

SOUTHWEST GEORGIA REGIONAL
COMMISSION

CAMILLA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Georgia Regional Commission (“the RC”), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the RC’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of the RC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RC's internal control over financial reporting and compliance.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 8, 2015

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

This discussion and analysis of the Southwest Georgia Regional Commission's ("the Commission") financial performance provides an overview of the Commission's financial activities for fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- Adoption of Statement of Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting/or Pensions -An Amendment of GASB No. 27* ("GASB No.68"), during the year ended June 30, 2015, significantly impacted the beginning net positions of the internal service fund and the governmental activities in the government-wide financial statements. The required reporting of deferred outflows/inflows of resources and net pension liability reduced both beginning net positions by \$593,439.
- As a result of this year's operations, the Commission's total primary government net position decreased 2.58% from the prior year.
- Revenues of the governmental activities decreased 6.57% from the prior year. Expenditures increased by approximately 1.48%.
- The Commission's business type activities experienced a decrease in net position in the amount of \$10,627.
- Resources available for appropriation in the general fund were \$9,729 (1.7%) more than budget and charges to appropriations were \$5,927 (1.2%) less than budget. The result to the general fund balance was an increase of \$103,728 for the year, which was \$15,656 more than budget.
- At the end of the fiscal year, the General Fund total fund balance was \$246,461.
- At the end of the fiscal year, the fund balance in the State Administered Grants Fund (assigned to the Transportation Program) was \$129,736.

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

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-Wide Statement of Net Position 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-wide statements by providing information about the Commission's most significant funds. The remaining statements provide 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 Position 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, deferred outflows of resources, deferred inflows of resources 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 position* and changes in it. The Commission's net position – the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities – is one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position is one indicator of whether its *financial position* is improving or deteriorating. Of course, other non-financial factors such as changes in the local government dues base, population of the region, the region's economy, and grants and contracts awarded by federal and state agencies, also need to be considered to determine the full financial health of the Commission.

The government-wide financial statements, the Statement of Net Position and Statement of Activities segregate functions of the Commission 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, Human Services and Transportation Services. Local Dues and Fees from member governments along with Federal and State grants finance a large portion of these activities.

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

- Business-type activities – The business-type activities are comprised of the Commission's Revolving Loan Fund (RLF). 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.
- 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 Position 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 5 of the audit report).
- *Proprietary funds* - The Commission's proprietary funds include the Revolving Loan Fund 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 Position and the Government-Wide Statement of Activities. The Commission's Revolving Loan Fund is an enterprise fund, which is a component of the proprietary fund. It is 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

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

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.

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 Position and Changes in Fiduciary Net Position 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 position at June 30, 2015 decreased 2.58% from the prior fiscal year, as shown below in Table 1. The Commission's Total Net Position (governmental and business-type activities) was \$2,032,120 at the close of the fiscal year, June 30, 2015. The Commission's assets exceeded liabilities by this amount. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements had a deficit balance of \$460,547 at the end of this year. As noted earlier, adoption of GASB No. 68 required the Commission to include the Net Pension Liability of \$1,043,174 on its Government-wide Statement of Net Position, which had a significant negative impact on the unrestricted net position at June 30, 2015.

For comparison purposes only, the Net Position at June 30, 2014 as shown in Table I, and Changes in Net Position as shown in Table 2, were restated to report the required GASB No. 68 pension related assets and liabilities, resulting in a \$593,439 decrease in the fiscal year 2014 Governmental Activities ending Net Position. This provided a more relevant basis for comparison between the two fiscal years' net positions. See Note 12 for details on the restatement at July 1, 2014.

The restricted portion of net position is the business type Revolving Loan Fund (RLF) which represents a small portion, less than 15%, of total net position. These business-type assets, \$289,854, are restricted due to promissory agreements with the U.S. Department of Commerce Economic Development Administration, and can only be used for the specific purpose of funding the Revolving Loan Fund.

Another category of net position is Net Investment in Capital Assets of \$2,202,813, which represents the largest portion of net position. These assets include investment in land, buildings, equipment and vehicles less any debt used to acquire these assets that remains outstanding. The Commission used these capital assets to provide services to its member governments; therefore, these assets are not available for future spending. Although the Commission's

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

investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities *		Business Type Activities		Total Primary Government *	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 1,503,826	\$ 1,514,531	\$ 289,854	\$ 300,542	\$ 1,793,680	\$ 1,815,073
Capital assets	2,597,131	2,400,533	-	-	2,597,131	2,400,533
Total assets	<u>4,100,957</u>	<u>3,915,064</u>	<u>289,854</u>	<u>300,542</u>	<u>4,390,811</u>	<u>4,215,606</u>
Deferred outflows of resources related to pensions	108,731	245,867	-	-	\$ 108,731	\$ 245,867
Total assets and deferred outflows of resources	<u>4,209,688</u>	<u>4,160,931</u>	<u>289,854</u>	<u>300,542</u>	<u>4,499,542</u>	<u>4,461,473</u>
Long-term debt outstanding	394,318	361,459	-	-	394,318	361,459
Net pension liability	1,043,174	884,357	-	-	1,043,174	884,357
Other liabilities	1,029,930	1,070,847	-	61	1,029,930	1,070,908
Total liabilities	<u>2,467,422</u>	<u>2,316,663</u>	<u>-</u>	<u>61</u>	<u>2,467,422</u>	<u>2,316,724</u>
Deferred inflows of resources:						
Deferred revenue	-	58,779	-	-	-	58,779
Total deferred inflows of resources	<u>-</u>	<u>58,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,779</u>
Total liabilities and deferred inflows of resources	<u>2,467,422</u>	<u>2,375,442</u>	<u>-</u>	<u>61</u>	<u>2,467,422</u>	<u>2,375,503</u>
Net position:						
Net investment in capital assets	2,202,813	1,994,023	-	-	2,202,813	1,994,023
Restricted	-	-	289,854	300,481	289,854	300,481
Unrestricted	(460,547)	(208,534)	-	-	(460,547)	(208,534)
Total net position	<u>\$ 1,742,266</u>	<u>\$ 1,785,489</u>	<u>\$ 289,854</u>	<u>\$ 300,481</u>	<u>\$ 2,032,120</u>	<u>\$ 2,085,970</u>

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

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

The Commission's Changes in Net Position is listed below in Table 2. The Commission's total change in net position was a decrease of \$53,850 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities decreased net position by \$43,223, due in part to a decrease in the Net Pension Liability from FY2014 to FY2015. Business-type activities decreased net position by \$10,627.

The governmental activities accounted for 99% of the total revenue generated of \$6,782,377, and 99% of the total program expenses of \$6,825,600 as shown in Table 2. The Commission's governmental activities generated the majority of its revenue from operating grants, and the remainder was generated from a combination of local government dues and other revenues.

In the business-type activities, the Revolving Loan Fund (RLF) accounted for less than 1% of the revenue of \$13,271 generated during FY 2015, and less than 1% of the expenses of \$23,898 for the year. The decrease in net position of the RLF was caused by a small loan loss during the year of approximately \$20,000.

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

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Charges for Services	\$ 287,557	\$ 195,706	\$ 13,210	\$ 5,445	\$ 300,767	\$ 201,151
Operating Grants and Contributions	5,355,719	5,403,935	-	-	5,355,719	5,403,935
Capital Grants and Contributions	747,028	1,167,700	-	-	747,028	1,167,700
Dues	392,004	392,586	-	-	392,004	392,586
Investment income	69	68	61	-	130	68
Other Income	-	98,932	-	-	-	98,932
Total Revenues	<u>6,782,377</u>	<u>7,258,927</u>	<u>13,271</u>	<u>5,445</u>	<u>6,795,648</u>	<u>7,264,372</u>
Expenditures						
General Government	424,926	340,062	-	-	424,926	340,062
Community Service	5,580,477	5,832,853	-	-	5,580,477	5,832,853
Planning and Zoning	501,689	338,261	-	-	501,689	338,261
Economic Develop.	299,062	188,755	-	-	299,062	188,755
Urban Redevelop.	19,446	9,144	-	-	19,446	9,144
Conservation	-	17,134	-	-	-	17,134
Revolving Loan	-	-	23,898	2,784	23,898	2,784
Total Expenditures	<u>6,825,600</u>	<u>6,726,209</u>	<u>23,898</u>	<u>2,784</u>	<u>6,849,498</u>	<u>6,728,993</u>
Change in net position	(43,223)	532,718	(10,627)	2,661	(53,850)	535,379
Beginning net position	1,785,489	1,846,210	300,481	297,820	2,085,970	2,144,030
GASB No. 68 restatement	-	(593,439)	-	-	-	(593,439)
Ending net position	<u>\$1,742,266</u>	<u>\$1,785,489</u>	<u>\$289,854</u>	<u>\$300,481</u>	<u>\$2,032,120</u>	<u>\$2,085,970</u>

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

Governmental and Business-Related Activities

Revenues in the governmental activities decreased 6.57% from \$7,258,927 for the year ended June 30, 2014 to \$6,782,377, for the year ended June 30, 2015. The decrease in governmental revenues was primarily due to a decrease in the Georgia Department of Transportation (GDOT) funding for capital outlay in the Coordinated Transportation Program. GDOT funding was lowered because there were a fewer number of replacement vehicles needed during the funding cycle for the program. The Commission actually had an increase in Fees for Services from local governments of approximately \$90,000 for fiscal year ending June 30, 2015 due to an increased need for GIS and Planning services during the year.

