

GREATER NASHVILLE REGIONAL COUNCIL

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**

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INTRODUCTORY SECTION

GREATER NASHVILLE REGIONAL COUNCIL

Executive Committee Members

Year Ended June 30, 2014

Rogers Anderson, President
Kim McMillan, Vice President
Randall Hutto, Treasurer
Scott Foster, Immediate Past President

David McCullough, Cheatham County
Daryl Phillips, Cheatham County
Karl Dean, Metro Nashville/Davidson County
Shanna Hughey, Metro Nashville/Davidson County
Diane Neighbors, Metro Nashville/Davidson County
Ronnie Steine, Metro Nashville/Davidson County
Lonnell Matthews, Metro Nashville/Davidson County
Robert Rial, Dickson County
Donnie Weiss, Dickson County
George Clark, Houston County
Tommy Parchman, Houston County
Jessie Wallace, Humphreys County
Lance Loveless, Humphreys County
Carolyn Bowers, Montgomery County
Phil Harpel, Montgomery County
Robert Lewis, Montgomery County
Howard R. Bradley, Robertson County
Billy Paul Carnel, Robertson County
Herbert Barbee, Robertson County
Ernest G. Burgess, Rutherford County
Sam Tune, Rutherford County
Darlyn Green, Rutherford County
Rick Joiner, Stewart County
Heather Morgan, Stewart County
Mike Carter, Small City Representative
Anthony Holt, Sumner County
Suzie Perkins, Sumner County
Jakie West, Trousdale County
Glenn Haynes, Trousdale County
Rogers Anderson, Williamson County
Diane Giddens, Williamson County
Randall Hutto, Wilson County
Phillip Cragnead, Wilson County

FINANCIAL SECTION



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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Donna K. Hastings, CPA, CSEP

James R. Jobe, CPA

Joel H. Jobe (1944 – 2006)

INDEPENDENT AUDITOR'S REPORT

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council'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 of 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, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 3 through 8 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing 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, the schedule of indirect costs, and the statement of changes in assets and liabilities guardianship agency fund are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal and state awards and schedules of performance based awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements.

The schedule of indirect costs, the statement of changes in assets and liabilities guardianship agency fund, and 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, and 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 February 11, 2015 on our consideration of Greater Nashville Regional Council'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 *Governmental Auditing Standards* in considering Greater Nashville Regional Council's internal control over financial reporting and compliance.

Jobe, Hastings & Associates

Certified Public Accountants

Greater Nashville Regional Council
501 Union Street, Floor 6
Nashville, Tennessee 37219-1705

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of June 30, 2014

Management's Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30, 2014.

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 organization was created in 1967 by the 13 counties and 51 cities within 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 47 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 worked with Leading Age, and the Council on Aging, to bring the Senior Solutions Expo to Nashville. Attendees had access to a wealth of pertinent information on the aging network.

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. ECD has

worked with the Federal Home Loan Bank system to assist citizens whose homes were damaged by flooding events and were thus eligible for assistance through a FHLB grant program.

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.

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 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 event 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 that will only result in cash flows in future fiscal periods (examples included earned but unused vacation leave).

Government-wide Financial Analysis

As noted earlier, 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 \$2,818,880 at the close of this fiscal year.

A portion of Greater Nashville Regional Council's net position (3.39%) 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.

The balance of *unrestricted net position* (\$482,009) 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 the Company for the two most recently completed financial years:

Statement of Net Position

	2014	2013	Difference
Cash and cash equivalents	\$4,266,051	\$3,465,210	\$800,841
Due from grantors	494,957	1,228,482	(733,525)
Other accounts receivable	76,394	85,516	(9,122)
Prepaid items	6,522	8,866	(2,344)
Deferred charges		1,885	(1,885)
Notes receivable, net of allowance	1,540,998	1,497,778	43,220
Capital assets, net of depreciation	168,440	203,754	(35,314)
Total Assets	\$6,553,362	\$6,491,491	\$61,871
Accounts payable	\$76,512	\$74,029	2,483
Accrued expenses	126,005	120,993	5,012
Accrued leave	246,322	243,001	3,321

Due to subrecipients	847,927	1,235,769	(387,842)
Due to Grantors		1,065	(1,065)
Unearned revenue	583,831	26,344	557,487
Due to MADC (Cash held by GNRC in behalf of MADC)	1,775,015	2,010,477	(235,462)
Due to RTA (Cash held by GNRC in behalf of RTA)	5,936	5,936	0
Long-term liabilities – within 1 year	72,934	13,371	59,563
Long-term liabilities – more than 1 year	0	72,667	(72,667)
Total Liabilities	\$3,734,482	\$3,803,652	(\$69,170)
Net Invested in capital assets	\$95,506	\$117,716	(\$22,210)
Restricted for RLF program	2,241,365	2,162,997	78,368
Unrestricted	482,009	407,126	74,883
Total Net Position	\$2,818,880	\$2,687,839	\$131,041

Governmental Fund Balances

	2014	2013	Difference
Total Governmental Fund Balances	\$1,182,376	\$1,070,460	\$111,916
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	168,440	203,754	(35,314)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	0	1,885	(1,885)
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds	1,540,998	1,497,778	43,220
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds	(72,934)	(86,038)	13,104
Net Position of Governmental Activities	\$2,818,880	\$2,687,839	\$131,041

Greater Nashville Regional Council Assets

GNRC's capital assets include the 6th and ¾ of the 2nd floors of the office building located at 501 Union Street. The property is currently 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 mortgage on the 2nd floor of the building.

