Georgia Mountains Regional Commission

Annual Financial Report

For the fiscal year ended June 30, 2016

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GEORGIA MOUNTAINS REGIONAL COMMISSION
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2016

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Independent Auditor's Report

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, 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 Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 Georgia Mountains Regional Commission, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund, WIOA Adult Program Fund, WIOA Dislocated Worker Program Fund, WIOA Youth-In Program Fund, and Information/GIS Programs Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Contributions on pages 4 through 10 and 56 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Georgia Mountains Regional Commission's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 15, 2016

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As management of the Georgia Mountains Regional Commission, we are pleased to provide this narrative discussion and analysis of the Georgia Mountains Regional Commission's (GMRC) financial performance, providing an overview of the Regional Commission's (RC) financial activities for the fiscal year ended June 30, 2016. Please read the information presented here in conjunction with the additional information that we have furnished in the RC's financial statements, which follow this narrative.

Financial Highlights

- The RC's total assets exceeded its liabilities by $2,805,256 for the fiscal year reported.
- There was a $204,644 increase in the RC's fund balance in the General Fund.
- As of June 30, 2016, the RC's governmental funds reported combined ending fund balances of $1,752,499, an increase of $204,644 from the prior year. Of this amount, $1,649,814 (unassigned fund balance) may be used to meet the RC's ongoing obligations to the member local governments and creditors.

The RC continues servicing the Economic Development Administration's (EDA) Revolving Loan Fund (RLF) which consists of seventeen (17) active loans. The RLF program's net position exceeds $1.7 million, which increased by $38,235 in fiscal year 2016.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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The Statement of Net Position and the Statement of Activities distinguish functions of the Georgia Mountains RC that are principally supported by Local Government Dues and Contracts / Grants (governmental activities) from the RLF Loan Program (business-type activities).

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

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

Governmental funds – The RC's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the RC's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available. The relationship and differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled on the reconciliations on pages 15 and 18. Also, the budgetary comparison schedules for the *General Fund* and the major *Special Revenue Funds* are included in the basic financial statements.

The basic governmental fund financial statements are presented on pages 13 through 23 of this report.

The RC maintains the following major governmental funds: General Fund, WIOA Adult Program Fund, WIOA Dislocated Worker Program Fund, WIOA Youth-Out Program Fund, and Information / GIS Programs Fund. The RC's Council approves an annual budget for its funds.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Proprietary funds – The RC maintains two types of proprietary funds, enterprise funds and internal service funds. The basic proprietary fund financial statements are presented on pages 24 through 26 of this report.

The *RC Revolving Loan Enterprise Fund* was originally capitalized with a $500,000 grant to the former GMRDC from the Economic Development Administration (EDA) and $250,000 local governments match from the former GMRDC in March 1987. The EDA Revolving Loan Fund (RLF) has $1,771,657 in net position as of June 30, 2016.

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

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Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the RC's defined benefit pension plan. This information begins on page 56.

Supplementary Information

In addition to the required supplementary information, this report also presents supplementary information concerning the RC's balance sheets, statements of revenues, expenditures and changes in fund balances and budget presentations. This information is included in order to meet certain state requirements as well as to provide individual grantors information pertaining to their grant or contract. As discussed, the RC reports major funds in the basic financial statements. Combining statements and individual statements and schedules for non-major funds are presented in this section of this report beginning on page 60.

Additional Supplementary Information

In addition to the supplementary information, this report also presents additional supplementary information in the State Reporting Section concerning the RC's state compliance presentations. This information is included in order to meet certain state requirements. State compliance schedules are presented in this section of the report beginning on page 85.

Governmental Funds Analysis

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

Of the total combined fund balance, approximately 94% consists of unassigned fund balance, which serves as a measure of current available financial resources.

The assigned fund balances represents resources not available for spending. The RC's assigned fund balances represents 4% of the combined fund balance.

The RC's governmental funds reported a combined fund balance of $1,752,499.

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Proprietary Funds Analysis

As previously discussed, the RC maintains two proprietary funds, the Internal Service Fund and the RLF Fund. The Internal Service Fund is used to accumulate and allocate costs benefiting grants and contracts. The expenses are allocated based on an indirect cost allocation plan approved by the cognizant oversight agency, U.S. Department of Commerce. Indirect costs are allocated on the basis of direct salaries plus fringe benefits. The RLF Fund is used to accumulate and report the activities of the loan program.

Government-wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	$2,489,192	$3,064,890	$615,565	$581,127	$3,104,757	$3,646,017
Capital assets	164,500	295,018	0	0	164,500	295,018
Other noncurrent assets	0	0	1,156,126	1,152,295	1,156,126	1,152,295
Total assets	2,653,692	3,359,908	1,771,691	1,733,422	4,425,383	5,093,330
Deferred outflows of resources						
Pension contributions subsequent to measurement date	167,848	365,643	0	0	167,848	365,643
Pension experience differences	121,216	112,112	0	0	121,216	112,112
Pension investment return differences	176,844	0	0	0	176,844	0
Total deferred outflows of resources	465,908	477,755	0	0	465,908	477,755
Total assets and deferred outflows of resources	3,119,600	3,837,663	1,771,691	1,733,422	4,891,291	5,571,085
Liabilities						
Current liabilities	467,660	1,207,687	34	0	467,694	1,207,687
Noncurrent liabilities	1,233,596	1,006,600	0	0	1,233,596	1,006,600
Total liabilities	1,701,256	2,214,287	34	0	1,701,290	2,214,287
Deferred inflows of resources						
Unearned revenue	349,762	368,533	0	0	349,762	368,533
Pension assumption changes	34,983	69,966	0	0	34,983	69,966
Pension investment return differences	0	143,776	0	0	0	143,776
Total deferred inflows of resources	384,745	582,275	0	0	384,745	582,275
Total liabilities and deferred inflows of resources	2,086,001	2,796,562	34	0	2,086,035	2,796,562
Net position						
Investment in capital assets	164,500	295,018	0	0	164,500	295,018
Restricted	0	0	1,771,657	1,733,422	1,771,657	1,733,422
Unrestricted	869,099	746,083	0	0	869,099	746,083
Total net position	$1,033,599	$1,041,101	$1,771,657	$1,733,422	$2,805,256	$2,774,523

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	$786,842	$933,310	$60,979	$60,513	$847,821	$993,823
Operating grants and contributions	4,096,954	5,538,062	0	0	4,096,954	5,538,062
General Revenues						
Regional appropriations	712,155	703,668	0	0	712,155	703,668
Interest	0	60	950	557	950	617
Other	4,539	21,835	529	960	5,068	22,795
Total revenues	5,600,490	7,196,935	62,458	62,030	5,662,948	7,258,965
Expenses						
General government	244,831	200,158	0	0	244,831	200,158
Planning services	393,767	424,752	0	0	393,767	424,752
Development services	507,656	536,646	0	0	507,656	536,646
Coordinated transportation services	0	1,209,317	0	0	0	1,209,317
GIS planning services	808,997	934,185	0	0	808,997	934,185
WIOA services	3,665,487	3,525,313	0	0	3,665,487	3,525,313
Revolving loan fund	0	0	11,477	27,451	11,477	27,451
Total expenses	5,620,738	6,830,371	11,477	27,451	5,632,215	6,857,822
Transfers in (out)	12,746	0	(12,746)	0	0	0
Change in net position	(7,502)	366,564	38,235	34,579	30,733	401,143
Net position, beginning (original)	1,041,101	1,724,091	1,733,422	1,698,843	2,774,523	3,422,934
Prior period adjustments	0	(1,049,554)	0	0	0	(1,049,554)
Net position, beginning (adjusted)	1,041,101	674,537	1,733,422	1,698,843	2,774,523	2,373,380
Net position, ending	$1,033,599	$1,041,101	$1,771,657	$1,733,422	$2,805,256	$2,774,523

