



ATLANTA REGIONAL COMMISSION

SINGLE AUDIT REPORT

For the Year Ended December 31, 2015

Atlanta Regional Commission
Single Audit Report
For the Year Ended December 31, 2015

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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, 2015, 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 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Nichols, Cauley & Associates, LLC
Kennesaw, GA

June 15, 2016



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

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, 2015. 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, 2015.

Report on Internal Control over Compliance

Management of the Atlanta 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 the Atlanta Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Atlanta 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nichols, Cauley & Associates, LLC

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Kennesaw, GA

July 22, 2016



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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, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated June 15, 2016, 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

Nichols, Cauley & Associates, LLC
Kennesaw, GA

June 15, 2016

SCHEDULES

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Atlanta Regional Commission
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2015

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified
 Internal control over financial reporting:
 Material weakness identified? _____ yes x no
 Significant deficiency identified
 not considered to be material weakness? _____ yes x none reported

Noncompliance material to financial statements
 noted? _____ yes x no

Federal Awards

Internal control over major programs:
 Material weakness identified? _____ yes x no
 Significant deficiency identified
 not considered to be material weakness? _____ yes x none reported

Type of auditor’s report issued on compliance
 for all major programs: unmodified

Any audit findings disclosed that are required
 to be reported in accordance with
 2 CFR section 200.516(a)? _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
97.067	Urban Area Security Initiative
93.044, 93.045, & 93.053	Aging Cluster
93.778	Medicaid Cluster
17.258, 17.259 & 17.278	WIA Cluster
20.205	Highway Planning and Construction Cluster
93.621	Affordable Care Act Initiative to Reduce Avoidable Hospitalizations
20.505	Federal Transit Technical Studies Grants

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 1,424,699

Auditee qualified as low-risk auditee? x yes no

Atlanta Regional Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section II- Financial Statement Findings

None Reported

Section III - Federal Award Findings

None Reported

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

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				
Direct Assistance				
04-83-06886	Regional Economic Development Plan	11.302	\$ -	\$ 56,218
Total U. S. Department of Commerce			-	56,218
Department of Homeland Security				
Passed through Georgia Emergency Management Agency				
2013-SS-00054-S01	Urban Areas Security Initiative (UASI)	97.067	3,571,492	3,571,492
2014-SS-00092-S01	Urban Areas Security Initiative (UASI)	97.067	876,593	1,541,666
Total Department of Homeland Security			4,448,085	5,113,158
Corporation for National & Community Service				
Direct Assistance				
14SRSGA003	Retired & Senior Volunteer Program	94.002	-	101,865
Total Corporation for National & Community Service			-	101,865
U.S. Department of Health and Human Services				
Passed through Georgia Dept. of Human Resources				
Aging Cluster				
42700-373-0000040025	Title III , Part A & B - Supportive Services	93.044	964,517	1,302,181
42700-373-0000030236	Title III , Part A & B - Supportive Services	93.044	825,608	1,314,681
			1,790,125	2,616,862
42700-373-0000040025	Title III, Part C1 - Congregate Meals, Part C2-Home Delivered Meals	93.045	1,939,342	2,154,825
42700-373-0000030236	Title III, Part C1 - Congregate Meals, Part C2-Home Delivered Meals	93.045	1,739,610	1,932,900
			3,678,952	4,087,725
42700-373-0000040025	Nutrition Services Incentive Program (NSIP)	93.053	374,427	374,428
42700-373-0000030236	Nutrition Services Incentive Program (NSIP)	93.053	411,810	411,810
			786,237	786,238
Total Aging Cluster			6,255,314	7,490,825
Medicaid Cluster				
42700-373-0000040025	Indigent Care Trust Fund (CCSP)	93.778	1,000,269	1,239,391
42700-373-0000030236	Indigent Care Trust Fund (CCSP)	93.778	1,008,455	1,496,182
42700-373-0000023061	ESP/CHAT Web Hosting	93.778	25,380	25,380
Total Medicaid Cluster			2,034,104	2,760,953
42700-373-0000040025	Indigent Care Trust Fund (CCSP) - PHQ0	93.609	-	850
42700-373-0000040025	Long Term Care Ombudsman	93.042	95,593	104,147
42700-373-0000030236	Long Term Care Ombudsman	93.042	91,084	99,827
			186,677	203,974