Revenues in the business-type activities increased 143.73%. The Revolving Loan Fund is the only fund comprising the business-type activities for the fiscal period ending June 30, 2015. Revenue in the Revolving Loan Fund increased significantly from the prior year due to four new loans made during the period. While the percentage of increase is large, the business-type activities only comprise a very small portion of the Commission's operations. Overall, revenue for the total primary government decreased 6.45% in the 2015 fiscal year.

Expenditures increased in the governmental activities approximately 1.48%. Overall, expenditures increased 1.79%, from \$6,728,993 to \$6,849,498 for the total primary government.

THE COMMISSION'S FUNDS

At June 30, 2015, the Commission's governmental fund balance (as shown on page 3 of the audit report) was \$376,197. In FY 2015, the Commission added \$139,619 (an approximate 59% increase), to the FY 2015 total governmental fund balance of \$236,578. This increase continued to be a positive step toward recovery of the Commission's weakened financial condition after substantial losses in the fiscal period ending June 30, 2012.

Turning over to page 4 of the audit report, the FY 2015 fund balance of the General Fund increased \$103,728 (or 72.67%). In comparison, the General Fund in FY 2014 netted a positive change (increase) to the fund balance in the amount of \$119,750.

The State Administered Grants Fund, which had an increase in its fund balance in FY 2014 of \$37,114, increased its fund balance in the amount of \$35,891 in FY 2015. The net change in the fund balance for FY 2015 for total government funds, as shown on page 4 of the audit report, is an increase of \$139,619. Increases to Governmental Fund Balances continued in FY 2015, which was still a year of recovery for the Commission after devastating losses in FY 2012, with the primary goal to recover previous periods' losses and to avoid any additional deficits.

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

The Enterprise Fund includes the Revolving Loan Fund. The Revolving Loan Fund experienced a decrease in net position for the FY 2015 in the amount of \$10,627. At June 30, 2014, the loan fund had three active loans. Four loans were made during FY 2015 and one loan for approximately \$20,000 was written off.

General Fund Budgetary Highlights

Over the course of FY 2015, 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 carries 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 and more often if necessary.

The FY15 budget was amended mid-year to make necessary adjustments to the preliminary budget estimates and to add any additional contracts or grants that were awarded subsequent to the beginning of the fiscal period. Expenditures were also amended to adjust any existing expenses and to add expenses associated with new projects. There was a final amendment adopted toward the end of the fiscal period, in June 2015, to prevent budget overruns.

In comparison of the amended budget to actual (Table 3, below), actual general fund revenues were \$9,729 more than the amended budget, bringing revenues to a total of \$562,053. Charges to Appropriations of the General fund were 1.28% or \$5,927 less than the amended budget, bringing expenditures to a total of \$458,325. The Commission was budgeted in FY 2015 to experience an excess of revenues over expenditures in the general fund of \$88,072; however, the Commission actually had an excess for the fiscal period of \$103,728, or \$15,656 more than the amended budget.

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

Table 3
Budgetary Comparison - General Fund

	<u>Original FY</u> <u>2015 Budget</u>	<u>Amended FY</u> <u>2015 Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Amended Budget</u>
Resource (inflows):				
Local Government Dues	\$ 392,004	\$ 392,004	\$ 392,004	\$ -
Charges for Services	100,000	150,000	159,483	9,483
Investment Earnings	70	70	69	(1)
Rental Income	9,000	9,750	9,750	-
Map/Printing Income	500	500	328	(172)
Other Income	<u>-</u>	<u>-</u>	<u>419</u>	<u>419</u>
				-
Total Resources	<u>501,574</u>	<u>552,324</u>	<u>562,053</u>	<u>9,729</u>
Expenditures				
General Government				
Direct				
Personnel Services	187,572	171,361	156,292	(15,069)
Operating Costs	38,180	41,881	40,660	(1,221)
Indirect				
Cost Allocation Plan	224,390	197,626	170,377	(27,249)
Transfers to Other				
Funds	<u>51,145</u>	<u>53,384</u>	<u>90,996</u>	<u>37,612</u>
Total Charges to Appropriations	<u>501,287</u>	<u>464,252</u>	<u>458,325</u>	<u>(5,927)</u>
Revenues over (under)				
Expenditures	<u>\$ 287</u>	<u>\$ 88,072</u>	<u>\$ 103,728</u>	<u>\$ 15,656</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2015, the Commission had \$2,597,131 invested in capital assets in the governmental activities and no investment in capital assets in the business-type activities (Table 4, below). There was an 8.19% increase (\$196,598) in capital assets from FY 2014 to FY 2015 in the governmental activities. The increase was due primarily to replacement vehicles received during the fiscal year used in the Commission's public transit program. Normally, approximately one quarter of the Commission's fleet of transit vehicles (74 total) are replaced each year; consequently, the increase in assets due to new vehicles coming into the program offsets the decrease due to depreciation of existing vehicles. The reader should refer to Note 7 on page 27 of the audited financial report for more detail on capital asset activity.

**Table 4
Governmental Capital Assets at June 30, 2015**

	<u>Balance at June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at June 30, 2015</u>
Governmental Activities					
Assets not being depreciated					
Land	\$ 63,247	\$ -	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	358,398	-	-	-	358,398
Equipment & fixtures	1,110,282	70,007	(2,692)	-	1,177,597
Vehicles	<u>3,033,156</u>	<u>763,026</u>	<u>(724,268)</u>	<u>-</u>	<u>3,071,914</u>
Total assets being depreciated	4,501,836	833,033	(726,960)	-	4,607,909
Less: accum. depreciation for:					
Buildings	(12,544)	(7,168)	-	-	(19,712)
Equipment	(397,326)	(109,141)	2,692	-	(503,775)
Vehicles	<u>(1,754,680)</u>	<u>(444,942)</u>	<u>649,084</u>	<u>-</u>	<u>(1,550,538)</u>
Total accumulated depreciation	<u>(2,164,550)</u>	<u>(561,251)</u>	<u>651,776</u>	<u>-</u>	<u>(2,074,025)</u>
Total governmental activities capital assets	<u>\$ 2,400,533</u>	<u>\$ 271,782</u>	<u>\$ (75,184)</u>	<u>\$ -</u>	<u>\$ 2,597,131</u>

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

Debt

Capital leases decreased (were paid) in the amount of \$18,289 during the FY 2015. One new lease for computer equipment was entered into during the fiscal period. The Commission has a capital lease with Camilla Development Authority for the lease of the building the Commission currently resides in. The balance on the lease at June 30, 2015 was \$389,157. At June 30, 2015, the Commission had repaid all of its outstanding leases with the exception of the building and a balance (\$5,161) due for computers. Of the total capital lease balance shown below (Table 5), \$17,615 is due within one year. The reader should refer to Note 8 on pages 28 and 29 for more detail on long-term debt activity.

Table 5
Capital Leases at June 30, 2015

<u>Balance,</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
\$ 406,510	\$ 6,097	\$ (18,289)	\$ 394,318	\$ 17,615

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As the date of this audit report there are no currently known decisions expected to have a significant impact on next year's budget and/or financial condition.

Continued efforts in FY 2015 to alleviate negative effects of FY 2012 (termination of the NET program) and FY 2013 (termination of WIA program) have been successful. The Commission continued to increase its General Fund balance in FY 2015, in the amount of \$103,728. The FY 2016 budget also forecasts additional increases to the governmental fund balance.

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 Deputy Director at Southwest Georgia Regional Commission, PO Box 346. 181 E Broad Street, Camilla, GA, 31730.

SOUTHWEST GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash	\$ 345,348	\$ -	\$ 345,348	\$ 2,616
Accounts receivable	1,077,367	933	1,078,300	-
Due from primary government	-	-	-	11,276
Notes receivable, net	-	231,995	231,995	-
Restricted cash	-	54,662	54,662	-
Deposit on vehicles	83,375	-	83,375	-
Internal balances	(2,264)	2,264	-	-
Capital assets:				
Land	63,247	-	63,247	-
Equipment and vehicles and leasehold improvements, net of depreciation	2,533,884	-	2,533,884	-
Deferred outflows of resources related to pensions	108,731	-	108,731	-
Total assets and deferred outflows of resources	<u>4,209,688</u>	<u>289,854</u>	<u>4,499,542</u>	<u>13,892</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable and accrued expenses	959,246	-	959,246	-
Compensated absences	36,238	-	36,238	-
Due to component unit	11,276	-	11,276	-
Unearned revenue	23,170	-	23,170	-
Long-term liabilities:				
Capital leases payable:				
Due within one year	17,615	-	17,615	-
Due in more than one year	376,703	-	376,703	-
Net pension liability	1,043,174	-	1,043,174	-
Total liabilities	<u>2,467,422</u>	<u>-</u>	<u>2,467,422</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,202,813	-	2,202,813	-
Restricted for:				
Programs:				
Economic development - RLF	-	289,854	289,854	-
SOWEGA Economic Dev. Corp.	-	-	-	13,892
Unrestricted	(460,547)	-	(460,547)	-
Total net position	<u>\$ 1,742,266</u>	<u>\$ 289,854</u>	<u>\$ 2,032,120</u>	<u>\$ 13,892</u>

See accompanying notes to the financial statements.

