

GREATER NASHVILLE REGIONAL COUNCIL

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

CONTENTS

INTRODUCTORY SECTION -

Executive Committee Members	i
-----------------------------------	---

FINANCIAL SECTION -

Independent Auditor’s Report	Page 1 - 2
---	------------

Management’s Discussion and Analysis	3 - 8
---	-------

Basic Financial Statements -

Government-wide Financial Statements -

Statement of Net Position	9
Statement of Activities	10

Fund Financial Statements -

Balance Sheet - Governmental Fund	11
Reconciliation of Total Governmental Fund Balance To Net Position of Governmental Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	14
Statement of Net Position - Fiduciary Fund	15

Notes to the Financial Statements	16 - 26
--	---------

REQUIRED SUPPLEMENTARY INFORMATION -

Schedule of Changes in the Council’s Net Pension Liability and Related Ratios	27
Schedule of Contributions	28

SUPPLEMENTAL SECTION -

Financial Schedules -

Schedule of Indirect Costs	29
Statement of Changes in Assets and Liabilities-Guardianship Agency Fund	30
Schedules of Expenditures of Federal and State Awards	31 - 34
Schedules of Performance Based Awards	35 - 36
Notes to Schedules of Expenditures of Federal and State Awards	37

COMPLIANCE AND INTERNAL CONTROL SECTION -

Independent Auditor’s Reports on Compliance and on Internal Control	38 - 41
Schedule of Findings and Questioned Costs	42 - 43

INTRODUCTORY SECTION

GREATER NASHVILLE REGIONAL COUNCIL

Executive Committee Members

Year Ended June 30, 2015

Kim McMillan, President
Randall Hutto, Vice President
Ken Moore, Treasurer
Rogers Anderson, 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
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 R. Bradley, Robertson County
Billy Paul Carneal, Robertson County
Ernest G. Burgess, Rutherford County
Jeffrey Davidson, Rutherford County
Darlyn Green, Rutherford County
Rick Joiner, Stewart County
Heather Morgan, Stewart County
Mike Carter, Small City Representative
Anthony Holt, Sumner County
Kim Ark, Sumner County
Carroll Carman, Trousdale County
Glenn Haynes, Trousdale County
Craig Moreland, Trousdale County
Rogers Anderson, Williamson County
Diane Giddens, Williamson County
Randall Hutto, Wilson County
Phillip Craighead, Wilson County

FINANCIAL SECTION



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note L to the financial statements, during the year ended June 30, 2015, the Council adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension information on pages 3 through 8 and 27 through 28 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 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, 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 basic 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 January 29, 2016, 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, 2015

Management's Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30, 2015.

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 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 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's representative, Ashland City Acers, placed 2nd 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.

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 serve 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 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 \$3,779,267 at the close of this fiscal year.

A portion of Greater Nashville Regional Council's net position (3.5%) 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* (\$1,361,571) 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

	2015	2014	Difference
Cash and cash equivalents	\$2,478,488	\$4,266,051	(\$1,787,563)
Due from grantors	1,284,531	494,957	789,574
Other accounts receivable	133,479	76,394	57,085
Prepaid items	6,522	6,522	
Notes receivable, net of allowance	2,211,539	1,540,998	670,541
Net Pension Asset	1,485,823		1,485,823
Capital assets, net of depreciation	276,025	168,440	107,585
Total Assets	\$7,876,407	\$6,553,362	\$1,323,045
Deferred outflows related to pension plan	135,833		135,833
Total Deferred Outflows of Resources	\$135,833		\$135,833
Accounts payable	\$131,947	\$76,512	(\$55,435)
Accrued expenses	146,599	126,005	(\$20,594)
Accrued leave	219,746	246,322	26,576
Due to subrecipients	1,181,272	847,927	(\$333,345)
Due to Grantors			
Unearned revenue	5,175	583,831	578,656
Due to MADC (Cash held by GNRC in behalf of MADC)	1,601,892	1,775,015	173,123
Due to RTA (Cash held by GNRC in behalf of RTA)	0	5,936	5,936
Long-term liabilities – within 1 year	60,803	72,934	12,131
Long-term liabilities – more than 1 yr	87,023		(87,023)
Total Liabilities	\$3,434,457	\$3,734,482	\$300,025
Deferred inflows related to pension plan	798,516		798,516
Total Deferred Inflows of Resources	\$798,516		\$798,516
Net Invested in capital assets	\$128,199	\$95,506	\$32,693
Restricted for RLF program	2,289,497	2,241,365	48,132
Unrestricted	1,361,571	482,009	879,562
Total Net Position	\$3,779,267	\$2,818,880	\$960,387

