

SOUTHERN GEORGIA REGIONAL
COMMISSION
VALDOSTA, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *vii* to *xvii*, and budgetary comparison information and the pension related schedules on pages 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 13, 2018, 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 13, 2018

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The Southern Georgia Regional Commission ("the RC") presents a discussion and analysis of its financial activities for the fiscal year ended June 30, 2018. 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 \$6,981,839 (net position). Net position is comprised of the following:
 - \$1,133,444, which represents the RC's investments in land, structures and equipment (net investment in capital assets).
 - \$4,618,174, 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).
 - \$1,230,221 which may be used to meet the RC's ongoing obligations (unrestricted net position).
- Total combined revenues for governmental and business-type activities were \$17,552,389.
- The RC's expenses in governmental activities during the year were \$16,350,264, while revenues were \$16,706,990, resulting in an increase in net position before transfers of \$356,726 for the year.
- The RC's business type activities expenses were \$979,880, while revenues were \$845,400, resulting in a decrease in net position before transfers of \$134,480 for the year.
- The RC's governmental activities transferred \$216,962 to business type activities.
- The RC's net position increased \$222,246 over the previous fiscal year.
- At the end of the fiscal year, the General Fund total fund balance was \$3,331,167.

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

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

net position changed during the most recent fiscal year. Fund financial statements report the RC's operations in more detail than the government-wide statements by providing information about the RC's most significant funds.

The Governmental Accounting Standards Board (GASB) implemented new pension reporting requirements 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.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

- Business-type activities –The RC charges a fee to customers of the Information Technology Services Fund, and Revolving Loan Fund to help cover most of the cost of services provided and are accounted for in the Enterprise Fund.
- Component Units – The RC has one component unit, the Southern Georgia Area Development Corporation (ADC), which the RC is financially accountable for. The ADC is presented in a separate column in the basic financial statements.

REPORTING THE RC's MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$6,981,839 at the close of the fiscal year, June 30, 2018. 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 \$1,230,221 at the end of this year. As noted earlier, GASB 68 required the SGRC to include the Net Pension Liability of \$2,118,091 on its Government-wide Statement of Net Position.

The largest category of net position is the business type RLF restricted which represents 66% of total net position. These business-type assets, \$4,618,174, 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 \$1,133,444, which represents 16% 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 18% 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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets and deferred						
outflows of resources						
Current and other assets	\$ 5,237,555	\$ 5,971,609	\$ 5,174,539	\$ 5,207,625	\$ 10,412,094	\$ 11,179,234
Capital assets	1,090,791	703,260	42,653	38,018	1,133,444	741,278
Deferred outflows of resources related to pensions	884,968	378,900	-	-	884,968	378,900
Total assets and deferred outflows of resources	7,213,314	7,053,769	5,217,192	5,245,643	12,430,506	12,299,412
Liabilities and deferred						
inflows of resources						
Net pension liability	(2,118,091)	(2,236,046)	-	-	(2,118,091)	(2,236,046)
Other long-term debt	(197,469)	(195,179)	(593,928)	(702,393)	(791,397)	(897,572)
Other liabilities	(1,888,293)	(2,284,135)	(5,090)	(7,558)	(1,893,383)	(2,291,693)
Deferred inflows of resources related to pensions	(645,796)	(114,508)	-	-	(645,796)	(114,508)
Total liabilities and deferred inflows of resources	(4,849,649)	(4,829,868)	(599,018)	(709,951)	(5,448,667)	(5,539,819)
Net Position:						
Net investment in capital assets	1,090,791	703,260	42,653	38,018	1,133,444	741,278
Restricted	-	-	4,618,174	4,587,056	4,618,174	4,587,056
Unrestricted	1,272,874	1,520,641	(42,653)	(89,382)	1,230,221	1,431,259
Total Net Position	\$ 2,363,665	\$ 2,223,901	\$ 4,618,174	\$ 4,535,692	\$ 6,981,839	\$ 6,759,593

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 \$222,246 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities increased net position by \$139,764, while business-type activities increased net position by \$82,482.

The governmental activities accounted for 95% of the total revenue generated of \$17,552,389, and 94% of the total program expenses of \$17,330,143 as shown in Table 2. The RC's governmental activities generated the majority of its revenue of \$14,818,005 (89%) from operating grants, and the remainder was generated from a combination of local government dues and other revenues.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

In the business-type activities, the Information Technology Service accounted for 76% of the revenue of \$845,087 generated during FY 2018, and 82% of the expenses of \$979,880 for the year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues						
Program Revenues:						
Charges for services	\$ 1,374,477	\$ 1,192,920	\$ 845,087	\$1,010,483	\$ 2,219,564	\$2,203,403
Operating grants	14,818,005	14,179,076	-	-	14,818,005	14,179,076
General Revenues:						
Dues	514,507	512,724	-	-	514,507	512,724
Other general revenues	-	-	313	462	313	462
Total Revenues	16,706,989	15,884,720	845,400	1,010,945	17,552,389	16,895,665
Program Expenses						
Solid waste and recycling	24,579	19,322	-	-	24,579	19,322
Planning & zoning	1,572,530	1,420,506	-	-	1,572,530	1,420,506
Economic development and assistance	376,735	308,611	-	-	376,735	308,611
Urban redevelopment	4,284	3,825	-	-	4,284	3,825
Economic opportunity	4,261,881	4,047,184	-	-	4,261,881	4,047,184
Conservation	201,419	74,190	-	-	201,419	74,190
Community Service	9,908,836	9,199,220	-	-	9,908,836	9,199,220
Information technology services	-	-	806,456	898,756	806,456	898,756
Revolving loan program	-	-	173,424	157,621	173,424	157,621
Total Expenses	16,350,264	15,072,858	979,880	1,056,377	17,330,144	16,129,235
Change in Net Position						
Before Transfers	356,725	811,862	(134,480)	(45,432)	222,245	766,430
Transfers	(216,962)	-	216,962	-	-	-
Change in Net Position	139,763	811,862	82,482	(45,432)	222,245	766,430
Net Position - Beginning	2,223,901	1,412,039	4,535,692	4,581,124	6,759,593	5,993,163
Net Position - Ending	\$ 2,363,664	\$ 2,223,901	\$4,618,174	\$4,535,692	\$ 6,981,838	\$6,759,593

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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 2018 fiscal year with a balance of \$3,645,283 in its governmental funds as shown in Table 3 listed below. The Proprietary Funds ended with a fund equity balance of \$4,618,174, with all of the balance being restricted.

Table 3
Balance Sheet/Statement of Net Position

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2018	FY 2017	FY 2018	FY2017	FY 2018	FY2017
Current and other assets	\$ 6,193,858	\$ 6,632,893	\$ 5,781,484	\$ 5,732,757	\$11,975,342	\$ 12,365,650
Net capital assets	-	-	42,653	38,018	42,653	38,018
Total Assets	6,193,858	6,632,893	5,824,137	5,770,775	12,017,995	12,403,668
Long-term debt outstanding	-	-	593,928	702,393	593,928	702,393
Other liabilities	2,548,575	3,030,613	612,035	532,690	3,160,610	3,563,303
Total Liabilities	2,548,575	3,030,613	1,205,963	1,235,083	3,754,538	4,265,696
Net Position						
Net investment in capital assets			42,653	38,018	42,653	38,018
Restricted for RLF	-	-	4,618,174	4,587,056	4,618,174	4,587,056
Unrestricted	-	-	(42,653)	(89,382)	(42,653)	(89,382)
Fund Balance						
Nonspendable - prepaid	2,885	36,597			2,885	36,597
Assigned	314,116	314,116	-	-	314,116	314,116
Unassigned	3,328,282	3,251,567	-	-	3,328,282	3,251,567
Total Fund Balance/						
Net Position	\$ 3,645,283	\$ 3,602,280	\$ 4,618,174	\$ 4,535,692	\$ 8,263,457	\$ 8,137,972

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Funds increased the RC's Governmental fund balance by \$43,003, accounting for a 1.2% 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% (\$822,270) and expenses increased by 6.4% (\$982,395) in the RC Primary Government when comparing FY 2018 to FY 2017.

General Fund – The general fund is the operating fund of the RC. At the end of the current year, the fund balance was \$3,331,167, all of which is designated as unassigned as described on page 23 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 expenditures 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 2018 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 an increase in the net fund balance of \$82,482, as shown in Table 4. Revenues in the business-type activities (Table 4) decreased by 16.4%, \$165,396 and expenses decreased by 7.2%, or \$75,605. The major funds for FY 2018 are Information Technology Services Fund and the Revolving Loan Fund.

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

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

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
	Revenues					
Intergovernmental	\$ 14,591,995	\$ 14,001,995	\$ -	\$ -	\$ 14,591,995	\$ 14,001,995
Dues	514,507	512,724	-	-	514,507	512,724
Charges for service	-	-	655,683	849,319	655,683	849,319
In-kind	226,010	177,081	-	-	226,010	177,081
Program/other Income	1,374,478	1,192,920	189,404	161,164	1,563,882	1,354,084
Total Revenues	16,706,990	15,884,720	845,087	1,010,483	17,552,077	16,895,203
Expenditures						
Current	16,447,025	15,464,630	973,347	1,048,952	17,420,372	16,513,582
Total Expenditures	16,447,025	15,464,630	973,347	1,048,952	17,420,372	16,513,582
Non-Operating Revenue (Expense)						
Interest income	-	-	313	462	313	462
Interest expense	-	-	(6,533)	(7,425)	(6,533)	(7,425)
Total Non-Operating Revenue (Expense)	-	-	(6,220)	(6,963)	(6,220)	(6,963)
Other Financing Sources						
Transfer in	630,062	704,394	216,962	-	847,024	704,394
Transfer out	(847,024)	(704,394)	-	-	(847,024)	(704,394)
Total Other Financing Sources	(216,962)	-	216,962	-	-	-
Net Change In Fund Balances/Net Position	43,003	420,090	82,482	(45,432)	125,485	374,658
Fund Balances/Net Position						
Beginning	3,602,280	3,182,190	4,535,692	4,581,124	8,137,972	7,763,314
Ending	\$ 3,645,283	\$ 3,602,280	\$ 4,618,174	\$ 4,535,692	\$ 8,263,457	\$ 8,137,972

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2018 RC annual Budget was adopted by the RC Council at its June 22, 2017 meeting as required by the Georgia State Planning Act of 1989. The Council amended its original FY 2018 budget on April 26, 2018. The amended budget reflected a decrease in revenues and expenditures as a result of decreased grant and contract funding and correlating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

The RC's Net Position in net investment in capital assets for its governmental and business type activities as of June 30, 2018, was \$1,133,444 net of accumulated depreciation of \$1,771,058 (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, increased by \$387,531 for Governmental Activities. Depreciation expense for Governmental Activities for the period was \$119,095. Depreciation expense for Business-type Activities was \$10,130. 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, 2018 the RC had \$593,928 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 2019 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

SOUTHERN GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

increase, decrease or remain constant and intends to adjust to these changes by adjusting staff and services to match the available funding.