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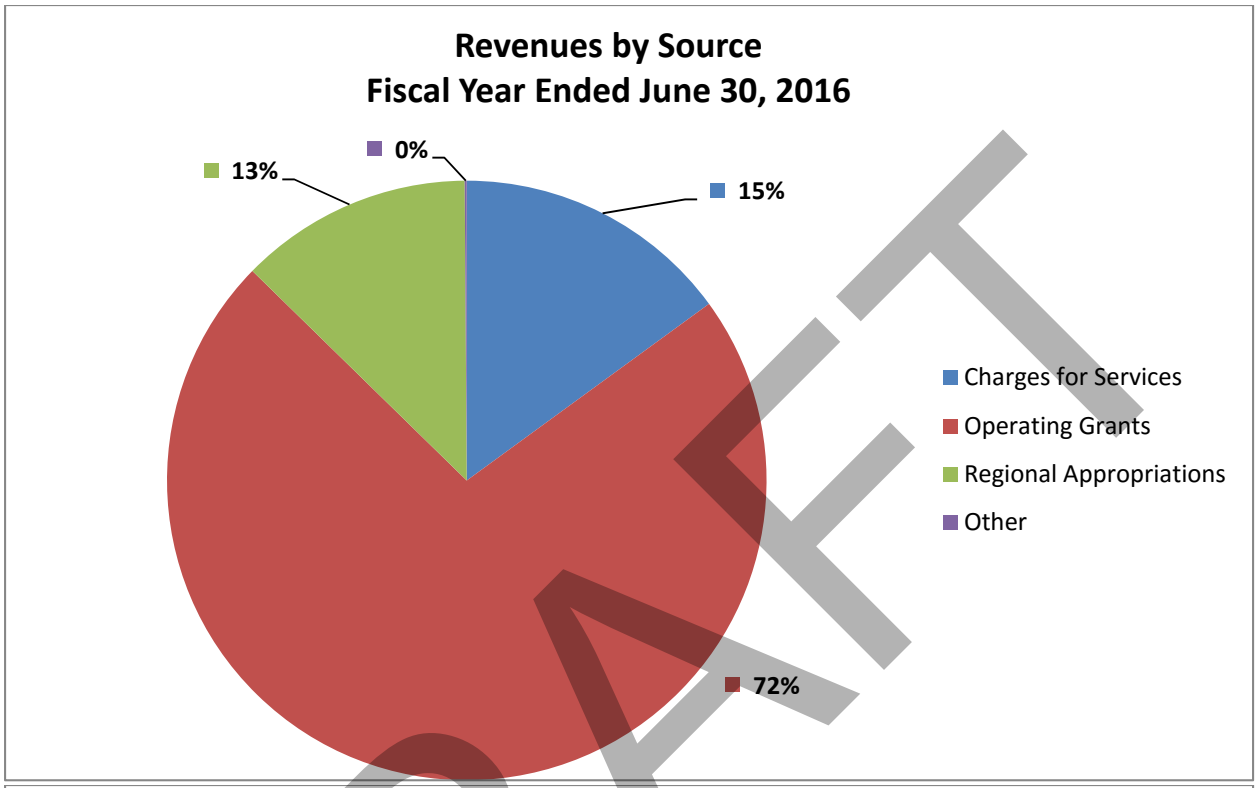
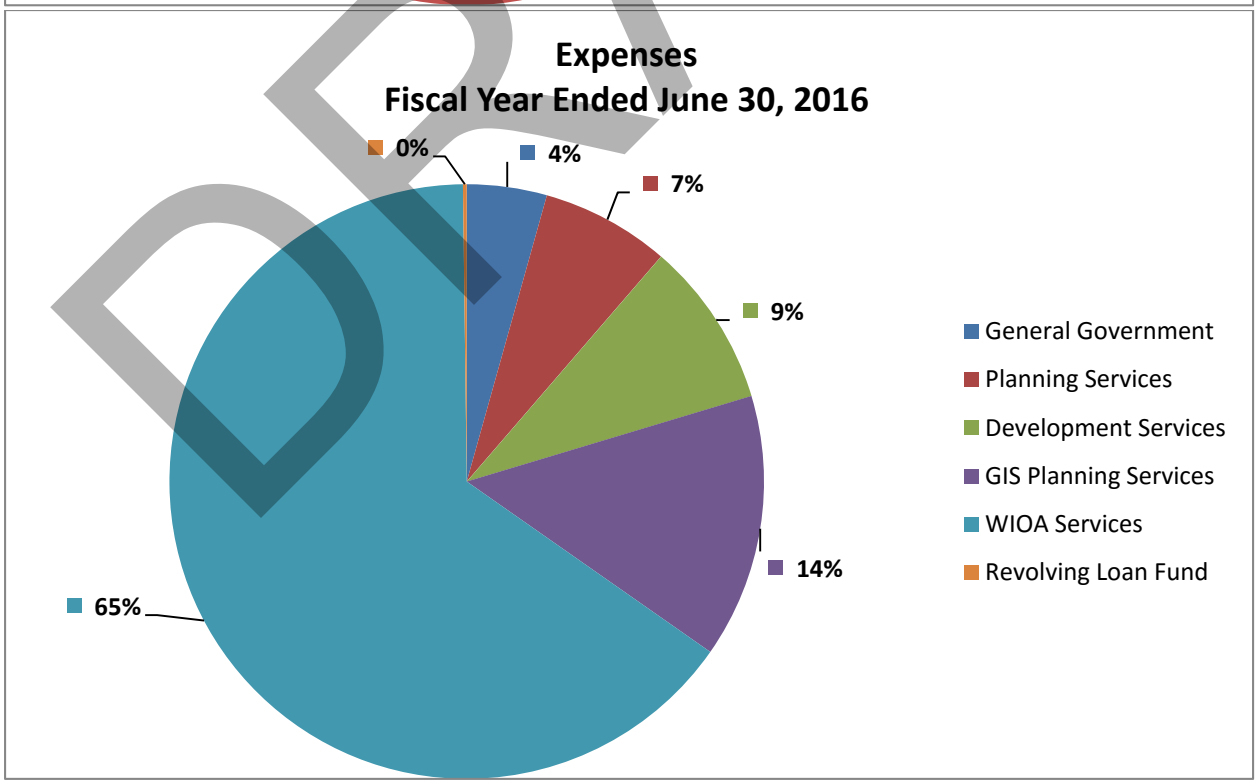

Revenues by Source
Fiscal Year Ended June 30, 2016
0%
13%
15%
72%
Charges for Services
Operating Grants
Regional Appropriations
Other


Expenses
Fiscal Year Ended June 30, 2016
0%
4%
7%
9%
14%
65%
General Government
Planning Services
Development Services
GIS Planning Services
WIOA Services
Revolving Loan Fund

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Budgetary Highlights

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

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

Capital Assets

The RC's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2016 was $164,500. The RC generally capitalizes assets with cost of $5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. See Note 6 to the Financial Statements for additional information about changes in capital assets during the fiscal year.

	Program		Non-Program		Total	
	2016	2015	2016	2015	2016	2015
Equipment	$22,098	$13,887	$89,875	$89,875	$111,973	$103,762
Vehicles	604,510	604,510	127,848	127,848	732,358	732,358
Accumulated depreciation	(492,407)	(367,085)	(187,424)	(174,017)	(679,831)	(541,102)
Capital assets, net	$134,201	$251,312	$30,299	$43,706	$164,500	$295,018

Economic Factors and Next Year's Budget

The RC's funding level continues to change due to the level of Federal and State funding or appropriations for the services offered by the RC to assist its member governments. The dues assessment approved by the RC's Council remained at $1.10 per capita for fiscal year 2016. The RC's dues are based on the most current Census estimates from the Georgia Department of Community Affairs.

The RC received over 68% of its governmental fund revenues in fiscal year 2016 from federal sources. In addition to the federal sources, the RC received 12% of its governmental fund revenues from local dues assessments. The RC continues to search for new funding opportunities to assist the cities and counties in our region.

Contacting the RC's Financial Management

This financial report is designed to provide a general overview of the RC's finances and to show the RC's accountability for the money it receives. If you have questions about this report or need additional information, contact the Heather Feldman, Interim Executive Director at the Georgia Mountains Regional Commission, 1310 W. Ridge Rd., P.O. Box 1720, Gainesville, Georgia 30503.

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BASIC FINANCIAL STATEMENTS

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GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,311,290	$ 453,259	$ 2,764,549
Receivables (net)			
Federal	94,741	0	94,741
State	41,805	0	41,805
Other	3,728	529	4,257
Loans receivable	0	161,777	161,777
Prepaids	37,628	0	37,628
Total current assets	2,489,192	615,565	3,104,757
Noncurrent assets			
Loans receivable	0	1,156,126	1,156,126
Depreciable capital assets (net)	164,500	0	164,500
Total noncurrent assets	164,500	1,156,126	1,320,626
Total assets	2,653,692	1,771,691	4,425,383
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	167,848	0	167,848
Pension experience differences	121,216	0	121,216
Pension investment return differences	176,844	0	176,844
Total deferred outflows of resources	465,908	0	465,908
Total assets and deferred outflows of resources	3,119,600	1,771,691	4,891,291
LIABILITIES			
Current liabilities			
Accounts payable	214,106	0	214,106
Accrued salaries and payroll liabilities	24,135	34	24,169
Compensated absences	109,785	0	109,785
Other current liabilities	119,634	0	119,634
Total current liabilities	467,660	34	467,694
Noncurrent liabilities			
Net pension liability	1,233,596	0	1,233,596
Total liabilities	1,701,256	34	1,701,290
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	349,762	0	349,762
Pension assumption changes	34,983	0	34,983
Total deferred inflows of resources	384,745	0	384,745
Total liabilities and deferred inflows of resources	2,086,001	34	2,086,035
NET POSITION			
Investment in capital assets	164,500	0	164,500
Restricted for loans	0	1,771,657	1,771,657
Unrestricted	869,099	0	869,099
Total net position	$ 1,033,599	$ 1,771,657	$ 2,805,256

