

**GREATER NASHVILLE REGIONAL COUNCIL**

**AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2016**

GREATER NASHVILLE REGIONAL COUNCIL

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## **INTRODUCTORY SECTION**

GREATER NASHVILLE REGIONAL COUNCIL  
INTRODUCTORY SECTION

EXECUTIVE COMMITTEE MEMBERS  
AS OF JUNE 30, 2016

Randall Hutto	President
Ken Moore	Vice President
Anthony Holt	Treasurer
Kim McMillan	Immediate Past President
David McCullough	Cheatham County
Amber Locke	Cheatham County
Megan Barry	Metro Nashville/Davidson County
David Briley	Metro Nashville/Davidson County
Bob Rial	Dickson County
Donnie Weiss	Dickson County
George Clark	Houston County
Paul Bailey	Houston County
Jessie Wallace	Humphreys County
Lance Loveless	Humphreys County
Jim Durrett	Montgomery County
Jeff Truitt	Montgomery County
Candy Johnson	Montgomery County
Howard Bradley	Robertson County
Billy Paul Carneal	Robertson County
Ernest Burgess	Rutherford County
Jeffrey Davidson	Rutherford County
Darlyn Green	Rutherford County
Jerry Kirkman	Small City Representative
Rick Joiner	Stewart County
Heather Morgan	Stewart County
Anthony Holt	Sumner County
Kim Ark	Sumner County
Carroll Carmen	Trousdale County
David Nollner	Trousdale County
Craig Moreland	Trousdale County
Rogers Anderson	Williamson County
Diane Giddens	Williamson County
Randall Hutto	Wilson County
Philip Craighead	Wilson County
Steve Dickerson	Tennessee General Assembly
Susan Lynn	Tennessee General Assembly

## **FINANCIAL SECTION**



## Independent Auditor's Report

To the Executive Committee Members  
Greater Nashville Regional Council  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the agency fund of Greater Nashville Regional Council ("GNRC"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise GNRC's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the agency fund of Greater Nashville Regional Council, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity 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 5 - 12 and the schedule of changes in the net pension liability (asset) and related ratios and schedule of contributions on pages 38 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greater Nashville Regional Council's basic financial statements. The introductory section on page 1, the schedule of indirect costs, and the statement of changes in assets and liabilities - guardianship agency fund on pages 40 - 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards and schedules of performance based awards on pages 42 - 47 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State of Tennessee, and are also not a required part of the basic financial statements.



To the Executive Committee Members  
Greater Nashville Regional Council

The schedule of indirect costs, the statement of changes in assets and liabilities - guardianship agency fund, the schedules of expenditures of federal and state awards, and schedules of performance based 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 schedule of indirect costs, the statement of changes in assets and liabilities - guardianship agency fund, the schedules of expenditures of federal and state awards, and schedules of performance based awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017, on our consideration of GNRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GNRC's internal control over financial reporting and compliance.

*Crosslin, PLLC*

Nashville, Tennessee  
March 22, 2017

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended June 30, 2016.

This MD&A may contain forward-looking information that involves a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. Such risks and uncertainties include, but are not limited to: continuation of federal and state grants; state appropriated Development District funding; uncertainty of reserve returns; legislative changes to current programs and or funding for programs; and industry competition.

**DESCRIPTION OF BUSINESS**

Greater Nashville Regional Council ("GNRC") organization was created in 1967 by the 13 counties and 51 cities with-in those counties to serve the need for the various local governments to coordinate with state and federal agencies to come together to promote regional planning and to improve economic development. GNRC is proud to celebrate over 50 years serving our region.

The Mid-Cumberland Area Development Corporation contracts with GNRC to provide staff and administrative services, including legal services, payroll, employee benefits, and financial services.

**DISCUSSION OF OPERATIONS**

GNRC houses the Area Agency on Aging and Disability (AAAD) for the Greater Nashville area. The AAAD provides Home and Community based care for the elderly and disabled; funding to local Senior Centers; a Public Guardianship program which oversees care to seniors as directed by the courts; manages the Federal Family Caregiver funds; provides home delivered and congregate meals; works with seniors throughout the year, and during the open enrollment period to enroll and information seniors about Medicare / Medicaid options; and is an Aging and Disability Resource Center (ADRC). Under the Governor's single point of entry mandate, the AAAD serves as an information and assistance resource for seniors in Greater Nashville area.

The AAAD continued the evidenced based health promotion program entitled "Living well with Chronic Conditions." This program trains seniors to manage their own health and provide strategies for lifestyle changes. GNRC has 2 master trainers on staff and has trained lay leaders throughout the GNRC region. AAAD is also partnering with senior centers and other community organizations to host the State Health Insurance Program (SHIP) which provides seniors with counseling and information about Medicare. Staff has recruited and trained volunteers to help seniors throughout the greater Nashville region, especially during the open enrollment periods. GNRC continues to partner with the VA to provide self-directed in-home services for veterans.

GNRC AAAD joined with TCAD and the other AAADs in Tennessee on the Senior Brain Games. Competitions were held at the local level with winners going on to a state-wide competition. GNRC's representative, Ashland City Acers, placed 2<sup>nd</sup> in the state. GNRC partnered with Fearless Caregiver to sponsor a caregiver conference. GNRC received the 2015 Fearless Caregivers Award for those who make a difference in the lives of family caregivers.

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

TennCare extended GNRC's scope to include serving as the Community Living Support Ombudsman. The goal of Community Living Supports (CLS) is to increase options for those who need long term services and supports (older adults and adults with physical disabilities) and their families and expand access to home care based services so that more people can receive care in their homes and communities. Staff serves as a neutral party and advocate specifically for individuals who are or have been transferred into CLS housing. Members selecting CLS are educated on their member rights and empowered to be self-advocates. The CLS Ombudsman completes education, pre-transition, and post-transition surveys with the member to insure the member understands their rights and how to contact those responsible for care.

The Economic and Community Development (ECD) staff provides technical assistance for the preparation of grant applications and administration of grants for industrial infrastructure, water and waste water improvements, transportation enhancements, parks and recreation, historic preservation, and solid waste. ECD works with local communities to manage their THDA HOME grant funds for low-income homeowners. Also, ECD manages the Emergency Home Repair program, which assists low income seniors in making small home improvements, such as roofing and repairs to heating & cooling systems.

The ECD division provides, through a contract arrangement, planning assistance to an average of 14 community planning commissions and boards of zoning appeals. Services range from preparation of regulations to site reviews, and long-range plan development.

Research and GIS staff worked to provide a major data update for the year's Comprehensive Economic Development Strategy update. They also worked with 16 different cities and counties to update zoning and land use maps. Staff also assisted Trousdale, Sumner, Houston, and Montgomery County's TDEC Solid Waste reports and assessments.

The TN River Trail Association (TRTA), in conjunction with GNRC, secured a major grant to fund a Bicycle and Pedestrian study in the nine-county TRTA region. The Tennessee DOT has agreed to run the grant through their on-call contracts, with GNRC serving to advise and organize the plan.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Greater Nashville Regional Council's finances, in a manner similar to a private-sector business. This includes the government-wide statement of net position and the statement of activities, as listed below.

The *statement of net position* presents information on all of the Greater Nashville Regional Council assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Greater Nashville Regional Council is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items will only result in cash flows in future fiscal periods.

