

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Compliance

We have audited Southwest Georgia Regional Commission's ("the RC") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the RC's major federal programs for the year ended June 30, 2012. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the RC's management. Our responsibility is to express an opinion on the RC's compliance based on our audit.

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

In our opinion, the RC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

Management of the RC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the RC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants
Valdosta, Georgia

January 25, 2013

SOUTHWEST GEORGIA REGIONAL
COMMISSION

CAMILLA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

SOUTHWEST GEORGIA REGIONAL COMMISSION
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INDEPENDENT AUDITOR'S REPORT

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

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 Southwest Georgia Regional Commission ("the RC") as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the RC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of the RC as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011, on our consideration of the RC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, budgetary comparison information and the schedule of retirement plan funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 fund statements and schedules described in the accompanying table of contents, including the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Southwest Georgia Regional Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 29, 2011

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

This discussion and analysis of the Southwest Georgia Regional Commission's ("the Commission") financial performance provides an overview of the Agency's financial activities for fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Commission's total primary government net assets increased 45.8% from the prior year. A detailed explanation for this increase is included in the body of this report.
- During the year, the Commission experienced an excess of revenues over expenditures in the amount of \$836,441 in the governmental activities. Revenues of the governmental activities increased 87.3% from the prior year. Expenditures increased by approximately 66.3%.
- The Commission's business type activities experienced an increase in net assets in the amount of \$329,815. This amount increased significantly from the previous year. The business-type activities consist of the U.S. Department of Commerce Economic Development Administration (EDA) Revolving Loan Fund (RLF) and the Georgia Department of Community Health Non-Emergency Transportation (NET) Program.
- The net assets of the Commission's Fiduciary Fund (Employee Retirement Plan) increased \$423,492 or 29.3%. Net assets of the Employee Retirement Plan at June 30, 2011 were \$1,871,256.
- Resources available for appropriation in the general fund were \$17,366 (3.7%) more than budget and charges to appropriations were \$2,638 (.06%) more than budget. The result to the general fund balance was an increase of \$64,728 for the year, which was \$14,728 more than budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities (on pages 1 and 2 of the Commission's audit report, respectively) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements begin on page 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

wide statements by providing information about the Commission's most significant funds. The remaining statement provides financial information about activities for which the Commission acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Commission as a Whole

One of the most important questions asked about the Commission's finances is, "Is the Commission, as a whole, better off or worse off as a result of the year's activities?" The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the Commission as a whole and about its activities in a way that helps to answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's *net assets* and changes in them. The Commission's net assets – the difference between assets and liabilities – are one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net assets are one indicator of whether its *financial position* is improving or deteriorating. Of course, other non-financial factors may also need to be considered.

In the Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities, the Commission is divided into three kinds of activities:

- Governmental activities – Most of the Commission's basic services are reported here, including General Government, Planning and Community Development, Economic Development, Historic Preservation, Grant Administration, Workforce Investment, Human Services and Transportation Services (excluding the Non-Emergency Transportation Program). Local Dues and Fees from member governments along with Federal and State grants finance the majority of these activities.
- Business-type activities – The business-type activities are comprised of the Commission's Revolving Loan Fund (RLF) and the Commission's Non-Emergency Transportation (NET) program. The RLF is a locally controlled source of capital used to provide "gap" financing to eligible start-up and expanding businesses whose projects will create permanent jobs and leverage private sector investment. As borrowers repay their RLF loans, the principal and interest payments are returned to the fund for lending to other businesses to create more jobs and investment opportunities. The NET program provides medical non-emergency transportation to Medicaid eligible recipients in a forty county area and makes up the largest percentage of the Commission's annual budget.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

- Component unit – The Commission includes the separate legal entity of SOWEGA Economic Development Corporation, Inc. in its report. Although legally separate, this “component unit” is includable in the Commission’s financial statements because the Commission is financially accountable for it.

Reporting the Commission’s Most Significant Funds

An analysis of the Commission’s major funds begins on page 3 of the audit report with the fund financial statements and provides detailed information about the most significant funds – not the Commission as a whole. These funds are required to be established by State law and by bond covenants but they also assist in controlling and managing money for specific purposes or to show it is meeting certain legal responsibilities for using certain grants and other money. The Commission’s two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the Commission’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the Commission’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission’s programs. The relationship (or differences) between governmental *activities* (reported in the Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities) and governmental *funds* is described in a reconciliation at the bottom of the fund financial statements (pages 3 and 4 of the audit report).
- *Proprietary funds* - The Commission’s proprietary funds include the Revolving Loan Fund, the Non-Emergency Transportation (NET) program and the Internal Service Fund. Proprietary funds are reported in the same way that all activities are reported in the Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities. The Commission’s Revolving Loan Fund and NET Program are enterprise funds, which are components of the proprietary fund. They are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as the Statement of Cash Flows seen on page 8, for proprietary funds. The Commission’s Internal Service fund is used to report activities that provide supplies and services for the Commission’s other program and activities on a cost reimbursement basis.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

The Commission as Trustee

The Commission is the trustee, or fiduciary, for its employees' pension plan. The Commission's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 9 and 10. These activities are excluded from the Commission's other financial statements because the Commission cannot use these assets to finance its operations. The Commission is responsible for ensuring that the assets reported in these funds are used appropriately and for their intended purposes.

THE COMMISSION AS A WHOLE

The Commission's combined net assets increased, from \$2,547,076 at June 30, 2010 to \$3,713,332 at June 30, 2011. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Commission's governmental and business-type activities.

Table 1
Net Assets

	Governmental		Business Type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 3,120,459	\$ 1,489,118	\$ 962,587	\$ 951,184	\$ 4,083,046	\$ 2,440,302
Capital assets	<u>2,285,236</u>	<u>1,366,808</u>	<u>315,634</u>	<u>402,065</u>	<u>2,600,870</u>	<u>1,768,873</u>
Total assets	<u>5,405,695</u>	<u>2,855,926</u>	<u>1,278,221</u>	<u>1,353,249</u>	<u>6,683,916</u>	<u>4,209,175</u>
Long-term debt	181,053	10,010	-	15,928	181,053	25,938
Other liabilities	<u>2,624,350</u>	<u>1,082,065</u>	<u>165,181</u>	<u>554,096</u>	<u>2,789,531</u>	<u>1,636,161</u>
Total liabilities	<u>2,805,403</u>	<u>1,092,075</u>	<u>165,181</u>	<u>570,024</u>	<u>2,970,584</u>	<u>1,662,099</u>
Net assets:						
Invested in capital assets,						
net of debt	2,104,183	1,356,798	315,634	386,137	2,419,817	1,742,935
Restricted	-	-	300,519	293,893	300,519	293,893
Unrestricted	<u>496,109</u>	<u>407,053</u>	<u>496,887</u>	<u>103,195</u>	<u>992,996</u>	<u>510,248</u>
Total net assets	<u>\$ 2,600,292</u>	<u>\$ 1,763,851</u>	<u>\$ 1,113,040</u>	<u>\$ 783,225</u>	<u>\$ 3,713,332</u>	<u>\$ 2,547,076</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Net assets of the Commission's governmental activities increased 47.4% (from \$1,763,851 to \$2,600,292). *Unrestricted* net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from \$407,053 at June 30, 2010 to \$496,109 at June 30, 2011. Net assets of the business-type activities increased 42.1%, from \$783,225 to \$1,113,040.

While the net change in the fund balances for total governmental funds was an increase of \$107,166 from normal operations, the government wide statement of activities had a substantially larger increase in net assets in the amount of \$836,441, primarily due to the large number of new vehicles purchased with Georgia Department of Transportation (GDOT) ARRA (American Recovery and Reinvestment Act) funds. The Commission received thirty-eight (38) new vehicles for operation in the RC's Rural Coordinated Transportation Program, with a cost of \$1,486,396. These vehicles replaced older vehicles that were surplus through Georgia Department of Administrative Services (GDOAS); however, thirty of the vehicles returned were previously titled to the County or City in which it operated. GDOT currently titles all vehicles to the Commission, therefore, so in terms of assets, these thirty vehicles became new assets to the Commission. The expense for depreciation in the amount of \$601,945 is also recorded in the government wide statement of activities but is not reported in the governmental funds.

A contract with the Georgia Department of Community Health (DCH) provides funding for the Commission to supply non-emergency transportation services through third party operators to eligible Medicaid members in a forty county region in South Georgia. The Commission was awarded the contract in January 2007 with a ninety day start up period, to begin services April 1, 2007. This contract is what is referred to as the Southwest Georgia Non-Emergency Transportation (NET) Program. Revenues for this program are paid at a "PMPM" (per member, per month) contractual rate. Services for the program began in the last quarter of fiscal year 2007 with fiscal year 2008 being the first full year of operations. The contract was awarded for a period of five years, renewable each year, has continued through June 30, 2011. DCH has rebid the contract for the upcoming five year period. See page xv for more details.

At June 30, 2011, the NET program experienced an increase in net assets in the amount of \$323,189. This program had experienced large deficits in prior years and had a deficit of net assets at July 1, 2009 of \$375,291. The changes made (which began in FY09) to get expenditures under control and to recoup previous losses of the program were successful. Contractual rates between the Commission and third party operators were either re-negotiated or terminated. By the close of the last fiscal year, all prior deficits had been recouped and the NET program had total net assets of \$489,332. At June 30, 2011, the NET program had total assets of \$812,521.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Also included in the Enterprise Fund is the Revolving Loan Fund. The Revolving Loan Fund also experienced a modest increase in net assets for the current year in the amount of \$6,626. At June 30, 2011, the loan fund had three active loans. One loan is current, another is delinquent and the other is in default. The Commission is currently working with the recipient of the delinquent loan. The loan recipient has requested to renegotiate the loan by lowering the current interest rate. The Revolving Loan Fund Board is interested in trying to help this loan recipient in an effort to avoid a default situation. Concerning the loan in default, the Revolving Loan Fund Board felt that it had exhausted all other avenues in collection of this loan and has engaged the attorney to foreclose on the loan.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 3,120,459	\$ 1,489,118	\$ 962,587	\$ 951,184	\$ 4,083,046	\$ 2,440,302
Capital assets	<u>2,285,236</u>	<u>1,366,808</u>	<u>315,634</u>	<u>402,065</u>	<u>2,600,870</u>	<u>1,768,873</u>
Total assets	<u>5,405,695</u>	<u>2,855,926</u>	<u>1,278,221</u>	<u>1,353,249</u>	<u>6,683,916</u>	<u>4,209,175</u>
Long-term debt	181,053	10,010	-	15,928	181,053	25,938
Other liabilities	<u>2,624,350</u>	<u>1,082,065</u>	<u>165,181</u>	<u>554,096</u>	<u>2,789,531</u>	<u>1,636,161</u>
Total liabilities	<u>2,805,403</u>	<u>1,092,075</u>	<u>165,181</u>	<u>570,024</u>	<u>2,970,584</u>	<u>1,662,099</u>
Net assets:						
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net of debt	2,104,183	1,356,798	315,634	386,137	2,419,817	1,742,935
Restricted	-	-	300,519	293,893	300,519	293,893
Unrestricted	<u>496,109</u>	<u>407,053</u>	<u>496,887</u>	<u>103,195</u>	<u>992,996</u>	<u>510,248</u>
Total net assets	<u>\$ 2,600,292</u>	<u>\$ 1,763,851</u>	<u>\$ 1,113,040</u>	<u>\$ 783,225</u>	<u>\$ 3,713,332</u>	<u>\$ 2,547,076</u>

Governmental and Business-Related Activities

Revenues in the governmental activities increased 87.3% from \$5,630,684 for the year ended June 30, 2010 to \$10,546,040 for the year ended June 30, 2011. A major factor contributing to the increase of revenues in the current year was the addition of the Workforce Investment Act (WIA) Program with the Commission as the fiscal and administrative entity, effective October 1, 2011. Approximately \$3,775,785 of federal funding was received through the Georgia Department of Labor for this program, whose goal is to increase the employment, retention and earnings of qualified participants, and as a result, improve the quality of the workforce, reduce

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

welfare dependency, and enhance the productivity and competitiveness of the nation. There were also revenue increases in the Commission's coordinated transportation program as a result of funding through the Georgia Department of Transportation for the purchase of numerous replacement and expansion vehicles.

