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NORTHEAST GEORGIA  
REGIONAL COMMISSION

*Annual Financial Report*

*For the fiscal year ended June 30, 2018*

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**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2018*

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## Independent Auditor's Report

Honorable Chairman and  
Members of the Council  
Northeast Georgia Regional Commission  
Athens, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeast Georgia Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission'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 Commission'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 and each major fund of Northeast Georgia Regional Commission, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund, Aging Fund, Workforce Development Fund, and Planning and Government Services Fund for the fiscal 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 and the required supplementary information on pages 3 through 9 and 53 through 58, respectively, 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 Northeast Georgia Regional Commission's basic financial statements. The schedules in the state reporting section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedules in the state reporting section 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 schedules in the state reporting section 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 September 4, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Georgia Regional Commission's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
September 4, 2018

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

As management of the Northeast Georgia Regional Commission, we are pleased to provide this narrative discussion and analysis of the Northeast Georgia Regional Commission's (NERC) financial performance, providing an overview of the Regional Commission's (RC) financial activities for the fiscal year ended June 30, 2018. Please read the information presented here in conjunction with the additional information that we have furnished in the RC's financial statements, which follow this narrative.

**Financial Highlights**

- The RC's total assets exceeded its liabilities by \$1,714,182 for the fiscal year reported.
- The results of NEGRC operations caused an increase of net position of \$328,189.
- There was a \$139,669 increase in the RC's fund balance in the General Fund.
- As of June 30, 2018, the RC's governmental funds reported combined ending fund balances of \$1,380,727, an increase of \$139,669 from the prior year. Of this amount, \$1,285,486 (unassigned fund balance) may be used to meet the RC's ongoing obligations to the member local governments and creditors.
- General fund revenues after expenditures for the year were \$441,604. Of this amount, a net of \$301,935 was transferred to other funds to cover matching requirements and unfunded expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the RC's basic financial statements. The basic financial statements include: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. The RC also includes other supplementary information.

The RC's financial reporting entity includes the funds of the Northeast Georgia Regional Commission (primary government).

***Government-wide Financial Statements***

The government-wide statements report information about the RC as a whole, similar to those utilized by companies within the private sector. The *Statement of Net Position* combines all of the assets and liabilities of the RC. In the same manner, the *Statement of Activities* presents all of the revenues and expenses of the RC, regardless of when cash is received or paid.

These two statements report the changes in net position or the difference between the RC's assets and liabilities. Monitoring fluctuations in net position is one way to evaluate the RC's financial position.

The government-wide financial statements reflect only governmental activities that are generally funded through member government dues, federal, state and contracts with local governments. The RC maintains an internal service fund, which is utilized to aggregate pooled costs, which are allocated to various grants and contracts based upon the RC's cost allocation plan. The internal service fund is reported as a governmental fund at the government-wide financial reporting level. Governmental activities include general government, aging services, planning and government services, workforce development services, and one internal service fund.

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The government-wide financial statements are presented on pages 10 and 11 of this report.

***Fund Financial Statements***

For our analysis of the RC's funds, the fund financial statements provide more detailed information about individual funds and individual funding sources, rather than the RC as a whole. Some funds are required to be established by grant providers, federal and state laws, regulations, or other policies. Some funds are established for the RC's management for control purposes. The funds of the RC can be divided into two categories: governmental funds and proprietary funds.

***Governmental funds*** – The RC's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the RC's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available. The relationship and differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled on the reconciliations on pages 14 and 17. Also, the budgetary comparison schedules for the *General Fund* and the major *Special Revenue Funds* are included in the basic financial statements.

The basic governmental fund financial statements are presented on pages 12 through 21 of this report.

The RC maintains the following major governmental funds: General Fund, Aging Special Revenue Fund, Workforce Development Special Revenue Fund, Planning, and Government Service Special Revenue Fund. The RC's Council approves an annual budget for its funds.

***Proprietary funds*** – The RC maintains one proprietary fund, an internal service fund. The basic proprietary fund financial statement is presented on pages 22 through 24 of this report.

The *Internal Service Fund* is used to accumulate and allocate shared costs among the grants and contracts in accordance with the RC's cost allocation plan. Because these costs are allocated to and benefit governmental functions, they are presented in governmental activities in the government-wide financial statements.

***Notes to the Financial Statements***

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the RC's defined benefit pension plan. This information begins on page 53.

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Additional Supplementary Information**

This report also presents additional supplementary information in the State Reporting Section concerning the RC's state compliance presentations. This information is included in order to meet certain state requirements. State compliance schedules are presented in this section of the report beginning on page 67.

**Governmental Funds Analysis**

The RC's governmental funds provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the RC's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the RC's net resources available for spending at the end of the fiscal year.

Of the total combined fund balance, approximately 93% consists of unassigned fund balance, which serves as a measure of current available financial resources. The remaining 7% of total combined fund balance consists of nonspendable fund balance. Nonspendable fund balance is reported when amounts cannot be spent because they are either not in spendable form or legally or contractually required to be intact. All nonspendable fund balance is due to prepaid items i.e. not in spendable form.

The RC's governmental funds reported a combined fund balance of \$1,380,727.

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Proprietary Funds Analysis**

As previously discussed, the RC maintains one proprietary fund, the Internal Service Fund. The Internal Service Fund is used to accumulate and allocate costs benefiting grants and contracts. The expenses are allocated based on an indirect cost allocation plan approved by the cognizant oversight agency, U.S. Department of Commerce. Because these costs are allocated to and benefit governmental functions, they are included within governmental activities in the government-wide financial statements.

**Government-wide Financial Analysis**

The following table presents a comparison between the current and preceding years' Statement of Net Position:

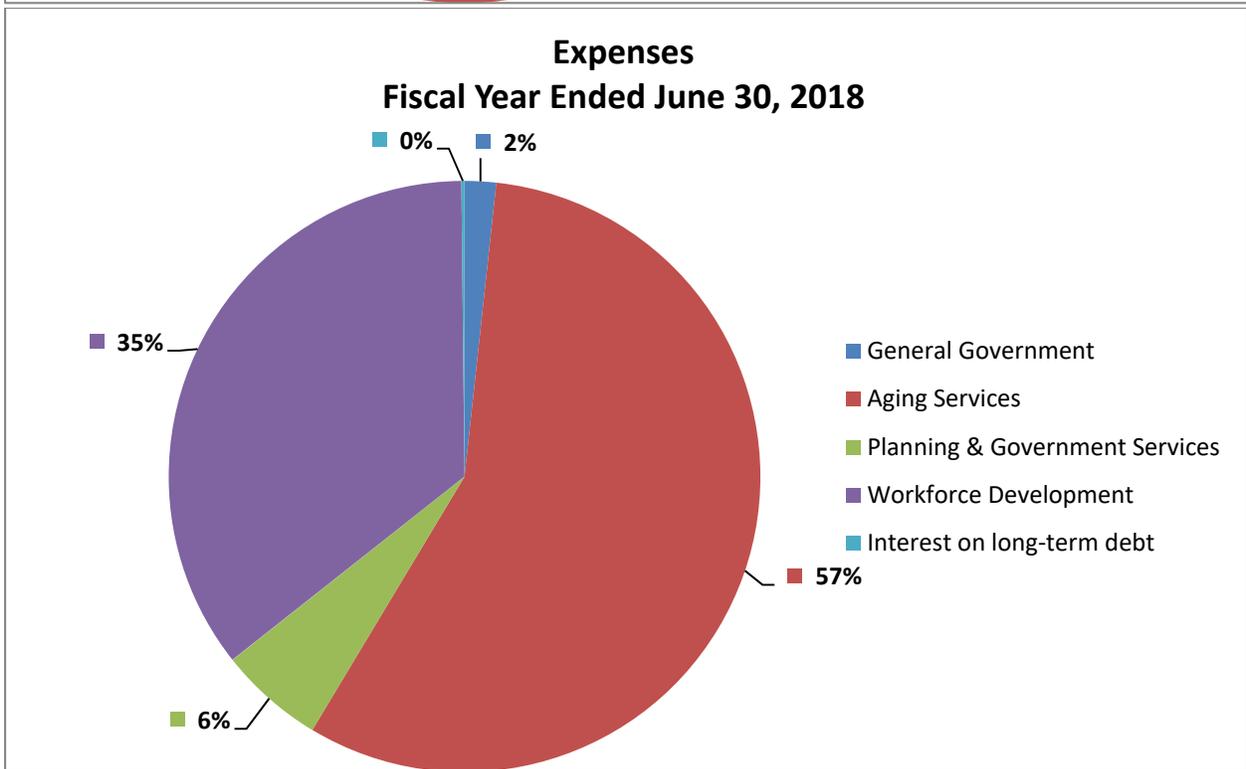
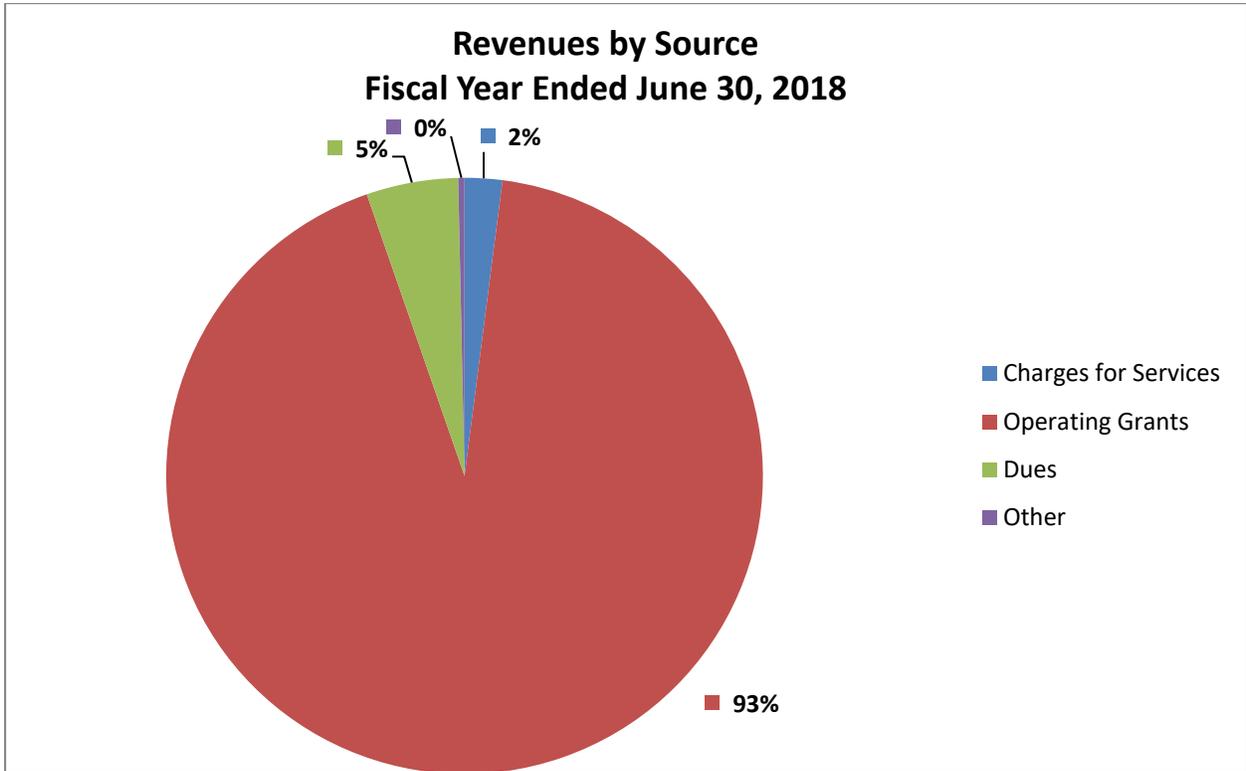
	Governmental Activities	
	2018	2017
<b>Assets</b>		
Current assets	\$3,259,388	\$3,090,713
Capital assets	895,263	932,287
Total assets	4,154,651	4,023,000
<b>Deferred outflows of resources</b>		
Pension contributions subsequent to measurement date	254,630	154,630
Pension experience differences	351,638	231,134
Pension investment return differences	0	2,555
Total deferred outflows of resources	606,268	388,319
Total assets and deferred outflows of resources	4,760,919	4,411,319
<b>Liabilities</b>		
Current liabilities	2,015,175	1,909,926
Noncurrent liabilities	583,875	926,173
Total liabilities	2,599,050	2,836,099
<b>Deferred inflows of resources</b>		
Membership dues	85,532	128,152
Pension investment return differences	313,295	0
Pension assumption changes	48,860	61,075
Total deferred inflows of resources	447,687	189,227
Total liabilities and deferred inflows of resources	3,046,737	3,025,326
<b>Net position</b>		
Investment in capital assets	459,950	429,510
Unrestricted	1,254,232	956,483
Total net position	\$1,714,182	\$1,385,993

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The following table presents a comparison between the current and preceding years' Statement of Activities:

	Governmental Activities	
	2018	2017
Program revenues		
Charges for services	\$282,000	\$264,859
Operating grants and contributions	12,847,316	12,431,255
General Revenues		
Dues	612,184	593,887
Interest	20,636	8,103
Other	47,380	4,844
Total revenues	<u>13,809,516</u>	<u>13,302,948</u>
Expenses		
General government	231,844	230,769
Aging services	7,668,805	7,702,459
Planning & government services	775,335	782,908
Workforce development services	4,782,578	4,326,629
Interest of long-term debt	22,765	26,010
Total expenses	<u>13,481,327</u>	<u>13,068,775</u>
Change in net position	328,189	234,173
Net position, beginning	<u>1,385,993</u>	<u>1,151,820</u>
Net position, ending	<u>\$1,714,182</u>	<u>\$1,385,993</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**



**NORTHEAST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Budgetary Highlights**

Due to the fact that the RC is mandated by State law to adopt its next year's budget before the end of the current year, the wide range of programs and services, the variety of grant start and end dates, and additional funding cuts or additional funding obtained by the RC, the original budget is adopted using known and conservative estimates.

The General Fund budget complied with financial policies approved by the RC.

**Capital Assets**

The RC's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2018 was \$895,263. The RC generally capitalizes assets with cost of \$7,500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. See Note 6 to the Financial Statements for additional information about changes in capital assets during the fiscal year.

	Program		Non-Program		Total	
	2018	2017	2018	2017	2018	2017
Buildings	\$0	\$0	\$1,161,343	\$1,161,343	\$1,161,343	\$1,161,343
Furniture and Equipment	79,100	79,100	54,561	54,561	133,661	133,661
Vehicles	546,686	546,686	27,165	27,165	573,851	573,851
Accumulated depreciation	(613,483)	(612,555)	(360,109)	(324,013)	(973,592)	(936,568)
Capital assets, net	\$12,303	\$13,231	\$882,960	\$919,056	\$895,263	\$932,287

**Economic Factors and Next Year's Budget**

The RC's funding level continues to change due to the level of Federal and State funding or appropriations for the services offered by the RC to assist its member governments. The dues assessment approved by the RC's Council remained at \$1.00 per capita for fiscal year 2018. The RC's dues are based on the most current Census estimates from the Georgia Department of Community Affairs.

The RC received over 67% of its governmental fund revenues in fiscal year 2018 from federal sources. In addition to the federal sources, the RC received 4% of its governmental fund revenues from local dues assessments. The RC continues to search for new funding opportunities to assist the cities and counties in our region.

**Contacting the RC's Financial Management**

This financial report is designed to provide a general overview of the RC's finances and to show the RC's accountability for the money it receives. If you have questions about this report or need additional information, contact Alicia Page, Comptroller at the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

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***BASIC FINANCIAL STATEMENTS***

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
*June 30, 2018*

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 705,251
Investments	648,471
Receivables	1,810,425
Prepaid items	95,241
Total current assets	3,259,388
<b>Noncurrent assets</b>	
Depreciable capital assets (net)	895,263
<b>Total assets</b>	<b>4,154,651</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions subsequent to measurement date	254,630
Pension experience differences	351,638
Total deferred outflows of resources	606,268
<b>Total assets and deferred outflows of resources</b>	<b>4,760,919</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	1,604,913
Accrued liabilities	114,119
Unearned revenue	90,734
Compensated absences	127,478
Interest payable	7,139
Capital lease payable	70,792
Total current liabilities	2,015,175
<b>Noncurrent liabilities</b>	
Compensated absences	14,164
Net pension liability	205,190
Capital lease payable	364,521
Total noncurrent liabilities	583,875
<b>Total liabilities</b>	<b>2,599,050</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2019 membership dues	85,532
Pension investment return differences	313,295
Pension assumption changes	48,860
Total deferred inflows of resources	447,687
<b>Total liabilities and deferred inflows of resources</b>	<b>3,046,737</b>
<b>NET POSITION</b>	
Net investment in capital assets	459,950
Unrestricted	1,254,232
<b>Total net position</b>	<b>\$ 1,714,182</b>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF ACTIVITIES**  
*For the fiscal year ended June 30, 2018*