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Program Name	CFDA NO.	Passed through to Subrecipients	Total Federal Expenditures
42700-373-0000040025	Title III, Part D - Health Promotion Services	93.043	-	63,836
42700-373-0000030236	Title III, Part D - Health Promotion Services	93.043	-	54,283
			<u>-</u>	<u>118,119</u>
42700-373-0000040025	Chronic Disease Self Management Program	93.734	-	18,169
42700-373-0000040025	Title III, Part E - Family Caregiver Support	93.052	157,838	344,272
42700-373-0000030236	Title III, Part E - Family Caregiver Support	93.052	230,893	492,552
			<u>388,731</u>	<u>836,824</u>
42700-373-0000028148	Cultural Competency	93.048	9,500	9,500
42700-373-0000040025	Social Services Block Grant (SSBG)	93.667	13,297	398,403
42700-373-0000030236	Social Services Block Grant (SSBG)	93.667	12,969	639,534
			<u>26,266</u>	<u>1,037,937</u>
42700-373-0000040025	Money Follows the Person	93.791	14,011	422,823
42700-373-0000030236	Money Follows the Person	93.791	43,067	375,623
			<u>57,078</u>	<u>798,446</u>
42700-373-0000030236	Aging and Disabilities Resource Center	93.779	-	76,422
CT-0811-0021	Affordable Care Act Initiative to Reduce Avoidable Hospitalizations	93.621	31,125	2,577,856
Direct Assistance REVAG1601	Affordable Care Act Initiative to Reduce Avoidable Hospitalizations	93.621	-	318,769
			<u>31,125</u>	<u>2,896,625</u>
Total U.S. Department of Health and Human Services			8,988,795	16,248,644
Environmental Protection Agency				
Passed through Georgia Environmental Protection Division				
GSMSEC319H	Stormwater Manual	66.460	-	220,474
Total Environmental Protection Agency			-	220,474
U.S. Department of Labor				
Passed through Georgia Dept. of Economic Development				
WIA Cluster				
11-13-13-03-007	WIA, Adult Program	17.258	31,041	31,041
11-13-14-03-007	WIA, Adult Program	17.258	113,875	191,223
11-14-14-03-007	WIA, Adult Program	17.258	138,813	195,168
11-14-15-03-007	WIA, Adult Program	17.258	2,093,437	3,091,749
11-15-15-03-007	WIA, Adult Program	17.258	25,670	48,486
11-15-16-03-007	WIA, Adult Program	17.258	106,592	147,535
			<u>2,509,428</u>	<u>3,705,202</u>
15-13-11-03-007	Youth Programs	17.259	-	12,682
15-14-14-03-007	Youth Programs	17.259	1,684,224	2,224,856
15-15-15-03-007	Youth Programs	17.259	1,488,547	1,683,513
			<u>3,172,771</u>	<u>3,921,051</u>
14-14-15-03-007	Incentive Grant	17.278	-	34,290
31-14-14-03-007	WIA, Dislocated Worker	17.278	102,254	171,028
31-13-13-03-007	WIA, Dislocated Worker	17.278	29,209	29,209
31-13-14-03-007	WIA, Dislocated Worker	17.278	306,340	562,549
31-14-15-03-007	WIA, Dislocated Worker	17.278	1,466,528	2,385,128

