

SOUTHWEST GEORGIA REGIONAL  
COMMISSION

CAMILLA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Council Members  
Southwest Georgia Regional Commission  
Camilla, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2020, 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, each major fund, and the aggregate remaining fund information of the RC, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RC's basic financial statements. The combining and individual nonmajor fund financial statements and state compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, 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.

Respectfully submitted,

*Valenti, Rackley & Assoc., LLC*

Valenti, Rackley & Associates, LLC  
Certified Public Accountants

December 17, 2020

SOUTHWEST GEORGIA REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

This discussion and analysis of the Southwest Georgia Regional Commission's ("the Commission") financial performance provides an overview of the Commission's financial activities for fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- As a result of this year's operations, the Commission's total primary government net position decreased 6.86% from the prior year.
- Revenues of the governmental activities increased 15.36% from the prior year. Expenditures increased by approximately 11.47%.
- The Commission's business type activities experienced an increase in net position in the amount of \$1,181.
- Resources available for appropriation in the general fund were \$7,787 (1.49%) more than budget and charges to appropriations were \$43,182 (8.25%) more than budget. The result to the general fund balance was a decrease of \$35,395 for the year.
- At the end of the fiscal year, the General Fund total fund balance was \$520,635.
- At the end of the fiscal year, the fund balance in the State Administered Grants Fund (assigned to the Transportation Program) was \$318,975.

**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 (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Reporting the Commission as a Whole**

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

These two statements report the Commission's *net position* and changes in it. The Commission's net position – the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities – is one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position is one indicator of whether its *financial position* is improving or deteriorating. Of course, other non-financial factors such as changes in the local government dues base, population of the region, the region's economy, and grants and contracts awarded by federal and state agencies, also need to be considered to determine the full financial health of the Commission.

The government-wide financial statements, the Statement of Net Position and Statement of Activities segregate functions of the Commission into three kinds of activities:

- **Governmental activities** – Most of the Commission's basic services are reported here, including General Government, Planning and Community Development, Economic Development, Historic Preservation, Grant Administration, Human Services and Transportation Services. Local Dues and Fees from member governments along with Federal and State grants finance a large portion of these activities.
- **Business-type activities** – The business-type activities are comprised of the Commission's Revolving Loan Fund (RLF). The RLF is a locally controlled source of capital used to provide "gap" financing to eligible start-up and expanding businesses whose projects will create permanent jobs and leverage private sector investment. As borrowers repay their RLF loans, the principal and interest payments are returned to the fund for lending to other businesses to create more jobs and investment opportunities.



SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**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 of the fund financial statements (pages 3 and 5 of the audit report).
- *Proprietary funds* - The Commission's proprietary funds include the Revolving Loan Fund and the Internal Service Fund. Proprietary funds are reported in the same way that all activities are reported in the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities. The Commission's Revolving Loan Fund is an enterprise fund, which is a component of the proprietary fund. It is the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as the Statement 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 (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**The Commission as Trustee**

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

**THE COMMISSION AS A WHOLE**

The Commission's combined net position at June 30, 2020 decreased 6.86% from the prior fiscal year, as shown below in Table 1. The Commission's Total Net Position (governmental and business-type activities) was \$2,297,946 at the close of the fiscal year, June 30, 2020. The Commission's assets exceeded liabilities by this amount. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements had a deficit balance of \$144,332 at the end of this year. In comparison, the prior fiscal year had a deficit balance of \$185,664. The adoption of GASB No. 68 in fiscal year 2015 required the Commission to include the Net Pension Liability on its Government-wide Statement of Net Position. This had a significant negative impact on the unrestricted net position in the prior years.

The restricted portion of net position is the business type Revolving Loan Fund (RLF) which represents a small portion, approximately 13%, of total net position. These business-type assets, \$298,947, are restricted due to promissory agreements with the U.S. Department of Commerce Economic Development Administration, and can only be used for the specific purpose of funding the Revolving Loan Fund.

Another category of net position is Net Investment in Capital Assets of \$2,136,051, which represents the largest portion of net position. These assets include investment in land, buildings, equipment and vehicles, less any debt used to acquire these assets that remains outstanding. The Commission used these capital assets to provide services to its member governments; therefore, these assets are not available for future spending. Although the Commission's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Table 1**  
**Net Position**

	Governmental		Business Type		Total Primary	
	Activities		Activities		Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other						
assets	\$ 2,645,032	\$ 2,519,849	\$ 298,947	\$ 297,766	\$ 2,943,979	\$ 2,817,615
Capital assets	<u>2,543,194</u>	<u>2,749,508</u>	-	-	<u>2,543,194</u>	<u>2,749,508</u>
Total assets	<u>5,188,226</u>	<u>5,269,357</u>	<u>298,947</u>	<u>297,766</u>	-	<u>5,487,173</u>
Deferred outflows of						
resources related						
to pensions	<u>770,980</u>	<u>768,278</u>	-	-	<u>\$ 770,980</u>	<u>\$ 768,278</u>
Total assets and						
deferred outflows						
of resources	<u>5,959,206</u>	<u>6,037,635</u>	<u>298,947</u>	<u>297,766</u>	<u>6,258,153</u>	<u>6,335,401</u>
Long-term debt						
outstanding	407,143	401,728	-	-	407,143	401,728
Net pension liability	1,394,233	1,394,647	-	-	1,394,233	1,394,647
Other liabilities	<u>1,751,770</u>	<u>1,674,683</u>	-	-	<u>1,751,770</u>	<u>1,674,683</u>
Total liabilities	<u>3,553,146</u>	<u>3,471,058</u>	-	-	<u>3,553,146</u>	<u>3,471,058</u>
Deferred inflows of						
resources:						
Deferred revenue	<u>407,061</u>	<u>397,106</u>	-	-	<u>407,061</u>	<u>397,106</u>
Total deferred inflows						
of resources	<u>407,061</u>	<u>397,106</u>	-	-	<u>407,061</u>	<u>397,106</u>
Total liabilities and						
deferred inflows						
of resources	<u>3,960,207</u>	<u>3,868,164</u>	-	-	<u>3,960,207</u>	<u>3,868,164</u>
Net position:					-	
Net investment in						
capital assets	2,136,051	2,347,780	-	-	2,136,051	2,347,780
Restricted	7,280	7,355	298,947	297,766	306,227	305,121
Unrestricted	<u>(144,332)</u>	<u>(185,664)</u>	-	-	<u>(144,332)</u>	<u>(185,664)</u>
Total net position	<u>\$ 1,998,999</u>	<u>\$ 2,169,471</u>	<u>\$ 298,947</u>	<u>\$ 297,766</u>	<u>\$ 2,297,946</u>	<u>\$ 2,467,237</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

The Commission's Changes in Net Position is listed below in Table 2. The Commission's total change in net position was a decrease of \$169,291 from the previous fiscal year as a result of its governmental and business-type activities. Governmental activities decreased net position by \$170,472. Business-type activities increased net position by \$1,181.

The governmental activities accounted for more than 99% of the total revenue generated of \$7,309,570 and more than 99% of the total program expenses of \$7,480,042 as shown in Table 2. The Commission's governmental activities generated the majority of its revenue from operating grants, and the remainder was generated from a combination of local government dues and other revenues.

In the business-type activities, the Revolving Loan Fund (RLF) accounted for less than 1% of the revenue of \$5,566 generated during FY 2020, and less than 1% of the expenses of \$4,385 for the year.

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Table 2**  
**Change in Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total Primary</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>
<b>Revenues</b>						
Charges for Services	\$ 235,240	\$ 186,978	\$ 5,050	\$ 5,276	\$ 240,290	\$ 192,254
Operating Grants and Contributions	5,832,516	5,441,498	-	-	5,832,516	5,441,498
Capital Grants and Contributions	859,872	326,100	-	-	859,872	326,100
Dues	381,881	381,432	-	-	381,881	381,432
Investment income	61	60	516	781	577	841
Other Income	-	-	-	-	-	-
Total Revenues	<u>7,309,570</u>	<u>6,336,068</u>	<u>5,566</u>	<u>6,057</u>	<u>7,315,136</u>	<u>6,342,125</u>
<b>Expenditures</b>						
General Government	290,567	275,345	-	-	290,567	275,345
Community Service	6,288,957	5,729,505	-	-	6,288,957	5,729,505
Planning and Zoning	412,992	333,474	-	-	412,992	333,474
Economic Develop.	487,526	371,858	-	-	487,526	371,858
Urban Redevelop.	-	-	-	-	-	-
Revolving Loan	-	-	4,385	1,411	4,385	1,411
Total Expenditures	<u>7,480,042</u>	<u>6,710,182</u>	<u>4,385</u>	<u>1,411</u>	<u>7,484,427</u>	<u>6,711,593</u>
Change in net position before transfers	(170,472)	(374,114)	1,181	4,646	(169,291)	(369,468)
Transfers	-	-	-	-	-	-
Beginning net position	<u>2,169,471</u>	<u>2,543,585</u>	<u>297,766</u>	<u>293,120</u>	<u>2,467,237</u>	<u>2,836,705</u>
Ending net position	<u>\$ 1,998,999</u>	<u>\$ 2,169,471</u>	<u>\$ 298,947</u>	<u>\$ 297,766</u>	<u>\$ 2,297,946</u>	<u>\$ 2,467,237</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Governmental and Business-Related Activities**

Revenues in the governmental activities increased 15.36% from \$6,336,068 for the year ended June 30, 2019 to \$7,309,570, for the year ended June 30, 2020. The increase in governmental revenues was largely due to the increase in operating and capital grants from the Georgia Department of Transportation under the CARES Act. The Commission also had an increase in local government charges for services.

