

SOUTHWEST GEORGIA REGIONAL
COMMISSION

CAMILLA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

SOUTHWEST GEORGIA REGIONAL COMMISSION
 TABLE OF CONTENTS
 JUNE 30, 2013

	<u>PAGE</u>
TABLE OF CONTENTS	<i>i - ii</i>
INDEPENDENT AUDITOR'S REPORT	<i>iii - v</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)	<i>vi - xvi</i>
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Government-wide Statement of Net Position	1
Government-wide Statement of Activities	2
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances	5
Proprietary Funds:	
Statements of Net Position	6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8
Fiduciary Fund:	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 36
REQUIRED SUPPLEMENTARY INFORMATION:	37
Budgetary Comparison Schedules:	
General Fund	38
Major Funds:	
Special Revenue Fund - State Administered Grants Fund	39
Schedule of Retirement Plan Funding Progress	40
Notes to Required Supplementary Information	41 - 42

SOUTHWEST GEORGIA REGIONAL COMMISSION
 TABLE OF CONTENTS (CONTINUED)
 JUNE 30, 2013

	PAGE
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	43
Combining Financial Statements:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	45
Budgetary Comparison Schedules:	
Direct Federal Grants Fund	46
Local Programs Fund	47
 STATE COMPLIANCE SECTION	 48
Schedule of Employee Benefit Cost Pool - Actual Rate	49
Schedule of Indirect Costs - Actual Rate	50
Schedule of Local Government Dues	51 - 52
Schedule of Revenue Earned and Matching Funds Applied	53 - 54
Schedule of Expenditures of State Awards	55
Independent Auditor's Opinion on Schedule of Nonpublic Funds	56
Schedule of Nonpublic Funds	57
 FEDERAL COMPLIANCE SECTION	 58
Schedule of Expenditures of Federal Awards	59 - 61
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 <i>Government Auditing Standards</i>	62 - 63
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	64 - 65
Summary Schedule of Prior Year Audit Findings	66
Schedule of Findings and Questioned Costs	67 - 68

INDEPENDENT AUDITOR'S REPORT

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Georgia Regional Commission (“the RC”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the RC’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the RC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RC's internal control over financial reporting and compliance.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 11, 2013

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Southwest Georgia Regional Commission's ("the Commission") financial performance provides an overview of the Agency's financial activities for fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Commission's total primary government net position decreased 15.35% from the prior year.
- Revenues of the governmental activities decreased 24.96% from the prior year. Expenditures decreased by approximately 21.04%.
- The Commission's business type activities experienced an increase in net position in the amount of \$2,047.
- The net position of the Commission's Fiduciary Fund (Employee Retirement Plan) decreased \$517,374 or 26.1%. There was a net increase in fair market value of investments of \$116,671 and benefits in the amount of \$758,109 were paid to retirees. Net position of the Employee Retirement Plan at June 30, 2013 was \$1,465,050.
- Resources available for appropriation in the general fund were \$60 (.013%) more than budget and charges to appropriations were \$35,158 (6.85%) less than budget. The result to the general fund balance was an increase of \$50 for the year, which was \$35,218 more than budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-Wide Statement of Net Position and the Government-Wide Statement of Activities (on pages 1 and 2 of the Commission's audit report, respectively) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements begin on page 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds. The remaining statements provide financial information about activities for which the Commission acts solely as a trustee or agent for the benefit of those outside of the government.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Reporting the Commission as a Whole

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

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

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

- Governmental activities – Most of the Commission's basic services are reported here, including General Government, Planning and Community Development, Economic Development, Historic Preservation, Grant Administration, Workforce Investment, Human Services and Transportation Services (excluding the Non-Emergency Transportation Program). Local Dues and Fees from member governments along with Federal and State grants finance a large portion of these activities.
- Business-type activities – The business-type activities are comprised of the Commission's Revolving Loan Fund (RLF) and the Commission's Non-Emergency Transportation (NET) program. The RLF is a locally controlled source of capital used to provide "gap" financing to eligible start-up and expanding businesses whose projects will create permanent jobs and leverage private sector investment. As borrowers repay their RLF loans, the principal and interest payments are returned to the fund for lending to other businesses to create more jobs and investment opportunities. The NET program formerly provided medical non-emergency transportation to Medicaid eligible recipients in a forty county area. The NET program is not currently active; however, it is included in this report due to an existing obligation payable during the fiscal period and liquidated during the subsequent period.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

Reporting the Commission’s Most Significant Funds

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

- *Governmental funds* – Most of the Commission’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the Commission’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission’s programs. The relationship (or differences) between governmental *activities* (reported in the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities) and governmental *funds* is described in a reconciliation at the bottom of the fund financial statements (pages 3 and 5 of the audit report).
- *Proprietary funds* - The Commission’s proprietary funds include the Revolving Loan Fund, the DCH Non-Emergency Transportation (NET) program and the Internal Service Fund. Proprietary funds are reported in the same way that all activities are reported in the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities. The Commission’s Revolving Loan Fund and NET Program are enterprise funds, which are components of the proprietary fund. They are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as the Statement of Cash Flows seen on page 8, for proprietary funds. The Commission’s Internal Service fund is used to report activities that provide supplies and services for the Commission’s other program and activities on a cost reimbursement basis.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

The Commission as Trustee

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

THE COMMISSION AS A WHOLE

The Commission's combined net position decreased, from \$2,532,877 at June 30, 2012 to \$2,144,030 at June 30, 2013. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Commission's governmental and business-type activities.

From Table 1, the net position of the Commission's governmental activities decreased \$390,894 (17.4%), from \$2,237,104 to \$1,846,210. The decrease can be primarily attributable to \$598,603 of depreciation expense recorded on vehicles used in the public transit program. Net Investment in Capital Assets decreased 22.1% or by \$511,685. *Unrestricted* net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of \$74,300 at June 30, 2012 to a surplus of \$46,491 at June 30, 2013. Net position of the business-type activities (restricted) increased by \$2,047 (.7%), from \$295,773 to \$297,820.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 1,666,603	\$ 2,346,374	\$ 306,424	\$ 305,405	\$ 1,973,027	\$ 2,651,779
Capital assets	2,254,207	2,437,796	-	-	2,254,207	2,437,796
Total assets	<u>3,920,810</u>	<u>4,784,170</u>	<u>306,424</u>	<u>305,405</u>	<u>4,227,234</u>	<u>5,089,575</u>
Long-term debt outstanding	454,488	126,392	-	-	454,488	126,392
Other liabilities	1,616,938	2,420,674	8,604	9,632	1,625,542	2,430,306
Total liabilities	<u>2,071,426</u>	<u>2,547,066</u>	<u>8,604</u>	<u>9,632</u>	<u>2,080,030</u>	<u>2,556,698</u>
Deferred inflows of resources:						
Def. revenue - dues	3,174	-	-	-	3,174	-
Total deferred inflows of resources	<u>3,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,174</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,074,600</u>	<u>2,547,066</u>	<u>8,604</u>	<u>9,632</u>	<u>2,083,204</u>	<u>2,556,698</u>
Net Position:						
Net Investment in Capital Assets	1,799,719	2,311,404	-	-	1,799,719	2,311,404
Restricted	-	-	297,820	295,773	297,820	295,773
Unrestricted	46,491	(74,300)	-	-	46,491	(74,300)
Total net position	<u>\$ 1,846,210</u>	<u>\$ 2,237,104</u>	<u>\$ 297,820</u>	<u>\$ 295,773</u>	<u>\$ 2,144,030</u>	<u>\$ 2,532,877</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

The government wide statement of activities had a decrease in net position in the amount of \$390,894, (Table 2). The deficit was due to depreciation of the Commission's capital assets and capital contributions not reported in the governmental funds (see page 5 of the audited financial report).

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Charges for Services	\$ 267,463	\$ 201,505	\$ 10,367	\$10,141,164	\$ 277,830	\$10,342,669
Operating Grants and Contributions	7,241,325	9,235,219	-	-	7,241,325	9,235,219
Capital Grants and Contributions	168,304	911,835	-	-	168,304	911,835
Dues	356,433	356,433	-	-	356,433	356,433
Investment income	336	483	177	993	513	1,476
Total Revenues	<u>8,033,861</u>	<u>10,705,475</u>	<u>10,544</u>	<u>10,142,157</u>	<u>8,044,405</u>	<u>20,847,632</u>
Expenditures						
General Government	336,295	429,681	-	-	336,295	429,681
Community Service	5,614,363	5,834,718	-	11,343,193	5,614,363	17,177,911
Planning and Zoning	359,066	370,592	-	-	359,066	370,592
Economic Develop.	9,286	-	-	-	9,286	-
Urban Redevelop.	130,259	54,477	-	-	130,259	54,477
Economic Opport.	1,913,160	3,974,286	-	-	1,913,160	3,974,286
Other Protection	-	-	-	-	-	-
Conservation	62,326	6,390	-	-	62,326	6,390
Revolving Loan	-	-	8,497	14,750	8,497	14,750
Total Expenditures	<u>8,424,755</u>	<u>10,670,144</u>	<u>8,497</u>	<u>11,357,943</u>	<u>8,433,252</u>	<u>22,028,087</u>
Excess (Deficiency) before Transfers	(390,894)	35,331	2,047	(1,215,786)	(388,847)	(1,180,455)
Transfers In (Out)	-	(398,519)	-	398,519	-	-
Change in net position	<u>\$ (390,894)</u>	<u>\$ (363,188)</u>	<u>\$ 2,047</u>	<u>\$ (817,267)</u>	<u>\$ (388,847)</u>	<u>\$ (1,180,455)</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Governmental and Business-Related Activities

Revenues in the governmental activities decreased 24.96% from \$10,705,475 for the year ended June 30, 2012 to \$8,033,861 for the year ended June 30, 2013. This decrease in revenues was primarily due to the termination of the contractual relationship between the Commission and the Governor's Office of Workforce Development (GOWD) for the Workforce Investment Act (WIA) program. The goal of the WIA Program, which is funded with federal dollars through the GOWD, is to increase the employment, retention and earnings of qualified participants, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation. The Commission served as the fiscal and administrative entity for the WIA Program for only six months of the fiscal year, through December 31, 2012, at which time, the relationship was discontinued.