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

CONTACTING THE RC'S FINANCIAL MANAGEMENT

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

SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 1,904,050	\$ -	\$ 1,904,050	\$ -
Accounts receivable	2,483,723	50,796	2,534,519	-
Due from component unit	160,210	-	160,210	-
Unamortized advances	-	-	-	-
Prepaid expenses	82,627	7,632	90,259	-
Notes receivable, net	-	4,188,448	4,188,448	-
Restricted cash	-	1,534,608	1,534,608	-
Internal balances	606,945	(606,945)	-	-
Capital assets:				
Land	450,021	-	450,021	-
Other capital assets, net of depreciation	640,770	42,653	683,423	-
Total capital assets	1,090,791	42,653	1,133,444	-
Total assets	6,328,346	5,217,192	11,545,538	-
Deferred outflows of resources related to pensions	884,968	-	884,968	-
Total assets and deferred outflows of resources	7,213,314	5,217,192	12,430,506	-
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts payable and other accrued expenses	1,714,916	5,090	1,720,006	-
Accounts payable - primary gov.	-	-	-	160,210
Unearned revenue	173,377	-	173,377	-
Long-term liabilities:				
Compensated absences	197,469	-	197,469	-
Due within one year	-	108,581	108,581	-
Due in more than one year	-	485,347	485,347	-
Net pension liability	2,118,091	-	2,118,091	-
Total liabilities	4,203,853	599,018	4,802,871	160,210
Deferred inflows of resources related to pensions	645,796	-	645,796	-
Total liabilities and deferred inflows of resources	4,849,649	599,018	5,448,667	160,210
NET POSITION				
Net investment in capital assets	1,090,791	42,653	1,133,444	-
Restricted for programs:				
Economic development - revolving loan	-	4,618,174	4,618,174	-
Southern Georgia Area Development Corp.	-	-	-	(160,210)
Unrestricted	1,272,874	(42,653)	1,230,221	-
Total net position	\$ 2,363,665	\$ 4,618,174	\$ 6,981,839	\$ (160,210)

SOUTHERN GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 1,026,754	\$ (1,026,754)	\$ -	\$ -	\$ -		\$ -	
Community service	9,528,009	380,826	1,276,435	8,646,817	14,417		14,417	
Solid waste and recycling	21,001	3,578	24,935	-	356		356	
Planning and zoning	1,261,746	310,784	73,107	1,293,880	(205,543)		(205,543)	
Economic development	290,577	86,158	-	417,736	41,001		41,001	
Urban redevelopment	3,282	1,002	-	4,091	(193)		(193)	
Economic opportunity	4,130,919	130,962	-	4,274,419	12,538		12,538	
Conservation	181,644	19,775	-	181,062	(20,357)		(20,357)	
Total governmental activities	<u>16,443,932</u>	<u>(93,669)</u>	<u>1,374,477</u>	<u>14,818,005</u>	<u>(157,781)</u>		<u>(157,781)</u>	
Business-type activities:								
Information technology	783,967	22,489	640,858	-	-	(165,598)	(165,598)	
Revolving loan program	131,557	41,867	204,229	-	-	30,805	30,805	
Total business-type activities	<u>915,524</u>	<u>64,356</u>	<u>845,087</u>	<u>-</u>	<u>-</u>	<u>(134,793)</u>	<u>(134,793)</u>	
Total primary government	<u>\$ 17,359,456</u>	<u>\$ (29,313)</u>	<u>\$ 2,219,564</u>	<u>\$ 14,818,005</u>	<u>(157,781)</u>	<u>(134,793)</u>	<u>(292,574)</u>	
COMPONENT UNIT:								
Southern Georgia Area Dev. Corp.	\$ 96,932	\$ 31,587	\$ 63,485	\$ -				\$ (65,034)
General revenues:								
Local dues					514,507	-	514,507	-
Investment earnings					-	313	313	-
Total general revenues					<u>514,507</u>	<u>313</u>	<u>514,820</u>	<u>-</u>
Transfers					(216,962)	216,962	-	-
Total general revenues and transfers					<u>297,545</u>	<u>217,275</u>	<u>514,820</u>	<u>-</u>
Change in net position					139,764	82,482	222,246	-
Net position - beginning					2,223,901	4,535,692	6,759,593	(95,176)
Net position - ending					<u>\$ 2,363,665</u>	<u>\$ 4,618,174</u>	<u>\$ 6,981,839</u>	<u>\$ (160,210)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Receivables	\$ -	\$ 313,863	\$ 594,563	\$ 366,285	\$ 1,018,527	\$ 181,910	\$ 2,475,148
Prepaid expenditures	-	-	-	-	-	2,885	2,885
Interfund balances	3,331,167	-	-	292,646	-	92,012	3,715,825
Total assets	<u>\$ 3,331,167</u>	<u>\$ 313,863</u>	<u>\$ 594,563</u>	<u>\$ 658,931</u>	<u>\$ 1,018,527</u>	<u>\$ 276,807</u>	<u>\$ 6,193,858</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 52,074	\$ 537,298	\$ 344,815	\$ 693,262	\$ 29,024	\$ 1,656,473
Unearned revenue	-	-	-	-	17,005	156,372	173,377
Interfund balances	-	261,789	57,265	-	308,260	91,411	718,725
Total liabilities	-	313,863	594,563	344,815	1,018,527	276,807	2,548,575
Fund balances:							
Nonspendable - prepaid items	-	-	-	-	-	2,885	2,885
Assigned for transportation program	-	-	-	314,116	-	-	314,116
Unassigned	3,331,167	-	-	-	-	(2,885)	3,328,282
Total fund balances	<u>3,331,167</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>3,645,283</u>
Total liabilities and fund balances	<u>\$ 3,331,167</u>	<u>\$ 313,863</u>	<u>\$ 594,563</u>	<u>\$ 658,931</u>	<u>\$ 1,018,527</u>	<u>\$ 276,807</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.

168,952

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.

(1,450,570)

Net position of governmental activities

\$ 2,363,665

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Planning and Technical Assistance Fund	Job Development and Training Fund	Coordinated Transportation Fund	Aging Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Intergovernmental	\$ -	\$ 806,758	\$ 4,274,419	\$ 1,946,902	\$ 6,532,937	\$ 1,030,979	\$ 14,591,995
Dues	514,507	-	-	-	-	-	514,507
In-kind contributions	-	59,032	-	18,968	148,010	-	226,010
Program/other income	-	68,620	-	-	1,276,436	29,422	1,374,478
Total revenues	<u>514,507</u>	<u>934,410</u>	<u>4,274,419</u>	<u>1,965,870</u>	<u>7,957,383</u>	<u>1,060,401</u>	<u>16,706,990</u>
EXPENDITURES							
Current:							
Community services	-	-	-	1,938,818	8,015,162	-	9,953,980
Economic opportunity	-	-	4,274,419	-	-	-	4,274,419
Planning and zoning	-	929,056	-	-	-	671,569	1,600,625
Conservation	-	203,384	-	-	-	-	203,384
Economic development and assistance	-	107,412	-	-	-	277,886	385,298
Urban redevelopment and housing	-	4,384	-	-	-	-	4,384
Solid waste and recycling	-	24,935	-	-	-	-	24,935
Total expenditures	<u>-</u>	<u>1,269,171</u>	<u>4,274,419</u>	<u>1,938,818</u>	<u>8,015,162</u>	<u>949,455</u>	<u>16,447,025</u>
Excess (deficiency) of revenues over (under) expenditures	514,507	(334,761)	-	27,052	(57,779)	110,946	259,965
OTHER FINANCING SOURCES (USES)							
Transfers in	187,760	351,464	-	-	85,833	5,005	630,062
Transfers out	<u>(659,264)</u>	<u>(16,703)</u>	<u>-</u>	<u>(27,052)</u>	<u>(28,054)</u>	<u>(115,951)</u>	<u>(847,024)</u>
Total other financing sources and uses	<u>(471,504)</u>	<u>334,761</u>	<u>-</u>	<u>(27,052)</u>	<u>57,779</u>	<u>(110,946)</u>	<u>(216,962)</u>
Net change in fund balances	43,003	-	-	-	-	-	43,003
Fund balances - beginning	<u>3,288,164</u>	<u>-</u>	<u>-</u>	<u>314,116</u>	<u>-</u>	<u>-</u>	<u>3,602,280</u>
Fund balances - ending	<u>\$ 3,331,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,645,283</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, 2018

Net change in fund balances - total governmental funds	\$	43,003
Actual pension expense paid (\$466,317) by the internal service fund is reported in the governmental funds, however, actuarially determined pension expense (\$373,582) is reported in the statement of activities.		92,735
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 (\$35,214) exceeded depreciation expense (\$31,188) in the current period.		<u>4,026</u>
Change in net position of governmental activities	\$	<u><u>139,764</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds			Governmental Activities
	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash	\$ -	\$ -	\$ -	\$ 1,904,050
Restricted cash	-	1,534,608	1,534,608	-
Accounts receivable	50,796	-	50,796	8,575
Notes receivable - current portion	-	328,397	328,397	-
Allowance for loan loss	-	(145,341)	(145,341)	-
Prepaid expenses	7,632	-	7,632	79,742
Due from component unit	-	-	-	160,210
Total current assets	<u>58,428</u>	<u>1,717,664</u>	<u>1,776,092</u>	<u>2,152,577</u>
Noncurrent assets:				
Notes receivables, less current portion	-	4,005,392	4,005,392	-
Capital assets:				
Land	-	-	-	450,021
Equipment and vehicles	283,911	-	283,911	449,033
Buildings	-	-	-	1,240,884
Less accumulated depreciation	(241,258)	-	(241,258)	(1,218,099)
Total noncurrent assets	<u>42,653</u>	<u>4,005,392</u>	<u>4,048,045</u>	<u>921,839</u>
Total assets	<u>101,081</u>	<u>5,723,056</u>	<u>5,824,137</u>	<u>3,074,416</u>
Deferred outflows of resources related to pensions	-	-	-	884,968
Total assets and deferred outflow of resources	<u>101,081</u>	<u>5,723,056</u>	<u>5,824,137</u>	<u>3,959,384</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2018

	Information Technology Services Fund	Southern Georgia Revolving Loan Fund	Totals	Internal Service Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable	2,124	-	2,124	58,443
Accrued expenses	-	2,966	2,966	-
Interfund balances	98,957	507,988	606,945	2,390,155
Current portion:				
Notes payable	-	108,581	108,581	-
Total current liabilities	<u>101,081</u>	<u>619,535</u>	<u>720,616</u>	<u>2,448,598</u>
Noncurrent liabilities:				
Unearned revenue	-	-	-	-
Compensated absences	-	-	-	197,469
Net pension liability	-	-	-	2,118,091
Notes payable, less current portion	-	485,347	485,347	-
Total noncurrent liabilities	<u>-</u>	<u>485,347</u>	<u>485,347</u>	<u>2,315,560</u>
Total liabilities	<u>101,081</u>	<u>1,104,882</u>	<u>1,205,963</u>	<u>4,764,158</u>
Deferred inflows of resources related to pensions	-	-	-	645,796
Total liabilities and deferred inflows of resources	<u>101,081</u>	<u>1,104,882</u>	<u>1,205,963</u>	<u>5,409,954</u>
NET POSITION				
Net investment in capital assets	42,653	-	42,653	921,839
Restricted for revolving loan program	-	4,618,174	4,618,174	-
Unrestricted	(42,653)	(0)	(42,653)	(2,372,409)
Total net position	<u>\$ -</u>	<u>\$ 4,618,174</u>	<u>\$ 4,618,174</u>	<u>\$ (1,450,570)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Governmental Activities
	Information Technology	Southern Georgia	Totals	Internal Service
	Services Fund	Revolving Loan Fund		Funds
OPERATING REVENUES				
Charges for services	\$ 640,858	\$ 14,825	\$ 655,683	\$ 2,646,582
Interest on notes receivable	-	189,404	189,404	-
Other income	-	-	-	25,544
Total operating revenue	<u>640,858</u>	<u>204,229</u>	<u>845,087</u>	<u>2,672,126</u>
OPERATING EXPENSES				
Personnel services	638,449	120,858	759,307	2,127,859
Indirect cost allocation	22,489	41,867	64,356	-
Supplies and materials	36,372	-	36,372	64,207
Administrative expense	24,000	-	24,000	-
Utilities	21,530	-	21,530	41,656
Computer maintenance/charges	20,557	-	20,557	48,482
Depreciation	10,130	-	10,130	87,908
Telecommunications/internet	9,590	-	9,590	20,771
Repairs and maintenance	9,562	-	9,562	39,368
Motor pool costs	6,236	362	6,598	-
Rent	7,068	-	7,068	21,342
Other	458	2,323	2,781	9,440
Per diem and fees	-	1,481	1,481	44,253
Travel	-	-	-	16,099
Training and education	15	-	15	9,029
Memberships and subscriptions	-	-	-	13,545
Insurance and bonding	-	-	-	22,915
Fuel	-	-	-	18,719
Total operating expenses	<u>806,456</u>	<u>166,891</u>	<u>973,347</u>	<u>2,585,593</u>
Operating income (loss)	<u>(165,598)</u>	<u>37,338</u>	<u>(128,260)</u>	<u>86,533</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	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	-	313	313	-
Interest expense	-	(6,533)	(6,533)	-
Gain on disposal	-	-	-	6,202
Total nonoperating revenues (expenses)	-	(6,220)	(6,220)	6,202
TRANSFERS				
Transfer in	216,962	-	216,962	-
Change in net position	51,364	31,118	82,482	92,735
Total net position - beginning	(51,364)	4,587,056	4,535,692	(1,543,305)
Total net position - ending	\$ -	\$ 4,618,174	\$ 4,618,174	\$ (1,450,570)