Revenues in the business-type activities increased 2.03% primarily due to an increase in revenues of the "NET" program. As the NET program receives a contractual "per member, per month" rate, an increase in Medicaid members who are eligible for NET services produces an increase in revenue. The average number of Medicaid eligible members increased from 175,953 per month in FY 2010 to 178,995 per month in FY 2011. The increase in members produced approximately \$233,000 more in revenue for the current year than the prior year. Overall, the revenues for the total primary governments increased 27.03% for the current year.

Expenditures increased in the governmental activities approximately 66.27%, primarily due to the additional expenditures of the WIA Program and also from depreciation on vehicles and equipment, funded by Department of Transportation grants. Expenditures increased in the business-type activities approximately 6.5%. The increase in business-type expenditures is primarily attributable to the increase in the number of trips provided for transportation services to Medicaid members. Overall, expenditures increased 25.3%, from \$18,532,154 to \$23,227,748 for the total primary government.

THE COMMISSION'S FUNDS

At June 30, 2011, the Commission's governmental fund balance (as shown on page 3 of the audit report) was \$599,680. The total governmental fund balance increased in the fiscal year 2011 approximately 21.8%, from the FY 2010 fund balance of \$492,514. Turning over to page 4 of the audit report, the reader will see that in FY 2011 the net change in the fund balance of the General Fund increased \$64,728 (or 27%). In comparison, the General Fund in FY 2010 netted a negative change (decrease) to the fund balance in the amount of \$49,583.

The State Administered Grants Fund, which had an increase in its fund balance in FY 2010 of \$58,963, increased its fund balance in the amount of \$42,438 in FY 2011. The net change in the fund balance for FY 2011 for total government funds, as shown on page 4 of the audit report, is an increase of \$107,166.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

General Fund Budgetary Highlights

Over the course of the 2011 fiscal year, the Commission amended the budget two times. At least one budget revision is necessary each year due to the nature of the Commission's funding. The Commission's budget process typically begins in April of each year, with the budget year beginning July 1st. It is often difficult to accurately identify funding for the year as early as April due to the uncertainty of funding coming from Federal and State grants and/or contracts. Annual contracts are often not received by the Commission until after the start of the fiscal period and others are awarded later in the fiscal period. Often when larger contracts are awarded later in the year, the Commission will need to hire additional staff, specifically for that project, which also would increase salaries and benefits and other expenditures. Amounts estimated before the beginning of the fiscal year for contracts that carry over from one year to the next may also need amending to reflect the actual amounts. The budget may also need amending near the end of the fiscal year to increase expenditures to prevent budget overruns. For these reasons, the budget is amended at least once, as it was during this fiscal year, and more often if necessary. The FY 2011 budget was amended the first time due to the addition of the WIA Program, which began October 1, 2010. The FY 2011 budget was amended again in May 2011 to make several necessary year-end adjustments to the budget.

In comparison of the amended budget to actual (Table 3, below), general fund revenues were \$17,366 more than the amended budget, bringing actual revenues to a total of \$484,689. General fund expenditures were .64% (\$2,638) over the amended budget, bringing them to a total of \$419,961. The Commission was budgeted in FY 2011 to experience an excess of revenues over expenditures in the general fund of \$50,000; however, the actual excess for the fiscal period was \$64,728, or \$14,728 more than the amended budget.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Table 3
Budgetary Comparison - General Fund

	<u>Original FY</u> <u>2011 Budget</u>	<u>Amended FY</u> <u>2011 Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Amended Budget</u>
Resource (inflows):				
Local Government Dues	\$ 365,023	\$ 365,023	\$ 365,023	\$ -
Charges for Services	100,000	100,000	118,479	18,479
Workshop/Meeting Income	1,000	1,000	200	(800)
Investment Earnings	250	300	299	(1)
Map/Printing Income	1,000	1,000	648	(352)
Other Income	-	-	40	40
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Resources	<u>467,273</u>	<u>467,323</u>	<u>484,689</u>	<u>17,366</u>
Expenditures				
General Government				
Direct				
Personnel Services	119,718	112,709	159,191	46,482
Operating Costs	42,000	33,500	30,813	(2,687)
Indirect				
Cost Allocation Plan	47,606	32,029	50,499	18,470
Transfers to Other Funds	<u>187,949</u>	<u>239,085</u>	<u>179,458</u>	<u>(59,627)</u>
Total Charges to Appropriations	<u>397,273</u>	<u>417,323</u>	<u>419,961</u>	<u>2,638</u>
Revenues over (under) Expenditures	<u>\$ 70,000</u>	<u>\$ 50,000</u>	<u>\$ 64,728</u>	<u>\$ 14,728</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the Commission had \$2,285,236 invested in capital assets net of accumulated depreciation in the governmental activities and \$315,634 invested in capital assets net of accumulated depreciation in the business-type activities (Table 4, below). There was a 67.2% net increase (\$918,428) in capital assets from the fiscal year end 2010 to the fiscal year end 2011 in the governmental activities. The net increase was due primarily to the addition of assets purchased for the Workforce Investment Program and also for the addition of transit vehicles purchased as part of the GDOT 5311 (Public Transportation) Program. These vehicles make up the largest portion of capital assets in the governmental activities. In the business-type activities, there was a net decrease in investment in capital assets in the amount of \$86,431. This net decrease was also due primarily to depreciation of equipment in the NET program. The reader should refer to note #7 on page 26 of the financial statements for more detail on capital asset activity.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

Table 4
Capital Assets at June 30, 2011

	<u>Balance at</u> <u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2011</u>
Governmental Activities				
Capital Assets not depreciated:				
Land and Building	\$ 38,333	\$ -	\$ (38,333)	\$ -
Other Capital Assets				
Equipment	543,696	115,085	(154,204)	504,577
Vehicles	1,824,113	1,620,266	(275,615)	3,168,764
Total Other Capital Assets	2,367,809	1,735,351	(429,819)	3,673,341
Less: Accum Depreciation for:				
Equipment	(436,458)	(38,017)	159,691	(314,784)
Vehicles	(602,876)	(623,199)	152,754	(1,073,321)
Total Accumulated Depreciation	(1,039,334)	(661,216)	312,445	(1,388,105)
Total Governmental Activities Capital Assets	<u>\$ 1,366,808</u>	<u>\$ 1,074,135</u>	<u>\$ (155,707)</u>	<u>\$ 2,285,236</u>
Business-type Activities				
Equipment	\$ 606,395	\$ 1,083	\$ -	\$ 607,478
Leasehold Improvements	-	17,696	-	17,696
Total Capital Assets	<u>606,395</u>	<u>18,779</u>	<u>-</u>	<u>625,174</u>
Less: Accum Depreciation:				
Equipment	(204,330)	(104,454)	-	(308,784)
Leasehold Improvements	-	(756)	-	(756)
Total Accumulated Depreciation	<u>(204,330)</u>	<u>(105,210)</u>	<u>-</u>	<u>(309,540)</u>
Total Business-type Capital Assets	<u>\$ 402,065</u>	<u>\$ (86,431)</u>	<u>\$ -</u>	<u>\$ 315,634</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

Debt

Capital leases increased from \$25,938 (Table 5, below) at June 30, 2010 to \$181,053 at June 30, 2011. New leases were entered into during the fiscal year 2011, to fund purchases of capital assets, such as furniture, computers and other equipment, for the WIA Program. Of the total capital lease balance shown below (Table 5), \$80,019 is due within one year. Total payments (decreases) on capital leases were made in the amount of \$42,267. The reader should refer to note #8 on pages 27 – 28 for more detail on long-term debt activity.

**Table 5
Capital Leases at June 30, 2011**

<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>	<u>Due Within One Year</u>
\$ 25,938	\$ 197,382	\$ (42,267)	\$ 181,053	\$ 80,019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of December 1, 2011, there is a currently known fact, decision or condition expected to have a significant impact on next year's budget and/or financial condition or beyond and it is described below:

The Southwest Georgia Regional Commission was notified in late November 2011 that another Broker had been selected under a competitive bid process to provide non-emergency transportation services for Medicaid recipients in the southern Georgia region. The Commission has contracted with the Georgia Department of Community Health (DCH) for the past five years to provide these services, which currently comprises approximately 70% of the Commission budget. The Commission currently has a contract with the DCH through March 31, 2012. It is possible that the contract could be extended further. Net assets remaining upon termination of the program are available for general use by the Commission.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Commission's Director of Finance and Management at Southwest Georgia Regional Commission, 30 W Broad Street, Camilla, GA.

**SOUTHWEST GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 446,502	\$ 631,741	\$ 1,078,243	\$ 14,134
Accounts receivable	2,673,818	22,404	2,696,222	-
Accounts receivable:				
Component unit	139	-	139	-
Prepaid expenses	-	-	-	-
Notes receivable, net	-	138,193	138,193	-
Restricted cash	-	170,249	170,249	-
Capital assets:				
Equipment and vehicles, net of depreciation	2,285,236	315,634	2,600,870	-
Total assets	<u>5,405,695</u>	<u>1,278,221</u>	<u>6,683,916</u>	<u>14,134</u>
LIABILITIES				
Accounts payable and accrued expenses	2,174,757	507,722	2,682,479	-
Due to primary government	-	-	-	139
Compensated absences	88,290	-	88,290	-
Unapplied funds	18,762	-	18,762	-
Deferred revenue	-	-	-	-
Internal balances	342,541	(342,541)	-	-
Long-term liabilities				
Due within one year	80,019	-	80,019	-
Due in more than one year	101,034	-	101,034	-
Total liabilities	<u>2,805,403</u>	<u>165,181</u>	<u>2,970,584</u>	<u>139</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,104,183	315,634	2,419,817	-
Restricted for:				
Programs:				
Economic development -RLF	-	300,519	300,519	-
SOWEGA Economic Dev. Corp.	-	-	-	13,995
Unrestricted	496,109	496,887	992,996	-
Total net assets	<u>\$ 2,600,292</u>	<u>\$ 1,113,040</u>	<u>\$ 3,713,332</u>	<u>\$ 13,995</u>

See accompanying notes to the financial statements.