Governmental Fund Balances

	2015	2014	Difference
Total Governmental Fund Balances	\$616,389	\$1,182,376	(\$565,987)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	276,025	168,440	107,585
Pension assets actuarially determined are not financial resources and, therefore, are not reported in the funds:			
Change in accounting principle-creation of net pension asset	658,430		658,430
Current year pension contributions	135,833		135,833
Current year pension expense	28,877		28,877
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds	2,211,539	1,540,998	670,541
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds	(147,826)	(72,934)	(74,892)
Net Position of Governmental Activities	\$3,779,267	\$2,818,880	\$960,387

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 capital lease on the computer equipment. This lease is with Image Quest, who also manages our IT needs. The mortgage on the 2nd was paid off in FY 2015.

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 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		
	2015	2014	2015	2014	2015	2014	
Aging Services & Programs	\$25,004	\$24,211	\$7,637,611	\$7,373,518			
Economic and Community Development	108,441	98,415	418,099	323,097			
Regional Planning	5,185	5,390	625,034	565,116			
Administrative Services and Program Support	413,902	435,517					
General Administration							
Total Program Revenues	\$552,532	\$563,533	\$8,680,744	\$8,261,731			
	General Revenues						
					2015	2014	
City and County Dues					\$375,594	\$367,514	
Unrestricted Grants & Contributions					180,000	180,000	
Miscellaneous					28,877		
Unrestricted Investment Earnings					1,867	2,307	
Loss on disposal of fixed assets					(12,011)		
					Total General Revenues and special items	\$574,327	\$549,821
					Total Revenues	\$9,807,603	\$9,375,085

GNRC Revenues

GNRC revenues increased in FY 2015. New grants brought in additional revenues. 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 2016. In 2015 GNRC continued receiving referrals and providing services to Veterans through the long-delayed VA self-directed program. Other aging programs continued to operate although not all revenues have recovered from sequestration. Aging 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 2015 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 2015 resulting in GNRC collecting the Administrative fees associated with those projects. GNRC began receiving administrative fees for CDBG Disasters grants and regular-round CDBG projects.

GNRC Expenses by Program

	Expenses		Indirect Expenses Allocation	
	2015	2014	2015	2014
Aging Services & Programs	6,978,231	\$6,753,061	\$803,156	\$848,222
Economic and Community Development	561,926	458,614	113,988	133,187
Regional Planning	622,511	489,132	115,871	107,064
Administrative Services and Program Support	304,229	325,054	94,177	107,814
General Administration	1,082,953	1,216,298	(1,127,192)	(1,196,287)
Total Expenses & Indirect Allocation	\$9,549,850	\$9,242,159	\$0	\$0

GNRC Expenses

GNRC expenses increased in FY 2015. 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 2015 in spite of increases in retirement and health insurance costs.

Change in Net Position

	2015	2014
Total Revenue	\$9,807,603	\$9,375,085
Total Expenses	9,549,850	9,242,159
Change in Net Position	257,753	132,926
Net Position - Beginning	2,818,880	2,687,839
Prior Period Adjustment	702,634	(1,885)
Net Position - Beginning, as restated	3,521,514	2,685,954
Net Position - Ending	\$3,779,267	\$2,818,880

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 26 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 29 through 37.

