



GAINESVILLE, GEORGIA

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014
AND REPORT OF INDEPENDENT ACCOUNTANTS**

GEORGIA MOUNTAINS REGIONAL COMMISSION

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I. FINANCIAL SECTION

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REPORT OF INDEPENDENT ACCOUNTANTS

McNAIR, McLEMORE, MIDDLEBROOKS & Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT ACCOUNTANTS

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 year ended June 30, 2014 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.

Auditors' 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.

Opinion

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedule of funding progress on page 44 be presented to supplement the basic financial statements. Such information, although not 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.

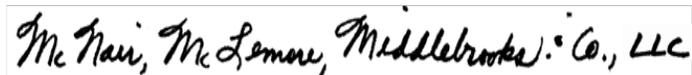
Supplementary and Other Information

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 nonmajor fund financial statements and the supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 04, 2014 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

Macon, Georgia
November 04, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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GEORGIA MOUNTAINS REGIONAL COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014. 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 net position exceeded its liabilities by \$3,422,934 for the fiscal year reported.
- There was an increase in the RC's General Fund balance of \$210,452.
- As of June 30, 2014, the RC's governmental funds reported combined ending fund balances of \$1,249,829, an increase of \$210,452 from the prior year. Of this amount, \$1,171,625 (unassigned funds) 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 twelve (12) active loans. The RLF program's net position is \$1,698,843, which increased by \$36,921 in fiscal year 2014.

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 does maintain 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, which is reported as a governmental fund at the government-wide financial reporting level. Government activities include general government, planning services, information/GIS services, economic development services and Workforce Development services.

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 activity) 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 funds 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 and 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 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 is reconciled at the bottom of the financial statements. Also, the budgetary comparison schedule for the *General Fund* is included in the basic financial statements.

The basic governmental fund financial statements are presented on pages 13 through 21 of this report.

The RC maintains the following governmental funds, the General Fund and Special Revenue funds. 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 *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.

Enterprise funds - The RC Revolving Loan Fund was originally capitalized with a \$500,000 grant to the former GMRDC from the Economic Development Administration (EDA) and a \$250,000 local governments match from the former GMRDC in March 1987. The EDA Revolving Loan Fund (RLF) has \$1,698,843 in net position at fiscal year-end June 30, 2014.

The basic business-type fund financial statements are presented on pages 22 through 24 of this report.

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.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the RC's comparative balance sheets, comparative 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 comparative statements and schedules for nonmajor funds are presented in this section of this report beginning on page 45.

Additional Supplementary Information

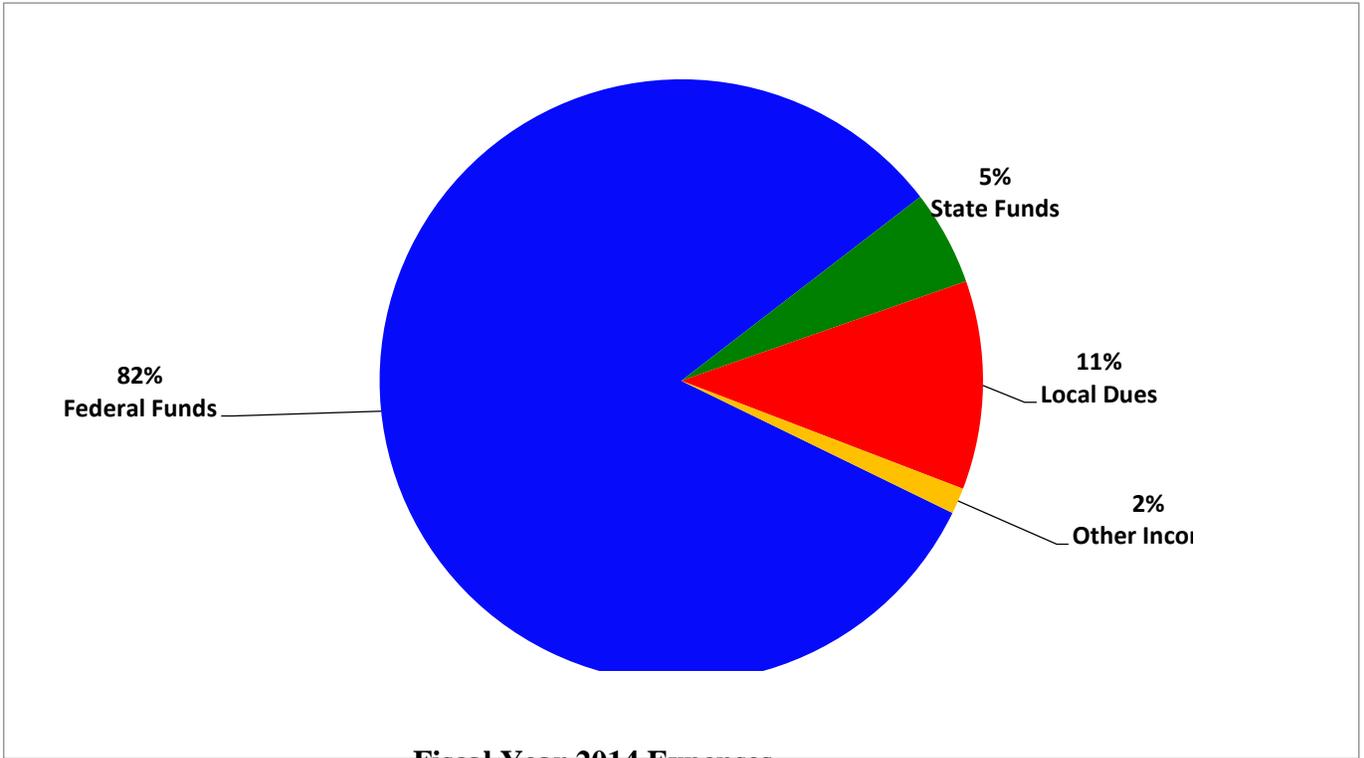
In addition to the basic financial statements, accompanying notes and supplementary information, this report also presents additional supplementary information concerning the RC's state compliance presentations. This information is included in order to meet certain state requirements as well as to provide individual grantors information pertaining to their grant or contract. As discussed, the RC reports major funds in the basic financial statements. State compliance schedules are presented in this section of this report beginning on page 64.

Government-wide Financial Analysis

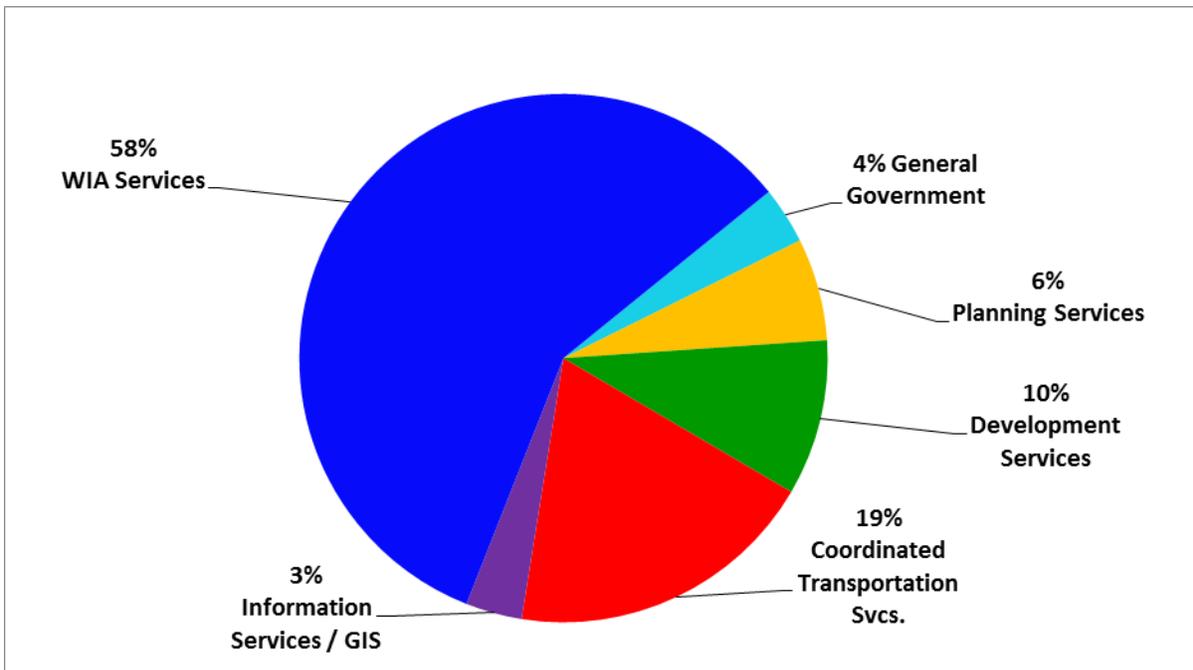
The following table presents a comparison between the current and preceding years' Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 2,016,796	\$ 1,445,992	\$ 614,274	\$ 919,178	\$ 2,631,070	\$ 2,365,170
Capital Assets	394,884	518,399	-	-	394,884	518,399
Other Long-Term Assets	124,554	123,782	1,085,523	743,259	1,210,077	867,041
Total Assets	<u>2,536,234</u>	<u>2,088,173</u>	<u>1,699,797</u>	<u>1,662,437</u>	<u>4,236,031</u>	<u>3,750,610</u>
Liabilities						
Current Liabilities	569,450	329,119	954	515	570,404	329,634
Noncurrent Liabilities	78,617	76,387	-	-	78,617	76,387
Total Liabilities	<u>648,067</u>	<u>405,506</u>	<u>954</u>	<u>515</u>	<u>649,021</u>	<u>406,021</u>
Deferred Inflows of Resources						
Unearned Revenue	164,076	45,207	-	-	164,076	45,207
Total Deferred Inflows of Resources	<u>164,076</u>	<u>45,207</u>	<u>-</u>	<u>-</u>	<u>164,076</u>	<u>45,207</u>
Net Position						
Invested in Capital Assets	394,884	518,399	-	-	394,884	518,399
Restricted	-	-	1,698,843	1,661,922	1,698,843	1,661,922
Unrestricted	1,329,207	1,119,061	-	-	1,329,207	1,119,061
Total Net Position	<u>\$ 1,724,091</u>	<u>\$ 1,637,460</u>	<u>\$ 1,698,843</u>	<u>\$ 1,661,922</u>	<u>\$ 3,422,934</u>	<u>\$ 3,299,382</u>
Program Revenues						
Charges for Services	\$ 64,830	\$ 18,637	\$ 51,964	\$ 37,724	\$ 116,794	\$ 56,361
Operating Grants	5,409,464	3,685,217	-	-	5,409,464	3,685,217
General Revenues						
Local City / County Dues	692,251	679,411	-	-	692,251	679,411
Interest	73	1,254	796	1,165	869	2,419
Miscellaneous Income	21,221	46,800	13,563	593	34,784	47,393
Total Revenues	<u>6,187,839</u>	<u>4,431,319</u>	<u>66,323</u>	<u>39,482</u>	<u>6,254,162</u>	<u>4,470,801</u>
Program Expenses						
General Government	209,972	224,217	-	-	209,972	224,217
Planning Services	374,534	414,328	-	-	374,534	414,328
Information /GIS Services	206,440	205,888	-	-	206,440	205,888
Economic & Development Services	569,848	454,231	-	-	569,848	454,231
Coordinated Transportation Services	1,140,870	-	-	-	1,140,870	-
Workforce Development	3,599,544	3,048,028	-	-	3,599,544	3,048,028
Loans	-	-	29,402	18,652	29,402	18,652
Total Program Expenses	<u>6,101,208</u>	<u>4,346,692</u>	<u>29,402</u>	<u>18,652</u>	<u>6,130,610</u>	<u>4,365,344</u>
Change in Net Position						
Net Position, Beginning of Year	1,637,460	1,552,833	1,661,922	1,641,092	3,299,382	3,193,925
Net Position, End of Year	<u>\$ 1,724,091</u>	<u>\$ 1,637,460</u>	<u>\$ 1,698,843</u>	<u>\$ 1,661,922</u>	<u>\$ 3,422,934</u>	<u>\$ 3,299,382</u>