**SOUTHWEST GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Function/Programs:	Net (Expense) Revenue and Changes in Net Assets								
	Direct Expenses	Indirect Expense Allocation	Program Revenues			Primary Government			Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:									
Governmental activities									
General government	\$ 1,061,001	\$ (782,165)	\$ 119,367	\$ -	\$ -	\$ (159,469)		\$ (159,469)	
Community service	4,898,287	44,166	50	4,265,563	1,474,760	797,920		797,920	
Planning and zoning	322,281	96,142	-	291,684	-	(126,739)		(126,739)	
Economic development assistance	86,087	26,385	-	55,621	-	(56,851)		(56,851)	
Economic opportunity	3,635,287	225,008	-	3,870,796	-	10,501		10,501	
Urban redevelopment/housing	64,028	20,226	89,684	-	-	5,430		5,430	
Conservation	9,758	3,108	-	12,871	-	5		5	
Interest on long-term debt	4,999	(4,999)	-	-	-	-		-	
Total governmental activities	<u>10,081,728</u>	<u>(372,129)</u>	<u>209,101</u>	<u>8,496,535</u>	<u>1,474,760</u>	<u>470,797</u>		<u>470,797</u>	
Business-type activities									
Revolving loan program	5,666	340	12,348	-	-	6,342		6,342	
DCH NET	13,140,354	371,789	13,833,780	-	-	321,637		321,637	
Total business type act.	<u>13,146,020</u>	<u>372,129</u>	<u>13,846,128</u>	<u>-</u>	<u>-</u>	<u>327,979</u>		<u>327,979</u>	
Total primary government	<u>\$ 23,227,748</u>	<u>\$ -</u>	<u>\$ 14,055,229</u>	<u>\$ 8,496,535</u>	<u>-</u>	<u>470,797</u>	<u>327,979</u>	<u>798,776</u>	
COMPONENT UNIT:									
SOWEGA Economic Dev. Corp.	\$ 50	\$ -	\$ -	\$ -	-	-		(50)	
General revenues:									
Local dues						365,023	-	365,023	
Investment earnings						621	1,836	2,457	
Total general revenues						<u>365,644</u>	<u>1,836</u>	<u>367,480</u>	
Change in net assets						836,441	329,815	1,166,256	
Net assets - beginning						1,763,851	783,225	2,547,076	
Net assets - ending						<u>\$ 2,600,292</u>	<u>\$ 1,113,040</u>	<u>\$ 3,713,332</u>	

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,944	\$ 207,996	\$ -	\$ 210,940
Receivables:				
Intergovernmental	17,095	2,182,200	115,739	2,315,034
Other receivables	-	358,784	-	358,784
Interfund balances	284,463	-	-	284,463
Total assets	<u>\$ 304,502</u>	<u>\$ 2,748,980</u>	<u>\$ 115,739</u>	<u>\$ 3,169,221</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,604,949	\$ -	\$ 1,604,949
Accrued wages	-	177,207	-	177,207
Due to other governments	-	77,450	-	77,450
Unapplied funds	-	113	18,649	18,762
Interfund balances	-	594,083	97,090	691,173
Total liabilities	-	2,453,802	115,739	2,569,541
Fund balances:				
Committed for transportation program	-	295,178	-	295,178
Unassigned	304,502	-	-	304,502
Total fund balances	<u>304,502</u>	<u>295,178</u>	<u>-</u>	<u>599,680</u>
Total liabilities and fund balances	<u>\$ 304,502</u>	<u>\$ 2,748,980</u>	<u>\$ 115,739</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,976,162
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 is included in governmental activities in the statement of net assets.	<u>24,450</u>
Net assets of governmental activities	<u>\$ 2,600,292</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ 9,873,458	\$ 166,021	\$ 10,039,479
Dues	365,023	-	-	365,023
Charges for services	118,479	-	-	118,479
Training/meeting income	200	-	-	200
Investment earnings	299	322	-	621
Map/printing income	648	-	-	648
Program income	-	50	21,500	21,550
Other income	40	-	-	40
Total revenues	<u>484,689</u>	<u>9,873,830</u>	<u>187,521</u>	<u>10,546,040</u>
EXPENDITURES				
Current:				
General government	240,503	-	-	240,503
Community service	-	5,700,140	-	5,700,140
Planning and zoning	-	337,659	80,764	418,423
Economic development and assistance	-	-	111,893	111,893
Economic opportunity	-	3,870,795	-	3,870,795
Urban redevelopment and housing	-	35,463	48,791	84,254
Conservation	-	12,866	-	12,866
Total expenditures	<u>240,503</u>	<u>9,956,923</u>	<u>241,448</u>	<u>10,438,874</u>
Excess (deficiency) of revenues over (under) expenditures	244,186	(83,093)	(53,927)	107,166
OTHER FINANCING SOURCES (USES)				
Transfers in	-	125,531	72,426	197,957
Transfers out	(179,458)	-	(18,499)	(197,957)
Total other financing sources and uses	<u>(179,458)</u>	<u>125,531</u>	<u>53,927</u>	<u>-</u>
Net change in fund balances	64,728	42,438	-	107,166
Fund balances - beginning	<u>239,774</u>	<u>252,740</u>	<u>-</u>	<u>492,514</u>
Fund balances - ending	<u>\$ 304,502</u>	<u>\$ 295,178</u>	<u>\$ -</u>	<u>\$ 599,680</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds	\$	107,166
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,486,396) exceeded depreciation (\$601,945) in the current period.		
		884,451
Loss on disposal of capital assets is not reported in the funds but is reported as an expense in the statement of activities.		<u>(155,176)</u>
Change in net assets of governmental activities	\$	<u><u>836,441</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Revolving Loan Fund	DCH NET Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash - unrestricted	\$ -	\$ 631,741	\$ 631,741	\$ 235,562
Cash - restricted	170,249	-	170,249	-
Receivables:				
Due from component unit	-	-	-	139
Other	7,387	15,017	22,404	-
Notes receivable - current portion	68,517	-	68,517	-
Interfund balances	-	357,820	357,820	64,169
Total current assets	<u>246,153</u>	<u>1,004,578</u>	<u>1,250,731</u>	<u>299,870</u>
Noncurrent assets:				
Notes receivable, less current portion	116,274	-	116,274	-
Allowance for uncollectible debt	(46,598)	-	(46,598)	-
Buildings, equipment and vehicles	-	625,174	625,174	651,590
Less: accumulated depreciation	-	(309,540)	(309,540)	(342,516)
Total noncurrent assets	<u>69,676</u>	<u>315,634</u>	<u>385,310</u>	<u>309,074</u>
Total assets	<u>315,829</u>	<u>1,320,212</u>	<u>1,636,041</u>	<u>608,944</u>
LIABILITIES				
Current liabilities:				
Accounts payable	31	507,691	507,722	228,060
Accrued salaries	-	-	-	87,091
Interfund balances	15,279	-	15,279	-
Capital leases payable - current portion	-	-	-	80,019
Total current liabilities	<u>15,310</u>	<u>507,691</u>	<u>523,001</u>	<u>395,170</u>
Long-term liabilities:				
Compensated absences payable	-	-	-	88,290
Capital leases payable, less current portion	-	-	-	101,034
Total liabilities	<u>15,310</u>	<u>507,691</u>	<u>523,001</u>	<u>584,494</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	315,634	315,634	24,450
Restricted for revolving loan program	300,519	-	300,519	-
Unrestricted	-	496,887	496,887	-
Total net assets	<u>\$ 300,519</u>	<u>\$ 812,521</u>	<u>\$ 1,113,040</u>	<u>\$ 24,450</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Governmental Fund
	Revolving Loan Fund	DCH NET Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ 13,774,864	\$ 13,774,864	\$ 2,129,865
Interest on notes receivable	9,528	-	9,528	-
Other income	2,820	58,916	61,736	-
Total operating revenue	<u>12,348</u>	<u>13,833,780</u>	<u>13,846,128</u>	<u>2,129,865</u>
OPERATING EXPENSES				
Transportation services	-	11,305,239	11,305,239	-
Personnel services	1,070	1,172,031	1,173,101	1,502,833
Indirect costs	340	371,789	372,129	182,589
Depreciation	-	105,210	105,210	59,270
Telecommunications	-	98,431	98,431	25,426
Liquidated damages	-	82,550	82,550	-
Software maintenance	-	77,208	77,208	-
Per diem and fees	-	66,534	66,534	47,641
Insurance	-	66,319	66,319	13,450
Repairs and maintenance	-	52,144	52,144	38,486
Rent	-	46,332	46,332	80,256
Other supplies and expenses	4,596	41,728	46,324	102,714
Utilities	-	18,241	18,241	18,975
Auto and travel	-	7,534	7,534	53,226
Impairment loss	-	-	-	38,333
Total operating expenses	<u>6,006</u>	<u>13,511,290</u>	<u>13,517,296</u>	<u>2,163,199</u>
Operating income (loss)	<u>6,342</u>	<u>322,490</u>	<u>328,832</u>	<u>(33,334)</u>
NONOPERATING REVENUES				
(EXPENSES)				
Interest income	284	1,552	1,836	-
Interest expense	-	(853)	(853)	(4,999)
Total nonoperating revenues				
(expenses)	<u>284</u>	<u>699</u>	<u>983</u>	<u>(4,999)</u>
Change in net assets	6,626	323,189	329,815	(38,333)
Total net assets - beginning	<u>293,893</u>	<u>489,332</u>	<u>783,225</u>	<u>62,783</u>
Total net assets - ending	<u>\$ 300,519</u>	<u>\$ 812,521</u>	<u>\$ 1,113,040</u>	<u>\$ 24,450</u>

See accompanying notes to the financial statements.

**SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Gov. Fund
	Revolving Loan Fund	DCH Net Fund	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from borrowers/customers	\$ 15,994	\$ 13,821,325	\$ 13,837,319	\$ -
Loans made to borrowers	(60,000)	-	(60,000)	-
Internal activity - payments from (to) other funds	1,506	(338,044)	(336,538)	2,061,510
Payments to employees or for their benefit	(1,070)	(1,172,031)	(1,173,101)	(1,435,671)
Payments to suppliers	(5,001)	(12,286,362)	(12,291,363)	(497,252)
Net cash provided (used) by operating activities	<u>(48,571)</u>	<u>24,888</u>	<u>(23,683)</u>	<u>128,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	(18,779)	(18,779)	(248,955)
Loss on disposal of capital assets	-	-	-	38,865
Principal paid on capital debt	-	(15,927)	(15,927)	(26,338)
Proceeds from capital leases	-	-	-	197,381
Interest paid on capital debt	-	(853)	(853)	(4,999)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(35,559)</u>	<u>(35,559)</u>	<u>(44,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	284	1,552	1,836	-
Net cash provided by investing activities	<u>284</u>	<u>1,552</u>	<u>1,836</u>	<u>-</u>
Net increase in cash and cash equivalents	(48,287)	(9,119)	(57,406)	84,541
Balances - beginning	218,536	640,860	859,396	151,021
Balances - ending	<u>\$ 170,249</u>	<u>\$ 631,741</u>	<u>\$ 801,990</u>	<u>\$ 235,562</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,342	\$ 322,490	\$ 328,832	\$ (33,334)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	-	105,210	105,210	59,270
Change in assets and liabilities:				
Receivables, net	(56,354)	(12,455)	(68,809)	-
Interfund balances	1,506	(338,045)	(336,539)	(68,355)
Accounts and other payables	(65)	(52,312)	(52,377)	171,006
Net cash provided by operating activities	<u>\$ (48,571)</u>	<u>\$ 24,888</u>	<u>\$ (23,683)</u>	<u>\$ 128,587</u>

Noncash activity . Capital assets with a cost of \$39,783 and accumulated depreciation of \$918 were disposed of in the Internal Service Fund.

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	<u>Employee Retirement Plan</u>
ASSETS	
Investments at fair value:	
Corporate and government bonds	\$ 962,627
Corporate stocks	<u>908,629</u>
Total investments	<u>1,871,256</u>
Total assets	<u><u>\$1,871,256</u></u>
 NET ASSETS	
Held in trust for pension benefits (see Schedule of Retirement Plan Funding Progress)	<u><u>\$1,871,256</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Employee Retirement Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 312,132
Net increase in fair value of investments	<u>240,317</u>
Total contributions	<u>552,449</u>
 DEDUCTIONS	
Benefits	128,927
Administrative expense	<u>30</u>
Total deductions	<u>128,957</u>
Change in net assets	423,492
Net assets - beginning	<u>1,447,764</u>
Net assets - ending	<u><u>\$ 1,871,256</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest Georgia Regional Commission (hereafter referred to as the RC) is one of twelve regional commissions in Georgia. The RC was created by state legislation, as amended by House Bill 1216, requiring, among others, that the regional development centers be changed to a regional commissions. The Official Code of Georgia Annotated (OCGA) Section 50-8-41 provided for the succession.