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Governmental Activities
	Information Tech.	Southern Georgia	Total	Internal
	Services Fund	Revolving Loan Fund		Service Fund
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from:				
Customers and borrowers	\$ 686,054	\$ 427,248	\$ 1,113,302	\$ -
Other	-	-	-	25,544
Internal activity: receipts (payments)	132,285	166,490	298,775	2,481,219
Payments to:				
Borrowers for loans	-	(1,119,300)	(1,119,300)	-
Employees or for their benefit	(660,938)	(120,858)	(781,796)	(2,218,304)
Suppliers	(142,636)	(46,210)	(188,846)	(312,380)
Net cash provided (used) by operating activities	14,765	(692,630)	(677,865)	(23,921)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(14,765)	-	(14,765)	(471,412)
Proceeds from sale of capital assets	-	-	-	6,202
Principal paid on capital debt	-	(108,465)	(108,465)	-
Interest paid on capital debt	-	(7,079)	(7,079)	-
Net cash provided (used) by capital and related financing activities	(14,765)	(115,544)	(130,309)	(465,210)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	313	313	-
Net cash provided by investing activities	-	313	313	-
Net (decrease) in cash and cash equivalents	-	(807,861)	(807,861)	(489,131)
Balances - beginning	-	2,342,469	2,342,469	2,393,181
Balances - ending	\$ -	\$ 1,534,608	\$ 1,534,608	\$ 1,904,050

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Governmental Activities
	Information Tech.	Southern Georgia	Total	Internal
	Services Fund	Revolving Loan Fund		Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (165,598)	\$ 37,338	\$ (128,260)	\$ 86,533
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	10,130	-	10,130	87,908
Transfer in	216,962	-	216,962	-
Change in assets and liabilities:				
Receivables, net	45,196	(896,281)	(851,085)	(54,884)
Prepaid expenses	-	-	-	18,942
Interfund balances	(84,677)	166,490	81,813	(110,479)
Accounts and other payables	(7,248)	(177)	(7,425)	40,794
Deferred outflows/inflows and net pension liability	-	-	-	(92,735)
Net cash provided by operating activities	\$ 14,765	\$ (692,630)	\$ (677,865)	\$ (23,921)

Non-cash activity. Fully depreciated capital assets in the Internal Service Fund with costs of \$40,644 were disposed of in the current year.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

Agency	Amount
Georgia Department of Labor	\$ 34,304
Georgia Department of Human Services	<u>39,277</u>
	<u><u>\$ 73,581</u></u>

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:

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Total</u>
FICA contributions	Y	Y	N	Y	N/A
Medicare contributions	Y	Y	Y	Y	N/A
Group health insurance	Y	Y	Y	N	N/A
Group life insurance	Y	Y	Y	N	N/A
Retirement - Valdosta	Y	Y	N	N	N/A
Retirement - Waycross	N	N	Y	N	N/A
Unemployment insurance	Y	Y	Y	Y	N/A
Workers compensation	Y	Y	Y	Y	N/A
FICA contributions	\$ 102,024	\$ 22,980	\$ -	\$ 146	\$ 125,150
Medicare contributions	23,910	5,385	15,618	34	44,947
Group health insurance	313,153	70,533	204,548	-	588,234
Group life insurance	13,290	2,993	8,681	-	24,964
Retirement - Valdosta	204,187	45,990	-	-	250,177
Retirement - Waycross	-	-	216,140	-	216,140
Unemployment insurance	281	63	183	1	528
Workers compensation	6,580	1,482	4,298	9	12,369
Total fringe benefit costs	<u>\$ 663,425</u>	<u>\$ 149,426</u>	<u>\$ 449,468</u>	<u>\$ 190</u>	<u>\$ 1,262,509</u>
Total salaries	\$ 1,768,394	\$ 398,304	\$ 1,155,097	\$ 2,532	\$ 3,324,327
Fringe benefits rates (final)	37.5%	37.5%	38.9%	7.5%	38.0%

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, 2018

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, 2018

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

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

Cash and equivalents are comprised of the following:

	Carrying Amount	Bank Balance
Primary government		
Pooled cash and investments		
Internal Service Fund		
Administrative Services Fund	\$ 1,843,409	\$ 2,177,419
Deposits		
Internal Service Funds		
Public Fund	60,641	60,641
Enterprise Fund		
Revolving Loan Fund	1,534,599	1,534,607
 Total cash and cash equivalents	 \$ 3,438,649	 \$ 3,772,667

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.

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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3 – Restricted Cash

Cash in the amount of \$1,534,608 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	\$ 19,153	\$ -	\$ 19,153
Georgia Department of:			
Human Services			
Aging programs	986,247	-	986,247
Transportation program	366,285	-	366,285
Labor - WIOA	594,563	-	594,563
Natural Resources	67,574	-	67,574
Community Affairs	49,498	-	49,498
Transportation	69,383	-	69,383
Northwest Georgia Regional Commission:			
Aging MFP	32,280	-	32,280
Other grants and contracts receivable	293,567	50,796	344,363
Other receivables - internal service funds	5,173	-	5,173
Total receivables	\$ 2,483,723	\$ 50,796	\$ 2,534,519

Loans Receivable - Business – type activities:

Proprietary fund

Loans receivable consist of balances of revolving loan funds loaned to area businesses. As of June 30, 2018 the balances on these loans were \$4,333,789 with an allowance for loan loss of \$145,341. There was no change in the allowance for loan loss.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5 - Unearned Revenue (eligibility requirements not met)

Unearned revenue is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Aging	\$ 17,005	\$ -	\$ 17,005
Nonmajor funds	<u>156,372</u>	<u>-</u>	<u>156,372</u>
Total unearned revenue	<u><u>\$173,377</u></u>	<u><u>\$ -</u></u>	<u><u>\$173,377</u></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.

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, 2018

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 7/1/2017</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance 6/30/2018</u>
Governmental activities:				
Land	\$ 14,000	\$ 436,021	\$ -	\$ 450,021
Buildings and improvements	1,498,944	4,566	-	1,503,510
Equipment and autos	662,293	66,039	(61,272)	667,060
Total depreciable capital assets	2,161,237	70,605	(61,272)	2,170,570
Less accumulated depreciation for:				
Buildings and improvements	(969,517)	(55,040)	-	(1,024,557)
Equipment and autos	(502,460)	(64,055)	61,272	(505,243)
Total accumulated depreciation	(1,471,977)	(119,095)	61,272	(1,529,800)
Total governmental activities, capital assets, net	<u>\$ 703,260</u>	<u>\$ 387,531</u>	<u>\$ -</u>	<u>\$ 1,090,791</u>
Business-type activities:				
Equipment	\$ 269,146	\$ 14,765	\$ -	\$ 283,911
Less accumulated depreciation	(231,128)	(10,130)	-	(241,258)
Total business-type activities, capital assets, net	<u>\$ 38,018</u>	<u>\$ 4,635</u>	<u>\$ -</u>	<u>\$ 42,653</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Economic opportunity	\$ 478	\$ -
Planning and zoning	25,843	-
Community service	4,867	-
Information Technology	-	10,130
In addition, depreciation on capital assets held by the RC's internal service fund is charged to various functions based on their usage of the assets.	<u>87,907</u>	<u>-</u>
Total depreciation expense	<u><u>\$ 119,095</u></u>	<u><u>\$ \$ 10,130</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 9 - Interfund Balances and Transfers

Interfund balances consisted of the following:

Fund	Receivable	Payable	Net
Governmental Activities:			
General:			
Planning and Tech. Assist.	\$ 261,789	\$ -	\$ 261,789
Job Development & Training	57,265	-	57,265
Aging	308,260	-	308,260
Nonmajor governmental	91,411	-	91,411
S. Georgia Revolving Loan	507,988	-	507,988
Information Technology	98,957	-	98,957
Internal Service	2,005,497	-	2,005,497
Planning and Tech. Assist.:			
General	-	(261,789)	(261,789)
Job Dev. & Training:			
General	-	(57,265)	(57,265)
Aging:			
General	-	(308,260)	(308,260)
Coordinated Transportation			
Internal Service Fund	292,646	-	292,646
Nonmajor governmental:			
General	-	(91,411)	(91,411)
Internal Service Fund	92,012	-	92,012
Subtotal	<u>3,715,825</u>	<u>(718,725)</u>	<u>2,997,100</u>
Internal Service Fund:			
General	-	(2,005,497)	(2,005,497)
Coordinated Transportation	-	(292,646)	(292,646)
Nonmajor governmental fund	-	(92,012)	(92,012)
Subtotal	<u>-</u>	<u>(2,390,155)</u>	<u>(2,390,155)</u>
Total governmental activities	<u>\$ 3,715,825</u>	<u>\$ (3,108,880)</u>	<u>\$ 606,945</u>
Business-type Activities:			
Information Technology:			
General	\$ -	\$ (98,957)	\$ (98,957)
S. Georgia Revolving Loan:			
General	-	(507,988)	(507,988)
Total business-type activities	<u>\$ -</u>	<u>\$ (606,945)</u>	<u>\$ (606,945)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 consisted of the following:

Fund	In	Out	Net
Governmental funds:			
General			
Planning and Technical Assist.	\$ 16,703	\$ (351,464)	\$ (334,761)
Aging	28,054	(85,833)	(57,779)
Coordinated Transportation	27,052	-	27,052
Nonmajor governmental funds	115,951	(221,967)	(106,016)
Planning and Technical Assist.:			
General	351,464	(16,703)	334,761
Aging:			
General	85,833	(28,054)	57,779
Coordinated Transportation:			
General	-	(27,052)	(27,052)
Nonmajor governmental funds:			
General	5,005	(115,951)	(110,946)
Transfers - governmental funds	<u>630,062</u>	<u>(847,024)</u>	<u>(216,962)</u>
Business-type activities:			
Information Technology	216,962	-	216,962
Transfers - all funds	<u>\$ 847,024</u>	<u>\$ (847,024)</u>	<u>\$ -</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2019, 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, 2018

Note 10 – Long-Term Debt (Continued)

Long-term Debt Activity

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

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018	Due Within One Year
Business-Type					
Activities					
U.S. Department of Agriculture/FHA					
IRP #1	\$ 58,129	\$ -	\$ (29,341)	\$ 28,788	\$ 28,788
IRP#2	223,888	-	(46,208)	177,680	46,659
IRP#3	147,955	-	(14,452)	133,503	14,617
IRP#4	272,421	-	(18,464)	253,957	18,517
Total business activities	<u>\$ 702,393</u>	<u>\$ -</u>	<u>\$ (108,465)</u>	<u>\$ 593,928</u>	<u>\$ 108,581</u>
Governmental					
Activities					
Compensated absences payable					
	<u>\$ 195,179</u>	<u>\$ 490,376</u>	<u>\$ (488,086)</u>	<u>\$ 197,469</u>	<u>\$ -</u>
Total governmental activities	<u>\$ 195,179</u>	<u>\$ 490,376</u>	<u>\$ (488,086)</u>	<u>\$ 197,469</u>	<u>\$ -</u>

The Enterprise fund, Revolving Loan Fund, has been used to liquidate the above IRP liabilities.

The Internal Service Fund has been used to liquidate the above compensated absences payable.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 10 – Long-Term Debt (Continued)

Business-type Activities: interest of \$6,533 on the IRP loans was incurred and charged to direct function expense of the Southern Georgia Revolving Fund for the year ended June 30, 2018.

Payments on notes payable are due as follows:

Year Ended June 30	Notes Payable		
	Principal	Interest	Total
2019	\$ 108,581	\$ 5,977	\$ 114,558
2020	80,591	4,874	85,465
2021	81,396	4,068	85,464
2022	70,437	3,328	73,765
2023	34,479	2,547	37,026
2024 - 2028	158,218	7,560	165,778
2029 - 2031	60,226	1,425	61,651
Total	<u>\$ 593,928</u>	<u>\$ 29,779</u>	<u>\$ 623,707</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the following employees were covered by the benefit terms for the plan:

Participants	Count	Average			
		Age	Service	Pay	Benefits
Active participants	62	46.1	11.7	\$ 50,915	N/A
Retired participants	49	71.1	N/A	N/A	\$1,322
Disabled participants	1	77	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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 11 – Defined Benefit Pension Plan (Continued)

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 \$466,317, for year ended June 30, 2018, (17.03% of covered payroll). The recommended employer contribution for the year ended June 30, 2019, is \$552,856 (17.28% of covered payroll).

Net Pension Liability

The net pension liability as of September 30, 2017 (the measurement date), is \$2,118,091, being the excess of the total pension liability, \$13,773,867, over the plan's fiduciary net position, \$11,655,776, 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. 2.75%

Valuation Date. The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

Measurement Date. September 30, 2017

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 11 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. 7.50%,

Projected Salary Increases. 2.75% 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, 2018

Note 11 – Defined Benefit Pension Plan (Continued)

Changes in Assumptions: Based on the results of an actuarial study in September 2017, the following assumptions were changed for this valuation: 1) the investment return assumption was reduced from 7.75% to 7.5 %, 2) the inflation assumption was reduced from 3.25% to 2.75%.