Revenues in the business-type activities decreased 99.9% due to the discontinuance of the "NET" program. The Commission ceased operations for the NET program March 31, 2012; as a result, there were no revenues from the NET program for the FY13 period, as compared to FY12, which included nine months of NET revenue. The only revenue in the business-type activities during FY13 was in the Revolving Loan Fund. Overall, revenue for the total primary government decreased 61.41% in the current year.

Expenditures decreased in the governmental activities approximately 21.04%. Expenditures of the WIA Program decreased due to the program's discontinuation at December 31, 2012, as explained above. Expenditures decreased in the business-type activities approximately 99.93%. The decrease in business-type expenditures is attributable to the absence of the NET Program. Overall, expenditures decreased 61.72%, from \$22,028,087 to \$8,433,252 for the total primary government.

THE COMMISSION'S FUNDS

At June 30, 2013, the Commission's governmental fund balance (as shown on page 3 of the audit report) was \$79,714. In FY 2013, the Commission added \$56,781 (approximately 247.6%), to the FY 2012 total governmental fund balance of \$22,933. This was a positive step toward recovery of the Commission's weakened financial condition after substantial losses in the prior year.

Turning over to page 4 of the audit report, the reader will see that in FY 2013, the fund balance of the General Fund increased \$50 (or .2%). In comparison, the General Fund in FY 2012 netted a negative change (decrease) to the fund balance in the amount of \$281,569.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

The State Administered Grants Fund, which had a decrease in its fund balance in FY 2012 of \$295,178, increased its fund balance in the amount of \$56,731 in FY 2013. The net change in the fund balance for FY 2013 for total government funds, as shown on page 4 of the audit report, is an increase of \$56,781. FY 2013 was a year of recovery for the Commission after devastating losses in FY 2012. Although the gains were modest, the Commission made difficult decisions and significant changes in FY 2013 to recover prior year losses and to avoid any additional deficits.

The Enterprise Fund includes the Revolving Loan Fund. The Revolving Loan Fund experienced a modest increase in net position for the current year in the amount of \$2,047. At June 30, 2013, the loan fund had three active loans. Since June 30, 2012, one loan was written off and a new loan closed in September 2012. Collection attempts continue on the loan that was written off. At June 30, 2013, all active loans were current and in good standing.

General Fund Budgetary Highlights

Over the course of FY 2013, the Commission amended the budget several times. At least one budget revision is necessary each year due to the nature of the Commission's funding. The Commission's budget process typically begins in April of each year, with the budget year beginning July 1st. It is often difficult to accurately identify funding for the year as early as April due to the uncertainty of funding coming from Federal and State grants and/or contracts. Annual contracts are often not received by the Commission until after the start of the fiscal period and others are awarded later in the fiscal period. Often when larger contracts are awarded later in the year, the Commission will need to hire additional staff, specifically for that project, which also would increase salaries and benefits and other expenditures. Amounts estimated before the beginning of the fiscal year for contracts that carryover from one year to the next may also need amending to reflect the actual amounts. The budget may also need amending near the end of the fiscal year to increase expenditures to prevent budget overruns. For these reasons, the budget is amended at least once, and more often if necessary. The FY13 budget was amended in January 2013 to make necessary adjustments for the discontinuation of the WIA program. There was an additional amendment adopted in March 2013 to shift expenses between line items and there was a final budget amendment toward the end of the fiscal year to prevent budget overruns.

In comparison of the amended budget to actual (Table 3, below), actual general fund revenues were \$60 more than the amended budget, bringing revenues to a total of \$478,468. Charges to Appropriations of the General fund were 6.85% or \$35,158 less than the amended budget, bringing expenditures to a total of \$478,418. The Commission was budgeted in FY 2013 to experience a deficit of revenues over expenditures in the general fund of \$35,168; however, the Commission actually had a surplus for the fiscal period of \$50, or \$35,218 more than the amended budget.

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Table 3
Budgetary Comparison - General Fund

	<u>Original FY</u> <u>2013 Budget</u>	<u>Amended FY</u> <u>2013 Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Amended Budget</u>
Resource (inflows):				
Local Government Dues	\$ 356,433	\$ 356,433	\$ 356,433	\$ -
Charges for Services	100,000	103,900	103,910	10
Workshop/Meeting Income	27,000	8,400	8,400	-
Investment Earnings	300	175	175	-
Rental Income	9,000	9,450	9,450	-
Map/Printing Income	1,000	50	42	(8)
Other Income	-	-	58	58
	-	-	-	-
Total Resources	<u>493,733</u>	<u>478,408</u>	<u>478,468</u>	<u>60</u>
Expenditures				
General Government				
Direct				
Personnel Services	170,396	178,551	157,208	(21,343)
Operating Costs	185,197	66,825	68,659	1,834
Indirect				
Cost Allocation Plan	147,211	122,200	110,428	(11,772)
Transfers to Other Funds	<u>41,755</u>	<u>146,000</u>	<u>142,123</u>	<u>(3,877)</u>
Total Charges to Appropriations	<u>544,559</u>	<u>513,576</u>	<u>478,418</u>	<u>(35,158)</u>
Revenues over (under) Expenditures	<u>\$ (50,826)</u>	<u>\$ (35,168)</u>	<u>\$ 50</u>	<u>\$ 35,218</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2013, the Commission had \$2,190,960 invested in capital assets in the governmental activities and no investment in capital assets in the business-type activities (Table 4, below). There was a 10.1% decrease (\$246,835) in capital assets from FY 2012 to FY 2013 in the governmental activities. The decrease was due primarily to the large amount of depreciation on the vehicles used in the Commission's public transit program. Normally, approximately one

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

quarter of the Commission's fleet of transit vehicles (74 total) are replaced each year; consequently, the increase in assets due to new vehicles coming into the program offsets the decrease due to depreciation of existing vehicles. In FY 2013, of twenty new vehicles ordered, Georgia Department of Transportation was only able to deliver one prior to the end of the fiscal period. The remaining vehicles were not delivered to the Commission until the first few months of the following fiscal period. The reader should refer to Note 7 on page 27 of the audited financial report for more detail on capital asset activity.

Table 4
Governmental Capital Assets at June 30, 2013

	<u>Balance at</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at</u> <u>June 30, 2013</u>
Governmental Activities					
Assets not being depreciated					
Land	\$ -	\$ 63,247	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	-	358,398	-	-	358,398
Equipment & fixtures	601,425	139,891	(123,743)	-	617,573
Vehicles	3,117,743	44,484	(133,639)	-	3,028,588
Leasehold improvements	<u>17,696</u>	<u>-</u>	<u>(17,696)</u>	<u>-</u>	<u>-</u>
Total assets being depreciated	3,736,864	542,773	(275,078)	-	4,004,559
Less: accum. depreciation for:					
Buildings	-	(5,376)	-	-	(5,376)
Equipment	(337,932)	(59,039)	72,355	(10,346)	(334,962)
Vehicles	(959,201)	(603,522)	79,116	10,346	(1,473,261)
Leasehold improvements	<u>(1,936)</u>	<u>(15,761)</u>	<u>17,697</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>(1,299,069)</u>	<u>(683,698)</u>	<u>169,168</u>	<u>-</u>	<u>(1,813,599)</u>
Total governmental activities capital assets	<u>\$ 2,437,795</u>	<u>\$ (140,925)</u>	<u>\$ (105,910)</u>	<u>\$ -</u>	<u>\$ 2,190,960</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Debt

Capital leases increased substantially during the FY 2013. The Commission entered into a capital lease in the amount of \$435,000 with the Camilla Development Authority for the lease of the building the Commission currently resides in. Prior to FY 2013, the Commission was paying rent in the amount of \$4,100 per month for another location in Camilla. Payments (decreases) to current capital leases were in the amount of \$106,904. Capital Leases increased from \$126,392 at June 30, 2012 to \$454,488 at June 30, 2013. Of the total capital lease balance shown below (Table 5), \$47,978 is due within one year. The reader should refer to Note 8 on pages 28 and 29 for more detail on long-term debt activity.

Table 5
Capital Leases at June 30, 2013

<u>Balance,</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
\$ 126,392	\$ 435,000	\$ (106,904)	\$ 454,488	\$ 47,978

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Actions taken in the FY 2013 to alleviate negative effects of the prior year (termination of the NET and WIA programs) have been successful. The Commission suffered no additional losses in FY 2013, but added \$56,781 to reserves. The FY 2014 budget also forecasts additional reserves to the fund balance.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Commission's Deputy Director at Southwest Georgia Regional Commission, PO Box 346. 181 E Broad Street, Camilla, GA, 31730.