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Primary government</b>				
Governmental activities				
General Government	\$ 231,844	\$ 132,370	\$ 0	\$ 0
Aging Services	7,668,805	7,918	7,623,576	0
Planning and Government Services	775,335	67,096	490,548	0
Workforce Development	4,782,578	74,616	4,733,192	0
Interest on long-term debt	22,765	0	0	0
Total governmental activities	<u>13,481,327</u>	<u>282,000</u>	<u>12,847,316</u>	<u>0</u>
			General revenues	
			Dues	612,184
			Interest	20,636
			Other	47,380
			Total general revenues	<u>680,200</u>
			Change in net position	328,189
			Net position - beginning	<u>1,385,993</u>
			Net position - ending	<u>\$ 1,714,182</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<u>General</u>	<u>Aging</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 705,251	\$ 0
Investments	648,471	0
Receivables	28,056	1,081,588
Due from other funds	203,504	0
Prepaid items	95,241	0
<b>Total assets</b>	<u><u>\$ 1,680,523</u></u>	<u><u>\$ 1,081,588</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 100,051	\$ 1,030,833
Accrued liabilities	114,119	0
Due to other funds	0	9,806
Unearned revenue	94	40,949
Total liabilities	<u>214,264</u>	<u>1,081,588</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2019 membership dues	<u>85,532</u>	<u>0</u>
<b>FUND BALANCES</b>		
Nonspendable prepaid items	95,241	0
Unassigned	<u>1,285,486</u>	<u>0</u>
Total fund balances	<u>1,380,727</u>	<u>0</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 1,680,523</u></u>	<u><u>\$ 1,081,588</u></u>

<b>Workforce Development</b>	<b>Planning and Government Services</b>	<b>Totals</b>
\$ 0	\$ 0	\$ 705,251
0	0	648,471
557,568	143,213	1,810,425
0	0	203,504
0	0	95,241
<u>\$ 557,568</u>	<u>\$ 143,213</u>	<u>\$ 3,462,892</u>
\$ 451,797	\$ 13,915	\$ 1,596,596
0	0	114,119
105,771	79,607	195,184
0	49,691	90,734
<u>557,568</u>	<u>143,213</u>	<u>1,996,633</u>
<u>0</u>	<u>0</u>	<u>85,532</u>
0	0	95,241
0	0	1,285,486
<u>0</u>	<u>0</u>	<u>1,380,727</u>
<u>\$ 557,568</u>	<u>\$ 143,213</u>	<u>\$ 3,462,892</u>

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**NORTHEAST GEORGIA REGIONAL COMMISSION  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
June 30, 2018**

**Total fund balances - total governmental funds** \$ 1,380,727

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

Some assets are not financial resources and therefore are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	895,263
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (141,642)	
Net pension liability	(205,190)	
Interest payable	(7,139)	
Capital lease payable	(435,313)	(789,284)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:		
Pension contributions subsequent to measurement date	\$ 254,630	
Pension experience differences	351,638	
Deferred inflows of resources:		
Pension investment return differences	(313,295)	
Pension assumption changes	(48,860)	244,113

Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service funds net position	\$ 282,229	
Less capital assets included above	(882,960)	
Plus compensated absences included above	141,642	
Plus interest payable included above	7,139	
Plus capital lease payable included above	435,313	(16,637)

Net position of governmental activities	\$ 1,714,182
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**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the fiscal year ended June 30, 2018*

	<b>General</b>	<b>Aging</b>
<b>REVENUES</b>		
Federal sources	\$ 0	\$ 4,297,139
State sources	0	3,324,406
Dues	612,184	0
Charges for services	132,370	7,918
Interest	15,909	4,727
Contributions	0	2,031
Other	47,217	0
<b>Total revenues</b>	<b>807,680</b>	<b>7,636,221</b>
<b>EXPENDITURES</b>		
Direct:		
Current		
Personnel services		
Salaries	56,860	668,061
Fringe benefits	32,797	388,411
Total personnel services	89,657	1,056,472
Operating expenditures		
Purchased and contract services	34,879	6,212,916
Supplies and materials	14,403	82,975
Capital outlay	3,227	0
Other	171,592	0
Total operating expenditures	224,101	6,295,891
Debt service	22,765	0
Total direct expenditures	336,523	7,352,363
Indirect expenditures	29,553	350,846
<b>Total expenditures</b>	<b>366,076</b>	<b>7,703,209</b>
Excess (deficiency) of revenues over (under) expenditures	441,604	(66,988)
Other financing sources (uses)		
Transfers in	0	66,988
Transfers out	(301,935)	0
Total other financing sources (uses)	(301,935)	66,988
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	139,669	0
Fund balances, July 1	1,241,058	0
<b>Fund balances, June 30</b>	<b>\$ 1,380,727</b>	<b>\$ 0</b>

<u>Workforce Development</u>	<u>Planning and Government Services</u>	<u>Totals</u>
\$ 4,733,192	\$ 247,848	\$ 9,278,179
0	242,700	3,567,106
0	0	612,184
74,616	67,096	282,000
0	0	20,636
0	0	2,031
0	163	47,380
<u>4,807,808</u>	<u>557,807</u>	<u>13,809,516</u>
465,823	353,005	1,543,749
<u>263,293</u>	<u>202,899</u>	<u>887,400</u>
<u>729,116</u>	<u>555,904</u>	<u>2,431,149</u>
3,794,231	45,221	10,087,247
30,011	7,031	134,420
0	0	3,227
0	0	171,592
<u>3,824,242</u>	<u>52,252</u>	<u>10,396,486</u>
0	0	22,765
<u>4,553,358</u>	<u>608,156</u>	<u>12,850,400</u>
<u>254,450</u>	<u>184,598</u>	<u>819,447</u>
<u>4,807,808</u>	<u>792,754</u>	<u>13,669,847</u>
0	(234,947)	139,669
0	234,947	301,935
0	0	(301,935)
<u>0</u>	<u>234,947</u>	<u>0</u>
0	0	139,669
0	0	1,241,058
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,380,727</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2018**

**Net change in fund balances - total governmental funds** \$ 139,669

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

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.

Depreciation expense		(37,024)
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 306,173	
Cost of benefits earned net of employee contributions	<u>(116,725)</u>	189,448

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases noncurrent liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position.

Capital lease principal payments		67,464
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Internal service funds are used by management to charge the cost of certain activities to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.

Plus depreciation expense included above	\$ 36,096	
Less capital lease principal payments included above	<u>(67,464)</u>	<u>(31,368)</u>