Revenues in the business-type activities decreased 8.1%. The Revolving Loan Fund is the only fund comprising the business-type activities for the fiscal period ending June 30, 2020. The business-type activities only comprise a very small portion of the Commission's operations. Overall, revenue for the total primary government increased 15.34% in the 2020 fiscal year.

Expenditures increased in the governmental activities approximately 11.47%. Overall, expenditures increased 11.51%, from \$6,711,593 to \$7,484,427 for the total primary government.

**THE COMMISSION'S FUNDS**

At June 30, 2020, the Commission's governmental fund balance (as shown on page 3 of the audit report) was \$846,890. In FY 2020, the Commission added \$45,423 (an approximate 5.67% increase), to the FY 2019 total governmental fund balance of \$801,467. This increase continued to be a positive step toward recovery of the Commission's weakened financial condition after substantial losses in the fiscal period ending June 30, 2012.

Turning over to page 4 of the audit report, the FY 2020 fund balance of the General Fund decreased \$35,395 (or approximately 6.37%). In comparison, the General Fund in FY 2019 netted a positive change (increase) to the fund balance in the amount of \$70,027.

The State Administered Grants Fund, which had an increase in its fund balance in FY 2019 of \$52,338, increased its fund balance in the amount of \$80,893 in FY 2020. The net change in the fund balance for FY 2020 for total government funds, as shown on page 4 of the audit report, is an increase of \$45,423.

The Enterprise Fund includes the Revolving Loan Fund. The Revolving Loan Fund experienced an increase in net position for the FY 2020 in the amount of \$1,181. One new loan was made during FY 2020 and at June 30, 2020, the loan fund had five current loans.

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**General Fund Budgetary Highlights**

Over the course of FY 2020, the Commission amended the budget one time. 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 1<sup>st</sup>. It is often difficult to accurately identify funding for the year as early as April due to the uncertainty of funding coming from Federal and State grants and/or contracts. Annual contracts are often not received by the Commission until after the start of the fiscal period and others are awarded later in the fiscal period. Often, when larger contracts are awarded later in the year, the Commission will need to hire additional staff, specifically for that project, which also would increase salaries and benefits and other expenditures. Amounts estimated before the beginning of the fiscal year for contracts that carry over from one year to the next may also need amending to reflect the actual amounts. The budget may also need amending near the end of the fiscal year to increase expenditures to prevent budget overruns. For these reasons, the budget is amended at least once, and more often if necessary.

The FY20 budget was amended once, near the end of the fiscal year, to make necessary adjustments to the preliminary budget estimates and to add any additional contracts or grants that were awarded subsequent to the beginning of the fiscal period. Expenditures were also amended to adjust any existing expenses and to add expenses associated with new projects.

In comparison of the amended budget to actual (Table 3, below), actual general fund revenues were \$7,787 more than the amended budget, bringing revenues to a total of \$531,393. Charges to Appropriations of the General fund were 8.25% or \$43,182 more than the amended budget, bringing expenditures to a total of \$566,788. The Commission's General Fund reported a deficit for the FY20 fiscal period of \$35,395.

SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Table 3**  
**Budgetary Comparison - General Fund**

	<b>Original FY</b>	<b>Amended FY</b>		<b>Variance with</b>
	<b><u>2020 Budget</u></b>	<b><u>2020 Budget</u></b>	<b><u>Actual</u></b>	<b><u>Amended Budget</u></b>
<b>Resource (inflows):</b>				
Local Government Dues	\$ 381,881	\$ 381,881	\$ 381,881	\$ -
Charges for Services	150,000	135,000	139,516	4,516
Investment Earnings	75	75	61	(14)
Rental Income	9,000	6,550	7,766	1,216
Other Income	-	-	2,139	2,139
Map/Printing Income	<u>100</u>	<u>100</u>	<u>30</u>	<u>(70)</u>
				-
Total Resources	<u>541,056</u>	<u>523,606</u>	<u>531,393</u>	<u>7,787</u>
<b>Expenditures</b>				
General Government				
Direct				
Personnel Services	231,342	233,915	217,548	(16,367)
Operating Costs	42,860	15,451	51,038	35,587
Indirect				
Cost Allocation Plan	207,729	198,361	174,887	(23,474)
Transfers to Other Funds	<u>59,125</u>	<u>75,879</u>	<u>123,315</u>	<u>47,436</u>
Total Charges to Appropriations	<u>541,056</u>	<u>523,606</u>	<u>566,788</u>	<u>43,182</u>
Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,395)</u>	<u>\$ (35,395)</u>



SOUTHWEST GEORGIA REGIONAL COMMISSION (CONTINUED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**CAPITAL ASSET AND DEBT ADMINISTRATION Capital Assets**

At the end of FY 2020, the Commission had \$2,543,194 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 7.5% decrease (\$206,314) in capital assets from FY 2019 to FY 2020 in the governmental activities. The decrease was due primarily to the depreciation of vehicles during the fiscal year used in the Commission's public transit program. Normally, a portion of the Commission's fleet of transit vehicles (76 total) are replaced each year; consequently, the increase in assets due to new vehicles coming into the program offsets the decrease due to depreciation of existing vehicles. The reader should refer to Note 7 on page 27 of the audited financial report for more detail on capital asset activity.

**Table 4**  
**Governmental Capital Assets at June 30, 2020**

	<u>Balance at June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at June 30, 2020</u>
<b>Governmental Activities</b>					
Assets not being depreciated					
Land	\$ 63,247	\$ -	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	445,144	-	-	-	445,144
Equipment & fixtures	1,229,930	166,746	(701,158)	-	695,518
Vehicles	3,466,506	726,124	(628,936)	-	3,563,694
Total assets being depreciated	<u>5,141,580</u>	<u>892,870</u>	<u>(1,330,094)</u>	<u>-</u>	<u>4,704,356</u>
Less: accum. depreciation for:					
Buildings	(69,281)	(13,280)	-	-	(82,561)
Equipment	(783,244)	(127,274)	560,988	-	(349,530)
Vehicles	(1,602,794)	(696,249)	506,725	-	(1,792,318)
Total accumulated depreciation	<u>(2,455,319)</u>	<u>(836,803)</u>	<u>1,067,713</u>	<u>-</u>	<u>(2,224,409)</u>
Total governmental activities capital assets	<u>\$ 2,749,508</u>	<u>\$ 56,067</u>	<u>\$ (262,381)</u>	<u>\$ -</u>	<u>\$ 2,543,194</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

**Debt**

Capital leases decreased (were paid) in the amount of \$22,760 during the FY 2020. The Commission entered into three new office equipment leases during the fiscal period for a total amount of \$28,175. The Commission has a capital lease with Camilla Development Authority for the lease of the building the Commission currently resides in. The balance on the building lease at June 30, 2020 was \$384,527. Of the total capital lease balance shown below (Table 5), \$26,517 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, 2020**

<u>Balance,</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
\$ 401,728	\$ 28,175	\$ (22,760)	\$ 407,143	\$ 26,517

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The Commission decreased its General Fund balance in FY 2020, in the amount of \$35,395, bringing the total unrestricted fund balance to \$520,635. It increased the fund balance in the State Administered Grants Fund by \$80,893, bringing the assigned fund balance to \$318,975. Overall, the increase to the Governmental Funds fund balance was \$45,423. The FY 2021 budget forecasts increases to the governmental fund balance.

