20%	116,202	111,554	-	-	4,648	32,485	-
MPO Special - City of Valdosta	-	200,000	200,000	20%	199,440	199,440	-	-	-	560	-
DNR											
Historic Preservation	-	4,091	4,091	0%	4,236	4,091	-	-	145	-	-
Environmental Protection Div.:											
Broxton/Roses Creek WMP	280,335	-	280,335	41%	45,660	27,396	-	2,496	15,768	-	252,939
Pride Branch WIP 319(h)	-	300,000	300,000	41%	35,467	21,280	-	2,482	11,705	-	278,720
LOCAL											
GA Decd - Kingsland	-	500	500	0%	779	500	-	-	279	-	-
Special Projects	-	111,765	111,765	0%	86,827	111,765	-	-	(24,938)	-	-
Grant Preparation	-	-	-	0%	101,342	-	-	-	101,342	-	-
Regional Solid Waste Auth.	-	20,405	20,405	0%	20,405	20,405	-	-	-	-	-
GA Muni Assoc Health Prom.	-	5,000	5,000	0%	5,159	5,000	-	-	159	-	-
Atkinson Co. Planning Projects	-	102	102	0%	102	102	-	-	-	-	-
Bacon Co. Comp Plan/Land Use	-	5,000	5,000	0%	3,606	5,000	-	-	(1,394)	-	-
Bacon Co. Pre-Disaster/Mitg. Plan	-	18,000	18,000	0%	15,919	15,919	-	-	-	-	2,081
Brantley Co. Land Use Ord/Maps	-	10,269	10,269	0%	12,592	10,269	-	-	2,323	-	-
Brooks Co. Planning Project	-	3,198	3,198	0%	3,112	3,198	-	-	(86)	-	-
Brooks Co. Comp Plan/Land Use	-	7,500	7,500	0%	8,606	7,500	-	-	1,106	-	-
Brooks Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	6,666	6,666	-	-	-	-	11,334