The regional commissions are quasi-governmental regional planning organizations created and managed by member local governments. The responsibilities and authority of regional commissions are contained in Sections 50-8-30 through 50-8-67 of the OCGA. The RC 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 dues or other 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).

A. Reporting Entity

These financial statements present the RC (the primary government) and its component unit, SOWEGA Economic Development Corporation. As defined by GASBS No. 14, component units are legally separate entities that are included in the RC's reporting entity because of the significance of their operating or financial relationship with the RC. Separate financial statements are not issued for the SOWEGA Economic Development Corporation.

SOWEGA Economic Development Corporation is organized pursuant to the provisions of the Georgia Non-Profit Corporation Code. The Corporation's primary purpose is furthering the economic development and social welfare of the Southwest Georgia area by packaging Small Business Administration loans for a fee. The area it serves is the same as Southwest Georgia Regional Commission. The Corporation formerly served as a Certified Development Corporation pursuant to Section 503 of Title V of the Small Business Investment Act of 1958, as amended. The current status of the corporation is that of Associate Development Corporation. The RC's employees manage and operate the Corporation. The Corporation contracts with the RC for these services and the contract provides for payments of these services to the RC.

There are no potential component units that are excluded from the RC's reporting entity.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Direct Federal Grants Fund, State Administered Grants Fund, Local Program Fund and General Fund are classified as governmental activities. The RC's Revolving Loan Fund and DCH Non-Emergency Transportation Fund (DCH NET fund) are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The RC's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The RC first utilizes restricted resources to finance qualifying activities.

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, DCH NET program, and 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.

The net costs (by function or business-type activity) are normally covered by general revenue (investment earnings, dues, etc.).

The RC normally does not have excess indirect costs to allocate in preparing government-wide statements. An administrative service fee is charged by the Internal Service Fund to the other operating funds in preparing the government-wide financial statements. This fee and associated costs is eliminated like a reimbursement (reducing the revenue and expense in the Internal Service Fund) to recover the direct costs of the Internal Service Fund services provided.

The government-wide focus is more on the sustainability of the RC as an entity and the change in the RC's net assets resulting from the current year's activity.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 government or business-type activities categories. The RC's major funds are the General Fund, the State Administered Grants Fund, DCH NET Fund, and the Revolving Loan Fund. 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 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:

- a. The **general fund** is used to account for all activities of the RC 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. If the RC performs non-contractual services for a local government, these services would be accounted for in the general fund. Matching funds for grants and contracts are transferred to the special revenue fund through operating transfers.
- b. **Special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than for debt service or capital projects. Activities for grants, contracts, and special projects are accounted for in these funds.
 - (1) Direct Federal Grants Fund - used to account for revenues and costs associated with direct federal grants.
 - (2) State Administered Grants Fund - used to account for revenues and costs associated with state grants and federal grants passed through state agencies.
 - (3) Local Programs Fund - used to account for revenues and expenditures of contracts with local governments.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector. The following is a description of the proprietary funds of the RC:

- a. **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 ancillary activities.

EDA Revolving Loan Fund. The EDA RLF accounts for transactions related to the United States Department of Commerce's Economic Development Administration's Revolving Loan Fund. Revenue sources consist of charges for packaging loan applications and interest received on outstanding loans. The RC's personnel administer the outstanding loans and assist potential borrowers with loan packaging.

DCH Non-Emergency Transportation Fund (DCH NET fund.) The DCH fund is used to account for activity related to the Georgia Department of Community Health Non-Emergency Transportation Services contract.

- b. **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.

Cost Pools. The RC accounts for employee benefits and indirect costs in accordance with its cost allocation plan in its Internal Service Fund. These costs are pooled and billed to the grants and contracts and other activities accounted for in other funds. These reimbursements from the special revenue fund are recognized as revenue in the Internal Service Fund as cost recoveries.

The RC's internal service fund is 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 fund 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, economic opportunity, etc.)

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the RC's programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The RC's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Pension Trust Fund:

The Southwest Georgia Regional Commission's Employee Retirement Plan is administered by a board of trustees appointed by the Board of Directors of Southwest Georgia Regional Commission. The RC is obligated to fund all pension fund costs based upon actuarial valuations. The Pension Trust Fund accounts for all activity of the RC's Retirement Plan.

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, Proprietary and Fiduciary Fund Financial Statements:

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using 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 the current period. 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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Significant Accounting Policies

Under the terms of grant agreements, the RC funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the RC's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The RC's general policy is to charge prepaid amounts to the period in which the expenditure is made. An exception is made for payments to the RC's retirement plan in excess of the required contribution.

Revenues of the governmental funds susceptible to accrual are dues from member county and municipal governments and the earned portion of grants and contracts.

Recognized costs of grants and contracts are used as the basis of recording revenues from the grantor and/or contractor. Accounts receivable will reflect amounts earned that are undrawn, and unapplied funds will show balances of advance contract receipts that have not been earned.

F. Financial Statement Amounts

1. Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the RC.

2. Investments

Investments are stated at cost except for investments included in the Pension Trust Fund which are reported at fair market value. The RC's general 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.

For the Pension Trust Fund, the trustees have established investment policies, which include investing in equities not to exceed fifty-five percent of asset value, in compliance with state law. Investments of the Pension Trust Fund were held by Prudential Annuities, a Prudential Company, in a separate account.

3. Receivables

All receivables are recorded at their gross value. Receivables from grants and contracts represent amounts earned (i.e., allowable expenditures which have been incurred and for which reimbursement is due the RC).

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Notes Receivable and Allowance for Bad Debts

Notes receivable consist of loans made through the RC-administered Revolving Loan Fund (RLF). Bad debt expense in the RLF fund is accounted for using the allowance method. Uncollectible loans are charged off against this allowance.

5. 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 and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets that have an original cost of \$500 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives of equipment and vehicles are considered to be 5 to 15 years and 5 years, respectively.

The RC has no public domain or infrastructure capital assets, such as roads and bridges.

Capital assets acquired with grantor agency funds are charged as direct costs to the particular grant and/or contract.

The RC recognizes depreciation in its indirect cost allocation plan as an allowable cost in accordance with United States Office of Management and Budget Circular A-87. The depreciation charge is recovered as a reimbursable cost from grants, contracts, and local projects in the RC's Special Revenue Funds.

6. Compensated Absences and Employee Benefits

The RC provides the following compensated absences and employee benefits:

The RC charges employee benefits and compensated absences in accordance with its cost allocation plan as an allowable reimbursable cost under the provisions of United States Office of Management and Budget (OMB) Circular A-87. The compensated absences and employee benefits are recognized in the Cost Pools Fund and accumulated in an employee benefit pool. The compensated absences are identified in the Internal Service Fund as released time (identifying these costs as time the employee is released from work). These costs are pooled with other paid benefits (fringe benefits) to be shared by all programs and not directly charged to a particular program.

Compensated absences and employee benefits incurred by the RC are recognized in the Cost Pool Fund. Released time and fringe benefit allocations are recorded in the special revenue funds (at actual costs) each month. Recoveries of these costs are recognized as revenue in the Cost Pool Fund. Please refer to the Schedule of Employee Benefit Costs Pool – Actual Rate in the State Compliance Section of this report for actual released time, fringe benefit rate and the allocation base for the year.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Types of Leave - The RC recognizes seven (7) types of leave that are available to employees. They are annual leave, sick leave, military leave, court leave, leave-of-absence, leave under the Family and Medical Leave Act of 1993, and one day per year of personal leave (anniversary date).

Annual Leave

Annual Leave is leave that is earned to be used for vacations, personal business activities and other personal activities. Compensated absences payable is recorded for annual leave that has been earned but not yet paid.

Eligibility. All full-time employees, acting full-time and half-time employees and "longer term temporary employees" are eligible. Acting half-time employees and half-time employees will earn leave on a prorated basis consistent with the number of regularly scheduled hours worked as compared with a 40 hour normal work week. Part-time, seasonal, substitute and short-term temporary workers are not eligible.

Method of Earning Annual Leave. Depending on length of service, eligible full-time employees earn leave at rates of from .8333 to 1.67 days per month depending on years of service. Additionally, all eligible employees earn one additional day of annual leave per year which is credited to their account on the employee's anniversary date.

Method of Accumulating Leave. Maximum accumulation, which includes anniversary date leave, depends on length of service and ranges from 21 days for up to 5 years to 41 days for 10 years and over. All leave in excess of these maximums is forfeited. (In cases where job demands and staff work load prevent the taking of leave, as determined by the Executive Director, this rule may be waived.)

Method of Taking Annual Leave. Employees may take annual leave as earned in any increments with Department Head or Supervisor approval.

Payment of Terminal Leave. Payment of terminal leave, which includes anniversary date leave, is subject to prescribed maximums ranging from 11 to 21 days based on length of service. Terminal leave is computed using the daily compensation rate, which is determined by dividing the annual salary by 260 working days.

Sick Leave

Sick Leave is leave accumulated to be taken for bona fide illness and injury and other medical related necessities such as physician appointments, medical examinations, dental appointments and funerals in the immediate family. Sick leave is available for the employee's personal health care as well as for the care of members of the immediate family.

Eligibility. All full-time, acting full-time, half-time and longer term temporary employees are eligible. Half-time and acting half-time employees will earn sick leave on a prorated basis consistent with the number of hours worked as compared with a normal week. Temporary short-term, seasonal, part-time and substitute employees are not eligible for sick leave.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Earning Sick Leave. All employees, regardless of length of service, earn sick leave at the rate of one (1) day per month.

Accumulating Sick Leave. Sick leave may be accumulated to a maximum of 42 working days. All leave in excess of 42 days is forfeited. Sick leave can run 60 consecutive days, including weekends. Upon termination of employment, all accumulated sick leave is forfeited.

No liability is recorded for non-vesting accumulating rights to sick pay benefits. The cost of sick leave is recognized as it is taken by the employee.

Other Benefits

Insurance. The RC maintains group insurance plans covering disability, term life, dental and health. Dental and health insurance plans allow for employee contributory participation.

Payroll tax expense. Payroll tax expense consists of employer share of FICA tax and federal and Georgia unemployment taxes.

Retirement Benefits. The RC maintains a non-contributory retirement plan administered by a board of trustees appointed by the RC's Board of Directors. Additional information on the RC's retirement plan is contained in Note 11.

Please refer to the Schedule of Employee Benefit Cost Pool – Actual Rate in the State Compliance Section of this report for more details.

7. Fund Balances and Fund Equity

Fund Balances. Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the RC is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

1. Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
2. Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
3. Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Council (the RC's highest level of decision-making authority) through the adoption of a resolution. The Council also may modify or rescind the commitment.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assigned – Fund balances are reported as assigned when amounts are constrained by the RC's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the Council can authorize the finance committee or executive director to assign fund balances.
5. Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow assumption. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the RC's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the RC's policy to use fund balances in the following order: (a) committed, (b) assigned, (c) unassigned.

Contributed capital. 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 included in net assets. The contributed capital in the enterprise fund, \$750,000, represents contributions from the U.S. Department of Commerce-Economic Development Administration for the revolving loan fund program and its required matching funds from the RC, SOWEGA Economic Development Corporation, and the RC's member governments.

8. Interfund Activity

Interfund activity is reported as loans, as services provided, as reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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. Cost reimbursements received from grants and contracts in the special revenue fund are recognized in the Internal Service Fund as cost recoveries (revenue) instead of transfers in accordance with the requirements of the "Uniform Accounting and Financial Management Manual for Georgia's Regional Development Centers".

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 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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. 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 cost objective or are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved, are considered indirect costs.

The RC charges indirect costs in accordance with its cost allocation plan as allowable reimbursable costs under the provisions of OMB Circular A-87.

The RC has adjusted allocations charged to the grants and contracts in the special revenue fund to reflect the actual cost incurred. Indirect costs are recognized in the Internal Service Fund. Cost reimbursements received in the Special Revenue Fund from the various grants and contracts are transferred to the Cost Pools Fund and recognized as cost recoveries.