**CONTACTING THE COMMISSION’S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Commission’s finances and to show the Commission’s accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Commission’s Executive 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED</b>			
<b>OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash	\$ 441,783	\$ -	\$ 441,783
Accounts receivable	2,186,693	2,259	2,188,952
Notes receivable, net	-	167,589	167,589
Restricted cash	-	138,128	138,128
Deposit on vehicles	85	-	85
Internal balances	16,471	(9,029)	7,442
Capital assets:			
Land	63,247	-	63,247
Other assets, net of depreciation	2,479,947	-	2,479,947
Total assets	<u>5,188,226</u>	<u>298,947</u>	<u>5,487,173</u>
Deferred outflows of resources related to pensions	<u>770,980</u>	<u>-</u>	<u>770,980</u>
Total assets and deferred outflows of resources	<u>5,959,206</u>	<u>298,947</u>	<u>6,258,153</u>
<b>LIABILITIES AND DEFERRED</b>			
<b>INFLOWS OF RESOURCES</b>			
Liabilities:			
Accounts payable and accrued expenses	1,690,121	-	1,690,121
Deposit payable	650	-	650
Unearned revenue	18,649	-	18,649
Long-term liabilities:			
Capital leases payable:			
Due within one year	26,517	-	26,517
Due in more than one year	380,626	-	380,626
Compensated absences	42,350	-	42,350
Net pension liability	<u>1,394,233</u>	<u>-</u>	<u>1,394,233</u>
Total liabilities	<u>3,553,146</u>	<u>-</u>	<u>3,553,146</u>
Deferred inflows of resources related to pensions	<u>407,061</u>	<u>-</u>	<u>407,061</u>
Total liabilities and deferred inflows of resources	<u>3,960,207</u>	<u>-</u>	<u>3,960,207</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,136,051	-	2,136,051
Restricted for:			
Regional Partners Network, Inc.	7,280	-	7,280
Economic development - RLF	-	298,947	298,947
Unrestricted	<u>(144,332)</u>	<u>-</u>	<u>(144,332)</u>
Total net position	<u>\$ 1,998,999</u>	<u>\$ 298,947</u>	<u>\$ 2,297,946</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Function/Programs:	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
						Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities								
General government	\$ 748,667	\$ (469,577)	\$ 71,584	\$ -	\$ -	\$ (207,506)		\$ (207,506)
Community service	6,164,978	123,979	67,789	5,231,664	859,872	(129,632)		(129,632)
Planning and zoning	230,191	182,801	63,817	269,800	-	(79,375)		(79,375)
Economic development/assist.	325,064	162,462	32,050	331,052	-	(124,424)		(124,424)
Interest on long-term debt	11,477	-	-	-	-	(11,477)		(11,477)
Total governmental activities	<u>7,480,377</u>	<u>(335)</u>	<u>235,240</u>	<u>5,832,516</u>	<u>859,872</u>	<u>(552,414)</u>		<u>(552,414)</u>
Business-type activities								
Revolving loan program	4,050	335	5,050	-	-	-	665	665
Total business type act.	<u>4,050</u>	<u>335</u>	<u>5,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665</u>	<u>665</u>
Total primary government	<u>\$ 7,484,427</u>	<u>\$ -</u>	<u>\$ 240,290</u>	<u>\$ 5,832,516</u>	<u>\$ 859,872</u>	<u>(552,414)</u>	<u>665</u>	<u>(551,749)</u>
General revenues:								
Local dues						381,881	-	381,881
Investment earnings						61	516	577
Total general revenues						<u>381,942</u>	<u>516</u>	<u>382,458</u>
Change in net position						(170,472)	1,181	(169,291)
Net position - beginning						<u>2,169,471</u>	<u>297,766</u>	<u>2,467,237</u>
Net position - ending						<u>\$ 1,998,999</u>	<u>\$ 298,947</u>	<u>\$ 2,297,946</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
BALANCE SHEETS – GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 4,683	\$ 389,785	\$ 6,637	\$ 401,105
Receivables:				
Intergovernmental	23,642	1,909,393	197,534	2,130,569
Other receivables	2,345	53,779	-	56,124
Interfund balances	490,615	-	-	490,615
Total assets	\$ 521,285	\$ 2,352,957	\$ 204,171	\$ 3,078,413
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 1,624,719	\$ -	\$ 1,624,719
Deposit payable	650	-	-	650
Unearned revenue	-	-	18,649	18,649
Interfund balances	-	409,263	178,242	587,505
Total liabilities	650	2,033,982	196,891	2,231,523
Fund balances:				
Restricted purpose	-	-	7,280	7,280
Assigned	-	318,975	-	318,975
Unassigned	520,635	-	-	520,635
Total fund balances	520,635	318,975	7,280	846,890
Total liabilities and fund balances	\$ 521,285	\$ 2,352,957	\$ 204,171	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,057,222
A capital match paid in advance to a grantor is a use of financial resources in the funds, but is reported as a deposit in the statement of net position.	85
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.	<u>(905,198)</u>
Net position of governmental activities	\$ 1,998,999

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, 2020

	General Fund	State Administered Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 6,361,336	\$ 331,052	\$ 6,692,388
Dues	381,881	-	-	381,881
Charges for services	139,516	-	18,000	157,516
Investment earnings	61	-	-	61
Other income	2,139	-	-	2,139
Rental income	7,766	-	-	7,766
Map/printing income	30	-	-	30
Capital match revenue	-	67,789	-	67,789
Total revenues	<u>531,393</u>	<u>6,429,125</u>	<u>349,052</u>	<u>7,309,570</u>
<b>EXPENDITURES</b>				
Current:				
General government	289,292	-	-	289,292
Community service	-	5,218,559	-	5,218,559
Planning and zoning	90,958	319,866	-	410,824
Economic development/assist.	63,223	-	422,377	485,600
Capital outlay:				
Community service	-	859,872	-	859,872
Total expenditures	<u>443,473</u>	<u>6,398,297</u>	<u>422,377</u>	<u>7,264,147</u>
Excess (deficiency) of revenues over (under) expenditures	87,920	30,828	(73,325)	45,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	50,065	73,250	123,315
Transfers out	(123,315)	-	-	(123,315)
Total other financing sources and uses	<u>(123,315)</u>	<u>50,065</u>	<u>73,250</u>	<u>-</u>
Net change in fund balances	(35,395)	80,893	(75)	45,423
Fund balances - beginning	556,030	238,082	7,355	801,467
Fund balances - ending	<u>\$ 520,635</u>	<u>\$ 318,975</u>	<u>\$ 7,280</u>	<u>\$ 846,890</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, 2020

Net change in fund balances - total governmental funds	\$	45,423
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$859,872) exceeded depreciation expense (\$806,547) in the current period.</p>		
		53,325
<p>Actual pension expense paid (\$106,000) by the internal service fund is reported in the governmental funds, however, actuarially determined pension expense (\$112,839) is reported in the statement of activities.</p>		
		(6,839)
<p>Loss on disposal of capital assets is not reported in the funds but is reported as an expense in the statement of activities.</p>		
		<u>(262,381)</u>
Change in net position of governmental activities	\$	<u><u>(170,472)</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
STATEMENTS OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2020

	Enterprise Fund	Governmental Fund
	Revolving Loan Fund	Internal Service Fund
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current assets:		
Cash - unrestricted	\$ -	\$ 40,678
Cash - restricted	138,128	-
Receivables:		
Notes receivable - current portion	42,360	-
Other	2,259	-
Interfund balances	-	113,486
Total current assets	182,747	154,164
Noncurrent assets:		
Notes receivable, less current portion, net	125,229	-
Land	-	63,247
Buildings, equipment and vehicles	-	842,107
Less: accumulated depreciation	-	(419,382)
Total noncurrent assets	125,229	485,972
Total assets	307,976	640,136
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	-	770,980
Total assets and deferred outflows of resources	307,976	1,411,116
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Current liabilities:		
Accounts payable	-	43,819
Accrued salaries	-	21,583
Interfund balances	9,029	125
Capital leases payable - current portion	-	26,517
Total current liabilities	9,029	92,044
Long-term liabilities:		
Net pension liability	-	1,394,233
Compensated absences payable	-	42,350
Capital leases payable, less current portion	-	380,626
Total liabilities	9,029	1,909,253
Deferred Inflows		
Deferred inflows of resources related to pensions	-	407,061
Total liabilities and deferred inflows of resources	9,029	2,316,314
<b>NET POSITION</b>		
Net investment in capital assets	-	78,829
Restricted for revolving loan program	298,947	-
Unrestricted	-	(984,027)
Total net position	\$ 298,947	\$ (905,198)

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, 2020

	Enterprise Fund	Governmental Fund
	Revolving Loan Fund	Internal Service Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ -	\$ 892,185
Interest on notes receivable	3,537	-
Other income	1,513	-
Total operating revenue	5,050	892,185
<b>OPERATING EXPENSES</b>		
Personnel services	420	659,252
Indirect costs	335	-
Per diem and fees	3,478	52,709
Repairs and maintenance	-	34,669
Depreciation	-	30,256
Telecommunications	-	29,041
Equipment and other lease	-	28,231
Utilities	-	21,457
Auto and travel	-	13,071
Other supplies and expenses	152	7,669
Training and education	-	6,595
Postage and freight	-	4,597
Total operating expenses	4,385	887,547
Operating income (loss)	665	4,638
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	516	-
Interest expense	-	(11,477)
Total nonoperating revenues (expenses)	516	(11,477)
Change in net position	1,181	(6,839)
Total net position - beginning	297,766	(898,359)
Total net position - ending	\$ 298,947	\$ (905,198)

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Fund	Governmental Fund
	Revolving Loan Fund	Internal Service Fund
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from borrowers/customers	\$ (17,828)	\$ -
Internal activity - payments from (to) other funds	4,374	841,971
Payments to employees or for their benefit	(420)	(637,958)
Payments to suppliers	(3,965)	(187,581)
Net cash provided (used) by operating activities	<u>(17,839)</u>	<u>16,432</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest income	516	-
Principal paid on capital debt	-	(22,760)
Interest paid on capital debt	-	(11,477)
Net cash provided (used) by capital and related financing activities	<u>516</u>	<u>(34,237)</u>
Net increase (decrease) in cash	(17,323)	(17,805)
Balances - beginning	155,451	58,483
Balances - ending	<u>\$138,128</u>	<u>\$ 40,678</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 665	\$ 4,638
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	-	30,256
Change in assets and liabilities:		
Receivables, net	(22,878)	-
Prepaid expenses	-	1,619
Deferred outflows/inflows	-	7,253
Accounts and other payables	-	23,294
Interfund balances	4,374	(50,214)
Net pension liability	-	(414)
Net cash provided (used) by operating activities	<u>\$ (17,839)</u>	<u>\$ 16,432</u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

	<u>Employee Retirement Plan</u>
<b>ASSETS</b>	
Cash	\$ 155,304
Investments at fair value:	
Bond funds	256,525
Equity and exchange traded funds	<u>456,015</u>
Total investments	<u>712,540</u>
Total assets	<u>867,844</u>
<b>LIABILITIES</b>	
Due to other funds	<u>7,442</u>
Total liabilities	<u>7,442</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 860,402</u></u>

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, 2020

	<u>Employee Retirement Plan</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 106,000
Interest income	77
Net increase in fair value of investments	<u>1,912</u>
Total contributions	<u>107,989</u>
 <b>DEDUCTIONS</b>	
Benefits	148,513
Professional fees	<u>15,950</u>
Total deductions	<u>164,463</u>
Change in net position	(56,474)
Net position - beginning	<u>916,876</u>
Net position - ending	<u><u>\$ 860,402</u></u>

See accompanying notes to the financial statements.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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 commission. 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, Regional Partners Network, Inc. (RPN). 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 component unit. RPN is organized pursuant to the provisions of the Georgia Non-Profit Corporation Code.

The primary purpose of this corporation is to facilitate regional community development and identify opportunities for collaboration. The area served by the corporation is the same as Southwest Georgia Regional Commission. The RC's employees manage and operate RPN. RPN contracts with the RC for these services and the contracts provide for payments of these services to the RC. Presentation in the RC's financial statements of the corporation is as a blended component unit.