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
PLANNING & TECHNICAL ASSISTANCE											
LOCAL (Continued)											
Charlton Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	4,489	4,489	-	-	-	-	13,511
Douglas Planning/Zoning	-	9,648	9,648	0%	9,442	9,648	-	-	(206)	-	-
Folkston Planning Project	8,827	-	8,827	0%	-	8,827	-	-	(8,827)	-	-
Hoboken GA Trails/Greenways	-	500	500	0%	444	500	-	-	(56)	-	-
Homerville - URP	2,668	-	2,668	0%	-	2,668	-	-	(2,668)	-	-
Irwin Co. Facilities grant appl.	-	363	363	0%	364	363	-	-	1	-	-
Irwin Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	5,104	5,104	-	-	-	-	12,896
Lake Park Planning Project	-	439	439	0%	439	439	-	-	-	-	-
Lanier County Planning	-	2,697	2,697	0%	2,666	2,697	-	-	(31)	-	-
Lanier Co. Grant Application	-	93	93	0%	95	93	-	-	2	-	-
Lowndes Co. Pre-Disaster/Mitg.	2,326	-	2,326	0%	1,218	2,326	-	-	(1,108)	-	-
Ocilla GA Transportation Infra	-	1,481	1,481	0%	1,452	1,481	-	-	(29)	-	-
Pearson Planning Projects	155	-	155	0%	-	155	-	-	(155)	-	-
Pierce Co. Comp Plan/Land Use	-	7,500	7,500	0%	1,223	7,500	-	-	(6,277)	-	-
Pierce Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	16,294	16,294	-	-	-	-	1,706
Quitman ITAD	-	400	400	0%	621	400	-	-	221	-	-
Sparks Planning Projects	6,344	-	6,344	0%	1,754	6,344	-	-	(4,590)	-	-
Tift Co. Planning & Zoning	-	380	380	0%	380	380	-	-	-	-	-
Turner Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	2,719	2,719	-	-	-	-	15,281
Ware Co. Pre-Disaster/Mitg.	-	21,000	21,000	0%	12,059	12,059	-	-	-	-	8,941
Waycross Urban Redevel	-	4,999	4,999	0%	4,634	4,999	-	-	(365)	-	-
TOTAL PLANNING AND TECHNICAL ASSIST.	486,682	1,326,512	1,813,194		1,247,503	1,072,014	-	4,978	170,509	42,789	698,391
COMMUNITY DEVELOPMENT											
EDA											
Nashville	3,646	-	3,646	0%	4,014	3,646	-	-	368	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
COMMUNITY DEVELOPMENT (CONTINUED)											
DCA											
OneGeorgia Equity Fund:											
Berrien County	-	30,000	30,000	0%	1,448	1,448	-	-	-	-	28,552
Clinch County	21,363	-	21,363	0%	11,986	21,363	-	-	(9,377)	-	-
Coffee County	14,228	-	14,228	0%	8,848	14,228	-	-	(5,380)	-	-
Douglas/Coffee County	-	30,000	30,000	0%	2,601	2,601	-	-	-	-	27,399
Nahunta	21,639	-	21,639	0%	3,354	3,354	-	-	-	-	18,285
Vald/Lowndes Ind. Auth.	22,017	-	22,017	0%	164	(42)	-	-	206	22,059	-
CDBG/CHIP											
Atkinson Co. FY17	-	29,730	29,730	0%	3,681	3,681	-	-	-	-	26,049
Berrien Co RDF FY16	-	19,872	19,872	0%	3,224	3,224	-	-	-	-	16,648
Berrien Co FY17	-	13,731	13,731	0%	1,511	1,511	-	-	-	-	12,220
Blackshear FY15	13,847	-	13,847	0%	5,745	13,596	-	-	(7,851)	-	251
Brantley County FY12	854	-	854	0%	259	854	-	-	(595)	-	-
Brooks County FY16	27,697	-	27,697	0%	11,170	11,170	-	-	-	-	16,527
Broxton FY16	24,396	-	24,396	0%	13,130	24,396	-	-	(11,266)	-	-
Clinch Co. FY17	-	30,000	30,000	0%	5,698	5,698	-	-	-	-	24,302
Coffee County FY15	15,000	-	15,000	0%	7,332	15,000	-	-	(7,668)	-	-
Coffee County FY17	-	35,000	35,000	0%	8,427	8,427	-	-	-	-	26,573
Cook Co. FY17	-	30,000	30,000	0%	2,227	2,227	-	-	-	-	27,773
Douglas Co. FY16	17,055	-	17,055	0%	7,628	7,628	-	-	-	-	9,427
Homerville FY16	23,168	-	23,168	0%	6,907	6,907	-	-	-	-	16,261
Irwin County FY16	28,236	-	28,236	0%	6,138	6,138	-	-	-	-	22,098
Lowndes Co. FY16	25,220	-	25,220	0%	10,675	10,675	-	-	-	-	14,545
Nahunta FY17	-	30,000	30,000	0%	3,233	3,233	-	-	-	-	26,767
Nashville FY17	-	30,000	30,000	0%	2,175	2,175	-	-	-	-	27,825
Nicholls FY16	14,750	-	14,750	0%	7,255	7,255	-	-	-	-	7,495
Omega FY14	2,522	-	2,522	0%	1,227	2,273	-	-	(1,046)	-	249
Patterson FY15	7,564	-	7,564	0%	5,587	7,564	-	-	(1,977)	-	-
Pearson FY16	25,000	-	25,000	0%	7,681	7,681	-	-	-	-	17,319