Change in net position of governmental activities		<u>\$ 328,189</u>
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**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Dues	\$ 612,184	\$ 612,184	\$ 612,184	\$ 0
Charges for services	115,000	138,266	132,370	(5,896)
Interest	4,000	10,795	15,909	5,114
Other	0	10,529	47,217	36,688
<b>Total revenues</b>	<u>731,184</u>	<u>771,774</u>	<u>807,680</u>	<u>35,906</u>
<b>EXPENDITURES</b>				
Current				
Direct				
Personnel services				
Salaries	113,535	60,284	56,860	3,424
Fringe benefits	63,931	32,955	32,797	158
Total personnel services	<u>177,466</u>	<u>93,239</u>	<u>89,657</u>	<u>3,582</u>
Operating expenditures				
Purchased and contract services	102,700	93,712	34,879	58,833
Supplies and materials	1,243	14,600	14,403	197
Capital	15,000	22,765	3,227	19,538
Other	75,000	175,000	171,592	3,408
Total operating expenditures	<u>193,943</u>	<u>306,077</u>	<u>224,101</u>	<u>81,976</u>
Debt Service				
Interest	23,040	22,765	22,765	0
Total direct expenditures	<u>394,449</u>	<u>422,081</u>	<u>336,523</u>	<u>85,558</u>
Indirect expenditures	19,169	19,169	29,553	(10,384)
<b>Total expenditures</b>	<u>413,618</u>	<u>441,250</u>	<u>366,076</u>	<u>75,174</u>
Excess (deficiency) of revenues over (under) expenditures	317,566	330,524	441,604	111,080
Other financing sources (uses)				
Transfers out	(317,566)	(330,524)	(301,935)	28,589
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	139,669	139,669
Fund balances, July 1	0	0	1,241,058	1,241,058
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,380,727</u>	<u>\$ 1,380,727</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**AGING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 3,287,930	\$ 4,053,321	\$ 4,297,139	\$ 243,818
State sources	3,319,877	3,706,052	3,324,406	(381,646)
Charges for services	0	1,500	7,918	6,418
Interest	0	3,581	4,727	1,146
Contributions	0	0	2,031	2,031
Other	0	2,999	0	(2,999)
<b>Total revenues</b>	<b>6,607,807</b>	<b>7,767,453</b>	<b>7,636,221</b>	<b>(131,232)</b>
<b>EXPENDITURES</b>				
Direct				
Personnel services				
Salaries	678,419	669,182	668,061	1,121
Fringe benefits	399,111	404,947	388,411	16,536
Total personnel services	1,077,530	1,074,129	1,056,472	17,657
Operating expenditures				
Purchased and contract services	5,118,451	6,215,887	6,212,916	2,971
Supplies and materials	51,200	114,240	82,975	31,265
Total operating expenditures	5,169,651	6,330,127	6,295,891	34,236
Total direct expenditures	6,247,181	7,404,256	7,352,363	51,893
Indirect expenditures	381,233	388,818	350,846	37,972
<b>Total expenditures</b>	<b>6,628,414</b>	<b>7,793,074</b>	<b>7,703,209</b>	<b>89,865</b>
Excess (deficiency) of revenues over (under) expenditures	(20,607)	(25,621)	(66,988)	(41,367)
Other financing sources (uses)				
Transfers in	20,607	25,621	66,988	41,367
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balance, July 1	0	0	0	0
<b>Fund balance, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**WORKFORCE DEVELOPMENT SPECIAL REVENUE FUND FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 5,005,250	\$ 5,152,170	\$ 4,733,192	\$ (418,978)
Charges for services	32,000	50,000	74,616	24,616
<b>Total revenues</b>	<u>5,037,250</u>	<u>5,202,170</u>	<u>4,807,808</u>	<u>(394,362)</u>
<b>EXPENDITURES</b>				
Direct				
Personnel services				
Salaries	435,500	466,250	465,823	427
Fringe benefits	260,000	265,900	263,293	2,607
Total personnel services	<u>695,500</u>	<u>732,150</u>	<u>729,116</u>	<u>3,034</u>
Operating expenditures				
Purchased and contract services	4,054,050	4,184,820	3,794,231	390,589
Supplies and materials	51,200	30,500	30,011	489
Total operating expenditures	<u>4,105,250</u>	<u>4,215,320</u>	<u>3,824,242</u>	<u>391,078</u>
Total direct expenditures	<u>4,800,750</u>	<u>4,947,470</u>	<u>4,553,358</u>	<u>394,112</u>
Indirect expenditures	<u>236,500</u>	<u>254,700</u>	<u>254,450</u>	<u>250</u>
<b>Total expenditures</b>	<u>5,037,250</u>	<u>5,202,170</u>	<u>4,807,808</u>	<u>394,362</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance, June 30</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**PLANNING AND GOVERNMENT SERVICES SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 133,112	\$ 134,862	\$ 247,848	\$ 112,986
State sources	435,894	435,894	242,700	(193,194)
Charges for services	81,000	81,157	67,096	(14,061)
Other	0	0	163	163
<b>Total revenues</b>	<b>650,006</b>	<b>651,913</b>	<b>557,807</b>	<b>(94,106)</b>
<b>EXPENDITURES</b>				
Direct				
Personnel services				
Salaries	395,115	395,115	353,005	42,110
Fringe benefits	242,443	267,495	202,899	64,596
Total personnel services	637,558	662,610	555,904	106,706
Operating expenditures				
Purchased and contract services	20,700	45,390	45,221	169
Supplies and materials	1,350	13,600	7,031	6,569
Total operating expenditures	22,050	58,990	52,252	6,738
Total direct expenditures	659,608	721,600	608,156	113,444
Indirect expenditures	233,357	235,216	184,598	50,618
<b>Total expenditures</b>	<b>892,965</b>	<b>956,816</b>	<b>792,754</b>	<b>164,062</b>
Excess (deficiency) of revenues over (under) expenditures	(242,959)	(304,903)	(234,947)	(69,956)
Other financing sources (uses)				
Transfers in	242,959	304,903	234,947	69,956
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balance, July 1	0	0	0	0
<b>Fund balance, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2018*

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
<b>Noncurrent assets</b>	
Depreciable capital assets (net)	\$ 882,960
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	8,317
Due to other funds	8,320
Compensated absences	127,478
Interest payable	7,139
Capital lease payable	70,792
Total current liabilities	222,046
<b>Noncurrent liabilities</b>	
Compensated absences	14,164
Capital lease payable	364,521
Total noncurrent liabilities	378,685
<b>Total liabilities</b>	600,731
<b>NET POSITION</b>	
Net investment in capital assets	447,647
Unrestricted	(165,418)
<b>Total net position</b>	\$ 282,229

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended June 30, 2018*

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Interfund services provided	\$ 1,708,870
<b>Total operating revenues</b>	1,708,870
<b>OPERATING EXPENSES</b>	
Salaries	645,089
FICA	29,689
Depreciation	36,096
Group insurance	447,851
Insurance and bonding	47,201
Membership and subscription	7,265
Motor vehicle	3,757
Pension	165,884
Pension contribution DBP	134,582
Per diem and fees	57,944
Postage and freight	3,667
Publication and printing	9,341
Rentals - other	1,470
Repairs and maintenance	23,254
Supplies and materials	25,192
Telecommunications	8,412
Training and education	2,277
Travel	9,252
Utilities	33,427
Workers compensation	17,220
<b>Total operating expenses</b>	1,708,870
Change in net position	0
Net position, July 1	282,229
<b>Net position, June 30</b>	<b>\$ 282,229</b>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended June 30, 2018*

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Receipts from interfund services provided	\$ 1,730,934
Payments for salaries and fringe benefits	(667,125)
Payments for direct operating expenses	(996,345)
	67,464
<b>Cash flows from capital and related financing activities:</b>	
Principal payments on capital lease payable	(67,464)
	0
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents, July 1	0
<b>Cash and cash equivalents, June 30</b>	<b>\$ 0</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 0
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	36,096
(Increase) decrease in due from other funds	13,744
Increase (decrease) in accounts payable	2,739
Increase (decrease) in due to other funds	8,320
Increase (decrease) in compensated absences	7,653
Increase (decrease) in accrued interest payable	(1,088)
	67,464
Total adjustments	67,464
Net cash provided (used) by operating activities	<b>\$ 67,464</b>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**1. Description of Government Unit**

The Northeast Georgia Regional Commission (the Commission) was established in 1961 to assist local governments in planning for common needs, cooperating for mutual benefit and coordinating sound area-wide development. Its purpose is to strengthen the individual and collective power of local governments by recognizing area-wide opportunities and matters of mutual concern, helping local governments resolve both local and area-wide problems through joint decisions, and developing means to assist local governments in the implementation of those decisions.

County members of the Commission are as follows: Barrow, Athens-Clarke, Elbert, Greene, Jackson, Jasper, Madison, Morgan, Newton, Oconee, Oglethorpe, and Walton. Municipalities which are members are as follows: Arcade, Arnoldsville, Auburn, Bethlehem, Bishop, Bogart, Bostwick, Bowman, Braselton, Buckhead, Carl, Carlton, Comer, Commerce, Covington, Crawford, Danielsville, Elberton, Good Hope, Greensboro, Hoschton, Hull, Ila, Jefferson, Jersey, Lexington, Loganville, Madison, Maxeys, Mansfield, Monroe, Monticello, Newborn, Nicholson, North High Shoals, Oxford, Pendergrass, Porterdale, Russell, Rutledge, Shady Dale, Siloam, Social Circle, Statham, Talmo, Walnut Grove, Watkinsville, White Plains, Winder, Winterville, Woodville, and Union Point.

**2. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", (as amended by GASB No. 61), requires the financial statements of the reporting entity to include the primary government and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity, continued**

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", (as amended by GASB No. 61), the Commission's relationship with other governments and agencies have been examined and no component units have been included in the reporting entity.

The Commission's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the reporting entity.

**B. Description of Government-wide Financial Statements**

The government-wide financial statements are the Statement of Net Position and the Statement of Activities. These statements report financial information for the Commission as a whole excluding fiduciary activities such as employee pension plans. The primary government is presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements reflect governmental activities, which are generally supported by intergovernmental revenues, regional dues and assessments, grants, contributions and other non-exchange transactions. Eliminations have been made to minimize the double counting of internal activities.