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – Government-wide Statements

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

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

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

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

Excess (or shortfall) in indirect costs incurred over reimbursements is a result of pension expense not charged to governmental activities and pension expense calculated in accordance with GASB 68. This difference is allocated in the statement of activities based on the percentage of indirect charges to each governmental activity.

This fee and associated costs is eliminated like a reimbursement (reducing the revenue and expense in the Internal Service Fund) to recover the direct costs of the Internal Service Fund services provided.

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

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the government or business-type activities categories. The RC's major funds are the General Fund, the State Administered Grants Fund, and the Revolving Loan Fund. GASB No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

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

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

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

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

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

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



SOUTHWEST GEORGIA REGIONAL COMMISSION  
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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  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Significant Accounting Policies

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

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

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

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

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

F. Financial Statement Amounts

1. Cash and Equivalents

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

2. Investments

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Financial Statement Amounts (Continued)

3. Receivables

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

4. Notes Receivable and Allowance for Bad Debts

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

5. Capital Assets

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

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

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

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

The RC recognizes depreciation in its indirect cost allocation plan as an allowable cost in accordance with the Uniform Guidance. The depreciation charge is recovered as a reimbursable cost from grants, contracts, and local projects in the RC's Special Revenue Funds.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Financial Statement Amounts (Continued)

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 the Uniform Guidance. 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.

6. Compensated Absences and Employee Benefits (Continued)

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

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

Annual Leave

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

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

*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.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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 this retirement plan is contained in Note 10. The RC also maintains a 457 and a 401(a) plan and information on these additional plans are contained in Note 11.

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

7. Fund Balances and Net Position

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

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Minimum Fund Balance.* The RC adopted a policy, that at a minimum; the RC will target an unassigned fund balance in the general fund in any given year of no less than three months of regular operating expenses in that particular year's adopted budget. Operating expenditures shall be defined as total budgeted expenditures less any significant "pass-through" program expenditures (e.g. transportation contracts, transit fuel, capital outlay purchased with grant specific funds, other expenditures reimbursed by transit contractors). If the fund balance falls below the established minimum unassigned fund balance amount, the RC will replenish shortages/deficiencies using budget strategies and timeframes described in the policy.

*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  
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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 the Uniform Guidance. Indirect costs were charged to grants and contracts based on the State and Local Governments Indirect Cost Negotiation Agreement approved by the U.S. Department of the Interior. Overages, if any, were charged to the general fund.

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	\$ 579,611	\$ 726,723
Petty cash	300	-
Total primary government	\$ 579,911	\$ 726,723

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 - \$138,128.



SOUTHWEST GEORGIA REGIONAL COMMISSION  
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NOTE 3 – INVESTMENTS – FIDUCIARY FUND – RETIREMENT PLAN

The only investments of the RC are carried in the retirement plan – Schwab One Trust Account. The assets held by in the Schwab One Trust account are as follows:

Investments	Expected Duration	Fair Value		Morningstar Risk-Adjusted Return Rating
Cash, bank sweep and money market funds	N/A	\$ 155,304	18%	N/A
Bond funds:				
Blackrock Strat INCM (BASIX)	3.41	51,088		****
Loomis Sayles Bond (LSBNX)	6.81	113,482		***
Lord Abbett Core Fixed Income (LCRYX)	5.85	42,458		***
Lord Abbett Core Short Dur (LLDYX)	2.13	49,497		****
Subtotal - bond funds		<u>256,525</u>	30%	
Equity and exchange traded funds:				
SCHWAB S&P 500 Index (SWPPX)	N/A	77,289		*****
ETF Charles Schwab US MC (SCHM)	N/A	85,825		****
ETF Schwab US Large Cap Growth (SCHG)	N/A	103,494		****
ETF Schwab US Large Cap Value (SCHV)	N/A	94,882		****
ETF Schwab US Large Cap EFT (SCHX)	N/A	54,587		*****
ETF Schwab US Small Cap EFT (SCHA)	N/A	39,938		****
Subtotal - equity and exchange traded funds		<u>456,015</u>	53%	
Total investments		<u>\$ 867,844</u>	<u>100%</u>	

The RC’s investment policy regarding 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 two to seven years.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 3 – INVESTMENTS – FIDUCIARY FUND – RETIREMENT PLAN (CONTINUED)

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.

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 \$172,876, net of an allowance of \$5,287.

No loans were written off during the year.

NOTE 5 – UNEARNED REVENUE AND RECEIVABLES

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

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

SOUTHWEST GEORGIA REGIONAL COMMISSION  
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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
<b>RECEIVABLES</b>			
Local:			
Dues and fees	\$ 23,642	\$ -	\$ 23,642
Other receivables	2,345	-	2,345
Various contracts	117,562	-	117,562
Total local receivable	<u>143,549</u>	<u>-</u>	<u>143,549</u>
State grants receivable:			
Department of Transportation	1,798,378	-	1,798,378
Department of Human Services	52,651	-	52,651
Other	58,364	-	58,364
Total state receivable	<u>1,909,393</u>	<u>-</u>	<u>1,909,393</u>
Federal grants receivable:			
U. S. Department of Commerce	34,635	-	34,635
U.S Department of Agriculture	45,337	-	45,337
Total federal receivable	<u>79,972</u>	<u>-</u>	<u>79,972</u>
Total intergovernmental receivable	<u>2,132,914</u>	<u>-</u>	<u>2,132,914</u>
Other receivables:			
State administered grants fund:			
Transportation subcontractors:			
Fuel and other reimbursements	53,779	-	53,779
Total other receivables	<u>53,779</u>	<u>-</u>	<u>53,779</u>
Total governmental receivables	<u>2,186,693</u>	<u>-</u>	<u>2,186,693</u>
Enterprise fund			
RLF			
Interest and late fees	-	2,259	2,259
Total enterprise funds receivable	<u>-</u>	<u>2,259</u>	<u>2,259</u>
Total receivables	<u>\$ 2,186,693</u>	<u>\$ 2,259</u>	<u>\$ 2,188,952</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances consist of the following:

Fund	Receivables	Payables	Net
<b>Governmental Funds:</b>			
General fund:			
State administered grants fund	\$ 409,263	\$ -	\$ 409,263
Nonmajor fund	81,227	-	81,227
Internal service fund	125	-	125
State administered grants fund:			
General fund		(409,263)	(409,263)
Nonmajor funds:			
General fund		(81,227)	(81,227)
Internal service fund	-	(97,015)	(97,015)
Internal service fund:			
General fund	-	(125)	(125)
Nonmajor governmental funds	97,015	-	97,015
Pension Trust Fund	7,442		7,442
Revolving loan fund	9,029	-	9,029
Total governmental funds	<u>604,101</u>	<u>(587,630)</u>	<u>16,471</u>
<b>Proprietary Funds:</b>			
Enterprise fund:			
Revolving loan fund:			
Internal service fund	-	(9,029)	(9,029)
Total enterprise funds	<u>-</u>	<u>(9,029)</u>	<u>(9,029)</u>
<b>Pension Trust Fund:</b>			
Internal service fund		(7,442)	(7,442)
Total pension trust fund	<u>-</u>	<u>(7,442)</u>	<u>(7,442)</u>
Total interfund balances	<u>\$ 604,101</u>	<u>\$ (604,101)</u>	<u>\$ -</u>

Interfund transfers consist of the following:

	In	Out	Net
<b>Governmental activities:</b>			
General fund:			
State administered grants fund	\$ -	\$ (50,065)	\$ (50,065)
Nonmajor funds	-	(73,250)	(73,250)
State administered grants fund:			
General fund	50,065	-	50,065
Nonmajor funds:			
General fund	73,250	-	73,250
Total governmental funds	<u>123,315</u>	<u>(123,315)</u>	<u>-</u>
Total interfund transfers	<u>\$ 123,315</u>	<u>\$ (123,315)</u>	<u>\$ -</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7 – CAPITAL ASSETS**

The following is a summary of capital assets.

	Beginning Balance 7/1/19	Increases	Decreases	Transfers	Ending Balance 6/30/20
<b>Governmental activities</b>					
Assets not being depreciated					
Land	\$ 63,247	\$ -	\$ -	\$ -	\$ 63,247
Assets being depreciated					
Buildings	445,144	-	-	-	445,144
Equipment and fixtures	1,229,930	166,746	(701,158)	-	695,518
Vehicles	3,466,506	726,124	(628,936)	-	3,563,694
Total capital assets	<u>5,141,580</u>	<u>892,870</u>	<u>(1,330,094)</u>	<u>-</u>	<u>4,704,356</u>
Less accumulated depreciation for:					
Buildings	(69,281)	(13,280)	-	-	(82,561)
Equipment and fixtures	(783,244)	(127,274)	560,988	-	(349,530)
Vehicles	(1,602,794)	(696,249)	506,725	-	(1,792,318)
Total accumulated depreciation	<u>(2,455,319)</u>	<u>(836,803)</u>	<u>1,067,713</u>	<u>-</u>	<u>(2,224,409)</u>
Total net governmental assets being depreciated	<u>2,686,261</u>	<u>56,067</u>	<u>(262,381)</u>	<u>-</u>	<u>2,479,947</u>
Total capital assets - governmental activities	<u>\$ 2,749,508</u>	<u>\$ 56,067</u>	<u>\$ (262,381)</u>	<u>\$ -</u>	<u>\$ 2,543,194</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Community service	\$ 806,547
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>30,256</u>
Total governmental activities depreciation expense	<u>\$ 836,803</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 8 - CAPITAL LEASES AND OTHER LONG-TERM DEBT**