Fiscal Year 2014 Revenues



Fiscal Year 2014 Expenses



Governmental funds

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 and nonspendable fund balances represent resources not available for spending. The RC's assigned and nonspendable fund balances represent 6% of the combined fund balance.

The RC's governmental funds reported a combined fund balance of \$1,249,829.

Proprietary Funds

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.

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. During the current fiscal year, the RC did not amend the General Fund budget, which had expenditures underspent by \$190,570.

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

Capital Assets

The RC's net investment in capital assets for government activities as of June 30, 2014 was \$394,884. 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 4.D. for additional information about changes in capital assets during the fiscal year.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Equipment, net	\$ 19,017	\$ 17,243
Vehicles, net	375,867	501,156
Total Capital Assets	<u>\$ 394,884</u>	<u>\$ 518,399</u>

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 2014. The RC's dues are based on the most current Census estimates from the Georgia Department of Community Affairs.

The RC received over 82% of its income in FY2014 from federal grants. In addition to the federal grants, the RC received 11% of its income 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 W. Danny Lewis, 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

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,543,547	\$ 472,308	\$ 2,015,855
Receivables			
Federal	411,934	-	411,934
State	48,042	-	48,042
Other	6,867	805	7,672
Interfund	256	(256)	-
Prepaid Expenses	6,150	-	6,150
Current Portion of Loans Receivable	-	133,528	133,528
Restricted Cash	-	7,889	7,889
Total Current Assets	<u>2,016,796</u>	<u>614,274</u>	<u>2,631,070</u>
Long-Term Assets			
Other Assets	124,554	-	124,554
Capital Assets Net of Accumulated Depreciation			
Vehicles and Equipment	394,884	-	394,884
Loans Receivable	-	1,085,523	1,085,523
Total Long-Term Assets	<u>519,438</u>	<u>1,085,523</u>	<u>1,604,961</u>
Total Assets	<u>\$ 2,536,234</u>	<u>\$ 1,699,797</u>	<u>\$ 4,236,031</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 386,984	\$ 954	\$ 387,938
Accrued Liabilities	168,592	-	168,592
Compensated Absences Payable	13,874	-	13,874
Total Current Liabilities	<u>569,450</u>	<u>954</u>	<u>570,404</u>
Long-Term Liabilities			
Compensated Absences Payable	78,617	-	78,617
Total Long-Term Liabilities	<u>78,617</u>	<u>-</u>	<u>78,617</u>
Total Liabilities	<u>648,067</u>	<u>954</u>	<u>649,021</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	164,076		164,076
Total Deferred Inflows of Resources	<u>164,076</u>	<u>-</u>	<u>164,076</u>
Total Liabilities and Deferred Inflows of Resources	<u>812,143</u>	<u>954</u>	<u>813,097</u>
NET POSITION			
Net Investment in Capital Assets	394,884	-	394,884
Restricted Net Position			
Loans	-	1,698,843	1,698,843
Unrestricted	1,329,207	-	1,329,207
Total Net Position	<u>\$ 1,724,091</u>	<u>\$ 1,698,843</u>	<u>\$ 3,422,934</u>

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 209,972	\$ -	\$ -	\$ -	\$ (209,972)	\$ -	\$ (209,972)
Planning Services	374,534	10,399	335,875	-	(28,260)	-	(28,260)
Development Services	569,848	22,155	307,033	-	(240,660)	-	(240,660)
Coordinated Transportation Services	1,140,870	-	1,161,537	-	20,667	-	20,667
Information / GIS Services	206,440	32,276	152,406	-	(21,758)	-	(21,758)
Workforce Development	3,599,544	-	3,452,613	-	(146,931)	-	(146,931)
Total Governmental Services	6,101,208	64,830	5,409,464	-	(626,914)	-	(626,914)
Business-Type Activities							
Loans	29,402	51,964	-	-	-	22,562	22,562
Total Business-Type Activities	29,402	51,964	-	-	-	22,562	22,562
Total Primary Government	\$ 6,130,610	\$ 116,794	\$ 5,409,464	\$ -	(626,914)	22,562	(604,352)
General Revenues							
Regional Appropriations					692,251	-	692,251
Interest Income					73	796	869
Miscellaneous Income					21,221	13,563	34,784
Total General Revenues					713,545	14,359	727,904
Change in Net Position					86,631	36,921	123,552
Net Position - Beginning					1,637,460	1,661,922	3,299,382
Net Position - Ending					\$ 1,724,091	\$ 1,698,843	\$ 3,422,934

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	WIA Adult	WIA Youth-In	WIA Dislocated Worker	DHS		
ASSETS							
Cash and Cash Equivalents	\$ 1,301,889	\$ 137,874	\$ 46,293	\$ 33,893	\$ -	\$ 23,598	\$ 1,543,547
Receivables							
Federal	-	-	-	75	310,355	101,504	411,934
State	-	-	-	-	-	48,042	48,042
Other	1,445	-	-	-	-	5,422	6,867
Interfund	157,687	16,696	-	-	-	12,138	186,521
Total Assets	<u>\$ 1,461,021</u>	<u>\$ 154,570</u>	<u>\$ 46,293</u>	<u>\$ 33,968</u>	<u>\$ 310,355</u>	<u>\$ 190,704</u>	<u>\$ 2,196,911</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts Payable	\$ 2,326	\$ 37,959	\$ 7,632	\$ 19,397	\$ 306,629	\$ 4,305	\$ 378,248
Accrued Liabilities	127,300	41,292	-	-	-	-	168,592
Interfund Payables	78,735	-	-	-	3,726	153,705	236,166
Total Liabilities	<u>208,361</u>	<u>79,251</u>	<u>7,632</u>	<u>19,397</u>	<u>310,355</u>	<u>158,010</u>	<u>783,006</u>
Deferred Inflows of Resources							
Unearned Revenue	2,831	75,319	38,661	14,571	-	32,694	164,076
Total Deferred Inflows of Resources	<u>2,831</u>	<u>75,319</u>	<u>38,661</u>	<u>14,571</u>	<u>-</u>	<u>32,694</u>	<u>164,076</u>
Fund Balances							
Assigned	78,204	-	-	-	-	-	78,204
Unassigned	1,171,625	-	-	-	-	-	1,171,625
Total Fund Balances	<u>1,249,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,829</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,461,021</u>	<u>\$ 154,570</u>	<u>\$ 46,293</u>	<u>\$ 33,968</u>	<u>\$ 310,355</u>	<u>\$ 190,704</u>	<u>\$ 2,196,911</u>

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Fund Equity per Balance Sheet of Governmental Funds \$ 1,249,829

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets - not included in the Internal Service Fund	610,618
Accumulated depreciation - not included in the Internal Service Fund	(244,961)

Internal Service

Internal Service Funds are used by management to charge the costs of administration to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

76,542

Net Pension

Asset is not available during the current period and, therefore, is not reported in the funds.