Please refer to the Schedule of Indirect Costs – Actual Rate in the State Compliance section of this report for more details.

NOTE 2 – CASH

Cash balances are as follows:

	Insured or Collateralized	
	Carrying Amount	Bank Balance
Primary Government		
Deposits	\$ 1,248,192	\$ 1,588,879
Petty cash	300	-
Total primary government	\$ 1,248,492	\$ 1,588,879
Component Unit	\$ 14,134	\$ 14,134

Restricted cash is as follows:

Business-type activities:

Enterprise Fund – Revolving Loan Fund – restricted by grant agreement to use for loans in conformity with Department of Commerce, Economic Development Administration grant requirements - \$170,249.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – INVESTMENTS – FIDUCIARY FUND – RETIREMENT PLAN

The only investments of the RC are carried in the retirement plan - Prudential Annuities, a Prudential Company, annuity contract. The investments of the pension trust fund are as follows:

Advanced Series LifeVest Investments	Average Maturities	Fair Value	Morningstar Risk and Rating
Stock Mutual Funds:			
AST AllianceBernstein Growth & Income	N/A	\$ 232,516	N/A
AST QMA US Equity Alpha	N/A	279,396	N/A
AST Small Cap Value	N/A	201,329	N/A
AST Marsico Capital Growth	N/A	195,388	N/A
Bond Mutual Funds:			
AST High Yield	7.79 years	118,998	2 star
AST Lord Abbett Bond - Debenture	N/A	118,412	US Government
AST PIMCO Total Return Fund	6.35 years	660,144	4 star
AST PIMCO Limited Maturity Bond	2.27 years	65,073	4 star
Total investments		<u>\$1,871,256</u>	

The RC's investment policy with regard to the retirement plan is to invest only in the type of investments which are legally authorized by state statutes. As required by state statutes no more than 55% of the investments can be in equities. The above investments are legally authorized by the state and meet the required 55% threshold. Investments are restricted for payments of retirement benefits or administration expenses. Investments are stated at fair market value as determined by the investment managing company.

Interest Rate Risk

The mutual bond funds are invested primarily in securities of varying maturities, so that the portfolios' expected average duration will be from one to twelve years.

Credit Risk

State statutes limit the RC's investments, other than retirement plan investments, to: obligations of the state of Georgia and other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligation of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool; and obligations of other political subdivisions of the state of Georgia.

The risk of a fund or portfolio investing primarily in fixed income securities is determined largely by the quality and maturity characteristics of its portfolio security. The mutual bond funds above are invested primarily in higher-quality fixed income securities.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – INVESTMENTS – FIDUCIARY FUND – RETIREMENT PLAN (CONTINUED)

Equity securities and fixed income securities can decline in value, and the primary risk of each of the above portfolios is that the value of the securities they hold will decline. Accordingly, loss of money is a risk of investing in each of these portfolios.

NOTE 4 - NOTES RECEIVABLE AND ALLOWANCE FOR BAD DEBT

Loans receivable consist of balances of revolving loan funds loaned to area businesses in the amount of \$184,791.

An allowance for uncollectible debt of \$46,598 has been recorded. There were no changes in the allowance from prior year.

NOTE 5 - UNAPPLIED FUNDS AND RECEIVABLES

Unapplied funds - includes amounts due to grantor agencies where funds were received in advance and balances remain which are unearned.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
UNAPPLIED FUNDS			
Local contracts:	\$ 113	\$ -	\$ 113
ACF Compact	18,649	-	18,649
Total unapplied funds	<u>\$ 18,762</u>	<u>\$ -</u>	<u>\$ 18,762</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - UNAPPLIED FUNDS AND RECEIVABLES (CONTINUED)

Intergovernmental receivables relating to federal, state and local grants, contracts and fees are detailed below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
RECEIVABLES			
Local:			
Dues and fees	\$ 17,095	\$ -	\$ 17,095
Contracts:			
CDBG/CHIP - various	56,855	-	56,855
Total local receivable	<u>73,950</u>	<u>-</u>	<u>73,950</u>
State grants receivable:			
Department of Community Affairs	43,119	-	43,119
Department of Natural Resources - EPD	5,854	-	5,854
Department of Transportation	916,146	-	916,146
Department of Labor	737,631	-	737,631
Department of Human Resources	479,450	-	479,450
Total state receivable	<u>2,182,200</u>	<u>-</u>	<u>2,182,200</u>
Federal grants receivable:			
Department of Commerce - EDA	22,742	-	22,742
Department of Agriculture	36,142	-	36,142
Total federal receivable	<u>58,884</u>	<u>-</u>	<u>58,884</u>
Total intergovernmental receivable	<u>2,315,034</u>	<u>-</u>	<u>2,315,034</u>
Other receivables:			
State administered grants fund:			
Transportation subcontractors:			
Insurance reimbursement	33,576	-	33,576
Fuel reimbursement	226,433	-	226,433
Advances and other	98,775	-	98,775
Total other receivables	<u>358,784</u>	<u>-</u>	<u>358,784</u>
Total governmental receivables	<u>2,673,818</u>	<u>-</u>	<u>2,673,818</u>
Enterprise funds			
RLF - interest and late fees	-	7,387	7,387
DCH NET	-	15,017	15,017
Total enterprise funds receivable	<u>-</u>	<u>22,404</u>	<u>22,404</u>
Total receivables	<u>\$ 2,673,818</u>	<u>\$ 22,404</u>	<u>\$ 2,696,222</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances consist of the following:

Fund	Receivables	Payables	Net
Governmental Funds:			
General fund:			
State administered grants fund	\$ 1,672	\$ -	\$ 1,672
Internal service fund	282,791	-	282,791
State administered grants fund:			
General fund	-	(1,672)	(1,672)
Internal service fund	-	(592,411)	(592,411)
Nonmajor funds:			
Internal service fund	-	(97,090)	(97,090)
Internal service fund:			
General fund	-	(282,791)	(282,791)
State administered grants fund	592,411	-	592,411
Nonmajor funds	97,090	-	97,090
Revolving loan fund	15,279	-	15,279
DCH NET fund	-	(357,820)	(357,820)
Total governmental funds	<u>\$ 989,243</u>	<u>\$ (1,331,784)</u>	<u>\$ (342,541)</u>
Proprietary Funds:			
Enterprise funds:			
DCH NET fund:			
Internal service fund	\$ 357,820	\$ -	\$ 357,820
Revolving loan fund:			
Internal service fund	-	(15,279)	(15,279)
Total enterprise funds	<u>\$ 357,820</u>	<u>\$ (15,279)</u>	<u>\$ 342,541</u>

Interfund transfers consist of the following:

	Transfers		
	In	Out	Net
Governmental activities:			
General fund			
State administered grants fund	\$ -	\$ (125,531)	\$ (125,531)
Nonmajor funds	-	(53,927)	(53,927)
State administered grants fund			
General fund	125,531	-	125,531
Nonmajor funds			
General fund	72,426	(18,499)	53,927
Total interfund transfers	<u>\$ 197,957</u>	<u>\$ (197,957)</u>	<u>\$ -</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land *	\$ 20,000	\$ -	\$ (20,000)	\$ -
Building *	18,333	-	(18,333)	-
Total assets not being depreciated	<u>38,333</u>	<u>-</u>	<u>(38,333)</u>	<u>-</u>
Other capital assets:				
Equipment	543,696	115,085	(154,204)	504,577
Vehicles	1,824,113	1,620,266	(275,615)	3,168,764
Total capital assets	<u>2,367,809</u>	<u>1,735,351</u>	<u>(429,819)</u>	<u>3,673,341</u>
Less accumulated depreciation for:				
Equipment	(436,458)	(38,017)	159,691	(314,784)
Vehicles	(602,876)	(623,199)	152,754	(1,073,321)
Total accumulated depreciation	<u>(1,039,334)</u>	<u>(661,216)</u>	<u>312,445</u>	<u>(1,388,105)</u>
Total governmental activities capital assets	<u>\$ 1,366,808</u>	<u>\$ 1,074,135</u>	<u>\$ (155,707)</u>	<u>\$ 2,285,236</u>
Business-type activities				
Equipment	\$ 606,395	\$ 1,083	\$ -	\$ 607,478
Leasehold improvements	-	17,696	-	17,696
Total capital assets	<u>606,395</u>	<u>18,779</u>	<u>-</u>	<u>625,174</u>
Less accumulated depreciation:				
Equipment	(204,330)	(104,454)	-	(308,784)
Leasehold improvements	-	(756)	-	(756)
Total accumulated depreciation	<u>(204,330)</u>	<u>(105,210)</u>	<u>-</u>	<u>(309,540)</u>
Total business-type capital assets	<u>\$ 402,065</u>	<u>\$ (86,431)</u>	<u>\$ -</u>	<u>\$ 315,634</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Community service		\$ 600,231		
Economic development and assistance		578		
Economic opportunity		1,137		
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>59,270</u>		
Total governmental activities depreciation expense		<u>\$ 661,216</u>		
Business-type activities: DCH NET Fund		<u>\$ 105,210</u>		

* An impairment loss has been recorded in the internal service fund in the amount of \$38,333.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 - CAPITAL LEASES AND LONG-TERM DEBT

The following is a summary of capital leases and long-term debt activity for the year:

	<u>Balance</u> 7/1/2010	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> 6/30/2011	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Dell Financial Services	\$ 5,736	\$ -	\$ (5,736)	\$ -	\$ -
Dell Financial Services	4,274	-	(2,021)	2,253	2,253
Great America Leasing Corp.	-	5,900	(404)	5,496	1,763
Ford Motor Credit	-	84,913	(4,728)	80,185	37,822
Ford Motor Credit	-	60,593	(1,800)	58,793	19,268
Atlantic TelCom	-	18,484	(6,164)	12,320	9,629
Atlantic TelCom	-	2,110	(646)	1,464	1,142
Dell Financial Services	-	18,889	(3,725)	15,164	6,071
Dell Financial Services	-	6,493	(1,115)	5,378	2,071
Total governmental activities	<u>\$ 10,010</u>	<u>\$ 197,382</u>	<u>\$ (26,339)</u>	<u>\$ 181,053</u>	<u>\$ 80,019</u>
Business-type activities:					
Dell Financial Services	<u>\$ 15,928</u>	<u>\$ -</u>	<u>\$ (15,928)</u>	<u>\$ -</u>	<u>\$ -</u>

Annual requirements to amortize the capital leases are as follows:

Year Ended June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 80,019	\$ 9,851	\$ 89,870
2013	56,774	4,544	61,318
2014	44,260	1,119	45,379
Total	<u>\$ 181,053</u>	<u>\$ 15,514</u>	<u>\$ 196,567</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 8 - CAPITAL LEASES AND LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt transactions:

	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2011</u>
Governmental activities:				
Compensated				
absences payable	<u>\$ 58,375</u>	<u>\$ 100,421</u>	<u>\$ (70,506)</u>	<u>\$ 88,290</u>

The internal service fund has been used in the past to liquidate the above liability.

Interest expense of \$4,999 was incurred and charged to the internal service fund for governmental leases above. Interest expense of \$853 was incurred and charged to the DCH NET Fund for the above business-type leases. The internal service fund and the DCH NET fund have been used in the past to liquidate the above governmental and business-type capital lease liabilities, respectively. The gross amount of assets under capital leases at year end was \$207,044 (vehicles with a cost of \$145,506 and accumulated depreciation of \$3,840 and equipment/software with a cost of \$94,158 and accumulated depreciation of \$28,780).

NOTE 9 – NET ASSET RESTRICTIONS

The RC records restrictions to indicate that a portion of the fund equity is legally segregated for a specific future use.