The *Statement of Net Position* presents the financial position of the governmental and business-type activities of the Commission at year-end. This statement is presented in a classified format.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***B. Description of Government-wide Financial Statements, continued***

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the Commission's governmental and business-type activities:

Direct Expenses - Expenses that are specifically associated with a program or function, therefore, clearly identifiable to a particular function.

Indirect Expenses Allocation - Pooled costs, which are allocated to specific programs or functions as determined by the Commission's cost allocation plans. See Note 2T.

Program Revenues - Include (a) charges for services, which report fees and other charges to recipients for goods, or services offered by the programs and (b) operating grants and contributions, which are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including grants and contributions not restricted to specific programs, are presented as general revenues.

***C. Basis of Presentation – Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***D. Basis of Presentation – Fund Financial Statements***

The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Commission reports the following major governmental funds:

***General Fund*** - The general operating fund of the Commission is used to account for all financial resources except those required to be accounted for in another fund.

***Aging Fund*** - This fund is used to account for federal and state grants to support the Commission's aging programs.

***Workforce Development Fund*** - This fund is used to account for workforce development services provided to counties serviced by the Commission.

***Planning and Government Services Fund*** - This fund is used to account for planning, economic development, and information services contracts.

Additionally, the commission reports the following fund types:

***Proprietary Fund Types***

***Internal Service Funds*** - This fund type is used to account for pooled costs, which are allocated to various grants and contracts as determined by the Commission's cost allocation plan within the primary government.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***D. Basis of Presentation - Fund Financial Statements, continued***

***Interfund Activity***

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

***E. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***E. Measurement Focus and Basis of Accounting, continued***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***F. Revenues and Expenditures/Expenses***

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Internal Service Fund is charges for the allocation of indirect costs. Operating expenses for the Internal Service Fund include personal services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***G. Budgets and Budgetary Accounting***

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Executive Director submits annual budgets to the Council for the General and Special Revenue Funds. Legal provisions govern the budgetary process. These budgets are formally adopted on an individual grant-funded program level, which is the legal level of budgetary control. The Council amends the budget once annually and all previously unbudgeted items exceeding \$5,000 require specific Council approval. All expenditures in excess of budgeted amounts are the responsibility of the Commission through local funds. Unobligated appropriations in the annual operating budget lapse at fiscal year-end.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***H. Cash and Investments***

Cash and cash equivalents consist of deposits in authorized financial institutions. Georgia laws authorize the Commission's reporting entity to deposit its funds in one or more solvent banks, insured federal savings and loan associations, or insured state-chartered building and loan associations. The Commission's reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

***I. Receivables***

Receivables consist of grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed, assessments and dues from participating local governments and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts that would necessitate the need for an allowance for uncollectible receivables. No allowance is deemed necessary for these receivables.

***J. Prepaid Items***

Payments made to vendors that benefit future reporting periods are recorded as prepaid items. They are recorded at cost at the time of payment then recorded as expenditure or expense at the time the item is used. Prepaid items are reported in government-wide and fund financial statements, as applicable.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***K. Capital Assets***

Property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund and combining financial statements. Donated capital assets, if any, are reported at acquisition value. The Commission generally capitalizes assets with cost of \$7,500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	15-40 years
Furniture and equipment	5-10 years
Vehicles	3 years

***L. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission reports deferred outflows of resources related to its defined benefit pension plan.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***L. Deferred Outflows/Inflows of Resources, continued***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Member dues for the subsequent fiscal year qualify for reporting in this category and are reported in the governmental funds balance sheet and the government-wide statement of net position. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts are earned. The Commission also reports deferred inflows of resources related to the defined benefit pension plan.

***M. Net Position Flow Assumption***

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted debt or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***N. Fund Balance Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***O. Fund Balances – Governmental Funds***

In the fund financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

**Nonspendable** - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported by the Commission are in nonspendable form.

**Restricted** - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***O. Fund Balances – Governmental Funds, continued***

**Assigned** - includes amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. By motion, the Council has authorized the Executive Director, Comptroller, or designee to assign fund balances.

**Unassigned** - includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

***P. Compensated Absences***

Compensated absences represent obligations of the Commission relating to employees' rights to receive compensation for future absences based upon services already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. The Commission's policy allows an employee to accumulate 195 hours of annual leave. Vacation hours accrue at approximately ten hours per month depending on the employee's years of service. Upon termination of employment, employees of the Commission are allowed to be reimbursed for accumulated personal leave not taken.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absences liability at the fund reporting level only "when due."

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***Q. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases and notes payable are recognized as a liability in the governmental fund financial statements "when due."

***R. Capital Contributions***

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

***S. Pensions***

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

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***T. Allocation of Indirect Costs***

The Commission charges its indirect costs in accordance with the provisions of OMB Uniform Guidance. Indirect costs are costs that are incurred for a common or joint purpose benefiting more than one cost objective or expenses that are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. These indirect costs are pooled and recorded in the Internal Service Fund as indirect costs by the Commission's accounting system and recovered from benefitting programs based on a rate that uses salaries plus fringe benefit costs as the base. Recoveries of these costs are recognized as revenue in the Internal Service Fund.

During budget preparation, the Commission prepares an indirect cost allocation plan that computes a fixed rate for indirect costs of total direct salaries and fringe benefits that are related to those direct salaries. The United States Department of Commerce, Economic Development Administration (EDA) is designated as the Commission's cognizant agency for the federal government. The EDA is responsible for negotiation, approval, and audit of the Commission's indirect cost allocation plan. The EDA has informed the Commission that pursuant to OMB Uniform Guidance, the Commission is not required to submit the actual indirect cost allocation plan, but to retain it for audit purposes.

Annually, The Commission submits a Certificate of Indirect Costs to the EDA with a rate that is calculated based on projected actual costs for the fiscal year. The certificate is used to establish a provisional billing rate for the next fiscal year. The provisional indirect cost rate for the current fiscal year was 35.38%. The Commission's accounting system allocates actual indirect costs each month based upon actual salary and fringe benefit costs; therefore, no adjustment between the provisional cost rate and actual cost rate is required. These costs are reported separately in the Statement of Activities.

Total indirect costs incurred by the Commission for the current fiscal year were \$819,760. Using total governmental funds personal services expenditures (direct salaries plus employee benefits less amounts not utilized in computation) and \$2,431,149 as the allocation base, the actual indirect cost rate for the current fiscal year was 33.72%.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

***U. Employee Benefits***

Employee benefits are pooled and allocated to the respective funds based upon actual costs applied against the respective fund's salaries and wages. Total employee benefits utilized for allocation by the Commission for the current fiscal year totaled \$1,092,240. Using total salaries and wages of \$1,891,824 as the allocation base, the actual employee benefit rate for the current fiscal year was 57.73%. Recoveries of these costs are recognized as revenue in the Internal Service Fund.

***V. Use of Estimates in the Preparation of the Financial Statements***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Deposit and Investment Risk**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned. The Commission has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The Commission has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**3. Deposit and Investment Risk (continued)**

**Credit Risk**

The Commission's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The Commission has no investment policy that would further limit its investment choices. The Commission had no such investments with such risk at the end of the current fiscal year.

The Commission participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 10 days. At the end of the current fiscal year, the Commission's balance in Georgia Fund 1 was \$642,296.

**Concentration of Credit Risk**

The Commission places no limit on the amount it may invest in any one issuer.

**Foreign currency risk**

The Commission has no investments denominated in a foreign currency.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**4. Receivables**

Federal receivables include amounts earned on approved federal grant contracts (includes federal grants which may be passed through state and local agencies). State receivables include amounts earned on grant contracts that do not contain federal fund participation. Other receivables include any other amounts due from debtors including grant contracts with local governments.