SOUTHWEST GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 294,477	\$ -	\$ 294,477	\$ 2,616
Accounts receivable	1,360,334	481	1,360,815	-
Prepaid expenses	11,792	-	11,792	-
Due from primary government	-	-	-	11,336
Notes receivable, net	-	175,383	175,383	-
Restricted cash	-	130,560	130,560	-
Capital assets:				
Land	63,247	-	63,247	-
Equipment and vehicles and leasehold improvements, net of depreciation	2,190,960	-	2,190,960	-
Total assets	<u>3,920,810</u>	<u>306,424</u>	<u>4,227,234</u>	<u>13,952</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable and accrued expenses	1,237,497	11,622	1,249,119	-
Compensated absences	35,425	-	35,425	-
Due to component unit	11,336	-	11,336	-
Internal balances	314,031	(3,018)	311,013	-
Unearned revenue	18,649	-	18,649	-
Long-term liabilities:				
Due within one year	47,978	-	47,978	-
Due in more than one year	406,510	-	406,510	-
Total liabilities	<u>2,071,426</u>	<u>8,604</u>	<u>2,080,030</u>	<u>-</u>
Deferred inflows of resources:				
Deferred revenue - dues	3,174	-	3,174	-
Total deferred inflows of resources	<u>3,174</u>	<u>-</u>	<u>3,174</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,074,600</u>	<u>8,604</u>	<u>2,083,204</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,799,719	-	1,799,719	-
Restricted for:				
Programs:				
Economic development - RLF	-	297,820	297,820	-
SOWEGA Economic Dev. Corp.	-	-	-	13,952
Unrestricted	46,491	-	46,491	-
Total net position	<u>\$ 1,846,210</u>	<u>\$ 297,820</u>	<u>\$ 2,144,030</u>	<u>\$ 13,952</u>

See accompanying notes to the financial statements.

**SOUTHWEST GEORGIA REGIONAL COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Function/Programs:	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Direct Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
						Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:								
Governmental activities								
General government	\$ 1,510,754	\$ (1,174,459)	\$ 121,861	\$ -	\$ -	\$ (214,434)		\$ (214,434)
Community service	5,526,873	87,490	52	5,061,802	168,304	(384,205)		(384,205)
Planning and zoning	216,524	142,542	600	271,610	-	(86,856)		(86,856)
Economic opportunity	1,039,158	874,002	-	1,903,823	-	(9,337)		(9,337)
Economic development/assistance	5,838	3,448	9,110	-	-	(176)		(176)
Urban redevelopment/housing	79,805	50,454	105,890	4,090	-	(20,279)		(20,279)
Conservation	37,050	25,276	29,950	-	-	(32,376)		(32,376)
Interest on long-term debt	11,759	(11,759)	-	-	-	-		-
Total governmental activities	<u>8,427,761</u>	<u>(3,006)</u>	<u>267,463</u>	<u>7,241,325</u>	<u>168,304</u>	<u>(747,663)</u>		<u>(747,663)</u>
Business-type activities								
Revolving loan program	5,491	3,006	10,367	-	-	-	1,870	1,870
Total business type act.	<u>5,491</u>	<u>3,006</u>	<u>10,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,870</u>	<u>1,870</u>
Total primary government	<u>\$ 8,433,252</u>	<u>\$ -</u>	<u>\$ 277,830</u>	<u>\$ 7,241,325</u>	<u>-</u>	<u>(747,663)</u>	<u>1,870</u>	<u>(745,793)</u>
COMPONENT UNIT:								
SOWEGA Economic Dev. Corp.	\$ 60	\$ -	\$ -	\$ -	-	-	-	(60)
General revenues:								
Local dues						356,433	-	356,433
Investment earnings						336	177	513
Total general revenues						<u>356,769</u>	<u>177</u>	<u>356,946</u>
Change in net position						(390,894)	2,047	(388,847)
Net position - beginning						<u>2,237,104</u>	<u>295,773</u>	<u>2,532,877</u>
Net position - ending						<u>\$ 1,846,210</u>	<u>\$ 297,820</u>	<u>\$ 2,144,030</u>
								<u>\$ 13,952</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,754	\$ 272,799	\$ -	\$ 275,553
Receivables:				
Intergovernmental	23,674	1,075,396	51,477	1,150,547
Other receivables	-	201,777	-	201,777
Interfund balances	249,486	137,077	-	386,563
Total assets	<u>\$ 275,914</u>	<u>\$ 1,687,049</u>	<u>\$ 51,477</u>	<u>\$ 2,014,440</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Liabilities:				
Accounts payable	\$ -	\$ 1,104,398	\$ -	\$ 1,104,398
Accrued wages	-	-	-	-
Unearned revenue	-	-	18,649	18,649
Interfund balances	249,757	525,920	32,828	808,505
Total liabilities	<u>249,757</u>	<u>1,630,318</u>	<u>51,477</u>	<u>1,931,552</u>
Deferred inflows of resources:				
Deferred revenue - dues	3,174	-	-	3,174
Total deferred inflows of resources	<u>3,174</u>	<u>-</u>	<u>-</u>	<u>3,174</u>
Fund balances:				
Committed for transportation program	-	56,731	-	56,731
Unassigned	22,983	-	-	22,983
Total fund balances	<u>22,983</u>	<u>56,731</u>	<u>-</u>	<u>79,714</u>
Total liabilities and fund balances	<u>\$ 275,914</u>	<u>\$ 1,687,049</u>	<u>\$ 51,477</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,641,381
An internal service fund is used by management to charge indirect costs and fringe benefits to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	125,115
Net position of governmental activities	<u>\$ 1,846,210</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ 7,381,750	\$ 172,829	\$ 7,554,579
Dues	356,433	-	-	356,433
Charges for services	103,910	-	-	103,910
Training/meeting income	8,400	-	-	8,400
Investment earnings	175	161	-	336
Map/printing income	42	-	-	42
Rental income	9,450	-	-	9,450
Other income	58	14,474	-	14,532
Total revenues	<u>478,468</u>	<u>7,396,385</u>	<u>172,829</u>	<u>8,047,682</u>
EXPENDITURES				
Current:				
General government	336,295	-	-	336,295
Community service	-	5,189,846	-	5,189,846
Planning and zoning	-	273,936	85,130	359,066
Economic opportunity	-	1,903,823	-	1,903,823
Economic development and assist.	-	5,564	3,722	9,286
Urban redevelopment and housing	-	6,953	123,306	130,259
Conservation	-	62,326	-	62,326
Total expenditures	<u>336,295</u>	<u>7,442,448</u>	<u>212,158</u>	<u>7,990,901</u>
Excess (deficiency) of revenues over (under) expenditures	142,173	(46,063)	(39,329)	56,781
OTHER FINANCING SOURCES (USES)				
Transfers in	-	102,794	39,329	142,123
Transfers out	(142,123)	-	-	(142,123)
Total other financing sources and uses	<u>(142,123)</u>	<u>102,794</u>	<u>39,329</u>	<u>-</u>
Net change in fund balances	50	56,731	-	56,781
Fund balances - beginning	22,933	-	-	22,933
Fund balances - ending	<u>\$ 22,983</u>	<u>\$ 56,731</u>	<u>\$ -</u>	<u>\$ 79,714</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	56,781
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$598,603) exceeded capital outlay (\$168,304) in the current period.		(430,299)
Loss on disposal of capital assets is not reported in the funds but is reported as an expense in the statement of activities.		<u>(17,376)</u>
Change in net position of governmental activities	\$	<u><u>(390,894)</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds			Governmental Fund
	Revolving Loan Fund	DCH NET Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash - unrestricted	\$ -	\$ -	\$ -	\$ 18,924
Cash - restricted	130,560	-	130,560	-
Receivables:				
Other	481	-	481	8,010
Notes receivable - current portion	24,662	-	24,662	-
Prepaid expenses	-	-	-	11,792
Interfund balances	-	11,561	11,561	430,485
Total current assets	<u>155,703</u>	<u>11,561</u>	<u>167,264</u>	<u>469,211</u>
Noncurrent assets:				
Notes receivable, less current portion	152,846	-	152,846	-
Allowance for uncollectible debt	(2,125)	-	(2,125)	-
Land	-	-	-	63,247
Buildings, equipment and vehicles	-	-	-	802,608
Less: accumulated depreciation	-	-	-	(253,029)
Total noncurrent assets	<u>150,721</u>	<u>-</u>	<u>150,721</u>	<u>612,826</u>
Total assets	<u>306,424</u>	<u>11,561</u>	<u>317,985</u>	<u>1,082,037</u>
LIABILITIES				
Current liabilities:				
Accounts payable	61	11,561	11,622	109,519
Accrued salaries	-	-	-	23,580
Due to component unit	-	-	-	11,336
Interfund balances	8,543	-	8,543	322,574
Capital leases payable - current portion	-	-	-	47,978
Total current liabilities	<u>8,604</u>	<u>11,561</u>	<u>20,165</u>	<u>514,987</u>
Long-term liabilities:				
Compensated absences payable	-	-	-	35,425
Capital leases payable, less current portion	-	-	-	406,510
Total liabilities	<u>8,604</u>	<u>11,561</u>	<u>20,165</u>	<u>956,922</u>
NET POSITION				
Invested in capital assets, net of related debt	-	-	-	125,115
Restricted for revolving loan program	297,820	-	297,820	-
Total net position	<u>\$ 297,820</u>	<u>\$ -</u>	<u>\$ 297,820</u>	<u>\$ 125,115</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds			Governmental Fund
	Revolving Loan Fund	DCH NET Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 1,340,732
Interest on notes receivable	6,999	-	6,999	-
Other income	3,368	-	3,368	-
Total operating revenue	10,367	-	10,367	1,340,732
OPERATING EXPENSES				
Personnel services	4,276	-	4,276	830,423
Indirect costs	3,006	-	3,006	160,748
Depreciation	-	-	-	85,061
Per diem and fees	1,166	-	1,166	32,466
Equipment lease	-	-	-	20,613
Telecommunications	-	-	-	34,291
Insurance and bonding	-	-	-	19,873
Postage and freight	-	-	-	5,443
Rent	-	-	-	16,400
Other supplies and expenses	49	-	49	42,658
Training and education	-	-	-	2,874
Repairs and maintenance	-	-	-	48,970
Utilities	-	-	-	28,224
Auto and travel	-	-	-	20,642
Total operating expenses	8,497	-	8,497	1,348,686
Operating income (loss)	1,870	-	1,870	(7,954)
NONOPERATING REVENUES (EXPENSES)				
Gain on disposal of capital asset	-	-	-	20,352
Interest income	177	-	177	-
Interest expense	-	-	-	(12,398)
Total nonoperating revenues (expenses)	177	-	177	7,954
Change in net position	2,047	-	2,047	-
Total net position - beginning	295,773	-	295,773	125,115
Total net position - ending	\$ 297,820	\$ -	\$ 297,820	\$ 125,115

See accompanying notes to the financial statements.

**SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Funds	Gov. Fund
	Revolving Loan Fund	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from borrowers/customers	\$ 31,006	\$ -
New loans made	(63,745)	-
Internal activity - payments from (to) other funds	(1,003)	1,353,377
Payments to employees or for their benefit	(4,276)	(915,888)
Payments to suppliers	(4,246)	(476,743)
Net cash provided (used) by operating activities	(42,264)	(39,254)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on disposal of capital assets	-	108,921
Purchase of capital assets	-	(2,716)
Principal paid on capital debt	-	(106,904)
Interest paid on capital debt	-	(12,398)
Net cash provided (used) by capital and related financing activities	-	(13,097)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	178	-
Net cash provided by investing activities	178	-
Net increase (decrease) in cash	(42,086)	(52,351)
Balances - beginning	172,646	71,275
Balances - ending	\$ 130,560	\$ 18,924
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,870	\$ (7,954)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	-	85,061
Change in assets and liabilities:		
Prepaid expenses	-	(11,792)
Receivables, net	(43,106)	(7,300)
Interfund balances	(1,003)	12,645
Accounts and other payables	(25)	(109,914)
Net cash provided by operating activities	\$ (42,264)	\$ (39,254)

Noncash activity .

RLF: A loan, interest and late fee receivable totaling \$44,472 was written off during the year through the allowance for uncollectible debt. ISF: Capital assets with a cost of \$11,364 and accumulated depreciation of \$8,523 were disposed of during the year and capital assets with a cost of \$435,000 were purchased with a lease in the amount of \$435,000.

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	Employee Retirement Plan
ASSETS	
Investments at fair value:	
Corporate and government bonds	\$ 605,855
Corporate stocks	548,182
Total investments	1,154,037
Interfund balances	311,013
Total assets	\$1,465,050
 NET POSITION	
Held in trust for pension benefits (see Schedule of Retirement Plan Funding Progress)	\$1,465,050

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Employee Retirement Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 152,627
Net increase in fair value of investments	<u>116,671</u>
Total contributions	<u>269,298</u>
 DEDUCTIONS	
Benefits	758,109
Professional fees	28,533
Administrative expense	<u>30</u>
Total deductions	<u>786,672</u>
Change in net position	(517,374)
Net position - beginning	<u>1,982,424</u>
Net position - ending	<u><u>\$ 1,465,050</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The regional commissions are quasi-governmental regional planning organizations created and managed by member local governments. The responsibilities and authority of regional commissions are contained in Sections 50-8-30 through 50-8-67 of the OCGA. The RC staff, including technical experts in a number of specialized fields, team with local governments to solve problems and to increase the prosperity and quality of life in the region.

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

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

A. Reporting Entity

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

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – Government-wide Statements

The RC's basic financial statements include both government-wide (reporting the RC as a whole) and fund financial statements (reporting the RC's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The RC's Direct Federal Grants Fund, State Administered Grants Fund, Local Program Fund and General Fund are classified as governmental activities. The RC's Revolving Loan Fund and DCH Non-Emergency Transportation Fund (DCH NET fund) are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the RC's functions and business-type activities (grant administration, DCH NET program, and revolving loan program, etc.). The functions are also supported by general government revenues (dues, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (community service, economic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements

The financial transactions of the RC are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the government or business-type activities categories. The RC's major funds are the General Fund, the State Administered Grants Fund, and the Revolving Loan Fund. However, since there is only one nonmajor business-type activity fund, management has presented the DCH NET Fund as a major fund. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following fund types are used by the RC:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the RC:

- a. The **general fund** is used to account and report financial resources not accounted for in another fund. Specifically, this fund recognizes as revenue dues paid by the RC's member governments. These dues are principally used as matching funds for grants and contracts and, additionally, to fund projects or activities which are not funded by other sources. If the RC performs non-contractual services for a local government, these services would be accounted for in the general fund. Matching funds for grants and contracts are transferred to the special revenue fund through transfers.
- b. **Special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than for debt service or capital projects. Activities for grants, contracts, and special projects are accounted for in these funds.
 - (1) Direct Federal Grants Fund - used to account for revenues and costs associated with direct federal grants.
 - (2) State Administered Grants Fund - used to account for revenues and costs associated with state grants and federal grants passed through state agencies.
 - (3) Local Programs Fund - used to account for revenues and expenditures of contracts with local governments.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or ancillary activities.

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

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

- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the RC on a cost-reimbursement basis.

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

The RC's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the RC's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity (community service, economic development, economic opportunity, etc.)

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fiduciary Funds:

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

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

Pension Trust Fund:

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

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide, Proprietary and Fiduciary Fund Financial Statements:

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the RC gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Significant Accounting Policies

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

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

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

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

F. Financial Statement Amounts

1. Cash and Equivalents

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

2. Investments

Investments are stated at cost except for investments included in the Pension Trust Fund which are reported at fair market value. The RC's general policy is to invest only in the type of investments permitted by state law pertaining to local governments. Such investments are limited to obligations of the State of Georgia or other states; obligations issued by the U. S. Government or by one of its agencies or corporations; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

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

3. Receivables

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Notes Receivable and Allowance for Bad Debts

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

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

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

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

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

6. Compensated Absences and Employee Benefits

The RC provides the following compensated absences and employee benefits:

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Annual Leave

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

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

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

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

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

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

Sick Leave

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Other Benefits

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

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

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

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

7. Fund Balances and Fund Equity

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Contributed capital. Contributed capital is recorded in proprietary funds that have received grants from federal, state or private sources designated for the specific activity or monies received from other fund entities of the RC. These contributions are included in net position. The contributed capital in the enterprise fund, \$750,000, represents contributions from the U.S. Department of Commerce-Economic Development Administration for the revolving loan fund program and its required matching funds from the RC, SOWEGA Economic Development Corporation, and the RC's member governments.

8. Interfund Activity

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

The principal purpose of the RC's interfund transfers is to satisfy grant contracts that require a percentage of the costs to be expended from local resources. Local dues, which are transferred from the general fund to the special revenue funds, are used as matching funds for grants and contracts. Cost reimbursements received from grants and contracts in the special revenue fund are recognized in the Internal Service Fund as cost recoveries (revenue) instead of transfers in accordance with the requirements of the "Uniform Accounting and Financial Management Manual for Georgia's Regional Development Centers".

The principal purpose of interfund balances is to provide working capital in the funds where management deems appropriate.

Receipts and/or payments to or from other governmental units included in the reporting entity of the RC are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Direct Costs/Indirect Costs

Costs that can be identified specifically with a particular cost objective are considered direct costs and are charged directly to the applicable grant or contract. Costs that are incurred for a common or joint purpose, benefiting more than one cost objective or are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved, are considered indirect costs.

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

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

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

NOTE 2 – CASH

Cash balances are as follows:

	Insured or Collateralized	
	Carrying Amount	Bank Balance
Primary Government		
Deposits	\$ 424,737	\$ 437,170
Petty cash	300	-
Total primary government	\$ 425,037	\$ 437,170
Component Unit	\$ 2,616	\$ 2,616

Restricted cash is as follows:

Business-type activities:

Enterprise Fund – Revolving Loan Fund – restricted by grant agreement to use for loans in conformity with Department of Commerce, Economic Development Administration grant requirements - \$130,560.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – INVESTMENTS – FIDUCIARY FUND – RETIREMENT PLAN

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

Advanced Series LifeVest Investments	Average Maturities	Fair Value	Morningstar Risk and Rating
Stock Mutual Funds:			
AST AllianceBernstein Growth & Income	N/A	\$ 154,851	N/A
AST QMA US Equity Alpha	N/A	194,195	N/A
AST Small Cap Value	N/A	133,497	N/A
AST Marsico Capital Growth	N/A	123,312	N/A
Bond Mutual Funds:			
AST High Yield	N/A	62,152	2 star
AST Lord Abbett Bond - Debenture	N/A	58,195	US Government
AST PIMCO Total Return Fund	5.59 years	389,808	4 star
AST PIMCO Limited Maturity Bond	2.48 years	38,027	4 star
Total investments		<u>\$1,154,037</u>	

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

Interest Rate Risk

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

Credit Risk

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

NOTE 4 - NOTES RECEIVABLE AND ALLOWANCE FOR BAD DEBT

Loans receivable consist of balances of revolving loan funds loaned to area businesses in the amount of \$177,508.

An allowance for uncollectible debt of \$2,215 has been recorded. The allowance for uncollectible debt had a balance of \$46,598 at the beginning of the year but was reduced to \$2,215 as a result of a write off of a loan in the amount of \$44,383.