Atlanta Regional Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Program Name	CFDA NO.	Passed through to Subrecipients	Total Federal Expenditures
31-15-15-03-007	WIA, Dislocated Worker	17.278	25,670	86,030
31-15-16-03-007	WIA, Dislocated Worker	17.278	-	13,693
44-13-14-03-007	WIA, Dislocated Worker	17.278	-	75,665
44-14-14-03-007	WIA, Dislocated Worker	17.278	-	11,105
44-15-15-03-007	WIA, Dislocated Worker	17.278	-	17
			<u>1,930,001</u>	<u>3,368,714</u>
Total WIA Cluster			<u>7,612,200</u>	<u>10,994,967</u>
Total U.S. Department of Economic Development			7,612,200	10,994,967
U.S. Department of Transportation				
Direct Assistance - Federal Transit Administration				
Federal Transit Capital & Oper Asst Grants				
GA-90-X336	Regional Transit Implementation	20.507	-	520,655
GA-95-X026-00	Atlanta Beltline Project	20.507	444,686	561,463
			<u>444,686</u>	<u>1,082,118</u>
Transit Services Programs Cluster				
42700-362-0000037972	5310	20.513	117,167	350,126
GA-90-X-345	JARC	20.516	92,285	177,238
GA-37-X031	JARC	20.516	42,433	83,133
GA-57-X014	New Freedom Program	20.521	-	198,533
GA-57-X012-02	New Freedom Program	20.521	-	33,637
	Total Transit Services Programs Cluster		<u>251,885</u>	<u>842,667</u>
GA-26-0006	VTCLI Round Two - Outreach	20.514	-	38,333
GA-04-0040	FTA- Mobility Mgmt CC	20.514	-	32,113
GA-95-2022	FTA- Mobility Mgmt CC	20.514	-	35,900
			<u>-</u>	<u>106,346</u>
Passed through Georgia Dept. of Transportation				
Highway Planning and Construction Cluster				
0012926	Highway Planning and Construction (PL)	20.205	-	5,226,419
0008741	Regional Rideshare Program	20.205	18,644	1,661,555
0010934	TDM Employer Services	20.205	1,019,294	1,387,450
0013129	TDM Employer Services	20.205	32,000	40,000
0012772	Implementing Eco-Logical	20.205	-	194,870
0013420	SHRP2	20.205	-	259,738
0013754	SHRP2	20.205	-	31,954
0010464	ACL CDSM Education	20.205	-	1,344
0010460	Livable Centers Initiative Policy Studies	20.205	264,545	330,681
0010461	Livable Centers Initiative Policy Studies	20.205	208,693	450,715
0008733	Surface Transportation Program	20.205	783,952	979,941
0008732	County Comprehensive Transportation Plan	20.205	225,865	282,332
	Total Highway Planning and Construction Cluster		<u>2,552,993</u>	<u>10,846,999</u>
T005335	Federal Transit Technical Studies Grants	20.505	-	1,876,517
			<u>-</u>	<u>1,876,517</u>
Total U.S. Department of Transportation			<u>3,249,564</u>	<u>14,754,647</u>
Total Schedule of Federal Assistance			<u>\$ 24,298,644</u>	<u>\$ 47,489,973</u>

Atlanta Regional Commission
Notes To Schedule Of Expenditures Of Federal Awards
For the Year Ended December 31, 2015

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, 2015. 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 2015 established a fixed rate of 31% for direct salaries, wages, and fringe benefits. Departmental indirect costs for the Business Services, 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 2015 established a fixed rate of 10.1%, 1.9%, and 7.8% for the Business Services, 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, 2015

Federal Award Findings and Questioned Costs

2014-001 Urban Area Security Initiative - Monitoring

Condition: Monitoring activities did not ensure that the subrecipient met the requirements as provided in OMB Circular A-133.

Recommendation: It was recommended that monitoring activities be modified to ensure all subrecipients meet the audit requirements of OMB Circular A-133.

Current Status: The corporation of the previous subrecipient was dissolved during 2015. The recommendation was adopted in 2015 for other subrecipients.

2014-002 Urban Area Security Initiative - Questioned Cost

Condition: Subgrantee was over reimbursed for health care premiums for an extended period of time.

Recommendation: It was recommended that procedures be reviewed to ensure only the subrecipient's share of costs be reimbursed by the grant program.

Current Status: The recommendation was adopted in 2015.