Significant Sources of Financing

GNRC has 4 major sources of funding; federal grants, state grants, administrative fees, and local funding. The biggest 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 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	
	2014	2013	2014	2013	2014	2013
Aging Services & Programs	\$24,211	\$24,979	\$7,373,518	\$8,071,085		
Economic and Community Development	98,415	73,514	323,097	434,932		
Regional Planning	5,390	8,725	565,116	345,644		
Administrative Services and Program Support	435,517	512,257				
General Administration						
Total Program Revenues	\$563,533	\$619,475	\$8,261,731	\$8,851,661		
			General Revenues			
			2014	2013		
City and County Dues			\$367,514	\$361,756		
Unrestricted Grants & Contributions			180,000	180,000		
Unrestricted Investment Earnings			2,307	1,575		
	Total General Revenues		\$549,821	\$543,331		
	Total Revenues		\$9,375,085	\$10,014,467		

GNRC Revenues

GNRC revenues decreased in FY 2014. Most of the decrease was in grant funding. Congress continues to cut federal funding including cuts to some of GNRC's programs. State funding has increased in some areas, and GNRC staff continue to search for new opportunities and new funding sources.

Patient co-pays from the Aging Senior Options program will be used to provide additional services in FY 2015. In 2014 GNRC started receiving referrals and providing services to Veterans through the long-delayed VA self-directed program. Other aging programs continued to operate although revenues have not recovered from sequestration. Aging has received some new program funding for FY 2015.

The Tennessee General Assembly passed legislation providing both permanent and increased funding for the nine Tennessee Development Districts. In 2008 GNRC's Executive Board passed a resolution that allowed for adjustments in the population figures used to calculate dues. Prior to this, populations were adjusted based on the census figures. The resolution allows adjustments based on yearly estimated populations. Due to a 1¢ increase in GNRC dues, we received an increase in our state appropriation, as well as an increase in dues collected.

In 2014 GNRC received a continuing grant from THDA for the Emergency Repair Program, which provides funds to do repairs to the homes of elderly disadvantaged people in the 13 Counties. These repairs include repairing roofs, plumbing, electrical, flooring and heating & cooling system repairs. A number of THDA projects were also completed in 2014 resulting in GNRC collecting the Administrative fees associated with those projects. Funding from previously delayed CDBG Disasters grants were received, and GNRC has begun administration of new regular-round CDBG projects.

GNRC Expenses by Program

	Expenses		Indirect Expenses Allocation	
	2014	2013	2014	2013
Aging Services & Programs	\$6,753,061	\$7,585,042	\$848,222	\$929,321
Economic and Community Development	458,614	488,843	133,187	118,798
Regional Planning	489,132	371,215	107,064	112,928
Administrative Services and Program Support	325,054	405,619	107,814	106,029
General Administration	1,216,298	1,271,638	(1,196,287)	(1,267,076)
Total Expenses & Indirect Allocation	\$9,242,159	\$10,122,357	\$0	\$0

GNRC Expenses

GNRC decreased expenses in FY 2014. Some decreases came in staffing costs as employees were not replaced when they left. GNRC staff has been very accommodating in taking on additional work and doing more with less. Administrative expenses decreased in FY 2014 and further savings will be realized in FY 2015. This is due to efforts by GNRC staff to decrease operating expenses as much as possible. These efforts will continue in FY 2015.

GNRC's fringe expenses stayed relatively stable in FY 2014 in spite of increases in retirement and health insurance costs.

Change in Net Position

	2014	2013
Total Revenue	\$9,375,085	\$10,014,467
Total Expenses	9,242,159	10,122,357
Change in Net Position	132,926	(107,890)
Net Position - Beginning	2,687,839	2,795,729
Prior Period Adjustment	(1,885)	
Net Position – Beginning, as restated	2,685,954	
Net Position - Ending	\$2,818,880	\$2,687,839

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 operations.

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 16 through 23 of this report.

Other information

A supplemental section containing Schedule of Indirect Costs, Statement of Changes in Assets and Liabilities Guardianship Agency Fund, and Schedule of Performance Based State Awards can be found on pages 25 through 33.

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 Accounts Receivable.

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL OUTLOOK

Due to continuing economic downturns, some grants have been 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.

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 several CDBG disaster and CDBG regular round grants.

In 2012, GNRC requested that the EDA expand the Revolving Loan Program to all of our 13 counties. This has provided additional funding opportunities for small businesses in our region.

GNRC is completely restructuring our technology needs for FY 2015. Most of GNRC's data will be on the cloud saving the expense of updating and maintaining our own servers. We are moving to a hardware rental program allowing us to keep our computers and our software up-to-date, and freeing us from the expense of buying and maintaining the equipment. All our printing needs and supplies will also be covered in this contract, saving on printing and supply costs. We will also save on insurance costs.

We have put our downtown property on the market and anticipate being able to sell in the near future. Moving will allow us to acquire a building that meets our needs better, as well as releasing us from the condo association structure. We will move someplace with parking allowing better access for our employees, and cost savings of not providing parking downtown.

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 Tauna Blaisdell, Chief Fiscal Officer, 501 Union Street, Floor 6, Nashville, TN 37219-1705.