Long-term Expected Rate of Return: 7.50%, 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 March 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	<u>100%</u>	

Plan termination basis. 2.80% (30 year Treasury Securities Rate as of August 2017, published in September, 2017; 2.26% 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, 2018

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, 2016*	\$ 12,662,502	\$ 10,426,456	\$ 2,236,046
Changes for the year:			
Service cost	143,227	-	143,227
Interest	950,902	-	950,902
Differences between expected and actual experience	554,435	-	554,435
Contributions - employer	-	495,479	(495,479)
Net investment income	-	1,548,911	(1,548,911)
Benefit payments	(785,608)	(785,608)	-
Administrative expense	-	(29,462)	29,462
Other	248,409	-	248,409
Net changes	<u>1,111,365</u>	<u>1,229,320</u>	<u>(117,955)</u>
Balances at September 30, 2017**	<u>\$ 13,773,867</u>	<u>\$ 11,655,776</u>	<u>\$ 2,118,091</u>

*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.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure TPL as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the NPL for the fiscal year ending June 30, 2018.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 11 – Defined Benefit Pension Plan (Continued)

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

Discount Rate – 7.50%

The following presents the net pension liability of the RC, calculated using the discount rate of 7.50%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (6.50%) and one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 3,638,800	\$ 2,118,091	\$ 826,712

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

For the year ended June 30, 2018, the RC recognized pension expense of \$373,582. At June 30, 2018, 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	\$ 349,738	\$ -
Differences between expected and actual experience	369,624	(33,792)
Changes in assumptions	165,606	-
Net differences between projected and actual earnings on pension plan investments	-	(612,004)
Total	\$ 884,968	\$ (645,796)

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 11 – Defined Benefit Pension Plan (Continued)

Deferred outflows of resources related to contributions made subsequent to the measurement date of September 30, 2017, in the amount of \$349,738, will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

Amounts reported as deferred outflows and inflows of resources related to pensions at June 30, 2018, 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	\$ 267,615	\$ (188,166)	\$ 79,449
2019	267,615	(90,852)	176,763
2020	-	(216,129)	(216,129)
2021	-	(150,649)	(150,649)
2022	-	-	-
Thereafter	-	-	-
Total	<u>\$ 535,230</u>	<u>\$ (645,796)</u>	<u>\$ (110,566)</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.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 13 – Schedule of Nonpublic Funds

The employees and representatives of Southern Georgia Regional Commission are authorized to expend nonpublic funds for the business meals and incidental expenses of bona fide industrial prospects and other persons who attend any meeting at their request to discuss the location or development of new business, industry, or tourism within the region of the RC, in accordance with the Official Code of Georgia Annotated, Section 50-8-35. Nonpublic funds are defined by state law as the servicing fees which are received by a nonprofit corporation for administering federal or state revolving loan programs or loan packaging programs. According to the Official Code of Georgia Annotated, Section 50-8-35(f)(2), a schedule is required to be included within the annual audit of each nonprofit corporation which reports the beginning balance of unexpended nonpublic funds; the date, amount, and source of all receipts of nonpublic funds; the date, place, purpose and persons for whom expenditures were made for all such expenditures of nonpublic funds; and the ending balance of unexpended nonpublic funds. This schedule may be found in the State Compliance Section of this report.

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

Note 14 - Risk Financing Activities

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 14 - Risk Financing Activities (Continued)

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

Settled claims in the past three years have not exceeded the coverage and there was no significant reduction in insurance coverage.

The RC is self-insured with regard to unemployment claims of terminated employees. During the year ended June 30, 2018, \$528 was paid by the RC.

Note 15 - Contingent Liabilities

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

Use of federal, state and locally administered federal and other grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. To the extent that such disallowances involve expenditures under subcontracted arrangements, the RC generally has the right of recovery from such third parties. 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$3,288,164	\$3,288,164	\$3,288,164	\$ -
Resources (inflows):				
Local government dues	<u>514,508</u>	<u>514,508</u>	<u>514,507</u>	<u>(1)</u>
Amounts available for appropriator	<u>3,802,672</u>	<u>3,802,672</u>	<u>3,802,671</u>	<u>(1)</u>
Charges to appropriation (outflows):				
Transfers to other funds, net	<u>477,140</u>	<u>514,358</u>	<u>471,504</u>	<u>42,854</u>
Total charges to appropriations	<u>477,140</u>	<u>514,358</u>	<u>471,504</u>	<u>42,854</u>
Budgetary fund balance, June 30	<u><u>\$3,325,532</u></u>	<u><u>\$3,288,314</u></u>	<u><u>\$3,331,167</u></u>	<u><u>\$ 42,853</u></u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 PLANNING AND TECHNICAL ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contrac	1,094,463	895,171	806,758	(88,413)
In-kind contributions	-	-	59,032	59,032
Program/other income	10,280	10,280	68,620	58,340
Investment earnings	-	-	-	-
Transfers from other funds, net	<u>350,736</u>	<u>388,398</u>	<u>334,761</u>	<u>(53,637)</u>
Amounts available for appropriator	<u>1,455,479</u>	<u>1,293,849</u>	<u>1,269,171</u>	<u>(24,678)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	728,652	748,950	752,864	(3,914)
Operating expenditures	295,414	195,700	184,067	11,633
Contractual	170,000	83,360	66,866	16,494
Indirect				
Cost allocation plan	261,413	265,839	260,809	5,030
Capital outlay	<u>-</u>	<u>-</u>	<u>4,565</u>	<u>(4,565)</u>
Total charges to appropriations	<u>1,455,479</u>	<u>1,293,849</u>	<u>1,269,171</u>	<u>24,678</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
 JOB DEVELOPMENT AND TRAINING FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	4,284,289	4,035,830	4,274,419	238,589
Amounts available for appropriation	4,284,289	4,035,830	4,274,419	238,589
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	539,042	440,332	432,519	7,813
Operating expenditures	74,804	70,414	281,128	(210,714)
Contractual	3,494,822	3,375,000	3,416,794	(41,794)
Indirect				
Cost allocation plan	175,621	150,084	143,978	6,106
Total charges to appropriations	4,284,289	4,035,830	4,274,419	(238,589)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 COORDINATED TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1	\$ 314,116	\$ 314,116	\$ 314,116	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	1,896,586	1,895,985	1,946,902	50,917
In-kind contributions	-	-	18,968	18,968
Amounts available for appropriation	<u>2,210,702</u>	<u>2,210,101</u>	<u>2,279,986</u>	<u>69,885</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	71,127	70,638	68,950	1,688
Operating expenditures	3,108	3,440	21,388	(17,948)
Contractual	1,796,834	1,796,834	1,824,594	(27,760)
Indirect				
Cost allocation plan	25,517	25,073	23,886	1,187
Transfer out to other funds	-	-	27,052	(27,052)
Total charges to appropriations	<u>1,896,586</u>	<u>1,895,985</u>	<u>1,965,870</u>	<u>(69,885)</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contract	7,417,360	7,550,973	6,532,937	(1,018,036)
In-kind contributions	-	-	148,010	148,010
Program/other income	18,000	23,419	1,276,436	1,253,017
Transfers from other funds, net	76,738	86,860	57,779	(29,081)
Amounts available for appropriation	<u>7,512,098</u>	<u>7,661,252</u>	<u>8,015,162</u>	<u>353,910</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,218,787	1,155,565	1,139,620	15,945
Operating expenditures	310,379	394,661	516,931	(122,270)
Contractual	5,545,681	5,700,858	5,951,659	(250,801)
Capital outlays	-	-	12,163	(12,163)
Indirect				
Cost allocation plan	437,251	410,168	394,789	15,379
Total charges to appropriations	<u>7,512,098</u>	<u>7,661,252</u>	<u>8,015,162</u>	<u>(353,910)</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, 2018

Year Ended June 30	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 143,227	\$ 151,458	\$ 166,408	\$ 214,569
Interest	950,902	933,606	913,881	916,163
Difference between expected and actual experience	554,435	(101,377)	(101,374)	(222,272)
Change in assumptions	248,409	-	-	(246,716)
Benefit payments	(785,608)	(735,422)	(713,373)	(669,026)
Net change in total pension liability	<u>1,111,365</u>	<u>248,265</u>	<u>265,542</u>	<u>(7,282)</u>
Total pension liability				
Beginning	<u>12,662,502</u>	<u>12,414,237</u>	<u>12,148,695</u>	<u>12,155,977</u>
Ending	<u>\$13,773,867</u>	<u>\$12,662,502</u>	<u>\$12,414,237</u>	<u>\$ 12,148,695</u>
Plan fiduciary net position				
Contributions - employer	\$ 495,479	\$ 534,434	\$ 626,687	\$ 647,201
Net investment income	1,548,911	1,061,648	111,817	985,096
Benefit payments	(785,608)	(735,422)	(713,373)	(669,026)
Administrative expenses	(29,462)	(17,730)	(20,315)	(16,455)
Net change in plan fiduciary net position	<u>\$ 1,229,320</u>	<u>\$ 842,930</u>	<u>\$ 4,816</u>	<u>\$ 946,816</u>
Plan fiduciary net position				
Beginning	<u>10,426,456</u>	<u>9,583,526</u>	<u>9,578,710</u>	<u>8,631,894</u>
Ending	<u>\$11,655,776</u>	<u>\$10,426,456</u>	<u>\$ 9,583,526</u>	<u>\$ 9,578,710</u>
Net pension liability - ending	<u>\$ 2,118,091</u>	<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	84.62%	82.34%	77.20%	78.85%
Covered payroll	\$ 3,156,744	\$ 2,694,101	\$ 2,886,705	\$ 3,032,995
Net pension liability as a % of covered payroll	67.10%	83.00%	98.06%	84.73%

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

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF RETIREMENT PLAN CONTRIBUTIONS
LAST TEN YEARS*
JUNE 30, 2018

Year Ended June 30	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	__**	\$ 505,200	\$ 544,178	\$ 654,190
Contribution in relation to the actuarially determined contribution	__**	\$ 505,200	\$ 544,178	\$ 654,190
Contribution deficiency (excess)	__**	\$ -	\$ -	\$ -
Covered payroll	__**	\$ 2,694,101	\$ 2,886,705	\$ 3,032,995
Contributions as a % of covered payroll	__**	18.75%	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 four years are shown.

**2018 information will be determined after fiscal year end and will be included in the 2019 valuation report.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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, 2018 was adopted by the Council on June 22, 2017. Amendments were made and adopted by the Council on April 26, 2018. All appropriations lapse at year end.

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

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:

	<u>General Fund</u>	<u>Planning & Tech. Assist. Fund</u>	<u>Job Dev. and Training Fund</u>	<u>Coordinated Trans. Fund</u>	<u>Aging Fund</u>
Sources/inflows of resources:					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,802,671	\$ 1,269,171	\$ 4,274,419	\$ 2,279,986	\$ 8,015,162
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	(3,288,164)	-	-	(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	-	(334,761)	-	-	(57,779)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 514,507</u>	<u>\$ 934,410</u>	<u>\$ 4,274,419</u>	<u>\$ 1,965,870</u>	<u>\$ 7,957,383</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 471,504	\$ 1,269,171	\$ 4,274,419	\$ 1,965,870	\$ 8,015,162
Difference - budget to GAAP					
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(471,504)	-	-	(27,052)	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ 1,269,171</u>	<u>\$ 4,274,419</u>	<u>\$ 1,938,818</u>	<u>\$ 8,015,162</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Data Management Fund	Community Development Fund	Total
ASSETS			
Receivables	\$ 52,184	\$ 129,726	\$ 181,910
Prepaid expenses	2,885	-	2,885
Interfund balances	92,012	-	92,012
Total assets	147,081	129,726	276,807
LIABILITIES			
Accounts payable	29,024	-	29,024
Unearned revenue	118,057	38,315	156,372
Interfund balances	-	91,411	91,411
Total liabilities	147,081	129,726	276,807
FUND BALANCES			
Unassigned	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 147,081	\$ 129,726	\$ 276,807

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Data Management Fund	Community Development Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 688,432	\$ 342,547	\$ 1,030,979
Other income	29,422	-	29,422
Total revenues	<u>717,854</u>	<u>342,547</u>	<u>1,060,401</u>
EXPENDITURES			
Current:			
Planning and zoning	671,569	-	671,569
Economic development and assistance	-	277,886	277,886
Total expenditures	<u>671,569</u>	<u>277,886</u>	<u>949,455</u>
Excess (deficiency) of revenues over (under) expenditures	46,285	64,661	110,946
OTHER FINANCING SOURCES (USES)			
Transfers in	4,638	367	5,005
Transfers out	<u>(50,923)</u>	<u>(65,028)</u>	<u>(115,951)</u>
Total other financing sources and uses	<u>(46,285)</u>	<u>(64,661)</u>	<u>(110,946)</u>
Net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
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, 2018