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

Function/Programs:	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Direct Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT:									
Governmental activities									
General government	\$ 1,087,526	\$ (672,739)	\$ 98,761	\$ -	\$ -	\$ (316,026)		\$ (316,026)	
Community service	5,407,893	172,584	83,375	4,958,468	747,028	208,394		208,394	
Planning and zoning	187,318	314,371	68,564	217,432	-	(215,693)		(215,693)	
Economic development/assistance	129,347	169,715	33,000	175,728	-	(90,334)		(90,334)	
Urban redevelopment/housing	6,943	12,503	3,857	4,091	-	(11,498)		(11,498)	
Interest on long-term debt	10,139	-	-	-	-	(10,139)		(10,139)	
Total governmental activities	<u>6,829,166</u>	<u>(3,566)</u>	<u>287,557</u>	<u>5,355,719</u>	<u>747,028</u>	<u>(435,296)</u>		<u>(435,296)</u>	
Business-type activities									
Revolving loan program	20,332	3,566	13,210	-	-	-	(10,688)	(10,688)	
Total business type act.	<u>20,332</u>	<u>3,566</u>	<u>13,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,688)</u>	<u>(10,688)</u>	
Total primary government	<u>\$ 6,849,498</u>	<u>\$ -</u>	<u>\$ 300,767</u>	<u>\$ 5,355,719</u>	<u>-</u>	<u>(435,296)</u>	<u>(10,688)</u>	<u>(445,984)</u>	
COMPONENT UNIT:									
SOWEGA Economic Dev. Corp.	\$ 30	\$ -	\$ -	\$ -	-	-	-	-	(30)
General revenues:									
Local dues						392,004	-	392,004	-
Investment earnings						69	61	130	-
Total general revenues						<u>392,073</u>	<u>61</u>	<u>392,134</u>	<u>-</u>
Change in net position						(43,223)	(10,627)	(53,850)	(30)
Net position - beginning (governmental activities restated)						<u>1,785,489</u>	<u>300,481</u>	<u>2,085,970</u>	<u>13,922</u>
Net position - ending						<u>\$ 1,742,266</u>	<u>\$ 289,854</u>	<u>\$ 2,032,120</u>	<u>\$ 13,892</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 4,111	\$ 256,908	\$ -	\$ 261,019
Receivables:				
Intergovernmental	27,415	886,790	70,083	984,288
Other receivables	-	91,946	-	91,946
Interfund balances	303,723	88,038	-	391,761
Total assets	\$ 335,249	\$ 1,323,682	\$ 70,083	\$ 1,729,014
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Liabilities:				
Accounts payable	\$ -	\$ 812,789	\$ -	\$ 812,789
Unearned revenue	750	-	22,420	23,170
Interfund balances	88,038	381,157	47,663	516,858
Total liabilities	88,788	1,193,946	70,083	1,352,817
Fund balances:				
Assigned for transportation program	-	129,736	-	129,736
Unassigned	246,461	-	-	246,461
Total fund balances	246,461	129,736	-	376,197
Total liabilities and fund balances	\$ 335,249	\$ 1,323,682	\$ 70,083	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,071,071
A capital match paid advance to a grantor is a use of financial resources in the funds, but is reported as an asset in the statement of net position.	83,375
Amount due to a grantor over a fourteen month period is not accrued in the funds, but is required to be accrued in the statement of net position. Since the portion due in more than one year is not significant, the entire amount has been included in accounts payable.	(14,301)
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 position.	(774,076)
Net position of governmental activities	\$ 1,742,266

See accompanying notes to the financial statements.

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

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ 5,927,019	\$ 208,730	\$ 6,135,749
Dues	392,004	-	-	392,004
Charges for services	159,483	1,200	-	160,683
Investment earnings	69	-	-	69
Map/printing income	328	-	-	328
Workshop and meeting income	9,750	-	-	9,750
Rental income	419	-	-	419
Vehicle match revenue	-	83,375	-	83,375
Total revenues	<u>562,053</u>	<u>6,011,594</u>	<u>208,730</u>	<u>6,782,377</u>
EXPENDITURES				
Current:				
General government	269,463	-	-	269,463
Community service	-	5,748,656	-	5,748,656
Planning and zoning	87,753	290,136	-	377,889
Economic development and assist.	-	-	232,228	232,228
Urban redevelopment and housing	10,113	4,409	-	14,522
Total expenditures	<u>367,329</u>	<u>6,043,201</u>	<u>232,228</u>	<u>6,642,758</u>
Excess (deficiency) of revenues over (under) expenditures	194,724	(31,607)	(23,498)	139,619
OTHER FINANCING SOURCES (USES)				
Transfers in	18,367	71,821	28,810	118,998
Transfers out	<u>(109,363)</u>	<u>(4,323)</u>	<u>(5,312)</u>	<u>(118,998)</u>
Total other financing sources and uses	<u>(90,996)</u>	<u>67,498</u>	<u>23,498</u>	<u>-</u>
Net change in fund balances	103,728	35,891	-	139,619
Fund balances - beginning	142,733	93,845	-	236,578
Fund balances - ending	<u>\$ 246,461</u>	<u>\$ 129,736</u>	<u>\$ -</u>	<u>\$ 376,197</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, 2015

Net change in fund balances - total governmental funds	\$	139,619
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 (\$747,027) exceeded depreciation expense (\$519,075) in the current period.		227,952
Governmental funds report a capital match paid to a grantor in advance as a capital outlay. However in the statement of activities the match is reported as an asset.		83,375
Amount due to a grantor is to be paid over more than one year, therefore is not recorded in the funds. However the expense is required to be reported in the statement of activities.		(14,301)
The amount of pension expense in the internal service fund not reimbursed by other funds is not reported in the governmental funds but is reported in the statement of activities.		(63,680)
Actual pension expense paid (\$63,680) by the internal service fund is reported in the governmental funds, however, actuarially determined pension expense (\$404,684) is reported in the statement of activities.		(341,004)
Loss on disposal of capital assets is not reported in the funds but is reported as an expense in the statement of activities.		<u>(75,184)</u>
Change in net position of governmental activities	\$	<u><u>(43,223)</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Fund</u>	<u>Governmental Fund</u>
	<u>Revolving Loan Fund</u>	<u>Internal Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash - unrestricted	\$ -	\$ 84,329
Cash - restricted	54,662	-
Receivables:		
Notes receivable - current portion	45,109	-
Other	933	1,133
Interfund balances	2,264	428,820
Total current assets	<u>102,968</u>	<u>514,282</u>
Noncurrent assets:		
Notes receivable, less current portion	186,886	-
Land	-	63,247
Buildings, equipment and vehicles	-	809,048
Less: accumulated depreciation	-	(346,235)
Total noncurrent assets	<u>186,886</u>	<u>526,060</u>
Deferred outflows of resources related to pensions		
Total assets and deferred outflows of resources	<u>289,854</u>	<u>1,149,073</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	101,878
Accrued salaries	-	30,278
Due to component unit	-	11,276
Interfund balances	-	305,987
Capital leases payable - current portion	-	17,615
Total current liabilities	<u>-</u>	<u>467,034</u>
Long-term liabilities:		
Net pension liability	-	1,043,174
Compensated absences payable	-	36,238
Capital leases payable, less current portion	-	376,703
Total liabilities	<u>-</u>	<u>1,923,149</u>
NET POSITION		
Net investment in capital assets	-	131,742
Restricted for revolving loan program	289,854	-
Unrestricted	-	(905,818)
Total net position	<u>\$ 289,854</u>	<u>\$ (774,076)</u>

See accompanying notes to the financial statements.

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

	Enterprise Fund	Governmental Fund
	Revolving Loan Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ -	\$ 754,877
Interest on notes receivable	8,165	-
Other income	5,045	-
Total operating revenue	13,210	754,877
OPERATING EXPENSES		
Personnel services	3,256	814,418
Indirect costs	3,566	79,764
Repairs and maintenance	500	46,660
Depreciation	-	42,176
Per diem and fees	-	33,625
Telecommunications	-	26,476
Utilities	-	24,959
Other supplies and expenses	81	24,318
Equipment lease	-	19,609
Auto and travel	5	16,942
Insurance and bonding	-	10,693
Postage and freight	-	6,272
Training and education	-	3,710
Bad debt	16,490	-
Total operating expenses	23,898	1,149,622
Operating income (loss)	(10,688)	(394,745)
NONOPERATING REVENUES (EXPENSES)		
Interest income	61	-
Interest expense	-	(10,139)
Gain on disposal of capital assets	-	200
Total nonoperating revenues (expenses)	61	(9,939)
Change in net position	(10,627)	(404,684)
Total net position - beginning (internal service fund restated)	300,481	(369,392)
Total net position - ending	\$ 289,854	\$ (774,076)

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Enterprise Fund</u>	<u>Governmental Fund</u>
	<u>Revolving Loan Fund</u>	<u>Internal Service Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from borrowers/customers	\$ 140,234	\$ -
Loans to borrowers/customers	(150,000)	-
Internal activity - payments from (to) other funds	(13,590)	880,685
Payments to employees or for their benefit	(3,256)	(513,193)
Payments to suppliers	(20,703)	(317,947)
Net cash provided (used) by operating activities	<u>(47,315)</u>	<u>49,545</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(3,035)
Proceeds from sale of capital assets	-	200
Principal paid on capital debt	-	(18,289)
Interest paid on capital debt	-	(10,139)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(31,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	61	-
Net cash provided by investing activities	<u>61</u>	<u>-</u>
Net increase (decrease) in cash	(47,254)	18,282
Balances - beginning	101,916	66,047
Balances - ending	<u>\$ 54,662</u>	<u>\$ 84,329</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (10,688)	\$ (394,745)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	-	42,176
Change in assets and liabilities:		
Receivables, net	(22,976)	(865)
Deferred outflows	-	137,136
Accounts and other payables	(61)	(18,782)
Interfund balances	(13,590)	125,808
Net pension liability	-	158,817
Net cash provided (used) by operating activities	<u>\$ (47,315)</u>	<u>\$ 49,545</u>

Noncash activity: in the Revolving Loan Fund a loan in the amount of \$18,165 was written off. In the internal service fund fully depreciated assets with a cost of \$2,692 and assets with a cost of \$6,097 were purchased with a capital lease.