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 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 completely restructured our technology needs in FY 2015. GNRC's data is on the cloud saving the expense of updating and maintaining our own servers. We moved 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 are also covered in this contract, saving on printing and supply costs. We also saved on insurance costs.

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 is investigating the possibility of selling the entire building, and has voted to move forward 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. 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, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,478,488
Due from grantors	1,284,531
Other accounts receivable	133,479
Prepaid items	6,522
Notes receivable, net of allowance	2,211,539
Net pension asset	1,485,823
Capital assets, net of depreciation	276,025
Total Assets	<u>\$ 7,876,407</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pension plan	\$ 135,833
Total Deferred Outflows of Resources	<u>\$ 135,833</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 131,947
Accrued expenses	146,599
Accrued vacation	219,746
Due to subrecipients	1,181,272
Unearned revenue	5,175
Due to Mid-Cumberland Area Development Corporation	1,601,892
Long-term liabilities -	
Due within one year	60,803
Due in more than one year	87,023
Total Liabilities	<u>\$ 3,434,457</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pension plan	\$ 798,516
Total Deferred Inflows of Resources	<u>\$ 798,516</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 128,199
Restricted for RLF program	2,289,497
Unrestricted	1,361,571
Total Net Position	<u>\$ 3,779,267</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Balance Sheet
Governmental Fund

June 30, 2015

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,478,488
Due from federal and state grantors	1,226,971
Due from federal and state performance based grantors	54,060
Due from other grantors	3,500
Other accounts receivable	133,479
Prepaid expenses	6,522
Total Assets	<u>\$ 3,903,020</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities -	
Accounts payable	\$ 131,947
Accrued expenses	146,599
Accrued vacation	219,746
Due to subrecipients	1,181,272
Unearned revenue	5,175
Due to Mid-Cumberland Area Development Corporation	<u>1,601,892</u>
Total Liabilities	<u>\$ 3,286,631</u>
Fund Balance -	
Nonspendable for prepaid expenses	\$ 6,522
Restricted for RLF program	77,960
Unassigned	531,907
Total Fund Balance	<u>\$ 616,389</u>
Total Liabilities and Fund Balance	<u>\$ 3,903,020</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

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

June 30, 2015

Total Governmental Fund Balance	\$ 616,389
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.	276,025
Pension assets actuarially determined are not financial resources and, therefore, are not report in the funds:	
Change in accounting principle - creation of net pension asset	658,430
Current year pension contributions	135,833
Current year pension expense	28,877
Long-term notes receivable are not due and receivable in the current period and, therefore, are not reported in the funds.	2,211,539
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(147,826)
Net Position of Governmental Activities	<u>\$ 3,779,267</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, 2015

	<u>General Fund</u>
Revenues -	
Federal and state reimbursement grantor contributions	\$ 8,130,312
Federal and state performance based income	523,038
State and local contributions	534,039
Other grantor contributions	34,030
Interest income	88,393
Other revenues	480,925
	<u>\$ 9,790,737</u>
Expenditures -	
Current -	
Payments to subcontractors	\$ 4,855,845
Salaries	1,840,289
Fringe benefits	1,102,102
Indirect costs	1,091,998
Consultants and contracted services	356,051
Travel	115,327
Repairs and maintenance	38,854
Communications	35,827
Meetings and conferences	28,737
Equipment rental	22,459
Consumable supplies	21,312
Other expenditures	20,731
Insurance	11,570
Printing	7,304
Marketing	5,044
Postage	1,042
Dues and subscriptions	444
Capital outlay	194,245
Debt service -	
Principal	119,353
Interest	19,688
	<u>\$ 9,888,222</u>
Deficiency of revenues under expenditures	\$ (97,485)
Other Financing Sources (Uses) -	
Proceeds from capitalized lease obligation	194,245
Principal payments on notes receivable	220,115
Note receivable issued	(911,394)
Net Change in Fund Balance	<u>\$ (594,519)</u>
Fund Balance, Beginning of Year, as previously stated	\$ 1,182,376
Prior period adjustment	28,532
Fund Balance, Beginning of Year, as restated	<u>\$ 1,210,908</u>
Fund Balance, End of Year	<u><u>\$ 616,389</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, 2015