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2016	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2016
CDBG (Continued)											
Sparks FY16	23,875	-	23,875	0%	7,505	7,505	-	-	-	-	16,370
Waycross FY17	-	30,000	30,000	0%	8,981	8,981	-	-	-	-	21,019
Willacoochee FY17	-	28,125	28,125	0%	3,192	3,192	-	-	-	-	24,933
Ashburn CHIP 2017	-	6,000	6,000	0%	584	584	-	-	-	-	5,416
Douglas CHIP 2017	-	6,000	6,000	0%	259	259	-	-	-	-	5,741
Fitzgerald CHIP 2017	-	6,000	6,000	0%	1,146	1,146	-	-	-	-	4,854
Nashville CHIP 2017	-	6,000	6,000	0%	259	259	-	-	-	-	5,741
Waycross CHIP 2017	-	6,000	6,000	0%	750	750	-	-	-	-	5,250
EIP:											
Alma FY17	-	30,000	30,000	0%	419	419	-	-	-	-	29,581
Berrien County FY15	4,386	-	4,386	0%	2,023	4,386	-	-	(2,363)	-	-
Brooks County	20,500	-	20,500	0%	-	-	-	-	-	20,500	-
Cook County FY13	1,000	-	1,000	0%	414	1,000	-	-	(586)	-	-
Homerville FY16	8,713	-	8,713	0%	8,091	8,091	-	-	-	-	622
Nashville FY16	27,713	-	27,713	0%	4,256	4,256	-	-	-	-	23,457
OTHER											
Adel TE	4,729	-	4,729	0%	897	4,729	-	-	(3,832)	-	-
Blackshear TE	16,794	-	16,794	0%	9,160	16,794	-	-	(7,634)	-	-
Enigma TE	7,417	-	7,417	0%	2,668	2,668	-	-	-	-	4,749
Folkston TE	1,536	-	1,536	0%	15	1,536	-	-	(1,521)	-	-
Hahira TE	3,261	-	3,261	0%	319	319	-	-	-	-	2,942
Nashville TE FY12	6,164	-	6,164	0%	3,282	5,914	-	-	(2,632)	-	250
Ocilla TE	15,390	-	15,390	0%	516	516	-	-	-	-	14,874
Pearson TE	4,111	-	4,111	0%	806	806	-	-	-	-	3,305
Ray City TE FY12	4,266	-	4,266	0%	-	-	-	-	-	4,266	-
Remerton TE	606	-	606	0%	-	606	-	-	(606)	-	-
Tifton TE	20,970	-	20,970	0%	8,758	8,758	-	-	-	-	12,212
TOTAL COMMUNITY DEVELOPMENT											
	479,633	396,458	876,091		217,625	281,385	-	-	(63,760)	46,825	547,881

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
DATA MANAGEMENT											
Valor	-	391,301	391,301	0%	427,801	391,301	-	-	36,500	-	-
Regional GIS	-	86,222	86,222	0%	99,386	86,222	30,907	-	(17,743)	-	-
UGA ITOS HAZUS	-	112,000	112,000	0%	7,067	10,049	-	-	(2,982)	-	101,951
GARC MAP 21	-	185,062	185,062	0%	8,376	8,376	-	-	-	-	176,686
TOTAL DATA MGT	-	774,585	774,585		542,630	495,948	30,907	-	15,775	-	278,637
TRANSPORTATION											
Department of Human Serv. Coordinated Transportation	-	2,087,424	2,087,424	1%	1,867,771	1,917,581	-	18,968	(68,778)	169,843	-
TOTAL TRANSPORTATION	-	2,087,424	2,087,424		1,867,771	1,917,581	-	18,968	(68,778)	169,843	-
AGING											
Department of Health & Human Services:											
OAA Title III Part A	-	88,421	88,421	25%	117,116	87,837	-	-	29,279	584	-
OAA Title III Part B	-	271,485	271,485	10%	292,350	263,021	106	26,100	3,123	8,464	-
OAA Title III Part C	-	824,555	824,555	10%	1,791,456	824,555	875,282	91,619	-	-	-
OAA Title III Part D	-	31,229	31,229	10%	15,905	14,314	-	1,591	-	16,915	-
OAA Title III Part E Admin	-	39,870	39,870	25%	50,906	38,180	-	-	12,726	1,690	-
OAA Title III Part E	-	177,643	177,643	10%	185,971	167,337	42	18,592	-	10,306	-
SSBG	-	263,597	263,597	12%	272,854	247,339	-	15,235	10,280	16,258	-
NSIP	-	279,870	279,870	0%	279,922	279,870	52	-	-	-	-
ADRC	-	186,000	186,000	0%	184,918	184,918	-	-	-	1,082	-
Georgia Cares-SMP AoA	-	12,500	12,500	0%	12,323	12,323	-	-	-	177	-
Georgia Cares-SMP Exp	12	-	12	0%	20	12	-	-	8	-	-
Georgia Cares-SHIP CMS	-	49,655	49,655	0%	56,302	49,245	-	-	7,057	410	-
Money Follows the Person	-	226,064	226,064	0%	188,606	188,606	-	-	-	-	37,458
ADRC MIPPA 16/17	37,987	28,868	66,855	0%	41,843	66,855	-	-	(25,012)	-	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
AGING (Continued)											
OAA Title XIX - CCSP	-	2,724,352	2,724,352	0%	2,643,160	2,643,160	-	-	-	81,192	-
ADRC MIPPA Othr III 17/18	-	94,408	94,408	0%	64,475	64,475	-	-	-	-	29,933
Other Aging contracts:											
Alzheimer's Program	-	115,964	115,964	0%	115,970	115,964	6	-	-	-	-
CBS	-	964,257	964,257	0%	1,110,014	960,661	149,353	-	-	3,596	-
Income Tax Check Off	-	2,557	2,557	0%	3,983	2,557	-	-	1,426	-	-
Nursing Home Transitions	-	50,600	50,600	0%	50,456	50,456	-	-	-	144	-
AT Lab FY17	-	10,000	10,000	0%	9,786	9,786	-	-	-	214	-
TOTAL AGING	37,999	6,441,895	6,479,894		7,488,336	6,271,471	1,024,841	153,137	38,887	141,032	67,391