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,266,051
Due from grantors	494,957
Other accounts receivable	76,394
Prepaid items	6,522
Notes receivable, net of allowance	1,540,998
Capital assets, net of depreciation	168,440
Total Assets	<u>\$ 6,553,362</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 76,512
Accrued expenses	126,005
Accrued vacation	246,322
Due to subrecipients	847,927
Unearned revenue	583,831
Due to Mid-Cumberland Area Development Corporation	1,775,015
Due to Regional Transportation Authority	5,936
Long-term liabilities - Due within one year	72,934
Total Liabilities	<u>\$ 3,734,482</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 95,506
Restricted for RLF program	2,241,365
Unrestricted	482,009
Total Net Position	<u>\$ 2,818,880</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Balance Sheet
Governmental Fund

June 30, 2014

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,266,051
Due from federal and state grantors	418,265
Due from federal and state performance based grantors	74,771
Due from other grantors	1,921
Other accounts receivable	76,394
Prepaid expenses	6,522
Total Assets	<u>\$ 4,843,924</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities -	
Accounts payable	\$ 76,512
Accrued expenses	126,005
Accrued vacation	246,322
Due to subrecipients	847,927
Unearned revenue	583,831
Due to Mid-Cumberland Area Development Corporation	1,775,015
Due to Regional Transportation Authority	5,936
Total Liabilities	<u>\$ 3,661,548</u>
Fund Balance -	
Nonspendable for prepaid expenses	\$ 6,522
Restricted for RLF program	700,368
Unassigned	475,486
Total Fund Balance	<u>\$ 1,182,376</u>
Total Liabilities and Fund Balance	<u>\$ 4,843,924</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

**Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities**

June 30, 2014

Total Governmental Fund Balance	\$ 1,182,376
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.	168,440
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds.	1,540,998
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(72,934)
Net Position of Governmental Activities	\$ <u>2,818,880</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund

Year Ended June 30, 2014

	<u>General Fund</u>
Revenues -	
Federal and state reimbursement grantor contributions	\$ 7,642,668
Federal and state performance based income	589,940
State and local contributions	547,739
Other grantor contributions	11,163
Interest income	83,175
Other revenues	500,400
	<u>\$ 9,375,085</u>
Expenditures -	
Current -	
Payments to subcontractors	\$ 4,491,499
Salaries	1,814,703
Fringe benefits	1,223,819
Indirect costs	1,155,385
Consultants and contracted services	232,197
Travel	111,683
Repairs and maintenance	40,297
Other expenditures	34,334
Communications	34,181
Meetings and conferences	14,622
Insurance	8,521
Consumable supplies	7,425
Printing	6,935
Dues and subscriptions	2,150
Postage	1,596
Marketing	1,116
Capital outlay	13,725
Debt service - principal	13,104
	<u>\$ 9,207,292</u>
Excess of revenues over expenditures	\$ 167,793
Other Financing Sources (Uses)	
Principal payments on notes receivable	217,056
Note receivable issued	(272,933)
Net Change in Fund Balance	<u>\$ 111,916</u>
Fund Balance, Beginning of Year	1,070,460
Fund Balance, End of Year	<u><u>\$ 1,182,376</u></u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Fund to the Statement of Activities**

For the Year Ended June 30, 2014

Net Change in Fund Balance - Governmental Fund	\$ 111,916
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(35,314)
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.	55,877
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.	13,104
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.	(12,657)
Change in Net Position of Governmental Activities	<u>\$ 132,926</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Net Position
Fiduciary Fund

June 30, 2014

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 779,934
Investments	73,600
	<u>\$ 853,534</u>
<u>LIABILITIES</u>	
Funds held in trust	\$ <u>853,534</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements

June 30, 2014

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - Greater Nashville Regional Council (the Council) 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.

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. *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.

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 Council 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 the Council.

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

The financial transactions of the Council 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.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Council reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Council. 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 the Council 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.

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

Income Taxes - The Council qualifies as a tax-exempt organization under Section 115 of the Internal Revenue Code.

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.

Assets, Liabilities, and Net Position or Equity

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 are stated at 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.

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

Estimates - 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.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences - Employees of the Council are entitled to paid vacation and sick days depending on the length of service and other factors. Council employees are not compensated for accumulated sick leave upon retirement or termination. The Council'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 Council. As of June 30, 2014, the liability for accrued vacation is \$246,322.

	Balance 6/30/2013	Increase	Balance 6/30/2014
Compensated Absences	\$ 243,001	\$ 3,321	\$ 246,322

Allowance for loan losses - The allowance is maintained at a level adequate to absorb probable 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.

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, or contributors or by enabling legislation or constitutional provisions.

Committed fund balance is a limitation imposed by the Council's Board of Directors, 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 Board of Directors.

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.

Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide financial statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlay 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. This is the amount by which depreciation exceeded capital outlays in the current period." The details of this \$(35,314) difference are as follows:

Capital outlay	\$ 13,725
Depreciation	(49,039)
	\$ (35,314)

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation explains that "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." The details of this \$58,877 are as follows:

Principal payments received on RLF loans	\$ (217,056)
Issuance of notes receivable	<u>272,933</u>
	\$ <u>58,877</u>

Another element of that reconciliation explains that "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." The details of this \$(12,657) are as follows:

Provision for RLF loan losses	\$ <u>(12,657)</u>
-------------------------------	--------------------

Note C - CASH AND INVESTMENTS

State statutes authorize the Council 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 the Council in an agent capacity only.