NOTE 5 – UNEARNED REVENUE AND RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
UNEARNED REVENUE			
ACF Compact	\$ 18,649	\$ -	\$ 18,649
Total unapplied funds	<u>\$ 18,649</u>	<u>\$ -</u>	<u>\$ 18,649</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – UNEARNED REVENUE AND RECEIVABLES (CONTINUED)

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

	Governmental Activities	Business-type Activities	Total
RECEIVABLES			
Local:			
Dues and fees	\$ 23,674	\$ -	\$ 23,674
Various contracts	45,433	-	45,433
Total local receivable	<u>69,107</u>	<u>-</u>	<u>69,107</u>
State grants receivable:			
Department of Community Affairs	44,229	-	44,229
Department of Natural Resources	12,759	-	12,759
Department of Transportation	667,105	-	667,105
Department of Human Services	351,303	-	351,303
Total state receivable	<u>1,075,396</u>	<u>-</u>	<u>1,075,396</u>
Federal grants receivable:			
Department of Commerce - EDA	6,044	-	6,044
Total federal receivable	<u>6,044</u>	<u>-</u>	<u>6,044</u>
Total intergovernmental receivable	<u>1,150,547</u>	<u>-</u>	<u>1,150,547</u>
Other receivables:			
Internal service fund			
Due from employees	168	-	168
Worker's Comp refund	4,856	-	4,856
GTA refund	2,986	-	2,986
State administered grants fund:			
Transportation subcontractors:			
Insurance reimbursement	35,090	-	35,090
Fuel reimbursement	163,132	-	163,132
Other reimbursements	3,555	-	3,555
Total other receivables	<u>209,787</u>	<u>-</u>	<u>209,787</u>
Total governmental receivables	<u>1,360,334</u>	<u>-</u>	<u>1,360,334</u>
Enterprise funds			
RLF - interest and late fees	-	481	481
Total enterprise funds receivable	<u>-</u>	<u>481</u>	<u>481</u>
Total receivables	<u>\$ 1,360,334</u>	<u>\$ 481</u>	<u>\$ 1,360,815</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances consist of the following:

Fund	Receivables	Payables	Net
Governmental Funds:			
General fund:			
State administered grants fund	\$ 249,486	\$ (137,077)	\$ 112,409
Internal service fund	-	(112,680)	(112,680)
State administered grants fund:			
General fund	137,077	(249,486)	(112,409)
Internal service fund	-	(276,434)	(276,434)
Nonmajor funds:			
Internal service fund	-	(32,828)	(32,828)
Internal service fund:			
General fund	112,680	-	112,680
State administered grants fund	276,434	-	276,434
Nonmajor funds	32,828	-	32,828
DCH NET fund	-	(11,561)	(11,561)
Revolving loan fund	8,543	-	8,543
Pension trust fund	-	(311,013)	(311,013)
Total governmental funds	<u>817,048</u>	<u>(1,131,079)</u>	<u>(314,031)</u>
Proprietary Funds:			
Enterprise funds:			
DCH NET fund:			
Internal service fund	11,561	-	11,561
Revolving loan fund:			
Internal service fund	-	(8,543)	(8,543)
Total enterprise funds	<u>11,561</u>	<u>(8,543)</u>	<u>3,018</u>
Pension Trust Fund			
Internal service fund:	<u>311,013</u>	-	<u>311,013</u>
Total	<u><u>\$ 1,139,622</u></u>	<u><u>\$ (1,139,622)</u></u>	<u><u>\$ -</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers and capital contributions consist of the following:

	In	Out	Net
Governmental activities:			
General fund:			
State administered grants fund	\$ -	\$ (102,794)	\$ (102,794)
Nonmajor funds	-	(39,329)	(39,329)
State administered grants fund:			
General fund	102,794	-	102,794
Nonmajor funds:			
General fund	39,329	-	39,329
Total governmental funds	142,123	(142,123)	-
Total interfund transfers	\$ 142,123	\$ (142,123)	\$ -

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets.

	Beginning Balance 7/1/12	Increases	Decreases	Contributions/ Transfers	Ending Balance 6/30/13
Governmental activities					
Assets not being depreciated					
Land	\$ -	\$ 63,247	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	-	358,398	-	-	358,398
Equipment and fixtures	601,425	139,891	(123,743)	-	617,573
Vehicles	3,117,743	44,484	(133,639)	-	3,028,588
Leasehold improvements	17,696	-	(17,696)	-	-
Total capital assets	<u>3,736,864</u>	<u>542,773</u>	<u>(275,078)</u>	<u>-</u>	<u>4,004,559</u>
Less accumulated depreciation for:					
Buildings	-	(5,376)	-	-	(5,376)
Equipment	(337,932)	(59,039)	72,355	(10,346)	(334,962)
Vehicles	(959,201)	(603,522)	79,116	10,346	(1,473,261)
Leasehold improvements	(1,936)	(15,761)	17,697	-	-
Total accumulated depreciation	<u>(1,299,069)</u>	<u>(683,698)</u>	<u>169,168</u>	<u>-</u>	<u>(1,813,599)</u>
Total net governmental assets being depreciated	<u>2,437,795</u>	<u>(140,925)</u>	<u>(105,910)</u>	<u>-</u>	<u>2,190,960</u>
Total capital assets - governmental activities	<u>\$ 2,437,795</u>	<u>\$ (77,678)</u>	<u>\$ (105,910)</u>	<u>\$ -</u>	<u>\$ 2,254,207</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Community service	\$ 596,275
Economic opportunity	2,327

In addition depreciation on capital assets held by
the RC's internal service fund is charged to various
functions based on their usage of the assets.

	<u>85,096</u>
Total governmental activities depreciation expense	<u>\$ 683,698</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 - CAPITAL LEASES AND LONG-TERM DEBT

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

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Dell Financial Services	\$ 2	\$ -	\$ (2)	\$ -	\$ -
Dell Financial Services	25,355		(11,228)	14,127	12,038
Great America Leasing Corp.	3,733	-	(2,022)	1,711	1,711
Ford Motor Credit	42,363	-	(42,363)	-	
Ford Motor Credit	39,525	-	(20,183)	19,342	19,342
Atlantic TelCom	2,691	-	(2,691)	-	
Atlantic TelCom	322	-	(322)	-	
Dell Financial Services	9,093	-	(9,093)	-	
Dell Financial Services	3,308	-	(3,308)	-	
City of Camilla	-	435,000	(15,692)	419,308	14,887
Total governmental activities	<u>\$ 126,392</u>	<u>\$ 435,000</u>	<u>\$(106,904)</u>	<u>\$ 454,488</u>	<u>\$ 47,978</u>

Annual requirements to amortize the capital leases are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 47,978	\$ 11,472	\$ 59,450
2015	17,353	9,955	27,308
2016	15,649	9,550	25,199
2017	16,045	9,155	25,200
2018	16,451	8,749	25,200
2019-2023	88,710	37,290	126,000
2024-2028	100,509	25,491	126,000
2029-2033	113,877	12,123	126,000
2034-2035	37,916	770	38,686
Total	<u>\$ 454,488</u>	<u>\$ 124,555</u>	<u>\$ 579,043</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
Governmental activities:				
Compensated absences payable	\$ 69,969	\$ 45,185	\$ (79,729)	\$ 35,425

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

Interest expense of \$11,413 was incurred and charged to the internal service fund for governmental leases above. The internal service fund has been used in the past to liquidate the above governmental capital lease liabilities. The gross amount of assets under capital leases at year end was \$157,012 (vehicles with a cost of \$128,523 and accumulated depreciation of \$28,979, equipment/software with a cost of \$86,008 and accumulated depreciation of \$28,540), and a building (including land, furniture and fixtures) with a cost of \$435,000 and accumulated depreciation of \$6,043.

NOTE 9 – NET ASSET RESTRICTIONS

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

Net asset restrictions are as follows:

Held in trust for employee retirement plan - retirement benefits - equity in the pension trust fund - restricted to payment of participant retirement benefits - \$1,465,050.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - RENT

From July 1, 2012 until October 31, 2012, the RC occupied space in a building located in and owned by the City of Camilla. The total rent expense for the year was \$16,400 and was charged to the internal service fund. Subsequent to this period the RC occupied a space that was purchased by the RC.

For the months of July and August the RC rented space in a building from the City of Camilla for the WIA program for \$1,780 per month totaling \$3,560. The program was moved to a new building and rent was paid for the months of September to December to the Camilla Housing Authority in the amount of \$2,091 per month totaling \$8,364. Rent of \$11,924 for the above was charged to the WIA program.

Beginning November 1, 2010, the RC also rents a building from Miles Realty for the Bainbridge Skills Center for \$650 per month. The lease term ends June 30, 2013. The total rent expense for the year was \$3,900 and was charged to the WIA program. The lease was terminated at December 31, 2012 when the WIA program ended.

NOTE 11 - RETIREMENT PLAN

Plan Description and Contribution Information

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

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Description of Actuarial Assumptions and Method

Valuation Date: July 1, 2013

The costs of the plan are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, disability, etc. that are assumed to hold for many years into the future. Since actual experience differs somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan. Under the actuarial cost method used for the plan, actuarial gains and losses are amortized over 15 years in accordance with Georgia Code.

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

Actuarial Cost Method: Unit Credit. The actuarial accrued liability for active participants is the actuarial present value of the benefits accrued as of the valuation date. The normal cost for these participants is the actuarial present value of benefits expected to accrue during the coming year. Because the plan was frozen as of June 30, 2013, there is no additional normal cost.

The actuarial accrued liability for participants currently receiving benefits, and terminated vested participants not yet receiving benefits is determined as the actuarial present value of benefits expected to be paid. There are no normal costs related to these participants.