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Greater Nashville Regional Council, assets exceeded liabilities by \$4,460,955 at the close of this fiscal year.

A portion of Greater Nashville Regional Council's net position (2.4%) reflects its net investment in capital assets (building and equipment at 510 Union Street). GNRC uses these capital assets to provide services on behalf of the region's citizens; consequently, these assets are not available for future spending.

A portion of net position is also restricted for the revolving loan fund, totaling \$2,337,355, or 52.4% of total net position. Restricted net position of \$1,360,435, or 30.5% of total net position, is reported for assets held for pension benefits.

The balance of *unrestricted* net position \$654,270, or 14.7%, may be used to meet the GNRC's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Greater Nashville Regional Council is able to report positive balances in all categories of net position.

*Selected Annual Information*

The following financial data are selected information for GNRC for the two most recently completed financial years:

**Statement of Net Position**

	<b>2016</b>	<b>2015</b>	<b>Difference</b>
Cash and cash equivalents	\$ 3,572,053	\$2,478,488	\$1,093,565
Due from grantors	1,033,502	1,284,531	(251,029)
Other accounts receivable	168,869	133,479	35,390
Prepaid items	6,522	6,522	-
Notes receivable, net of allowance	1,682,804	2,211,539	(528,735)
Net Pension Asset	1,360,435	1,485,823	(125,388)
Capital assets, net of depreciation	199,458	276,025	(76,567)
<b>Total Assets</b>	<b>\$8,023,643</b>	<b>\$7,876,407</b>	<b>\$147,236</b>
Deferred outflows related to pension plan	146,945	135,833	11,112
<b>Total Deferred Outflows of Resources</b>	<b>\$146,945</b>	<b>\$135,833</b>	<b>\$11,112</b>
Accounts payable	\$75,835	\$131,947	\$(56,112)
Accrued expenses	184,379	146,599	37,780
Accrued leave	182,635	219,746	(37,111)
Due to subrecipients	802,711	1,181,272	(378,561)
Unearned revenue	28,657	5,175	23,482

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Due to MADC (cash held by GNRC on behalf of MADC)	1,885,925	1,601,892	284,033
Long-term liabilities – within 1 year	66,198	60,803	5,395
Long-term liabilities – more than 1 year	24,365	87,023	(62,658)
<b>Total Liabilities</b>	<b>\$3,250,705</b>	<b>\$3,434,457</b>	<b>\$(183,752)</b>
Deferred inflows related to pension plan	458,928	798,516	(339,588)
<b>Total Deferred Inflows of Resources</b>	<b>\$458,928</b>	<b>\$798,516</b>	<b>\$(339,588)</b>
Net invested in capital assets	\$108,895	\$128,199	\$(19,304)
Restricted	3,697,790	3,775,320	(77,530)
Unrestricted	654,270	(124,252)	778,522
<b>Total Net Position</b>	<b>\$4,460,955</b>	<b>\$3,779,267</b>	<b>\$681,688</b>

**Governmental Fund Balances**

The following is a reconciliation of the statement of net position and the governmental fund balance sheet:

	<b>2016</b>	<b>2015</b>	<b>Difference</b>
Total Governmental Fund Balances	\$1,620,804	\$616,389	\$1,004,415
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	199,458	276,025	(76,567)
Pension amounts actuarially determined are not financial resources and, therefore, are not reported in the funds.	1,048,452	823,140	225,312
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds	1,682,804	2,211,539	(528,735)
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds	(90,563)	(147,826)	57,263
Net Position of Governmental Activities	\$4,460,955	\$3,779,267	\$681,688

**GREATER NASHVILLE REGIONAL COUNCIL ASSETS**

GNRC's capital assets include the 6<sup>th</sup> and ¾ of the 2<sup>nd</sup> floors of the office building located at 501 Union Street. The property is listed for sale. GNRC's personal property assets are office furniture and equipment. GNRC has an account with the Local Government Investment Pool (LGIP) where excess funds are kept to earn greater interest until they are needed.

**GREATER NASHVILLE REGIONAL COUNCIL LIABILITIES**

GNRC's only long-term liability is the capital lease on the computer equipment. This lease is with Image Quest, who also manages our IT needs.

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

**SIGNIFICANT SOURCES OF FINANCING**

GNRC has 4 major sources of funding: federal grants, state grants, administrative fees, and local funding. The largest source of funding is federal grants with the largest coming from the US Department of Health and Human Services. These are aging funds that flow to GNRC through the TN Commission on Aging & Disability. Other grants include US Department of Commerce (EDA), US Department of Transportation that flow to GNRC through TN Department of Transportation (Tennessee River Trails Association) and US Department of the Interior (Historic Preservation).

GNRC receives grants from the State of Tennessee that include Solid Waste Planning (TN Department of Environment and Conservation), Tourism (TN Department of Tourism Development), Regional Capital Needs Inventory (TN Advisory Commission on Intergovernmental Relations), Emergency Repair and Housing Grants (TN Housing Development Agency), and Planning and Economic Development (TN Department of Economic and Community Development).

GNRC also earns administrative funds for EDA, FDIP, CDBG, and THDA Housing grants received by the cities and counties in the GNRC region. GNRC helps write and manage the grants for the entities.

GNRC collects dues from the cities and counties in its jurisdiction. The current rate is \$0.21 per capita using the most current estimated census figures (per resolution #2008-04). Local dues are used by GNRC to provide the required local match on federal and state grants. GNRC also collects interest on its checking and investment accounts.

**GNRC Revenues by Program**

	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
	2016	2015	2016	2015	2016	2015
Aging Services & Programs	\$38,849	\$25,004	\$7,811,891	\$7,637,611	\$ -	\$ -
Economic and Community Development	108,974	108,441	358,052	418,099	-	-
Regional Planning	5,015	5,185	576,934	625,034	-	-
Administrative Services and Program Support	415,595	413,902			-	-
Total Program Revenues	\$568,433	\$552,532	\$8,746,877	\$8,680,744	\$ -	\$ -
					<b>General Revenues</b>	
					<b>2016</b>	<b>2015</b>
City and County Dues					\$381,787	\$375,594
Unrestricted Grants & Contributions					230,000	180,000
Miscellaneous					78,367	28,877
Unrestricted Investment Earnings					1,604	1,867
Loss on Disposal of Fixed Assets					1,875	(12,011)
Total General Revenues and Special Items					\$693,633	\$574,327
					<b>Total Revenues</b>	<b>\$10,008,943</b>
						<b>\$9,807,603</b>

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

**GNRC REVENUES**

Per state law, the State of Tennessee provides an annual allocation of funding to the nine development districts located in the state. GNRC's portion of this funding amounts to \$180,000 per year. In addition, Economic and Community Development provides \$50,000 to be used to support local and regional economic development in the GNRC.

The GNRC receives revenue from federal and state grants as follows: in FY 2016: the Area Agency on Aging and Disability yielded revenue amounting to more than \$7,000,000. Economic and Community Development revenue totaled just under \$500,000; Regional Planning received more than \$500,000. Counties and cities in the GNRC region provided support of \$381,787 in the way of dues for FY 2016.