Net Change in Fund Balance - Governmental Fund	\$ (594,519)
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:	
Capital outlay	194,245
Depreciation expense	(90,321)
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to decrease net position.	
	(12,011)
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:	
Principal payments received on RLF notes receivable	(220,115)
Issuance of RLF notes receivable	911,394
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.	
Proceeds from issuance of long-term debt (capital lease)	(194,245)
Repayments of debt principal	119,353
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.	
Pension expense	28,877
Provision for RLF loan losses	(20,738)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of the pension obligations are actuarial determined. This is the amount of pension contributions made in the current fiscal year ended.	
	135,833
Change in Net Position of Governmental Activities	\$ <u><u>257,753</u></u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Net Position

Fiduciary Fund

June 30, 2015

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 638,102
Investments	164,923
	<u>\$ 803,025</u>
<u>LIABILITIES</u>	
Funds held in trust	\$ <u>803,025</u>

See notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements

June 30, 2015

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, 2015

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, 2015

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, 2015, the liability for accrued vacation is \$219,746.

	Balance <u>6/30/2014</u>	Additions	Retirements	Balance <u>6/30/2015</u>
Compensated Absences	\$ <u>246,322</u>	\$ <u>146,680</u>	\$ <u>(173,256)</u>	\$ <u>219,746</u>

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.

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 Greater Nashville Regional Council's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Greater Nashville Regional Council'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.

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.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note B - 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, 2015, 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 Council's deposits may not be returned to it. At June 30, 2015, the bank balance was \$3,171,662. The difference between this and the carrying value is due primarily to outstanding checks at June 30, 2015. Of the bank balance, \$643,778 relates to funds held on behalf of others in the Public Guardianship Fund. Also included in the bank balance is \$1,609,366 which relate to funds held on behalf of the Mid-Cumberland Area Development Corporation (Note C). At June 30, 2015, \$3,171,662 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 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 MADC, a separate corporation, and all transactions related to the program are recorded in the financial records of MADC.

Note D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Adjustments	Increases	Decreases	Balance June 30, 2015
<u>Governmental activities -</u>					
Capital assets, being depreciated -					
Building and improvements	\$ 629,822				\$ 629,822
Furniture and fixtures	420,594		\$ 194,245	\$ (250,468)	364,371
Automobiles	22,028				22,028
Subtotal	<u>\$ 1,072,444</u>		<u>\$ 194,245</u>	<u>\$ (250,468)</u>	<u>\$ 1,016,221</u>
Less accumulated depreciation -					
Building and improvements	\$ (471,494)		\$ (31,235)		\$ (502,729)
Furniture and fixtures	(410,482)	\$ 15,672	(59,086)	\$ 238,457	(215,439)
Automobiles	(22,028)				(22,028)
Subtotal	<u>\$ (904,004)</u>	<u>\$ 15,672</u>	<u>\$ (90,321)</u>	<u>\$ 238,457</u>	<u>\$ (740,196)</u>
Capital assets, being depreciated, net	<u>\$ 168,440</u>	<u>\$ 15,672</u>	<u>\$ 103,924</u>	<u>\$ (12,011)</u>	<u>\$ 276,025</u>

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note D - CAPITAL ASSETS (continued)

Depreciation was charged to functions as follows:

Governmental activities -	
Aging services and programs	\$ 64,356
Economic and community development	9,134
Regional planning	9,285
Administrative services and program support	<u>7,546</u>
Total governmental activities depreciation expense	<u><u>\$ 90,321</u></u>

Note E - RETIREMENT PLAN

General Information about the Pension Plan

Plan Description – Employees of Greater Nashville Regional Council 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.