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

Retirement age	Age 65 or age at the valuation date if later.
Interest	7.75% per year
Mortality	RP2000 projected to valuation year with Scale AA, separate tables for males and females
Turnover	Sarason T-3 Table.
Disability	No disability is assumed.
Salary scale	N/A
Marital assumptions	75% of participants are assumed married. Husbands are assumed to be 3 years older than wives.
Expenses	\$5,000
Cost-of-living (inflation rate)	2.5% annual increase.
Form of payment	Life Annuity with 10 Years Certain payments
Effective date	Established February 1, 1973; amended and restated effective July 1, 2010; amended effective June 30, 2013
Eligibility	First month following completion of one year of service. Participation is frozen as of June 30, 2013.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Actuarial Present Values of Accumulated Plan Benefits

Present value of vested accumulated plan benefits for active participants		\$ 456,259
Liability for inactive participants		
Retirees and beneficiaries, currently receiving benefits	1,076,651	
Vested terminated employees not yet receiving benefits	500,202	
Total inactive liability		1,576,853
Actuarial present value of vested benefits		2,033,112
Present value of non-vested benefits		5,282
Actuarial present value of accumulated plan benefits		2,038,394
Market value of fund at July 1, 2012		1,165,050
Excess of actuarial present value of accumulated plan benefits over net assets available		\$ 873,344

		Year Ended June 30, 2013
Statement of Changes in Accumulated Plan Benefits		
Actuarial present value of accumulated plan benefits at the beginning of year		\$ 2,524,476
Increase (decrease) during the year attributable to:		
Change in actuarial assumptions	22,130	
Benefits accumulated and gains and losses	83,627	
Increase for interest due to the decrease in the discount period	166,270	
Benefits paid	(758,109)	
Plan change	-	
Net change		(486,082)
Actuarial present value of accumulated plan benefits at end of year		\$ 2,038,394

Participant Counts

Active participants		11
Retired participants and beneficiaries		5
Terminated vested participants		20
Total participants		36

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - RETIREMENT PLAN (CONTINUED)

Funded Status Information

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

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/13	\$2,038,394	\$1,203,334	\$ 835,060	59%	\$ 614,917	136%

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

Six Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2013	\$ 152,627	0.00%	\$ 152,627
2012	\$ 299,716	47.00%	158,386
2011	\$ 312,132	100.00%	-
2010	\$ 219,393	100.00%	-
2009	\$ 161,972	100.00%	-
2008	\$ 104,465	100.00%	-
Total			<u>\$ 311,013</u>

The net pension obligation increased \$311,013 from a zero balance at June 30, 2012 to \$311,013 at June 30, 2013.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - RISK FINANCING ACTIVITIES

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

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

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

Settled claims in the past three years have not exceeded the coverage. As of July 1, 2012, the RC reduced their liability insurance coverage from \$5,000,000, as was required by the DCH NET contract, to \$2,000,000 and raised the deductible to \$5,000.

NOTE 13 - SCHEDULE OF NONPUBLIC FUNDS

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

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 - SCHEDULE OF NONPUBLIC FUNDS (CONTINUED)

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

NOTE 14 – DISCONTINUATION OF PROGRAMS

DCH Program: The RC’s contract for providing non-emergency medical transportation expired June 30, 2011, and was extended through March 2012. The RC was notified in November 2011 that they were not selected as the provider of these services for the following five-year contract period. This terminated program is reflected in the financial statements of the RC as an enterprise fund named “DCH NET Fund”. The net position remaining upon termination of the program was transferred by the RC to the internal service fund, sold or were written off.

Workforce Investment Act Program: As of January 1, 2013, the RC was no longer the administrator/fiscal agent of the Workforce Investment Act (WIA) program.

NOTE 15 – CONTINGENCIES

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

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

On October 24, 2012, the RC filed a claim against the Georgia Department of Community Health (DCH) for breach of contractual obligation to the RC. The RC believes that payments received from DCH during the period of May 2011 to March 2012 were less than the RC was contractually obligated to receive. At this time, the outcome of the suit and/or potential settlement is unknown.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 22,933	\$ 22,933	\$ 22,933	\$ -
Resources (inflows):				
Local government dues	356,433	356,433	356,433	-
Charges for services	100,000	103,900	103,910	10
Training/meeting income	27,000	8,400	8,400	-
Investment earnings	300	175	175	-
Rental income	9,000	9,450	9,450	-
Map/printing income	1,000	50	42	(8)
Other income	-	-	58	58
Amounts available for appropriation	<u>516,666</u>	<u>501,341</u>	<u>501,401</u>	<u>60</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	170,396	178,551	157,208	(21,343)
Operating expenditures	185,197	66,825	68,659	1,834
Indirect				
Cost allocation plan	147,211	122,200	110,428	(11,772)
Transfers to other funds, net	41,755	146,000	142,123	(3,877)
Total charges to appropriations	<u>544,559</u>	<u>513,576</u>	<u>478,418</u>	<u>(35,158)</u>
Budgetary fund balance, June 30	<u>\$ (27,893)</u>	<u>\$ (12,235)</u>	<u>\$ 22,983</u>	<u>\$ 35,218</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – STATE ADMINISTERED GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
State grants and contracts	10,162,426	7,201,399	7,337,266	135,867
Investment earnings	225	150	161	11
Other income	-	13,800	14,474	674
Transfers from other funds	26,672	106,200	102,794	(3,406)
Amounts available for appropriation	<u>10,189,323</u>	<u>7,321,549</u>	<u>7,454,695</u>	<u>133,146</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	1,375,809	793,966	811,857	17,891
Operating expenditures	7,890,395	5,815,543	5,938,208	122,665
Indirect				
Cost allocation plan	713,119	543,390	520,629	(22,761)
Capital outlay	150,000	113,650	127,270	13,620
Total charges to appropriations	<u>10,129,323</u>	<u>7,266,549</u>	<u>7,397,964</u>	<u>131,415</u>
Budgetary fund balance, June 30	<u>\$ 60,000</u>	<u>\$ 55,000</u>	<u>\$ 56,731</u>	<u>\$ 1,731</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF RETIREMENT PLAN FUNDING PROGRESS
LAST SIX YEARS
JUNE 30, 2013

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/13	\$2,038,394	\$1,203,334	\$ 835,060	59%	\$ 614,917	136%
7/1/12	\$2,524,476	\$1,694,137	\$ 830,339	67%	\$1,163,091	71%
7/1/11	\$3,072,745	\$1,777,232	\$1,295,513	58%	\$1,582,595	82%
7/1/10	\$2,807,282	\$1,491,814	\$1,315,468	53%	\$1,486,287	89%
7/1/09	\$2,205,212	\$1,416,549	\$ 788,663	64%	\$1,504,676	52%
7/1/08	\$2,221,754	\$1,395,064	\$ 826,690	63%	\$ 876,881	94%

Note regarding actuarial accrued liability: Beginning July 2012, this liability is the Unit Credit Accrued Liability. Prior to 2012, the aggregate cost method was used. From July 2008 through July 2011, this liability is the Entry Age Accrued Liability as prescribed by GASB No. 50.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

NOTE A – BUDGETS

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

The RC prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The major fund's budget and all transactions are presented in accordance with the RC's method (budget basis) in the Budgetary Comparison Schedules to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund and State Administered Grants Fund are listed on the Budget-to-Actual Reconciliation following the Budgetary Comparison Schedules.

The budget for the year ended June 30, 2013 was adopted by the Council members on June 28, 2012. Amendments were made and adopted by the Board on January 31, 2013 and March 28, 2013. All appropriations lapse at year end.

SOUTHWEST GEORGIA REGIONAL COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

NOTE B - BUDGET -TO-ACTUAL RECONCILIATION

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

	<u>General Fund</u>	<u>State Administered Grants Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 501,401	\$ 7,454,695
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes		-
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(22,933)	
Non-cash capital improvement assistance grant revenue was not budgeted	-	(102,794)
	<u>-</u>	<u>44,484</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 478,468</u>	<u>\$ 7,396,385</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	478,418	7,397,964
Difference - budget to GAAP		
Non-cash capital improvement assistance grant expenditures were not budgeted	-	44,484
Transfers to other funds are outflows of budgetary resources	(142,123)	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 336,295</u>	<u>\$ 7,442,448</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SOUTHWEST GEORGIA REGIONAL COMMISSION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>Direct Federal Grants Fund</u>	<u>Local Programs Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Intergovernmental receivables	\$ 6,044	\$ 45,433	\$ 51,477
Total assets	<u>\$ 6,044</u>	<u>\$ 45,433</u>	<u>\$ 51,477</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Unapplied funds	\$ -	\$ 18,649	\$ 18,649
Interfund balances	6,044	26,784	32,828
Total liabilities	<u>6,044</u>	<u>45,433</u>	<u>51,477</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 6,044</u>	<u>\$ 45,433</u>	<u>\$ 51,477</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Direct Federal Grants Fund	Local Programs Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 63,365	\$ 109,464	\$ 172,829
Total revenues	<u>63,365</u>	<u>109,464</u>	<u>172,829</u>
EXPENDITURES			
Current:			
Urban redevelopment and housing	-	123,306	123,306
Economic development and assistance	-	3,722	3,722
Planning and zoning	85,130	-	85,130
Total expenditures	<u>85,130</u>	<u>127,028</u>	<u>212,158</u>
Excess (deficiency) of revenues over (under) expenditures	(21,765)	(17,564)	(39,329)
OTHER FINANCING SOURCES (USES)			
Transfers in	21,765	17,564	39,329
Total other financing sources and uses	<u>21,765</u>	<u>17,564</u>	<u>39,329</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS
 DIRECT FEDERAL GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Grants and contracts	\$ 60,332	\$ 63,732	\$ 63,365	\$ (367)
Transfers from other funds	15,083	21,900	21,765	(135)
Amounts available for appropriation	<u>75,415</u>	<u>85,632</u>	<u>85,130</u>	<u>(502)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	46,377	49,544	50,173	629
Operating expenditures	5,000	2,180	2,194	14
Indirect				
Cost allocation plan	24,038	33,908	32,763	(1,145)
Total charges to appropriations	<u>75,415</u>	<u>85,632</u>	<u>85,130</u>	<u>(502)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGET -TO-ACTUAL RECONCILIATION

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation"
 from the budgetary comparison schedule \$ 85,130

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources
 but are regarded as a "special item", rather than revenue,
 for financial reporting purposes (21,765)

