



ATLANTA REGIONAL COMMISSION

SINGLE AUDIT REPORT

For the Year Ended December 31, 2017

**Atlanta Regional Commission
Single Audit Report
For the Year Ended December 31, 2017**

TABLE OF CONTENTS

	<u>Page (s)</u>
<u>REPORTS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3-5
Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	6
<u>SCHEDULES</u>	
Schedule of Findings and Questioned Costs	7-10
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Summary Schedule of Prior Audit Findings.....	15

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REPORTS

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

To the Members of the Atlanta Regional Commission
Atlanta, 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 the Atlanta Regional Commission (the “Commission”), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

consider the deficiency 2017-001, described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

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

Atlanta Regional Commission's Response to Finding

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

Purpose of this Report

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

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
June 21, 2018



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

To the Members of the Atlanta Regional Commission
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Atlanta Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Atlanta Regional Commission's major federal programs for the year ended December 31, 2017. The Atlanta Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Atlanta 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 December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-005. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the 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 the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a material weakness. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004 that we consider to be significant deficiencies.

The Commission's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
July 31, 2018



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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Atlanta Regional Commission
Atlanta, Georgia

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Atlanta Regional Commission (the "Commission"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated June 21, 2018, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nichols, Cauley & Associates, LLC

Kennesaw, Georgia
June 21, 2018

SCHEDULES

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**Atlanta Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

Section II- Financial Statement Findings

2017-001 *Criteria:* Internal controls over the bank reconciliation process should ensure reconciling items are properly investigated.

Condition: Controls over the bank reconciliation process did not detect a check that had been outstanding for several months. A check for the first quarter 2017 employee pension contributions withheld from employees' wages remained outstanding at year end.

Cause: The Commission did not have adequate controls in place over the bank reconciliation process to ensure reconciling items were properly investigated.

Effect: A check for the first quarter 2017 employee pension contributions withheld from employees' wages was not received by the Pension Trust Fund. The check was listed as an outstanding check on the Commission's bank reconciliation at year end and was not reissued until detected during the audit in April 2018.

Auditor's Recommendation: Controls over the bank reconciliation process should be strengthened.

Views of Responsible Officials and Planned Corrective Actions: The Commission agrees with the recommendation. Accounting staff will review and investigate checks which remain outstanding for an extended period of time.

Section III - Federal Award Findings

U.S. Department of Transportation

2017-002 Highway Planning and Construction Cluster – CFDA No. 20.205

Criteria: Direct recipients of Federal awards and their subrecipients must follow the procurement procedures standards of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 sections 200.318 through 200.326, as applicable.

Condition: The Commission is required to follow procurement procedures that conform to applicable Federal law and regulations and standards which include formal bidding of certain contracts over \$3,500. For one vendor tested, the bidding process was not followed when the contract expired.

Cause: The Commission did not have adequate controls in place to ensure procurement procedures were followed.

Effect: Formal bidding was not completed. The Commission continued to purchase from a vendor under the terms of an expired contract.

Auditor's Recommendation: The Commission should follow procurement

**Atlanta Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

procedures that conform to applicable Federal law and regulations and standards.

Views of Responsible Officials and Planned Corrective Actions: The Commission agrees with the recommendation. The Commission will review procurement procedures to ensure purchases conform to applicable Federal laws and regulations and standards.

U.S. Department of Transportation

2017-003 Highway Planning and Construction Cluster – CFDA No. 20.205

Criteria: Grant requirements state non-federal entities are restricted from contracting with or making sub-awards to parties that are suspended or debarred.

Condition: The Commission is required to verify vendors are not suspended, debarred or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The contract documentation for three vendors selected for testing did not include documentation that the vendor selected was not suspended or debarred.

Cause: The Commission did not have adequate controls in place to ensure contracts were not being awarded to a suspended or debarred party.

Effects: Based on our search of the federally operated *System for Award Management (SAM)* website, this oversight did not cause the Commission to contract with a suspended or debarred party.

Recommendation: The Commission should review federally funded contracts to ensure file documentation includes verification that the vendor selected was not suspended or debarred.