**GNRC Expenses by Program**

	Expenses		Indirect Expenses Allocation	
	2016	2015	2016	2015
Aging Services & Programs	\$7,053,257	\$6,978,231	\$858,696	\$803,156
Economic and Community Development	369,233	561,926	88,460	113,988
Regional Planning	512,543	622,511	83,956	115,871
Administrative Services and Programs	288,327	304,229	90,172	94,177
General Administration	1,103,895	1,082,953	(1,121,284)	(1,127,192)
Total Expenses & Indirect Allocation	\$9,327,255	\$9,549,850	\$0	\$0

**GNRC EXPENSES**

GNRC expenses increased in FY 2016. Some increases came in staffing costs as new grants provided additional staffing needs. GNRC staff has been very accommodating in taking on additional work and doing more with less. Administrative expenses increased in FY 2015. This is due to reorganizations in the administrative staff. Efforts to contain costs will continue in FY 2016.

GNRC's fringe expenses stayed relatively stable in FY 2016 in spite of increases in retirement and health insurance costs.

**Change in Net Position**

	2016	2015
Total Revenues	\$10,008,943	\$9,807,603
Total Expenses	9,327,255	9,549,850
Change in Net Position	681,688	257,753
Net Position - Beginning	3,779,267	3,521,514
Net Position - Ending	\$4,460,955	\$3,779,267

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

**FUND FINANCIAL STATEMENTS**

Governmental Funds

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

Fiduciary Fund (not included in government-wide statements)

- *Agency Fund* - The agency fund is used to account for assets held by GNRC in a trustee capacity or as an agent for individuals. Included in the agency fund are assets held in trust under GNRC's public guardianship program. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 37 of this report.

**OTHER INFORMATION**

A supplemental section containing Schedule of Indirect Costs, and Statement of Changes in Assets and Liabilities - Guardianship Agency Fund can be found on pages 40 through 41.

During FY 2012, following instructions from Economic Development Administration, GNRC took steps to move the Revolving Loan Fund program from MADC's books to GNRC's books. This has resulted in an overall increase in net position including Notes Receivable.

**ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL OUTLOOK**

Due to continuing economic uncertainty, as well as the federal budgetary process, some grants have been or may be eliminated or reduced. We are watching budget developments both on the local and federal levels. GNRC continues to apply for grants in other areas. We are working with THDA on the emergency home repair program and we continue to help our counties and cities with planning issues. We have revamped our pricing structure for the planning department allowing cities and counties to purchase only the services that they need, and provide more opportunities for special planning projects. We have begun new aging programs with additional funding from TN Commission on Aging & Disability and community partners.

GNRC will help our cities and counties apply for Grants, both federal and state. GNRC is working with counties and cities to obtain EDA Grants for infrastructure needed to attract new businesses. GNRC staff continues working with our communities on CDBG disaster and CDBG regular round grants.

GREATER NASHVILLE REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

GNRC continues to store data on the cloud saving the expense of updating and maintaining our servers. We have continued the hardware rental program that allows us to keep our computers and our software up-to-date, and freeing us from the expense of buying and maintaining the equipment.

We put our downtown property on the market and participated in an online auction. Neither effort produced any results. The contract with the realtor was allowed to lapse pending the hiring of a new Executive Director in FY 2016. The Condo Association has agreed to sell the entire building, and is working towards that goal. Moving will allow us to acquire a building that meets our needs better, as well as releasing us from the condo association structure and fees. We will be moving to an area with parking allowing better access for our employees, and cost savings of not providing an allowance for downtown parking.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide an overview of the Greater Nashville Regional Council's finances for all those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Skipper, Executive Director, Chief Fiscal Officer, 501 Union Street, Floor 6, Nashville, TN 37219.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,572,053
Due from grantors	1,033,502
Other accounts receivable	168,869
Prepaid items	6,522
Notes receivable, net of allowance	1,682,804
Net pension asset	1,360,435
Capital assets, net of depreciation	<u>199,458</u>
Total assets	<u>8,023,643</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	<u>146,945</u>
 <b>LIABILITIES</b>	
Accounts payable	75,835
Accrued expenses	184,379
Accrued compensated absences	182,635
Due to subrecipients	802,711
Unearned revenue	28,657
Due to Mid-Cumberland Area Development Corporation	1,885,925
Long-term debt due within one year	66,198
Long-term debt due in more than one year	<u>24,365</u>
Total liabilities	<u>3,250,705</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	<u>458,928</u>
 <b>NET POSITION</b>	
Net investment in capital assets	108,895
Restricted for RLF program	2,337,355
Restricted for pensions	1,360,435
Unrestricted	<u>654,270</u>
Total net position	<u>\$ 4,460,955</u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Indirect Expense Allocation	Program Revenues		Net Governmental Activities	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>						
Aging services and programs	\$ 7,053,257	\$ 858,696	\$ 38,849	\$ 7,811,891	\$ -	\$ (61,213)
Economic and community development	369,233	88,460	108,974	358,052	-	9,333
Regional planning	512,543	83,956	5,015	576,934	-	(14,550)
Administrative services and program support	288,327	90,172	415,595	-	-	37,096
General administration	1,103,895	(1,121,284)	-	-	-	17,389
Total governmental activities	<u>\$ 9,327,255</u>	<u>\$ -</u>	<u>\$ 568,433</u>	<u>\$ 8,746,877</u>	<u>\$ -</u>	<u>\$ (11,945)</u>
<b>GENERAL REVENUES</b>						
						381,787
						230,000
						80,242
						1,604
						<u>693,633</u>
<b>CHANGE IN NET POSITION</b>						681,688
<b>NET POSITION, June 30, 2015</b>						<u>3,779,267</u>
<b>NET POSITION, June 30, 2016</b>						<u>\$ 4,460,955</u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2016

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,572,053
Due from federal and state grantors	962,202
Due from federal and state performance based grantors	71,300
Other accounts receivable	168,869
Prepaid expenses	6,522
Total assets	\$ 4,780,946
 <b>LIABILITIES</b>	
Accounts payable	75,835
Accrued expenses	184,379
Accrual compensated absences	182,635
Due to subrecipients	802,711
Unearned revenue	28,657
Due to Mid-Cumberland Area Development Corporation	1,885,925
Total liabilities	3,160,142
 <b>FUND BALANCE</b>	
Nonspendable for prepaid expenses	6,522
Restricted for RLF program	654,551
Unassigned	959,731
Total fund balance	1,620,804
Total liabilities and fund balance	\$ 4,780,946

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUNDS - CONTINUED  
JUNE 30, 2016

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION:

Total governmental fund balance in the balance sheet	\$ 1,620,804
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	199,458
Pension assets actuarially determined are not financial resources and, therefore, are not report in the funds:	
Net pension asset	1,360,435
Deferred outflows of resources for pensions	146,945
Deferred inflows of resources for pension	(458,928)
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds	1,682,804
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(90,563)</u>
Net Position of Governmental Activities	<u>\$ 4,460,955</u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2016