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

	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/2020</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Internal Service Fund					
Telephone equipment lease	\$ -	\$ 8,663	\$ (1,904)	\$ 6,759	\$ 2,797
Computer equipment lease	-	13,375	(2,713)	10,662	4,252
Computer equipment lease	-	6,137	(942)	5,195	1,922
Building lease	<u>401,728</u>		<u>(17,201)</u>	<u>384,527</u>	<u>17,546</u>
Total internal service fund	<u>401,728</u>	<u>28,175</u>	<u>(22,760)</u>	<u>407,143</u>	<u>26,517</u>
Total governmental funds	<u>\$ 401,728</u>	<u>\$ 28,175</u>	<u>\$ (22,760)</u>	<u>\$407,143</u>	<u>\$ 26,517</u>

Annual requirements to amortize the capital leases are as follows:

Year Ended <u>June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 26,517	\$ 11,479	\$ 37,996
2022	27,964	10,032	37,996
2023	22,116	8,694	30,810
2024	18,911	8,138	27,049
2025	19,389	7,659	27,048
2026-2030	104,545	30,699	135,244
2031-2035	118,461	16,784	135,245
2036-2038	<u>69,240</u>	<u>2,890</u>	<u>72,130</u>
Total	<u>\$ 407,143</u>	<u>\$ 96,375</u>	<u>\$ 503,518</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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

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

	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>	<u>Short-term Portion</u>
Governmental activities:					
Compensated absences payable	\$ 36,469	\$ 31,578	\$ (25,697)	\$ 42,350	\$ -

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

Interest expense of \$11,477 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 \$545,656 - a building (including land, furniture and fixtures) with a cost of \$515,846 and accumulated depreciation of \$88,113 and equipment with a cost of \$29,810 and accumulated depreciation of \$5,345.

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

NOTE 9 – NET POSITION

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

Net position restrictions are as follows:

Nonmajor governmental fund - restricted for use by the Regional Partners Network, Inc. - \$7,280

Enterprise Fund, Revolving Loan Fund – restricted for revolving loan program - \$298,947

Pension Trust Fund - held in trust for employee retirement plan - retirement benefits - equity in the pension trust fund - restricted to payment of participant retirement benefits - \$860,402

Net position balances assigned are as follows:

State administered grants fund – assigned for the transportation program - \$318,975

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN**

**Plan Description**

The Southwest Georgia Regional Commission Retirement Plan (the Plan) is a non-contributory single-employer defined benefit retirement plan administered by a board of trustees appointed by the RC's board of directors. The Plan's financial statements are included in the financial statements of the Southwest Georgia Regional Commission as a fiduciary (Pension Trust) fund. No separate stand-alone financial report is issued. The Plan provides retirement benefits to participating RC employees. All employees working except those working less than 20 hours per week, less than 5 months during any 12 month period, or who are active participants in another governmental retirement plan are eligible to participate, however, the plan was closed to new entrants as of June 30, 2013. Participant vesting occurs only after 5 years credited service, at which time 100% vesting occurs. Benefits and employer contributions are governed by the plan document, as adopted and amended by the Board of Trustees. Certain administrative costs of the Plan are paid by the employer, Southwest Georgia Regional Commission.

The minimum employer contribution to the plan for the July 1, 2018 to June 30, 2019 plan year, calculated in accordance with Section 47-20-10 of the Official code of Georgia Annotated, is \$93,301 (the percent of covered payroll is not applicable since the plan is frozen). However, the RC may contribute any amount in excess of the minimum contribution.

*Investment Policies.* The trustees have established investment policies, which include investing in equities not to exceed fifty-five percent of asset value, in compliance with state law. Investments of the Pension Trust Fund were held by Charles Schwab Corporation, in a separate account. Investments are reported at fair value as determined by the investment manager, Charles Schwab Corporation. Short term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

*Employees Covered*

Participant statistics as of June 30, 2019 (measurement date) are as follows:

Participants	Count	Average			
		Age	Service	Pay	Benefits
Active participants	8	49.8	17.6	N/A	N/A
Receiving benefits	5	79.4	N/A	N/A	\$2,089/mth
Deferred	19	55.3	N/A	N/A	\$385/mth

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

The costs of the plan are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, disability, etc. that are assumed to hold for many years into the future. Since actual experience differs somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan.



SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

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

*Total Pension Liability: Methods and Assumptions*

This note provides information about changes in benefit terms, changes in assumptions, and methods and assumptions used in the calculation of total pension liability.

Changes in benefit terms:	None
Changes in assumptions	The discount rate was increased from 5.96% to 6.12%.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar
Amortization period	17.21 years
Asset valuation method	Market value
Inflation:	2.50% per annum
Discount rate:	6.12%
Cost of living adjustments:	2.5% per annum
Investment rate of return:	6.20% per annum, net of investment expenses
Salary scale:	N/A
Mortality rates:	RP-2014 Mortality Table, projected by the MP-2018 Mortality Improvement Scale *
Retirement age:	Age 65 or age at valuation date if later

\* Source of mortality assumptions: Because the small number of participants in the plan does not create a credible data set industry standard assumptions have been used instead of experience studies.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

**Net Pension Liability**

The net pension liability as of June 30, 2019 (the measurement date) is \$1,394,233, being the excess of the total pension liability, \$2,311,109, over the plan’s fiduciary net position, \$961,876, both as of the measurement date. The total pension liability was determined as of the measurement date using amounts determined from actuarial valuation as of the measurement date.

The changes in the net pension liability are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Year ended June 30, 2018	\$2,394,708	\$ 1,000,061	\$ 1,394,647
Changes for the year:			
Service cost	-	-	-
Interest	139,001	-	139,001
Difference between expected and actual experience	59,845	-	59,845
Change in assumptions	(59,602)	-	(59,602)
Contributions - employer	-	93,385	(93,385)
Projected investment income	-	68,745	(68,745)
Differences between projected and actual earnings	-	(15,855)	15,855
Benefit payments	(222,843)	(222,843)	-
Administrative expense	-	(6,617)	6,617
Net changes	<u>(83,599)</u>	<u>(83,185)</u>	<u>(414)</u>
 Balances at June 30, 2019	 <u>\$2,311,109</u>	 <u>\$ 916,876</u>	 <u>\$ 1,394,233</u>
 Percentages	 <u>100.00%</u>	 <u>39.67%</u>	 <u>60.33%</u>

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

The following presents the net pension liability of the RC, calculated using the discount rate of 6.12%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (5.12%) and one percentage point higher (7.12%) than the current rate:

	1% Decrease (5.12%)	Current Discount Rate (6.12%)	1% Increase (7.12%)
Net pension liability	\$ 1,750,516	\$ 1,394,233	\$ 1,110,967

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)

**Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the RC recognized pension expense of \$112,839. At June 30, 2020, the RC reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 119,478	\$ 84,787
Changes in assumptions and other inputs	520,544	308,120
Net difference between projected and actual earnings on plan investments	24,958	14,154
Pension contributions subsequent to measurement date for the year ended June 30, 2020	<u>106,000</u>	<u>-</u>
 Total	 <u>\$ 770,980</u>	 <u>\$ 407,061</u>

Deferred outflows of resources related to contributions made subsequent to the measurement date of June 30, 2019, in the amount of \$106,000, will be recognized as a reduction in net pension liability in the year ended June 30, 2021. Other deferred outflows and inflows of resources will be recognized as follows:

<u>Fiscal Year Ending</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Net</u>
2020	\$ 75,553	\$ (49,647)	\$ 25,906
2021	63,279	(49,647)	13,632
2022	49,264	(28,741)	20,523
2023	44,814	(24,223)	20,591
2024	41,643	(24,223)	17,420
2025 and thereafter	<u>390,427</u>	<u>(230,580)</u>	<u>159,847</u>
 Total	 <u>\$ 664,980</u>	 <u>\$ (407,061)</u>	 <u>\$ 257,919</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 11 – OTHER RETIREMENT PLANS

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

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

Employer contributions for the year were \$5,039.

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.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 – 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.

NOTE 14 – COVID-19 PANDEMIC AND SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the RC might experience negative results and liquidity restraints. The exact impact on the RC in the remainder of 2020 and thereafter cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 556,030	\$ 556,030	\$ 556,030	\$ -
Resources (inflows):				
Local government dues	381,881	381,881	381,881	-
Charges for services	150,000	135,000	139,516	4,516
Investment earnings	75	75	61	(14)
Rental income	9,000	6,550	7,766	1,216
Other income	-	-	2,139	2,139
Map/printing income	100	100	30	(70)
Amounts available for appropriation	<u>1,097,086</u>	<u>1,079,636</u>	<u>1,087,423</u>	<u>7,787</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	231,342	233,915	217,548	(16,367)
Operating expenditures	42,860	15,451	51,038	35,587
Indirect				
Cost allocation plan	207,729	198,361	174,887	(23,474)
Transfers to other funds, net	59,125	75,879	123,315	47,436
Total charges to appropriations	<u>541,056</u>	<u>523,606</u>	<u>566,788</u>	<u>43,182</u>
Budgetary fund balance, June 30	<u>\$ 556,030</u>	<u>\$ 556,030</u>	<u>\$ 520,635</u>	<u>\$ (35,395)</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 BUDGETARY COMPARISON SCHEDULE – STATE ADMINISTERED GRANTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 238,082	\$ 238,082	\$ 238,082	\$ -
Resources (inflows):				
State grants and contracts	5,426,213	5,422,556	5,707,824	285,268
Other income	66,840	84,629	67,789	(16,840)
Transfers from other funds, net	13,595	8,474	50,065	41,591
Amounts available for appropriation	<u>5,744,730</u>	<u>5,753,741</u>	<u>6,063,760</u>	<u>310,019</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	334,456	299,727	325,735	26,008
Operating expenditures	4,653,473	4,655,573	4,950,017	294,444
Indirect				
Cost allocation plan	300,319	254,170	262,673	8,503
Capital outlay	218,400	236,189	206,360	(29,829)
Transfers to other funds, net	-	-	-	-
Total charges to appropriatio	<u>5,506,648</u>	<u>5,445,659</u>	<u>5,744,785</u>	<u>299,126</u>
Budgetary fund balance, June 30	<u>\$ 238,082</u>	<u>\$ 308,082</u>	<u>\$ 318,975</u>	<u>\$ 10,893</u>



SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF CHANGES IN PENSION PLAN NET PENSION LIABILITY  
LAST TEN YEARS\*  
JUNE 30, 2020

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

Year Ended June 30	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000				
Interest	139,001	137,747	133,326	125,538	132,932	138,020				
Difference between expected and actual experience	59,845	5,366	51,868	39,172	(111,982)	139,880				
Change in assumptions	(59,602)	(17,014)	(305,196)	567,205	102,926	240,201				
Benefit payments	(222,843)	(125,161)	(126,008)	(125,033)	(132,501)	(519,972)				
<b>Net change in total pension liability</b>	<b>(83,599)</b>	<b>938</b>	<b>(246,010)</b>	<b>606,882</b>	<b>(8,625)</b>	<b>3,129</b>				
<b>Total pension liability</b>										
<b>Beginning</b>	\$ 2,394,708	\$ 2,393,770	\$ 2,639,780	\$ 2,032,898	\$ 2,041,523	\$ 2,038,394	\$ 2,524,476	\$ 3,072,745	\$ 2,807,282	\$ 2,205,212
<b>Ending</b>	\$ 2,311,109	\$ 2,394,708	\$ 2,393,770	\$ 2,639,780	\$ 2,032,898	\$ 2,041,523	\$ 2,038,394	\$ 2,524,476	\$ 3,072,745	\$ 2,807,282
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 93,385	\$ 93,838	\$ 85,425	\$ 55,023	\$ 108,731	\$ 245,867	\$ 141,614	\$ 293	\$ 312,132	\$ 219,407
Net investment income	52,890	67,379	98,084	12,882	24,652	124,236	116,641	57,440	240,317	140,916
Benefit payments	(222,843)	(125,161)	(126,008)	(125,033)	(132,501)	(519,972)	(758,109)	(246,535)	(128,927)	(126,016)
Administrative expenses	(6,617)	(10,649)	(8,806)	(4,714)	(11,430)	(5,819)	(28,533)	(30)	(30)	(30)
<b>Net change in plan fiduciary net position</b>	<b>\$ (83,185)</b>	<b>\$ 25,407</b>	<b>\$ 48,695</b>	<b>\$ (61,842)</b>	<b>\$ (10,548)</b>	<b>\$ (155,688)</b>	<b>\$ (528,387)</b>	<b>\$ (188,832)</b>	<b>\$ 423,492</b>	<b>\$ 234,277</b>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF CHANGES IN PENSION PLAN NET PENSION LIABILITY (CONTINUED)  
LAST TEN YEARS\*  
JUNE 30, 2020

Year Ended June 30	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Plan fiduciary net position</b>										
<b>Beginning</b>	\$ 1,000,061	\$ 974,654	\$ 925,959	\$ 987,801	\$ 998,349	\$ 1,154,037	\$ 1,682,424	\$ 1,871,256	\$ 1,447,764	\$ 1,213,487
<b>Ending</b>	\$ 916,876	\$ 1,000,061	\$ 974,654	\$ 925,959	\$ 987,801	\$ 998,349	\$ 1,154,037	\$ 1,682,424	\$ 1,871,256	\$ 1,447,764
<b>Net pension liability - ending</b>	\$ 1,394,233	\$ 1,394,647	\$ 1,419,116	\$ 1,713,821	\$ 1,045,097	\$ 1,043,174	\$ 884,357	\$ 842,052	\$ 1,201,489	\$ 1,359,518
<b>Plan fiduciary net position as a % of total pension liability</b>	39.67%	41.76%	40.72%	35.08%	48.59%	48.90%	56.62%	66.64%	60.90%	51.57%
Covered-employee payroll	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	\$ 614,917	\$ 1,163,091	\$ 1,592,595	\$ 1,486,287
Net pension liability as a % of covered employee payroll	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	143.82%	72.40%	75.44%	91.47%

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

\*\* The Plan was frozen as of June 30, 2013.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF PENSION PLAN ACTUARIALLY DETERMINED CONTRIBUTIONS  
LAST TEN YEARS  
JUNE 30, 2020

**Schedule of Contributions – Last Ten Years**

Year Ended June 30	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 93,301	\$ 93,838	\$ 85,374	\$ 52,301	\$ 63,680	\$ 55,677	\$ 117,665	\$ 246,325	\$ 312,132	\$ 213,393
Contribution in relation to the actuarially determined contribution	\$ 93,385	\$ 93,838	\$ 85,425	\$ 55,023	\$ 108,731	\$ 245,867	\$ 141,614	\$ 293	\$ 312,132	\$ 213,393
Contribution deficiency (excess)	\$ (84)	\$ -	\$ (51)	\$ (2,722)	\$ (45,051)	\$ (190,190)	\$ (23,949)	\$ 246,032	\$ -	\$ -
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 1,163,091	\$ 1,592,595	\$ 1,486,287	\$ 1,504,676
Contributions as a % of covered employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	12.18%	0.02%	21.00%	14.18%

\* The Plan was frozen as of June 30, 2013.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS  
 LAST TEN YEARS  
 JUNE 30, 2020

**Schedule of Investment Returns – Last Ten Years**

Year Ended June 30	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Annual money-weighted rate of return, net of investment expense	5.64%	7.04%	10.99%	1.35%	2.57%	11.64%	6.39%	3.32%	15.61%	11.18%

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020

NOTE A – BUDGETS

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

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

The budget for the year ended June 30, 2020 was adopted by the Council members on June 27, 2019. An amendment was made and adopted by the Council on May 28, 2020. All appropriations lapse at year end.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020

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	\$1,087,423	\$ 6,063,760
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	(556,030)	(238,082)
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	-	(50,065)
Non-cash capital improvement assistance grant revenue was not budgeted	-	653,512
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 531,393</u>	<u>\$ 6,429,125</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	566,788	5,744,785
Difference - budget to GAAP		
Non-cash capital improvement assistance grant expenditures were not budgeted	-	653,512
Transfers to other funds are outflows of budgetary resources	<u>(123,315)</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 443,473</u>	<u>\$ 6,398,297</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Direct Federal Grants Fund	Local Programs Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ -	\$ 6,637	\$ 6,637
Intergovernmental receivables	79,972	117,562	197,534
 Total assets	 \$ 79,972	 \$ 124,199	 \$ 204,171
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Unearned revenue	\$ -	\$ 18,649	\$ 18,649
Interfund balances	79,972	98,270	178,242
Total liabilities	79,972	116,919	196,891
 Fund balances	 -	 7,280	 7,280
 Total liabilities and fund balances	 \$ 79,972	 \$ 124,199	 \$ 204,171



SOUTHWEST GEORGIA REGIONAL COMMISSION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Direct Federal Grants Fund</u>	<u>Local Programs Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ 248,410	\$ 82,642	\$ 331,052
Charges for services	-	18,000	18,000
Total revenues	<u>248,410</u>	<u>100,642</u>	<u>349,052</u>
<b>EXPENDITURES</b>			
Current:			
Economic development and assistance	<u>281,055</u>	<u>141,322</u>	<u>422,377</u>
Total expenditures	<u>281,055</u>	<u>141,322</u>	<u>422,377</u>
Excess (deficiency) of revenues over (under) expenditures	(32,645)	(40,680)	(73,325)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	32,645	40,605	73,250
Transfers out	-	-	-
Total other financing sources and uses	<u>32,645</u>	<u>40,605</u>	<u>73,250</u>
Net change in fund balances	-	(75)	(75)
Fund balances - beginning	-	7,355	7,355
Fund balances - ending	<u>\$ -</u>	<u>\$ 7,280</u>	<u>\$ 7,280</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS  
 DIRECT FEDERAL GRANTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	-	-	-	-
Resources (inflows):				
Grants and contracts	\$ 102,500	\$ 244,635	\$ 248,410	\$ 3,775
Transfers from other funds	19,500	27,250	32,645	5,395
Amounts available for appropriation	<u>122,000</u>	<u>271,885</u>	<u>281,055</u>	<u>9,170</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	46,999	77,039	87,288	10,249
Operating expenditures	32,800	129,517	123,829	(5,688)
Indirect				
Cost allocation plan	42,201	65,329	69,938	4,609
Total charges to appropriations	<u>122,000</u>	<u>271,885</u>	<u>281,055</u>	<u>9,170</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 \$ 281,055

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 (32,645)

Total revenues as reported on the statement of revenues, expenditures  
 and changes in fund balances - governmental funds \$ 248,410

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"  
 from the budgetary comparison schedule \$ 281,055

Difference - budget to GAAP -

Total expenditures as reported on the statement of revenues,  
 expenditures and changes in fund balances - governmental funds \$ 281,055