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2015

	Employee Retirement Plan
ASSETS	
Investments at fair value:	
Corporate and government bonds	\$ 554,896
Corporate stocks	432,905
Total investments	987,801
Total assets	\$ 987,801
 NET POSITION	
Held in trust for pension benefits (see Schedule of Retirement Plan Funding Progress)	\$ 987,801

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Employee Retirement Plan
ADDITIONS	
Contributions:	
Employer	\$ 63,680
Net increase in fair value of investments	24,653
Total contributions	88,333
 DEDUCTIONS	
Benefits	132,502
Professional fees	11,400
Administrative expense	30
Total deductions	143,932
Change in net position	(55,599)
Net position - beginning	1,043,400
Net position - ending	\$ 987,801

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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).

For the year ended June 30, 2015, the RC adopted Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. As a result, beginning balances in the internal service fund and the governmental activities reported in the government-wide financial statements have been restated (See Note 12).

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, 2015

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 is classified as a business-type activity. Neither fiduciary funds nor component units that are fiduciary in nature are included.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The RC's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. 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, 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 only excess (or shortfall) in indirect costs the RC has to allocated in preparing government-wide statements is related to pension expense not charged to governmental activities and pension expense calculated in accordance with GASB 68 and amounts actually paid by the RC. This difference is allocated in the statement of activities based on the percentage of indirect charges to each governmental activity.

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 position resulting from the current year's activity.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, and the Revolving Loan Fund. 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 and report financial resources not accounted for in another 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 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, 2015

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

- 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.

- 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, 2015

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 position and changes in net position 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, 2015

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.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information related to pensions has been determined on the same basis as they are reported by the actuary. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Financial Statement Amounts (Continued)

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).

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Compensated Absences and Employee Benefits (Continued)

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.

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sick Leave (Continued)

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.

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 plans is contained in Note 10. The RC also maintains a 457 and a 401(a) plan and information on these plans are 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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Fund Balances and Net Position

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

1. Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
2. Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
3. Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Council (the RC’s highest level of decision-making authority) through the adoption of a resolution. The Council also may modify or rescind the commitment.
4. Assigned – Fund balances are reported as assigned when amounts are constrained by the RC’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the Council can authorize the finance committee or executive director to assign fund balances.
5. Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

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

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 position. 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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Interfund Activity (Continued)

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.

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 2 – CASH

Cash balances are as follows:

	<u>Insured or Collateralized</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>
Primary Government		
Deposits	\$ 399,710	\$ 529,290
Petty cash	300	-
Total primary government	<u>\$ 400,010</u>	<u>\$ 529,290</u>
Component Unit	<u>\$ 2,616</u>	<u>\$ 2,616</u>

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 - \$54,662.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 135,183	N/A
AST QMA US Equity Alpha	N/A	182,383	N/A
AST Small Cap Value	N/A	118,941	N/A
ASTLoomis Sayles Large Cap Gr	N/A	118,389	N/A
Bond Mutual Funds:			
AST High Yield	3 - 10 years	42,354	3 star
AST Lord Abbett Bond - Debenture	N/A	38,241	US Government
AST Templeton Global Bond	3 - 10 years	14,542	3 star
AST PIMCO Total Return Fund	7.16 years	308,497	4 star
AST PIMCO Limited Maturity Bond	3 - 10 years	29,271	3 star
Total investments		<u>\$ 987,801</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, 2015

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 \$231,995.

A loan in the amount of \$18,172 was written off during the year. A total of \$2,215 was charged to the allowance for bad debt and the balance was charged to bad debt expense.

NOTE 5 – UNEARNED REVENUE AND RECEIVABLES

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

	Governmental Activities	Business-type Activities	Total
UNEARNED REVENUE			
ACF Compact	\$ 18,649	\$ -	\$ 18,649
EDA	3,725	-	3,725
City of Colquitt	46	-	46
Other	750	-	750
Total unapplied funds	\$ 23,170	\$ -	\$ 23,170

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – UNEARNED REVENUE 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	\$ 27,415	\$ -	\$ 27,415
Various contracts	66,177	-	66,177
Total local receivable	<u>93,592</u>	<u>-</u>	<u>93,592</u>
State grants receivable:			
Department of Community Affairs	43,742	-	43,742
Department of Transportation	625,638	-	625,638
Department of Human Services	217,410	-	217,410
Total state receivable	<u>886,790</u>	<u>-</u>	<u>886,790</u>
Federal grants receivable:			
U. S. Department of Agriculture	3,906	-	3,906
Total federal receivable	<u>3,906</u>	<u>-</u>	<u>3,906</u>
Total intergovernmental receivable	<u>984,288</u>	<u>-</u>	<u>984,288</u>
Other receivables:			
State administered grants fund:			
Transportation subcontractors:			
Fuel reimbursement	77,872	-	77,872
Other reimbursements	14,074	-	14,074
Internal service fund			
Other	1,133	-	1,133
Total other receivables	<u>93,079</u>	<u>-</u>	<u>93,079</u>
Total governmental receivables	<u>1,077,367</u>	<u>-</u>	<u>1,077,367</u>
Enterprise fund			
RLF			
Interest and late fees	-	933	933
Total enterprise funds receivable	<u>-</u>	<u>933</u>	<u>933</u>
Total receivables	<u>\$ 1,077,367</u>	<u>\$ 933</u>	<u>\$ 1,078,300</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances consist of the following:

Fund	Receivables	Payables	Net
Governmental Funds:			
General fund:			
State administered grants fund	\$ -	\$ (88,038)	\$ (88,038)
Internal service fund	303,723	-	303,723
State administered grants fund:			
Internal service fund	88,038	(381,157)	(293,119)
Nonmajor funds:			
Internal service fund	-	(47,663)	(47,663)
Internal service fund:			
General fund	-	(303,723)	(303,723)
State administered grants fund	381,157	-	381,157
Nonmajor funds	47,663	-	47,663
Revolving loan fund	-	(2,264)	(2,264)
Total governmental funds	<u>820,581</u>	<u>(822,845)</u>	<u>(2,264)</u>
Proprietary Funds:			
Enterprise fund:			
Revolving loan fund:			
Internal service fund	<u>2,264</u>	<u>-</u>	<u>2,264</u>
Total enterprise funds	<u>2,264</u>	<u>-</u>	<u>2,264</u>
Total	<u><u>\$ 822,845</u></u>	<u><u>\$ (822,845)</u></u>	<u><u>\$ -</u></u>

Interfund transfers and capital contributions consist of the following:

	In	Out	Net
Governmental activities:			
General fund:			
State administered grants fund	\$ 18,367	\$ (109,363)	\$ (90,996)
Nonmajor funds			-
State administered grants fund:			
General fund	71,821	(4,323)	67,498
Nonmajor funds:			
General fund	<u>28,810</u>	<u>(5,312)</u>	<u>23,498</u>
Total governmental funds	<u>118,998</u>	<u>(118,998)</u>	<u>-</u>
Total interfund transfers	<u><u>\$ 118,998</u></u>	<u><u>\$ (118,998)</u></u>	<u><u>\$ -</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets.

	Beginning Balance 7/1/14	Increases	Decreases	Reclassifications	Ending Balance 6/30/15
Governmental activities					
Assets not being depreciated					
Land	\$ 63,247	\$ -	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	358,398	-	-	-	358,398
Equipment and fixtures	1,110,282	70,007	(2,692)	-	1,177,597
Vehicles	3,033,156	763,026	(724,268)	-	3,071,914
Total capital assets	4,501,836	833,033	(726,960)	-	4,607,909
Less accumulated depreciation for:					
Buildings	(12,544)	(7,168)	-	-	(19,712)
Equipment and fixtures	(397,326)	(109,141)	2,692	(41,363)	(545,138)
Vehicles	(1,754,680)	(444,942)	649,084	41,363	(1,509,175)
Total accumulated depreciation	(2,164,550)	(561,251)	651,776	-	(2,074,025)
Total net governmental assets being depreciated	2,337,286	271,782	(75,184)	-	2,533,884
Total capital assets - governmental activities	\$ 2,400,533	\$ 271,782	\$ (75,184)	\$ -	\$2,597,131

Depreciation expense was charged to functions as follows:

Governmental activities:

Community service \$ 519,075

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.