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See accompanying notes to the financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS					
Primary government					
Governmental activities					
General Government	$ 244,831	$ 0	$ 0	$ 0	$ (244,831)
Planning Services	393,767	5,905	316,327	0	(71,535)
Development Services	507,656	12,000	267,616	0	(228,040)
GIS Planning Services	808,997	768,937	0	0	(40,060)
WIOA Services	3,665,487	0	3,513,011	0	(152,476)
Total governmental activities	5,620,738	786,842	4,096,954	0	(736,942)
Business-type activities					
Revolving Loan Fund	11,477	60,979	0	0	49,502
Total business-type activities	11,477	60,979	0	0	49,502
Total primary government	5,632,215	847,821	4,096,954	0	(687,440)

	Governmental Activities	Business-Type Activities	Total
Change in net position			
Net (expense) revenue	$ (736,942)	$ 49,502	$ (687,440)
General revenues			
Regional appropriations	712,155	0	712,155
Interest and investment earnings	0	950	950
Other	4,539	529	5,068
Transfers	12,746	(12,746)	0
Total general revenues and transfers	729,440	(11,267)	718,173
Change in net position	(7,502)	38,235	30,733
Net position - beginning	1,041,101	1,733,422	2,774,523
Net position - ending	$ 1,033,599	$ 1,771,657	$ 2,805,256

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See accompanying notes to the financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	WIOA Adult Program	WIOA Dislocated Worker Program
ASSETS			
Cash and cash equivalents	$ 1,737,988	$ 282,951	$ 20,550
Receivables (net)			
Federal	0	0	0
State	0	0	0
Other	102	0	0
Due from other funds	137,584	0	0
Prepaids	14,000	3,383	3,371
Total assets	$ 1,889,674	$ 286,334	$ 23,921
LIABILITIES			
Accounts payable	$ 6,519	$ 129,404	$ 21,208
Accrued salaries and payroll liabilities	7,783	1,807	1,805
Due to other funds	0	0	0
Other liabilities	119,634	0	0
Total liabilities	133,936	131,211	23,013
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	3,239	155,123	908
FUND BALANCES			
Nonspendable prepaids	14,000	3,383	3,371
Assigned for capital outlay	71,373	0	0
Unassigned	1,667,126	(3,383)	(3,371)
Total fund balances	1,752,499	0	0
Total liabilities, deferred inflows of resouces, and fund balances	$ 1,889,674	$ 286,334	$ 23,921

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See accompanying notes to the financial statements.

WIOA Youth-Out Program	Information / GIS Programs	Nonmajor Governmental Funds	Totals
$ 103,975	$ 40,934	$ 100,809	$ 2,287,207
0	0	94,741	94,741
0	0	41,805	41,805
0	471	3,155	3,728
0	0	0	137,584
7,922	0	2,636	31,312
$ 111,897	$ 41,405	$ 243,146	$ 2,596,377
$ 55,846	$ 0	$ 1,129	$ 214,106
2,549	335	8,513	22,792
0	471	137,113	137,584
0	0	0	119,634
58,395	806	146,755	494,116
53,502	40,599	96,391	349,762
7,922	0	2,636	31,312
0	0	0	71,373
(7,922)	0	(2,636)	1,649,814
0	0	0	1,752,499
$ 111,897	$ 41,405	$ 243,146	$ 2,596,377

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GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances - total governmental funds		$ 1,752,499
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and therefore are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation		164,500
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:		
Compensated absences	$ (109,785)	
Net pension liability	(1,233,596)	(1,343,381)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	$ 167,848	
Pension experience differences	121,216	
Pension investment return differences	176,844	
Deferred inflows of resources:		
Pension investment return differences	(34,983)	430,925
Internal service funds are used by management to charge the costs of certain actvities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
Internal service funds net position	$ 59,355	
Less capital assets included above	(30,299)	29,056
Net position of governmental activities		$ 1,033,599

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GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	General	WIOA Adult Program	WIOA Dislocated Worker Program
REVENUES			
Federal sources	$ 0	$ 1,726,014	$ 675,509
State sources	0	0	0
City and county	712,155	0	0
Other	4,264	0	0
Total revenues	716,419	1,726,014	675,509
EXPENDITURES			
Current			
General Government	214,482	0	0
Planning Services	0	0	0
Development Services	0	0	0
Information / GIS Services	0	0	0
WIOA Services	0	1,725,050	674,383
Total expenditures	214,482	1,725,050	674,383
Excess (deficiency) of revenues over (under) expenditures	501,937	964	1,126
Other financing sources (uses)			
Transfers in	18,143	0	0
Transfers out	(315,436)	(964)	(1,126)
Total other financing sources (uses)	(297,293)	(964)	(1,126)
Net change in fund balance	204,644	0	0
Fund balances, July 1	1,547,855	0	0
Fund balances, June 30	$ 1,752,499	$ 0	$ 0

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See accompanying notes to the financial statements.

WIOA Youth-Out Program	Information / GIS Programs	Nonmajor Governmental Funds	Totals
$ 627,598	$ 0	$ 834,304	$ 3,863,425
0	0	233,527	233,527
0	768,937	17,904	1,498,996
0	275	0	4,539
627,598	769,212	1,085,735	5,600,487
0	0	0	214,482
0	0	385,355	385,355
0	0	496,960	496,960
0	804,178	0	804,178
627,200	0	480,981	3,507,614
627,200	804,178	1,363,296	5,408,589
398	(34,966)	(277,561)	191,898
0	34,966	280,470	333,579
(398)	0	(2,909)	(320,833)
(398)	34,966	277,561	12,746
0	0	0	204,644
0	0	0	1,547,855
$ 0	$ 0	$ 0	$ 1,752,499

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GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016

Net change in fund balances - total governmental funds		$ 204,644
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 8,211	
Depreciation	(138,729)	(130,518)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 223,797	
Cost of benefits earned net of employee contributions	(283,881)	(60,084)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change in compensated absences.		(9,650)
Internal service funds are used by management to charge the cost of certain activities to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.		
Change in net position of internal service funds	$ (25,301)	
Add depreciation expense included above	13,407	(11,894)
Change in net position of governmental activities		$ (7,502)

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GEORGIA MOUNTAINS REGIONAL COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
City and county	$ 712,137	$ 712,137	$ 712,155	$ 18
Other	1,000	1,000	4,264	3,264
Total revenues	713,137	713,137	716,419	3,282
EXPENDITURES				
Current				
General Government				
Salaries and wages	88,988	88,988	113,294	(24,306)
Fringe benefits	33,540	33,540	27,277	6,263
Contracts	20,000	20,000	684	19,316
Rentals	0	0	16,878	(16,878)
Travel	8,100	8,100	1,861	6,239
Supplies and materials	6,500	6,500	1,861	4,639
Capital expenditures	25,000	25,000	0	25,000
Other	159,241	159,241	6,959	152,282
Indirect costs	53,067	53,067	45,668	7,399
Total expenditures	394,436	394,436	214,482	179,954
Excess (deficiency) of revenues over expenditures	318,701	318,701	501,937	183,236
Other financing sources (uses)				
Transfers in	0	0	18,143	18,143
Transfers out	(318,701)	(318,701)	(315,436)	3,265
Total other financing sources (uses)	(318,701)	(318,701)	(297,293)	21,408
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	204,644	204,644
Fund balances, July 1	0	0	1,547,855	1,547,855
Fund balances, June 30	$ 0	$ 0	$ 1,752,499	$ 1,752,499