The Commission's receivables at the end of the current fiscal year are as follows:

**Federal**

Aging Special Revenue Fund		
Georgia Department of Health and Human Services		\$ 656,063
Workforce Special Revenue Fund		
Georgia Department of Economic Development		543,109
Planning and Government Services Special Revenue Fund		
Georgia Department of Transportation	\$ 36,384	
Georgia Department of Natural Resources	4,090	
Appalachian Regional Commission	<u>1,372</u>	41,846

**State**

Aging Special Revenue Fund		
Georgia Department of Health and Human Services		422,025
Planning and Government Services Special Revenue Fund		
Georgia Department of Community Affairs	50,771	
Georgia Association of Regional Commissions	<u>28,729</u>	79,500

**Other**

General Fund		
Upper Oconee Basin Water Authority		28,056
Aging Special Revenue Fund		
Northwest Regional Commission		3,500
Workforce Development Special Revenue Fund		
Athens Land Trust	7,360	
Miscellaneous	<u>7,099</u>	14,459
Planning and Government Services Special Revenue Fund		
Miscellaneous		<u>21,867</u>
Total		<u><u>\$ 1,810,425</u></u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**5. Interfund Receivables, Payables and Transfers**

Interfund balances at the end of the current fiscal year consisted of the following amounts and represent charges by one fund to another for services or goods, subsidy commitments outstanding at fiscal year-end, or reimbursable expenses. The following schedule reports the interfund receivables and payables within the reporting entity at fiscal year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Aging	\$ 9,806
	Workforce Development	105,771
	Planning and Governmental Services	79,607
	Internal Service	8,320
		<u>\$ 203,504</u>

The Commission's transfers are for operating expenses reimbursed and match requirements between the General Fund and other funds. The following schedule reports transfers within the reporting entity for the current fiscal year:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Aging	\$ 66,988
	Planning and Governmental Services	234,947
		<u>\$ 301,935</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**6. Capital Assets**

Capital asset activity for the Commission for the current fiscal year was as follows:

<b>Program</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Program</b>				
Depreciable assets				
Furniture and equipment	\$ 79,100	\$ 0	\$ 0	\$ 79,100
Vehicles	546,686	0	0	546,686
Total depreciable assets	625,786	0	0	625,786
Less accumulated depreciation				
Furniture and equipment	(65,869)	(928)	0	(66,797)
Vehicles	(546,686)	0	0	(546,686)
Total accumulated depreciation	(612,555)	(928)	0	(613,483)
Program capital assets, net	<u>\$ 13,231</u>	<u>\$ (928)</u>	<u>\$ 0</u>	<u>\$ 12,303</u>
<b>Non-program</b>				
Depreciable assets				
Buildings	\$ 1,161,343	\$ 0	\$ 0	\$ 1,161,343
Furniture and equipment	54,561	0	0	54,561
Vehicles	27,165	0	0	27,165
Total depreciable assets	1,243,069	0	0	1,243,069
Less accumulated depreciation				
Buildings	(264,022)	(30,660)	0	(294,682)
Furniture and equipment	(54,558)	(3)	0	(54,561)
Vehicles	(5,433)	(5,433)	0	(10,866)
Total accumulated depreciation	(324,013)	(36,096)	0	(360,109)
Non-program capital assets, net	<u>\$ 919,056</u>	<u>\$ (36,096)</u>	<u>\$ 0</u>	<u>\$ 882,960</u>
Total governmental activities capital assets, net	<u>\$ 932,287</u>	<u>\$ (37,024)</u>	<u>\$ 0</u>	<u>\$ 895,263</u>

Beginning balances above have been adjusted to correct classifications.

For assets not associated with a specific function or program, depreciation expense of \$36,096 was charged to the Commission's indirect cost plan and allocated to the applicable program in accordance with the approved cost allocation plan from their respective Internal Service Fund. Depreciation expense for assets attributed to a specific program was charged directly to the applicable program. During the current fiscal year, \$928 was charged to Aging.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**7. Capital Lease**

During fiscal year 2008, the Commission entered into a capital lease with the Athens-Clarke County Public Facilities Authority (the Authority) to lease the Regional Commission headquarters building. As part of the lease agreement, the Commission assigned the land, land improvements, and the existing building to the Authority. The Commission constructed a new office building using bond proceeds totaling \$961,400 that were issued by the Authority on behalf of the Commission. The total amount of the capital lease with the Authority was \$961,400. The lease is payable over 15 years, with semiannual payments in the amount of \$45,658 and interest at 4.91%. At the end of the current fiscal year, total assets leased under the capital lease total \$1,161,343, with related accumulated depreciation of \$294,679. Current year depreciation expense on the building was \$30,660. At the end of the current fiscal year, the balance of the lease was \$435,313.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of the end of the current fiscal year:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2019	\$ 91,316
2020	91,316
2021	91,316
2022	91,316
2023	91,316
2024	45,658
	502,238
Less amounts representing interest	(66,925)
Present value of minimum lease payments	\$ 435,313

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**8. Long-Term Debt**

The following is a summary of changes in long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Compensated absences	\$ 133,989	\$ 121,986	\$ 114,333	\$ 141,642	\$ 127,478
Capital lease payable	502,777	0	67,464	435,313	70,792
	<u>\$ 636,766</u>	<u>\$ 121,986</u>	<u>\$ 181,797</u>	<u>\$ 576,955</u>	<u>\$ 198,270</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

**9. Retirement Plans**

***Defined Benefit Pension Plan***

*Plan Description.* The Commission is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a non-contributory, state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, annual cost of living adjustments, disability and death benefits to plan members and beneficiaries. The Commission has established provisions, which assign the authority to the Commission council members to establish and amend the benefit provisions of the plan. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the three highest years of regular earnings multiplied by the total credited years of service.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the Commission has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the Commission but shall be allocated to employees. All full-time (20 or more hours per week) are eligible for immediate participation. Officials are not covered.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

There are no loans to any of the Commission officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the Northeast Georgia Regional Commission (NERC). The funds are managed by independent money managers.

The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The report may be obtained at [www.gmanet.com](http://www.gmanet.com) or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

At January 1, 2018, the date of the most recent actuarial valuation, there were 49 participants consisting of the following:

Retired participants and beneficiaries	8
Vested former participants	5
Active employees	<u>36</u>
Total number of participants	<u><u>49</u></u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

*Benefits Provided.* Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with ten years of total service are eligible to retire at age 55 with a reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table after 10 years of service. The benefit formula is 2% with a ten year vesting schedule.

*Contributions.* Employees make no contributions to the plan. The Commission is required to contribute the entire cost of the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The Commission made contributions for the current year totaling \$306,173, or 9.77% of covered payroll. The Commission's covered payroll for employees participating in the Plan as of January 1, 2017, (the actuarial valuation date used to determine the contribution rate for the current fiscal year) was \$2,109,450 (based on covered earnings for the preceding year). The Council provides for the benefits and funding policy through Commission ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current fiscal year, the Commission reported a net pension liability of \$205,190. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the current fiscal year, the Commission recognized pension expense of \$116,725. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

The components of the net pension liability are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at September 30, 2016</b>	<b>\$ 5,771,532</b>	<b>\$ 5,293,763</b>	<b>\$ 477,769</b>
Changes for the year:			
Service cost	96,434	0	96,434
Interest	441,605	0	441,605
Differences between expected and actual experience	106,308	0	106,308
Employer contributions	0	206,173	(206,173)
Net investment income	0	803,249	(803,249)
Benefit payments	(146,815)	(146,815)	0
Administrative expense	0	(14,061)	14,061
Other	78,435	0	78,435
Net changes	<u>575,967</u>	<u>848,546</u>	<u>(272,579)</u>
<b>Balances at September 30, 2017</b>	<b>\$ 6,347,499</b>	<b>\$ 6,142,309</b>	<b>\$ 205,190</b>

Plan fiduciary net position as a percentage of the total pension liability	96.77%
Covered payroll	\$ 1,986,773
Net pension liability as a percentage of covered payroll	10.33%

At the end of the current fiscal year, the Commission reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Commission contributions subsequent to the measurement date	\$ 254,630	\$ 0
Differences between expected and actual experience	351,638	0
Changes of assumptions	0	(48,860)
Net difference between projected and actual earnings on pension plan investments	0	(313,295)
Totals	<u>\$ 606,268</u>	<u>\$ (362,155)</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

The \$254,630 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending June 30</b>		
2019	\$	(23,350)
2020		2,273
2021		(57,898)
2022		(26,220)
2023		58,173
Thereafter		<u>36,505</u>
Totals	\$	<u><u>(10,517)</u></u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

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

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

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.50%	\$ 1,017,674
Current discount rate	7.50%	205,190
1% increase	8.50%	(482,538)

***Defined Contribution Plan***

The Commission sponsors and administers the Northeast Georgia Regional Commission Retirement Savings Plan, defined contribution plan. Employees can contribute to either a 401(k) or 403(b) plan. The Commission Council has the authority to establish and amend the benefit provisions of the plan, as well as contribution requirements.

The plan covers 37 employees for the current fiscal year with total covered payroll of \$1,986,773. The employees can contribute up to the maximum amount permitted by the Internal Revenue Code. Employee contributions to the 401(k) and 403(b) plans were \$153,290 and \$71,538, respectively. The Commission 401(k) plan has a ROTH option for employees. Contributions to the plan are made entirely by the employee. Employee ROTH contributions totaled \$14,307 for the current fiscal year.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**10. Joint Venture**

Under Georgia law, cities and counties in the 12 county northeast Georgia region are members of Northeast Georgia Regional Commission. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the regional commissions in Georgia. The regional commission Council membership includes the chief elected official of each county or his/her appointed elected county official and Mayor of one of the municipalities of the area and one private sector individual. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission beyond its resources.