42,176

Total governmental activities depreciation
expense

\$ 561,251

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - CAPITAL LEASES

The following is a summary of capital leases for the year:

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Internal Service Fund					
Computer equipment lease	\$ 2,089	\$ -	\$ (2,089)	\$ -	\$ -
Computer equipment lease	-	6,097	(936)	5,161	1,965
Building lease	404,421	-	(15,264)	389,157	15,650
Total internal service fund	<u>406,510</u>	<u>6,097</u>	<u>(18,289)</u>	<u>394,318</u>	<u>17,615</u>
Total governmental funds	<u>\$ 406,510</u>	<u>\$ 6,097</u>	<u>\$ (18,289)</u>	<u>\$ 394,318</u>	<u>\$ 17,615</u>

Annual requirements to amortize the capital leases are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 17,615	\$ 9,826	\$ 27,441
2017	18,141	9,300	27,441
2018	17,551	8,770	26,321
2019	16,867	8,333	25,200
2020	17,294	7,906	25,200
2021-2025	93,254	32,746	126,000
2026-2030	105,656	20,343	125,999
2031-2035	<u>107,940</u>	<u>6,346</u>	<u>114,286</u>
Total	<u>\$ 394,318</u>	<u>\$ 103,570</u>	<u>\$ 497,888</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - CAPITAL LEASES (CONTINUED)

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

	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2015</u>
Governmental activities:				
Compensated absences payable	\$ 34,694	\$ 40,853	\$ (39,309)	\$ 36,238

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

Interest expense of \$10,139 was incurred and charged to the internal service fund for governmental leases above. The internal service fund has been used in the past to liquidate the above governmental capital lease liabilities. The gross amount of assets under capital leases at year end was \$418,090 - equipment with a cost of \$6,097 and accumulated depreciation of \$847 and a building (including land, furniture and fixtures) with a cost of \$435,000 and accumulated depreciation of \$22,160.

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

NOTE 9 – NET POSITION RESTRICTIONS

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

Net position restrictions are as follows:

Held in trust for employee retirement plan - retirement benefits - equity in the pension trust fund - restricted to payment of participant retirement benefits - \$987,801.

Revolving Loan Fund – restricted for revolving loan program - \$289,854

Component unit – restricted for use of the SOWEGA Economic Development Corporation - \$13,892

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN

Plan Description

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, however, the plan was closed to new entrants as of June 30, 2013. 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. Certain administrative costs of the Plan are paid by the employer, Southwest Georgia Regional Commission.

The minimum employer contribution to the plan for the July 1, 2014 to June 30, 2015 plan year, calculated in accordance with Section 47-20-10 of the Official code of Georgia Annotated, is \$63,680 (14.1% of covered payroll). However, the RC may contribute any amount in excess of the minimum contribution.

Investment Policies. 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. 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.

Employees Covered

Participant statistics as of June 30, 2014 (measurement date) are as follows:

Participants	Count	Average			
		Age	Service	Pay	Benefits
Active participants	9	43.4	12.2	\$ 50,204	N/A
Receiving benefits	5	80.5	N/A	N/A	\$2,333/mth
Deferred	20	52.3	N/A	N/A	\$351/mth

Significant Assumptions and Other Inputs Used to Measure the Total Pension Liability

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

Actuarial assumptions are selected in conformance with Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* and No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.

Significant Assumptions and Other Inputs Used to Measure the Total Pension Liability (Continued)

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

Actuarial Cost Method: Entry Age Normal Method. Under this method the total actuarial present value of projected benefits (attributable to both past and future service) of each participant is funded as a level basis over the earnings of the participants between the entry age and assumed exit age. The portion of this present value allocated to the valuation year is the normal cost. The portion of this actuarial present value not provided by the actuarial present value of future normal costs is called the actuarial accrued liability.

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 those participants.

Actuarial Valuation Method. Assets are valued at market value as of June 30, 2014, the measurement date.

Discount Rate. The discount rate used to measure the total pension liability was 6.73%. Projected benefit payments are discounted to their actuarial present value using the single rate (6.73%) that reflects (1) a long-term expected rate of return on pension plan investments (7.75%) to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate (4.29% as of the end of June 2014 per Federal Reserve Release H.15) to the extent that the conditions for use of the long-term expected rate of return are not met. Projections of the fiduciary net position incorporate future employer contributions intended to finance benefits of current active and inactive plan members (14% of current active payroll as of June 30, 2014).

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 to a value between 80% and 120% of the market value.

Long-Term Expected Rate of Return on Assets. The long-term expected rate of return on pension plan investments was determined following discussions between the employer and the Plan's investment counsel regarding the fund's investment portfolio and expected future returns thereon.

Money-weighted rate of return. The annual money-weighted rate of return on pension plan investments, calculated as the internal rate of pension plan investments, net of pension plan investment expenses was 11.64% for the year ended June 30, 2014. Please refer to the schedule in the required supplementary information for rates of returns for previous years.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

Valuation date	July 1, 2014
Salary increases	N/A
Cost-of-living (inflation rate)	2.5% annual increase.
Mortality	The RP-2000 Mortality Table separate tables for annuitants and non annuitants, projected by Scale AA to 15 years past the measurement date for non annuitants and 7 years past the measurement date for annuitants.
Retirement age	Age 65 or age at the valuation date if later.
Turnover rates	Sarason T-3 Table.
Disability rates	No disability is assumed.
Marital assumptions	75% of participants are assumed married. Husbands are assumed to be 3 years older than wives.
Administrative expenses	Based on prior year actual expenses.
Form of payment	Life Annuity with 10 Years Certain payments
Effective date	Established February 1, 1973; amended and restated effective July 1, 2010; amended effective June 30, 2013
Eligibility	First month following completion of one year of service. Participation is frozen as of June 30, 2013.
Participants	
Active	9
Retired	5
Terminated/Vested	<u>20</u>
Total	<u>34</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The net pension liability as of June 30, 2014 (the measurement date) is \$1,043,174, being the excess of the total pension liability, \$2,041,523, over the plan’s fiduciary net position, \$998,349, both as of the measurement date. The total pension liability was determined as of the measurement date using amounts determined from actuarial valuation as of the measurement date.

The changes in the net pension liability are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Year ended June 30, 2013	<u>\$2,038,394</u>	<u>\$ 1,154,037</u>	<u>\$ 884,357</u>
Changes for the year:			
Service cost	5,000	-	5,000
Interest	138,020	-	138,020
Difference between expected and actual experience	139,880		139,880
Contributions - employer	-	245,867	(245,867)
Net investment income	-	124,236	(124,236)
Change in assumptions	240,201		240,201
Administrative expense	-	(5,819)	5,819
Benefit payments	<u>(519,972)</u>	<u>(519,972)</u>	<u>-</u>
Net changes	<u>3,129</u>	<u>(155,688)</u>	<u>158,817</u>
Balances at June 30, 2014	<u><u>\$ 2,041,523</u></u>	<u><u>\$ 998,349</u></u>	<u><u>\$ 1,043,174</u></u>

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

The following presents the net pension liability of the RC, calculated using the discount rate of 6.73%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (5.73%) and one percentage point higher (7.73%) than the current rate:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
Net pension liability	\$ 1,305,173	\$ 1,043,174	\$ 807,187

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

Pension Expenses and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the RC recognized pension expense of \$404,684. At June 30, 2015, the RC reported deferred outflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date for the year ended June 30, 2015	\$ 108,731
Total	\$ 108,731

Deferred outflows of resources related to contributions made subsequent to the measurement date of June 30, 2015, in the amount of \$108,731, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

NOTE 11 – OTHER RETIREMENT PLANS

In 2013, the RC adopted a 457 employee savings plan and a 401(A) employer contribution plan. The plans are governed by the laws of Georgia and became effective on July 1, 2013. Plan provisions and contribution requirements of the plans below are established by the RC's Council and may be amended by the Commission's Council. The plans are administered by the employer, Southwest Georgia Regional Commission. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activities of these plans are not reported in the RC's financial statements.

Section 457 and Section 401(a) Plan. The Southwest Georgia Regional Commission 457 Employee Savings Plan and the Southwest Georgia Regional Commission 401(A) Employer Contribution Plan are available to all eligible employees, after satisfying the applicable requirements, for elective deferrals up to 90% of the employee's plan year compensation but limited to the elective deferral limit set by law. The RC is required to match 50% of each dollar deferred not in excess of 6% of the employee compensation. The employer may, at its discretion, make an additional matching and/or retirement enhancement contribution. Employer contributions for the year were \$13,183.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 –Beginning Net Position, Restated

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

	Governmental Activities	
	Internal Service Fund	Government - Wide
Beginning net position - July 1, 2014	\$ 224,047	\$ 2,378,928
Related to pension plan:		
Deferred outflows of resources at July 1, 2014	245,867	245,867
Pension contributions accrued at July 1, 2014	45,051	45,051
Net pension liability at July 1, 2014	(884,357)	(884,357)
Net change related to pension plan	(593,439)	(593,439)
Beginning net position - July 1, 2014, restated	\$ (369,392)	\$ 1,785,489

NOTE 13 - 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.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 - 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.