Views of Responsible Officials and Planned Corrective Actions: The Commission agrees with the recommendation. Documentation will be retained to support the search of the debarment and suspension listing.

U.S. Department of Transportation

2017-004 Highway Planning and Construction Cluster – CFDA No. 20.205

Federal Transit – CFDA No. 20.507

Criteria: When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

Condition: The Commission is required to pay program costs prior to requesting reimbursement. For the periods selected for testing, documentation reconciling

**Atlanta Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

requested amounts to the general ledger was not readily available to support sub-recipients/vendors had been paid prior to the Commission's request for reimbursement.

Cause: The Commission did not have adequate procedures in place for retention of documentation supporting costs submitted for reimbursement had been paid prior to reimbursement. Amounts reflected in the periodic reimbursement requests could not be easily reconciled to general ledger details for the related periods tested.

Effect: Amounts reflected in the periodic reimbursement requests could not be easily reconciled to general ledger details for the related periods tested.

Auditor's Recommendation: The Commission should retain documentation that reconciles which expenditures relate to the periodic request for reimbursement from the Federal Government.

Views of Responsible Officials and Planned Corrective Actions: The Commission agrees with the recommendation. Documentation that reconciles which expenditures relate to the periodic request for reimbursement from the Federal Government will be retained.

U.S. Department of Transportation

2017-005 Highway Planning and Construction Cluster – CFDA No. 20.205

Criteria: The OMB cost principles circular provides a listing of allowable and unallowable costs.

Condition: The Commission is required to verify costs submitted for reimbursement under the grant are for allowable costs. We noted during our testing that costs relating to one vendor included items approximating \$120 that were unallowable.

Cause: The Commission did not have adequate controls in place to ensure costs submitted for reimbursement under the grant are for allowable costs under Federal program guidelines.

Effect: The costs are subject to disallowance and refund to the grantor.

Auditor's Recommendation: The Commission should review costs submitted for reimbursement carefully to ensure all costs are allowable.

Views of Responsible Officials and Planned Corrective Actions: The Commission agrees with the recommendation. The Commission has requested reimbursement from the vendor and will also reimburse the program. Program Managers will be re-educated on allowable and unallowable cost.

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Program Name	CFDA NO.	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
Pass through United Way of Greater Atlanta				
REVWD1700	Aerotropolis Atlanta Workforce Collective	11.302	\$ -	\$ 1,178
Direct Assistance				
ED17ATL3020019	Regional Economic Development Plan	11.302	-	80,013
Total U. S. Department of Commerce			-	81,191
Department of Homeland Security				
Passed through Georgia Emergency Management Agency				
2015-SS-00065-S01	Urban Areas Security Initiative (UASI)	97.067	1,604,569	3,006,789
EMW-2016-SS-00007-S01	Urban Areas Security Initiative (UASI)	97.067	-	199,031
Total Department of Homeland Security			1,604,569	3,205,820
Corporation for National & Community Service				
Direct Assistance				
14SRSGA003	Retired & Senior Volunteer Program	94.002	-	39,553
17SRSGA002	Retired & Senior Volunteer Program	94.002	-	46,327
Total Corporation for National & Community Service			-	85,880
U.S. Department of Health and Human Services				
Passed through Georgia Dept. of Human Services				
Aging Cluster				
42700-373-0000049685	Title III , Part A & B - Supportive Services	93.044	761,624	791,070
42700-373-0000060323	Title III , Part A & B - Supportive Services	93.044	958,814	1,069,312
			1,720,438	1,860,382
42700-373-0000049685	Title III, Part C1 - Congregate Meals, Part C2 - Home Delivered Meals	93.045	1,288,286	1,431,428
42700-373-0000060323	Title III, Part C1 - Congregate Meals, Part C2 - Home Delivered Meals	93.045	1,860,432	2,067,147
			3,148,718	3,498,575
42700-373-0000049685	Nutrition Services Incentive Program (NSIP)	93.053	309,236	309,236
42700-373-0000060323	Nutrition Services Incentive Program (NSIP)	93.053	370,805	370,805
			680,041	680,041
Total Aging Cluster			5,549,197	6,038,998
42700-373-0000049685	Title III, Part D - Health Promotion Services	93.043	-	279,462
42700-373-0000060323	Title III, Part D - Health Promotion Services	93.043	-	252,921
			-	532,383
42700-373-0000049685	Title III, Part E - Family Caregiver Support	93.052	182,393	476,421
42700-373-0000060323	Title III, Part E - Family Caregiver Support	93.052	112,355	429,960
			294,748	906,381
42700-373-0000049685	Social Services Block Grant (SSBG)	93.667	118,256	749,667
42700-373-0000060323	Social Services Block Grant (SSBG)	93.667	219,018	726,411
			337,274	1,476,078
42700-373-0000049685	Money Follows the Person	93.791	6,850	689,058
42700-373-0000060323	Money Follows the Person	93.791	405	542,734
			7,255	1,231,792
Medicaid Cluster				
Passed through Georgia Dept. of Human Services				
42700-373-0000049685	Balancing Incentive Program	93.778	-	250,505
Passed through Georgia Dept. of Community Health				
2017002	Community Care Service Program (CCSP)	93.778	216,019	1,351,528
2017002-1	Community Care Service Program (CCSP)	93.778	971,322	1,282,412
Total Medicaid Cluster			1,187,341	2,884,445