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See accompanying notes to the financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA ADULT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 911,678	$ 1,117,966	$ 1,726,014	$ 608,048
Total revenues	911,678	1,117,966	1,726,014	608,048
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	272,403	252,517	252,517	0
Fringe benefits	105,066	101,348	101,348	0
Contracts	0	6,901	6,901	0
Rentals	0	17,592	17,592	0
Travel	0	181,152	181,152	0
Supplies and materials	0	6,047	6,047	0
Other	1,141,293	1,159,493	1,159,493	0
Total expenditures	1,518,762	1,725,050	1,725,050	0
Excess (deficiency) of revenues over expenditures	(607,084)	(607,084)	964	608,048
Other financing sources (uses)				
Transfers out	0	0	(964)	(964)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(607,084)	(607,084)	0	607,084
Fund balances, July 1	607,084	607,084	0	(607,084)
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA DISLOCATED WORKER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 1,292,817	$ 1,292,817	$ 675,509	$ (617,308)
Total revenues	1,292,817	1,292,817	675,509	(617,308)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	240,753	240,753	281,011	(40,258)
Fringe benefits	92,858	92,858	108,111	(15,253)
Contracts	0	0	7,157	(7,157)
Rentals	0	0	15,582	(15,582)
Travel	0	0	30,394	(30,394)
Supplies and materials	0	0	4,751	(4,751)
Other	534,753	534,753	227,377	307,376
Total expenditures	868,364	868,364	674,383	193,981
Excess (deficiency) of revenues over expenditures	424,453	424,453	1,126	(423,327)
Other financing sources (uses)				
Transfers out	0	0	(1,126)	(1,126)
Contingency	(437,063)	(437,063)	0	437,063
Total other financing sources (uses)	(437,063)	(437,063)	(1,126)	435,937
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,610)	(12,610)	0	12,610
Fund balances, July 1	12,610	12,610	0	(12,610)
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH-OUT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 337,361	$ 627,200	$ 627,598	$ 398
Total revenues	337,361	627,200	627,598	398
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	59,325	220,651	220,651	0
Fringe benefits	22,882	90,038	90,038	0
Contracts	62,000	112,403	112,403	0
Rentals	0	16,657	16,657	0
Travel	0	35,313	35,313	0
Supplies and materials	0	3,813	3,813	0
Other	145,981	148,325	148,325	0
Total expenditures	290,188	627,200	627,200	0
Excess (deficiency) of revenues over expenditures	47,173	0	398	398
Other financing sources (uses)				
Transfers out	0	0	(398)	(398)
Contingency	(47,173)	0	0	0
Total other financing sources (uses)	(47,173)	0	(398)	(398)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
INFORMATION / GIS PROGRAMS FUND
INFORMATION / GIS PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
City and county	$ 35,000	$ 781,930	$ 768,937	$ (12,993)
Other	0	0	275	275
Total revenues	35,000	781,930	769,212	(12,718)
EXPENDITURES				
Current				
Information / GIS Services				
Salaries and wages	26,073	69,194	69,194	0
Fringe benefits	9,827	18,911	18,911	0
Contracts	0	647,883	647,883	0
Travel	3,200	4,295	4,295	0
Supplies and materials	600	10,950	10,950	0
Other	2,000	21,842	21,842	0
Indirect costs	15,548	31,103	31,103	0
Total expenditures	57,248	804,178	804,178	0
Excess (deficiency) of revenues over expenditures	(22,248)	(22,248)	(34,966)	(12,718)
Other financing sources (uses)				
Transfers in	22,248	22,248	34,966	12,718
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities	Governmental Activities
	Revolving Loan Fund	Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	$ 453,259	$ 24,083
Other receivables	529	0
Loans receivable	161,777	0
Prepaids	0	6,316
Total current assets	615,565	30,399
Noncurrent assets		
Loans receivable	1,156,126	0
Depreciable capital assets (net)	0	30,299
Total noncurrent assets	1,156,126	30,299
Total assets	1,771,691	60,698
LIABILITIES		
Current liabilities		
Accrued salaries and payroll liabilities	34	1,343
NET POSITION		
Investment in capital assets	0	30,299
Restricted for loans	1,771,657	0
Unrestricted	0	29,056
Total net position	$ 1,771,657	$ 59,355

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See accompanying notes to the financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business-Type Activities	Governmental Activities
	Revolving Loan Fund	Internal Service Fund
OPERATING REVENUES		
Interfund services provided	$ 0	$ 1,026,506
Interest from loans	60,979	0
Other	529	0
Total operating revenues	61,508	1,026,506
OPERATING EXPENSES		
Salaries and wages	4,041	159,242
Fringe benefits	1,456	746,915
Rentals	0	8,473
Travel	0	2,150
Insurance and bonding	0	4,283
Repairs and maintenance	0	42,341
Postage and freight	0	2,735
Publication and printing	0	1,868
Per diem and fees	0	21,920
Facility operation	0	9,784
Supplies and materials	0	9,401
Utilities	0	13,779
Depreciation	0	13,407
Other	5,980	15,509
Total operating expenses	11,477	1,051,807
Operating income (loss)	50,031	(25,301)
Non-operating revenues (expenses)		
Interest revenue	950	0
Net income (loss) before transfers	50,981	(25,301)
Transfers in (out)		
Transfers out	(12,746)	0
Change in net position	38,235	(25,301)
Net position, July 1	1,733,422	84,656
Net position, June 30	$ 1,771,657	$ 59,355

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See accompanying notes to the financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business-Type Activities	Governmental Activities
	Revolving Loan Fund	Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund services provided	$ 0	$ 1,026,506
Loan payments received	169,380	0
Loans made	(150,000)	0
Payments for salaries and fringe benefits	(5,463)	(904,814)
Payments for direct operating expenses	(5,980)	(138,455)
Net cash provided (used) by operating activities	7,937	(16,763)
Cash flows from non-capital financing activities:		
Payments to other funds	(14,207)	0
Cash flows from investing activities		
Interest received	950	0
Net increase (decrease) in cash and cash equivalents	(5,320)	(16,763)
Cash and cash equivalents, July 1	458,579	40,846
Cash and cash equivalents, June 30	$ 453,259	$ 24,083
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 50,031	$ (25,301)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	0	13,407
(Increase) decrease in other receivables	(529)	0
(Increase) decrease in loans receivable	(41,599)	0
(Increase) decrease in prepaids	0	(3,013)
Increase (decrease) in accounts payable	0	(3,199)
Increase (decrease) in accrued salaries and payroll liabilities	34	1,343
Total adjustments	(42,094)	8,538
Net cash provided (used) by operating activities	$ 7,937	$ (16,763)

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1. Description of Government Unit

The Georgia Mountains Regional Commission (the Commission) succeeded the former Georgia Mountains Regional Development Commission, effective July 1, 2009. The Official Code of Georgia Annotated ("OCGA") Section 50-8-41 provided for this succession. The responsibilities and authority of the regional development commissions are contained in Sections 50-8-30 through 50-8-46 of OCGA. The Commission assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. Membership dues, federal, state, local and other income finance operations of the Commission. Grants from federal, state and other sources permit the Commission to undertake specific programs.

County members of the Commission are Banks, Dawson, Forsyth, Franklin, Habersham, Hall, Hart, Lumpkin, Rabun, Stephens, Towns, Union, and White. Municipalities which are members are Alto, Avalon, Baldwin, Blairsville, Bowersville, Canon, Carnesville, Clarkesville, Clayton, Clermont, Cleveland, Cornelia, Cumming, Dahlonega, Dawsonville, Demorest, Dillard, Flowery Branch, Franklin Springs, Gainesville, Gillsville, Hartwell, Helen, Hiawassee, Homer, Lavonia, Lula, Martin, Maysville, Mountain City, Mount Airy, Oakwood, Royston, Sky Valley, Tallulah Falls, Tiger, Toccoa, and Young Harris.

2. Summary of Significant Accounting Policies

A. Reporting Entity

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

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2. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

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

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

B. Description of Government-wide Financial Statements

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

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

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

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

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2. Summary of Significant Accounting Policies (continued)

B. Description of Government-wide Financial Statements, continued

Indirect Expenses Allocation - Pooled costs, which are allocated to specific programs or functions as determined by the Commission's cost allocation plans. See Note 2V.

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

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2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

The Commission reports the following major governmental funds:

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

WIOA Adult Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act adult program contract.

WIOA Dislocated Worker Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act dislocated worker program contract.

WIOA Youth-Out Program Fund - This fund is used to account for Workforce Innovation and Opportunity Act out of school youth program contract.

Information / GIS Programs Fund - This fund is used to account for information technology and geographic information systems services.

The Commission reports the following major proprietary fund:

Revolving Loan Fund - This fund is used to account for the issuance and repayment of loans made to customers.

Additionally, the commission reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

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2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements, continued

Proprietary Fund Types

Enterprise Funds - This fund type is used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

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

Interfund Activity

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

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

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2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

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2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

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

F. Revenues and Expenditures/Expenses

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Revolving Loan Fund is interest on loans made to customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Executive Director submits annual budgets to the Council for the General and Special Revenue Funds. Legal provisions govern the budgetary process. These budgets are formally adopted on an individual grant-funded program level, which is the legal level of budgetary control. The Council may amend the budget annually or as directed by the Council. The Council approves budget amendments if total expenditures exceed budgeted expenditures at the individual grant-funded program level. All expenditures in excess of budgeted amounts are the responsibility of the Commission through local funds. Unobligated appropriations in the annual operating budget lapse at fiscal year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Commission.

H. Cash and Investments

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

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2. Summary of Significant Accounting Policies (continued)

I. Receivables

Receivables consist of grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed, assessments and dues from participating local governments and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts that would necessitate the need for an allowance for uncollectible receivables.

J. Inventories

The reporting entity does not show inventory in its governmental fund or proprietary fund type balance sheets. The costs of governmental fund and proprietary fund type inventory are recorded as an expenditure or expense when purchased rather than when consumed.

K. Prepaids

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

L. Capital Assets

Property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund and combining financial statements. Donated capital assets, if any, are reported at acquisition value. The Commission generally capitalizes assets with cost of $5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

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2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

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

Leasehold improvements	25-30 years
Vehicles and Equipment	5-10 years

M. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue. Grant and contract entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred inflows of resources. The Commission also reports deferred inflows of resources related to the defined benefit pension plan.