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 15 – CONTINGENCIES

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.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1	\$ 142,733	\$ 142,733	\$ 142,733	\$ -
Resources (inflows):				
Local government dues	392,004	392,004	392,004	-
Charges for services	100,000	150,000	159,483	9,483
Other income	-	-	419	419
Investment earnings	70	70	69	(1)
Rental income	9,000	9,750	9,750	-
Map/printing income	500	500	328	(172)
Amounts available for appropriation	<u>644,307</u>	<u>695,057</u>	<u>704,786</u>	<u>9,729</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	187,572	171,361	156,292	(15,069)
Operating expenditures	38,180	41,881	40,660	(1,221)
Indirect				
Cost allocation plan	224,390	197,626	170,377	(27,249)
Transfers to other funds, net	51,145	53,384	90,996	37,612
Total charges to appropriations	<u>501,287</u>	<u>464,252</u>	<u>458,325</u>	<u>(5,927)</u>
Budgetary fund balance, June 30	<u>\$ 143,020</u>	<u>\$ 230,805</u>	<u>\$ 246,461</u>	<u>\$ 15,656</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – STATE ADMINISTERED GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 93,845	\$ 93,845	\$ 93,845	\$ -
Resources (inflows):				
State grants and contracts	5,806,310	5,293,356	5,240,865	(52,491)
Other income	-	1,200	84,575	83,375
Transfers from other funds, net	33,020	38,141	67,498	29,357
Amounts available for appropriation	<u>5,933,175</u>	<u>5,426,542</u>	<u>5,486,783</u>	<u>60,241</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	220,799	211,691	230,115	18,424
Operating expenditures	5,334,394	4,700,693	4,731,020	30,327
Indirect				
Cost allocation plan	264,137	244,138	251,664	7,526
Capital outlay	-	146,175	144,248	(1,927)
Total charges to appropriations	<u>5,819,330</u>	<u>5,302,697</u>	<u>5,357,047</u>	<u>54,350</u>
Budgetary fund balance, June 30	<u>\$ 113,845</u>	<u>\$ 123,845</u>	<u>\$ 129,736</u>	<u>\$ 5,891</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF CHANGES IN PENSION PLAN NET PENSION LIABILITY
LAST TEN YEARS*
JUNE 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios – Last Ten Years*

Year Ended June 30	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability							
Service cost	\$ 5,000						
Interest	138,020						
Change in benefit terms	-						
Difference between expected and actual experience	139,880						
Change in assumptions	240,201						
Benefit payments	(519,972)						
Net change in total pension liability	<u>3,129</u>						
Total pension liability							
Beginning	\$ 2,038,394	\$ 2,524,476	\$ 3,072,745	\$ 2,807,282	\$ 2,205,212	\$ 2,221,754	\$ 1,905,329
Ending	\$ 2,041,523	\$ 2,038,394	\$ 2,524,476	\$ 3,072,745	\$ 2,807,282	\$ 2,205,212	\$ 2,221,754
Plan fiduciary net position							
Contributions - employer	\$ 245,867	\$ 141,614	\$ 293	\$ 312,132	\$ 219,407	\$ 161,972	\$ 104,465
Net investment income	124,236	116,641	57,440	240,317	140,916	(108,019)	(74,974)
Benefit payments	(519,972)	(758,109)	(246,535)	(128,927)	(126,016)	(126,016)	(121,193)
Administrative expenses	(5,819)	(28,533)	(30)	(30)	(30)	(30)	(30)
Net change in plan fiduciary net position	<u>\$ (155,688)</u>	<u>\$ (528,387)</u>	<u>\$ (188,832)</u>	<u>\$ 423,492</u>	<u>\$ 234,277</u>	<u>\$ (72,093)</u>	<u>\$ (91,732)</u>
Plan fiduciary net position							
Beginning	\$ 1,154,037	\$ 1,682,424	\$ 1,871,256	\$ 1,447,764	\$ 1,213,487	\$ 1,285,580	\$ 1,377,312
Ending	\$ 998,349	\$ 1,154,037	\$ 1,682,424	\$ 1,871,256	\$ 1,447,764	\$ 1,213,487	\$ 1,285,580
Net pension liability - ending	\$ 1,043,174	\$ 884,357	\$ 842,052	\$ 1,201,489	\$ 1,359,518	\$ 991,725	\$ 936,174
Plan fiduciary net position as a % of total pension liability	48.90%	56.62%	66.64%	60.90%	51.57%	55.03%	57.86%
Covered-employee payroll	\$ 451,840	\$ 614,917	\$ 1,163,091	\$ 1,592,595	\$ 1,486,287	\$ 1,504,676	\$ 876,881
Net pension liability as a % of covered employee payroll	230.87%	143.82%	72.40%	75.44%	91.47%	65.91%	106.76%

* GASB 67 requires presenting the above information for the most recent ten years but allows for presenting as many years for which the information measured is in conformity with the requirements of GASB 67 is available in the transition year and until ten years of such information is available. Prior to 2008, the funding method for determining the liability was a method different than the entry age normal method required for this disclosure.

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF PENSION PLAN ACTUARIALLY DETERMINED CONTRIBUTIONS
LAST TEN YEARS*
JUNE 30, 2015

Schedule of Contributions – Last Ten Years*

Year Ended June 30	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution**	\$ 55,677	\$ 117,665	\$ 246,325	\$ 312,132	\$ 213,393	\$ 161,972	\$ 104,465
Contribution in relation to the actuarially determined contribution	\$ 245,867	\$ 141,614	\$ 293	\$ 312,132	\$ 213,393	\$ 161,972	\$ 104,465
Contribution deficiency (excess)	\$ (190,190)	\$ (23,949)	\$ 246,032	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 614,917	\$ 1,163,091	\$ 1,592,595	\$ 1,486,287	\$ 1,504,676	\$ 876,881	\$ 619,260
Contributions as a % of covered employee payroll	39.98%	12.18%	0.02%	21.00%	14.18%	18.47%	16.87%

* GASB 67 requires presenting the above information for the most recent ten years but allows for presenting as many years for which the information measured is in conformity with the requirements of GASB 67 is available in the transition year and until ten years of such information is available. Prior to 2008, the funding method for determining the liability was a method different than the entry age normal method required for this disclosure.

** The actuarially determined contribution is calculated as of the end of the fiscal year, June 30th.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
 LAST TEN YEARS*
 JUNE 30, 2015

Schedule of Investment Returns – Last Ten Years*

Year Ended June 30	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return, net of investment expense	11.64%	6.39%	3.32%	15.61%	11.18%	-8.29%	-5.48%

* GASB 67 requires presenting the above information for the most recent ten years but allows for presenting as many years for which the information measured is in conformity with the requirements of GASB 67 is available in the transition year and until ten years of such information is available. Prior to 2008, the funding method for determining the liability was a method different than the entry age normal method required for this disclosure.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

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 council 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, 2015 was adopted by the Council members on June 26, 2014. Amendments were made and adopted by the Council on August 28, 2014 and May 28, 2015. All appropriations lapse at year end.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

NOTE B - BUDGET -TO-ACTUAL RECONCILIATION

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

	<u>General Fund</u>	<u>State Administered Grants Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 704,786	\$ 5,486,783
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		(93,845)
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(142,733)	(67,498)
Non-cash capital improvement assistance grant revenue was not budgeted	-	686,154
	<u>-</u>	<u>686,154</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 562,053</u>	<u>\$ 6,011,594</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	458,325	5,357,047
Difference - budget to GAAP		
Non-cash capital improvement assistance grant expenditures were not budgeted	-	686,154
Transfers to other funds are outflows of budgetary resources	(90,996)	-
	<u>(90,996)</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 367,329</u>	<u>\$ 6,043,201</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SOUTHWEST GEORGIA REGIONAL COMMISSION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	<u>Direct Federal Grants Fund</u>	<u>Local Programs Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Intergovernmental receivables	\$ 3,906	\$ 66,177	\$ 70,083
Total assets	<u>\$ 3,906</u>	<u>\$ 66,177</u>	<u>\$ 70,083</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Unearned revenue	\$ 3,725	\$ 18,695	\$ 22,420
Interfund balances	181	47,482	47,663
Total liabilities	<u>3,906</u>	<u>66,177</u>	<u>70,083</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,906</u>	<u>\$ 66,177</u>	<u>\$ 70,083</u>

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

	<u>Direct Federal Grants Fund</u>	<u>Local Programs Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 104,320	\$ 104,410	\$ 208,730
Total revenues	<u>104,320</u>	<u>104,410</u>	<u>208,730</u>
EXPENDITURES			
Current:			
Economic development and assistance	133,130	99,098	232,228
Total expenditures	<u>133,130</u>	<u>99,098</u>	<u>232,228</u>
Excess (deficiency) of revenues over (under) expenditures	(28,810)	5,312	(23,498)
OTHER FINANCING SOURCES (USES)			
Transfers in	28,810	-	28,810
Transfers out	-	(5,312)	(5,312)
Total other financing sources and uses	<u>28,810</u>	<u>(5,312)</u>	<u>23,498</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, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Grants and contracts	\$ 78,000	\$ 117,001	\$ 104,320	\$(12,681)
Transfers from other funds	18,125	22,944	28,810	5,866
Amounts available for appropriation	<u>96,125</u>	<u>139,945</u>	<u>133,130</u>	<u>(6,815)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	35,970	43,790	46,074	2,284
Operating expenditures	17,125	45,653	35,917	(9,736)
Indirect				
Cost allocation plan	43,030	50,502	51,139	637
Total charges to appropriations	<u>96,125</u>	<u>139,945</u>	<u>133,130</u>	<u>(6,815)</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 \$ 133,130