DEPARTMENT OF LABOR

JOB DEVELOPMENT/TRAINING

WORKFORCE INNOVATION AND OPPORTUNITY ACT

Adult:

PY15	-	111,121	111,121	0%	111,121	111,121	-	-	-	-	-
FY16	746,927	593,712	1,340,639	0%	1,340,639	1,340,639	-	-	-	-	-
PY16	-	151,170	151,170	0%	151,170	151,170	-	-	-	-	-
FY17	-	1,035,983	1,035,983	0%	423,058	423,058	-	-	-	-	612,925
PP FY17	-	170,000	170,000	0%	-	-	-	-	-	-	170,000

Youth:

PY15	936,865	-	936,865	0%	936,865	936,865	-	-	-	-	-
PY16	1,260,487	-	1,260,487	0%	687,327	687,327	-	-	-	-	573,160
PY17	-	1,121,394	1,121,394	0%	-	-	-	-	-	-	1,121,394

Dislocated Worker:

PY15	186,225	(98,750)	87,475	0%	87,475	87,475	-	-	-	-	-
FY16	1,065,544	(544,256)	521,288	0%	146,287	146,287	-	-	-	375,001	-
PY16	-	55,133	55,133	0%	10,024	10,024	-	-	-	-	45,109

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2017**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2016	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2017	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2017
WORKFORCE INNOVATION AND OPPORTUNITY											
ACT (Continued)											
Dislocated Worker (Continued):											
FY17	-	293,759	293,759	0%	32,626	32,626	-	-	-	-	261,133
PY16 DW transfer to Adult	-	145,350	145,350	0%	-	-	-	-	-	-	145,350
FY17 DW transfer to Adult	-	795,641	795,641	0%	-	-	-	-	-	-	795,641
FY16 Regional Plan Assis.	22,435	-	22,435	0%	92	92	-	-	-	22,343	-
FY17 RR	-	21,186	21,186	0%	-	-	-	-	-	-	21,186
FY16 Capacity Building	-	71,798	71,798	0%	37,565	37,565	-	-	-	-	34,233
FY16 Literacy to Work	-	175,000	175,000	0%	118,070	118,070	-	-	-	-	56,930
FY15 Branding	-	8,610	8,610	0%	8,492	8,492	-	-	-	119	(1)
FY17 HDCI	-	250,000	250,000	0%	2,683	2,683	-	-	-	-	247,317
FY15 RR DW	97,382	-	97,382	0%	-	-	-	-	-	97,382	-
PY14 RR DW	16,160	-	16,160	0%	-	-	-	-	-	16,160	-
FY16 RR DW	98,913	(49,456)	49,457	0%	-	-	-	-	-	49,457	-
PY15 RR DW	24,742	(12,371)	12,371	0%	7,270	7,270	-	-	-	5,101	-
TOTAL JOB DEV. AND TRAINING	4,455,680	4,295,024	8,750,704		4,100,764	4,100,764	-	-	-	565,563	4,084,377
Totals	\$ 5,459,994	\$ 15,321,898	\$ 20,781,892		\$ 15,464,629	\$ 14,139,163	\$ 1,055,748	\$ 177,083	\$ 92,633	\$ 966,052	\$ 5,676,677