124,554

Compensated Absences

Compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

(92,491)

Total Adjustments

474,262

Total Net Position of Governmental Activities

\$ 1,724,091

See accompanying notes which are an integral part of these financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	WIA Adult	WIA Youth-In	WIA Dislocated Worker	DHS Programs		
Revenues							
Federal Sources	\$ -	\$ 1,426,137	\$ 614,616	\$ 848,395	\$ 1,161,537	\$ 1,043,651	\$ 5,094,336
State Sources	-	-	-	-	-	315,128	315,128
City and County	692,251	-	-	-	-	64,830	757,081
Other Income	20,979	-	-	-	-	315	21,294
Total Revenues	713,230	1,426,137	614,616	848,395	1,161,537	1,423,924	6,187,839
Expenditures							
General Government	208,275	-	-	-	-	-	208,275
Planning Services	-	-	-	-	-	374,534	374,534
Development Services	-	-	-	-	-	569,848	569,848
Coordinated Transportation Services	-	-	-	-	1,140,870	-	1,140,870
GIS Planning Services	-	-	-	-	-	206,440	206,440
WIA Services	-	1,440,621	616,328	855,106	-	565,365	3,477,420
Total Expenditures	208,275	1,440,621	616,328	855,106	1,140,870	1,716,187	5,977,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	504,955	(14,484)	(1,712)	(6,711)	20,667	(292,263)	210,452
Other Financing Sources (Uses)							
Transfers from Other Funds	70,596	14,484	1,712	6,711	-	342,192	435,695
Transfers to Other Funds	(365,099)	-	-	-	(20,667)	(49,929)	(435,695)
Total Other Financing Sources (Uses)	(294,503)	14,484	1,712	6,711	(20,667)	292,263	-
Net Changes in Fund Balance	210,452	-	-	-	-	-	210,452
Fund Balances - Beginning	1,039,377	-	-	-	-	-	1,039,377
Fund Balances - Ending	\$ 1,249,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,249,829

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances \$ 210,452

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Internal Service

Internal Service Funds are used by management to charge the costs of administration to individual funds. The change in net position is included in governmental activities in the Statement of Activities. 155

Net Pension

Asset is not available during the current period and therefore, is not reported in the funds. 772

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total depreciation - not included in the Internal Service Fund (122,124)

Long-Term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Compensated absences (2,624)

Total Adjustments

(123,821)

Change in Net Position of Governmental Activities

\$ 86,631

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BUDGET BASIS)
AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
City and County	\$ 690,066	\$ 690,066	\$ 692,251	\$ 2,185
Other	20,020	20,020	20,979	959
Total Revenues	710,086	710,086	713,230	3,144
Expenditures				
General Government				
Salaries and Wages	98,467	98,467	81,947	16,520
Fringe Benefits	36,324	36,324	31,957	4,367
Supplies and Materials	6,500	6,500	2,185	4,315
Real Estate Rental	16,308	16,308	16,711	(403)
Travel	8,100	8,100	7,943	157
Contracts	20,000	20,000	6,081	13,919
Other	152,705	152,705	15,761	136,944
Indirect Costs	60,441	60,441	45,690	14,751
Total Expenditures	398,845	398,845	208,275	190,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	311,241	311,241	504,955	193,714
Other Financing Sources (Uses)				
Transfers from Other Funds	-	20,667	70,596	49,929
Transfers to Other Funds	(311,241)	(311,241)	(365,099)	(53,858)
Total Other Financing Sources (Uses)	(311,241)	(290,574)	(294,503)	(3,929)
Net Change in Fund Balance	-	20,667	210,452	189,785
Fund Balance - Beginning	1,039,377	1,039,377	1,039,377	1,039,377
Fund Balance - Ending	<u>\$ 1,039,377</u>	<u>\$ 1,060,044</u>	<u>\$ 1,249,829</u>	<u>\$ 1,229,162</u>

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BUDGET BASIS)
AND ACTUAL - WIA ADULT PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Adult Program			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 1,539,540	\$ 1,539,540	\$ 1,426,137	\$ (113,403)
Total Revenues	1,539,540	1,539,540	1,426,137	(113,403)
Expenditures				
WIA Services				
Salaries and Wages	184,928	184,928	206,631	(21,703)
Fringe Benefits	71,826	71,826	82,305	(10,479)
Supplies and Materials	20,538	20,538	5,524	15,014
Real Estate Rental	12,000	12,000	16,514	(4,514)
Travel	2,500	2,500	223,031	(220,531)
Contracts	5,955	5,955	5,672	283
Other	991,191	991,191	900,944	90,247
Total Expenditures	1,288,938	1,288,938	1,440,621	(151,683)
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,602	250,602	(14,484)	(265,086)
Other Financing Sources (Uses)				
Transfers (to) from Other Funds	(250,602)	(250,602)	14,484	265,086
Total Other Financing Sources (Uses)	(250,602)	(250,602)	14,484	265,086
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BUDGET BASIS)
AND ACTUAL - WIA YOUTH-IN PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Youth-In Program			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 1,439,367	\$ 1,439,367	\$ 614,616	\$ (824,751)
Total Revenues	1,439,367	1,439,367	614,616	(824,751)
Expenditures				
WIA Services				
Salaries and Wages	120,788	120,788	294,245	(173,457)
Fringe Benefits	46,914	46,914	114,502	(67,588)
Supplies and Materials	20,419	20,419	5,183	15,236
Real Estate Rental	12,000	12,000	15,995	(3,995)
Travel	2,500	2,500	39,795	(37,295)
Contracts	4,955	4,955	94,177	(89,222)
Other	320,431	320,431	52,431	268,000
Total Expenditures	528,007	528,007	616,328	(88,321)
Excess (Deficiency) of Revenues Over (Under) Expenditures	911,360	911,360	(1,712)	(913,072)
Other Financing Sources (Uses)				
Transfers (to) from Other Funds	(911,360)	(911,360)	1,712	913,072
Total Other Financing Sources (Uses)	(911,360)	(911,360)	1,712	913,072
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BUDGET BASIS)
AND ACTUAL - WIA DISLOCATED WORKER PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>WIA Dislocated Worker Program</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Federal Revenue	\$ 2,275,871	\$ 2,275,871	\$ 848,395	\$ (1,427,476)
Total Revenues	<u>2,275,871</u>	<u>2,275,871</u>	<u>848,395</u>	<u>(1,427,476)</u>
Expenditures				
WIA Services				
Salaries and Wages	183,895	183,895	222,446	(38,551)
Fringe Benefits	71,425	71,425	88,539	(17,114)
Supplies and Materials	20,649	20,649	6,671	13,978
Real Estate Rental	12,000	12,000	17,687	(5,687)
Travel	2,500	2,500	110,734	(108,234)
Contracts	5,955	5,955	6,819	(864)
Other	867,320	867,320	402,210	465,110
Total Expenditures	<u>1,163,744</u>	<u>1,163,744</u>	<u>855,106</u>	<u>308,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,112,127</u>	<u>1,112,127</u>	<u>(6,711)</u>	<u>(1,118,838)</u>
Other Financing Sources (Uses)				
Transfers (to) from Other Funds	<u>(1,112,127)</u>	<u>(1,112,127)</u>	<u>6,711</u>	<u>1,118,838</u>
Total Other Financing Sources (Uses)	<u>(1,112,127)</u>	<u>(1,112,127)</u>	<u>6,711</u>	<u>1,118,838</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BUDGET BASIS)
AND ACTUAL - DHS COORDINATED TRANSPORTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>DHS Coordinated Transportation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Federal Revenue	\$ -	\$ 1,161,537	\$ 1,161,537	\$ -
Total Revenues	-	1,161,537	1,161,537	-
Expenditures				
Coordinated Transportation Services				
Salaries and Wages	-	1,851	1,851	-
Fringe Benefits	-	760	760	-
Contracts	-	1,137,180	1,137,180	-
Indirect Costs	-	1,079	1,079	-
Total Expenditures	-	1,140,870	1,140,870	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	20,667	20,667	-
Other Financing Sources (Uses)				
Transfers (to) from Other Funds	-	(20,667)	(20,667)	-
Total Other Financing Sources (Uses)	-	(20,667)	(20,667)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying notes which are an integral part of these financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Business-Type Activities Enterprise Funds	Governmental Activities
	Revolving Loan Fund	Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 472,308	\$ -
Receivables		
Other	805	-
Interfund	-	49,901
Prepaid Expenses	-	6,150
Loans Receivable, Current Portion	133,528	-
Restricted Cash	7,889	-
	<hr/>	<hr/>
Total Current Assets	614,530	56,051
	<hr/>	<hr/>
Long-Term Assets		
Loans Receivable	1,085,523	-
Capital Assets, Net of Accumulated Depreciation	-	29,227
	<hr/>	<hr/>
Total Assets	1,700,053	85,278
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities		
Accounts Payable	954	8,736
Interfund Payables	256	-
	<hr/>	<hr/>
Total Liabilities	1,210	8,736
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	-	29,227
Restricted		
Loans	1,698,843	-
Unrestricted	-	47,315
	<hr/>	<hr/>
Total Net Position	\$ 1,698,843	\$ 76,542
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes which are an integral part of these financial statements.

GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type	
	Enterprise Funds	Governmental
	Revolving	Internal
	Loan Fund	Service Fund
Operating Revenues		
Charges to Other Funds	\$ -	\$ 997,194
Interest from Loans	51,964	-
Other	13,563	-
Total Operating Revenues	<u>65,527</u>	<u>997,194</u>
Operating Expenses		
Salaries and Wages	5,605	190,242
Fringe Benefits	2,278	693,697
Supplies and Materials	-	11,277
Postage and Freight	-	2,181
Publication and Printing	-	2,290
Per Diem and Fees	-	20,339
Repairs and Maintenance	-	10,067
Utilities	-	11,999
Depreciation	-	8,739
Facility Operation	-	7,270
Rentals	-	7,858
Travel	68	4,695
Insurance and Bonding	-	4,627
Other	21,451	21,758
Total Operating Expenses	<u>29,402</u>	<u>997,039</u>
Net Operating Income (Loss)	<u>36,125</u>	<u>155</u>
Nonoperating Revenues and Expenses		
Interest Income	796	-
Total Nonoperating Revenues and Expenses	<u>796</u>	<u>-</u>
Change in Net Position	36,921	155
Net Position - Beginning	<u>1,661,922</u>	<u>76,387</u>
Net Position - Ending	<u>\$ 1,698,843</u>	<u>\$ 76,542</u>

See accompanying notes which are an integral part of these financial statements.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type	
	Enterprise Funds	Governmental Activities
	Revolving Loan Fund	Internal Service Fund
Cash Flow from Operating Activities		
Receipts for Allocated Expenses	\$ -	\$ 997,194
Receipts from Other Operating Activities	(275,051)	-
Payments for Salaries and Fringe Benefits	(7,883)	(883,939)
Payments for Direct Operating Expenses	(21,080)	(118,579)
Net Cash Provided by (Used for) Operating Activities	<u>(304,014)</u>	<u>(5,324)</u>
Cash Flows from Noncapital Financing Activities		
Advances from Other Funds	-	5,324
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>5,324</u>
Cash Flows from Investing Activities		
Interest Received	796	-
Net Cash Provided by (Used for) Investing Activities	<u>796</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	(303,218)	-
Cash and Cash Equivalents - Beginning	<u>783,415</u>	<u>-</u>
Cash and Cash Equivalents - Ending	<u>\$ 480,197</u>	<u>\$ -</u>
Reconciliation of Cash Equivalents		
Cash	\$ 472,308	\$ -
Restricted Cash	7,889	-
Total Cash and Cash Equivalents	<u>\$ 480,197</u>	<u>\$ -</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	<u>\$ 36,125</u>	<u>\$ 155</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	-	1,391
Changes in Assets and Liabilities		
(Increase) Decrease in Prepaids	-	(3,200)
(Increase) Decrease in Accounts Receivable	1,686	-
(Increase) Decrease in Loans Receivable	(342,264)	-
Increase (Decrease) in Accounts Payable	439	(3,670)
Total Adjustments	<u>(340,139)</u>	<u>(5,479)</u>
Net Cash (Used for) Operating Activities	<u>\$ (304,014)</u>	<u>\$ (5,324)</u>

See accompanying notes which are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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GEORGIA MOUNTAINS REGIONAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF COMMISSION AND REPORTING ENTITY

Reporting Entity

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.

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Significant Accounting Policies

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.

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 nonexchange 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.

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

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.

Fund Financial Statements

The fund financial statements consist of a series of statements that focus on information about the government's governmental funds. Major governmental funds are reported in separate columns with a composite column for the nonmajor funds in the aggregate.

B. Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include regional dues and assessments, grants and contributions. Regional

dues and assessments are recognized in the fiscal year for which they are levied. Revenue from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Commission considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. Capital asset acquisitions, if any are reported as expenditures in governmental funds.

Major revenue sources susceptible to accrual include: intergovernmental revenues, regional dues and assessments and grants. In general, other revenues are recognized when cash is received. See Note 4B.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

The Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Commission's policy to use restricted resources first and then unrestricted resources as needed. See Note 4G.

C. **Fund Types and Major Funds**

Governmental Funds

The Commission reports the following major governmental funds:

General Fund - reports as the primary fund of the Commission. This fund is used to account for all financial resources not reported in other funds.

WIA Programs Fund - used to account for Workforce Investment Act contracts with the Georgia Department of Labor.

DHS Coordinated Transportation Fund - used to account for transportation services within the aging program.

The Commission reports all governmental fund financial resources not reported within major funds as nonmajor funds.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income changes in net position, financial position and cash flows.

The Commission reports the following major proprietary fund:

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

Additionally, the Commission reports the following fund types:

Internal Service Fund - 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.

D. Cash and Cash Equivalents

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. See Note 4A.

E. 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. See Note 4B.

F. Inventories and Prepaid Items

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.

Prepaid Items

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

G. Capital Assets and Depreciation

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 stated at their fair value on the date donated. 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. 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:

Primary Government

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

H. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

I. Compensated Absences

Compensated absences represent obligations of the Commission relating to employees' rights to receive compensation for future absences based upon services already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. 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."

J. 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."

K. Fund Equity

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

- Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that 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 - 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 - amounts that have not been assigned to other funds, and that are not restricted, committed or assigned to specific purposes within the General Fund.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Commission's policy to use restricted amounts first and then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the Commission's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The Commission does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2014

	<u>General Fund</u>	<u>Total</u>
Assigned	\$ 78,204	\$ 78,204
Unassigned	<u>1,171,625</u>	<u>1,171,625</u>
	<u>\$1,249,829</u>	<u>\$1,249,829</u>

Impact of Deferred Inflows and Outflows - There is \$164,076 in deferred inflows representing WIA cost reimbursements for the subsequent fiscal year and for which there is no offsetting amount of deferred outflows. The entire sum of these deferred inflows is available to the Commission and is a component of the presented cash and investments totaling \$1,543,547.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Internal Service Fund. For the Commission, these revenues are charges to various funds (grants and contracts) as determined by the Commission's cost allocation plans. Operating expenses are necessary costs incurred to provide administrative services and depreciation on capital assets.

M. 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 year ended June 30, 2014 totaled \$617,969. Using total salaries and wages of \$1,573,552 as the allocation base, the actual employee benefit rate for the year ended June 30, 2014 was 39%.

N. Payroll Taxes

Payroll tax payments are made to the State of Georgia for unemployment and to the Internal Revenue Service for Medicare. Payroll taxes paid by the Commission were \$21,659 for the year ended June 30, 2014. The Commission and its employees are exempt from Social Security tax.

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between funds reported in the governmental activities column are eliminated.

P. 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. Total indirect costs incurred by the Commission for the year ended June 30, 2014 was \$365,796. Using total governmental funds personal services expenditures (direct salaries plus employee benefits less amounts not utilized in computation) and \$920,556 as the allocation base, the actual indirect cost rate for the year ended June 30, 2014 was 40%.

Q. Deferred Inflows of Resources

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied.

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.

R. Use of Estimates

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

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy, Practice and Basis

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.

B. Budget to GAAP Reconciliation

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

C. Encumbrances

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.

D. Excess of Expenditures Over Appropriations in Individual Funds

Expenditures exceeded budget in the following major funds:

WIA Adult Program	\$ 151,683
WIA Youth-In Program	913,072
	<hr/>
	\$1,064,755
	<hr/> <hr/>

NOTE 4 - DETAILED NOTES ON FUNDS

A. Cash and Investments

Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The Commission's bank balances of deposits as of June 30, 2014 are entirely insured or collateralized with securities held by the Commission's agent in the Commission's name. 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.

B. 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. The Commission's receivables relating to federal and state grants, local governments, loans and other at June 30, 2014 are as follows:

	Governmental Funds		
	Major Funds	Nonmajor Funds	Total
Federal			
WIA Programs Fund			
Georgia Department of Labor	\$ 10,726	\$ -	\$ 10,726
DHS Coordinated Transportation Services			
DHS Regional Transportation	310,355	-	310,355
Planning Programs Fund			
GEMA	-	2,898	2,898
DOT Programs Fund			
Georgia Department of Transportation	-	49,681	49,681
EDA Programs Fund			
Economic Development Administration	-	10,688	10,688
Information/GIS Services Fund			
Georgia Department of Highway Safety	-	3,948	3,948
GDNR Historic Preservation Fund			
Georgia Department of Natural Resources	-	8,951	8,951
CDBG Programs Fund			
Various Cities and Counties - CDBG	-	14,687	14,687
Total Federal	<u>\$ 321,081</u>	<u>\$ 90,853</u>	<u>\$ 411,934</u>
State			
DCA Programs Fund			
Georgia Department of Community Affairs	\$ -	\$ 29,949	\$ 29,949
Information/GIS Services Fund			
Georgia Department of Highway Safety	-	18,093	18,093
Total State	<u>\$ -</u>	<u>\$ 48,042</u>	<u>\$ 48,042</u>

C. Interfund Receivables, Payables and Transfers

Interfund balances at June 30, 2014 consisted of the following amounts and represent charges by one fund to another for services or goods, subsidy commitments outstanding at year-end or reimbursable expenses.

The Commission's transfers are for operating expenses reimbursed to the major and nonmajor governmental funds paid out of the General Fund.

The following schedules report the interfund receivables and payables within the reporting entity at fiscal year-end:

Payable	Receivable			Total Payable Fund
	General Fund	WIA Adult	Internal Service Fund	
Governmental Activities				
Major Governmental Funds				
General Fund	\$ -	\$ 16,696	\$ 49,901	\$ 66,597
DHS Coordinated Transportation	3,726	-	-	3,726
Nonmajor Governmental Funds	141,567	-	-	141,567
Revolving Loan Fund	256	-	-	256
Total Receivable	<u>\$ 145,549</u>	<u>\$ 16,696</u>	<u>\$ 49,901</u>	<u>\$ 212,146</u>

The following schedules report transfers within the reporting entity for the year ended June 30, 2014:

Payable	Transfer Out			Total Transfer In
	General Fund	DHS Coordinated Transportation	Nonmajor Governmental	
Governmental Activities				
Major Governmental Funds				
General Fund	\$ -	\$ 20,667	\$ 49,929	\$ 70,596
WIA Adult	14,484	-	-	14,484
WIA Youth-In	1,712	-	-	1,712
WIA Dislocated Worker	6,711	-	-	6,711
Nonmajor Governmental Funds	342,192	-	-	342,192
	<u>\$ 365,099</u>	<u>\$ 20,667</u>	<u>\$ 49,929</u>	<u>\$ 435,695</u>

D. Capital Assets

Changes in Capital Assets

The following schedule provides a summary of changes in capital assets within the reporting entity:

	Balance			Balance
	June 30, 2013	Additions	Deletions	June 30, 2014
Depreciable Capital Assets				
Equipment	\$ 89,527	\$ 7,348	\$ (7,000)	\$ 89,875
Vehicles	124,775	-	-	124,775
Total Depreciable Capital Assets	214,302	7,348	(7,000)	214,650
Total Capital Assets	\$ 214,302	\$ 7,348	\$ (7,000)	\$ 214,650
Program Capital Assets, Being Depreciated				
Equipment	\$ 6,108	\$ -	\$ -	\$ 6,108
Vehicles	604,510	-	-	604,510
Total Program Capital Assets, Being Depreciated	610,618	-	-	610,618
Accumulated Depreciation				
Equipment	(76,457)	(4,352)	7,000	(73,809)
Vehicles	(107,227)	(4,387)	-	(111,614)
Total Accumulated Depreciation	(183,684)	(8,739)	7,000	(185,423)
Accumulated Depreciation - Program Assets				
Equipment	(1,935)	(1,222)	-	(3,157)
Vehicles	(120,902)	(120,902)	-	(241,804)
Total Accumulated Depreciation - Program Assets	(122,837)	(122,124)	-	(244,961)
Total Capital Asset, Net	\$ 518,399	\$ (123,515)	\$ -	\$ 394,884

Depreciation expense was charged to functions as follows:

General Government	\$ 8,739
WIA Programs	122,124

E. Accrued Liabilities

Accrued liabilities consist of the following at year-end:

Primary Government

Rent Settlement	\$ 119,634
Accrued Wages	44,443
Other Accrued Expenses	4,515
	<u>\$ 168,592</u>

Rent Settlement

An audit report issued by the Georgia Department of Community Affairs (DCA) on June 19, 1996 raised certain issues regarding expenditures made by the Commission. The report was reviewed by the U.S. Department of Commerce (DOC), the Commission's cognizant agency, which issued a letter dated October 3, 1997, summarizing findings for fiscal years 1984 through 1992. The Commission provided responses to both the DCA and the DOC. In September 1998, the DOC, Economic Development Administration (EDA) issued a letter resolving the issues. As a result, the Commission will return \$119,634 to various agencies participating in charges based upon the Commission's indirect cost pool during the years 1984 through 1992. The Commission will earmark \$100,000 as a reserve for future building repairs for a period of ten years or until such amount in uncharged cost allocations is attained in full. The balance remaining at June 30, 2014, on this reserve was \$0.

F. Long-Term Debt

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

	Balance			Balance	Due Within
	June 30, 2013	Issued	Retired	June 30, 2014	One Year
Governmental Activities					
Compensated Absences	\$ 89,867	\$ 97,469	\$ (94,845)	\$ 92,491	\$ 13,874

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 \$11,466 for the Commission. Outstanding obligations for the year were not significant.

G. Restricted Net Positions

Restrictions of net position show amounts that are legally reserved for specific uses. The reporting entity's restricted net positions (reserves) at June 30, 2014 consist of the following:

	Proprietary Funds <u>Enterprise</u> Revolving Loan Fund	Total
Primary Government		
Governmental Activities		
Restricted for Loans	\$ 1,698,843	\$ 1,698,843
	<u>\$ 1,698,843</u>	<u>\$ 1,698,843</u>

NOTE 5 - RISK MANAGEMENT

The reporting entity is exposed to various risks of loss related to torts; theft of, damage to and destruction 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 \$766 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.

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.

NOTE 6 - RETIREMENT PLANS

A. Defined Benefit Pension Plan

The Commission is a participating member of the Georgia Municipal Employees Benefit System, a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association.

1. Summary of Significant Accounting Policies

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

Method Used to Value Investments. The sum of actuarial value at the beginning of the 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.

2. Plan Description and Contribution Information

Membership of the plan consisted of the following as of January 1, 2014, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	22
Terminated Plan Members Entitled to, but Not Yet Receiving, Benefits	17
Active Plan Members	<u>31</u>
	<u>70</u>
Number of Participating Employers	2

Plan Description. The Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association (GMA). 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.

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.

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.

Contributions. Employees make no contributions to the plan. The Commission is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

The Board of Trustees of the GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded accrued liability over 30 years from 1982 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability.

3. Funded Status and Funding Progress - Pension Plans

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	Ratio of Unfunded to Annual Covered Payroll
January 1, 2014	\$5,271,913	\$ 5,668,466	\$ 396,553	93.00%	\$ 1,474,529	26.89%

Historical trend information designed to provide information about the Commission's progress made in accumulating significant assets to pay pension benefits when due is presented below:

Fiscal Year	Annual Pension Cost	Percentage of Annual Covered Payroll	Percentage of APC Contributed	Net Pension Obligation
2014	\$181,470	14.12%	89%	\$ 124,554
2013	158,216	23.09%	101%	123,782
2012	160,448	23.09%	105%	119,147
2011	170,452	23.09%	115%	110,810

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL's for benefits.

Derivation of Annual Pension Cost

Annual required contribution	\$ 181,470
Interest on Net Pension Asset	<u>(20,150)</u>
Annual Pension Cost	<u>\$ 161,320</u>

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$ 161,320
Actual Contributions to Plan for Current Year	<u>162,092</u>
Increase in Net Pension Obligation (Asset)	(772)
Net Pension Obligation (Asset), as of June 30, 2013	<u>(123,782)</u>
Net Pension Obligation (Asset), as of June 30, 2014	<u>\$ (124,554)</u>

Additional information as of the last actuarial valuation follows:

Valuation Date	January 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	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 percent 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 percent of market value.
Actuarial Assumptions	
Investment Rate of Return	7.75%
Projected Salary Increases	3.50%
COLAs	3.50%
Inflation Rate	3.50%

B. Defined Contribution Plan

Primary Government

The Commission participates in a 401(k) defined contribution plan, administered by Edward Jones & Company, respectively, 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 year ended June 30, 2013, were \$71,237 and \$107,583, respectively.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits described in Note 6, the Regional 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 Commission funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay 100% of the premium cost. During fiscal year 2014 no expenses were recognized for post-employment benefits and there are no participants currently eligible.

NOTE 8 - 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 the municipality 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.

NOTE 9 - RESTRICTED CASH

During the fiscal year ended June 30, 2014, the Commission was notified by the Economic Development Administration (EDA) that the Commission needed to sequester excess loan funds held for two or more consecutive reporting periods in the amount of \$7,889. 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.

NOTE 10 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for the fiscal year ended June 30, 2014 are as follows:

Wellness Grant	\$ 1,831
Franklin Co. HR	879
Maysville HR	121
Appalachian Regional Commission	12,138
Royston IT&D	56
WIA Dislocated Worker Program	14,571
WIA Youth-Out Program	19,905
WIA Youth-In Program	38,661
WIA Youth-In Admin	595
WIA Adult Program	75,319
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	\$ 164,076
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REQUIRED SUPPLEMENTARY INFORMATION

**GEORGIA MOUNTAINS REGIONAL COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded (Assets in Excess of AAL) (b-a)	Annual Covered Payroll (c)	Ratio of Unfunded to Annual Covered Payroll
2014	\$ 5,271,913	\$ 5,668,466	93.00%	\$ 396,553	\$ 1,474,529	26.89%
2013	5,099,907	5,294,457	96.33%	194,550	1,263,372	15.40%
2012	4,960,202	4,914,525	100.93%	(45,677)	673,531	-6.78%
2011	4,933,276	4,810,878	102.54%	(122,398)	683,030	-17.92%
2010	4,738,638	4,653,634	101.83%	(85,004)	725,619	-11.71%
2009	3,690,732	5,041,041	73.21%	1,350,309	761,463	177.33%
2008	4,502,257	4,793,458	93.93%	291,201	714,514	40.76%

SUPPLEMENTARY INFORMATION

**GEORGIA MOUNTAINS REGIONAL COMMISSION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Planning and Development	DCA Programs	DOT Programs	ARC Programs	ARC Programs	EDA Programs	EDA Programs
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables							
Federal	11,849	-	49,681	-	-	-	10,688
State	-	29,949	-	-	-	-	-
Other	-	-	-	-	-	-	-
Interfund Receivable	-	-	-	12,138	-	-	-
Total Assets	\$ 11,849	\$ 29,949	\$ 49,681	\$ 12,138	\$ -	\$ -	\$ 10,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable	11,849	29,949	49,681	-	-	-	10,688
Total Liabilities	11,849	29,949	49,681	-	-	-	10,688
Deferred Inflows of Resources							
Unearned Revenue	-	-	-	12,138	-	-	-
Total Deferred Inflows of Resources	-	-	-	12,138	-	-	-
Fund Balance							
Restricted	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 11,849	\$ 29,949	\$ 49,681	\$ 12,138	\$ -	\$ -	\$ 10,688

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (CONTINUED)**

Information GIS Programs	GIS ARC Programs	EPD Programs	Other Programs	WIA Adult Admin	WIA Youth Admin	WIA Youth Out	WIA Dislocated Worker Admin	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,598	\$ -	\$ 23,598
3,948	-	-	14,687	1,792	7,435	-	1,424	101,504
18,093	-	-	-	-	-	-	-	48,042
5,162	-	-	260	-	-	-	-	5,422
-	-	-	-	-	-	-	-	12,138
<u>\$ 27,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,947</u>	<u>\$ 1,792</u>	<u>\$ 7,435</u>	<u>\$ 23,598</u>	<u>\$ 1,424</u>	<u>\$ 190,704</u>
\$ 127	\$ -	\$ -	\$ -	\$ 413	\$ 47	\$ 3,693	\$ 25	\$ 4,305
27,076	-	-	14,891	1,379	6,793	-	1,399	153,705
<u>27,203</u>	<u>-</u>	<u>-</u>	<u>14,891</u>	<u>1,792</u>	<u>6,840</u>	<u>3,693</u>	<u>1,424</u>	<u>158,010</u>
-	-	-	56	-	595	19,905	-	32,694
-	-	-	56	-	595	19,905	-	32,694
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 27,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,947</u>	<u>\$ 1,792</u>	<u>\$ 7,435</u>	<u>\$ 23,598</u>	<u>\$ 1,424</u>	<u>\$ 190,704</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Planning Planning Services	DCA Programs	DOT Programs	ARC Programs	ARC Programs	EDA Programs	EDA Programs
Revenues							
Federal	\$ 40,403	\$ -	\$ 74,710	\$ 79,332	\$ 68,934	\$ 65,433	\$ 42,188
State	4,091	202,286	-	-	-	-	-
City and County	10,399	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	54,893	202,286	74,710	79,332	68,934	65,433	42,188
Expenditures							
Planning Services	23,041	164,107	66,996	-	-	-	-
Development Services	-	-	-	118,072	101,832	94,218	66,250
Information / GIS Services	-	-	-	-	-	-	-
WIA Services	-	-	-	-	-	-	-
Indirect Costs	8,250	63,465	26,391	39,968	40,326	35,367	18,125
Total Expenditures	31,291	227,572	93,387	158,040	142,158	129,585	84,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,602	(25,286)	(18,677)	(78,708)	(73,224)	(64,152)	(42,187)
Other Financing Sources (Uses)							
Transfers from Other Funds	-	25,286	18,677	78,708	73,224	64,152	42,187
Transfers to Other Funds	(23,602)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(23,602)	25,286	18,677	78,708	73,224	64,152	42,187
Net Change in Fund Balance	-	-	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014
 (CONTINUED)**