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 (28,810)

Total revenues as reported on the statement of revenues, expenditures
 and changes in fund balances - governmental funds \$ 104,320

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
 from the budgetary comparison schedule \$ 133,130

Difference - budget to GAAP -

Total expenditures as reported on the statement of revenues,
 expenditures and changes in fund balances - governmental funds \$ 133,130

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS
 LOCAL PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Local grants and contracts	\$ 120,000	\$ 113,087	\$ 104,410	\$ (8,677)
Transfers from other funds	-	-	-	-
Amounts available for appropriation	<u>120,000</u>	<u>113,087</u>	<u>104,410</u>	<u>(8,677)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	53,204	47,480	47,266	(214)
Operating expenditures	3,150	3,150	90	(3,060)
Indirect				
Cost allocation plan	63,646	54,757	51,742	(3,015)
Transfers to other funds	-	7,700	5,312	(2,388)
Total charges to appropriations	<u>120,000</u>	<u>113,087</u>	<u>104,410</u>	<u>(8,677)</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	\$ 104,410
Differences - budget to GAAP	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 104,410</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations"	
from the budgetary comparison schedule	\$ 104,410
Difference - budget to GAAP	
Transfers to other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	<u>(5,312)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 99,098</u>

STATE COMPLIANCE SECTION

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

Released Time:	
Annual leave	\$ 37,733
Sick leave	18,588
Holiday leave	21,967
Total released time	<u>78,288</u>
Fringe Benefits:	
Retirement	13,183
Payroll and unemployment taxes	52,050
Group and workman's compensation insurance	82,402
Total fringe benefits	<u>147,635</u>
Allocable employee benefits	<u><u>\$ 225,923</u></u>
Computation of Actual Employee Benefit Rate	
Gross salaries	\$ 594,008
Less:	
Decrease in accrued compensated absences	1,317
Change in accrued salaries	4,594
Vehicle allowance	(1,440)
Released time	<u>(78,288)</u>
Allocation base - chargeable salaries	<u><u>\$ 520,191</u></u>
Employee Benefit Rate	<u><u>43.43%</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COSTS – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2015

Indirect Costs

Salaries and wages	\$ 183,812
Released time and fringe benefits	42,110
Depreciation and use charge	42,176
Repairs and maintenance	46,659
Per diem and fees	33,625
Supplies and other expenses	24,522
Utilities	24,959
Telecommunications	26,476
Equipment lease expense	19,609
Auto and travel	16,942
Insurance and bonding	10,693
Building rent	9,936
Postage and freight	6,272
Training and education	3,710
Total indirect costs	\$ 491,501

Computation of Indirect Cost Rate

Indirect cost basis:	
Total chargeable salaries	\$ 520,191
Less: indirect salaries	(183,812)
Total eligible direct salaries	336,379
Employee benefits	183,812
Allocation base - direct personnel costs	\$ 520,191
Actual indirect cost rate	94.48%

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE SALARIES AND TRAVEL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Employee Name</u>	<u>Position</u>	<u>Salary</u>	<u>Travel Expense</u>	<u>Total</u>
Suzanne Angell	Deputy Director	\$ 89,259	\$ 439	\$ 89,698
Robert McDaniel	Executive Director	86,594	4,370	90,964
Barbara Reddick	Senior Planner	59,080	537	59,617
Heidi Penny	GIS Manager	58,829	1,127	59,956
Brenda Wade	Grant Administrator	48,624	445	49,069
Steve O'Neil	Planner II	48,170	743	48,913
Michelle Richardson	Transportation Coordinator	47,383	-	47,383
Kerrie Davis	Planner II	40,425	381	40,806
Jeff Hamilton	GIS Assistant	34,859	-	34,859
Laura Davis	Accounting Technician	33,769	741	34,510
Heather White	Administrative Assistant	27,706	441	28,147
Helen Williams	Receptionist	6,591	-	6,591
Janna Reese	Grant Writer	38	-	38
Kimberly Brooks	Planning Assistant	15,726	34	15,760
Subtotal		597,053	9,258	606,311
Adjustments:				
Auto expense reimbursement from employees		1,440	-	1,440
Accrued Salaries 6/30/14		24,126	-	24,126
Accrued Salaries 6/30/15		(28,611)	-	(28,611)
Board Member Transportation Reimbursement		-	2,525	2,525
Board Member Lodging to GARC Conference		-	676	676
Transit Provider Travel to GTA Conference			1,158	1,158
Total compensation		\$ 594,008	\$ 13,617	\$ 607,625

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF LOCAL GOVERNMENT DUES
FOR THE YEAR ENDED JUNE 30, 2015

Government	Balance Due 7/1/14	Total Billed	Amount Collected	Balance Due 6/30/15
City of Albany	\$ -	\$ 46,778.00	# \$ 46,778.00	\$ -
City of Arlington	-	1,570.80	1,570.80	-
City of Bainbridge	-	13,863.32	13,863.32	-
City of Berlin	-	617.12	617.12	-
City of Blakely	-	5,318.52	5,318.52	-
City of Brinson	-	233.20	233.20	-
City of Cairo	-	10,803.12	10,803.12	-
City of Camilla	-	5,564.92	5,564.92	-
City of Climax	-	303.60	227.70	75.90
City of Colquitt	-	2,145.00	2,145.00	-
City of Damascus	336.30	267.32	603.62	-
City of Dawson	-	4,838.92	4,838.92	-
City of Doerun	-	861.32	861.32	-
City of Donalsonville	-	3,058.00	3,058.00	-
City of Edison	-	1,634.60	1,634.60	-
City of Ellenton	-	313.52	313.52	-
City of Funston	-	495.00	495.00	-
City of Jakin	-	166.12	124.59	41.53
City of Leary	-	655.60	655.60	-
City of Leesburg	-	3,232.92	3,232.92	-
City of Morgan	-	2,008.60	2,008.60	-
City of Moultrie	-	15,956.60	15,956.60	-
City of Newton	-	697.40	697.40	-
City of Norman Park	-	1,073.60	1,073.60	-
City of Pelham	5,572.50	4,255.92	7,043.65	2,784.77
City of Riverside	-	39.60	39.60	-
City of Sasser	-	293.72	293.72	-
City of Smithville	-	635.80	635.80	-
City of Sylvester	-	6,911.32	6,911.32	-
City of Thomasville	5,061.93	20,336.80	25,398.73	-
City of Whigham	-	526.92	526.92	-
Baker County	-	3,005.20	3,005.20	-
Calhoun County	-	1,284.80	1,284.80	-
Colquitt County	-	31,394.00	31,394.00	-
Decatur County	-	15,859.80	15,859.80	-
Dougherty County	-	57,173.12	57,173.12	-
Early County	-	5,901.52	5,901.52	-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF LOCAL GOVERNMENT DUES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

<u>Government</u>	<u>Balance Due 7/1/14</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Balance Due 6/30/15</u>
Grady County	-	16,654.00	16,654.00	-
Lee County	-	27,751.92	27,751.92	-
Miller County	-	4,420.92	4,420.92	-
Mitchell County	-	15,637.60	15,637.60	-
Seminole County	-	6,783.72	6,783.72	-
Terrell County	-	4,816.92	4,816.92	-
Thomas County	-	28,859.60	28,859.60	-
Worth County	-	17,003.80	17,003.80	-
	<u>\$ 10,970.73</u>	<u>\$ 392,004.12</u>	<u>\$ 400,072.65</u>	<u>\$ 2,902.20</u>