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2. Summary of Significant Accounting Policies (continued)

N. Net Position Flow Assumption

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

O. Fund Balance Flow Assumption

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

P. Restricted Assets and Restricted Net Position

When the Commission's underutilized base capital rate is above the threshold set by the Economic Development Administration (EDA), the Commission is required to sequester excess loan funds held for two or more consecutive reporting periods. The Commission has to also pay interest to EDA on these sequestered funds on a quarterly basis. The sequestered funds will only be released once the Commission's underutilized base capital rate falls below the threshold. As of June 30, 2016, the Commission was not required to sequester any loan funds.

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2. Summary of Significant Accounting Policies (continued)

P. Restricted Assets and Restricted Net Position, continued

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. The Commission reports restricted net position for loans.

Q. Fund Balances – Governmental Funds

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

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Commission has not reported any nonspendable fund balance.

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

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

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

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

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2. Summary of Significant Accounting Policies (continued)

R. Compensation for Future Absences

Compensated absences represent obligations of the Commission relating to employees' rights to receive compensation for future absences based upon services already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Commission employees with tenure of five years or less are awarded 144 hours per year of personal leave. Commission employees with five to ten years of tenure are awarded 192 hours per year of personal leave. Commission employees with tenure of more than ten years are awarded 240 hours per year of personal leave. The maximum number of hours that may be accrued is 195 hours; however, personal leave may not be carried forward from one fiscal year to another in excess of 195 hours. Upon termination of employment, employees of the Commission are allowed to be reimbursed for accumulated personal leave at year-end plus personal leave accumulated during the current year up to a maximum of 195 hours.

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

S. Accrued Liabilities and Long-Term Obligations

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

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

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2. Summary of Significant Accounting Policies (continued)

T. Capital Contributions

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

U. Pensions

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

V. Allocation of Indirect Expenses

Expenses that are incurred for a common or joint purpose benefiting more than one cost objective or expenses that are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved are considered indirect costs. These indirect costs are recorded in the Internal Service Fund by the Commission accounting system and allocated to elements of the respective funds based upon a provisional indirect cost rate. The Commission's provisional indirect cost rate is based upon prior cost experience, documented by a cost allocation plan and is approved by the Commission's Federal oversight agency (United States Department of Commerce, Office of Audits) in accordance with the provisions of U.S. Office of Management and Budget Circular A-87. The provisional rate for the year ended June 30, 2014 was 45%. At the end of each month during the year, actual indirect cost rate is determined and adjustments are made to allocate the difference between provisional and actual indirect costs to the respective funds. These charges are separately reported in the Statement of Activities.

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2. Summary of Significant Accounting Policies (continued)

V. Allocation of Indirect Expenses, continued

Total indirect costs incurred by the Commission for the fiscal year ended June 30, 2016 were $350,748. Using total governmental funds personal services expenditures (direct salaries plus employee benefits less amounts not utilized in computation) and $1,022,624 as the allocation base, the actual indirect cost rate for the fiscal year ended June 30, 2016 was 34%.

W. Employee Benefits

Employee benefits are pooled and allocated to the respective funds based upon a predetermined rate applied against the respective funds salaries and wages. Total employee benefits utilized for allocation by the Commission for the fiscal year ended June 30, 2016 totaled $682,734. Using total salaries and wages of $1,795,146 as the allocation base, the actual employee benefit rate for the fiscal year ended June 30, 2016 was 38%.

X. Use of Estimates in the Preparation of the Financial Statements

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

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

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

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3. Deposit and Investment Risk (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The Commission has no investments denominated in a foreign currency.

4. Receivables

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

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4. Receivables (continued)

The Commission's intergovernmental receivables at June 30, 2016 are as follows:

	Governmental Funds		
	Major Funds	Nonmajor Funds	Total
Federal			
DOT Programs			
Georgia Department of Transportation	$ 0	$ 32,509	$ 32,509
EDA Programs - EDA FY 2014-2016			
Economic Development Administration	0	34,266	34,266
EPD Programs			
Georgia Department of Natural Resources	0	12,825	12,825
Other Programs			
Various Cities and Counties - CDBG and EIP	0	15,141	15,141
Total Federal	$ 0	$ 94,741	$ 94,741
State			
Planning Programs			
Georgia Department of Natural Resources	$ 0	$ 4,091	$ 4,091
DCA Programs			
Georgia Department of Community Affairs	0	37,714	37,714
	$ 0	$ 41,805	$ 41,805

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5. Interfund Receivables, Payables and Transfers

Interfund balances at June 30, 2016 consisted of the following amounts and represent charges by one fund to another for services or goods, subsidy commitments outstanding at fiscal year-end, or reimbursable expenses. The following schedule reports the interfund receivables and payables within the reporting entity at fiscal year-end:

Receivable Fund	Payable Fund	Amount
General	Information / GIS Programs	$ 471
	Nonmajor Governmental	137,113
		$ 137,584

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

The Commission’s transfers are for operating expenses reimbursed to the major and nonmajor governmental funds paid to and from the General Fund. The following schedule reports transfers within the reporting entity for the fiscal year ended June 30, 2016:

Transfer Out Fund	Transfer In Fund	Amount
General	Information / GIS Programs	$ 34,966
	Nonmajor Governmental	280,470
WIA Adult Program	General	964
WIA Dislocated Worker Program	General	1,126
WIA Youth-Out Program	General	398
Nonmajor Governmental	General	2,909
Revolving Loan	General	12,746
		$ 333,579

Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

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6. Capital Assets

Capital asset activity for the Commission for the fiscal year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Program				
Depreciable assets				
Equipment	$ 13,887	$ 8,211	$ 0	$ 22,098
Vehicles	604,510	0	0	604,510
Total depreciable assets	618,397	8,211	0	626,608
Less accumulated depreciation				
Equipment	(4,379)	(4,420)	0	(8,799)
Vehicles	(362,706)	(120,902)	0	(483,608)
Total accumulated depreciation	(367,085)	(125,322)	0	(492,407)
Program capital assets, net	$ 251,312	$ (117,111)	$ 0	$ 134,201
Non-program				
Depreciable assets				
Equipment	$ 89,875	$ 0	$ 0	$ 89,875
Vehicles	127,848	0	0	127,848
Total depreciable assets	217,723	0	0	217,723
Less accumulated depreciation				
Equipment	(77,835)	(4,026)	0	(81,861)
Vehicles	(96,182)	(9,381)	0	(105,563)
Total accumulated depreciation	(174,017)	(13,407)	0	(187,424)
Non-program capital assets, net	$ 43,706	$ (13,407)	$ 0	$ 30,299
Total governmental activities capital assets, net	$ 295,018	$ (130,518)	$ 0	$ 164,500

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General Government	$ 13,407
GIS Planning Services	3,198
WIOA Services	122,124
Total depreciation expense for governmental activities	$ 138,729

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7. Long-Term Debt

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

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Governmental activities					
Compensated absences	$ 100,135	$ 112,789	$ 103,139	$ 109,785	$ 109,785

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

Operating Leases

The reporting entity is committed under various building, machinery and equipment leases. For the reporting period, rent expenditures approximated $25,351 for the Commission. Outstanding obligations for the year were not significant.

8. Retirement Plans

Defined Benefit Pension Plan

Plan Descripton. The Commission is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The Commission has established provisions, which assign the authority to the Commission council members to establish and amend the benefit provisions of the plan.

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the Commission has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the Commission but shall be allocated to employees. All full-time (30 or more hours per week) are eligible for immediate participation. Officials are not covered.

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

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2016, the date of the most recent actuarial valuation, there were 70 participants consisting of the following:

Retired participants and beneficiaries	23
Vested former participants	14
Active employees	33
Total number of participants	70

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with twenty five years of total service are eligible to retire at age 62 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table (effective 7-1-00) after 55 years of service. The benefit formula is 1.25% - 2.25% with a five year vesting schedule.

Contributions. Employees make no contributions to the plan. The Commission is required to contribute the entire cost of the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The Commission's actuarially determined contribution rate for the fiscal year ended June 30, 2016 was $223,797, or 13.68% of covered-employee payroll. The Commission's covered payroll for employees participating in the Plan as of January 1, 2016, (the most recent actuarial valuation date) was $1,635,471 (based on covered earnings for the preceding year). The Council provides for the benefits and funding policy through Commission ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the Commission reported a net pension liability of $1,233,596. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended June 30, 2016, the Commission recognized pension expense of $283,881.