Information GIS Programs	GIS ARC Programs	EPD Programs	Other Programs	WIA Adult Admin	WIA Youth Admin	WIA Youth Out	Dislocated Worker Admin	Nonmajor Special Revenue Funds
\$ -	\$ 43,655	\$ 14,385	\$ 51,146	\$ 69,689	\$ 132,170	\$ 293,694	\$ 67,912	\$ 1,043,651
108,751	-	-	-	-	-	-	-	315,128
32,276	-	-	22,155	-	-	-	-	64,830
315	-	-	-	-	-	-	-	315
141,342	43,655	14,385	73,301	69,689	132,170	293,694	67,912	1,423,924
-	-	19,966	-	-	-	-	-	274,110
-	-	-	40,573	-	-	-	-	420,945
140,058	49,718	-	-	-	-	-	-	189,776
-	-	-	-	57,533	107,816	295,669	55,654	516,672
14,184	2,480	2,318	15,117	12,156	24,354	-	12,183	314,684
154,242	52,198	22,284	55,690	69,689	132,170	295,669	67,837	1,716,187
(12,900)	(8,543)	(7,899)	17,611	-	-	(1,975)	75	(292,263)
12,900	8,543	7,899	8,641	-	-	1,975	-	342,192
-	-	-	(26,252)	-	-	-	(75)	(49,929)
12,900	8,543	7,899	(17,611)	-	-	1,975	(75)	292,263
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 PLANNING PROGRAMS FUND
 PLANNING SERVICES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Planning Services			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ -	\$ -	\$ 40,403	\$ 40,403
State			4,091	4,091
City and County	30,000	30,000	10,399	(19,601)
Total Revenues	30,000	30,000	54,893	24,893
Expenditures				
Planning Services				
Salaries and Wages	26,723	26,723	15,316	11,407
Fringe Benefits	9,858	9,858	6,114	3,744
Supplies and Materials	650	650	250	400
Travel	12,000	12,000	354	11,646
Other	1,800	1,800	1,007	793
Indirect Costs	16,403	16,403	8,250	8,153
Total Expenditures	67,434	67,434	31,291	36,143
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,434)	(37,434)	23,602	61,036
Other Financing Sources (Uses)				
Transfers from Other Funds	37,434	37,434	-	(37,434)
Transfers to Other Funds	-	-	(23,602)	(23,602)
Total Other Financing Sources (Uses)	37,434	37,434	(23,602)	(61,036)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 DCA PROGRAMS FUND
 GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Department of Community Affairs</u>			
	<u>Original</u>	<u>Final</u>		
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
State	\$ 212,119	\$ 212,119	\$ 202,286	\$ (9,833)
Total Revenues	212,119	212,119	202,286	(9,833)
Expenditures				
Planning Services				
Salaries and Wages	111,579	111,579	106,891	4,688
Fringe Benefits	41,161	41,161	40,384	777
Supplies and Materials	1,122	1,122	13	1,109
Travel	3,300	3,300	5,079	(1,779)
Other	10,045	10,045	11,740	(1,695)
Indirect Costs	68,489	68,489	63,465	5,024
Total Expenditures	235,696	235,696	227,572	8,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,577)	(23,577)	(25,286)	(1,709)
Other Financing Sources (Uses)				
Transfers from Other Funds	23,577	23,577	25,286	1,709
Total Other Financing Sources (Uses)	23,577	23,577	25,286	1,709
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 DOT PROGRAMS FUND
 GEORGIA DEPARTMENT OF TRANSPORTATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Department of Transportation			
	Original	Final		
	Budget	Budget	Actual	Variance
Revenues				
Federal	\$ 81,600	\$ 81,600	\$ 74,710	\$ (6,890)
Total Revenues	81,600	81,600	74,710	(6,890)
Expenditures				
Planning Services				
Salaries and Wages	50,526	50,526	48,246	2,280
Fringe Benefits	18,639	18,639	18,665	(26)
Supplies and Materials	50	50	-	50
Travel	1,300	1,300	14	1,286
Other	472	472	71	401
Indirect Costs	31,013	31,013	26,391	4,622
Total Expenditures	102,000	102,000	93,387	8,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,400)	(20,400)	(18,677)	1,723
Other Financing Sources (Uses)				
Transfers from Other Funds	20,400	20,400	18,677	(1,723)
Total Other Financing Sources (Uses)	20,400	20,400	18,677	(1,723)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 ARC PROGRAMS FUND
 APPALACHIAN REGIONAL COMMISSION - FY 2013
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	ARC FY '13			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 61,370	\$ 61,370	\$ 79,332	\$ 17,962
Total Revenues	61,370	61,370	79,332	17,962
Expenditures				
Development Services				
Salaries and Wages	62,185	62,185	75,136	(12,951)
Fringe Benefits	22,940	22,940	31,074	(8,134)
Supplies and Materials	262	262	-	262
Travel	5,125	5,125	7,808	(2,683)
Contracts	13	13	-	13
Other	647	647	4,054	(3,407)
Indirect Costs	38,170	38,170	39,968	(1,798)
Total Expenditures	129,342	129,342	158,040	(28,698)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,972)	(67,972)	(78,708)	(10,736)
Other Financing Sources (Uses)				
Transfers from Other Funds	67,972	67,972	78,708	10,736
Total Other Financing Sources (Uses)	67,972	67,972	78,708	10,736
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 ARC PROGRAMS FUND
 APPALACHIAN REGIONAL COMMISSION - FY 2014
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	ARC FY '14			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 61,369	\$ 61,369	\$ 68,934	\$ 7,565
Total Revenues	61,369	61,369	68,934	7,565
Expenditures				
Development Services				
Salaries and Wages	62,185	62,185	66,706	(4,521)
Fringe Benefits	22,940	22,940	26,146	(3,206)
Supplies and Materials	262	262	-	262
Travel	5,125	5,125	6,005	(880)
Contracts	12	12	-	12
Other	647	647	2,975	(2,328)
Indirect Costs	38,170	38,170	40,326	(2,156)
Total Expenditures	129,341	129,341	142,158	(12,817)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,972)	(67,972)	(73,224)	(5,252)
Other Financing Sources (Uses)				
Transfers from Other Funds	67,972	67,972	73,224	5,252
Total Other Financing Sources (Uses)	67,972	67,972	73,224	5,252
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 EDA PROGRAMS FUND
 ECONOMIC DEVELOPMENT ADMINISTRATION - FY 2011-2013
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	EDA Program Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 38,586	\$ 38,586	\$ 65,433	\$ 26,847
Total Revenues	38,586	38,586	65,433	26,847
Expenditures				
Development Services				
Salaries and Wages	37,822	37,822	64,242	(26,420)
Fringe Benefits	13,952	13,952	26,270	(12,318)
Supplies and Materials	500	500	11	489
Travel	875	875	1,809	(934)
Other	811	811	1,886	(1,075)
Indirect Costs	23,215	23,215	35,367	(12,152)
Total Expenditures	77,175	77,175	129,585	(52,410)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,589)	(38,589)	(64,152)	(25,563)
Other Financing Sources (Uses)				
Transfers from Other Funds	38,589	38,589	64,152	25,563
Total Other Financing Sources (Uses)	38,589	38,589	64,152	25,563
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 EDA PROGRAMS FUND
 ECONOMIC DEVELOPMENT ADMINISTRATION - FY 2014-2016
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	EDA Program Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 38,589	\$ 38,589	\$ 42,188	\$ 3,599
Total Revenues	38,589	38,589	42,188	3,599
Expenditures				
Development Services				
Salaries and Wages	37,821	37,821	48,098	(10,277)
Fringe Benefits	13,953	13,953	13,352	601
Supplies and Materials	500	500	-	500
Travel	875	875	2,065	(1,190)
Other	811	811	2,735	(1,924)
Indirect Costs	23,215	23,215	18,125	5,090
Total Expenditures	77,175	77,175	84,375	(7,200)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,586)	(38,586)	(42,187)	(3,601)
Other Financing Sources (Uses)				
Transfers from Other Funds	38,586	38,586	42,187	3,601
Total Other Financing Sources (Uses)	38,586	38,586	42,187	3,601
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
FUND BALANCE - BUDGET AND ACTUAL
INFORMATION / GIS PROGRAMS FUND
INFORMATION / GIS PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Information / GIS Programs Funds</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
State	\$ -	\$ -	\$ 108,751	\$ 108,751
City and County	23,704	23,704	32,276	8,572
Other	-	-	315	315
Total Revenues	<u>23,704</u>	<u>23,704</u>	<u>141,342</u>	<u>117,638</u>
Expenditures				
Information / GIS Services				
Salaries and Wages	15,273	15,273	24,766	(9,493)
Fringe Benefits	5,634	5,634	9,652	(4,018)
Supplies and Materials	200	200	185	15
Travel	1,000	1,000	3,044	(2,044)
Contracts	-	-	101,125	(101,125)
Other	724	724	1,286	(562)
Indirect Costs	9,375	9,375	14,184	(4,809)
Total Expenditures	<u>32,206</u>	<u>32,206</u>	<u>154,242</u>	<u>(122,036)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,502)</u>	<u>(8,502)</u>	<u>(12,900)</u>	<u>(4,398)</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	8,502	8,502	12,900	4,398
Total Other Financing Sources (Uses)	<u>8,502</u>	<u>8,502</u>	<u>12,900</u>	<u>4,398</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 INFORMATION / GIS PROGRAMS FUND
 GIS ARC WEB BASED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	GIS ARC WEB BASED			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 23,704	\$ 23,704	\$ 43,655	\$ 19,951
Total Revenues	23,704	23,704	43,655	19,951
Expenditures				
Information / GIS Services				
Salaries and Wages	15,273	15,273	4,363	10,910
Fringe Benefits	5,634	5,634	1,701	3,933
Supplies and Materials	200	200	30,161	(29,961)
Contracts	1,000	1,000	9,800	(8,800)
Other	725	725	3,693	(2,968)
Indirect Costs	9,375	9,375	2,480	6,895
Total Expenditures	32,207	32,207	52,198	(19,991)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,503)	(8,503)	(8,543)	(40)
Other Financing Sources (Uses)				
Transfers from Other Funds	8,503	8,503	8,543	40
Total Other Financing Sources (Uses)	8,503	8,503	8,543	40
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 GEORGIA ENVIRONMENTAL PROTECTION DIVISION
 EPD PROGRAMS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	EPD Programs			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 30,000	\$ 30,000	\$ 14,385	\$ (15,615)
Total Revenues	30,000	30,000	14,385	(15,615)
Expenditures				
Planning Services				
Salaries and Wages	14,605	14,605	14,319	286
Fringe Benefits	5,388	5,388	5,647	(259)
Supplies and Materials	50	50	-	50
Travel	500	500	-	500
Other	492	492	-	492
Indirect Costs	8,965	8,965	2,318	6,647
Total Expenditures	30,000	30,000	22,284	7,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(7,899)	(7,899)
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	7,899	7,899
Total Other Financing Sources (Uses)	-	-	7,899	7,899
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 OTHER PROGRAMS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Other Programs			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal	\$ 83,319	\$ 83,319	\$ 51,146	\$ (32,173)
City and County	16,700	16,700	22,155	5,455
Total Revenues	100,019	100,019	73,301	(26,718)
Expenditures				
Development Services				
Salaries and Wages	48,680	48,680	27,898	20,782
Fringe Benefits	17,958	17,958	10,911	7,047
Supplies and Materials	500	500	-	500
Travel	2,500	2,500	1,375	1,125
Other	500	500	389	111
Indirect Costs	29,881	29,881	15,117	14,764
Total Expenditures	100,019	100,019	55,690	44,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	17,611	17,611
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	8,641	8,641
Transfers to Other Funds	-	-	(26,252)	(26,252)
Total Other Financing Sources (Uses)	-	-	(17,611)	(17,611)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 WIA PROGRAMS FUND
 WIA ADULT PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Adult Admin			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 195,842	\$ 195,842	69,689	(126,153)
Total Revenues	195,842	195,842	69,689	(126,153)
Expenditures				
WIA Services				
Salaries and Wages	61,583	61,583	35,855	25,728
Fringe Benefits	23,919	23,919	14,249	9,670
Supplies and Materials	600	600	1,258	(658)
Real Estate Rental	2,210	2,210	2,236	(26)
Travel	300	300	9	291
Contracts	2,278	2,278	834	1,444
Other	5,590	5,590	3,092	2,498
Indirect Costs	12,163	12,163	12,156	7
Total Expenditures	108,643	108,643	69,689	38,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,199	87,199	-	(87,199)
Other Financing Sources (Uses)				
Transfers to Other Funds	(87,199)	(87,199)	-	87,199
Total Other Financing Sources (Uses)	(87,199)	(87,199)	-	87,199
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 WIA PROGRAMS FUND
 WIA YOUTH ADMIN PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Youth Admin			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 209,178	\$ 209,178	132,170	(77,008)
Total Revenues	209,178	209,178	132,170	(77,008)
Expenditures				
WIA Services				
Salaries and Wages	60,638	60,638	67,709	(7,071)
Fringe Benefits	23,552	23,552	26,934	(3,382)
Supplies and Materials	4,400	4,400	1,724	2,676
Real Estate Rental	4,420	4,420	3,834	586
Travel	1,536	1,536	69	1,467
Contracts	4,356	4,356	1,501	2,855
Other	7,400	7,400	6,045	1,355
Indirect Costs	24,326	24,326	24,354	(28)
Total Expenditures	130,628	130,628	132,170	(1,542)
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,550	78,550	-	(78,550)
Other Financing Sources (Uses)				
Transfers to Other Funds	(78,550)	(78,550)	-	78,550
Total Other Financing Sources (Uses)	(78,550)	(78,550)	-	78,550
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 WIA PROGRAMS FUND
 WIA YOUTH-OUT PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Youth-Out Program			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 616,871	\$ 616,871	293,694	(323,177)
Total Revenues	616,871	616,871	293,694	(323,177)
Expenditures				
WIA Services				
Salaries and Wages	51,766	51,766	78,751	(26,985)
Fringe Benefits	20,106	20,106	47,520	(27,414)
Supplies and Materials	20,419	20,419	2,793	17,626
Real Estate Rental	12,000	12,000	5,863	6,137
Travel	2,500	2,500	23,740	(21,240)
Contracts	4,955	4,955	4,916	39
Other	170,461	170,461	132,086	38,375
Total Expenditures	282,207	282,207	295,669	(13,462)
Excess (Deficiency) of Revenues Over (Under) Expenditures	334,664	334,664	(1,975)	(336,639)
Other Financing Sources (Uses)				
Transfers (to) from Other Funds	(334,664)	(334,664)	1,975	336,639
Total Other Financing Sources (Uses)	(334,664)	(334,664)	1,975	336,639
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 FUND BALANCE - BUDGET AND ACTUAL
 WIA PROGRAMS FUND
 WIA DISLOCATED WORKER ADMIN PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	WIA Dislocated Worker Program			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal Revenue	\$ 252,874	\$ 252,874	67,912	(184,962)
Total Revenues	252,874	252,874	67,912	(184,962)
Expenditures				
WIA Services				
Salaries and Wages	61,234	61,234	35,014	26,220
Fringe Benefits	23,783	23,783	13,933	9,850
Supplies and Materials	600	600	833	(233)
Real Estate Rental	2,210	2,210	2,083	127
Travel	300	300	(41)	341
Contracts	1,278	1,278	800	478
Other	6,590	6,590	3,032	3,558
Indirect Costs	12,163	12,163	12,183	(20)
Total Expenditures	108,158	108,158	67,837	40,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	144,716	144,716	75	(144,641)
Other Financing Sources (Uses)				
Transfers to Other Funds	(144,716)	(144,716)	(75)	144,641
Total Other Financing Sources (Uses)	(144,716)	(144,716)	(75)	144,641
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