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Program Name	CFDA NO.	Passed through to Subrecipients	Total Federal Expenditures
Passed through Fulton County, Georgia				
2017-NU58DP005568-03-00	PICH - Partnership in Comm Health	93.331	78,928 78,928	218,868 218,868
Total U.S. Department of Health and Human Services			7,454,743	13,288,945
U.S. Department of Labor				
Passed through Georgia Dept. of Economic Development				
WIA Cluster				
11-15-15-03-007	WIA, Adult Program	17.258	66,378	103,677
11-15-16-03-007	WIA, Adult Program	17.258	226,064	412,469
11-16-16-03-007	WIA, Adult Program	17.258	261,086	387,985
11-16-17-03-007	WIA, Adult Program	17.258	2,487,126	3,709,241
11-17-17-03-007	WIA, Adult Program	17.258	41,327	243,540
11-17-18-03-007	WIA, Adult Program	17.258	-	3,402
			<u>3,081,981</u>	<u>4,860,314</u>
15-15-15-03-007	Youth Programs	17.259	40,888	61,878
15-16-16-03-007	Youth Programs	17.259	1,720,594	2,331,840
15-17-17-03-007	Youth Programs	17.259	1,062,544	1,257,845
			<u>2,824,026</u>	<u>3,651,563</u>
31-15-15-03-007	WIA, Dislocated Worker	17.278	159,929	248,680
31-15-16-03-007	WIA, Dislocated Worker	17.278	672,318	893,623
31-16-16-03-007	WIA, Dislocated Worker	17.278	158,180	310,756
31-16-17-03-007	WIA, Dislocated Worker	17.278	720,932	1,393,000
31-17-17-03-007	WIA, Dislocated Worker	17.278	-	35,129
31-17-18-03-007	WIA, Dislocated Worker	17.278	-	73,938
36-16-17-03-007	WIA, Dislocated Worker	17.278	698,373	908,084
44-15-15-03-007	WIA, Dislocated Worker	17.278	-	11,480
44-16-17-03-007	WIA, Dislocated Worker	17.278	-	7,873
			<u>2,409,732</u>	<u>3,882,563</u>
Total WIA Cluster			8,315,739	12,394,440
Total U.S. Department of Labor			8,315,739	12,394,440
U.S. Department of Transportation				
Direct Assistance				
Federal Transit Capital & Oper Asst Grants				
GA-90-X339	Regional Transit Implementation	20.507	-	337,289
GA-2017-013-00	5307 Fulton County Transit Master Plan	20.507	-	644,766
GA-2017-008-00	JARC	20.507	137,000	250,000
GA-95-X026-00	Atlanta Beltline Project	20.507	163,207	204,009
			<u>300,207</u>	<u>1,436,064</u>
GA-26-0008-00	TMC Platform for One-Click	20.514	-	72,917
GA-2017-009-00	Rides to Wellness	20.514	6,252	96,290
			<u>6,252</u>	<u>169,207</u>
Transit Services Program Cluster				
Passed through Georgia Dept. of Human Resources				
42700-362-0000037972	5310	20.513	57,205	159,251
42700-362-0000054731	5310	20.513	431,996	969,049
			<u>489,201</u>	<u>1,128,300</u>
Total Transit Services Program Cluster			489,201	1,128,300