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
ASSETS				
Current assets:				
Restricted cash	\$ 865,591	\$ 514,132	\$ 154,885	\$ 1,534,608
Notes receivable - current	169,424	157,922	1,051	328,397
Allowance for loan loss	(110,341)	(35,000)	-	(145,341)
Interfund balances	-	-	90,000	90,000
Total current assets	<u>924,674</u>	<u>637,054</u>	<u>245,936</u>	<u>1,807,664</u>
Noncurrent assets:				
Notes receivable, less current portion	<u>3,064,122</u>	<u>923,264</u>	<u>18,006</u>	<u>4,005,392</u>
Total assets	<u>3,988,796</u>	<u>1,560,318</u>	<u>263,942</u>	<u>5,813,056</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	-	108,581	-	108,581
Interfund balances	135,662	424,418	37,908	597,988
Accrued interest	-	2,966	-	2,966
Total current liabilities	<u>135,662</u>	<u>535,965</u>	<u>37,908</u>	<u>709,535</u>
Noncurrent liabilities:				
Long-term debt, less current portion	-	485,347	-	485,347
Total liabilities	<u>135,662</u>	<u>1,021,312</u>	<u>37,908</u>	<u>1,194,882</u>
NET POSITION				
Restricted for revolving loan program	<u>3,853,134</u>	<u>539,006</u>	<u>226,034</u>	<u>4,618,174</u>
Total net position	<u>\$ 3,853,134</u>	<u>\$ 539,006</u>	<u>\$ 226,034</u>	<u>\$ 4,618,174</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, 2018

	Economic Development Administration	RECD-IRP	RECD-IDG & RBEG	Total
OPERATING REVENUE				
Interest on notes receivable	\$ 146,286	\$ 42,145	\$ 973	\$ 189,404
Charges for services	9,655	5,170	-	14,825
Total operating revenue	<u>155,941</u>	<u>47,315</u>	<u>973</u>	<u>204,229</u>
OPERATING EXPENSES				
Personnel services	89,473	29,654	1,731	120,858
Indirect cost allocation	30,995	10,273	599	41,867
Per diem and fees	1,274	196	11	1,481
Other	1,245	1,018	60	2,323
Motor pool costs	215	139	8	362
Total operating expenses	<u>123,202</u>	<u>41,279</u>	<u>2,410</u>	<u>166,891</u>
Operating income (loss)	<u>32,739</u>	<u>6,036</u>	<u>(1,437)</u>	<u>37,338</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest revenue	313	-	-	313
Interest expense	-	(6,533)	-	(6,533)
Total non-operating revenue (expense)	<u>313</u>	<u>(6,533)</u>	<u>-</u>	<u>(6,220)</u>
Change in net position	33,052	(497)	(1,437)	31,118
Total net position - beginning	<u>3,820,082</u>	<u>539,503</u>	<u>227,471</u>	<u>4,587,056</u>
Total net position - ending	<u>\$ 3,853,134</u>	<u>\$ 539,006</u>	<u>\$ 226,034</u>	<u>\$ 4,618,174</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2018

	Administrative Services Fund	Motor Pool Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash	\$ 1,904,050	\$ -	\$ 1,904,050
Accounts receivable	8,575	-	8,575
Prepaid expenses	79,742	-	79,742
Due from component unit	160,210	-	160,210
Interfund balances	-	50,578	50,578
Capital assets:			
Land	450,021	-	450,021
Equipment	146,951	-	146,951
Vehicles	-	302,082	302,082
Buildings	1,240,884	-	1,240,884
Less accumulated depreciation	(983,765)	(234,334)	(1,218,099)
Total assets	<u>3,006,668</u>	<u>118,326</u>	<u>3,124,994</u>
Deferred outflows of resources related to pensions	884,968	-	884,968
Total assets and deferred outflow of resources	<u>3,891,636</u>	<u>118,326</u>	<u>4,009,962</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities			
Accounts payable	56,468	1,975	58,443
Interfund balances	2,440,733	-	2,440,733
Net pension liability	2,118,091	-	2,118,091
Compensated absences payable	197,469	-	197,469
Total liabilities	<u>4,812,761</u>	<u>1,975</u>	<u>4,814,736</u>
Deferred inflows of resources related to pensions	645,796	-	645,796
Total liabilities and deferred inflows of resources	<u>5,458,557</u>	<u>1,975</u>	<u>5,460,532</u>
NET POSITION			
Net investment in capital assets	854,091	67,748	921,839
Unrestricted	(2,421,012)	48,603	(2,372,409)
Total net position	<u>\$ (1,566,921)</u>	<u>\$ 116,351</u>	<u>\$ (1,450,570)</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Administrative Services Fund	Motor Pool Fund	Total
OPERATING REVENUE			
Charges for services	\$ 2,584,105	\$ 62,477	\$ 2,646,582
Other income	25,544	-	25,544
Total operating revenue	<u>2,609,649</u>	<u>62,477</u>	<u>2,672,126</u>
OPERATING EXPENSES			
Personnel services	2,127,859	-	2,127,859
Depreciation	56,958	30,950	87,908
Supplies and materials	63,949	258	64,207
Computer charges	47,366	1,116	48,482
Per diem and fees	44,211	42	44,253
Utilities	41,656	-	41,656
Repairs and maintenance	28,401	10,967	39,368
Insurance and bonding	16,288	6,627	22,915
Rent	21,342	-	21,342
Telecommunications/internet	20,771	-	20,771
Fuel	-	18,719	18,719
Travel	16,099	-	16,099
Membership and subscriptions	13,545	-	13,545
Training and education	9,029	-	9,029
Postage and freight	8,692	-	8,692
Other	748	-	748
Total operating expenses	<u>2,516,914</u>	<u>68,679</u>	<u>2,585,593</u>
Operating income (loss)	<u>92,735</u>	<u>(6,202)</u>	<u>86,533</u>
NON-OPERATING REVENUE (EXPENSE)			
Gain on disposal	-	6,202	6,202
Total non-operating rev. (expense)	-	6,202	6,202
Change in net position	92,735	-	92,735
Total net position - beginning	<u>(1,659,656)</u>	<u>116,351</u>	<u>(1,543,305)</u>
Total net position - ending	<u>\$ (1,566,921)</u>	<u>\$ 116,351</u>	<u>\$ (1,450,570)</u>

BUDGETARY COMPARISON SCHEDULES – NONMAJOR FUNDS

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – DATA MANAGEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contracts	709,654	687,819	688,432	613
Other income	-	-	29,422	29,422
Transfers from other funds	192		4,638	4,638
Amounts available for appropriation	<u>709,846</u>	<u>687,819</u>	<u>722,492</u>	<u>34,673</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	421,868	395,340	383,541	11,799
Operating expenditures	101,628	100,152	121,676	(21,524)
Contractual	15,000	15,000	15,000	-
Indirect				
Cost allocation plan	151,350	140,327	132,867	7,460
Capital Outlay	20,000	15,000	18,485	(3,485)
Transfers to other funds	-	-	50,923	50,923
Total charges to appropriations	<u>709,846</u>	<u>665,819</u>	<u>722,492</u>	<u>45,173</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 79,846</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – COMMUNITY DEVELOPMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (Budgetary Basis)	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental grants and contracts	325,410	298,815	342,547	43,732
Transfers from other funds	-	-	367	367
Amounts available for appropriation	<u>325,410</u>	<u>298,815</u>	<u>342,914</u>	<u>44,099</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	233,769	214,533	200,603	13,930
Operating expenditures	7,774	8,133	7,790	343
Indirect				
Cost allocation plan	83,867	76,149	69,493	6,656
Transfers to other funds, net	-	-	65,028	(65,028)
Total charges to appropriations	<u>325,410</u>	<u>298,815</u>	<u>342,914</u>	<u>(44,099)</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, 2018

	<u>Date Received</u> <u>or Paid</u>		
Beginning Fund Balance - Nonpublic Funds			<u>\$ (95,175.70)</u>
Revenues - Nonpublic Funds:			
Wells Fargo	7/6/2017	Loan Servicing Fee	2,464.96
Wells Fargo	8/3/2017	Loan Servicing Fee	2,308.24
Moore, Clarke, DuVall & Rodgers, PC - Georgia Beer Co.	8/30/2017	7A Loan Processing Fee	2,250.00
Wells Fargo	9/6/2017	Loan Servicing Fee	2,308.24
Wells Fargo	10/4/2017	Loan Servicing Fee	2,308.24
Wells Fargo Paw Paradise, LLC	10/12/2017	504 Loan Processing Fee	5,574.12
Wells Fargo	11/3/2017	Loan Servicing Fee	2,467.83
Wells Fargo	11/7/2017	Semi-annual Interest	2,522.16
Weiner, Shearouse, We. - Brunson & Triplett Ent.	12/4/2017	7A Loan Processing Fee	4,500.00
Wells Fargo	12/5/2017	Loan Servicing Fee	2,467.83
Wells Fargo	1/4/2018	Loan Servicing Fee	2,467.83
Wells Fargo	2/5/2018	Loan Servicing Fee	2,467.83
Wells Fargo	3/5/2018	Loan Servicing Fee	2,467.83
Wells Fargo	4/4/2018	Loan Servicing Fee	2,467.83
Wells Fargo Stor-All Self Storage, LLC	4/12/2018	504 Loan Processing Fee	12,620.00
Wells Fargo	5/3/2018	Loan Servicing Fee	2,765.42
Wells Fargo	5/4/2018	Semi-annual Interest	3,955.90
Wells Fargo Cre8ive Zone, LLC	5/17/2018	504 Loan Processing Fee	2,281.99
Wells Fargo	6/5/2018	Loan Servicing Fee	2,818.95
Total Revenues			<u>63,485.20</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)			66,304.77
Fringe benefits allocated (for administering the SBA Loan Program)			24,874.66
Motor vehicle expenditures/expenses			188.62
Motor Pool Expense	7/31/2017		3.36
Motor Pool Expense	8/31/2017		25.77
Motor Pool Expense	10/31/2017		13.20
Motor Pool Expense	12/31/2017		(1.30)
Motor Pool Expense	1/31/2018		4.95
Motor Pool Expense	2/28/2018		11.24
Motor Pool Expense	3/31/2018		23.73
Motor Pool Expense	4/30/2018		39.42
Motor Pool Expense	5/31/2018		31.82
Motor Pool Expense	6/30/2018		36.43

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2018

	<u>Date Received or Paid</u>		
Board meeting expense			143.67
Circlestone 19th	9/15/2017	46.67	
Circlestone 19th	2/14/2018	40.00	
Circlestone 19th	5/15/2018	57.00	
Computer charges			465.25
ITS Charges	8/31/2017	47.50	
ITS Charges	9/30/2017	35.25	
ITS Charges	11/30/2017	47.50	
ITS Charges	1/31/2018	115.00	
ITS Charges	2/28/2018	57.50	
ITS Charges	3/31/2018	105.00	
ITS Charges	6/30/2018	57.50	
Membership and subscriptions			1,000.00
NADCO	4/30/2018	1,000.00	
Per Diem and fees			275.74
Equifax Information Svcs., LLC	7/25/2017	16.68	
Equifax Information Svcs., LLC	8/23/2017	22.60	
Equifax Information Svcs., LLC	9/26/2017	17.44	
Toombs County Commission	10/17/2017	20.00	
Equifax Information Svcs., LLC	10/24/2017	16.67	
Equifax Information Svcs., LLC	12/27/2017	16.67	
Equifax Information Svcs., LLC	12/27/2017	16.67	
Lowndes County Clerk of Superior Court	1/23/2018	10.00	
Tift County Clerk of Court	1/23/2018	9.00	
State of Georgia Annual Registration	2/14/2018	30.00	
Equifax Information Svcs., LLC	2/27/2018	16.67	
Equifax Information Svcs., LLC	2/27/2018	16.66	
Equifax Information Svcs., LLC	3/21/2018	16.67	
Equifax Information Svcs., LLC	5/31/2018	33.34	
Equifax Information Svcs., LLC	6/26/2018	16.67	
Software, License, Maint. & Support			3,547.66
CDC Ventures, Inc.	7/7/2017	3,425.00	
PC Connection	9/26/2017	102.00	
LogMein	5/15/2018	20.66	
Supplies and Materials			44.00
Staples Business Advantage	11/14/2017	28.20	
Office Depot	5/1/2018	15.80	

SOUTHERN GEORGIA REGIONAL COMMISSION
SOUTHERN GEORGIA AREA DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2018

	Date Received or Paid	
Training and Education		88.33
Georgia Academy for Econ. Development	10/12/2017	88.33
Indirect cost allocated (for administering the SBA Loan Program)		<u>31,586.56</u>
Total Disbursements - Nonpublic Funds		<u>128,519.26</u>
Excess of revenues (disbursements) over disbursements (revenues)		<u>(65,034.06)</u>
Ending Fund Balance - Nonpublic funds		<u><u>\$(160,209.76)</u></u>