SOUTHWEST GEORGIA REGIONAL COMMISSION  
 BUDGETARY COMPARISON SCHEDULE – NONMAJOR GOVERNMENTAL FUNDS  
 LOCAL PROGRAMS FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	with Final Budget
Budgetary fund balance, July 1	\$ 7,355	\$ 7,355	\$ 7,355	\$ -
Resources (inflows):				
Local grants and contracts	77,175	93,670	82,642	(11,028)
Charges for services	42,500	21,000	18,000	(3,000)
Transfers from other funds	56,500	36,107	40,605	4,498
Amounts available for appropriation	<u>183,530</u>	<u>158,132</u>	<u>148,602</u>	<u>(9,530)</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	92,688	76,254	76,456	202
Operating expenditures	1,200	1,380	2,438	1,058
Indirect				
Cost allocation plan	<u>82,287</u>	<u>73,143</u>	<u>62,428</u>	<u>(10,715)</u>
Total charges to appropriations	<u>176,175</u>	<u>150,777</u>	<u>141,322</u>	<u>(9,455)</u>
Budgetary fund balance, June 30	<u>\$ 7,355</u>	<u>\$ 7,355</u>	<u>\$ 7,280</u>	<u>\$ (75)</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	\$ 148,602
Difference - 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	\$ (7,355)
Transfers to other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	<u>(40,605)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 100,642</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 141,322
Differences - budget to GAAP:	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 141,322</u>

STATE COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EMPLOYEE BENEFIT COST POOL – ACTUAL RATE  
FOR THE YEAR ENDED JUNE 30, 2020

Released Time	<u>\$ 79,439</u>
Fringe Benefits:	
Retirement	107,240
Payroll and unemployment taxes	5,333
Group and workman's compensation insurance	<u>129,913</u>
Total fringe benefits	<u>242,486</u>
Allocable employee benefits	<u><u>\$ 321,925</u></u>
Computation of Actual Employee Benefit Rate	
Gross salaries	\$ 712,234
Adjusted for change in:	
Accrued compensated absences	5,881
Accrued salaries	8,298
Released time	<u>(79,439)</u>
Allocation base - chargeable salaries	<u><u>\$ 646,974</u></u>
Employee Benefit Rate	<u><u>49.76%</u></u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF INDIRECT COSTS – ACTUAL RATE  
FOR THE YEAR ENDED JUNE 30, 2020

Indirect Costs	
Salaries and wages	\$ 205,429
Released time and fringe benefits	125,185
Repairs and maintenance	34,669
Depreciation and use charge	30,256
Per diem and fees	53,331
Telecommunications	29,042
Equipment lease expense	29,201
Utilities	20,835
Supplies and other expenses	12,063
Auto and travel	13,071
Interest expense	9,847
Postage and freight	4,597
Training and education	6,595
Insurance dividends	(3,861)
Total indirect costs	\$ 570,260

Computation of Indirect Cost Rate

Indirect cost basis:	
Total chargeable salaries	\$ 646,974
Less: indirect salaries	(205,429)
Total eligible direct salaries	441,545
Employee benefits	219,634
Allocation base - direct personnel costs	\$ 661,179
Actual indirect cost rate	86.25%

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EMPLOYEE SALARIES AND TRAVEL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

<u>Employee Name</u>	<u>Position</u>	<u>Salary</u>	<u>Travel Expense</u>	<u>Total</u>
Suzanne Angell	Executive Director	\$ 113,760	\$ 6,024	\$ 119,784
Barbara Reddick	Planning Director	76,933	897	77,830
Heidi Penny	GIS Manager	72,464	451	72,915
Barbara Wilbon	Finance Director	62,891	386	63,277
Brenda Wade	Grant Administration Manager	61,566	321	61,887
Michelle Richardson	Transportation Coordinator	59,043	302	59,345
Jeffery Hamilton	GIS Assistant	43,376	517	43,893
Laura Davis	Accounting Technician	41,927	-	41,927
Kimberly Brooks	Planner II	36,873	891	37,764
Olukayode Olubowale	Planner I	34,163	1,060	35,223
Heather White	Executive Assistant	34,429	-	34,429
Rebecca Shiver	Economic Developer/Transp. Planner	28,633	875	29,508
Shelby Rhymes	Planning Assistant	22,450	-	22,450
Shanique Daniels	Grants Administration Assist.	17,101	189	17,290
Helen Williams	Receptionist	8,107	-	8,107
Karol Casey	Receptionist	6,816	-	6,816
Subtotal		720,532	11,913	732,445
Adjustments:				
Accrued Salaries 6/30/19		11,837	-	11,837
Accrued Salaries 6/30/20		(20,135)	-	(20,135)
Board Member Transportation Reimbursement		-	2,723	2,723
Total compensation		\$ 712,234	\$ 14,636	\$ 726,870

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF LOCAL GOVERNMENT DUES  
FOR THE YEAR ENDED JUNE 30, 2020

Government	Balance Due 7/1/19	Total Billed	Amount Collected	Balance Due 6/30/20
City of Albany	\$ -	\$ 45,165.28	\$ 45,165.28	\$ -
City of Arlington	-	1,493.80	1,493.80	-
City of Bainbridge	-	13,263.80	13,263.80	-
City of Berlin	-	609.40	609.40	-
City of Blakely	-	5,085.32	5,085.32	-
City of Brinson	-	224.40	224.40	-
City of Cairo	-	10,351.00	10,351.00	-
City of Camilla	-	5,410.92	5,410.92	-
City of Climax	-	291.52	291.52	-
City of Colquitt	-	2,006.40	2,006.40	-
City of Damascus	-	250.80	250.80	-
City of Dawson	-	4,512.20	4,512.20	-
City of Doerun	-	821.72	821.72	-
City of Donalsonville	-	2,806.12	2,806.12	-
City of Edison	-	1,585.12	1,585.12	-
City of Ellenton	-	311.32	311.32	-
City of Funston	-	491.72	491.72	-
City of Jakin	-	160.60	160.60	-
City of Leary	-	625.92	625.92	-
City of Leesburg	-	3,333.00	3,333.00	-
City of Morgan	-	2,030.60	2,030.60	-
City of Moultrie	-	15,560.60	15,560.60	-
City of Newton	-	636.92	636.92	-
City of Norman Park	-	1,063.72	1,063.72	-
City of Pelham	-	3,870.92	3,870.92	-
City of Sasser	-	270.60	270.60	-
City of Smithville	-	661.12	661.12	-
City of Sylvester	-	6,331.60	6,331.60	-
City of Thomasville	-	20,390.72	20,390.72	-
City of Whigham	-	591.80	591.80	-
Baker County	-	2,764.32	2,764.32	-
Calhoun County	-	1,251.80	1,251.80	-
Colquitt County	-	31,292.80	31,292.80	-
Decatur County	-	15,452.80	15,452.80	-
Dougherty County	-	55,202.00	55,202.00	-
Early County	-	5,775.00	5,775.00	-



SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF LOCAL GOVERNMENT DUES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

<u>Government</u>	<u>Balance Due 7/1/19</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Balance Due 6/30/20</u>
Grady County	-	16,280.00	16,280.00	-
Lee County	-	28,746.32	28,746.32	-
Miller County	-	4,248.20	4,248.20	-
Mitchell County	-	15,129.40	15,129.40	-
Seminole County	-	6,340.40	6,340.40	-
Terrell County	-	4,689.32	2,344.66	2,344.66
Thomas County	-	28,502.12	28,502.12	-
Worth County	-	15,997.32	15,997.32	-
	<u>\$ -</u>	<u>\$ 381,880.76</u>	<u>\$ 379,536.10</u>	<u>\$ 2,344.66</u>

**SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED  
FOR THE YEAR ENDED JUNE 30, 2020**

Name of Grant/Contract/Program	Unearned Revenue July 1, 2019	Current Year Award	Total Funds Available	Required Matching %	Total Program Cost	Revenue Earned	Other Income Earned	Matching Funds Applied	Deobligated	Unearned Revenue June 30, 2020
U. S. Department of Commerce:										
EDA Partnership Planning 2019-2021	\$ 179,662	\$ (7,000)	\$ 172,662	20%	\$ 111,460	\$ 89,168	-	\$ 22,292	-	\$ 83,494
EDA Albany	-	25,000	25,000	0%	20,129	20,129	-	-	-	4,871
U.S. Department of Agriculture:										
Rural Housing Preservation Grant 2018	34,850	-	34,850	0%	37,173	34,850	-	23,223	-	-
Rural Housing Preservation Grant 2019	-	109,785	109,785	0%	112,294	104,264	-	8,030	-	5,521
GA Department of Transportation:										
Transp. Related Services - FY19 Planning	12,217	-	12,217	20%	3,066	2,452	-	613	9,765	-
Transp. Related Services - FY20 Planning	-	19,248	19,248	20%	31,408	19,248	-	12,160	-	-
Rural Transit Planning 5304 FY20	-	27,441	27,441	10%	30,833	27,441	-	3,392	-	-
Transit Operating/Capital Assist. FY19/20	-	13,007,026	13,007,026	2%	4,433,635	4,282,835	-	67,789	-	8,724,191
Transit Operating/Capital Assist. FY18/19	44,175	-	44,175	1%	44,175	44,175	-	-	-	-
MAP-21 GARC	-	59,250	59,250	0%	66,387	59,250	-	-	-	-
GA Department of Natural Resources:										
Historic Preservation	-	4,091	4,091	0%	4,542	4,091	-	451	-	-
GA Department of Human Services:										
Coordinated Transportation	-	2,472,972	2,472,972	0%	1,600,621	1,764,526	-	-	708,446	-
GA Department of Community Affairs:										
Coord. Planning WP	-	157,704	157,704	0%	175,439	153,144	-	22,295	4,560	-
LUCA	4,174	-	4,174	0%	8,191	4,174	-	-	-	-

**SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF REVENUE EARNED AND MATCHING FUNDS APPLIED (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