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2014	$ 6,256,383	$ 5,249,783	$ 1,006,600
Changes for the year:			
Service cost	133,098	0	133,098
Interest	470,366	0	470,366
Differences between expected and actual experience	86,879	0	86,879
Employer contributions	0	421,592	(421,592)
Net investment income	0	52,434	(52,434)
Benefit payments	(374,290)	(374,290)	0
Administrative expense	0	(10,679)	10,679
Net changes	316,053	89,057	226,996
Balances at September 30, 2015	$ 6,572,436	$ 5,338,840	$ 1,233,596

Plan fiduciary net position as a percentage of the total pension liability	81.23%
Covered employee payroll	$ 1,635,471
Net pension liability as a percentage of covered employee payroll	75.43%

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 121,216	$ 0
Changes of assumptions	0	(34,983)
Net difference between projected and actual earnings on pension plan investments	176,844	0
Commission contributions subsequent to the measurement date	167,848	0
Totals	$ 465,908	$ (34,983)

The $167,848 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2017	$ 78,018
2018	56,945
2019	56,945
2020	71,169
Totals	$ 263,077

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.25%
Net investment rate of return	7.75%

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

The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.75%	$ 1,934,565
Current discount rate	7.75%	1,233,596
1% increase	8.75%	640,912

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8. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Defined Contribution Plan

The Commission participates in a 401(k) defined contribution plan, administered by Mass Mutual, established and amended by the Board of Directors. The Commission, prior to establishing an earlier 403(b) retirement plan, which was replaced with the 401(k) plans, elected not to participate in the Social Security System. Each employee is required to participate upon employment and makes mandatory contributions of 6.20% of his/her gross salary. The Commission contributes a match of 6.20% less the cost of long-term disability insurance. Contributions are 100 percent vested. Employer and employee contributions for the fiscal year ended June 30, 2016 were $40,208 and $54,560, respectively.

9. Other Post-Employment Benefits

In addition to pension benefits, the Commission may provide post-employment benefit options for healthcare and dental insurance for eligible employees. The benefits are provided in accordance with the Commission's bylaws and The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility may include: years of service, employee age and whether the employee has vested in the respective retirement plan. The retirees fund the benefits on a pay-as-you-go basis. Eligible employees are required to pay 100% of the premium cost. During fiscal year 2016, no expenses were recognized for post-employment benefits. Four retirees currently participate.

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10. Joint Venture

Under Georgia law, cities and counties in the 13 county Georgia Mountains region are members of Georgia Mountains Regional Commission. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Council membership includes the chief elected official of each county or his/her appointed elected county official and mayor of one of the municipalities of the area and one private sector individual. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission beyond its resources.

11. Risk Management

The reporting entity is exposed to various risks of loss related to torts; theft of, damage to and distinction of assets; errors and omissions; injuries to employees; natural disaster; and unemployment compensation. The Commission carries commercial insurance for risks of loss with the exception of health insurance. The Commission has neither significantly reduced coverage for these risks nor incurred losses (settlements) that exceeded the Commission's insurance coverage in any of the past three years. Currently, the Commission participates in the Georgia Municipal Association (GMA) Health Insurance Plan, a risk pool, and is not required to maintain additional self-insurance. Coverage includes medical and dental insurance with per person $500 and $50 deductibles, respectively, and $50,000 life insurance. The Commission pays a monthly premium of $783 per employee. Employee health claims are submitted to and paid by GMA, and the Commission is not liable for any medical costs not covered by the plan.

The Commission is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund (GIRMA) and the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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11. Risk Management (Continued)

Administered by GMA, the GIRMA was created in 1987 to provide property and liability coverage to local government entities in Georgia. The membership owns and controls the fund requiring annual contributions based on individual loss experience and underwriting which are pooled to pay property and liability claim defense, claim losses, insurance to limit exposure and administrative expenses. The WCSIF was created in 1982 by state statute and administered by GMA. The membership owns and controls the fund requiring contributions based on individual loss experience and underwriting which are pooled to pay workers' compensation statutory coverage for municipal governments in Georgia.

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

12. Contingencies

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

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REQUIRED SUPPLEMENTARY INFORMATION

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2016
(Unaudited)

	Fiscal Year End	
	2015	**2016**
Total pension liability		
Service cost	$ 170,921	$ 133,098
Interest	446,353	470,366
Differences between expected and actual experience	168,168	86,879
Changes of assumptions	(104,948)	0
Benefit payments, including refunds of employee contributions	(367,018)	(374,290)
Net change in total pension liability	313,476	316,053
Total pension liability - beginning	5,942,907	6,256,383
Total pension liability - ending (a)	$ 6,256,383	$ 6,572,436
Plan fiduciary net position		
Contributions - employer	$ 208,258	$ 421,592
Net investment income	550,407	52,434
Benefit payments, including refunds of employee contributions	(367,018)	(374,290)
Administrative expense	(8,546)	(10,679)
Net change in total pension liability	383,101	89,057
Plan fiduciary net position - beginning	4,866,682	5,249,783
Plan fiduciary net position - ending (b)	$ 5,249,783	$ 5,338,840
Net pension liability - ending : (a) - (b)	$ 1,006,600	$ 1,233,596
Plan's fiduciary net position as a percentage of the total pension liability	83.91%	81.23%
Covered-employee payroll	$ 1,392,312	$ 1,635,471
Net pension liabilty as a percentage of covered-employee payroll	72.30%	75.43%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only two years are reported.

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2016
(Unaudited)

	Fiscal Year End	
	2015	**2016**
Actuarially determined contribution	$ 228,132	$ 223,797
Contributions in relation to the actuarially determined contribution	(243,255)	(223,797)
Contribution deficiency (excess)	$ (15,123)	$ 0
Covered-employee payroll	$ 1,392,312	$ 1,635,471
Contributions as a percentage of covered-employee payroll	17.47%	13.68%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only two years are reported.

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1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

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

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 3.25%

Retirement age for inactive vested participants = 65

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

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3. Changes in Benefits

There have been no changes in benefit provisions since GASB 67/68 implementation.

4. Changes of Assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

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GEORGIA MOUNTAINS REGIONAL COMMISSION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue					
	Planning Programs Planning Services	**DCA Programs**	**DOT Programs**	**ARC Programs ARC FY 2015**	**ARC Programs ARC FY 2016**	**EDA Programs EDA FY 2014-2016**
ASSETS						
Cash and cash equivalents	$ 36	$ 374	$ 0	$ 0	$ 1,173	$ 0
Receivables						
Federal	0	0	32,509	0	0	34,266
State	4,091	37,714	0	0	0	0
Other	3,155	0	0	0	0	0
Prepaids	0	0	0	0	0	0
Total assets	$ 7,282	$ 38,088	$ 32,509	$ 0	$ 1,173	$ 34,266
LIABILITIES						
Accounts payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Accrued salaries and payroll liabilities	72	891	143	0	1,173	556
Due to other funds	7,210	37,197	32,366	0	0	33,710
Total liabilities	7,282	38,088	32,509	0	1,173	34,266
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	0	0	0	0	0	0
FUND BALANCES						
Nonspendable prepaids	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balances	0	0	0	0	0	0
Total liabilities, deferred inflows of resources and fund balances	$ 7,282	$ 38,088	$ 32,509	$ 0	$ 1,173	$ 34,266

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Special Revenue						
EPD Programs	Other Programs	WIOA Adult Admin Program	WIOA Youth Admin Program	WIOA Dislocated Worker Admin Program	WIOA Youth-In Program	Total Nonmajor Governmental Funds
$ 0	$ 474	$ 526	$ 38,068	$ 452	$ 59,706	$ 100,809
12,825	15,141	0	0	0	0	94,741
0	0	0	0	0	0	41,805
0	0	0	0	0	0	3,155
0	0	0	0	0	2,636	2,636
$ 12,825	$ 15,615	$ 526	$ 38,068	$ 452	$ 62,342	$ 243,146
$ 0	$ 0	$ 14	$ 0	$ 13	$ 1,102	$ 1,129
0	210	512	347	439	4,170	8,513
12,825	13,805	0	0	0	0	137,113
12,825	14,015	526	347	452	5,272	146,755
0	1,600	0	37,721	0	57,070	96,391
0	0	0	0	0	2,636	2,636
0	0	0	0	0	(2,636)	(2,636)
0	0	0	0	0	0	0
$ 12,825	$ 15,615	$ 526	$ 38,068	$ 452	$ 62,342	$ 243,146

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GEORGIA MOUNTAINS REGIONAL COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	Special Revenue					
	Planning Programs Planning Services	**DCA Programs**	**DOT Programs**	**ARC Programs ARC FY 2015**	**ARC Programs ARC FY 2016**	**EDA Programs EDA FY 2014-2016**
REVENUES						
Federal sources	$ 0	$ 0	$ 72,002	$ 62,257	$ 81,071	$ 80,289
State sources	4,091	229,436	0	0	0	0
City and county	5,904	0	0	0	0	0
Total revenues	9,995	229,436	72,002	62,257	81,071	80,289
EXPENDITURES						
Current						
Planning Services	24,814	257,484	92,260	0	0	0
Development Services	0	0	0	126,912	150,049	159,473
WIOA Services	0	0	0	0	0	0
Total expenditures	24,814	257,484	92,260	126,912	150,049	159,473
Excess (deficiency) of revenues over (under) expenditures	(14,819)	(28,048)	(20,258)	(64,655)	(68,978)	(79,184)
Other financing sources (uses)						
Transfers in	14,819	28,048	20,258	64,655	68,978	79,184
Transfers out	0	0	0	0	0	0
Total other financing sources (uses)	14,819	28,048	20,258	64,655	68,978	79,184
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0	0	0
Fund balances, July 1	0	0	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