Net asset restrictions are as follows:

Restricted/reserved for business-type activities - Revolving Loan Fund - restricted by grant agreement to use for loans in conformity with Department of Commerce, Economic Development Administration grant requirements - \$300,519.

Held in trust for employee retirement plan - retirement benefits - equity in the pension trust fund - restricted to payment of participant retirement benefits - \$1,871,256.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - RENT

The RC occupies space in a building located in and owned by the City of Camilla. Effective January, 2002, the RC began leasing this space from the City of Camilla for \$1,000 per month, continuing for 40 years unless terminated by either party. Beginning October 1, 2010, the monthly lease amount was increased to \$4,100 per month. The total rent expense for the year was \$39,900 and was charged to the internal service fund.

The RC also rents space in an additional building owned by the City of Camilla for \$7,584 per month beginning March 1, 2007. Beginning October 1, 2010, the monthly lease payment was decreased to \$4,484 per month. The lease will automatically renew for four years unless terminated by either party. The total rent expense for the year was \$63,108 (\$22,752 was charged to the NET program and \$40,356 was charged to the internal service fund).

Beginning November 1, 2010, the RC also rents a building from Miles Realty for the Bainbridge Skills Center for \$650 per month. The lease term ends June 30, 2011. The total rent expense for the year was \$5,200 and was charged to the WIA program.

NOTE 11 - RETIREMENT PLAN

Plan Description and Contribution Information

The Southwest Georgia Regional Commission Retirement Plan (the Plan) is a non-contributory single-employer defined benefit retirement plan administered by a board of trustees appointed by the RC's board of directors. The Plan's financial statements are included in the financial statements of the Southwest Georgia Regional Commission as a fiduciary (Pension Trust) fund. No separate stand-alone financial report is issued. The Plan provides retirement benefits to participating RC employees. All employees working except those working less than 20 hours per week, less than 5 months during any 12 month period, or who are active participants in another governmental retirement plan are eligible to participate. Participant vesting occurs only after 5 years credited service, at which time 100% vesting occurs. Benefits and employer contributions are governed by the plan document, as adopted and amended by the Board of Trustees. The RC's policy is to contribute the actuarially determined annual normal cost each year. Administrative costs of the Plan are paid by the employer, Southwest Georgia Regional Commission.

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments. Investments are reported at fair value as determined by the investment manager, Prudential Annuities, a Prudential Financial Company. Short term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Description of Actuarial Assumptions and Method

Valuation Date: July 1, 2010

The costs of the plan are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, disability, etc. that are assumed to hold for many years into the future. Since actual experience differs somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan. Under the actuarial cost method used for the plan, any differences that have occurred since the prior valuation date are reflected in the calculation of the normal cost. The effect of these differences is spread over the future working lifetime of the plan participants.

A description of the actuarial cost method and the specific actuarial assumptions used in this valuation is as follows:

Actuarial Cost Method: Aggregate Method. Annual pension cost is determined by the aggregate actuarial cost method. Under this actuarial cost method, the present value of future benefits (attributable to both past and future services) is funded over the total future working lifetime of the active participants. No unfunded actuarial liability is computed under this method. The normal cost at each valuation date is the level percent of payroll which, when added to the assets of the plan, will completely fund the total projected benefits.

The present value of future benefits for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

Actuarial Asset Valuation Method. The actuarial asset valuation method spreads the recognition of deviations from the expected asset return over three years. The result is a gradual recognition of each year's gain or loss without the large fluctuations that can result from immediate recognition. The resulting value is limited by IRS regulations to a value between 80% and 120% of market value.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

Retirement age	Age 65 or age at the valuation date if later.
Interest	7.75% per year
Mortality	RP2000 projected to 2008 with Scale AA, separate tables for males and females
Turnover	Sarason T-3 Table.
Disability	No disability is assumed.
Salary scale	5% per year
Marital assumptions	75% of participants are assumed married. Husbands are assumed to be 3 years older than wives.
Expenses	None. Investment return is assumed to be net of expenses.
Cost-of-living	2.5% annual increase.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Actuarial Present Values of Accumulated Plan Benefits

Present value of vested accumulated plan benefits for active participants		\$	731,632
Liability for inactive participants			
Retirees and beneficiaries, currently receiving benefits	1,184,084		
Vested terminated employees not yet receiving benefits	234,685		
Total inactive liability			1,418,769
Actuarial present value of vested benefits			2,150,401
Present value of non-vested benefits			149,107
Actuarial present value of accumulated plan benefits			2,299,508
Market value of fund at July 1, 2010			1,447,764
Excess of actuarial present value of accumulated plan benefits over net assets available		\$	851,744

			Year Ended
Statement of Changes in Accumulated Plan Benefits			June 30, 2010

Actuarial present value of accumulated plan benefits at the beginning of year		\$	1,822,610
Increase (decrease) during the year attributable to:			
Change in actuarial assumptions	117,913		
Benefits accumulated and gains and losses	127,976		
Increase for interest due to the decrease in the discount period	140,768		
Benefits paid	(126,016)		
Plan change	216,257		
Net change			476,898
Actuarial present value of accumulated plan benefits at end of year		\$	2,299,508

Participant Counts

Active participants			44
Retired participants and beneficiaries			5
Terminated vested participants			14
Total participants			63

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Funded Status Information

Under Statement Nos. 27 and 50 of the Governmental Accounting Standards Board (GASB), an employer reports an annual pension cost (APC) equal to the required contribution (ARC) plus an adjustment for the cumulative difference between the ARC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO).

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/11	\$3,072,745	\$1,777,232	\$1,295,513	58%	\$1,582,595	82%

Please refer to the Schedule of Funding Progress – Last Six Years following the notes to the financial statements for multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Six Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2011	\$ 312,132	100.00%	-
2010	\$ 219,393	100.00%	-
2009	\$ 161,972	100.00%	-
2008	\$ 104,465	100.00%	-
2007	\$ 92,651	100.00%	-
2006	\$ 69,364	100.00%	-

Salary Reduction Plan

The RC sponsors a Section 403(b) salary reduction plan that covers all full-time employees who are at least 21 years old and have completed one year of service. The Agency does not contribute to the plan.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 - 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 ACCG - Interlocal Risk Management Agency Property and Liability Insurance Fund and ACCG – Workers Compensation, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

These pools are to defend and protect the members of the pools against liability or loss prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The pools are to pay all cost assessed 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. There was no significant reduction in insurance coverage from the prior year.

NOTE 13 - SCHEDULE OF NONPUBLIC FUNDS

The employees and representatives of Southwest 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 Southwest Georgia Regional Commission, 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 of this report.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 - SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)

The Schedule of Nonpublic Funds is prepared in accordance with the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTE 14 – STANDBY LETTER OF CREDIT

A standby letter of credit in the amount of \$1,000,000 was issued, dated July 1, 2010, by Planters and Citizens Bank in favor of the Department of Community Health to secure payment and performance obligations of the RC pursuant to the contract for Non-Emergency Transportation Services. The letter of credit expired June 30, 2011 but has been renewed for one year. The general fund account, transportation fund account, liquidated damages account and the assignment of contract proceeds have been pledged to secure the letter of credit.

NOTE 15 – CONTINGENCIES

The RC has been named as a defendant in a lawsuit arising out of a motor vehicle accident that resulted in the death of one passenger and injuries to another. The vehicle that was involved in the accident was being operated by an individual who volunteered for the RC, and that individual has been named as a defendant as well. The plaintiffs have made a claim for damages in excess of \$5,000,000, which is the amount of insurance coverage available to the RC. The RC and its legal counsel believe that the RC has a number of meritorious defenses, and a motion to dismiss has been filed on behalf of the RC. The matter is currently pending in the Georgia Court of Appeals, and it is anticipated that a decision will be rendered within the next six to twelve months.

The RC is the defendant in a law suit filed by a former transportation provider for the non-emergency medical transportation program. The suit seeks \$105,000 in damages and attorney fees. At this time, the RC's insurance carrier has declined to cover this claim. Management is vigorously contesting this matter. The RC's legal counsel expects to prevail in this action, though legal defense could be protracted.

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 which 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.

Various other legal claims have been filed against the RC, but all claims are within the policy limits and no losses to the RC are expected beyond these limits.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 – COMMITMENTS

The RC has agreed to rent space in the building located at 38 W. Broad Street, Camilla, GA, beginning in November 2011 for an annual lease amount of \$10,680, contingent on appropriation of funds each year. A one-time rental assessment of \$27,000 is payable if this lease is cancelled at the end of the first year. The cancellation rental assessment is reduced by \$3,000 per year after year one.

NOTE 17 – SUBSEQUENT EVENTS

The RC's contract for providing non-emergency medical transportation expired June 30, 2011, and was extended through March 2012. The RC was notified in November 2011 that they were not selected as the provider of these services for the following five-year contract period. This terminated program is reflected in the financial statements of the RC as an enterprise fund named "DCH NET Fund". Net assets remaining upon termination of the program are available for general use by the RC. As of June 30, 2011, the net assets of the DCH NET Fund were \$812,521, \$315,634 of which consisted of the net book value of capital assets whose fair market value was not known at the time these financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Budgetary fund balance, July 1	\$ 239,774	\$ 239,774	\$ 239,774	\$ -
Resources (inflows):				
Local government dues	365,023	365,023	365,023	-
Charges for services	100,000	100,000	118,479	18,479
Training/meeting income	1,000	1,000	200	(800)
Investment earnings	250	300	299	(1)
Map/printing income	1,000	1,000	648	(352)
Other income	-	-	40	40
Amounts available for appropriation	<u>707,047</u>	<u>707,097</u>	<u>724,463</u>	<u>17,366</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	119,718	112,709	159,191	46,482
Operating expenditures	42,000	33,500	30,813	(2,687)
Indirect				
Cost allocation plan	47,606	32,029	50,499	18,470
Transfers to other funds, net	<u>187,949</u>	<u>239,085</u>	<u>179,458</u>	<u>(59,627)</u>
Total charges to appropriations	<u>397,273</u>	<u>417,323</u>	<u>419,961</u>	<u>2,638</u>
Budgetary fund balance, June 30	<u><u>\$ 309,774</u></u>	<u><u>\$ 289,774</u></u>	<u><u>\$ 304,502</u></u>	<u><u>\$ 14,728</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – STATE ADMINISTERED GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 252,740	\$ 252,740	\$ 252,740	\$ -
Resources (inflows):				
State grants and contracts	2,821,429	7,623,088	8,398,698	775,610
Program income	-	-	50	50
Investment earnings	1,000	500	322	(178)
Other income	-	-	-	-
Transfers from other funds	125,600	180,275	125,531	(54,744)
Amounts available for appropriation	<u>3,200,769</u>	<u>8,056,603</u>	<u>8,777,341</u>	<u>720,738</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	382,806	1,427,610	2,019,362	591,752
Operating expenditures	2,383,000	5,930,568	6,092,755	162,187
Indirect				
Cost allocation plan	152,223	405,693	358,410	(47,283)
Capital outlay	-	-	11,636	11,636
Total charges to appropriations	<u>2,918,029</u>	<u>7,763,871</u>	<u>8,482,163</u>	<u>718,292</u>
Budgetary fund balance, June 30	<u>\$ 282,740</u>	<u>\$ 292,732</u>	<u>\$ 295,178</u>	<u>\$ 2,446</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF RETIREMENT PLAN FUNDING PROGRESS
LAST SIX YEARS
JUNE 30, 2011

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/11	\$3,072,745	\$1,777,232	\$ 1,295,513	58%	\$ 1,582,595	82%
7/1/10	\$2,807,282	\$1,491,814	\$ 1,315,468	53%	\$ 1,486,287	89%
7/1/09	\$2,205,212	\$1,416,549	\$ 788,663	64%	\$ 1,504,676	52%
7/1/08	\$2,221,754	\$1,395,064	\$ 826,690	63%	\$ 876,881	94%
7/1/07	\$1,905,329	\$1,372,036	\$ 533,293	72%	\$ 619,260	86%
7/1/06	\$1,324,700	\$1,324,700	\$ -	100%	\$ 509,612	0%

Note regarding actuarial accrued liability:

Beginning July 2007, this liability is the Entry Age Accrued Liability as prescribed by GASB No. 50. Prior to July 2007, this liability, as defined in paragraph 40 of GASB Statement No. 27, is equal to the actuarial value of assets.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

NOTE A – BUDGETS

The Official Code of Georgia Annotated (OCGA) Section 50-8-34 paragraph (g) provides for the Council members to adopt an annual budget and work program for the RC. Budgets are adopted for the general fund, special revenue funds and cost pools fund. RC policy calls for adoption of an annual budget prior to July 1. The original budget and any revisions are submitted to and approved by the finance and executive committees prior to submission to the full board for approval. Budgets are operational and spending guidelines but are not legal spending limits.