Interest Rate Risk and Concentration of Credit Risk - The Council 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. The Council places no limit on the amount it may invest in any one issuer.

During June 30, 2014, the Council limited its investment of funds to demand deposits at banking institutions.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2014, the bank balance was \$5,093,141. The difference between this and the carrying value is due primarily to outstanding checks at June 30, 2014. Of the bank balance, \$806,527 relates to funds held on behalf of others in the Public Guardianship Fund. Also included in the bank balance is \$1,777,515 which relate to funds held on behalf of the Mid-Cumberland Area Development Corporation (Note E). At June 30, 2014, \$5,093,141 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.

Note D - CAPITAL ASSETS

Depreciation was charged to functions as follows:

Governmental activities -

Aging services and programs	\$ 29,079
Economic and community development	4,566
Regional planning	3,670
Administrative services and program support	3,696
General administration	<u>8,028</u>
Total governmental activities	
depreciation expense	<u>\$ 49,039</u>

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note D - CAPITAL ASSETS (continued)

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
Governmental activities -				
Capital assets, being depreciated -				
Building and improvements	\$ 629,822			\$ 629,822
Furniture and fixtures	408,695	\$ 13,725	\$ (1,826)	420,594
Automobiles	22,028			22,028
Subtotal	<u>\$ 1,060,545</u>	<u>\$ 13,725</u>	<u>\$ (1,826)</u>	<u>\$ 1,072,444</u>
Less accumulated depreciation -				
Building and improvements	\$ (440,258)	\$ (31,236)		\$ (471,494)
Furniture and fixtures	(394,505)	(17,803)	\$ 1,826	(410,482)
Automobiles	(22,028)			(22,028)
Subtotal	<u>\$ (856,791)</u>	<u>\$ (49,039)</u>	<u>\$ 1,826</u>	<u>\$ (904,004)</u>
Capital assets, being depreciated, net	<u>\$ 203,754</u>	<u>\$ (35,314)</u>	<u>\$ -0-</u>	<u>\$ 168,440</u>

Note E - 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 MADC, a separate corporation, and all transactions related to the program are recorded in the financial records of MADC.

Note F - DUE TO REGIONAL TRANSPORTATION AUTHORITY

The amount due to the Regional Transportation Authority (RTA) represents the residual amount owed to the authority after GNRC ceased management functions in a prior year.

Note G - RETIREMENT PLAN

Plan Description - Employees of Greater Nashville Regional Council are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Greater Nashville Regional Council participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy - Greater Nashville Regional Council has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note G - RETIREMENT PLAN (continued)

Greater Nashville Regional Council is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 10.51% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Greater Nashville Regional Council is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost - For the year ending June 30, 2014, Greater Nashville Regional Council's annual pension cost of \$269,890 to TCRS was equal to Greater Nashville Regional Council's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Greater Nashville Regional Council's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 1 year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2014	\$269,890	100.00%	\$ 0
June 30, 2013	\$300,581	100.00%	\$ 0
June 30, 2012	\$319,168	100.00%	\$ 0

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$8.00 million, and the actuarial value of assets was \$8.00 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.00 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.73 million, and the ratio of the UAAL to the covered payroll was 0.00 percent.

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

Note H - RISK MANAGEMENT

The Council 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-0554-15 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, 2013 to October 12, 2014.

Workers' Compensation Coverage - The Council's workers' compensation policy TWC-0408-13 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, 2013 to October 12, 2014. 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.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note H - RISK MANAGEMENT (continued)

Comprehensive Liability Coverage - The Council's liability policy TML-0422-15 was issued by the TML Risk Management Pool. The policy period is from October 12, 2013 to October 12, 2014. 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.

Property Coverage - The Council's property policy TMP-0554-15 was issued by the TML Risk Management Pool. The blanket limit for each occurrence under this policy is \$1,646,663. The policy period is from October 12, 2013 to October 12, 2014.

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

Note I - 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.

Note J - 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, 2014, the Council recognized revenues of \$434,992 from MADC in connection with this contract.

Note K - LONG-TERM DEBT

During a prior year, Greater Nashville Regional Council entered into a deed of trust note with Fifth Third Bank for the purchase of floor space on the 2nd Floor of 501 Union Street, Nashville, TN 37219. The note is secured by the property acquired. The note has an interest rate of 6.75%, and is due and payable in 119 equal monthly payments of principal and interest in the amount of \$1,549 commencing on July 1, 2005. The entire remaining outstanding principal balance shall be due and payable in full on June 1, 2015. The interest portion of payments made for the year ended June 30, 2014 totaled \$5,479, all of which was recorded as indirect expense.

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One Year</u>
<u>Governmental activities -</u>					
Fifth Third Bank	\$ 86,038	\$ - 0 -	\$ 13,104	\$ 72,934	\$ 72,934

Maturities on long-term debt are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 72,934	\$ 3,992	\$ 76,926
Totals	\$ 72,934	\$ 3,992	\$ 76,926

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

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2014

Note L - REVOLVING LOAN FUND PROGRAM

The Agency 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 Agency'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.

The notes receivable are comprised of loans to small business to expand current operations. The notes bear interest ranging from 5% to 7% and each loan is secured. Notes receivable are net of estimated allowance for loan losses of \$47,660.