	General Fund
<b>REVENUES</b>	
Federal and state reimbursement grantor contributions	\$ 8,136,986
Federal and state performance based income	580,599
State, local and other contributions	636,282
Interest income	109,167
Other revenues	518,328
Total revenues	9,981,362
<b>EXPENDITURES</b>	
Current:	
Payments to subcontractors	4,664,601
Salaries	1,895,636
Fringe benefits	1,153,304
Indirect costs	1,099,575
Consultants and contracted services	237,514
Travel	127,292
Repairs and maintenance	17,341
Communications	35,342
Meetings and conferences	33,364
Equipment rental	21,369
Consumable supplies	22,910
Other expenditures	104,039
Insurance	13,901
Printing	1,421
Marketing	4,963
Postage	3,185
Dues and subscriptions	599
Capital outlay	6,661
Debt service:	
Principal	62,803
Interest	7,309
Total expenditures	9,513,129
<b>OTHER FINANCING SOURCES (USES):</b>	
Proceeds from capitalized lease obligation and capital assets	5,540
Principal payments on notes receivable	603,517
Note receivable issued	(72,875)
Total other financing sources	536,182
NET CHANGE IN FUND BALANCE	1,004,415
FUND BALANCE, June 30, 2015	616,389
FUND BALANCE, June 30, 2016	\$ 1,620,804

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CONTINUED  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

RECONCILIATION OF NET CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION  
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES:

Net change in fund balances as reported in the governmental fund statements	\$ 1,004,415
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	6,661
Depreciation expense	(83,228)
<p>Repayments of notes receivable principal provide current financial resources of governmental funds, while the issuance of notes receivable consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Principal payments received on RLF notes receivable	(603,517)
Issuance of RLF notes receivable	72,875
<p>The issuance of long-term debt (e.g. capital leases) provides current financial resources to governmental funds, while repayments of debt principal use current financial resources of governmental funds and is an expenditure in the governmental funds. The transaction, however, does not have any effect on net position.</p>	
Proceeds from issuance of long-term debt (capital lease)	(5,540)
Repayments of debt principal	62,803
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Provision for RLF loan losses	1,907
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of the pension obligations are actuarial determined. There is a difference between the amount of pension contributions made in the current fiscal year and the actuarially determined amounts.</p>	
	225,312
Change in Net Position of Governmental Activities	\$ 681,688

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2016

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 576,724
Investments	<u>67,634</u>
Total assets	<u>\$ 644,358</u>
<b>LIABILITIES</b>	
Funds held in trust	<u>\$ 644,358</u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The accounting policies of Greater Nashville Regional Council (“GNRC” or the “Council”) conform to U.S. generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles, and its pronouncements are followed. The Council’s major operations include aging services, economic and community development, regional planning and administrative services and program support.

GNRC is a development authority which provides regional planning, economic development, and inter-local agreements for counties and municipalities in the Middle Tennessee Region. Based upon the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity," the Council is not a component unit of another governmental entity. The Council has not been determined to be a component unit due to the judgment that it does not meet the criteria of financial interdependency and other factors that would constitute a component unit. Also, based upon the above criteria, there are no separate organizations which have been determined to be component units of the Council.

Basic Financial Statements

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For GNRC, *governmental activities* normally are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which both direct and indirect expenses of a given function or identifiable activities are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Indirect expenses* for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the GNRC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or up to 180 days for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. State and federal grants, charges for administrative and program support services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by GNRC.

When both restricted and unrestricted resources are available for use, it is the GNRC's policy to use restricted resources first, and then unrestricted resources as they are needed.

The financial transactions of GNRC are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

GRNC reports the following major governmental fund:

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

Additionally, the Council reports one fiduciary fund:

Agency Fund - The agency fund is used to account for assets held by GNRC in a trustee capacity or as an agent for individuals. Included in the agency fund are assets held in trust under the Council's public guardianship program. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Taxes

The Council qualifies as a tax-exempt organization under Section 115 of the Internal Revenue Code. Accordingly, no provisions for income taxes has been made in the accompanying financial statements.

Budgets and Budgetary Accounting

General governmental revenue and expenditures are not required to be controlled by a formal integrated budgetary accounting system; therefore, no budgetary information is presented.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less.

Investments

Investments in the fiduciary fund are stated at estimated fair value.

Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	20 years
Automobiles	5 years
Furniture and fixtures	3 - 10 years

Compensated absences

Employees of GNRC are entitled to paid vacation and sick days depending on the length of service and other factors. GNRC employees are not compensated for accumulated sick leave upon retirement or termination. GNRC's policy is to recognize the costs of sick leave when actually paid to employees. Vested and earned vacation is recognized as a liability of the GNRC.

Allowance for loan losses

An allowance is maintained at a level adequate to for estimated losses. Management determines the adequacy of the allowance based upon reviews of individual loans, recent loss experience, current economic conditions, and other pertinent factors. Loans deemed uncollectible are charged to the allowance. Provisions for loan losses and recoveries on loans previously charged off are added to the allowance.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of GNRC's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from GNRC's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

At June 30, 2016, deferred outflows and inflows of resources relate to participation in the Tennessee Consolidated Retirement System (“TCRS”) pension plan. GNRC reports deferred outflows of resources relating to pension contributions made after the measurement date, and when applicable reports deferred outflows and inflows of resources relating to differences between actual and expected experience and differences between actual and projected investment earnings related to the pension plan.

Fund Equity

Government-Wide Financial Statements

The difference between the Council’s total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources represents net position, which is classified into three components:

- *Investment in Capital Assets* - Amount of capital assets, net of accumulated depreciation and net of long-term liabilities directly attributable to those assets.
- *Restricted Net Position* - Amount of net position that is subject to restrictions that are imposed by 1.) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2.) law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - Net position that is neither classified as restricted nor as invested in capital assets.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund balance

Governmental funds utilize a fund balance presentation of equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* cannot be spent because of its form.

*Restricted fund balance* has limitations imposed by creditors, grantors, contributors, or by enabling legislation or constitutional provisions.

*Committed fund balance* is a limitation imposed by the Council's Executive Committee, the highest level of decision making authority. A resolution is required to establish, modify, or rescind a fund balance commitment.

*Assigned fund balances* is a limitation imposed by a designee of the Executive Committee.

*Unassigned fund balance* in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Spending Policy

Revenues earned may be restricted, committed, assigned, or unassigned depending on the fund type. If there is no provision in a grantor agreement regarding earnings on grant proceeds reported in the general fund, earnings will be unassigned for use of the general fund.

When both restricted and unrestricted fund balances are available for use, it is the Council's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

B. CASH AND INVESTMENTS

State statutes authorize GNRC to invest operating funds in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. Investments held in the public guardianship fund are not subject to these restrictions since they are purchased at the discretion of the owner and are held by GNRC in an agent capacity only.

Interest Rate Risk and Concentration of Credit Risk

GNRC does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. GNRC places no limit on the amount it may invest in any one issuer.

During the year ended June 30, 2016, GNRC limited its investment of funds to demand deposits at banking institutions.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, GNRC's deposits may not be returned to it. At June 30, 2016, the bank balance was \$4,103,255. The difference between this and the carrying value is due primarily to outstanding items at June 30, 2016. Of the bank balance, \$576,724 relates to funds held on behalf of others in the Public Guardianship Fund. Also included in the bank balance is \$1,885,925 which relate to funds held on behalf of the Mid-Cumberland Area Development Corporation (Note C). At June 30, 2016, \$2,794,360 of the bank balance was covered by depository insurance or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss.