II. STATE COMPLIANCE SECTION

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 SCHEDULE OF FEDERAL, STATE AND LOCAL
 CONTRACTUAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Funding Agency Program/Grant	Contract #	State Assistance	Expenditures as of 06/30/14	Receivables as of 06/30/14
Georgia Dept. of Human Services - DHS	42700-362-0000023666	\$ 1,161,537	\$ 1,161,537	\$ -

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EMPLOYEE BENEFIT COST POOL -
PROVISIONAL AND ACTUAL RATES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Provisional	Actual
Fringe Benefits		
Retirement Benefits	\$ 180,987	\$ 181,470
Payroll Taxes	21,631	21,659
Group Insurance	316,785	283,803
Workers' Compensation	7,779	10,850
Other Benefits Including TSA	99,329	114,265
State Unemployment	1,326	-
	Employee Benefits Available for Allocation	\$ 627,837 \$ 612,047
	\$ 627,837	\$ 612,047

COMPUTATION OF EMPLOYEE BENEFIT RATES

Basis		
Total Salaries and Wages	\$ 1,493,741	\$ 1,577,330
Allocation Base - Salaries and Wages	\$ 1,493,741	\$ 1,577,330
Employee Benefit Rates	42.03%	38.80%

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF INDIRECT COST POOL -
PROVISIONAL AND ACTUAL RATES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Provisional</u>	<u>Actual</u>
Salaries and Wages	\$ 209,932	\$ 190,243
Allocated Fringe Benefits	77,444	75,728
Consultants	2,400	3,263
Supplies and Materials	10,535	9,989
Travel	6,000	4,695
Utilities- Electric and Gas	14,000	11,999
Repairs and Maintenance	27,055	17,337
Publications and Printing	3,000	2,290
User Charges / Depreciation Equipment	1,000	5,616
Facility Operation Expense	9,075	8,035
Rentals - Other	8,923	7,858
Per Diem and Fees	21,500	17,076
Postage and Freight	2,500	2,181
Other Expenses	250	4,859
Insurance and Bonding	3,200	4,627
	<hr/>	<hr/>
Indirect Expenses Available for Allocation	<u>\$ 396,814</u>	<u>\$ 365,796</u>

COMPUTATION OF INDIRECT COST RATES

Direct Salaries	\$ 646,445	\$ 664,868
Employee Fringe Benefits	238,474	255,688
	<hr/>	<hr/>
Allocation Base - Direct Personnel Costs	<u>\$ 884,919</u>	<u>\$ 920,556</u>
	<hr/>	<hr/>
Indirect Cost Rates	<u>44.84%</u>	<u>39.74%</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
 SCHEDULE OF FLEET COST POOL -
 PROVISIONAL AND ACTUAL RATES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Provisional</u>	<u>Actual</u>
Gasoline Expense	\$ 4,200	\$ 3,860
Depreciation	3,500	3,124
Vehicle Repairs and Maintenance	5,000	2,754
Vehicle Insurance	5,000	3,537
Indirect Expenses Available for Alloaction	<u>\$ 17,700</u>	<u>\$ 13,275</u>