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, 2017

Contract Name	Contract Number	Due from DHS	Due to DHS
Aging Program:			
Various	427-373-0000049188	\$ 652,916	\$ -
CCSP	2017012	645,247	-
Various	Various	27,498	-
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	-	940
IIIB	427-93-06060271-99	-	<u>7</u>
Subtotal			1,310
Aging Program:			
CCSP	427-93-07070239-99	-	370
CBS GA Cares	427-93-07070239-99	-	7
CBS	427-93-07070239-99	-	<u>35</u>
Subtotal			412
Aging Program:			
SSBG	427-93-08080187-99	-	202
CBS	427-93-08080187-99	-	<u>8</u>
Subtotal			210
Aging Program:			
Title III D	427-93-09090176-99	-	5
SSBG	427-93-09090176-99	-	<u>116</u>
Subtotal			121
Aging Program:			
IIC	427-373-29830	<u>-</u>	<u>36</u>
Total		<u><u>\$ 1,325,661</u></u>	<u><u>\$ 25,122</u></u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs Coordinated Planning	None	\$ 207,039	\$ 207,039	\$ 231,930	\$ 51,760	\$ -
Department of Transportation Transportation Related Services - Planning and other services	Various (Note 1)	500,014	450,786	477,394	232,197	-
GARC MAP 21	None	185,062	8,376	8,376	8,376	-
Department of Natural Resources Historic Preservation	None	4,091	4,091	4,236	-	-
Department of Economic Development, Workforce Division Workforce Investment Act	Various (Note 1)	8,750,704	4,100,764	4,100,764	572,731	-
Department of Human Services (Note 2) Coordinated Transportation	427-362-0000050463	2,087,424	1,917,581	1,867,771	331,646	-
Aging/MFP Programs	427-373-0000049188	2,517,756	2,424,412	3,490,492	652,916	-
Aging/Title XIX CCSP	2017012	2,724,352	2,643,160	2,643,160	645,247	-
Aging Programs	various contracts	1,237,786	1,203,899	1,354,684	27,498	25,085
Department of Community Affairs OneGeorgia Equity Fund passed through local governments:						
Berrien County	17gq-010-3-4856	30,000	1,448	1,448	1,448	-
Clinch County	16gq-032-3-4800	21,363	21,363	11,986	-	-
Coffee County	15gq-034-1-4791	14,228	14,228	8,848	-	-
Douglas/Coffee County	17gq-034-3-4857	30,000	2,601	2,601	2,601	-
Nahunta, City of	15gq-013-2-4787	21,639	3,354	3,354	4,216	-
Valdosta-Lowndes Industrial Auth.	16gq-092-3-4806	22,017	(42)	164	-	-
Total Expenditures of State Awards		\$ 18,353,475	\$ 13,003,060	\$ 14,207,208	\$ 2,530,636	\$ 25,085

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

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
 AREA AGENCY ON AGING
 SCHEDULE OF UNITS/PERSONS SERVED FOR STATE FISCAL YEAR 2017
 FOR THE YEAR ENDED JUNE 30, 2017