Note M - SUBSEQUENT EVENT

The Agency entered into a lease agreement for office equipment during the fiscal year. The lease has a term of 39 months with monthly payments of \$8,106. However, the equipment had not been delivered at June 30, 2014, and lease payments did not commence until subsequent to year end.

Note N - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, the following affected the beginning net position of the Agency:

Changes were made to reflect the effect of implementing GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement requires that debt issue costs be shown as current-period outflows of resources (expenses).

\$1,885

The prior period adjustment is shown as a decrease in the beginning net position in the Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Funding Progress

For the Year Ended June 30, 2014

The following is the Schedule of Funding Progress for Greater Nashville Regional Council:

(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) - Entry Age</u> (b)	<u>Unfunded AAL (UAAL)</u> (b) - (a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> ((b-a)/c)
July 01, 2013	\$8,000	\$8,000	\$0	100.00%	\$2,735	0.00%
July 01, 2011	\$6,989	\$7,065	\$76	98.92%	\$2,739	2.78%
July 01, 2009	\$5,528	\$6,074	\$546	91.02%	\$2,698	20.23%

SUPPLEMENTAL SECTION

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Indirect Costs

Year Ended June 30, 2014

Indirect Cost Pool -		
Salaries		\$ 487,126
Fringe benefits		270,466
Building association fees		102,054
Travel		42,854
Agency insurance		42,150
Audit fees		35,000
Equipment repairs and maintenance		31,384
Communications		27,542
Consumable supplies		21,595
Dues and subscriptions		19,358
Electricity		16,669
Meetings and conferences		12,320
Printing		8,562
Postage		8,076
Membership fees		7,115
Auto repairs and maintenance		5,846
Office cleaning service		5,512
Interest expense		5,479
Legal fees		2,870
Building maintenance		2,104
Other		1,064
Equipment rental		239
	Total Indirect Cost Pool - Expenditures	\$ <u>1,155,385</u>
Depreciation		\$ 40,902
	Total Indirect Cost Allocations	\$ <u><u>1,196,287</u></u>

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Changes in Assets and Liabilities

Guardianship Agency Fund

Year Ended June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 727,576	\$ 1,031,349	\$ 978,991	\$ 779,934
Investments	170,123	1,906	98,429	73,600
	<u>\$ 897,699</u>	<u>\$ 1,033,255</u>	<u>\$ 1,077,420</u>	<u>\$ 853,534</u>
<u>LIABILITIES</u>				
Funds held in trust	<u>\$ 897,699</u>	<u>\$ 1,033,255</u>	<u>\$ 1,077,420</u>	<u>\$ 853,534</u>

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2013 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Adjustments and Transfers In (out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue</u>
U.S. DEPARTMENT OF COMMERCE							
Economic Development	11.302	04-83-06639	\$ (54,954)	\$ 63,000		\$ 41,608	\$ (33,562)
U.S. DEPARTMENT OF THE INTERIOR							
Passed through Tennessee Department of Environment and Conservation - Historical Preservation	15.904	38604		\$ 6,650		\$ 9,370	\$ (2,720)
U.S. DEPARTMENT OF TRANSPORTATION							
Passed through Tennessee Department of Transportation -							
TN River Trails -GFS	20.205	GG-35151	\$ (653)	\$ 49,656		\$ 106,947	\$ (57,944)
TN River Trails -PD	20.205	GG-35148	(703)	9,994		20,096	(10,805)
TN River Trails Management Plan BYWAYS	20.205	GG-11-34280-00	1,065		\$ (1,065) (2)		
TN River Trails - Bike-Pedestrian	20.205	GG-14-38787		344		344	
			\$ (291)	\$ 59,994	\$ (1,065)	\$ 127,387	\$ (68,749)
Passed through Metro Planning Organization -							
Transportation Planning 2013	20.509	L-2904	\$ (471)	\$ 471			
Transportation Planning 2014	20.509	L-3089		5,942		\$ 17,334	\$ (11,392)
			\$ (471)	\$ 6,413		\$ 17,334	\$ (11,392)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through Tennessee Commission on Aging and Disability -							
Aging Services - VII Abuse	93.041	GG-13-39695-00	\$ (1,300)	\$ 1,300			
Aging Services - VII Abuse	93.041	37480		12,500		\$ 12,500	
			\$ (1,300)	\$ 13,800		\$ 12,500	
Aging Services - VII Ombudsman	93.042	GG-13-39695-00	\$ (9,300)	\$ 9,300			
Aging Services - VII Ombudsman	93.042	37480		60,300		\$ 60,300	
			\$ (9,300)	\$ 69,600		\$ 60,300	
Aging Services - Preventive Health, III D	93.043	GG-13-39695-00	\$ 496	\$ 11,100	\$ (11,596)		
Aging Services - Preventive Health, III D	93.043	37480		72,800	11,596	\$ 54,154	\$ 30,242
Aging Services - Medication Mgt, III D	93.043	GG-13-39695-00	7,641	5,400	(13,041)		
Aging Services - Medication Mgt, III D	93.043	37480			13,041	5,295	7,746
			\$ 8,137	\$ 89,300	\$ - 0 -	\$ 59,449	\$ 37,988