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF CITY AND COUNTY DUES AND ASSESSMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Government	Balance Due 06/30/13	FY '14 Dues Amount	Total Billed for FY '14	Amount Collected for FY '14	Balance Due 06/30/14
Banks County	\$ -	\$ 20,076	\$ 20,076	\$ 20,076	\$ -
Dawson Count	-	21,902	21,902	21,902	-
City of Dawsonville	-	2,803	2,803	2,803	-
Forsyth County	-	200,024	200,024	200,024	-
Franklin Count	-	17,103	17,103	17,103	-
City of Canon	-	827	827	827	-
City of Carnesville	-	629	629	629	-
City of Franklin Springs	-	1,041	1,041	1,041	-
City of Lavonia	-	2,346	2,346	2,346	-
City of Royston	-	2,104	2,104	2,104	-
Harbersham County	-	34,013	34,013	34,013	-
City of Alto	-	725	725	725	-
City of Baldwin	-	2,808	2,808	2,808	-
City of Clarkesville	-	1,916	1,916	1,916	-
City of Cornelia	-	4,602	4,602	4,602	-
City of Demorest	-	2,014	2,014	2,014	-
City of Mount Airy	-	1,421	1,421	1,421	-
City of Tallulah Falls	-	107	107	107	-
Hall County	-	148,545	148,545	148,545	-
City of Clermont	-	980	980	980	-
City of Flowery Branch	-	6,370	6,370	6,370	-
City of Gainesville	-	37,864	37,864	37,864	-
City of Gillsville	-	233	233	233	-
City of Lula	-	2,914	2,914	2,914	-
City of Oakwood	-	4,451	4,451	4,451	-
Hart County	-	22,902	22,902	22,902	-
City of Hartwell	-	4,934	4,934	4,934	-
Lumpkin County	-	27,258	27,258	27,258	-
City of Dahlonega	-	5,776	5,776	5,776	-
Rabun County	-	14,832	14,832	14,832	-
City of Clayton	-	2,247	2,247	2,247	-
City of Dillard	-	374	374	374	-
City of Tiger	-	448	448	448	-
Stephens County	-	19,293	19,293	19,293	-
City of Toccoa	-	9,263	9,263	9,263	-
Towns County	-	11,672	11,672	11,672	-
Union County	-	22,536	22,536	22,536	-
City of Blairsville	-	712	712	712	-
White County	-	25,669	25,669	25,669	-
City of Cleveland	-	3,768	3,768	3,768	-
City of Helen	-	564	564	564	-
Total	\$ -	\$ 690,066	\$ 690,066	\$ 690,066	\$ -

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III. SINGLE AUDIT SECTION

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures (Actual)
Appalachian Regional Commission			
Direct Programs			
Appalachian Local Development District Assistance	GA-0701B-C44	23.009	\$ 79,332
Appalachian Local Development District Assistance	GA-0701B-C45	23.009	<u>68,934</u>
Subtotal			<u>148,266</u>
Regional Web-Based GIS Project (ARC)	GA-16213-C1-2010	23.002	<u>43,655</u>
Total Direct Programs			<u>191,921</u>
Total Appalachian Regional Commission			<u>191,921</u>
U.S. Department of Commerce			
Direct Programs			
Economic Development Administration Planning	04-83-06498	11.302	65,433
Economic Development Administration Planning	04-83-06884	11.302	<u>42,188</u>
Subtotal			<u>107,621</u>
Total Direct Programs			<u>107,621</u>
Total U.S. Department of Commerce			<u>107,621</u>
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Coordinated Transportation	STP-0012864	20.513	<u>74,710</u>
Subtotal			<u>74,710</u>
Passed through Transportation Enhancement			
Blairsville	CSTEE-0009-00(137)	20.205	<u>2,144</u>
Subtotal			<u>2,144</u>
Total U.S. Department of Transportation			<u>76,854</u>
U.S. Department of Housing and Urban Development			
Direct Programs			
Community Development Block Grants	12i-x-059-2-5538	14.219	1,268
Community Development Block Grants	13i-x-069-2-5617	14.219	1,290
Community Development Block Grants	13q-y-119-1-5616	14.219	8,672
Community Development Block Grants	129-y-144-1-5449	14.219	9,248
Community Development Block Grants	12p-x-068-2-5448	14.219	6,374
Community Development Block Grants	10q-y-059-1-5335	14.219	7,901
Community Development Block Grants	11p-x-068-2-5347	14.219	10,704
Community Development Block Grants	11p-y-154-1-5398	14.219	2,283
Community Development Block Grants	10p-y-139-y-y5249	14.219	<u>1,046</u>
Subtotal			<u>48,786</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 48,786</u>

See accompanying notes to schedule of expenditures of federal awards.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures (Actual)
Federal Emergency Management Agency			
Passed through Georgia Emergency Management Agency			
Prediaster Mitigation	HHM 8580064	97.047	\$ 2,884
Prediaster Mitigation	HHM 8580072	97.047	2,898
Prediaster Mitigation	HHM 8330046	97.047	11,777
Prediaster Mitigation	HHM 8580024	97.047	8,863
Prediaster Mitigation	HHM 8580024	97.047	5,446
Prediaster Mitigation	HHM 8580030	97.047	4,956
Prediaster Mitigation	HHM 8580022	97.047	3,580
Assistance to Firefighters Grant	EMW-2013-FO-03442	97.044	215
Subtotal			<u>40,619</u>
Total Federal Emergency Management Agency			<u>40,619</u>
Environmental Protection Division			
Passed through Environmental Protection Division			
Mud Creek - Section 319(h) Grant	68-0103-0-1-304	66.460	7,924
Coldwater Creek - Section 319(h) Grant	68-0103-0-1-304	66.460	6,461
Total Pass-Through Programs			<u>14,385</u>
Total Environmental Protection Division			<u>14,385</u>
Georgia Department of Human Services			
Passed through Georgia Department of Human Services			
Georgia Dept. of Human Services - DHS	42700-362-23666	93.558, 93.667, 93.044	1,161,537
Total Pass-Through Programs			<u>1,161,537</u>
Total Georgia Department of Human Services			<u>1,161,537</u>
U.S. Department of Labor			
Passed through Georgia Department of Labor			
WIA Adult Admin	11-12-11-02-022	17.258	69,689
WIA Adult Program	11-12-11-02-022	17.258	1,426,137
WIA DW Admin	31-12-11-02-022	17.278	67,912
WIA DW Program	31-12-11-02-022	17.278	848,395
WIA Youth-In Admin	15-12-11-02-022	17.259	132,170
WIA Youth-In Program	15-12-11-02-022	17.259	614,616
WIA Youth-Out Program	15-12-11-02-022	17.259	293,694
Total Pass-Through Programs			<u>3,452,613</u>
Total U.S. Department of Labor			<u>3,452,613</u>
Total Expenditures of Federal Awards - General Fund/Special Revenue Funds			<u>\$ 5,094,336</u>

See accompanying notes to schedule of expenditures of federal awards.

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures (Actual)
Economic Development Administration			
Direct Programs			
Revolving Loan	04-39-03469	11.307	\$ <u>1,419,103</u>
Total Direct Programs			<u>1,419,103</u>
Total Economic Development Administration			<u>1,419,103</u>
Total Expenditures of Federal Awards - Proprietary Fund			<u>1,419,103</u>
Total Expenditures of Federal Awards			<u>\$ 6,513,439</u>

See accompanying notes to schedule of expenditures of federal awards.

GEORGIA MOUNTAINS REGIONAL COMMISSION

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Georgia Mountains Regional Commission under programs of the federal government for the fiscal year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Georgia Mountains Regional Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of Georgia Mountains Regional Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 - SUBRECIPIENTS

The Georgia Mountains Regional Commission provided the following amounts to subrecipients of programs as follows:

None

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SUMMARY OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL AWARD FINDINGS

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133:

None Reported

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**REPORT OF INDEPENDENT ACCOUNTANTS
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**

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 year ended June 30, 2014, 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 November 04, 2014.

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.

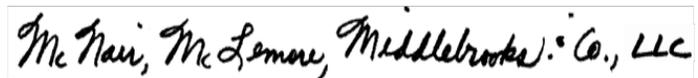
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

Macon, Georgia
November 04, 2014

McNAIR, McLEMORE, MIDDLEBROOKS & Co., LLC

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**REPORT OF INDEPENDENT ACCOUNTANTS
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each Georgia Mountains Regional Commission's major federal programs for the year ended June 30, 2014. Georgia Mountains Regional Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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 year ended June 30, 2014.

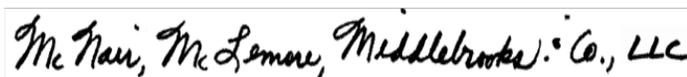
Report on Internal Control Over Compliance

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

Macon, Georgia
November 04, 2014

**GEORGIA MOUNTAINS REGIONAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued	Unmodified
Internal Control Over Financial Reporting	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified that are not Considered to be Material Weakness(es)	None Reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Financial Reporting	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified that are not Considered to be Material Weakness(es)	None Reported
Type of Auditors' Report Issued on Compliance for Major Programs	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.558, 93.667, 93.044	DHS Coordinated Transportation
17.258	WIA Adult
17.259	WIA Youth
17.278	WIA Dislocated Worker

Dollar Threshold Used to Distinguish Between Type A and Type B Programs	\$	300,000
Auditee Qualified as Low-Risk Auditee?		Yes

Section II - Financial Statement Findings

No financial statement findings were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.