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Program Name	CFDA NO.	Passed through to Subrecipients	Total Federal Expenditures
Passed through Georgia Dept. of Transportation				
Highway Planning and Construction Cluster				
0014102	Highway Planning and Construction (PL)	20.205	-	5,227,340
009596	Georgia Commute Options Program	20.205	-	3,655,429
0010500	Regional Rideshare Program	20.205	-	1,742,948
0010935	TDM Employer Services	20.205	1,379,907	1,724,885
0013754	SHRP2	20.205	-	82,040
0015281	SHRP2	20.205	-	208,660
0010464	ACL CDSM Education	20.205	1,318,737	1,648,421
0015577	Invest Program	20.205	-	4,809
0015626	Aerotropolis Greenway Planning	20.205	45,013	56,266
0010462	Livable Centers Initiative Policy Studies	20.205	373,051	466,314
0010463	Livable Centers Initiative Policy Studies	20.205	231,730	489,991
0014992	Surface Transportation Program	20.205	-	331,716
0010466	County Comprehensive Transportation Plan	20.205	447,221	1,125,018
Total Highway Planning and Construction Cluster			<u>3,795,659</u>	<u>16,763,837</u>
T006522	Federal Transit Technical Studies Grants	20.505	-	1,992,435
			<u>-</u>	<u>1,992,435</u>
Total U.S. Department of Transportation			<u>4,591,319</u>	<u>21,489,843</u>
Total Schedule of Federal Assistance			<u>\$21,966,370</u>	<u>\$50,546,119</u>

Atlanta Regional Commission
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Atlanta Regional Commission (the “Commission”) under programs of the federal government for the year ended December 31, 2017. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Commission.

2. Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1C of the Commission’s financial statements. Expenditures are recognized following the applicable cost principles contained in either Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) or the 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.

Agency-wide central support service costs are recorded in the Commission’s General fund as indirect costs and are recovered from grantor agencies, through the Commission’s special revenue funds and proprietary funds based upon a predetermined indirect cost rate. The Commission’s indirect cost plan for 2017 established a fixed rate of 34% for direct salaries, wages, and fringe benefits. Departmental indirect costs for the Community Services and Livable Communities departments are recovered from grantor agencies through the cost centers managed by these departments within special revenue funds and proprietary funds based upon a predetermined indirect cost rate for each department. The Commission’s indirect cost plan for 2017 established a fixed rate of 4.2% and 10.5% for the Community Services and Livable Communities departments, respectively. The indirect costs rates are applied to the labor base, made up of salaries, wages, and fringe benefits charged directly to the cost centers.

3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

**Atlanta Regional Commission
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2017**

Federal Award Findings and Questioned Costs

Finding Reference - 2016-001

Urban Areas Security Initiative (UASI) – CFDA No. 97.067
Aging Cluster – CFDA No. 93.044, 93.045, & 93.053
Medicaid Cluster – CFDA No. 93.778
Highway Planning and Construction Cluster – CFDA No. 20.205
Transit Services Program Cluster – CFDA No. 20.513, 20.516, & 20.521

Condition: Documentation was not retained to support that ARC had verified that subrecipients were audited as required by 2 CFR part 200, subpart F.

Status: It was noted during testing that the Commission had corrected this condition in 2017.

Finding Reference - 2016-002

Urban Areas Security Initiative (UASI) – CFDA No. 97.067 – Grant No.2014-SS-00092-S01

Condition: During the procurement process for an equipment contract, the Commission chose to use the State Purchasing Division's Statewide Contract list however the equipment was purchased from a vendor that was not included on the State Purchasing Division's Statewide Contract list.

Auditee Response/Status: ARC reviewed State Contract documentation closely when using the Statewide Contract list in 2017 to ensure contracts are awarded to the correct vendor.