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2014

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2013 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Adjustments and Transfers In (out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
Passed through Tennessee Commission							
on Aging and Disability (continued) -							
Aging Services - Title III, Part B	93.044	GG-13-39695-00	\$ (200,982)	\$ 356,400	\$ (155,418)		
Aging Services - Coordination - Title III, Part B	93.044	37480		87,093		\$ 87,093	
Aging Services - I&A, Title III, Part B	93.044	37480		122,047		122,047	
Aging Services - Guardianship, Title III, Part B	93.044	37480		145,787		145,787	
Aging Services - Serv Coord, Title III, Part B	93.044	37480		330,541		330,541	
Aging Services - ADRC, Title III, Part B	93.044	37480		7,688		7,688	
Aging Services - Support, Title III, Part B	93.044	37480		824,644	155,418	805,536	\$ 174,526
			\$ (200,982)	\$ 1,874,200	\$ - 0 -	\$ 1,498,692	\$ 174,526
Aging Services - Nutrition - Title III, Part C	93.045	GG-13-39695-00	\$ (265,367)	\$ 314,200	\$ (48,833)		
Aging Services - Nutrition - Title III, Part C	93.045	37480		1,460,000	48,833	\$ 1,508,833	
Aging Planning - Title III, Part C	93.045	GG-13-39695-00	(15,400)	15,400			
Aging Planning - Title III, Part C	93.045	37480		252,400		252,400	
			\$ (280,767)	\$ 2,042,000	\$ - 0 -	\$ 1,761,233	
Aging Services - Care Transitions	93.048	GG-12-37515-00	\$ 14,273	\$ 602		\$ 14,744	\$ 131
Alzheimer's Grant	93.051	GG-12-37014-00	\$ (10,275)	\$ 11,745		\$ 1,470	
Aging Services - Title III, Part E	93.052	GG-13-39695-00	\$ (35,150)	\$ 125,500	\$ (90,350)		
Aging Planning - Title III, Part E	93.052	37480		48,800		\$ 48,800	
Aging Services - I&A, Title III, Part E	93.052	37480		27,000		27,000	
Aging Services - Serv Coord, Title III E	93.052	37480		111,700		111,700	
Aging Services - Title III, Part E	93.052	37480		318,500	90,350	270,681	\$ 138,169
			\$ (35,150)	\$ 631,500	\$ - 0 -	\$ 458,181	\$ 138,169
Aging Services - NSIP Nutrition	93.053	GG-13-39695-00	\$ (66,100)	\$ 66,100			
Aging Services - NSIP Nutrition	93.053	37480		252,900		\$ 252,900	
			\$ (66,100)	\$ 319,000		\$ 252,900	
Aging Services - I&A - MIPPA	93.071	39946		\$ 27,410	\$ 183	\$ 33,043	\$ (5,450)
Aging Services - I&A - PACCA/MIPPA	93.518	GG-11-34615	\$ 276		\$ (276)		

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2014

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2013 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Adjustments and Transfers In (out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
Passed through Tennessee Commission on Aging and Disability (continued) -							
Aging Services - I&A - SHIP	93.779	GG-13-36705	\$ (21,176)	\$ 91,005		\$ 69,829	
Aging Services - I&A - SHIP	93.779	73757				12,936	\$ (12,936)
Aging Services - I&A - PACCA/MIPPA	93.779	GG-11-34615	(93)		\$ 93		
			<u>\$ (21,269)</u>	<u>\$ 91,005</u>	<u>\$ 93</u>	<u>\$ 82,765</u>	<u>\$ (12,936)</u>
Passed through Tennessee Department of Finance and Administration Bureau of TennCare Home and Community Based Services Waiver							
	93.778	GG-12-35743-01	\$ (71,327)	\$ 429,020		\$ 486,444	\$ (128,751)
			<u>\$ (729,500)</u>	<u>\$ 5,735,239</u>	<u>\$ (1,065)</u>	<u>\$ 4,917,420</u>	<u>\$ 87,254</u>
U.S. DEPARTMENT OF COMMERCE							
Economic Adjustment Assistance - Revolving Loan Fund	11.307					<u>1,435,675</u>	(1)
						<u>\$ 6,353,095</u>	
	<u>Notes Receivable 6/30/2014</u>	<u>Cash Balance 6/30/2014</u>	<u>Administrative Expenses</u>	<u>Loans Written Off</u>	<u>RLF Total</u>	<u>Federal Share</u>	<u>Expenditures</u>
Revolving Loan Fund	\$ 1,588,657	\$ 741,209	\$ 1,241	\$ 61,684	\$ 2,392,791	60%	\$ 1,435,675 (1)

(2) \$1,065 in prior year expenditures were determined to be unallowable by the grantor. This amount has been repaid to the grantor.