Total revenues as reported on the statement of revenues, expenditures
 and changes in fund balances - governmental funds \$ 63,365

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
 from the budgetary comparison schedule \$ 85,130

Difference - budget to GAAP -

Total expenditures as reported on the statement of revenues,
 expenditures and changes in fund balances - governmental funds \$ 85,130

SOUTHWEST GEORGIA REGIONAL COMMISSION
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS
 LOCAL PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Local grants and contracts	\$ 60,000	\$ 109,833	\$ 109,464	\$ (369)
Transfers from other funds	-	17,900	17,564	(336)
Amounts available for appropriation	<u>60,000</u>	<u>127,733</u>	<u>127,028</u>	<u>(705)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	39,517	71,113	69,847	(1,266)
Operating expenditures	-	7,950	8,081	131
Indirect				
Cost allocation plan	<u>20,483</u>	<u>48,670</u>	<u>49,100</u>	<u>430</u>
Total charges to appropriations	<u>60,000</u>	<u>127,733</u>	<u>127,028</u>	<u>(705)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGET -TO-ACTUAL RECONCILIATION

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 127,028
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	<u>(17,564)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 109,464</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 127,028
Difference - budget to GAAP	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 127,028</u>

STATE COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2013

Released Time:	
Annual leave	\$ 41,733
Sick leave	43,338
Holiday leave	41,449
Other compensation	14,410
Total released time	<u>140,930</u>
Fringe Benefits:	
Retirement	152,627
Payroll and unemployment taxes	85,153
Group and workman's compensation insurance	217,254
Total fringe benefits	<u>455,034</u>
Allocable employee benefits	<u><u>\$ 595,964</u></u>
Computation of Actual Employee Benefit Rate	
Gross salaries	\$ 1,107,584
Less:	
Decrease in accrued compensated absences	(31,905)
Change in accrued salaries	(40,694)
Vehicle allowance	(1,590)
Released time	<u>(140,930)</u>
Allocation base - chargeable salaries	<u><u>\$ 892,465</u></u>
Employee Benefit Rate - specially allocated	
Programs ending December 31, 2012	<u>63.53%</u>
Programs ending June 30, 2013	<u><u>68.56%</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF INDIRECT COSTS – ACTUAL RATE
FOR THE YEAR ENDED JUNE 30, 2013

Indirect Costs

Salaries and wages	\$ 234,459
Released time and fringe benefits	160,748
Depreciation and use charge	69,300
Repairs and maintenance	48,970
Supplies and other expenses	42,660
Telecommunications	34,291
Per diem and fees	32,466
Utilities	28,224
Building rent	23,509
Auto and travel	23,484
Equipment lease expense	23,059
Insurance and bonding	19,873
Postage and freight	5,443
Training and education	2,874
Harney Street recoveries	(6,245)
WIA recoveries	(6,698)
Gain on disposal of capital assets	(20,352)
Total indirect costs	\$ 716,065

Computation of Indirect Cost Rate

Indirect cost basis:	
Total chargeable salaries	\$ 892,465
Less: indirect salaries	(234,459)
Total eligible direct salaries	658,006
Employee benefits	435,216
Allocation base - direct personnel costs	\$ 1,093,222
Actual indirect cost rate - specially allocated	
Programs ending December 31, 2012	60.14%
Programs ending June 30, 2013	70.30%

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF SCHEDULE OF LOCAL GOVERNMENT DUES
FOR THE YEAR ENDED JUNE 30, 2013

Government	Balance Due 7/1/12	Total Billed	Amount Collected	Balance Due 6/30/13
City of Albany	\$ -	\$ 42,554.00	# \$ 42,554.00	\$ -
City of Arlington	-	1,479.00	1,479.00	-
City of Bainbridge	-	12,697.00	15,871.25	(3,174.25)
City of Berlin	137.75	551.00	688.75	-
City of Blakely	-	5,068.00	5,068.00	-
City of Brinson	-	215.00	215.00	-
City of Cairo	-	9,607.00	9,607.00	-
City of Camilla	-	5,360.00	5,360.00	-
City of Climax	-	280.00	280.00	-
City of Colquitt	-	1,992.00	1,992.00	-
City of Damascus	63.50	254.00	254.00	63.50
City of Dawson	-	4,540.00	4,540.00	-
City of Doerun	-	774.00	774.00	-
City of Donalsonville	-	2,650.00	2,650.00	-
City of Edison	-	1,531.00	1,531.00	-
City of Ellenton	-	281.00	281.00	-
City of Funston	-	449.00	449.00	-
City of Jakin	-	155.00	155.00	-
City of Leary	-	618.00	618.00	-
City of Leesburg	-	2,896.00	2,896.00	-
City of Morgan	-	240.00	240.00	-
City of Moultrie	-	14,268.00	14,268.00	-
City of Newton	-	654.00	654.00	-
City of Norman Park	-	972.00	972.00	-
City of Pelham	636.50	3,898.00	1,910.85	2,623.65
City of Riverside	-	35.00	35.00	-
City of Sasser	-	279.00	279.00	-
City of Smithville	-	574.00	574.00	-
City of Sylvester	-	6,188.00	6,188.00	-
City of Thomasville	-	18,413.00	13,809.75	4,603.25
City of Whigham	-	471.00	471.00	-
Baker County	-	2,797.00	2,797.00	-
Calhoun County	-	2,826.00	2,826.00	-
Colquitt County	-	28,168.00	28,168.00	-
Decatur County	-	14,650.00	14,650.00	-
Dougherty County	-	52,011.00	52,011.00	-
Early County	-	5,531.00	5,531.00	-

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF LOCAL GOVERNMENT DUES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

<u>Government</u>	<u>Balance Due 7/1/12</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Balance Due 6/30/13</u>
Grady County	-	14,933.00	14,933.00	-
Lee County	-	24,828.00	24,828.00	-
Miller County	-	4,133.00	4,133.00	-
Mitchell County	-	14,240.00	14,240.00	-
Seminole County	-	6,079.00	6,079.00	-
Terrell County	-	4,496.00	4,496.00	-
Thomas County	-	26,307.00	26,307.00	-
Worth County	-	15,491.00	15,491.00	-
	<u>\$ 837.75</u>	<u>\$ 356,433.00</u>	<u>\$ 353,154.60</u>	<u>\$ 4,116.15</u>
Add back: deferred revenue				<u>3,174.25</u>
Dues receivable				<u><u>\$ 7,290.40</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED
FOR THE YEAR ENDED JUNE 30, 2013

Name of Grant/Contract/Program	Unearned Revenue July 1, 2012	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Interest/ Program Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
U. S. Department of Commerce:										
EDA Partnership Planning 2010-2012	\$ 28,070	\$ -	\$ 28,070	20%	\$ 41,012	\$ 28,070	\$ -	\$ 12,942	\$ -	\$ -
EDA Partnership Planning 2013-2015	-	175,500	175,500	20%	44,118	35,294	-	8,824	-	140,206
U.S. Department of Agriculture:										
Rural Dev. SET/Fort Valley State College	-	10,000	10,000	50%	18,384	8,458	-	9,927	1,542	-
RBEG - Arlington	-	2,000	2,000	50%	1,559	1,574	-	(15)	-	426
RBEG - Sylvester	-	2,000	2,000	50%	2,162	2,000	-	162	-	-
GA Department of Transportation:										
Transp. Related Services - Planning	-	39,200	39,200	20%	39,439	31,328	-	8,111	7,872	-
TCSP Project	-	336,408	336,408	20%	-	-	-	-	-	336,408
Capital Improv. Assist. - ARRA	457,204	-	457,204	0%	115,825	115,825	-	-	341,379	-
Capital Improv. Assistance	146,365	-	146,365	10%	7,995	7,995	13,822	-	138,370	-
Capital Improv. Assist. - ARRA	-	937,228	937,228	0%	44,484	44,484	-	-	-	892,744
Transit Operating Assist.	-	2,285,251	2,285,251	0%	2,365,127	2,277,598	-	-	7,653	-
GA Department of Natural Resources:										
Historic Preservation	-	4,090	4,090	0%	6,953	4,090	-	2,862	-	-
EPD DNR Section 319(h) Watershed Mgt.	-	20,000	20,000	0%	33,673	14,950	-	18,722	-	5,050
GA Department of Human Services:										
Coordinated Transportation	-	2,936,970	2,936,970	1%	2,639,979	2,770,204	214	-	166,766	-
GA Department of Community Affairs:										
Coord. Planning WP	-	176,918	176,918	10%	234,498	176,918	-	56,981	-	-
2013 Homeless Count	-	14,000	14,000	10%	16,435	14,000	-	2,435	-	-
GA Department of Labor - WIA										
PY12 Adult #11-12-13-10-021	-	1,102,101	1,102,101	0%	180,337	180,337	-	-	921,764	-

**SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Name of Grant/Contract/Program	Unearned Revenue July 1, 2012	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Interest/ Program Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2013
GA Department of Labor - WIA (Continued)										
FY12 Adult #11-12-11-10-021	625,037	-	625,037	0%	596,906	596,906	-	-	28,131	-
PY12 Adult #11-12-12-10-021	-	91,033	91,033	0%	81,930	81,930	-	-	9,103	-
PY10 Youth #15-10-11-10-021	352,829	-	352,829	0%	352,829	352,829	-	-	-	-
PY11 Youth #15-11-11-10-021	1,346,948	-	1,346,948	0%	222,722	222,722	-	-	1,124,226	-
PY11 DW #30-11-CO-10-021	34,393	-	34,393	0%	34,393	34,393	-	-	-	-
FY12 DW #31-12-11-10-021	642,456	-	642,456	0%	434,706	434,706	-	-	207,750	-
Community Development Block Grant:										
Arlington	-	30,000	30,000	0%	23,912	23,912	-	-	-	6,088
Attapulcus	-	-	-	0%	3,037	-	-	3,037	-	-
CHIP:										
Arlington	-	12,500	12,500	0%	11,397	12,500	-	(1,103)	-	-
Camilla	-	12,500	12,500	0%	17,979	12,500	-	5,479	-	-
Coolidge	15,164	-	15,164	0%	7,165	7,165	-	-	-	7,999
Dawson	15,283	-	15,283	0%	9,138	9,138	-	-	-	6,145
Grady County	-	12,500	12,500	0%	12,577	12,500	-	77	-	-
Meigs	15,412	-	15,412	0%	10,476	10,476	-	-	-	4,936
Sylvester	15,187	-	15,187	0%	9,241	9,241	-	-	-	5,946
UGA ITOS-HPMS Data Collection	-	5,535	5,535	0%	5,564	5,535	-	29	-	-
GEFA ASR Project	-	15,000	15,000	0%	28,654	15,000	-	13,654	-	-
ACF - Compact Study Donation	18,649	-	18,649	0%	-	-	-	-	-	18,649
Totals	<u>\$ 3,712,997</u>	<u>\$ 8,220,734</u>	<u>\$ 11,933,731</u>		<u>\$ 7,654,606</u>	<u>\$ 7,554,578</u>	<u>\$ 14,036</u>	<u>\$ 142,124</u>	<u>\$ 2,954,556</u>	<u>\$ 1,424,597</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

	Contract Number	Total Funds Available (Note 3)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs:						
Coordinated Planning Work Program	N/A	\$ 176,918	\$ 176,918	\$ 234,498	\$ 44,229	\$ -
2013 Homeless Count	201 HTF ETA 12C262	14,000	14,000	16,435	-	-
Department of Transportation:						
Transportation Related Services - Planning	PI 0010949	39,200	31,328	39,439	15,802	-
Transit Operating Assistance	T004318	2,285,251	2,277,598	2,365,127	651,303	-
Capital Improvement - ARRA	T002862	457,204	115,825	115,825	-	-
Capital Improvement	T003926	146,365	7,995	7,995	-	-
Capital Improvement - ARRA	T004575	925,228	44,484	44,484	-	-
Department of Natural Resources						
Historic Preservation Planning	N/A	4,090	4,090	6,953	955	-
EPD Section 319(h) Kinchafoonee CK	N/A	20,000	14,950	33,673	11,803	-
Department of Human Services (Note 2)						
Coordinated Transportation	42700-362-13168	2,936,970	2,770,204	2,639,926	351,303	-
Department of Labor (Note 2)						
Workforce Investment Act	Various (Note 1)	4,194,797	1,903,823	1,903,823	-	-
Total state awards expended		<u>\$ 11,200,023</u>	<u>\$ 7,361,215</u>	<u>\$ 7,408,178</u>	<u>\$ 1,075,395</u>	<u>\$ -</u>

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

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

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

INDEPENDENT AUDITOR'S OPINION
ON SCHEDULE OF NONPUBLIC FUNDS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, business-type activities, major funds and remaining fund information, which collectively comprise the basic financial statements, of the Southwest Georgia Regional Commission as of and for the year ended June 30, 2013, and have issued our report thereon dated December 11, 2013. We have also audited the Schedule of Nonpublic Funds of the Sowega Economic Development Corporation, a component unit of Southwest Georgia Regional Commission, as required by the Official Code of Georgia Annotated, Section 50-8-35. This Schedule is the responsibility of management. Our responsibility is to express an opinion on this Schedule based on our audit.

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

The accompanying Schedule of Nonpublic Funds was prepared to present the beginning balance, revenues, expenses, and ending balance of nonpublic funds for the year ended June 30, 2013, in accordance with the Official Code of Georgia Annotated, Section 50-8-35. The Schedule of Nonpublic Funds is not intended to be a complete presentation of assets, liabilities, revenues, and expenses.

In our opinion, the Schedule of Nonpublic Funds referred to above presents fairly, in all material respects, the beginning balance, revenues, expenses, and ending balance of nonpublic funds as required by the Official Code of Georgia Annotated, Section 50-8-35 for the year ended June 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 11, 2013

SOUTHWEST GEORGIA REGIONAL COMMISSION
SOWEGA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF NONPUBLIC FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Beginning fund balance - nonpublic funds \$ 14,010

Date	Source	Description	Amount
Revenues - Nonpublic Funds:			
07/31/12	Planters & Citizens Bank	Interest Income	0.24
08/31/12	Planters & Citizens Bank	Interest Income	0.27
09/30/12	Planters & Citizens Bank	Interest Income	0.21
10/31/12	Planters & Citizens Bank	Interest Income	0.24
11/30/12	Planters & Citizens Bank	Interest Income	0.25
12/31/12	Planters & Citizens Bank	Interest Income	0.23
01/31/13	Planters & Citizens Bank	Interest Income	0.15
02/28/13	Planters & Citizens Bank	Interest Income	0.13
03/31/13	Planters & Citizens Bank	Interest Income	0.14
04/30/13	Planters & Citizens Bank	Interest Income	0.18
05/31/13	Planters & Citizens Bank	Interest Income	0.32
06/30/13	Planters & Citizens Bank	Interest Income	-
Total revenue - nonpublic funds			2
Expenses - nonpublic funds:			
OCGA 50-8-35 qualifying expenditures			
Per diem and fees			60
Total expenses - nonpublic funds			60
Excess (deficiency) of revenues over expenses			(58)
Ending fund balance - nonpublic funds			\$ 13,952

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

FEDERAL COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U. S. Department of Agriculture:				
Passed through:				
City of Arlington:				
Rural Business Enterprise Grant	10.769		\$ 1,559	\$ -
City of Sylvester:				
Rural Business Enterprise Grant	10.769		2,162	-
Subtotal Rural Business Enterprise			<u>3,721</u>	-
Fort Valley State College				
RD SET Grant	10.303		18,384	-
Total U.S. Department of Agriculture			<u>22,105</u>	<u>-</u>
U. S. Department of Commerce:				
Direct programs:				
Economic Development Planning	11.302	04-83-06331	41,012	-
Economic Development Planning	11.302	04-83-06742	44,118	-
Direct programs:				
Revolving Loan Fund	11.307	04-39-03717	240,703	-
Total U.S. Department of Commerce			<u>325,833</u>	<u>-</u>
U. S. Department of Housing and Urban Development:				
Passed through State Department of Community Affairs, passed through member local governments: Community Development Block Grant/Small Cities Program:				
City of Attapulgus	14.228	10p-x-043-2-5276	3,037	-
Community Housing Investment Project:				
Meigs	14.228	2012-864	10,476	-
Coolidge	14.228	2012-859	7,165	-
Arlington	14.228	2011-804	11,397	-
Poulan	14.228	06m-X-159-2-2948	23,912	-
Camilla	14.228	2011-803	17,979	-
Grady County	14.228	2011-813	12,577	-
Sylvester	14.228	2012-868	9,241	-
Dawson	14.228	2012-860	9,138	-
Total U. S. Department of Housing & Urban Administration			<u>104,922</u>	<u>-</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U.S. Department of Labor				
Passed through the State Department of Labor				
Workforce Investment Act				
Adult Program	17.258	11-12-13-10-021	180,337	
Adult Program	17.258	11-12-12-10-021	81,930	
Adult Program	17.258	11-12-11-10-021	596,906	
Subtotal Adult Program			<u>859,173</u>	
Youth Activities	17.259	15-11-11-10-021	352,829	
Youth Activities	17.259	15-12-11-10-021	222,722	
Subtotal Youth Activities			<u>575,551</u>	
Dislocated Worker Formula Grants	17.260	31-12-11-10-021	434,706	
Dislocated Worker Formula Grants	17.260	30-11-11-10-021	34,393	
Subtotal Dislocated Worker Formula Grants			<u>469,099</u>	
Total WIA cluster			<u>1,903,823</u>	<u>371,310</u>
Total U.S. Department of Labor			<u>1,903,823</u>	<u>371,310</u>
U. S. Department of Transportation:				
Passed through the State Department of Transportation:				
Transportation Planning	20.205	PI 0010949	39,439	-
Formula Grants for Other than Urbanized Areas				
Transit Operating Assistance	20.509	T004318	2,365,127	2,245,296
Capital Improvement Assistance	20.509	GA-86-0032	7,995	-
ARRA				
Capital Improvement Assistance	20.509	T002862	115,825	-
Capital Improvement Assistance	20.509	T004575	44,484	-
Subtotal Formula Grants			<u>2,533,431</u>	<u>2,245,296</u>
Passed through the State Department of Human Services:				
Job Access/Reverse Commute	20.516	42700-362-0000013168	128,113	-
Total U.S. Department of Transportation			<u>2,700,983</u>	<u>2,245,296</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLES	FEDERAL CFDA NUMBER	GRANT NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
U. S. Department of Health & Human Services:				
Passed through the State Department of Human Services:				
Temporary Assistance for Needy Families (TANF)	93.558	42700-362-0000013168	266,246	-
Special Programs for the Aging: Title II, Part B:				
Grants for Supportive Services and Senior Centers	93.044	42700-362-0000013168	179,851	-
Social Services Block Grant (SSBG)	93.667	42700-362-0000013168	305,569	-
Total U. S. Department of Health & Human Services			751,666	-
TOTAL - ALL PROGRAMS			\$ 5,809,332	\$ 2,616,606

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

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

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the RC's basic financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 11, 2013

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

To the Council Members
Southwest Georgia Regional Commission
Camilla, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Southwest Georgia Regional Commission's ("the RC") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of RC's major federal programs for the year ended June 30, 2013. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the RC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

December 11, 2013

SOUTHWEST GEORGIA REGIONAL COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