GNRC also has deposits in the Tennessee Local Government Investment Pool ("LGIP"), which totaled \$1,308,529 at June 30, 2016. The LGIP is similar to a SEC 2a-7 account (SEC designation). GNRC's amounts included in the LGIP are reported at the fair value of its position in the LGIP, which approximates the value of the shares at amortized cost.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

C. DUE TO MID-CUMBERLAND AREA DEVELOPMENT CORPORATION

The amount due to Mid-Cumberland Area Development Corporation (MADC) represents cash from the Small Business Administration (SBA) loan programs. All SBA loan program business is conducted through the Board of Directors of MADDC, a separate corporation, and all transactions related to the program are recorded in the financial records of MADDC.

D. CAPITAL ASSETS

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

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
<u>Governmental activities</u>				
Capital assets, being depreciated				
Building and improvements	\$ 629,823	\$ -	\$ -	\$ 629,823
Furniture and fixtures	364,370	6,661	-	371,031
Automobiles	22,028	-	-	22,028
	<u>1,016,221</u>	<u>6,661</u>	<u>-</u>	<u>1,022,882</u>
Less accumulated depreciation				
Building and improvements	(502,729)	(16,833)	-	(519,562)
Furniture and fixtures	(215,439)	(66,395)	-	(281,834)
Automobiles	(22,028)	-	-	(22,028)
	<u>(740,196)</u>	<u>(83,228)</u>	<u>-</u>	<u>(823,424)</u>
Capital assets, being depreciated, net	<u>\$ 276,025</u>	<u>\$ (76,567)</u>	<u>\$ -</u>	<u>\$ 199,458</u>

Depreciation was charged to functions as follows:

<b>Governmental activities</b>	
Aging services and programs	\$ 52,123
Economic and community development	4,920
Regional planning	4,662
Administrative services and program support	21,523
Total governmental activities depreciation expense	<u>\$ 83,228</u>

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN

General Information about the Pension Plan

*Plan Description*

Employees of GNRC are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

GREATER NASHVILLE REGIONAL COUNCIL  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN - Continued

Employees Covered by Benefit Terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>59</u>
	<u>139</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. GNRC has adopted a noncontributory retirement plan for its employees. GNRC makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, employer contributions for GNRC were \$146,945 based on a rate of 5.33 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept GNRC's shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

GNRC's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN - Continued

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25- year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocations</b>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from GNRC will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balance at June 30, 2014 measurement date	\$ 7,847,108	\$ 9,332,931	\$ (1,485,823)
Changes for the year:			
Service cost	185,655	-	185,655
Interest	591,064	-	591,064
Differences between expected and actual experience	(233,793)	-	(233,793)
Contributions - employer	-	135,833	(135,833)
Contributions - employees	-	-	-
Net investment income	-	284,811	(284,811)
Benefit payments, including refunds of employee contributions	(303,825)	(303,825)	-
Administrative expense	-	(3,106)	3,106
Net changes	239,101	113,713	125,388
Balance at June 30, 2015 measurement date	\$ 8,086,209	\$ 9,446,644	\$ (1,360,435)

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN - Continued

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of GNRC calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Net pension liability (asset)	\$ (270,039)	\$ (1,360,435)	\$ (2,264,251)

Pension Expense (Negative Expense) and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions

Negative Pension Expense

For the year ended June 30, 2016, GNRC recognized negative pension expense of (\$78,367).

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2016, GNRC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 350,533
Net differences between projected and actual earnings on pension plan investments	-	108,395
Contributions subsequent to the measurement date of June 30, 2015	146,945	-
Total	\$ 146,945	\$ 458,928

The amounts shown above for contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the following measurement period.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

E. RETIREMENT PLAN - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. In the table, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Year Ended June 30:**

2017	(164,638)
2018	(164,638)
2019	(164,638)
2020	34,986

F. RISK MANAGEMENT

GNRC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Council is covered under the following insurance policies:

Bond Coverage

The Council's fidelity bond policy TMP-0554-16 was issued by the TML Risk Management Pool with blanket coverage, including comprehensive dishonesty, with liability limits of \$500,000 per loss. The policy period is from October 12, 2015 to October 12, 2016.

Workers' Compensation Coverage

The Council's workers' compensation policy TWC-0408-16 was issued by the TML Risk Management Pool with liability limits of \$300,000 per individual per accident and \$700,000 policy limit. The policy period is from October 12, 2015 to October 12, 2016. This policy is a retrospectively rated policy and premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

Comprehensive Liability Coverage

The Council's liability policy TML-0422-16 was issued by the TML Risk Management Pool. The policy period is from October 12, 2015 to October 12, 2016. The policy provides general and automobile liability coverage of \$300,000 per person per injury with a maximum liability of \$700,000 per occurrence. The policy also provides coverage limited to \$1,000,000 per occurrence for errors and omissions.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

F. RISK MANAGEMENT - Continued

*Property Coverage*

The Council's property policy TMP-0554-16 was issued by the TML Risk Management Pool. The blanket limit for each occurrence under this policy is \$1,536,745. The policy period is from October 12, 2015 to October 12, 2016.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

G. COMMITMENTS AND CONTINGENCIES

*Aging Programs*

For a majority of the expenditures in the Aging Programs, the Council contracts with other governments or local agencies to perform the specific services set forth in the grant agreements. The Council disburses grant funds to the agencies based on monthly expenditure and performance reports received from each agency.

Significant aging subcontractors are required to have an annual independent audit. The Council requires these agencies to submit a copy of the audit reports. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from the Council or the delegate agency. The Council generally has the right of recovery from the subcontractors.

Additionally, grantor agencies reserve the right to perform certain audit work in addition to the work performed by the Council's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the Council. Management does not believe that any significant costs will be incurred by the Council if such additional work should occur.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

H. ADMINISTRATIVE SERVICES CONTRACT

During the year, Greater Nashville Regional Council provided administrative services, personnel and grant management services under contract with the Mid-Cumberland Area Development Corporation (MADC). For the year ended, June 30, 2016, the Council recognized revenues of \$400,900 from MADC in connection with this contract.

I. LONG-TERM DEBT

The Council entered into a lease during fiscal year 2015 for office equipment. A portion of the lease was determined to be a capital lease. The cost of the equipment was capitalized for \$194,245. Additional amounts were added in fiscal year 2016, totaling \$5,540. Accumulated amortization of leased equipment at June 30, 2016 was \$103,682. Amortization of assets under the capital lease is included in depreciation expense. The lease is for a period of 39 months and monthly payments, attributable to the capital portion of the lease, are required in the amount of \$5,807.

	Balance <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>	Due within <u>One Year</u>
<u>Governmental activities -</u>					
Capital lease	\$ 147,826	\$ 5,540	\$ (62,803)	\$ 90,563	\$ 66,198

The following is a schedule of future lease payments:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>
<b><u>June 30,</u></b>		
2017	\$66,198	\$3,492
2018	23,287	313
2019	1,078	6
	<u>\$90,563</u>	<u>\$3,811</u>

For governmental activities, long-term debts are generally liquidated by the general fund.