INDEPENDENT AUDITOR'S OPINION ON SCHEDULE OF NONPUBLIC FUNDS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Southern Georgia Regional Commission for the year ended June 30, 2018, and have issued our report thereon dated December 13, 2018. 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, 2018 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, 2018, 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 13, 2018

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2018

Annual leave used	\$ 214,743
Sick leave granted	121,335
Holiday leave granted	138,785
Annual leave termination	10,385
Other leave granted	2,838
Change in annual leave liability	2,290
Total compensated absences	<u>\$ 490,376</u>
Computation of actual employee benefit rate	
Gross Salaries	\$ 3,324,327
Less: Compensated absences	<u>490,376</u>
Allocation base - chargeable salaries	<u>\$ 2,833,951</u>
Leave costs - final rate	<u>17.3036%</u>
Total fringe benefits	<u>\$ 1,262,509</u>
Final rate	<u>37.9779%</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL – ACTUAL RATES
FOR THE YEAR ENDED JUNE 30, 2018

	Amount	Rate
Indirect costs:		
Salaries and compensated absences	\$ 549,250	
Fringe benefits allocated	209,003	
Computer charges	47,366	
Depreciation	56,958	
Per diem and fees	44,211	
Utilities	41,656	
Repairs and maintenance	28,401	
Supplies and materials	53,925	
Telecommunications/internet	20,771	
Rent	21,342	
Software, license, maintenance and supply	10,026	
Membership and subscriptions	13,545	
Insurance and bonding	16,288	
Travel	8,313	
Postage and freight	8,692	
Motor vehicle expense	7,785	
Training and education	9,029	
Other expenses	748	
Other income and reimbursement of overhead costs	(25,544)	
Total indirect costs	\$ 1,121,765	34.6422%
Summary of costs in computation of indirect cost rate		
Chargeable salaries	\$ 2,833,951	
Chargeable compensated absences and fringe benefits	1,752,885	
Total personnel costs	4,586,836	
Personnel costs excluded from indirect cost pool:		
Indirect	(758,254)	
Career net centers	(16,905)	
Information Technology Services	(573,532)	
Net personnel costs - allocation base	\$ 3,238,145	

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF CITY/COUNTY DUES AND ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Government	Amount Due July 1, 2017	Total Billed For FY 2018 - \$1.25 per Capita	Amount Collected FY 2018	Balance Due June 30, 2018
Atkinson County	\$ -	\$ 6,025.00	\$ 6,025.00	\$ -
City of Pearson	-	2,603.76	2,603.76	-
City of Willacoochee	-	1,712.52	1,712.52	-
Bacon County	-	9,770.00	9,770.00	-
City of Alma	-	4,445.00	4,445.00	-
Ben Hill County	-	10,776.88	10,776.88	-
City of Fitzgerald	-	10,776.88	10,776.88	-
Berrien County	-	13,886.24	13,886.24	-
City of Alapaha	-	827.52	827.52	-
City of Enigma	1,616.24	1,631.24	3,247.48	-
City of Nashville	-	6,080.00	6,080.00	-
City of Ray City	-	1,316.24	1,316.24	-
Brantley County	0.69	20,976.24	20,976.93	-
City of Hoboken	-	657.52	657.52	-
City of Nahunta	-	1,310.00	1,310.00	-
Brooks County	-	12,726.08	12,726.08	-
City of Quitman	-	6,882.68	6,882.68	-
Charlton County	-	8,556.24	8,556.24	-
City of Folkston	-	5,985.00	5,985.00	-
City of Homeland	-	1,080.00	1,080.00	-
Clinch County	-	5,473.76	5,473.76	-
City of Homerville	-	3,062.52	3,062.52	-
Coffee County	-	39,106.24	39,106.24	-
City of Douglas	-	14,658.76	14,658.76	-
Cook County	-	10,729.36	10,729.36	-
City of Adel	-	10,729.36	10,729.36	-
Echols County	-	4,952.52	4,952.52	-
Irwin County	1,744.99	7,113.60	8,858.59	-
City of Ocilla	-	4,663.88	4,663.88	-
Lanier County	-	6,499.36	6,499.36	-
City of Lakeland	-	6,499.36	6,499.36	-
Lowndes County	-	69,273.96	69,273.96	-
City of Valdosta	-	74,010.96	74,010.96	-
Pierce County	-	17,980.00	17,980.00	-
City of Blackshear	-	4,493.76	4,493.76	-
City of Offerman	-	547.52	547.52	-
City of Patterson	-	942.52	942.52	-
Tift County	-	25,517.52	25,517.52	-
City of Tifton	6,369.38	25,517.52	31,886.90	-
Turner County	-	5,229.52	5,229.52	-
City of Ashburn	-	4,807.96	4,807.96	-
Ware County	-	27,061.24	27,061.24	-
City of Waycross	-	17,611.24	17,611.24	-
Total	<u>\$ 9,731.30</u>	<u>\$ 514,507.48</u>	<u>\$ 524,238.78</u>	<u>\$ -</u>

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
PLANNING & TECHNICAL ASSISTANCE											
EDA											
Planning FY16	\$ 94,543		\$ 94,543	30%	\$ 107,413	\$ 75,189	\$ -	\$ -	\$ 32,224	\$ -	\$ 19,354
DCA											
Coord. Planning	-	187,993	187,993	6%	231,000	187,993	-	-	43,007	-	-
DOT											
Transp. Planning Services FY18	-	43,600	43,600	20%	37,231	29,785	-	-	7,446	-	13,815
Transp. Planning Services FY17	6,439	-	6,439	20%	7,984	6,294	-	-	1,690	145	-
MPO Special - City of Valdosta	-	20,000	20,000	20%	8,430	8,430	-	-	-	-	11,570
MPO - City of Valdosta	-	146,751	146,751	20%	134,934	129,537	-	-	5,397	17,214	-
Transit Planning Assist. 5303	-	60,376	60,376	10%	50,589	49,577	-	-	1,012	10,799	-
Transit Planning Assist. 5304	-	28,284	28,284	20%	18,542	14,834	-	-	3,708	-	13,450
DNR											
Historic Preservation	-	4,091	4,091	0%	4,384	4,091	-	-	294	-	-
Environmental Protection Div.:											
Broxton/Roses Creek WMP	252,939	(99,588)	153,351	42%	159,818	95,891	-	55,233	8,694	57,460	-
Pride Branch WIP 319(h)	278,720	-	278,720	41%	34,542	20,725	-	3,799	10,018	-	257,995
New River WIP 319(h)	-	300,000	300,000	40%	9,025	5,415	-	-	3,610	-	294,585
LOCAL											
Special Projects	-	281	281	0%	136,284	281	38,685	-	97,319	-	-
Grant Preparation	-	-	-	0%	132,270	-	-	-	132,270	-	-
Regional Solid Waste Auth.	-	-	-	0%	24,935	-	24,935	-	-	-	-
GA Muni Assoc Health Prom.	-	5,000	5,000	0%	5,058	5,000	-	-	58	-	-
Ashburn Co. Planning Projects	-	4,000	4,000	0%	2,799	4,000	-	-	(1,201)	-	-
Atkinson Co. Pre-Disaster/Mitg. Pla	-	18,000	18,000	0%	11,221	11,221	-	-	-	-	6,779
Bacon Co. Planning Projects	-	-	-	0%	993	-	-	-	993	-	-
Bacon Co. Pre-Disaster/Mitg. Pla	2,081	-	2,081	0%	5,241	2,081	-	-	3,161	-	-
Berrien Co. Pre-Disaster/Mitg. Pl	-	18,000	18,000	0%	10,341	10,341	-	-	-	-	7,659
Brooks Co. Planning Project	-	1,624	1,624	0%	1,614	1,624	-	-	(10)	-	-

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
PLANNING & TECHNICAL ASSISTANCE											
LOCAL (Continued)											
Brooks Co. Pre-Disaster/Mitg.	11,334	-	11,334	0%	7,633	7,633	-	-	-	-	3,701
Charlton Co. Pre-Disaster/Mitg.	13,511	-	13,511	0%	11,559	11,559	-	-	-	-	1,952
Clinch Co. Pre-Disaster/Mitg Plan	-	18,000	18,000	0%	10,875	10,875	-	-	-	-	7,125
Coffee County Planning Projects	-	6,291	6,291	0%	6,290	6,291	-	-	(1)	-	-
Coffee Co. Pre-Disaster/Mitg Plan	-	21,000	21,000	0%	10,891	10,891	-	-	-	-	10,109
Cook Co. Pre-Disaster/Mitg Plan	-	18,000	18,000	0%	10,632	10,632	-	-	-	-	7,368
Dasher Planning Projects	-	917	917	0%	897	917	-	-	(20)	-	-
Douglas Planning Projects	-	4,726	4,726	0%	4,781	4,726	-	-	54	-	-
Echols Co. Pre-Disaster/Mitg.	-	18,000	18,000	0%	9,686	9,686	-	-	-	-	8,314
Irwin Co. Planning Projects	-	1,905	1,905	0%	1,931	1,905	-	-	26	-	-
Irwin Co. Pre-Disaster/Mitg.	12,896	-	12,896	0%	8,594	8,594	-	-	-	-	4,302
Lake Park Planning Project	-	2,151	2,151	0%	2,163	2,151	-	-	11	-	-
Lakeland Planning Project	-	364	364	0%	357	364	-	-	(7)	-	-
Lanier County Planning	-	6,363	6,363	0%	6,307	6,363	-	-	(56)	-	-
Lanier Co. Pre-Disaster/Mitg.	-	15,000	15,000	0%	10,242	10,242	-	-	-	-	4,758
Ocilla Planning Projects	-	1,946	1,946	0%	1,956	1,946	-	-	10	-	-
Pearson Planning Projects	-	1,452	1,452	0%	1,412	1,452	-	-	(40)	-	-
Pierce Co. Pre-Disaster/Mitg.	1,706	-	1,706	0%	680	1,706	-	-	(1,026)	-	-
Tift Co. Planning Projects	-	10,000	10,000	0%	8,170	10,000	-	-	(1,830)	-	-
Tifton Planning Projects	-	298	298	0%	740	298	-	-	443	-	-
Turner Co. Pre-Disaster/Mitg.	15,281	-	15,281	0%	9,290	15,281	-	-	(5,992)	-	-
Ware Co. Pre-Disaster/Mitg.	8,941	-	8,941	0%	5,244	8,941	-	-	(3,697)	-	-
Waycross Planning Projects	-	6,999	6,999	0%	4,193	6,999	-	-	(2,806)	-	-
TOTAL PLANNING AND TECHNICAL ASSIST.	698,391	871,824	1,570,215		1,269,171	811,761	63,620	59,032	334,759	85,618	672,836

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
COMMUNITY DEVELOPMENT (CONTINUED)											
DCA											
One Georgia Equity Fund:											
Berrien County	28,552	-	28,552	0%	7,861	7,861	-	-	-	-	20,691
Douglas/Coffee County	27,399	-	27,399	0%	7,689	7,689	-	-	-	-	19,710
Fitzgerald/Ben Hill Co.	-	30,000	30,000	0%	3,464	3,464	-	-	-	-	26,536
Nahunta	18,285	-	18,285	0%	2,574	2,574	-	-	-	-	15,711
Vald/Lowndes Ind. Auth.	-	25,318	25,318	0%	3,301	3,301	-	-	-	-	22,017
CDBG/CHIP											
Atkinson Co. FY17	26,049	-	26,049	0%	10,129	20,129	-	-	(10,000)	-	5,920
Berrien Co RDF FY16	16,648	-	16,648	0%	1,942	1,942	-	-	-	-	14,706
Berrien Co FY17	12,220	-	12,220	0%	5,392	5,392	-	-	-	-	6,828
Blackshear FY15	251	-	251	0%	111	251	-	-	(139)	-	-
Brooks County FY16	16,527	-	16,527	0%	11,144	11,144	-	-	-	-	5,383
Clinch Co. FY17	24,302	-	24,302	0%	7,500	7,500	-	-	-	-	16,802
Coffee County FY18	-	34,925	34,925	0%	2,940	2,940	-	-	-	-	31,985
Coffee County FY17	26,573	-	26,573	0%	19,131	19,131	-	-	-	-	7,442
Cook Co. FY17	27,773	-	27,773	0%	5,269	7,773	-	-	(2,504)	-	20,000
Douglas Co. FY16	9,427	-	9,427	0%	6,357	9,427	-	-	(3,071)	-	-
Homerville FY16	16,261	-	16,261	0%	9,376	9,376	-	-	-	-	6,885
Irwin County FY16	22,098	-	22,098	0%	19,747	19,747	-	-	-	-	2,351
Lowndes Co. FY16	14,545	-	14,545	0%	13,230	13,230	-	-	-	-	1,315
Nahunta FY17	26,767	-	26,767	0%	8,422	8,422	-	-	-	-	18,345
Nashville FY17	27,825	-	27,825	0%	8,035	8,035	-	-	-	-	19,790
Nicholls FY16	7,495	-	7,495	0%	6,316	7,495	-	-	(1,178)	-	-
Ocilla FY 18	-	45,000	45,000	0%	6,951	6,951	-	-	-	-	38,049
Omega FY14	249	-	249	0%	131	249	-	-	(119)	-	-
Omega FY 18	-	25,000	25,000	0%	5,669	5,669	-	-	-	-	19,331
Pearson FY16	17,319	-	17,319	0%	9,243	17,319	-	-	(8,075)	-	-