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of State Awards

Year Ended June 30, 2014

Program Name	Contract/Grant Number	Balance June 30, 2013 (Receivable)	Receipts	Transfers In (out)	Adjustments	Expenditures	Balance June 30, 2014 (Receivable)
TENNESSEE COMMISSION ON AGING AND DISABILITY							
Aging Services	GG-13-39695-00	\$ (66,400)	\$ 66,400				
Aging Services	37480		416,100			\$ 413,900	\$ 2,200
Aging Services - State Options	GG-13-39695-00	(179,740)	182,684	\$ (2,944)			
Aging Planning - State Options	37480		133,000			133,000	
Aging Services - I&A - State Options	37480		70,000			70,000	
Aging Services - Service Coord - State Options	37480		299,700			299,700	
Aging Services - State Options	37480		1,064,452	2,944	\$ 79,931 (3)	939,584	207,743
Aging Services - Guardianship	GG-13-39695-00	(20,000)	20,000				
Aging Services - Guardianship	37480		120,500			120,500	
Aging Services - State Family Caregiver	GG-13-39695-00	(18,800)	18,800				
Aging Services - State Family Caregiver	37480		86,400			78,978	7,422
Self Directed - Pass Thru	GG-11-34679-00	273					273
		<u>\$ (284,667)</u>	<u>\$ 2,478,036</u>	<u>\$ - 0 -</u>	<u>\$ 79,931</u>	<u>\$ 2,055,662</u>	<u>\$ 217,638</u>
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION							
Solid Waste Planning	GG-13-39082-00	\$ (22,008)	\$ 14,030		\$ 7,978 (4)		
Solid Waste Planning	GG-13-39082-01		20,887			\$ 31,685	\$ (10,798)
		<u>\$ (22,008)</u>	<u>\$ 34,917</u>		<u>\$ 7,978</u>	<u>\$ 31,685</u>	<u>\$ (10,798)</u>
TENNESSEE HOUSING DEVELOPMENT AGENCY							
THDA Emergency Repair Program		<u>\$ (19,287)</u>	<u>\$ 118,334</u>			<u>\$ 114,203</u>	<u>\$ (15,156)</u>
TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT							
Tourism Promotion			\$ 31,850			\$ 30,133	\$ 1,717
Tourism Promotion - River Trails Application			7,120			7,120	
			<u>\$ 38,970</u>			<u>\$ 37,253</u>	<u>\$ 1,717</u>
TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION BUREAU OF TENNCARE							
Home and Community Based Services Waiver	GG-12-35743-01	<u>\$ (71,326)</u>	<u>\$ 429,020</u>			<u>\$ 486,445</u>	<u>\$ (128,751)</u>
		<u>\$ (397,288)</u>	<u>\$ 3,099,277</u>	<u>\$ - 0 -</u>	<u>\$ 87,909</u>	<u>\$ 2,725,248</u>	<u>\$ 64,650</u>

(3) \$79,931 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.

(4) \$7,978 accrued in a prior year was determined to be non-reimbursable in the current fiscal year.

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Performance Based Federal Awards

Year Ended June 30, 2014

<u>Program Name</u>	<u>Grantor Agency</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2013 (Receivable)</u>	<u>Receipts</u>	<u>Amount Earned</u>	<u>Balance June 30, 2014 (Receivable)</u>
Grants Management - EDA	Nashville Entrepreneur Center	11.307	EDA 04-79-06578	\$ (22,000)	\$ 22,000		
Grants Management - EDA	Connexion Americas	11.307	EDA 04-79-06612	(25,000)	25,000		
Grants Management - EDA	Nashville CVB	11.307	EDA 04-69-06611		10,000	\$ 10,000	
				<u>\$ (47,000)</u>	<u>\$ 57,000</u>	<u>\$ 10,000</u>	
Grants Management - CDBG	Town of Westmoreland	14.228	CDBG #12-01	\$ (1,500)	\$ 1,500	\$ 4,500	\$ (4,500)
Grants Management - CDBG	Town of Westmoreland	14.228	CDBG #10-01-D		3,600	3,600	
Grants Management - CDBG	Town of Westmoreland	14.228	CDBG #12-01-D		9,800	9,800	
Grants Management - CDBG	Sumner County	14.228	CDBG #12-02-D		7,250	12,000	(4,750)
Grants Management - CDBG	City of TN Ridge	14.228	CDBG #12-03-D		5,500	10,500	(5,000)
Grants Management - CDBG	City of Dover	14.228	CDBG #13-01		2,750	2,750	
Grants Management - CDBG	Trousdale County	14.228	CDBG #14-01-D			5,500	(5,500)
				<u>\$ (1,500)</u>	<u>\$ 30,400</u>	<u>\$ 48,650</u>	<u>\$ (19,750)</u>
THDA HOME Program	City of Slayden	14.239	07-THDA-H-20	\$ (80)			\$ (80)
THDA HOME Program	Town of Vanleer	14.239	11-THDA-H-101	(1,524)	\$ 9,145	\$ 12,864	(5,243)
THDA HOME Program	Dickson County	14.239	11-THDA-H-103	(1,524)	10,822	9,298	
THDA HOME Program	Rutherford County	14.239	10-THDA-H-05		4,200	4,200	
THDA HOME Program	City of Portland	14.239	10-THDA-H-20		23,625	23,625	
THDA HOME Program	City of Slayden	14.239	11-THDA-H-102		3,810	3,810	
THDA HOME Program	Montgomery County	14.239	10-THDA-H-50		18,550	18,550	
THDA HOME Program	City of Gallatin	14.239	10-THDA-H-30		16,302	16,302	
				<u>\$ (3,128)</u>	<u>\$ 86,454</u>	<u>\$ 88,649</u>	<u>\$ (5,323)</u>
VA Home and Community Based Services	Tennessee Commission on Aging and Disability	64.009	34,008.00		\$ 5,717	\$ 10,227	\$ (4,510)
Home and Community Based Services Waiver	Bureau of TennCare	93.778	GG-12-35743-01	\$ (5,500)	\$ 29,882	\$ 35,282	\$ (10,900)
FEMA - Flood Plain Grant	Tennessee Development District Association	97.023	34,008.00		\$ 7,725	\$ 7,725	
				<u>\$ (57,128)</u>	<u>\$ 217,178</u>	<u>\$ 200,533</u>	<u>\$ (40,483)</u>