Service	Units Served	Persons Served
<i>Adult Day Care (1 unit = 1 hour)</i>		
Caregiver Adult Day Care (Title III E)	1,898.00	10
Adult Day (Alz., State, CBS, Title III B)	2,977.50	13
<i>Congregate meals (1 unit = 1 meal)</i>		
(Title III C1, CBS, SSBG)	113,476.00	779
<i>Home delivered meals (1 unit = 1 meal)</i>		
(Title III C2, NSIP, CBS, ITCO, SSBG)	116,351.00	619
<i>In-Home Services (1 unit = 1 hour)</i>		
Caregiver Respite (Title III E, Alz., State, CBS)	14,222.25	60
Homemaker (Title III B, CBS)	7,301.25	81
Personal Care (Title III B, CBS)	5,830.75	76
<i>Home Modification (1 unit = \$1, *)</i>		
Caregiver Home Modification (Title III E)	31,500.00	21
Home Modification (CBS)	28,500.00	19
<i>Case Management (1 unit = 1/4th hour)</i>		
Caregiver Case Management (SSBG, CBS)	793.00	63
Case Management (SSBG, CBS)	9,329.00	698
<i>Nutrition Counseling (1 unit = 1/4th hour)</i>		
(CBS)	44.00	6
<i>Legal Services (1 unit = 1 education session, 1 case or 1 contact)</i>		
Community Education (Title III B, CBS)	26.00	1,139
Counseling Cases Opened (Title III B, CBS)	234.00	187
Info & Referral (Title III B, CBS)	1,345.00	1,345

* Each ramp costs approximately \$1,500 to construct

FEDERAL COMPLIANCE SECTION

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Direct Programs				
Intermediary Relending Programs (IRP)	10.767	10-092-0580942510	\$ -	\$ 1,419,940
Rural Development Grants (IDG/RBEG)	10.769	10-92-580942510	-	75,102
Total U.S. Department of Agriculture			-	1,495,042
U.S. Department of Commerce				
Direct Programs - Economic Development Adm.				
Economic Development - Support for Planning	11.302	ED16ATL3020007	-	122,304
Economic Adjustment Assist. - RLF (EDA)	11.307	04-39-02010	-	3,175,287
Passed through State Dept. of Economic Dev., passed through member local governments:				
Invest. in Public Works and Eco. Dev. Facilities:				
Nashville	11.300	04-01-06881	-	4,014
Subtotal Economic Develop. cluster			-	3,179,301
Total U.S. Dept. of Commerce			-	3,301,605
U.S. Department of Labor				
Passed through GA Dept. of Economic Development				
Workforce Div., Workforce Innovation and Opportunity Act				
Adult Program	17.258	11-15-16-11-018	1,098,100	1,340,639
Adult Program	17.258	11-15-15-11-018	101,246	111,121
Adult Program	17.258	11-16-16-11-018	136,053	151,170
Adult Program	17.258	11-16-17-11-018	340,939	423,058
Subtotal Adult Program			1,676,338	2,025,988
Youth Activities	17.259	15-15-15-11-018	828,978	936,865
Youth Activities	17.259	15-16-16-11-018	577,374	687,327
Subtotal Youth Activities			1,406,352	1,624,192
Dislocated Worker Formula Grants	17.278	31-15-15-11-018	63,062	87,475
Dislocated Worker Formula Grants	17.278	31-15-16-11-018	135,206	146,287
Dislocated Worker Formula Grants	17.278	31-16-17-11-018	-	32,626
Dislocated Worker Formula Grants	17.278	31-16-16-11-018	-	10,024
DWFG Regional Planning Assist.	17.278	01-15-16-11-018	-	92
DWFG Capacity Building	17.278	CPRBS-15-16-11-018	-	37,565
DWFG Rapid Response	17.278	44-15-15-11-018	-	7,270
DWFG HDCI	17.278	HDCI -16-17-11-018	-	2,683
DWFG Literacy to Work	17.278	LTW-15-16-11-018	118,070	118,070
DWFG Branding	17.278	WSG-14-15-11-018	-	8,492
Subtotal Dislocated Worker Form. Grants			316,338	450,584
Subtotal WIOA cluster			3,399,028	4,100,764