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Special Revenue						
EPD Programs	Other Programs	WIOA Adult Admin Program	WIOA Youth Admin Program	WIOA Dislocated Worker Admin Program	WIOA Youth-In Program	Total Nonmajor Governmental Funds
$ 10,797	$ 43,998	$ 110,679	$ 85,271	$ 79,642	$ 208,298	$ 834,304
0	0	0	0	0	0	233,527
0	12,000	0	0	0	0	17,904
10,797	55,998	110,679	85,271	79,642	208,298	1,085,735
10,797	0	0	0	0	0	385,355
0	60,526	0	0	0	0	496,960
0	0	110,177	84,595	79,302	206,907	480,981
10,797	60,526	110,177	84,595	79,302	206,907	1,363,296
0	(4,528)	502	676	340	1,391	(277,561)
0	4,528	0	0	0	0	280,470
0	0	(502)	(676)	(340)	(1,391)	(2,909)
0	4,528	(502)	(676)	(340)	(1,391)	277,561
0	0	0	0	0	0	0
0	0	0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
PLANNING PROGRAMS FUND
PLANNING SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
State sources	$ 4,000	$ 4,000	$ 4,091	$ 91
City and county	25,000	25,000	5,904	(19,096)
Total revenues	29,000	29,000	9,995	(19,005)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	20,643	20,643	12,575	8,068
Fringe benefits	7,780	7,780	4,656	3,124
Travel	8,000	8,000	162	7,838
Supplies and materials	650	650	0	650
Other	1,000	1,000	816	184
Indirect costs	12,310	12,310	6,605	5,705
Total expenditures	50,383	50,383	24,814	25,569
Excess (deficiency) of revenues over expenditures	(21,383)	(21,383)	(14,819)	6,564
Other financing sources (uses)				
Transfers in	21,383	21,383	14,819	(6,564)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
DCA PROGRAMS FUND
GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
State sources	$ 224,000	$ 232,596	$ 229,436	$ (3,160)
Total revenues	224,000	232,596	229,436	(3,160)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	119,059	128,870	128,870	0
Fringe benefits	44,873	45,802	45,802	0
Travel	1,500	6,189	6,189	0
Other	12,456	11,907	11,907	0
Indirect costs	71,000	64,716	64,716	0
Total expenditures	248,888	257,484	257,484	0
Excess (deficiency) of revenues over expenditures	(24,888)	(24,888)	(28,048)	(3,160)
Other financing sources (uses)				
Transfers in	24,888	24,888	28,048	3,160
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
DOT PROGRAMS FUND
GEORGIA DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 87,360	$ 87,360	$ 72,002	$ (15,358)
Total revenues	87,360	87,360	72,002	(15,358)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	52,405	52,405	49,467	2,938
Fringe benefits	19,751	19,751	17,068	2,683
Travel	675	675	106	569
Other	751	751	0	751
Indirect costs	31,250	31,250	25,619	5,631
Total expenditures	104,832	104,832	92,260	12,572
Excess (deficiency) of revenues over expenditures	(17,472)	(17,472)	(20,258)	(2,786)
Other financing sources (uses)				
Transfers in	17,472	17,472	20,258	2,786
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
ARC PROGRAMS FUND
APPALACHIAN REGIONAL COMMISSION - FY 2015
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 81,072	$ 81,072	$ 62,257	$ (18,815)
Total revenues	81,072	81,072	62,257	(18,815)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	78,549	78,549	63,252	15,297
Fringe benefits	29,605	29,605	24,107	5,498
Travel	5,300	5,300	3,201	2,099
Supplies and materials	935	935	0	935
Other	915	915	1,798	(883)
Indirect costs	46,840	46,840	34,554	12,286
Total expenditures	162,144	162,144	126,912	35,232
Excess (deficiency) of revenues over expenditures	(81,072)	(81,072)	(64,655)	16,417
Other financing sources (uses)				
Transfers in	81,072	81,072	64,655	(16,417)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
ARC PROGRAMS FUND
APPALACHIAN REGIONAL COMMISSION - FY 2016
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 81,072	$ 81,072	$ 81,071	$ (1)
Total revenues	81,072	81,072	81,071	(1)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	78,548	78,548	75,345	3,203
Fringe benefits	29,605	29,605	24,303	5,302
Travel	5,300	5,300	11,058	(5,758)
Supplies and materials	935	935	0	935
Other	915	915	3,698	(2,783)
Indirect costs	46,841	46,841	35,645	11,196
Total expenditures	162,144	162,144	150,049	12,095
Excess (deficiency) of revenues over expenditures	(81,072)	(81,072)	(68,978)	12,094
Other financing sources (uses)				
Transfers in	81,072	81,072	68,978	(12,094)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
EDA PROGRAMS FUND
ECONOMIC DEVELOPMENT ADMINISTRATION - FY 2014-2016
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 63,000	$ 96,473	$ 80,289	$ (16,184)
Total revenues	63,000	96,473	80,289	(16,184)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	62,804	82,510	82,510	0
Fringe benefits	23,671	28,395	28,395	0
Travel	1,500	2,178	2,178	0
Supplies and materials	300	0	0	0
Other	273	3,157	3,157	0
Indirect costs	37,452	43,233	43,233	0
Total expenditures	126,000	159,473	159,473	0
Excess (deficiency) of revenues over expenditures	(63,000)	(63,000)	(79,184)	(16,184)
Other financing sources (uses)				
Transfers in	63,000	63,000	79,184	16,184
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
EPD PROGRAMS FUND
GEORGIA ENVIRONMENTAL PROTECTION DIVISION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 20,500	$ 20,500	$ 10,797	$ (9,703)
Total revenues	20,500	20,500	10,797	(9,703)
EXPENDITURES				
Current				
Planning Services				
Salaries and wages	10,000	10,000	5,063	4,937
Fringe benefits	3,769	3,769	1,276	2,493
Travel	450	450	0	450
Other	200	200	0	200
Indirect costs	5,963	5,963	4,458	1,505
Total expenditures	20,382	20,382	10,797	9,585
Excess (deficiency) of revenues over expenditures	118	118	0	(118)
Other financing sources (uses)				
Transfers out	(118)	(118)	0	118
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
OTHER PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 60,000	$ 60,000	$ 43,998	$ (16,002)
City and county	10,000	10,000	12,000	2,000
Total revenues	70,000	70,000	55,998	(14,002)
EXPENDITURES				
Current				
Development Services				
Salaries and wages	37,491	37,491	28,998	8,493
Fringe benefits	14,130	14,130	11,763	2,367
Travel	2,300	2,300	2,861	(561)
Other	1,400	1,400	950	450
Indirect costs	22,358	22,358	15,954	6,404
Total expenditures	77,679	77,679	60,526	17,153
Excess (deficiency) of revenues over expenditures	(7,679)	(7,679)	(4,528)	3,151
Other financing sources (uses)				
Transfers in	7,679	7,679	4,528	(3,151)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA ADULT ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 116,411	$ 116,411	$ 110,679	$ (5,732)
Total revenues	116,411	116,411	110,679	(5,732)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	42,617	59,865	59,865	0
Fringe benefits	14,383	15,620	15,620	0
Contracts	0	1,163	1,163	0
Rentals	0	2,826	2,826	0
Travel	0	216	216	0
Supplies and materials	0	90	90	0
Other	3,700	8,457	8,457	0
Indirect costs	16,153	21,940	21,940	0
Total expenditures	76,853	110,177	110,177	0
Excess (deficiency) of revenues over expenditures	39,558	6,234	502	(5,732)
Other financing sources (uses)				
Transfers out	0	0	(502)	(502)
Contingency	(39,558)	(6,234)	0	6,234
Total other financing sources (uses)	(39,558)	(6,234)	(502)	5,732
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 72,897	$ 72,897	$ 85,271	$ 12,374
Total revenues	72,897	72,897	85,271	12,374
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	85,234	85,234	38,237	46,997
Fringe benefits	28,766	28,766	20,465	8,301
Contracts	0	0	1,953	(1,953)
Travel	0	0	164	(164)
Supplies and materials	0	0	19	(19)
Other	4,800	4,800	660	4,140
Indirect costs	32,306	32,306	23,097	9,209
Total expenditures	151,106	151,106	84,595	66,511
Excess (deficiency) of revenues over expenditures	(78,209)	(78,209)	676	78,885
Other financing sources (uses)				
Transfers out	0	0	(676)	(676)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(78,209)	(78,209)	0	78,209
Fund balances, July 1	78,209	78,209	0	(78,209)
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA DISLOCATED WORKER ADMIN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 130,018	$ 130,018	$ 79,642	$ (50,376)
Total revenues	130,018	130,018	79,642	(50,376)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	42,617	41,640	41,640	0
Fringe benefits	14,383	9,174	9,174	0
Contracts	0	1,038	1,038	0
Rentals	0	2,448	2,448	0
Travel	0	181	181	0
Supplies and materials	0	52	52	0
Other	3,700	2,965	2,965	0
Indirect costs	16,153	21,804	21,804	0
Total expenditures	76,853	79,302	79,302	0
Excess (deficiency) of revenues over expenditures	53,165	50,716	340	(50,376)
Other financing sources (uses)				
Transfers out	0	0	(340)	(340)
Contingency	(53,165)	(50,716)	0	50,716
Total other financing sources (uses)	(53,165)	(50,716)	(340)	50,376
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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GEORGIA MOUNTAINS REGIONAL COMMISSION
WIOA PROGRAMS FUND
WIOA YOUTH-IN PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 787,175	$ 787,175	$ 208,298	$ (578,877)
Total revenues	787,175	787,175	208,298	(578,877)
EXPENDITURES				
Current				
WIOA Services				
Salaries and wages	170,077	170,077	109,374	60,703
Fringe benefits	65,599	65,599	22,350	43,249
Contracts	201,495	201,495	24,750	176,745
Rentals	0	0	9,068	(9,068)
Travel	0	0	13,199	(13,199)
Supplies and materials	0	0	1,409	(1,409)
Other	209,366	209,366	26,757	182,609
Total expenditures	646,537	646,537	206,907	439,630
Excess (deficiency) of revenues over expenditures	140,638	140,638	1,391	(139,247)
Other financing sources (uses)				
Transfers out	0	0	(1,391)	(1,391)
Contingency	(140,638)	(140,638)	0	140,638
Total other financing sources (uses)	(140,638)	(140,638)	(1,391)	139,247
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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SINGLE AUDIT SECTION