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Performance Based State Awards

Year Ended June 30, 2014

<u>Program Name</u>	<u>Grantor Agency</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2013 (Receivable)</u>	<u>Receipts</u>	<u>Amount Earned</u>	<u>Balance June 30, 2014 (Receivable)</u>
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	33319		\$ 30,867	\$ 30,867	
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	38366		<u>57,570</u>	<u>73,271</u>	\$ <u>(15,701)</u>
				<u>\$ 88,437</u>	<u>\$ 104,138</u>	<u>\$ (15,701)</u>
Planning and Economic Development	Tennessee Department of Economic and Community Development			<u>\$ 180,000</u>	<u>\$ 180,000</u>	
Regional Planning State Appropriation	Tennessee Department of Economic and Community Development			<u>\$ 50,000</u>	<u>\$ 50,000</u>	
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2013		\$ (9,200)	\$ 9,200		
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2014			<u>12,300</u>	<u>\$ 19,987</u>	\$ <u>(7,687)</u>
			<u>\$ (9,200)</u>	<u>\$ 21,500</u>	<u>\$ 19,987</u>	<u>\$ (7,687)</u>
Home and Community Based Services Waiver	Bureau of TennCare	GG-12-35743-01	\$ <u>(5,500)</u>	<u>\$ 29,882</u>	<u>\$ 35,282</u>	\$ <u>(10,900)</u>
			<u>\$ (14,700)</u>	<u>\$ 369,819</u>	<u>\$ 389,407</u>	<u>\$ (34,288)</u>

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Schedules of Expenditures of Federal and State Awards

June 30, 2014

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the grant activity of the Greater Nashville Regional Council under programs of the federal and state governments for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Greater Nashville Regional Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Greater Nashville Regional Council.

The receivable balance accrued June 30, 2013, represents grant funds earned during the prior period, but not received prior to the end of that period. The deferred revenue balance at June 30, 2013, represents grant funds received during the prior period, but not earned prior to the end of that period.

Cash receipts represents the actual cash received from the grantor agency during the current period.

Federal expenditures represent current period expenses charged to the grant as well as current period revenues recognized from the grant, recorded on the accrual basis of accounting.

The receivable balance accrued June 30, 2014, represents grant revenue earned which was not received from the grantor agency during the current period. The deferred revenue balance at June 30, 2014, represents grant funds received from the grantor agency during the current period which was not earned prior to the end of that period.

Note B - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Greater Nashville Regional Council provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
93.042	Aging Title VII Ombudsman	\$60,300
93.043	Aging Title III-D	\$49,595
93.044	Aging Title III-B	\$876,036
93.045	Aging Title III-C	\$1,508,833
93.051	Title IV Alzheimer's	\$1,448
93.052	Aging Title III-E	\$323,713
93.053	Aging NSIP Nutrition	\$252,900

COMPLIANCE AND INTERNAL CONTROL SECTION



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

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 Greater Nashville Regional Council, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Greater Nashville Regional Council's basic financial statements, and have issued our report thereon dated February 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Nashville Regional Council'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 Greater Nashville Regional Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater Nashville Regional Council's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Nashville Regional Council'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*.

Executive Committee Members
Greater Nashville Regional Council

Purpose of this Report

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

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
February 11, 2015



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Executive Committee Members
Greater Nashville Regional Council
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Greater Nashville Regional Council's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greater Nashville Regional Council's major federal programs for the year ended June 30, 2014. Greater Nashville Regional Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater Nashville Regional Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greater Nashville Regional Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Greater Nashville Regional Council, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Greater Nashville Regional Council 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 Greater Nashville Regional Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater Nashville Regional Council's internal control over compliance.

Executive Committee Members
Greater Nashville Regional Council

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 and was not designed to identify all deficiencies in internal control over compliance that might be, material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Jobe, Hastings & Associates
Certified Public Accountants

Murfreesboro, Tennessee
February 11, 2015

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Greater Nashville Regional Council.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Greater Nashville Regional Council were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal programs for the Greater Nashville Regional Council expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

<u>Federal Program Name</u>	<u>CFDA Numbers</u>
Highway Planning and Construction	20.205
Aging Cluster:	
Aging Services Programs, Title III, Part B	93.044
Aging Services Programs, Title III, Part C	93.045
Nutrition Services Incentive Program	93.053

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Greater Nashville Regional Council did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT –

NONE IN CURRENT FISCAL YEAR

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT AND NON-MAJOR FEDERAL AWARD PROGRAM QUESTIONED COSTS

NONE IN CURRENT FISCAL YEAR

GREATER NASHVILLE REGIONAL COUNCIL

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

2013-1 Completeness and accuracy of account balances

Current Status: The finding was corrected in the current fiscal year.

2013-2 Employee benefits

Current Status: The finding was corrected in the current fiscal year.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT AND NON-MAJOR FEDERAL AWARD PROGRAM QUESTIONED COSTS**

2013-3 Timely Data Collection Form Submission

Current Status: The finding was corrected in the current fiscal year.