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Grant/Contract Number	Passed Through to Subrecipients	Expenditures
U. S. Dept. of Health & Human Services				
Passed through State Dept. of Human Services:				
Aging Title III Part A & B	93.044	427-373-0000049188	221,862	409,468
Aging Title III Part B - Coord. Transportation	93.044	427-362-0000050463	-	128,551
Aging Title III Part C	93.045	427-373-0000049188	778,745	1,791,456
Aging Nutrition Services Incentive Program	93.053	427-373-0000049188	152,609	279,922
Subtotal Aging cluster			<u>1,153,216</u>	<u>2,609,397</u>
Aging Title III Part D	93.043	427-373-0000049188	13,519	15,905
Aging Title IV/II Disc Proj - GA Cares SMP	93.048	427-373-0000049188	-	12,323
Aging Title IV/II Disc Proj - GA Cares SMP Exp	93.048	427-373-0000049188	-	20
Aging Title IV and II Disc Proj - ADRC	93.048	427-373-0000049188	-	184,918
Subtotal Aging Title IV and II			<u>-</u>	<u>197,261</u>
Aging Title III Part E	93.052	427-373-0000049188	139,447	236,877
Aging Medicare Enrollment Assistance Prog	93.071	427-373-0000049188	-	41,843
Aging Medicare Enrollment Assistance Prog	93.071	427-373-0000055516	-	64,475
Subtotal Aging Medicare Enrollment Assist.			<u>-</u>	<u>106,318</u>
TANF - Coordinated Transportation	93.558	427-362-0000050463	-	672,870
SSBG - Aging Program	93.667	427-373-0000049188	153,310	272,854
SSBG - Coordinated Transportation	93.667	427-362-0000050463	-	128,081
Subtotal SSBG			<u>153,310</u>	<u>400,935</u>
Aging Title XIX CCSP	93.778	2017012	968,881	2,643,160
Aging GA Cares SHP CMS	93.779	427-373-0000049188	-	56,302
Money Follows the Person	93.791	427-373-0000049188	-	188,606
Total U. S. Dept. of Health & Human Serv.			<u>2,428,373</u>	<u>7,127,631</u>
U.S. Department of Education				
Passed through the State Department of Transportation				
Rehabilitation Svs - Coord. Transportation	84.126	427-362-0000050463	-	977
Total U.S. Department of Education			<u>-</u>	<u>977</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Passed Through to Subrecipients	Expenditures
U. S. Department of Transportation				
Passed through State Dept. of Transportation:				
Highway Planning and Construction	20.205	PI 0013550	-	23,205
Highway Planning and Construction	20.205	PI 0014114	-	116,202
Highway Planning and Construction	20.205	PI 0015270	-	47,951
Highway Planning and Construction	20.205	PI 0015379	-	199,440
Subtotal Highway Planning and Constr.			-	386,798
Metropolitan Transportation Planning	20.505	T005820	-	29,008
Metropolitan Transportation Planning	20.505	T005944	-	61,588
Subtotal Metropolitan Transp. Pl.			-	90,596
Enhanced Mobility Program - Coord. Transp.	20.513	427-362-0000050463	-	378,034
Job Access Reverse Comm - Coord. Transp.	20.516	427-362-0000050463	-	128,496
New Freedom Program - Coord. Transp.	20.521	427-362-0000050463	-	66,472
Subtotal Transit Services Programs cluster			-	573,002
Total U.S. Department of Transportation			-	1,050,396
U.S. Department of Environmental Protection				
Passed through State Dept. of Natural Resources, passed through member local governments:				
Nonpoint Source Implementation Grants:				
Broxton/Roses Creek WMP	66.460	751-160-023	-	45,660
Pride Branch WIP 319	66.460	751-130-100	-	35,467
Total U.S. Dept. of Environmental Protection			-	81,127
U.S. Small Business Administration				
Direct Programs				
Certified Development Corporation	59.041	04-235	-	82,950
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				
Atkinson Co. FY17	14.228	15p-y-002-1-5830	-	3,681
Berrien Co. RDF FY16	14.228	15rd-y-010-1-5819	-	3,224
Berrien Co. FY17	14.228	16p-y-010-1-5834	-	1,511
Blackshear FY15	14.228	14p-x-113-2-5645	-	5,745
Brantley County FY12	14.228	11p-y-013-1-5402	-	259
Brooks County FY16	14.228	15p-y-014-1-5778	-	11,170