**11. Risk Management**

The Commission is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance coverage for these risks to the extent deemed prudent by management. Settlement of insurable risks did not exceed insurance coverage during the last three fiscal years.

**12. Contingencies**

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, Commission management believes such disallowances, if any, will not be significant.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	<u>Fiscal Year End</u>	
	<u>2018</u>	<u>2017</u>
<b>Total pension liability</b>		
Service cost	\$ 96,434	\$ 95,659
Interest	441,605	405,619
Differences between expected and actual experience	106,308	80,902
Changes of assumptions	78,435	0
Benefit payments, including refunds of employee contributions	(146,815)	(88,882)
Net change in total pension liability	575,967	493,298
Total pension liability - beginning	5,771,532	5,278,234
<b>Total pension liability - ending (a)</b>	<u>\$ 6,347,499</u>	<u>\$ 5,771,532</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 206,173	\$ 231,673
Net investment income	803,249	522,907
Benefit payments, including refunds of employee contributions	(146,815)	(88,882)
Administrative expense	(14,061)	(8,021)
Net change in total pension liability	848,546	657,677
Plan fiduciary net position - beginning	5,293,763	4,636,086
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 6,142,309</u>	<u>\$ 5,293,763</u>
<b>Net pension liability - ending : (a) - (b)</b>	<u>\$ 205,190</u>	<u>\$ 477,769</u>
Plan's fiduciary net position as a percentage of the total pension liability	96.77%	91.72%
Covered payroll	\$ 1,986,773	\$ 2,027,845
Net pension liability as a percentage of covered payroll	10.33%	23.56%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

**Fiscal Year End**

<u>2016</u>	<u>2015</u>
\$ 100,977	\$ 98,163
362,540	337,918
173,346	48,535
0	(97,716)
(73,135)	(65,261)
563,728	321,639
4,714,506	4,392,867
\$ 5,278,234	\$ 4,714,506
\$ 381,173	\$ 306,173
43,473	419,289
(73,135)	(65,261)
(8,760)	(6,945)
342,751	653,256
4,293,335	3,640,079
\$ 4,636,086	\$ 4,293,335
\$ 642,148	\$ 421,171
87.83%	91.07%
\$ 1,930,836	\$ 1,839,347
33.26%	22.90%

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	Fiscal Year End	
	2018	2017
Actuarially determined contribution	\$ 184,166	\$ 184,166
Contributions in relation to the actuarially determined contribution	(206,173)	(231,673)
Contribution deficiency (excess)	\$ (22,007)	\$ (47,507)
Covered payroll	\$ 2,109,450	\$ 1,961,473
Contributions as a percentage of covered payroll	9.77%	11.81%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

**Fiscal Year End**

<u>2016</u>	<u>2015</u>
\$ 165,388	\$ 184,305
(381,173)	(306,173)
<u>\$ (215,785)</u>	<u>\$ (121,868)</u>
\$ 1,989,635	\$ 1,717,321
19.16%	17.83%

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2019.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 11 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
*June 30, 2018*

**3. Changes in Benefits**

There were no changes in benefit provisions in the last two fiscal years.

**4. Changes of Assumptions**

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

The social security wage base rate increase assumption was reduced from 3.25% to 2.75%.

The salary increase rates were reduced by .50% for all years of service, consistent with the reduction in the inflation assumption.

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***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies.

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**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***

Honorable Chairman and  
Members of the Council  
Northeast Georgia Regional Commission  
Athens, 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 and each major fund of Northeast Georgia Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Northeast Georgia Regional Commission's basic financial statements, and have issued our report thereon dated September 4, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Georgia Regional Commission'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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

## **Purpose of this Report**

This report is intended 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia

September 4, 2018

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Honorable Chairman and  
Members of the Council  
Northeast Georgia Regional Commission  
Athens, Georgia

**Report on Compliance for Each Major Federal Program**

We have audited Northeast Georgia Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeast Georgia Regional Commission's major federal programs for the fiscal year ended June 30, 2018. Northeast Georgia Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Northeast Georgia Regional Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Georgia Regional Commission'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 Northeast Georgia Regional Commission's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Northeast Georgia Regional Commission 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 fiscal year ended June 30, 2018.

## **Report on Internal Control over Compliance**

Management of Northeast Georgia Regional Commission 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 Northeast Georgia Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Georgia Regional Commission'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 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.

### **Purpose of this Report**

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

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
September 4, 2018

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the fiscal year ended June 30, 2018

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Commerce</b>				
Passed through the Georgia Department of Economic Development: Economic Development Support for Planning Organizations	11.302	3020027	\$ 69,542	\$ 0
<b>Department of the Interior</b>				
Passed through the Georgia Department of Natural Resources Historic Preservation Division: Historic Preservation Fund Grants-In-Aid	15.904	46200-341-180162	4,091	0
<b>Department of Labor</b>				
Passed through the Georgia Department of Economic Development: Employment Service/Wagner-Peyser Funded Activities	17.207	DEI-15-05-009	67,175	0
Passed through Georgia Department of Health and Human Services: Special Programs for Aging - Title V	17.235	42700-373-0000060372	403,887	0
WIA Cluster of Programs				
Passed through the Georgia Department of Economic Development: WIA/WIOA Adult Program	17.258	11-16-16-05-009 11-16-17-05-009 11-17-18-05-009	1,255,045	0
WIA/WIOA Youth Activities	17.259	15-17-17-05-009 15-16-16-05-009	1,724,071	0
WIA/WIOA Dislocated Worker Formula Grants	17.278	31-16-17-05-009 31-16-16-05-009 31-17-18-05-009 36-16-16-05-009 36-16-17-05-009 44-16-17-05-009 ExOff-15-16-05-009 HDCI-17-18-05-009	1,686,901	0
Total WIA Cluster of Programs			4,666,017	0
<b>Total Department of Labor</b>			<b>5,137,079</b>	<b>0</b>
<b>Department of Transportation</b>				
Passed through the Georgia Department of Health and Human Services: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	42700-362-0000061358	422,241	0
Job Access and Reverse Commute Program	20.516	42700-362-0000061358	13,304	0
New Freedom Program	20.521	42700-362-0000061358	11,237	0
			446,782	0
Passed through the Georgia Department of Transportation:				
Highway Planning and Construction	20.205	15270 15579	30,033 71,128	0 0
			101,161	0

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the fiscal year ended June 30, 2018

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Transportation, continued</b>				
Passed through the Georgia Department of Transportation:				
Metropololitan Planning and Research	20.505	T006056	\$ 15,851	\$ 0
		T005815	12,270	0
			<u>28,121</u>	<u>0</u>
<b>Total Department of Transportation</b>			<u>576,064</u>	<u>0</u>
<b>Appalachian Regional Commission</b>				
LDD Administrative Grant	23.009	N/A	<u>44,933</u>	<u>0</u>
<b>Department of Education</b>				
Passed through the Georgia Department of Health and Human Services:				
Vocational Rehabilitation Program Grant	84.126	42700-362-0000061358	<u>77,599</u>	<u>0</u>
<b>Department of Health and Human Services</b>				
Aging Cluster of Programs				
Passed through the Georgia Department of Health and Human Services:				
Special Programs for Aging - Title III, B Supportive Services and Senior Centers	93.044	42700-373-0000060372	547,088	0
Special Programs for Aging - Title III, Part C Nutrition Services	93.045	42700-373-0000060372	883,813	0
Special Programs for Aging - Title III, Part C Nutrition Services Incentive Program	93.053	42700-373-0000060372	180,062	0
<b>Total Aging Cluster of Programs</b>			<u>1,610,963</u>	<u>0</u>
Passed through the Georgia Department of Health and Human Services:				
Special Programs for Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	42700-362-0000060372	<u>34,800</u>	<u>0</u>
Special Program for Aging - Title IV and II, Part D Discretionary Projects	93.048	42700-373-0000060372	13,774	0
		42700-373-0000031128	25,764	0
			<u>39,538</u>	<u>0</u>
Alzheimer's Disease Demonstration Grants to States	93.051	42700-373-0000065671	<u>8,387</u>	<u>0</u>
Special Programs for Aging - Title III, Part E National Caregiver Support	93.052	42700-373-0000060372	<u>148,740</u>	<u>0</u>
Medicare Enrollment Assistance Program	93.071	42700-373-0000067208	88,961	0
		42700-373-0000067208	31,096	0
			<u>120,057</u>	<u>0</u>
State Health Insurance Assistance Program	93.324	42700-373-0000060372	<u>47,621</u>	<u>0</u>
Temporary Assistance for Needy Families	93.558	42700-362-0000061358	<u>12,592</u>	<u>0</u>
Social Services Block Grant	93.667	42700-362-0000061358	181,539	0
		42700-373-0000060372	175,083	0
			<u>356,622</u>	<u>0</u>
Medical Asssistance Program	93.778	2017011	<u>650,509</u>	<u>0</u>
Money Follows the Person Rebalancing Demonstration	93.791	42700-373-0000060372	<u>340,621</u>	<u>0</u>
<b>Total Department of Health and Human Services</b>			<u>3,370,450</u>	<u>0</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 9,279,758</u>	<u>\$ 0</u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2018**