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
CDBG (Continued)											
Pearson FY 18	-	45,000	45,000	0%	1,609	1,609	-	-	-	-	43,391
Sparks FY16	16,370	-	16,370	0%	11,338	11,338	-	-	-	-	5,032
Sparks FY18	-	40,593	40,593	0%	2,636	2,636	-	-	-	-	37,957
Ware County FY 18	-	45,000	45,000	0%	4,814	4,814	-	-	-	-	40,186
Waycross FY17	21,019	-	21,019	0%	14,620	14,620	-	-	-	-	6,399
Willacoochee FY17	24,933	-	24,933	0%	7,622	7,622	-	-	-	-	17,311
Ashburn CHIP 2017	5,416	-	5,416	0%	4,848	4,848	-	-	-	-	568
Douglas CHIP 2017	5,741	-	5,741	0%	696	696	-	-	-	-	5,045
Fitzgerald CHIP 2017	4,854	-	4,854	0%	2,793	2,793	-	-	-	-	2,061
Nashville CHIP 2017	5,741	-	5,741	0%	1,367	1,367	-	-	-	-	4,374
Waycross CHIP 2017	5,250	-	5,250	0%	2,127	2,127	-	-	-	-	3,123
EIP:											
Alma FY17	29,581	-	29,581	0%	3,108	3,070	-	-	38	26,511	-
Coffee County FY 18	-	45,000	45,000	0%	16,344	36,344	-	-	(20,000)	-	8,656
Douglas FY 18	-	45,000	45,000	0%	4,273	4,273	-	-	-	-	40,727
Homerville FY16	622	-	622	0%	230	622	-	-	(392)	-	-
Nashville FY16	23,457	-	23,457	0%	11,039	22,457	-	-	(11,418)	-	1,000
OTHER											
Enigma TE	4,749	-	4,749	0%	493	493	-	-	-	-	4,256
Hahira TE	2,942	-	2,942	0%	507	507	-	-	-	-	2,435
Nashville TE	250	-	250	0%	578	250	-	-	328	-	-
Ocilla TE	14,874	-	14,874	0%	482	482	-	-	-	-	14,392
Pearson TE	3,305	-	3,305	0%	355	355	-	-	-	-	2,950
Tifton TE	12,212	-	12,212	0%	4,082	12,212	-	-	(8,131)	-	-
TOTAL COMMUNITY DEVELOPMENT											
	547,881	380,836	928,717		277,885	342,546	-	-	(64,661)	26,511	559,660

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
DATA MANAGEMENT											
VALOR GIS	-	513,884	513,884	0%	518,522	513,884	-	-	4,638	-	-
Regional GIS	-	46,650	46,650	0%	73,897	46,650	29,422	-	(2,176)	-	-
LUCA	-	81,922	81,922	0%	44,565	44,565	-	-	-	-	37,357
UGA ITOS HAZUS	101,951	-	101,951	0%	14,063	62,810	-	-	(48,747)	-	39,141
GARC MAP 21	176,686	-	176,686	0%	20,523	20,523	-	-	-	156,163	-
TOTAL DATA MGT	278,637	642,456	921,093		671,570	688,432	29,422	-	(46,285)	156,163	76,498
TRANSPORTATION											
Department of Human Serv.											
Coordinated Transportation	-	2,165,948	2,165,948	1%	1,938,818	1,946,902	-	18,968	(27,052)	219,046	-
TOTAL											
TRANSPORTATION	-	2,165,948	2,165,948		1,938,818	1,946,902	-	18,968	(27,052)	219,046	-
AGING											
Department of Health & Human Services:											
OAA Title III Part A	-	88,421	88,421	25%	117,193	87,894	-	-	29,298	527	-
OAA Title III Part B	-	271,486	271,486	10%	295,957	266,348	14	26,099	3,495	5,138	-
OAA Title III Part C	-	824,554	824,554	10%	2,109,762	824,554	1,194,600	90,608	-	-	-
OAA Title III Part D	-	35,079	35,079	10%	31,750	28,575	-	3,175	-	6,504	-
OAA Title III Part E Admin	-	39,096	39,096	25%	51,006	38,254	-	-	12,751	842	-
OAA Title III Part E	-	163,986	163,986	10%	160,790	144,711	-	16,079	-	19,275	-
SSBG	-	235,995	235,995	9%	330,468	228,162	79,697	12,049	10,560	7,833	-
NSIP	-	333,656	333,656	0%	333,656	333,656	-	-	-	-	-
ADRC	-	37,000	37,000	0%	36,530	36,523	-	-	7	477	-
Georgia Cares-SMP AoA	-	13,774	13,774	0%	13,620	13,620	-	-	-	154	-
Georgia Cares-SHIP CMS	-	56,655	56,655	0%	59,389	56,447	-	-	2,942	208	-
Money Follows the Person	37,458	-	37,458	0%	-	-	-	-	-	37,458	-

**SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018**

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
AGING (Continued)											
Money Follows the Person	-	247,686	247,686	0%	185,507	185,507	-	-	-	62,179	-
Alzheimer's Program	-	115,964	115,964	0%	113,375	113,035	340	-	-	2,929	-
CBS	-	1,169,110	1,169,110	0%	1,158,130	1,153,351	1,785	-	2,994	15,759	-
Income Tax Check Off	-	2,082	2,082	0%	2,082	2,082	-	-	-	-	-
Nursing Home Transitions	-	51,420	51,420	0%	50,948	50,948	-	-	-	472	-
Other contracts:											
OAA Title XIX - CCSP	-	2,919,896	2,919,896	0%	2,867,407	2,886,962	-	-	(19,554)	32,934	-
ADRC MIPPA 18/19	-	62,136	62,136	0%	38,874	38,874	-	-	-	-	23,262
ADRC MIPPA Othr III 17/18	29,933	-	29,933	0%	29,963	29,933	-	-	30	-	-
ADSSAP Care Consultation	-	16,938	16,938	0%	-	8,500	-	-	(8,500)	-	8,438
MIPPA Local	-	-	-	0%	23,755	-	-	-	23,755	-	-
Senior Hunger Coalition	-	5,000	5,000	0%	-	-	-	-	-	-	5,000
AT Lab FY17	-	5,000	5,000	0%	5,000	5,000	-	-	-	-	-
TOTAL AGING	67,391	6,694,934	6,762,325		8,015,162	6,532,936	1,276,436	148,010	57,778	192,689	36,700
DEPARTMENT OF LABOR											
JOB DEVELOPMENT/TRAINING											
WORKFORCE INNOVATION AND OPPORTUNITY ACT											
Adult:											
FY18	-	942,237	942,237	0%	440,501	440,501	-	-	-	-	501,736
PY17	-	137,493	137,493	0%	137,493	137,493	-	-	-	-	-
FY17	612,925	-	612,925	0%	612,925	612,925	-	-	-	-	-
Youth:											
PY16	573,160	165,042	738,202	0%	738,202	738,202	-	-	-	-	-
PY17	1,121,394	-	1,121,394	0%	668,830	668,830	-	-	-	-	452,564
Dislocated Worker:											
PP FY17	170,000	-	170,000	0%	130,489	130,489	-	-	-	39,511	-

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2018

Name of Grant/Contract/Program	Unearned Revenue June 30, 2017	Current Year Award/ Adjustments	Total Funds Available	Required Matching %	Total Program Cost June 30, 2018	Revenue Earned	Program/ Other Income Earned	In-Kind Income	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2018
WORKFORCE INNOVATION AND OPPORTUNITY											
ACT (Continued)											
Dislocated Worker (Continued):											
PY17	-	190,086	190,086	0%	90,170	90,170	-	-	-	-	99,916
FY17 transfer to Adult	795,641	221,000	1,016,641	0%	1,016,641	1,016,641	-	-	-	-	-
PY16 transfer to Adult	45,109	-	45,109	0%	45,109	45,109	-	-	-	-	-
FY17 DW	261,133	(221,000)	40,133	0%	40,133	40,133	-	-	-	-	-
PY16 DW transfer to Adult	145,350	-	145,350	0%	145,350	145,350	-	-	-	-	-
FY17 RR	21,186	-	21,186	0%	6,244	6,244	-	-	-	14,942	-
FY16 Capacity Building	34,233	-	34,233	0%	16,102	16,102	-	-	-	18,131	-
FY17 Capacity Building	-	117,098	117,098	0%	55,623	55,623	-	-	-	-	61,475
FY16 Literacy to Work	56,930	177,928	234,858	0%	111,221	111,221	-	-	-	-	123,637
FY15 Branding	(1)	1	-	0%	-	-	-	-	-	-	-
FY17 HDCI	247,317	-	247,317	0%	19,387	19,387	-	-	-	-	227,930
FY17 RR DW	-	41,990	41,990	0%	-	-	-	-	-	-	41,990
FY18 DW	-	1,012,796	1,012,796	0%	-	-	-	-	-	-	1,012,796
TOTAL JOB DEV. AND TRAINING	<u>4,084,377</u>	<u>2,784,671</u>	<u>6,869,048</u>		<u>4,274,420</u>	<u>4,274,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,584</u>	<u>2,522,044</u>
Totals	<u>\$ 5,676,677</u>	<u>\$13,540,669</u>	<u>\$19,217,346</u>		<u>\$16,447,026</u>	<u>\$14,596,997</u>	<u>\$1,369,478</u>	<u>\$226,010</u>	<u>\$254,539</u>	<u>\$ 752,611</u>	<u>\$ 3,867,738</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
STATEMENT OF AUDITOR'S PROPOSED FINANCIAL SETTLEMENT
"AS REQUIRED BY THE GEORGIA DEPARTMENT OF HUMAN SERVICES"
FOR THE YEAR ENDED JUNE 30, 2018

Contract Name	Contract Number	Due from DHS	Due to DHS
Aging Program:			
Various	427-373-0000060200	\$ 575,355	\$ -
CCSP	2017012	399,538	-
Various	Various	11,354	-
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:			
IIIC	427-373-29830	<u>-</u>	<u>36</u>
Total		<u>\$ 986,247</u>	<u>\$ 25,122</u>

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs Coordinated Planning	None	\$ 187,993	\$ 187,993	\$ 231,000	\$ 49,498	\$ -
Department of Transportation Transportation Related Services - Planning and other services	Various (Note 1)	305,450	238,457	257,710	69,383	-
Department of Natural Resources Historic Preservation	None	4,091	4,091	4,384	-	-
Department of Economic Development, Workforce Division Workforce Innov/Opp Act	Various (Note 1)	6,869,048	4,274,420	4,274,420	594,563	-
Department of Human Services (Note 2) Coordinated Transportation	427-362-0000061356	2,165,948	1,946,902	1,938,818	366,285	-
Aging/MFP Programs	427-373-0000060200	3,723,422	3,563,667	5,050,163	575,355	25,122
Aging/Title XIX CCSP	2017012	2,919,896	2,886,962	2,867,407	399,538	-
Aging Programs	various contracts	119,007	82,307	97,592	11,306	-
Department of Community Affairs OneGeorgia Equity Fund passed through local governments:						
Berrien County	17gq-010-3-4856	28,552	7,861	7,861	9,309	-
Douglas/Coffee County	17gq-034-3-4857	27,399	7,689	7,689	5,290	-
Fitzgerald/Ben Hill Co.	18gq-009-5-4879	30,000	3,464	3,464	3,464	-
Nahunta, City of	15gq-013-2-4787	18,285	2,574	2,574	790	-
Valdosta-Lowndes Industrial Auth.	16gq-092-3-4806	25,318	3,301	3,301	3,301	-
Total Expenditures of State Awards		<u>\$ 16,424,409</u>	<u>\$ 13,209,688</u>	<u>\$ 14,746,383</u>	<u>\$ 2,088,082</u>	<u>\$ 25,122</u>