GREATER NASHVILLE REGIONAL COUNCIL  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

J. OPERATING LEASE

As described in Note I, GNRC entered into a lease for certain office equipment. Rental expense for the non-capitalized portion of the lease totaled \$35,938 for the year ended June 30, 2016. The future minimum lease payments of the non-capitalized portion of the lease payments, which are non-cancelable, consist of the following at June 30, 2016:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 35,125
2018	11,708
2019	167
	<u>\$ 47,000</u>

K. COMPENSATED ABSENCES

As of June 30, 2016 the liability for accrued compensated absences is \$182,635. Changes in the liability for the year ended June 30, 2016 are as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>
Compensated Absences	\$ 219,746	\$ 120,415	\$ (157,526)	\$ 182,635

L. REVOLVING LOAN FUND PROGRAM

The Council operates a Revolving Loan Fund (RLF) Program which provides loans to small businesses to assist and promote industrial and commercial development, small business development, and job creation in the Council's region. Initial capitalization for the RLF program was funded through a grant agreement with EDA. The grant agreement requires that 50% of all revolving loan interest earnings and service and packaging fees be restricted for future loans. The remaining earnings are available for administrative costs.

Notes receivable as of June 30, 2016 total \$1,682,804. The notes receivable are comprised of loans to small business to expand current operations. The notes bear interest ranging from 5% to 6% and each loan is secured. Notes receivable are presented net of estimated allowance for loan losses of \$52,023 as of June 30, 2016.

GREATER NASHVILLE REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

M. COMMITMENTS AND CONTINGENCIES

The Council has a contract for hosted data services for a period of 36 months. The monthly amount due under the agreement is \$3,747. The future payments consist of the following at June 30, 2016:

<b>Year Ending</b>	
<b><u>June 30,</u></b>	
2017	<u>\$ 44,959</u>

Renewals or replacements of such agreements are reasonably expected.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the Council's management expects such amounts, if any, to be immaterial.

In the normal course of its operations, GNRC may become subject to certain litigation, claims or assessments. GNRC is currently defendant in a lawsuit relating to an employment matter. The outcome of this lawsuit is not presently determinable. Management, in consultation with legal counsel, does not currently expect any possible liability to materially exceed the limits of insurance.

N. SUBSEQUENT EVENTS

Only July 14, 2016, GNRC entered into a \$1 million line-of-credit agreement with a bank. The line bears interest at the Wall Street Journal Prime Rate and matured February 28, 2017. As of the date these financial statement were available for issuance, GNRC was working with the bank on renewal of the agreement.

Subsequent to year-end, GNRC's condominium association entered into a contract for sale of the building partially owned and occupied by GNRC. GNRC's portion of the sales proceeds are expected to be approximately \$1.8 million when the sale closes in May 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**

GREATER NASHVILLE REGIONAL COUNCIL  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS  
LAST 10 FISCAL YEARS ENDING JUNE 30 (1)

	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 185,655	\$ 192,796
Interest	591,064	574,557
Differences between expected and actual experience	(233,793)	(272,497)
Benefit payments, including refunds of member contributions	(303,825)	(231,417)
<b>Net Change in Total Pension Liability</b>	239,101	263,439
<b>Total Pension Liability - beginning</b>	7,847,108	7,583,669
<b>Total Pension Liability - ending (a)</b>	\$ 8,086,209	\$ 7,847,108
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 135,833	\$ 269,890
Net investment income	284,811	1,324,906
Benefit payments, including refunds of employee contributions	(303,825)	(231,417)
Administrative expense	(3,106)	(2,657)
<b>Net Change in Plan Fiduciary Net Position</b>	113,713	1,360,722
<b>Plan Fiduciary Net Position - beginning</b>	9,332,931	7,972,209
<b>Plan Fiduciary Net Position - ending (b)</b>	\$ 9,446,644	\$ 9,332,931
<b>Net Pension Liability (Asset) ending (a) - (b)</b>	\$ (1,360,435)	\$ (1,485,823)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	116.82%	118.93%
<b>Covered - Employee Payroll</b>	2,548,460	2,567,934
<b>Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	-53.38%	-57.86%

The amounts presented in this schedule were determined as of the measurement date.

(1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

GREATER NASHVILLE REGIONAL COUNCIL  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS BASED ON  
 PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS  
 LAST 10 FISCAL YEARS ENDING JUNE 30 (1)

	2016	2015	2014
Actuarially determined contribution	\$ 146,945	\$ 135,833	\$ 269,890
Contributions in relation to the actuarially determined contribution	146,945	135,833	269,890
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,756,941	\$ 2,548,460	\$ 2,567,934
Contributions as a percentage of covered-employee payroll	5.33%	5.33%	10.51%

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates are:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation method	10-year smoothed within a 20% corridor to market value
Inflation	3.00%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.50%

(1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

## **OTHER INFORMATION**

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF INDIRECT COSTS  
YEAR ENDED JUNE 30, 2016

INDIRECT COST POOL	
Salaries	\$ 437,580
Fringe benefits	252,176
Building association fees	117,424
Audit fees	50,260
Travel	44,879
Agency insurance	42,173
Communications	24,906
Consumable supplies	23,918
Equipment rental	16,241
Dues and subscriptions	12,985
Electricity	12,299
Legal fees	11,120
Meetings and conferences	8,628
Other	8,342
Membership fees	6,825
Data services	6,799
Printing	6,256
Postage	5,817
Office cleaning service	5,459
Equipment repairs and maintenance	4,472
Building maintenance	692
Auto repairs and maintenance	324
	<u>1,099,575</u>
Total indirect cost pool - expenditures	<u>1,099,575</u>
Depreciation	<u>21,709</u>
Total indirect cost allocations	<u><u>\$ 1,121,284</u></u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
GUARDIANSHIP AGENCY FUND  
YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 638,102	\$ 243,594	\$ 304,972	\$ 576,724
Investments	164,923	-	97,289	67,634
	<u>\$ 803,025</u>	<u>\$ 243,594</u>	<u>\$ 402,261</u>	<u>\$ 644,358</u>
<b>LIABILITIES</b>				
Funds held in trust	<u>\$ 803,025</u>	<u>\$ 243,594</u>	<u>\$ 402,261</u>	<u>\$ 644,358</u>

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-through Entity Grantor Program or Cluster Title	CFDA Number	Contract/Grant Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF COMMERCE Economic Development	11.302	04-83-07032	\$ -	\$ 109,324
U.S. DEPARTMENT OF THE INTERIOR Passed through Tennessee Department of Environment and Conservation - Historical Preservation	15.904	46536	\$ -	\$ 31,342
U.S. DEPARTMENT OF TRANSPORTATION Passed through Tennessee Department of Transportation - Highway Planning and Construction	20.205	GG-35151	\$ -	\$ 36,018
Highway Planning and Construction	20.205	GG-35148	-	41,619
Highway Planning and Construction	20.205	GG-14-38787	-	35,505
			<u>\$ -</u>	<u>\$ 113,142</u>
Passed through Metro Planning Organization - Formula Grants for Rural Areas	20.509	L3295	\$ -	\$ 28,950
Total U.S. Department of Transportation			<u>\$ -</u>	<u>\$ 142,092</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed through Tennessee Commission on Aging and Disability - Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	46355	\$ -	\$ 13,089
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	46355	\$ 57,600	\$ 57,600
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	46355	\$ 26,173	\$ 61,362
<i>Aging Cluster:</i> Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	46355	\$ 878,854	\$ 1,482,129
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	46355	1,492,100	1,750,300
Nutrition Services Incentive Program	93.053	46355	312,900	312,900
<i>Total aging cluster</i>			<u>\$ 2,683,854</u>	<u>\$ 3,545,329</u>