Grant/Contract/Program	July 1, 2019	Award	Available	%	Cost	Earned	Earned	Applied	Deobligated	June 30, 2020
Community Development Block Grant:										
Arlington FY16	-	-	-	0%	1,381	-	-	1,381	-	-
Bronwood FY19	-	36,935	36,935	0%	16,568	16,568	-	-	-	20,367
Community Home Investment Program (CHIP):										
				0%						
Arlington FY19	13,244	-	13,244	0%	9,831	9,831	-	-	-	3,413
Blakely FY20	-	9,500	9,500	0%	1,425	1,425	-	-	-	8,075
Camilla FY19	12,578	-	12,578	0%	5,974	5,974	-	-	-	6,604
Colquitt FY18	8,076	-	8,076	0%	8,459	8,076	-	383	-	-
Cordele FY14	-	-	-	0%	219	-	-	219	-	-
Cordele FY18	10,863	-	10,863	0%	10,783	10,783	-	-	-	80
Dawson FY18	3,582	-	3,582	0%	12,298	3,582	-	8,716	-	-
Donalsonville FY14	-	-	-	0%	195	-	-	195	-	-
Donalsonville FY19	11,533	-	11,533	0%	12,151	11,533	-	618	-	-
Dougherty Co. FY16	-	-	-	0%	4,973	-	3,000	1,973	-	-
Dougherty Co. FY20	-	9,500	9,500	0%	768	768	-	-	-	8,732
Meigs FY17	2,760	-	2,760	0%	9,906	2,760	3,000	4,145	-	-
Moultrie FY17	-	-	-	0%	16,816	-	16,816	-	-	-
Sylvester FY20	-	9,500	9,500	0%	405	405	-	-	-	9,095
Sylvester FY17	-	-	-	0%	16,482	-	12,000	4,482	-	-
Sylvester Housing Authority	10,936	-	10,936	0%	12,612	10,936	-	1,676	-	-
Regional Partners Network	-	-	-	0%	76	-	-	-	-	-
ACF - Compact Study Donation	<u>18,649</u>	-	<u>18,649</u>	0%	-	-	-	-	-	<u>18,649</u>
Totals	<u>\$ 367,299</u>	<u>\$ 15,940,952</u>	<u>\$ 16,308,251</u>		<u>\$ 6,820,675</u>	<u>\$ 6,692,388</u>	<u>\$ 34,816</u>	<u>\$ 184,033</u>	<u>\$ 722,771</u>	<u>\$ 8,893,092</u>

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Contract Number	Total Funds Available (Note 2)	Revenue Earned	Expenditures Incurred	State Agency	
					Due From	Due To
Department of Community Affairs:						
Coordinated Planning Work Program	N/A	\$ 157,704	\$ 153,144	\$ 175,439	\$ -	\$ -
LUCA	N/A	4,174	4,174	8,191	-	-
Department of Transportation:						
Transportation Related Services - Planning	PI 0015861	12,217	2,452	3,066	-	-
Transportation Related Services - Planning	PI0016547	19,248	19,248	31,408	5,009	-
Rural Transit 5304 Planning	T006085	27,441	27,441	30,833	225	-
Transit Operating/Capital Assistance	T006288	44,175	44,175	44,175	-	-
Transit Operating/Capital Assistance	T006378	13,007,026	4,282,835	4,433,635	1,793,144	-
Department of Natural Resources						
Historic Preservation Planning	N/A	4,091	4,091	4,542	-	-
Department of Human Services (Note 1)						
Coordinated Transportation	42700-362-0000070042	2,472,972	1,764,526	1,600,621	52,651	-
Total state awards expended		\$ 15,749,048	\$ 6,302,086	\$ 6,331,910	\$ 1,851,029	\$ -

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

Note 2: Total Funds Available consist of current year awards plus unearned revenue from prior year, if applicable.

FEDERAL COMPLIANCE SECTION

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA #	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>AGING CLUSTER</b>				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Special Programs for the Aging: Title II, Part B:				
Grants for Supportive Services and Senior				
Centers	93.044	42700-362-0000083703	\$ -	\$ 149,039
<b>Total Aging Cluster</b>			<u>-</u>	<u>149,039</u>
<b>ECONOMIC DEVELOPMENT CLUSTER</b>				
Department of Commerce				
Direct program:				
Economic Adjustment Assist., RLF	11.307	N/A	-	210,270
<b>Total Department of Commerce Cluster</b>			<u>-</u>	<u>210,270</u>
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>				
Department of Transportation:				
Pass-Through Programs From:				
Georgia Department of Transportation:				
Hwy Planning and Construction	20.205	PI 0016547	-	31,408
Hwy Planning and Construction	20.205	PI 0015861	-	3,066
<b>Total Highway Planning/Contr. Cluster</b>			<u>-</u>	<u>34,474</u>
<b>TANF CLUSTER</b>				
Department of Health & Human Services:				
Pass-Through Programs From:				
Temporary Assistance for Needy				
Families (TANF)	93.558	42700-362-0000083703	-	19,823
			<u>-</u>	<u>19,823</u>
<b>TRANSIT SERVICES CLUSTER</b>				
Department of Transportation:				
Pass-Through Programs From:				
Georgia Department of Human Services:				
Enhanced Mobility of Seniors and				
Individuals with Disabilities	20.513	42700-362-0000083703	-	151,376
			<u>-</u>	<u>151,376</u>

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA #	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>OTHER PROGRAMS</b>				
Department of Commerce:				
Direct program:				
Economic Development Planning	11.302	N/A	-	111,460
Pass-Through Program From:				
City of Albany, GA				
EDA	11.302	04-79-07369	-	20,129
Total Department of Commerce			-	131,589
Department of Transportation				
Pass-Through Program From:				
Georgia Department of Transportation:				
Metropolitan Transportation Planning	20.505	T006085	-	30,833
			-	30,833
Formula Grants/Other than Urbanized Areas	20.509	T006378	1,347,766	3,459,919
COVID-19 Formula Grants/Other than Urbanize Areas	20.509	T006378	977,716	977,716
Subtotal Formula Grants/Other than Urbanized Areas			2,325,482	4,437,635
Formula Grants/Other than Urbanized Areas	20.509	T006288	-	44,175
Subtotal			2,325,482	4,481,810
Total Department of Transportation			2,325,482	4,512,643
Department of Health and Human Services				
Pass-Through Program From:				
Georgia Department of Transportation:				
Social Services Block Grant (SSBG)	93.667	42700-362-0000083703	-	136,778
Total Department of Health & Human Services			-	136,778
Department of Housing and Urban Development:				
Pass-Through Programs From:				
Georgia Department of Community Affairs:				
Community Development Block Grant/Small Cities Program (CDBG):				
Arlington FY16	14.228	16p-x-019-2-5829	-	1,381
Bronwood FY19	14.228	19p-x-135-2-6052	-	16,568
Total CDBG			-	17,949

See Notes to the Schedule of Expenditures of Federal Awards

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA #	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Community Housing Investment Project (CHIP):				
Arlington	14.239	2019-102	-	9,831
Blakely	14.239	2020-101	-	1,425
Camilla	14.239	2019-103	-	5,974
Colquitt	14.239	2018-104	-	8,459
Cordele	14.239	2014-907	-	219
Cordele	14.239	2018-106	-	10,783
Dawson	14.239	2018-107	-	12,298
Donalsonville	14.239	2014-909	-	195
Donalsonville	14.239	2019-106	-	12,151
Dougherty Co.	14.239	2016-102	-	4,973
Dougherty Co.	14.239	2020-103	-	768
Meigs	14.239	2017-106	-	9,906
Moultrie	14.239	2017-107	-	16,816
Sylvester	14.239	2017-111	-	16,482
Sylvester	14.239	2020-113	-	405
Sylvester Housing Authority	14.239	2019-119	-	<u>12,612</u>
Total CHIP			-	<u>123,297</u>
Total Department of Housing & Urban Administration			-	<u>141,246</u>
Department of Agriculture Direct Programs:				
Direct program:				
Rural Housing Preservation Grant	10.433	N/A	\$ -	\$ 37,173
Rural Housing Preservation Grant	10.433	N/A	-	<u>112,294</u>
Total Department of Agriculture			-	<u>149,467</u>
<b>TOTAL OTHER PROGRAMS</b>			<u><b>2,325,482</b></u>	<u><b>5,071,723</b></u>
<b>TOTAL - ALL PROGRAMS</b>			<u><b>\$ 2,325,482</b></u>	<u><b>\$ 5,636,705</b></u>

See Notes to the Schedule of Expenditures of Federal Awards



SOUTHWEST GEORGIA REGIONAL COMMISSION  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal award activity of the RC under the programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the RC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the RC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Notes receivable balance at June 30, 2020	\$ 172,876
Loans written off during the year	-
Cash and investment balance at June 30, 2020	138,128
Current year expenditures (cash basis)	<u>4,385</u>
Subtotal	315,389
At applicable rate **	<u>66.67%</u>
Expenditures of federal awards	<u><u>\$ 210,270</u></u>

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

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

To the Council Members  
Southwest Georgia Regional Commission  
Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the RC, as of and for the year ended June 30, 2020, 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 17, 2020.

**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*.

**The RC's Response to the Finding**

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

**Purpose of this Report**

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

Respectfully submitted,



Valenti, Rackley & Associates, LLC  
Certified Public Accountants

December 17, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Council Members  
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 Compliance Supplement* that could have a direct and material effect on each of the RC's major federal programs for the year ended June 30, 2020. The RC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the RC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2020.

## Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

*Valenti, Rackley & Assoc., LLC*

Valenti, Rackley & Associates, LLC  
Certified Public Accountants

December 17, 2020

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

None reported.

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

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

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

**Identification of major programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.509	U. S. Department of Transportation - Formula Grants for Other Than Urbanized Areas

SOUTHWEST GEORGIA REGIONAL COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

\_\_\_\_\_

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None