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.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>63</u>
	<u><u>132</u></u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. 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 makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Greater Nashville Regional Council were \$135,833 based on a rate of 5.33 percent of covered payroll. By law, employer contributions are

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note E - RETIREMENT PLAN (continued)

Net Pension Liability (Asset)

required to be paid. The TCRS may intercept Greater Nashville Regional Council's state 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.

Greater Nashville Regional Council's net pension liability (asset) was measured as of June 30, 2014, 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, 2014 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

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, 2014 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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 (continued)

June 30, 2015

Note 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 Greater Nashville Regional Council 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)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2013	\$ 7,583,669	\$ 7,972,209	\$ (388,540)
Changes for the year:			
Service cost	\$ 192,796		\$ 192,796
Interest	574,557		574,557
Differences between expected and actual experience	(272,497)		(272,497)
Contributions - employer		\$ 269,890	(269,890)
Contributions - employees		-	-
Net investment income		1,324,906	(1,324,906)
Benefit payments, including refunds of employee contributions	(231,417)	(231,417)	-
Administrative expense		(2,657)	2,657
Net changes	\$ 263,439	\$ 1,360,722	\$ (1,097,283)
Balance at June 30, 2014	\$ 7,847,108	\$ 9,332,931	\$ (1,485,823)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of Greater Nashville Regional Council 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Greater Nashville Regional Council's net pension liability (asset)	\$ (400,936)	\$ (1,485,823)	\$ (2,381,418)

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

Pension income - For the year ended June 30, 2015, Greater Nashville Regional Council recognized pension income of \$28,877.

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note E - RETIREMENT PLAN (continued)

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2015, Greater Nashville Regional Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 217,998
Net difference between projected and actual earnings on pension plan investments		580,518
Contributions subsequent to the measurement date of June 30, 2014	\$ 135,833	
Total	<u>\$ 135,833</u>	<u>\$ 798,516</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to the net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (199,628)
2017	(199,628)
2018	(199,628)
2019	(199,628)
2020	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense

Note F - 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, 2014 to October 12, 2015.

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, 2014 to October 12, 2015. 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-0422-15 was issued by the TML Risk Management Pool. The policy period is from October 12, 2014 to October 12, 2015. 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 \$1,566,953. The policy period is from October 12, 2014 to October 12, 2015.

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

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note 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.

Note 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, 2015, the Council recognized revenues of \$406,236 from MADC in connection with this contract.

Note I - 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 was due and paid in full in the current year. The interest portion of payments made for the year ended June 30, 2015 totaled \$3,982, all of which was recorded as indirect expense.

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due within</u> <u>One Year</u>
<u>Governmental activities -</u>					
Fifth Third Bank	\$ 72,934		\$ (72,934)		
Capital lease		\$ 194,245	(46,419)	\$ 147,826	\$ 60,803
	<u>\$ 72,934</u>	<u>\$ 194,245</u>	<u>\$ (119,353)</u>	<u>\$ 147,826</u>	<u>\$ 60,803</u>

The Council entered into a lease during the year 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. Accumulated amortization of leased equipment at June 30, 2015 was \$52,874. 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 \$5,676. The following schedule of future lease payments:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 60,803	\$ 7,309
2017	64,603	3,509
2018	22,420	284
	<u>\$ 147,826</u>	<u>\$ 11,102</u>

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

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note J - OPERATING LEASE

As noted in Note I, the Council entered into a lease for office equipment during the year. Rent expenditures under the lease totaled \$33,175 for the year ended June 30, 2015. The future minimum lease payments of the non-capitalized portion of the lease payments, which are noncancelable, consist of the following at June 30, 2015:

Year Ending June 30,	Governmental Activities
2016	\$ 35,125
2017	35,125
2018	11,708
	<u>\$ 81,958</u>

Note K - 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.

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 net of estimated allowance for loan losses of \$68,398.