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-through Entity Grantor Program or Cluster Title	CFDA Number	Contract/Grant Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Passed through Tennessee Commission on Aging and Disability (continued) - National Family Caregiver Support, Title III, Part E	93.052	46355	\$ 422,841	\$ 510,817
Medicare Enrollment Assistance Program	93.071	44284	\$ -	\$ 32,866
Medicare Enrollment Assistance Program	93.071	48480	-	51,695
			<u>\$ -</u>	<u>\$ 84,561</u>
State Health Insurance Assistance Program	93.324	45491	\$ -	\$ 92,169
State Health Insurance Assistance Program	93.324	44608	-	8,874
State Health Insurance Assistance Program	93.324	49141	-	16,070
			<u>\$ -</u>	<u>\$ 117,113</u>
Passed through Tennessee Department of Finance and Administration Bureau of TennCare - Medical Assistance Program	93.778	GG-12-35743-01	\$ -	\$ 540,561
Total U.S. Department of Health and Human Services			<u>\$ 3,190,468</u>	<u>\$ 4,930,432</u>
U.S. DEPARTMENT OF COMMERCE				
Economic Adjustment Assistance - Revolving Loan Fund	11.307		\$ -	\$ 1,509,617 (1)
Total Expenditures of Federal Awards			<u>\$ 3,190,468</u>	<u>\$ 6,722,807</u>

	Notes Receivable 6/30/2016	Cash Balance 6/30/2016	Administrative Expenses	Loans Written Off	RLF Total	Federal Share	Expenditures
Revolving Loan Fund	\$ 1,734,827	\$ 719,874	\$ 46,860	\$ 14,468	\$ 2,516,029	60%	\$ 1,509,617 (1)

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2016

Program Name	Contract/Grant Number	Passed Through to Subrecipients	Expenditures
<b>TENNESSEE COMMISSION ON AGING AND DISABILITY</b>			
Aging Services - State Homemaker, Senior Centers, Nutrition	46355	\$ 330,600	\$ 392,700
Aging Services - FCSP - State Service Coordination	46355	-	13,336
Aging Services - FCSP - State Pass Thru	46355	-	69,464
Aging Planning - State Options	46361	-	160,000
Aging Services - I&A - State Options	46361	-	75,000
Aging Services - Service Coordination - State Options	46361	-	354,205
Aging Services - State Options	46361	868,556	868,556
Aging Services - State Options - Self-Directed	46361	86,413 (2)	86,413
Aging Services - Guardianship - State	46361	-	116,400
		<u>\$ 1,285,569</u>	<u>\$ 2,136,074</u>
<b>TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION</b>			
Solid Waste Planning	45364	\$ -	\$ 33,675
<b>TENNESSEE HOUSING DEVELOPMENT AGENCY</b>			
THDA Emergency Repair Program		\$ -	\$ 149,365
<b>TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT</b>			
Tourism Promotion - FY 2016	26885	\$ -	\$ 35,094
<b>TENNESSEE ARTS COMMISSION</b>			
Arts Build Communities	44937	\$ -	\$ 29,027
<b>TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION</b>			
<b>BUREAU OF TENN CARE</b>			
Medical Assistance Program	GG-12-35743-01	\$ -	\$ 540,561
		<u>\$ 1,285,569</u>	<u>\$ 2,923,796</u>

(2) \$86,413 represents expenditures submitted by the Agency for a contract the State had with a third party. Amounts were paid directly by the State to the third party, but included in the expenditures requested by the Agency.

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF PERFORMANCE BASED FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Program Name	Grantor Agency	CFDA Number	Contract/Grant Number	Balance June 30, 2015 (Receivable)	Receipts	Amount Earned	Balance June 30, 2016 (Receivable)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grants	Town of Westmoreland	14.228	CDBG #12-01	\$ -	\$ 2,800	\$ 2,800	\$ -
Community Development Block Grants	Town of Westmoreland	14.228	CDBG #12-04-D	(2,000)	2,000	-	-
Community Development Block Grants	Sumner County	14.228	CDBG #12-02-D	-	15,875	28,375	(12,500)
Community Development Block Grants	Sumner County	14.228	CDBG #14-02	(3,000)	35,775	8,800	23,975
Community Development Block Grants	City of TN Ridge	14.228	CDBG #12-03-D	-	4,500	4,500	-
Community Development Block Grants	City of Dover	14.228	CDBG #13-01	-	10,250	10,250	-
				<u>\$ (5,000)</u>	<u>\$ 71,200</u>	<u>\$ 54,725</u>	<u>\$ 11,475</u>
Home Investment Partnerships Program	Rutherford	14.239	14-THDA-H-10	\$ -	\$ 1,980	\$ 1,980	\$ -
Home Investment Partnerships Program	City of Gallatin	14.239	THDA-H-12-20	-	1,500	1,500	-
				<u>\$ -</u>	<u>\$ 3,480</u>	<u>\$ 3,480</u>	<u>\$ -</u>
Total U.S. Department of Housing and Urban Development				<u>\$ (5,000)</u>	<u>\$ 74,680</u>	<u>\$ 58,205</u>	<u>\$ 11,475</u>
VETERANS AFFAIRS DEPARTMENT							
Veterans Medical Care Benefits	Tennessee Commission on Aging and Disability	64.009	34008	\$ (11,293)	\$ 33,800	\$ 37,662	\$ (15,155)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Medical Assistance Program	Bureau of TennCare	93.778	GG-12-35743-01	\$ (3,025)	\$ 26,025	\$ 36,933	\$ (13,933)
U.S. DEPARTMENT OF HOMELAND SECURITY							
Community Assistance Program State Support Services Element	Tennessee Development District Association	97.023		\$ -	\$ 23,509	\$ 23,509	\$ -
				<u>\$ (19,318)</u>	<u>\$ 158,014</u>	<u>\$ 156,309</u>	<u>\$ (17,613)</u>

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF PERFORMANCE BASED STATE AWARDS  
YEAR ENDED JUNE 30, 2016

Program Name	Grantor Agency	Contract/Grant Number	Balance June 30, 2015 (Receivable)	Receipts	Amount Earned	Balance June 30, 2016 (Receivable)
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	43394	\$ (15,917)	\$ 15,917	\$ -	\$ -
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	47472	-	139,857	139,857	-
			<u>\$ (15,917)</u>	<u>\$ 155,774</u>	<u>\$ 139,857</u>	<u>\$ -</u>
FDIP Grants Management	Trousdale County	FDIP 14-01	\$ -	\$ 1,000	\$ 1,000	\$ -
FDIP Grants Management	Destaco	FDIP 15-02	-	3,000	3,000	-
FDIP Grants Management	Lebanon (Maplehurst)	FDIP 15-03	-	-	7,000	(7,000)
			<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 11,000</u>	<u>\$ (7,000)</u>
Planning and Economic Development	Tennessee Department of Economic and Community Development		<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 230,000</u>	<u>\$ (50,000)</u>
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2015		\$ (9,750)	\$ 9,750	\$ -	\$ -
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2016	31620-00315	-	6,500	6,500	-
			<u>\$ (9,750)</u>	<u>\$ 16,250</u>	<u>\$ 6,500</u>	<u>\$ -</u>
Home and Community Based Services Waiver	Bureau of TennCare	GG-12-35743-01	\$ (3,025)	\$ 26,025	\$ 36,933	\$ (13,933)
			<u>\$ (28,692)</u>	<u>\$ 382,049</u>	<u>\$ 424,290</u>	<u>\$ (70,933)</u>

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL  
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the grant activity of the Greater Nashville Regional Council (“GNRC”) under programs of the federal and state governments for the year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and the State of Tennessee. Because the schedules present only a selected portion of the operations of GNRC, they are not intended to and do not present the financial position or changes in net position of GNRC.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass through to subrecipients include amounts collected by GNRC and subsequently remitted to the subrecipient. Payments to subrecipient are recorded on the accrual basis of accounting.