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

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
 AREA AGENCY ON AGING
 SCHEDULE OF UNITS/PERSONS SERVED FOR STATE FISCAL YEAR 2018
 FOR THE YEAR ENDED JUNE 30, 2018

Service	Units Served	Persons Served
Adult Day Care (<i>1 unit = 1 hour</i>)		
Caregiver Adult Day Care (Title III E)	1,209.50	6
Adult Day (Alz., State, CBS, Title III B)	2,768.50	10
Congregate meals (<i>1 unit = 1 served meal</i>)		
(Title III C1, CBS, NSIP SSBG Supplemental, SSBG)	108,016.00	801
Home delivered meals (<i>1 unit = 1 served meal</i>)		
(Title III C2, NSIP, CBS, ITCO, SSBG)	143,053.00	768
In-Home Services (<i>1 unit = 1 hour</i>)		
Caregiver Respite (Title III E, Alz. State, CBS Alz., CBS Respite)	13,517.75	54
Homemaker (Title III B, CBS)	8,812.00	63
Personal Care (Title III B, CBS)	7,212.50	62
Home Modification (<i>1 unit = \$1, *</i>)		
Caregiver Home Modification (Title III E)	12,000.00	8
Home Modification (CBS)	36,000.00	24
Case Management (<i>1 unit = 1/4th hour</i>)		
Case Management (SSBG, CBS)	13,749.00	872
Nutrition Counseling (<i>1 unit = 1/4th hour</i>)		
(CBS)	56.00	8
Legal Services (<i>1 unit = 1 education session, 1 case or 1 contact</i>)		
Community Education (Title III B, CBS)	35.00	1,234
Counseling Cases Opened (Title III B, CBS)	212.00	163
Info & Referral (Title III B, CBS)	1,242.00	1,242

** 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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Aging Cluster				
Department of Health and Human Services				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Title III Part A & B	93.044	42700-373-0000060200	234,889	\$ 413,150
Title III Part A & B	93.044	42700-362-0000061356	-	131,451
Subtotal Title III, Part A & B			234,889	544,601
Title III, Part C	93.045	42700-373-0000060200	824,554	2,109,762
Nutrition Services Incentive Program	93.053	42700-373-0000060200	333,656	333,656
Total Aging Cluster			1,393,099	2,988,019
 Transit Services Cluster				
Department of Transportation				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Cap. Assist. - Elderly/Disabled	20.513	42700-373-0000060200	-	446,382
Job Access/Reverse Commute	20.516	42700-373-0000061356	-	26,242
Total Transit Services Cluster			-	472,624
 WIOA Cluster				
Department of Labor				
Pass-Through Programs From:				
Georgia Dept. of Econ. Dev. WF Div:				
WIOA Adult Program:				
WIOA Adult Program	17.258	11-17-18-11-018	397,993	440,501
WIOA Adult Program	17.258	11-17-17-11-018	123,744	137,493
WIOA Adult Program	17.258	11-16-17-11-018	498,623	612,925
WIOA Adult Program	17.258	PP-16-17-11-018	109,984	130,489
Total Adult Programs			1,130,344	1,321,408
WIOA Youth Program:				
WIOA Youth Program	17.259	15-17-17-11-018	570,701	668,830
WIOA Youth Program	17.259	15-16-16-11-018	624,750	738,202
Total Youth Programs			1,195,451	1,407,032
WIOA Dislocated Worker Formula Grant:				
WIOA Dislocated Worker Program	17.278	36-16-17-11-018	869,678	1,016,641
WIOA Dislocated Worker Program	17.278	36-16-16-11-018	135,326	145,350

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
WIOA Cluster (Continued)				
WIOA Dislocated Worker Program	17.278	31-17-17-11-018	73,009	90,170
WIOA Dislocated Worker Program	17.278	31-16-16-11-018	45,109	45,109
WIOA Dislocated Worker Program	17.278	31-16-17-11-018	26,772	40,133
WIOA Dislocated Worker Program	17.278	CPRBS-15-16-11-018	-	16,102
WIOA Dislocated Worker RR Program	17.278	44-16-17-11-018	-	6,244
WIOA Dislocated Worker Program	17.278	HDCl-16-17-11-018	-	19,387
WIOA Dislocated Worker Program	17.278	LTW-15-16-11-018	111,220	111,221
WIOA Dislocated Worker Program	17.278	RBS-16-17-11-018	23,065	55,623
Total DW Programs			<u>1,284,179</u>	<u>1,545,980</u>
Total WIOA Cluster			<u>3,609,974</u>	<u>4,274,420</u>
Other Programs				
Department of Commerce Direct Programs				
Economic Support for Planning Organization	11.302	N/A	-	107,413
Economic Adjustment Assistance	11.307	N/A	-	3,293,425
Total Department of Commerce			<u>-</u>	<u>3,400,838</u>
Department of Transportation				
Pass-Through Programs From:				
Georgia Department of Transportation:				
Highway Planning and Construction	20.205	18-15579	-	37,231
Highway Planning and Construction	20.205	PL 0015470-PLN	-	134,934
Highway Planning and Construction	20.205	17-15270	-	7,984
Highway Planning and Construction	20.205	PL 0015851	-	8,430
Subtotal Highway Planning/Const.			<u>-</u>	<u>188,579</u>
Metropolitan Transportation and Const.	20.505	T006059	-	18,542
Metropolitan Transportation and Const.	20.505	T005140	-	50,589
Subtotal Metropolitan Trans/Const.			<u>-</u>	<u>69,131</u>
Total Department of Transportation			<u>-</u>	<u>257,710</u>

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Education				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Rehabilitation Services/Vocational Rehab				
Grants to States	84.126	42700-362-0000061356	-	114
Total Department of Education			-	114
United States Environmental Protection Agency				
Pass-Through Programs From:				
Georgia Department of Natural Resources:				
Nonpoint Source Implementation Grants	66.460	751-180-130	-	9,025
Nonpoint Source Implementation Grants	66.460	751-160-023	-	159,818
Nonpoint Source Implementation Grants	66.460	751-170-006	-	34,542
Total U.S. Environmental Prot. Agency			-	203,385
Department of Health and Human Services				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Special Programs for the Aging:				
Title III Part D	93.043	42700-373-0000060200	28,575	31,750
Title IV & II Disc Proj	93.048	42700-373-0000060200	-	13,620
Title III, Part E Nat Fam Caregiver Spt	93.052	42700-373-0000060200	144,711	211,796
Medicare Enrollment Assistance Prog	93.071	42700-373-0000067003	-	38,874
Medicare Enrollment Assistance Prog	93.071	42700-373-0000055516	-	29,962
Subtotal Medicare Enrollment Assist.			-	68,836
Title XIX Medical Assistance Program	93.778	CCSP-2017012	2,130,424	2,867,407
State Health Assistance Program	93.324	42700-373-0000060200	-	59,389
Money Follows the Person	93.791	42700-373-0000060200	-	185,508
Social Services Block Grant	93.667	42700-373-0000060200	130,801	330,468
Georgia Department of Transportation:				
Social Services Block Grant	93.667	42700-362-0000061356	-	130,970
Subtotal Social Services Block Grant			130,801	461,438
Temporary Assist. for Needy Families	93.558	42700-362-0000061356	-	793,824
Total Depart. of Health/Human Svcs			2,434,511	4,693,568

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Dev.				
Pass-Through Prgrams From:				
Various Cities				
Community Dev. Block Grant/Small Cities Program				
Atkinson County	14.228	15p-y-002-1-5830	-	10,129
Berrien County	14.228	15rd-y-010-1-5819	-	1,942
Berrien County	14.228	16p-y-010-1-5834	-	5,392
Blackshear	14.228	14p-x-113-2-5645	-	111
Brooks County	14.228	15p-y-014-1-5778	-	11,144
Clinch County	14.228	16p-y-032-1-5841	-	7,500
Coffee County	14.228	17h-y-034-1-5927	-	2,940
Coffee County	14.228	16h-y-034-1-5843	-	19,131
Cook County	14.228	15p-y-037-1-5877	-	5,269
Douglas	14.228	14p-x-034-2-5795	-	6,357
Homerville	14.228	15p-x-032-2-5758	-	9,376
Irwin County	14.228	14p-y-077-1-5783	-	19,747
Lowndes County	14.228	15p-y-092-1-5793	-	13,230
Nahunta	14.228	16p-x-013-2-5870	-	8,422
Nashville	14.228	16p-x-010-2-5871	-	8,035
Nicholls	14.228	14p-x-034-2-5785	-	6,316
Ocilla	14.228	17p-x-077-2-5948	-	6,951
Omega	14.228	17p-x-002-2-5950	-	5,669
Omega	14.228	13p-x-137-2-5594	-	131
Pearson	14.228	15p-x-002-25772	-	9,243
Pearson	14.228	17p-2-002-2-5950	-	1,609
Sparks	14.228	17p-x-037-2-5958	-	2,636
Sparks	14.228	15p-x-037-2-5792	-	11,338
Ware County	14.228	17p-y-148-1-5965	-	4,814
Waycross	14.228	16p-x-148-2-5892	-	14,620
Willacoochee	14.228	16p-x-002-2-5895	-	7,622
Alma EIP	14.228	16q-x-003-2-5907	-	3,108
Coffee County EIP	14.228	16q-y-034-1-5917	-	16,344
Douglas EIP	14.228	17q-x-034-2-5971	-	4,273
Homerville EIP	14.228	15q-x-032-2-5804	-	230
Nashville EIP	14.228	15q-z-010-2-5812	-	11,039
Ashburn CHIP	14.228	2017-101	-	4,848

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Dev.				
Douglas CHIP	14.228	2017-102	-	696
Fitzgerald CHIP	14.228	2017-104	-	2,793
Nashville CHIP	14.228	2017-109	-	1,367
Waycross CHIP	14.228	2017-112	-	2,127
Total Department of Housing and Urban Dev.			-	246,499
 Small Business Administration Direct Programs				
504 Certified Development Loans	59.041		-	65,034
Total Small Business Administration			-	65,034
 Department of Agriculture Direct Programs				
Intermediary Relending Programs	10.767		-	1,170,559
Rural Business Enterprise Grants	10.769		-	22,487
Total Department of Agriculture			-	1,193,046
Total Expenditures of Federal Awards			<u>7,437,584</u>	<u>17,795,257</u>

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHERN GEORGIA REGIONAL COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the RC under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the RC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the RC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The RC has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CALCULATION OF EXPENDITURES OF FEDERAL AWARDS – REVOLVING LOAN FUNDS

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

	EDA	IRP	IDG/RBEG
Note receivable balances at:			
Beginning of year		\$ 761,247	\$ 20,078
End of year	\$ 3,233,547		
New loans made during current year		361,500	-
Loans written off in current year	-	-	-
Cash and investment balance at end of year	865,591		
Current year expenditures (cash basis)	123,202	47,812	2,409
	4,222,340	1,170,559	22,487
Times applicable %*	78%		
Expenditures of federal awards	<u>\$ 3,293,425</u>	<u>\$ 1,170,559</u>	<u>\$ 22,487</u>

* [(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, 2018, 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 13, 2018.

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. We did identify a deficiency in internal control, described accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2018-001).

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*.

RC's Response to Findings

The RC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The RC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 13, 2018

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, 2018. 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, 2018.

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 13, 2018

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

Noncompliance material to financial statements noted? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	U. S. Department of Labor: WIA Cluster: WIA Adult Program WIA Youth Program WIA Dislocated Worker Formula Grants
11.307	U. S. Department of Economic Development: Economic Adjustment Assistance
66.460	U. S. Department of Natural Resources: Environmental Protection Agency: Nonpoint Source Implementation Grants

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

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

SOUTHERN GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

2018 – 001

Criteria: To ensure the accuracy of the financial statements, the general ledger should be reconciled with subsidiary ledgers periodically.

Condition: At year end, the Aging program general ledger was not in agreement with the subsidiary ledger.

Cause: Policies and procedures requiring that the Aging program general ledger be reconciled with the subsidiary ledger were not followed at year end.

Effect: Income and expenses for the Aging program on the general ledger were understated by \$174,123. This did not affect federal or state grant drawdowns or reports which were properly prepared based on the Aging program subsidiary ledger.

Recommendations: We recommend that increased oversight be implemented by management to ensure that policies and procedures are followed regarding reconciliation of the general ledger and the Aging program subsidiary ledger.

Management Response: Management concurs with this finding and has established a policy requiring that documentation be submitted to management as verification that the reconciliation has been performed. See management's Corrective Action Plan separately submitted.

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, 2018

None reported.