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

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, 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, each major fund, and the aggregate remaining fund information of Georgia Mountains Regional Commission (the Commission), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Georgia Mountains Regional Commission's basic financial statements, and have issued our report thereon dated September 15, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 15, 2016

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

Honorable Chairman and
Members of the Council
Georgia Mountains Regional Commission
Gainesville, Georgia

Report on Compliance for Each Major Federal Program

We have audited Georgia Mountains Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Georgia Mountains Regional Commission's major federal programs for the fiscal year ended June 30, 2016. Georgia Mountains Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Georgia Mountains Regional Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2016.

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Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 15, 2016

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
Department of Commerce			
Economic Development_Support for Planning Organization	11.302	04-83-06884	$ 80,289
Economic Adjustment Assistance	11.307	04-39-03469	1,188,485
Total Department of Commerce			1,268,774
Department of the Interior			
Passed through the Georgia Department of Natural Resources Historic Preservation Division:			
Historic Preservation Fund Grants-In-Aid	15.904	46200-341-160054	4,091
Department of Labor			
WIA Cluster of Programs:			
Passed through the Georgia Department of Economic Development:			
WIA/WIOA Adult Program	17.258	11-14-14-02-022	
		11-14-15-02-022	
		11-15-15-02-022	
		11-15-16-02-022	1,836,693
WIA/WIOA Youth Activities	17.259	15-14-14-02-022	
		15-15-15-02-022	
		15-16-16-02-022	921,166
WIA/WIOA Dislocated Worker Formula Grants	17.278	31-14-14-02-022	
		31-14-15-02-022	
		31-15-15-02-022	
		31-15-16-02-022	
		44-14-14-02-022	
		44-14-15-02-022	
		44-15-15-02-022	
		44-15-16-02-022	755,151
Total WIA Cluster Programs			3,513,010

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
Department of Transportation			
Passed through the Georgia Department of Transportation:			
Highway Planning and Construction	20.205	STP-0013550	$ 48,800
Passed through the Georgia Department of Transportation:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	T005418	23,202
Total Department of Transportation			72,002
Appalachian Regional Commission			
Appalachian Local Development District Assistance	23.009	N/A	143,329
Total Federal Awards			$ 5,001,206

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

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GEORGIA MOUNTAINS REGIONAL COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Georgia Mountains Regional Commission, under programs for the federal government for the fiscal year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

2. Summary of Significant Accounting Policies

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

3. De Minimis Indirect Cost Rate

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

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2016

1. Summary of the Auditor's Results

A. Financial Statements

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

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
11.307 Economic Adjustment Assistance	
Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

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2. Financial Statement Findings and Responses

None reported

3. Prior Fiscal Year Audit Findings Follow-Ups

Comment 15-1

Condition: The accounts at one financial institution were not designated as public funds and were not sufficiently collateralized.

Corrected

4. Federal Award Findings and Questioned Costs

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

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STATE REPORTING SECTION

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL - PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2016

	Provisional	Actual
Fringe benefits		
Retirement benefits	$ 223,699	$ 223,786
Payroll taxes	23,640	24,589
Group insurance	355,176	289,361
Workers' compensation	6,689	11,446
Other benefits including TSA	109,420	126,258
State unemployment	5,556	7,294
Employee benefits available for allocation	$ 724,180	$ 682,734

COMPUTATION OF EMPLOYEE BENEFIT RATES

Basis		
Total salaries and wages	$ 1,648,457	$ 1,795,146
Allocation base - salaries and wages	$ 1,648,457	$ 1,795,146
Employee benefit rates	43.93%	38.03%

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2016

	Provisional	Actual
Salaries and wages	$ 210,575	$ 159,242
Allocated fringe benefits	79,366	64,181
Consultants	21,500	21,920
Supplies and materials	10,535	9,401
Travel	8,054	2,150
Utilities - electric and gas	13,000	13,779
Repairs and maintenance	29,755	42,341
Publications and printing	3,000	1,868
User charges / depreciation on equipment	10,284	4,026
Facility operation expense	9,075	9,784
Rentals - other	8,923	8,473
Postage and freight	2,500	2,735
Insurance and bonding	4,500	4,283
Other expenses	3,400	6,565
Indirect expenses available for allocation	$ 414,467	$ 350,748

COMPUTATION OF INDIRECT COST RATES

Direct salaries	$ 695,017	$ 772,351
Employee fringe benefits	261,952	250,273
Allocation base - direct personnel costs	$ 956,969	$ 1,022,624
Indirect cost rates	43.31%	34.30%

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FLEET COST POOL -
PROVISIONAL AND ACTUAL RATES
For the fiscal year ended June 30, 2016

	Provisional	Actual
Gasoline expense	$ 6,150	$ 3,771
Depreciation	13,260	9,381
Vehicle repairs and maintenance	2,000	2,307
Vehicle insurance	3,125	2,866
Indirect expenses available for allocation	$ 24,535	$ 18,325

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GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CITY AND COUNTY DUES AND ASSESSMENTS
For the fiscal year ended June 30, 2016

Government	Balance Due June 30, 2015	FY 2016 Dues Amount	Total Billed for FY 2016	Amount Collected for FY 2016	Balance Due June 30, 2016
Banks County	$ 0	$ 20,257	$ 20,257	$ 20,257	$ 0
Dawson County	0	22,242	22,242	22,242	0
City of Dawsonville	0	2,713	2,713	2,713	0
Forsyth County	0	214,945	214,945	214,945	0
Franklin County	0	17,086	17,086	17,086	0
City of Canon	0	827	827	827	0
City of Carnesville	0	634	634	634	0
City of Franklin Springs	0	1,194	1,194	1,194	0
City of Lavonia	0	2,363	2,363	2,363	0
City of Royston	0	2,107	2,107	2,107	0
Habersham County	0	33,854	33,854	33,854	0
City of Alto	0	724	724	724	0
City of Baldwin	0	2,801	2,801	2,801	0
City of Clarkesville	0	1,925	1,925	1,925	0
City of Cornelia	0	4,609	4,609	4,609	0
City of Demorest	0	2,200	2,200	2,200	0
City of Mount Airy	0	1,409	1,409	1,409	0
City of Tallulah Falls	0	108	108	108	0
Hall County	0	151,935	151,935	151,935	0
City of Clermont	0	997	997	997	0
City of Flowery Branch	0	6,760	6,760	6,760	0
City of Gainesville	0	39,085	39,085	39,085	0
City of Gillsville	0	239	239	239	0
City of Lula	0	2,956	2,956	2,956	0
City of Oakwood	0	4,546	4,546	4,546	0
Hart County	0	23,033	23,033	23,033	0
City of Hartwell	0	4,958	4,958	4,958	0
Lumpkin County	0	27,356	27,356	27,356	0
City of Dahlonega	0	6,654	6,654	6,654	0
Rabun County	0	14,587	14,587	14,587	0
City of Clayton	0	2,457	2,457	2,457	0
City of Dillard	0	373	373	373	0
City of Tiger	0	441	441	441	0
Stephens County	0	18,425	18,425	18,425	0
City of Toccoa	0	9,207	9,207	9,207	0
Towns County	0	11,848	11,848	11,848	0
Union County	0	23,100	23,100	23,100	0
City of Blairsville	0	623	623	623	0
White County	0	25,936	25,936	25,936	0
City of Cleveland	0	4,062	4,062	4,062	0
City of Helen	0	579	579	579	0
Total	$ 0	$ 712,155	$ 712,155	$ 712,155	$ 0

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