**1. Basis of Presentation**

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

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. De Minimis Indirect Cost Rate**

Northeast Georgia Regional Commission has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**NORTHEAST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the fiscal year ended June 30, 2018**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

**B. Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
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Identification of major programs:

- WIA Cluster of Programs
- 17.258 WIA/WIOA Adult Program
- 17.259 WIA/WIOA Youth Activities
- 17.278 WIA/WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**2. Financial Statement Findings and Responses**

None reported

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

***STATE REPORTING SECTION***

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE TO COMPUTE FRINGE BENEFITS RATE**  
*For the fiscal year ended June 30, 2018*

<b>Fringe benefits</b>	
FICA	\$ 29,689
Group insurance	447,851
Retirement fund contributions	165,884
Pension contribution	134,582
Workers compensation	17,220
Release time	297,014
	<hr/>
<b>Total fringe benefits</b>	<b>1,092,240</b>
	<hr/>
<b>Basis</b>	
Indirect salaries	348,075
Direct salaries	1,543,749
	<hr/>
<b>Total basis</b>	<b>\$ 1,891,824</b>
	<hr/> <hr/>
<b>Ratio</b>	
Fringe benefits/basis	57.73%
	<hr/> <hr/>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE TO COMPUTE INDIRECT COST RATE**  
*For the fiscal year ended June 30, 2018*

<b>Indirect costs</b>		
Salaries and wages		\$ 348,075
Fringe benefits		203,130
	Subtotal	<u>551,205</u>
Depreciation		36,096
Insurance and bonding		47,201
Membership and subscriptions		7,265
Motor vehicle		3,757
Per diem and fees		57,944
Postage and freight		3,667
Publications and printing		9,341
Rentals - other		1,470
Repairs and maintenance		23,254
Supplies and materials		25,192
Telecommunications		8,412
Training and education		2,277
Travel		9,252
Utilities		<u>33,427</u>
<b>Total indirect costs</b>		<u><u>\$ 819,760</u></u>
Direct salaries		\$ 1,543,749
Fringe benefits		<u>887,400</u>
<b>Total basis</b>		<u><u>\$ 2,431,149</u></u>
Indirect costs/basis		<u><u>33.72%</u></u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**DHS CONTRACT #427-373-0000060372**  
**AREA AGENCY ON AGING - SUMMARY OF SERVICES**  
**For the fiscal year ended June 30, 2018**

	<u>Units Provided</u>	<u>Persons Saved</u>
Access Services		
Information and referral	6,643	6,643
Case management	4,658	133
Total	<u>11,301</u>	<u>6,776</u>
In Home Services		
Telephone reassurance	4,227	209
Total	<u>4,227</u>	<u>209</u>
Title III-C Nutrition		
Congregate meals	124,833	1,600
Home delivered meals	136,480	774
Total	<u>261,313</u>	<u>2,374</u>
Other Services		
Recreation	13,438	186,516
Homemaker	4,989	49
Nutrition/Health related	5,558	979
Adult day care	6,493	17
Respite in-home care	13,506	66
Personal care	3,328	21
Total	<u>47,312</u>	<u>187,648</u>
Grand Total	<u><u>324,153</u></u>	<u><u>197,007</u></u>

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE**  
*For the fiscal year ended June 30, 2018*

	<u>State Assistance</u>	<u>Total Expenditures</u>	<u>Settlements Receivable</u>
<b>DHS Contract #42700-373-0000060372</b>			
Aging FY 18 Title III, Part B	\$ 17,283	\$ 17,283	\$ 2,438
Aging FY 18 Title IIIC1	28,849	28,849	4,966
Aging FY 18 Title IIIC2	23,141	23,141	4,555
Aging FY 18 Title IIID	2,047	2,047	487
Aging FY 18 Title IIIE	29,748	29,748	1,555
Aging FY 18 Alzheimer's	147,024	147,024	24,721
Aging FY 18 NSIP Meals	192,285	192,285	52,582
Aging FY 18 CBS	1,249,269	1,249,269	179,070
Aging FY 18 Income Tax Checkoff	2,322	2,322	2,093
Aging FY 18 Nursing Home Transition	51,420	51,420	2,171
Aging FY 18 Aging and Disabilities	32,075	32,075	0
Total contract 42700-373-0000060372	<u>1,775,463</u>	<u>1,775,463</u>	<u>274,638</u>
<b>DHS Contract #42700-362-0000061358</b>			
Aging FY 18 Title III, Part B	6,566	6,566	0
Aging FY 18 CBS	23,940	23,940	23,940
DBHDD	829,060	829,060	34,540
GVRA	21,002	21,002	1,018
Total contract 42700-362-0000061358	<u>880,568</u>	<u>880,568</u>	<u>59,498</u>
Aging FY18 Title XIX-CCSP	665,097	665,097	87,889
ADSSP	3,278	3,278	0
<b>Georgia Department of Community Affairs</b>			
FY 2018 Contract	176,243	176,243	44,061
LUCA	20,701	20,701	6,710
<b>Georgia Association of Regional Commissions</b>			
Map 21	<u>45,756</u>	<u>45,756</u>	<u>28,729</u>
Total State Contractual Assistance	<u>\$ 3,567,106</u>	<u>\$ 3,567,106</u>	<u>\$ 501,525</u>

Note: Includes state portion of the contracts as the federal portion of the contracts are included on the Schedule of Expenditures of Federal Awards.

**NORTHEAST GEORGIA REGIONAL COMMISSION**  
**SCHEDULE OF CITY AND COUNTY DUES AND ASSESSMENTS**  
*For the fiscal year ended June 30, 2018*

<u>Government</u>	<u>Balance Due June 30, 2017</u>	<u>Dues Amount for FY 2018</u>	<u>Total Billed for FY 2018</u>	<u>Amount Collected for FY 2018</u>	<u>Balance Due June 30, 2018</u>
Barrow County	\$ 0	\$ 77,126	\$ 77,126	\$ 77,126	\$ 0
Athens-Clarke County	0	123,552	123,552	123,552	0
Winterville	0	1,155	1,155	1,155	0
Elbert County	0	13,834	13,834	13,834	0
Bowman	0	825	825	825	0
Elberton	0	4,484	4,484	4,484	0
Greene County	0	10,997	10,997	10,997	0
Greensboro	0	3,426	3,426	3,426	0
Siloam	0	283	283	283	0
Union Point	0	1,676	1,676	1,676	0
While Plains	0	292	292	292	0
Woodville	0	329	329	329	0
Jackson County	0	48,168	48,168	48,168	0
Commerce	0	6,580	6,580	6,580	0
Jefferson	0	9,867	9,867	9,867	0
Jasper County	0	10,837	10,837	10,837	0
Monticello	0	2,579	2,579	2,579	0
Shady Dale	0	238	238	238	0
Madison County	0	28,824	28,824	28,824	0
Morgan County	0	18,170	18,170	18,170	0
Newton County	0	88,459	88,459	88,459	0
Covington	0	13,667	13,667	13,667	0
Mansfield	0	426	426	426	0
Newborn	0	720	720	720	0
Oxford	0	2,262	2,262	2,262	0
Porterdale	0	1,465	1,465	1,465	0
Oconee County	0	32,027	32,027	32,027	0
Bishop	0	238	238	238	0
Bogart	0	1,036	1,036	1,036	0
North High Shoals	0	682	682	682	0
Watkinsville	0	2,855	2,855	2,855	0
Oglethrope County	0	14,921	14,921	14,921	0
Walton County	0	90,184	90,184	90,184	0
<b>Total</b>	<u>\$ 0</u>	<u>\$ 612,184</u>	<u>\$ 612,184</u>	<u>\$ 612,184</u>	<u>\$ 0</u>