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

Name of Grant/Contract/Program	Unearned Revenue July 1, 2014	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, 2015
U. S. Department of Commerce:										
EDA Partnership Planning 2013-2015	\$ -	\$ 97,393	\$ 97,393	20%	\$ 74,898	\$ 59,918	\$ -	\$ 14,980	\$ -	\$ 37,475
U.S. Department of Agriculture:										
Rural Housing Preservation Grant 2013	19,000	-	19,000	0%	25,769	19,000	-	6,769	-	-
Rural Housing Preservation Grant 2014	-	43,303	43,303	0%	32,156	25,095	-	7,061	-	18,208
Sylvester Farmers Market	-	23,500	23,500	0%	306	306	-	-	-	23,194
GA Department of Transportation:										
Transp. Related Services - Planning	-	39,200	39,200	20%	50,571	37,759	-	-	1,441	-
Capital Improv. Assistance	688,260	-	688,260	10%	686,154	686,154	-	-	2,106	-
Capital Improv. Assistance	-	750,371	750,371	0%	144,248	60,874	-	83,375	-	689,497
Capital Improv. Assist. - ARRA	67,511	-	67,511	0%	-	-	-	-	67,511	-
Transit Operating Assist.	-	2,770,294	2,770,294	0%	2,608,128	2,513,875	-	-	256,419	-
GA Department of Natural Resources:										
Historic Preservation	-	4,091	4,091	0%	4,408	4,091	-	317	-	-
GA Department of Human Services:										
Coordinated Transportation	-	2,728,691	2,728,691	0%	2,306,450	2,436,593	-	-	292,098	-
GA Department of Community Affairs:										
Coord. Planning WP	-	174,967	174,967	10%	225,739	174,967	1,200	49,572	-	-
Homeless Grant	-	8,000	8,000	0%	3,677	8,000	-	(4,323)	-	-
Community Development Block Grant:										
Bronwood	14,065	-	14,065	0%	11,146	11,146	-	-	-	2,919
Poulan	9,587	-	9,587	0%	18,285	9,587	-	8,698	-	-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Name of Grant/Contract/Program	Unearned Revenue July 1, 2014	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, 2015
Community Development Block Grant:										
(Continued)										
CHIP:										
Arlington	9,189	6,500	15,689	0%	7,199	7,199	-	-	-	8,490
Cairo/Grady Co.	9,687	6,000	15,687	0%	7,250	7,250	-	-	-	8,437
Camilla	9,168	6,000	15,168	0%	10,433	10,433	-	-	-	4,735
Colquitt	8,861	6,500	15,361	0%	4,315	4,315	-	-	-	11,046
Coolidge	-	-	-	0%	6,842	-	12,000	(5,158)	-	-
Cordele	11,708	5,500	17,208	0%	7,668	7,668	-	-	-	9,540
Dawson	-	-	-	0%	3,001	-	9,000	(5,999)	-	-
Donalsonville	8,638	6,500	15,138	0%	6,257	6,257	-	-	-	8,881
Meigs	-	-	-	0%	9,113	-	12,000	(2,887)	-	-
Sylvester	-	-	-	0%	35	-	-	35	-	-
Sylvester	9,088	6,000	15,088	0%	7,554	7,554	-	-	-	7,534
Building Bridges - Call to Connect	-	4,706	4,706	0%	4,706	4,706	-	-	-	-
Digital Economy Regional Plan	-	-	-	0%	8,939	-	-	8,939	-	-
ACF - Compact Study Donation	18,649	-	18,649	0%	-	-	-	-	-	18,649
Totals	<u>\$ 883,411</u>	<u>\$ 6,687,516</u>	<u>\$ 7,570,927</u>		<u>\$ 6,275,247</u>	<u>\$ 6,102,747</u>	<u>\$ 34,200</u>	<u>\$ 161,379</u>	<u>\$ 619,575</u>	<u>\$ 848,605</u>

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

	Contract Number	Total Funds Available (Note 2)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs:						
Coordinated Planning Work Program	N/A	\$ 174,967	\$ 174,967	\$ 225,739	\$ 43,742	\$ -
Homeless Grant	N/A	8,000	8,000	3,677	-	-
Building Bridges Collaboration	N/A	4,706	4,706	4,706	-	-
Department of Transportation:						
Transportation Related Services - Planning	PI 0013291	39,200	37,759	50,751	11,314	-
Transit Operating Assistance	T005101	2,770,294	2,513,875	2,608,128	614,050	-
Capital Improvement	T004981	688,620	686,154	686,154	274	-
Capital Improvement	T005282	750,371	60,874	144,248	-	-
Department of Natural Resources						
Historic Preservation Planning	N/A	4,091	4,091	4,408	-	-
Department of Human Services (Note 1)						
Coordinated Transportation	42700-362-23222	2,728,691	2,436,593	2,306,450	217,410	-
Total state awards expended		\$ 7,168,940	\$ 5,927,019	\$ 6,034,261	\$ 886,790	\$ -

Note 1 : Includes federal funds that passed through state agencies.

Note 2: 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, 2015, and have issued our report thereon dated December 8, 2015. 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, 2015, 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, 2015, 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 8, 2015

SOUTHWEST GEORGIA REGIONAL COMMISSION
SOWEGA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Date</u>	<u>Source</u>	<u>Description</u>	<u>Amount</u>
		Beginning fund balance - nonpublic funds	\$ 13,922
		Expenses - nonpublic funds:	
		OCGA 50-8-35 qualifying expenditures	
		Per diem and fees	<u>30</u>
		Total expenses - nonpublic funds	<u>30</u>
		Excess (deficiency) of revenues over expenses	<u>(30)</u>
		Ending fund balance - nonpublic funds	<u><u>\$ 13,892</u></u>

Note: This schedule has been prepared on the accrual basis of accounting under which revenues are recorded when earned and expenditures are recorded when incurred.

FEDERAL COMPLIANCE SECTION

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U. S. Department of Agriculture:				
Passed through:				
City of Sylvester:				
Farmers Market	10.433	14-FMPPX-GA-0048	\$ 306	\$ -
Direct program:				
Rural Housing Preservation Grant	10.433	11-001058094910	25,769	-
Rural Housing Preservation Grant	10.433	Loan #2	32,156	-
Subtotal Rural Business Enterprise			<u>58,231</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>58,231</u>	<u>-</u>
U. S. Department of Commerce:				
Direct programs:				
Economic Development Planning	11.302	04-83-06742	74,898	-
Revolving Loan Fund*	11.307	04-39-03717	208,168	-
Passed through Middle Georgia Regional Commission:				
Digital Economy Regional Plan	11.549	01-001058094910	8,939	-
Total U.S. Department of Commerce			<u>292,005</u>	<u>-</u>
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:				
Bronwood	14.228	13p-x-135-2-5614	11,146	-
Poulon	14.228	13p-x-159-2-5601	18,285	-
Community Housing Investment Project:				
Arlington	14.228	2014-903	7,199	-
Cairo/Grady Co.	14.228	2014-904	7,250	-
Camilla	14.228	2014-905	10,433	-
Colquitt	14.228	2014-906	4,315	-
Coolidge	14.228	2012-859	6,842	-
Cordele	14.228	2014-907	7,668	-
Dawson	14.228	2012-860	3,001	-
Donalsonville	14.228	2014-909	6,257	-
Meigs	14.228	2012-864	9,113	-
Sylvester	14.228	2012-868	35	-
Sylvester	14.228	2014-926	7,554	-
Total U. S. Department of Housing & Urban Administration			<u>99,098</u>	<u>-</u>

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	GRANT NUMBER	EXPENDITURES	PROVIDED TO SUBRECIPIENTS
U. S. Department of Transportation:				
Passed through the State Department of Transportation:				
Transportation Planning	20.205	PI 0013291	50,751	-
Subtotal highway planning and construction			50,751	-
Formula Grants for Other than Urbanized Areas				
Transit Operating Assistance	20.509	T005101	2,608,128	2,478,590
Capital Improvement Assistance	20.509	T004981	686,154	-
Capital Improvement Assistance - ARRA	20.509	T005282	144,248	-
Subtotal Formula Grants for Other Than Urbanized Areas			3,438,530	2,478,590
Passed through the State Department of Human Services:				
Coordinated Transportation Program:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	42700-362-0000023222	106,994	
Job Access/Reverse Commute	20.516	42700-362-0000023222	37,423	-
New Freedom Program	20.521	42700-362-0000023222	56,141	
Subtotal transit services cluster			200,558	-
Total U.S. Department of Transportation			3,689,839	2,478,590
U. S. Department of Health & Human Services:				
Passed through the State Department of Human Services:				
Coordinated Transportation Program:				
Temporary Assistance for Needy Families (TANF)	93.558	42700-362-0000023222	124,889	-
Special Programs for the Aging: Title II, Part B:				
Grants for Supportive Services and Senior Centers	93.044	42700-362-0000023222	158,141	-
Social Services Block Grant (SSBG)	93.667	42700-362-0000023222	151,724	-
Total U. S. Department of Health & Human Services			434,754	-
TOTAL - ALL PROGRAMS			\$ 4,573,927	\$ 2,478,590

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 RC's financial statements.

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

* Expenditures of Federal Awards - Revolving Loan Fund are calculated as follows:

Notes receivable balance at June 30, 2015	\$	231,995
Loans written off during the year		18,172
Cash and investment balance at June 30, 2015		54,662
Current year expenditures (cash basis)		7,408
Subtotal		312,237
At applicable rate **		66.67%
Expenditures of federal awards		208,168

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

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

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the RC's basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency (2015-01) in internal controls, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The RC's Response to the Finding

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

Purpose of this Report

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

Respectfully submitted,



Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 8, 2015

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

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Report on Compliance for Each Major Federal Program

We have audited the 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 RC's major federal programs for the year ended June 30, 2015. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the RC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the RC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the RC's compliance.

Opinion on Each Major Federal Program

In our opinion, the RC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

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

Report on Internal Control Over Compliance

Management of the RC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RC's internal control over compliance.

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

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

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

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 8, 2015

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

None reported.

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not
considered to be material weakness(es)? X yes

Noncompliance material to financial statements noted? yes X no

Federal Awards

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.509	U. S. Department of Transportation - Capital Improvement Assistance and Transit Operating Assistance

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

Dollar threshold used to distinguish between type A and B programs: \$ 300,000

SECTION II – FINANCIAL STATEMENT FINDINGS

2015-01

Criteria: In order to provide for accountability and control over vehicles owned, organization policies require that a mileage log be maintained for each vehicle that is made available to staff.

Condition: A mileage log was not maintained by the Executive Director for the vehicle he used during the fiscal year ended June 30, 2015.

Cause: Inconsistent implementation of vehicle use policies.

Effect: Lack of desired internal controls over vehicle usage.

Recommendation: Effective immediately, the Executive Director should begin maintaining a mileage log when using an RC vehicle.

Management Response: Management concurs with this finding and will implement the recommendation. See management’s Corrective Action Plan separately submitted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.