The RC prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The major fund's 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 State Administered Grants Fund are listed on the Budget-to-Actual Reconciliation following the Budgetary Comparison Schedules.

The budget for the year ended June 30, 2011 was adopted by the Council members on June 24, 2010. Amendments were made and adopted by the Board on May 26, 2011. All appropriations lapse at year end.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

NOTE B - BUDGET -TO-ACTUAL RECONCILIATION

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

	General Fund	State Administered Grants Fund
	<u> </u>	<u> </u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 724,463	\$ 8,777,341
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		(252,740)
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(239,774)	(125,531)
Non-cash capital improvement assistance grant revenue was not budgeted	-	1,474,760
	<u> </u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 484,689</u>	<u>\$ 9,873,830</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	419,961	8,482,163
Difference - budget to GAAP		
Non-cash capital improvement assistance grant expenditures were not budgeted	-	1,474,760
Transfers to other funds are outflows of budgetary resources	(179,458)	-
	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 240,503</u>	<u>\$ 9,956,923</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SOUTHWEST GEORGIA REGIONAL COMMISSION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	<u>Direct Federal Grants Fund</u>	<u>Local Programs Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Intergovernmental receivables	\$ 58,884	\$ 56,855	\$ 115,739
 Total assets	<u>\$ 58,884</u>	<u>\$ 56,855</u>	<u>\$ 115,739</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Unapplied funds	\$ -	\$ 18,649	\$ 18,649
Interfund balances	58,884	38,206	97,090
Total liabilities	<u>58,884</u>	<u>56,855</u>	<u>115,739</u>
 Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ 58,884</u>	<u>\$ 56,855</u>	<u>\$ 115,739</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Direct Federal Grants Fund	Local Programs Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 120,231	\$ 45,790	\$ 166,021
Program income	-	21,500	21,500
Total revenues	<u>120,231</u>	<u>67,290</u>	<u>187,521</u>
EXPENDITURES			
Current:			
Economic development and assistance	111,893	-	111,893
Urban redevelopment and housing	-	48,791	48,791
Planning and zoning	80,764	-	80,764
Total expenditures	<u>192,657</u>	<u>48,791</u>	<u>241,448</u>
Excess (deficiency) of revenues over (under) expenditures	(72,426)	18,499	(53,927)
OTHER FINANCING SOURCES (USES)			
Transfers in	72,426	-	72,426
Transfers out	-	(18,499)	(18,499)
Total other financing sources and uses	<u>72,426</u>	<u>(18,499)</u>	<u>53,927</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS
 DIRECT FEDERAL GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Grants and contracts	\$ 103,189	\$ 116,766	\$ 120,231	\$ 3,465
Transfers from other funds	62,349	69,810	72,426	2,616
Amounts available for appropriation	<u>165,538</u>	<u>186,576</u>	<u>192,657</u>	<u>6,081</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	99,480	126,631	135,032	8,401
Operating expenditures	26,500	23,960	12,735	(11,225)
Indirect				
Cost allocation plan	39,558	35,985	44,890	8,905
Total charges to appropriations	<u>165,538</u>	<u>186,576</u>	<u>192,657</u>	<u>6,081</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGET -TO-ACTUAL RECONCILIATION

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation"
 from the budgetary comparison schedule \$ 192,657

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources
 but are regarded as a "special item", rather than revenue,
 for financial reporting purposes (72,426)

Total revenues as reported on the statement of revenues, expenditures
 and changes in fund balances - governmental funds \$ 120,231

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
 from the budgetary comparison schedule \$ 192,657

Difference - budget to GAAP -

Total expenditures as reported on the statement of revenues,
 expenditures and changes in fund balances - governmental funds \$ 192,657

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS
 LOCAL PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary	with Final
	<u>Original</u>	<u>Final</u>	Basis)	Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Local grants and contracts	\$ 14,000	\$ 70,689	\$ 45,790	\$ (24,899)
Program income	-	11,000	21,500	10,500
Amounts available for appropriation	<u>14,000</u>	<u>81,689</u>	<u>67,290</u>	<u>(14,399)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	10,017	55,046	36,997	(18,049)
Operating expenditures	-	-	58	58
Indirect				
Cost allocation plan	3,983	15,643	11,736	(3,907)
Transfers out to other funds	-	11,000	18,499	7,499
Total charges to appropriations	<u>14,000</u>	<u>81,689</u>	<u>67,290</u>	<u>(14,399)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGET -TO-ACTUAL RECONCILIATION

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation"	
from the budgetary comparison schedule	\$ 67,290
Differences - budget to GAAP:	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 67,290</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations"	
from the budgetary comparison schedule	\$ 67,290
Difference - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(18,499)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 48,791</u>

STATE COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2011

Released Time:	
Annual leave	\$ 99,736
Sick leave	54,503
Holiday leave	73,740
Other compensation	9,395
Total released time	<u>237,374</u>
Fringe Benefits:	
Retirement	312,132
Payroll and unemployment taxes	210,141
Group and workman's compensation insurance	455,420
Total fringe benefits	<u>977,693</u>
Allocable employee benefits	<u><u>\$ 1,215,067</u></u>
Computation of Actual Employee Benefit Rate	
Gross salaries	\$ 2,187,853
Plus: increase in accrued compensated absences	27,556
Plus: change in accrued salaries	37,248
Less: vehicle allowance	(3,120)
Less: released time	<u>(237,374)</u>
Allocation base - chargeable salaries	<u><u>\$ 2,012,163</u></u>
Employee Benefit Rate	<u><u>60.39%</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COSTS – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2011

Indirect Costs	
Salaries and wages	\$ 287,767
Released time and fringe benefits	182,589
Depreciation and use charge	59,702
Per diem and fees	47,641
Supplies and other expenses	58,638
Auto and travel	53,225
Telecommunications	25,426
Insurance and bonding	13,450
Equipment lease expense	18,148
Repairs and maintenance	38,486
Training and education	18,820
Building rent	80,256
Postage and freight	11,675
Utilities	18,975
Harney Street recoveries	(77,136)
WIA recoveries	(14,246)
Total indirect costs	\$ 823,416

Computation of Indirect Cost Rate

Indirect cost basis:	
Total chargeable salaries	\$ 2,012,163
Less: indirect salaries	(287,767)
Total eligible direct salaries	1,724,396
Employee benefits	1,032,478
Allocation base - direct personnel costs	\$ 2,756,874
Actual indirect cost rate	29.87%

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COSTS – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2011

Government	Balance Due 7/1/10	Total Billed	Amount Collected	Balance Due 6/30/11
City of Albany	\$ -	\$ 43,061.85	# \$ 43,061.85	\$ -
City of Arlington	-	1,515.00	1,515.00	-
City of Bainbridge	-	12,108.00	12,108.00	-
City of Berlin	-	614.00	460.50	153.50
City of Blakely	2,664.00	5,328.00	7,992.00	-
City of Brinson	-	215.00	215.00	-
City of Cairo	-	9,697.00	9,697.00	-
City of Camilla	-	5,703.00	5,703.00	-
City of Climax	-	288.00	288.00	-
City of Colquitt	-	1,901.00	1,901.00	-
City of Damascus	65.00	260.00	325.00	-
City of Dawson	-	4,603.00	4,603.00	-
City of Doerun	-	843.00	843.00	-
City of Donalsonville	-	2,719.00	2,719.00	-
City of Edison	-	1,252.00	1,252.00	-
City of Ellenton	-	354.00	354.00	-
City of Funston	-	431.00	431.00	-
City of Jakin	-	151.00	151.00	-
City of Leary	-	628.00	628.00	-
City of Leesburg	-	2,876.00	2,876.00	-
City of Morgan	387.00	1,548.00	1,548.00	387.00
City of Moultrie	3,799.75	15,199.00	18,998.75	-
City of Newton	-	794.00	794.00	-
City of Norman Park	-	862.00	861.50	0.50
City of Pelham	674.31	3,896.00	3,596.31	974.00
City of Riverside	-	60.00	60.00	-
City of Sasser	-	347.00	347.00	-
City of Smithville	-	951.00	951.00	-
City of Sylvester	-	5,726.00	5,726.00	-
City of Thomasville	-	19,000.00	19,000.00	-
City of Whigham	-	609.00	609.00	-
Baker County	-	2,987.00	2,987.00	-
Calhoun County	-	1,155.00	1,155.00	-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF LOCAL GOVERNMENT DUES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Government	Balance Due 7/1/10	Total Billed	Amount Collected	Balance Due 6/30/11
Colquitt County	-	26,451.00	26,451.00	-
Decatur County	-	15,933.00	15,933.00	-
Dougherty County	-	52,631.15	52,631.15	-
Early County	-	6,097.00	6,097.00	-
Grady County	-	14,736.00	14,736.00	-
Lee County	-	29,223.00	29,223.00	-
Miller County	-	4,262.00	4,262.00	-
Mitchell County	3,635.00	14,540.00	18,175.00	-
Seminole County	-	6,362.00	6,362.00	-
Terrell County	-	5,310.00	5,310.00	-
Thomas County	-	26,237.00	26,237.00	-
Worth County	-	15,559.00	15,559.00	-
	<u>\$ 11,225.06</u>	<u>\$ 365,023.00</u>	<u>\$ 374,733.06</u>	<u>\$ 1,515.00</u>

**SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Grant/Contract/Program	Unearned Revenue July 1, 2010	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Interest/ Program Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
U. S. Department of Commerce:										
EDA Partnership Planning 2010 - 2012	\$ 158,253	\$ -	\$ 158,253	20%	\$ 80,763	\$ 64,610	\$ -	\$ 16,152		\$ 93,643
EDA - Sanderson Farms	2,199	-	2,199	0%	-	-	-	-	2,199	-
U.S. Department of Agriculture:										
RCDI #1	73,611	-	73,611	50%	37,532	18,693	-	18,839	-	54,918
RCDI #2	51,663	-	51,663	50%	74,362	36,928	-	37,435	-	14,735
GA Department of Transportation:										
Transp. Related Services - Planning	-	48,400	48,400	20%	43,414	34,749	-	8,665	13,651	-
Capital Improv. Assist. - 2010 ARRA	1,931,964	-	1,931,964	0%	1,474,760	1,474,760	-	-	-	457,204
Transit Operating Assist.	-	1,996,336	1,996,336	0%	1,779,061	1,717,012	-	-	279,324	-
GA Department of Natural Resources:										
Historic Preservation	-	14,818	14,818	0%	20,108	14,818	-	5,290	-	-
GEFA Local Plans - Water Mgt.	-	1,087	1,087	0%	1,087	1,087	-	-	-	-
EPD TMDL 604(b) FY 11		15,625	15,625	0%	1,872	1,872	-	-		13,753
EPD TMDL 604(b) FY 10	11,844	-	11,844	0%	9,907	9,912	-	(6)	-	1,932
GA Department of Human Services:										
Coordinated Transportation	-	2,652,469	2,652,469	1%	2,430,385	2,534,551	322	-	117,918	-
GA Department of Community Affairs:										
Coord. Planning WP	-	192,325	192,325	10%	294,244	192,325	-	101,918	-	-
Housing - Moultrie	-	7,575	7,575	20%	15,355	7,575	-	7,780		-
Homelessness	-	14,000	14,000	0%	15,934	14,000	50	1,884		-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Name of Grant/Contract/Program	Unearned Revenue July 1, 2010	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Interest/ Program Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
GA Department of Labor - WIA										
PY09 Adult #10-09-CO-10-021	-	76,135	76,135	0%	76,135	76,135	-	-	-	-
PY10 Adult #10-10-CO-10-021	-	169,801	169,801	0%	169,801	169,801	-	-	-	-
FY10 Adult #11-10-CO-10-021	-	117,957	117,957	0%	117,957	117,957	-	-	-	-
FY11 Adult #11-11-11-10-021	-	1,016,495	1,016,495	0%	293,451	293,451	-	-	-	723,044
PY09 Youth #15-09-CO-10-021	-	115,472	115,472	0%	115,472	115,472	-	-	-	-
PY10 Youth #15-10-CO-10-021	-	1,374,009	1,374,009	0%	886,245	886,245	-	-	-	487,764
PY10 Youth #15-11-11-10-021	-	1,377,808	1,377,808	0%	-	-	-	-	-	1,377,808
PY09 DW #30-09-CO-10-021	-	68,938	68,938	0%	68,938	68,938	-	-	-	-
PY10 DW #30-10-CO-10-021	-	208,900	208,900	0%	204,042	204,042	-	-	-	4,858
FY10 DW #31-10-CO-10-021	-	157,319	157,319	0%	157,319	157,319	-	-	-	-
FY11 DW #31-11-11-10-021	-	641,121	641,121	0%	18,415	18,415	-	-	-	622,706
FY09 Adult ARRA #32-09-CO-10-021	-	819,218	819,218	0%	819,218	819,218	-	-	-	-
FY09 Youth ARRA #33-09-CO-10-021	-	128,679	128,679	0%	128,679	128,679	-	-	-	-
FY09 DW ARRA #34-09-CO-10-021	-	720,113	720,113	0%	720,113	720,113	-	-	-	-
Community Development Block Grant:										
Sasser	8,690	-	8,690	0%	9,489	8,690	-	799	-	-
Attapulcus	-	26,344	26,344	0%	13,579	13,579	-	-	-	12,765
CHIP:										
Coolidge	-	-	-	0%	281	-	2,500	(2,219)	-	-
Poulan	-	-	-	0%	865	-	3,000	(2,135)	-	-
Arlington	-	15,000	15,000	0%	6,340	6,340	-	-	-	8,660

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Name of Grant/Contract/Program	Unearned Revenue July 1, 2010	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Interest/ Program Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2011
Camilla	-	15,000	15,000	0%	7,932	7,932			-	7,068
Grady County	-	15,000	15,000	0%	7,787	7,786			-	7,214
Warwick	-	(10)	(10)	0%	176	(10)		186	-	-
Meigs	1,933	-	1,933	0%	1,089	1,089	2,500	(2,500)	-	844
Sylvester	383	-	383	0%	1,253	383	13,500	(12,630)	-	-
ACF - Compact Study Donation	18,649	-	18,649	0%	-	-	-	-	-	18,649
	<u>\$ 2,259,189</u>	<u>\$ 12,005,934</u>	<u>\$ 14,265,123</u>		<u>\$ 10,103,360</u>	<u>\$ 9,944,466</u>	<u>\$ 21,872</u>	<u>\$ 179,458</u>	<u>\$ 413,092</u>	<u>\$ 3,907,565</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs:						
Coordinated Planning Work Program	3601-3610	196,417	192,325	294,244	35,544	-
Housing - Moultrie	N/A	7,575	15,355	7,575	7,575	-
Homelessness	210 HTF ES 10C295	14,000	14,000	15,934	-	-
Department of Transportation:						
Transportation Related Services - Planning	STP-0009-00(325)	48,400	34,749	43,414	13,796	-
Transit Operating Assistance	GA-18-4031	1,996,336	1,717,012	1,779,061	902,350	-
Capital Improvement	GA-86-X001	1,931,964	1,474,760	1,474,760	-	-
Department of Natural Resources						
Historic Preservation Planning	N/A	14,818	14,818	20,108	-	-
EPD TMDL:						
604(b) FY 11	N/A	15,625	1,872	1,872	1,872	-
604(b) FY 10	N/A	11,844	9,912	9,907	3,982	-
GEFA Water Management	N/A	1,087	1,087	1,087	-	-
Department of Human Services (Note 2)						
Coordinated Transportation	42700-362-0000005379	2,652,469	2,534,551	2,444,521	479,450	77,450
Department of Labor (Note 2)						
Workforce Investment Act	Various (Note 1)	<u>6,991,965</u>	<u>3,870,797</u>	<u>3,870,797</u>	<u>737,631</u>	<u>-</u>
Total state awards expended		<u>\$ 13,882,500</u>	<u>\$ 9,881,238</u>	<u>\$ 9,963,280</u>	<u>\$ 2,182,200</u>	<u>\$ 77,450</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 awards plus unearned revenue from prior year, if applicable.

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 the governmental activities, business-type activities, major funds and remaining fund information, which collectively comprise the basic financial statements, of the Southwest Georgia Regional Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated December 29, 2011. We have also audited the Schedule of Nonpublic Funds of the Sowega Economic Development Corporation, a component unit of Southwest 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 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 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 for the year ended June 30, 2011, in accordance with the Official Code of Georgia Annotated, Section 50-8-35. The Schedule of Nonpublic Funds is not intended to be a complete presentation of 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

This report is intended for the information and use of management, the Georgia Department of Audits, and the Georgia Department of Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 29, 2011

SOUTHWEST GEORGIA REGIONAL COMMISSION
SOWEGA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Beginning fund balance - nonpublic funds \$ 14,010

Date	Source	Description	Amount
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Revenues - Nonpublic Funds:

07/31/10	Planters & Citizens Bank	Interest Income	3
08/31/10	Planters & Citizens Bank	Interest Income	3
09/30/10	Planters & Citizens Bank	Interest Income	3
10/31/10	Planters & Citizens Bank	Interest Income	3
11/30/10	Planters & Citizens Bank	Interest Income	3
12/31/10	Planters & Citizens Bank	Interest Income	3
01/31/11	Planters & Citizens Bank	Interest Income	3
02/28/11	Planters & Citizens Bank	Interest Income	3
03/31/11	Planters & Citizens Bank	Interest Income	3
04/30/11	Planters & Citizens Bank	Interest Income	3
05/31/11	Planters & Citizens Bank	Interest Income	3
06/30/11	Planters & Citizens Bank	Interest Income	2

Total revenue - nonpublic funds		35
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Expenses - nonpublic funds:

OCGA 50-8-35 qualifying expenditures		
Membership and subscriptions		50

Total expenses - nonpublic funds		50
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Excess (deficiency) of revenues over expenses		(15)
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Ending fund balance - nonpublic funds		\$ 13,995
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FEDERAL COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U. S. Department of Commerce:				
Direct programs:				
Economic Development Planning - 2010/2012	11.302	04-83-06331	\$ 80,763	\$ -
Direct programs:				
Revolving Loan Fund (1)	11.307	04-39-03717	240,710	-
Total U.S. Department of Commerce			321,473	-
U. S. Department of Agriculture:				
Direct programs:				
Rural Community Development Initiative	10.446	11-001-580940910 01	37,532	-
Rural Community Development Initiative	10.446	11-001-580940910 02	74,362	-
Total U. S. Dept. of Agriculture			111,894	-
U. S. Department of Housing and Urban Development:				
Passed through State Department of Community Affairs, passed through member local governments: Community Development Block Grant/Small Cities Program:				
City of Sasser	14.228	08p-x-135-2-5066	9,489	-
City of Attapulcus	14.228	10p-x-043-2-5276	13,579	-
Community Housing Investment Project:				
Meigs	14.228	06m-x-136-2-2940	1,089	-
Coolidge	14.228	06m-y-136-2-2942	281	-
Arlington	14.228	2011-804	6,340	-
Poulan	14.228	06m-X-159-2-2948	865	-
Camilla	14.228	2011-803	7,932	-
Grady County	14.228	2011-813	7,787	-
Sylvester	14.228	06m-x-159-2-2949	1,253	-
Warwick	14.228	07m-x-159-2-2959	176	-
Total U. S. Department of Housing & Urban Administration			48,791	-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U.S. Department of Labor				
Passed through the State Department of Labor				
Workforce Investment Act				
Adult	17.258	10-09-CO-10-021	76,135	-
Adult	17.258	10-10-CO-10-021	169,801	-
Adult	17.258	11-10-CO-10-021	117,957	-
Adult	17.258	11-11-11-10-021	293,451	-
Adult	17.258	32-09-CO-10-021	819,218	-
Subtotal Adult			<u>1,476,562</u>	-
Youth	17.259	15-09-CO-10-021	115,472	-
Youth	17.259	15-10-CO-10-021	886,245	-
Youth - ARRA	17.259	33-09-CO-10-021	128,679	-
Subtotal Youth			<u>1,130,396</u>	-
Dislocated Worker	17.260	30-09-CO-10-021	68,938	-
Dislocated Worker	17.260	30-10-CO-10-021	204,042	-
Dislocated Worker	17.260	31-10-CO-10-021	157,319	-
Dislocated Worker	17.260	31-11-11-10-021	18,415	-
Dislocated Worker - ARRA	17.260	34-09-CO-10-021	720,113	-
Subtotal Dislocated Worker			<u>1,168,827</u>	-
Total WIA cluster			<u>3,775,785</u>	-
Total U.S. Department of Labor			<u>3,775,785</u>	-
U. S. Department of Transportation:				
Passed through the State Department of Transportation:				
Transit Operating Assistance	20.509	GA-18-4031	1,779,061	1,683,548
ARRA Capital Improvement Assistance - 2010	20.509	GA-86-X001	1,474,760	-
Subtotal			<u>3,253,821</u>	<u>1,683,548</u>
Passed through the State Department of Human Services:				
Job Access/Reverse Commute	20.516	42700-362-0000005379	74,001	-
Total U.S. Department of Transportation			<u>3,327,822</u>	<u>1,683,548</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U. S. Department of Health & Human Services:				
Passed through the State Department of Human Services:				
Temporary Assistance for Needy Families (TANF)	93.558	42700-362-0000005379	194,396	-
Special Programs for the Aging: Title II, Part B:				
Grants for Supportive Services and Senior Centers	93.044	42700-362-0000005379	172,808	-
Social Services Block Grant (SSBG)	93.667	42700-362-0000005379	324,748	-
Total U. S. Department of Health & Human Services			691,952	-
TOTAL - ALL PROGRAMS			\$ 8,277,717	\$ 1,683,548

Significant Accounting Policies: Southwest Georgia Regional Commission follows the accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the Center's financial statements.

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
Southwest Georgia Regional Commission
Camilla, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Georgia Regional Commission (“the RC”), as of and for the year ended June 30, 2011, which collectively comprise the RC’s basic financial statements and have issued our report thereon dated December 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the RC’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RC’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the RC’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 29, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Compliance

We have audited Southwest Georgia Regional Commission's ("the RC") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the RC's major federal programs for the year ended June 30, 2011. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the RC's management. Our responsibility is to express an opinion on the RC's compliance based on our audit.

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

In our opinion, the RC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

Management of the RC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the RC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 29, 2011

SOUTHWEST GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

None reported.

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

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