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Grant/Contract Number	Through to Subrecipients	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				
Broxtown FY16	14.228	15p-x-034-2-5779	-	13,130
Clinch Co. FY17	14.228	16p-y-032-1-5841	-	5,698
Coffee Co. FY15	14.228	14p-y-034-1-5654	-	7,332
Coffee Co. FY17	14.228	16h-y-034-1-5843	-	8,427
Cook Co. FY17	14.228	15p-y-037-1-5877	-	2,227
Douglas FY 16	14.228	14p-x-034-2-5795	-	7,628
Homerville FY16	14.228	15p-x-032-2-5758	-	6,907
Irwin Co. FY16	14.228	14p-y-077-1-5783	-	6,138
Lowndes Co. FY16	14.228	15p-y-092-1-5793	-	10,675
Nahunta FY17	14.228	16p-x-013-2-5870	-	3,232
Nashville FY17	14.228	16p-x-010-2-5871	-	2,174
Nicholls FY16	14.228	14p-x-034-2-5785	-	7,255
Omega FY14	14.228	13p-x-137-5-5594	-	1,227
Patterson FY15	14.228	14p-x-113-2-5689	-	5,587
Pearson FY16	14.228	15p-x-002-2-5772	-	7,681
Sparks FY16	14.228	15p-x-037-2-5792	-	7,505
Waycross FY17	14.228	16p-x-148-2-5892	-	8,981
Willacoochee FY17	14.228	16p-x-002-2-5895	-	3,195
Alma EIP	14.228	16q-x-003-2-5907	-	419
Berrien County EIP	14.228	13q-y-010-1-5637	-	2,023
Cook County EIP	14.228	12q-y-037-1-5525	-	414
Homerville EIP	14.228	15q-x-032-2-5804	-	8,091
Nashville EIP	14.228	15q-z-010-2-5812	-	4,256
Ashburn CHIP	14.228	2017-101	-	584
Douglas CHIP	14.228	2017-102	-	259
Fitzgerald CHIP	14.228	2017-104	-	1,146
Nashville CHIP	14.228	2017-109	-	259
Waycross CHIP	14.228	2017-112	-	750
Subtotal Community Dev. Block Grant			-	158,790
Total U. S. Dept. of Housing Urban Dev.			-	158,790
Total Federal Financial Assistance			\$ 5,827,401	\$ 17,399,282

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

	EDA	IRP	IDG/RBEG
Note receivable balances at:			
Beginning of year	█	\$ 1,357,386	\$ 72,136
End of year	\$ 2,656,183	█	█
New loans made during current year	█	-	-
Loans written off in current year	7,963	9,695	-
Cash and investment balance at end of year	1,287,283	█	█
Current year expenditures (cash basis)	119,452	52,859	2,966
	4,070,881	1,419,940	75,102
Times applicable %*	78%	█	█
Expenditures of federal awards	\$ 3,175,287	\$ 1,419,940	\$ 75,102

* [(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, 2017, 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 11, 2017.

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 11, 2017

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

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2017.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 11, 2017

SOUTHERN GEORGIA REGIONAL COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	U. S. Department of Transportation: Highway Planning and Construction
93.044, 93.045, 93.053	U. S. Department of Health and Human Services: Special Programs for the Aging, Title III, Part B: Grants for Supportive Services and Senior Centers Part C: Nutrition Services Nutrition Services Incentive Program
93.558	U. S. Department of Health and Human Services: Temporary Assistance for Needy Families
93.778	U. S. Department of Health and Human Services: Medical Assistance Program

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

Dollar threshold used to distinguish between type A and
 B programs: \$ 750,000

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SOUTHERN GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.