C. DE MINIMIS INDIRECT COST RATE

GNRC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

D. REVOLVING LOAN FUND

The revolving loan fund listed subsequently is administered by GNRC, and the balances and transactions relating to this program are included in GNRC’s basic financial statements. The balance of loans outstanding at June 30, 2016 consists of the following:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>	<u>Federal Portion</u>	<u>Federal Portion Outstanding</u>
11.307	Revolving Loan Fund	\$1,734,827	60%	\$1,040,896



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*

Executive Committee Members  
Greater Nashville Regional Council  
Nashville, Tennessee

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 major fund, and the agency fund of the Greater Nashville Regional Council ("GNRC"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise GNRC's basic financial statements, and have issued our report thereon dated March 22, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GNRC'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 GNRC's internal control. Accordingly, we do not express an opinion on the effectiveness of GNRC'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2016-001, that we consider to be material weaknesses.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the GNRC'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*.

## **GNRC's Response to Finding**

GNRC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. GNRC'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 GNRC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GNRC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crosslin, PLLC*

Nashville, Tennessee  
March 22, 2017



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

Executive Committee Members  
Greater Nashville Regional Council  
Nashville, Tennessee

**Report on Compliance for the Major Federal Program**

We have audited Greater Nashville Regional Council's ("GNRC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on GNRC's major federal program for the year ended June 30, 2016. GNRC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for GNRC's major federal program 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 GNRC'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 the major federal program. However, our audit does not provide a legal determination of GNRC's compliance.



### ***Opinion on Major Federal Program***

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

### **Report on Internal Control Over Compliance**

Management of GNRC 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 GNRC's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 GNRC'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.

*Crosslin, PLLC*

Nashville, Tennessee  
March 22, 2017

GREATER NASHVILLE REGIONAL COUNCIL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2016

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes    No
- Significant deficiency(ies) identified?    Yes   X   None Reported

Noncompliance material to financial statements noted?    Yes   X   No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?    Yes   X   No
- Significant deficiency(ies) identified?    Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?    Yes   X   No

Major Program

CFDA Number	Grantor	Name of Federal Program	Amount Expended
Aging Cluster: 93.044	Department of Health and Human Services	Special Programs for the Aging Title III, Part B	\$1,482,129
93.045		Special Programs for the Aging Title III, Part C	1,750,300
93.053		Nutrition Services Incentive Program	312,900

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee    Yes   X   No

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
YEAR ENDED JUNE 30, 2016

II. FINANCIAL STATEMENT FINDINGS

***ITEM # 2016-001***

**CONDITION OF FINANCIAL RECORDS**

Criteria, Condition, Context, Cause and Effect

The financial statements should provide management with accurate and timely financial information to enable well-informed business decisions to be made. At year end, the accounting records required numerous entries to present them materially in accordance with U.S. Generally Accepted Accounting Principles. We noted instances in which accounting tasks such as monthly reconciliations of certain accounts and subsidiary ledgers to the general ledger, preparation of journal entries, period end closings, and reviews which play a key role in proving the accuracy of accounting data and financial information were not performed. Critical areas such as financial analysis, budgetary control, and cash flow can all be impacted. Government funding, the obtaining of grants, contributions and banking relationships can also be jeopardized by the lack of timely and accurate financial information.

Recommendation and Benefit

We recommend that GNRC implement proper accounting procedures that will facilitate the production of accurate financial information and provide for accountability of assets and the maintenance of an accurate historical record of operations.

The following are recommendations, which if implemented, can help move GNRC toward these goals:

- Assess staffing levels to ensure that they are at an appropriate level to perform critical accounting procedures in a timely manner.
- Continual training of accounting staff in the use of the various accounting functions, including month and year-end closing processes to ensure financials are complete and accurate.

GREATER NASHVILLE REGIONAL COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
YEAR ENDED JUNE 30, 2016

II. FINANCIAL STATEMENT FINDINGS - Continued

*ITEM #IC 2016-001*- Continued

**Views of Responsible Officials and Planned Corrective Actions:**

After the departure of the CFO in FY 2016, GNRC restructured the fiscal staff into a new Finance Department. The reorganization will allow the Finance Department to work more efficiently. We are currently streamlining our processes to facilitate more thorough and timely completion of the accounting functions. Fiscal staff is also working on new accounting procedures to improve internal controls. Management will assess the possibility of adding fiscal staff.

Management will also provide training to the fiscal staff to ensure increased accuracy in financial entries and reports. This will include training on governmental accounting standards and on closing procedures.

III. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

None reported.

GREATER NASHVILLE REGIONAL COUNCIL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Financial Statement Findings

Finding Number	Finding Title	Status
2015-001	Completeness and accuracy of account balances	Repeated
2015-002	Payroll taxes	Corrected

**2015-001 Completeness and accuracy of account balances**

*Condition:* Numerous adjusting entries were required for the financial statements to not be materially misstated.

*Criteria:* The design and operation of the internal control system should be sufficient to provide reasonable assurance that all account balances are accurate and complete.

*Cause of Condition:* Not all account balances were reviewed and reconciled as part of the year-end closing process.

*Effect:* Audit adjustments were required to adjust various account balances to ensure that the financial statements were fairly presented at year-end.

*Recommendation:* Greater Nashville Regional Council's year-end closing process should be designed and implemented to ensure that all reported account balances are accurate and complete. Management should review the financial statements at the end of the year and post any necessary adjustments to account balances.

*Status:* This finding has been repeated in fiscal year 2016 as Item # 2016-001.

**2015-002 Payroll taxes**

*Condition:* Greater Nashville Regional Council overpaid employee and employer payroll taxes, and over reported taxable income to employees.

*Criteria:* The Council has a fiduciary responsibility to accurately withhold and remit payroll taxes on employee's wages.

*Cause of Condition:* There was a lack of clarity regarding the tax effects of certain benefits provided to employees.

*Effect:* The Council overpaid employee and employer payroll taxes, and over reported taxable income to employees.

GREATER NASHVILLE REGIONAL COUNCIL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS - Continued

*Recommendation:* Greater Nashville Regional Council should ensure that the employees who are responsible for processing payroll and the related tax filings receive proper training for payroll processing and tax filing preparation.

*Status:* This finding was resolved in fiscal year 2016.

Federal Award Findings and Questioned Costs

There were no prior year findings reported.