Note L - CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2015, the Council implemented GASB Statement 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68". The objective of these statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of Statement 68 resulted in restatement of the beginning net position of the government-wide financial statements.

In addition, a prior period adjustment was made to correct an error to the payroll taxes paid in prior years in the general fund and government-wide statements. A prior period adjustment was also made to correct the Council's net investment in capital assets on the government-wide statements. The general fund and government-wide statements were restated as follows:

	<u>Government-wide Statements</u>	<u>Fund Financial Statements</u>
	Governmental Activities	General Fund
Net position/fund balance as of June 30, 2014, as previously reported	\$ 2,818,880	\$ 1,182,376
Accounting change - GASB 68 -		
Initial establishment of net pension asset as of July 1, 2013	\$ 388,540	
Employer contributions made during fiscal year ended June 30, 2014	<u>269,890</u>	658,430
Correction of an error -		
Overpayment of payroll taxes	\$ 28,532	28,532
Adjustment of net investment in capital assets	<u>15,672</u>	<u>44,204</u>
Net position/fund balance as of June 30, 2014, as restated	<u>\$ 3,521,514</u>	<u>\$ 1,210,908</u>

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Financial Statements (continued)

June 30, 2015

Note M - COMMITMENTS

During the ended June 30, 2015, the Council entered into 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, 2015:

Year Ending June 30,		
2016	\$	44,959
2017		<u>44,959</u>
	\$	<u><u>89,918</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

GREATER NASHVILLE REGIONAL COUNCIL

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS
Last 10 Fiscal Years ending June 30 (1)

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 192,796
Interest	574,557
Changes in benefit terms	-
Differences between expected and actual experience	(272,497)
Changes in assumptions	-
Benefit payments, including refunds of member contributions	<u>(231,417)</u>
Net Change in Total Pension Liability	\$ 263,439
Total Pension Liability - beginning	<u>7,583,669</u>
Total Pension Liability - ending (a)	<u><u>7,847,108</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 269,890
Contributions - member	-
Net investment income	1,324,906
Benefit payments, including refunds of member contributions	(231,417)
Administrative expense	<u>(2,657)</u>
Net Change in Plan Fiduciary Net Position	\$ 1,360,722
Plan Fiduciary Net Position - beginning	<u>7,972,209</u>
Plan Fiduciary Net Position - ending (b)	<u><u>9,332,931</u></u>
Net Pension Liability (Asset) ending (a) - (b)	<u><u>\$ (1,485,823)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.93%
Covered - Employee Payroll	\$ 2,567,934
Agency's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	57.86%

(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.

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)**

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

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2015 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	3.0%
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	2.5%

(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.

SUPPLEMENTAL SECTION

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Indirect Costs

Year Ended June 30, 2015

Indirect Cost Pool -		
Salaries		\$ 445,980
Fringe benefits		230,046
Building association fees		118,082
Travel		52,662
Agency insurance		46,230
Audit fees		38,985
Communications		27,435
Consumable supplies		19,557
Electricity		15,349
Dues and subscriptions		15,224
Equipment rental		14,724
Meetings and conferences		14,366
Postage		13,215
Membership fees		7,538
Data services		6,247
Office cleaning service		5,512
Equipment repairs and maintenance		5,446
Printing		5,357
Interest expense		3,982
Legal fees		2,649
Auto repairs and maintenance		2,151
Other		957
Building maintenance		304
	Total Indirect Cost Pool - Expenditures	\$ <u>1,091,998</u>
Depreciation		\$ 35,194
	Total Indirect Cost Allocations	\$ <u><u>1,127,192</u></u>

GREATER NASHVILLE REGIONAL COUNCIL

Statement of Changes in Assets and Liabilities

Guardianship Agency Fund

Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 779,934	\$ 833,802	\$ 975,634	\$ 638,102
Investments	73,600	91,745	422	164,923
	<u>\$ 853,534</u>	<u>\$ 925,547</u>	<u>\$ 976,056</u>	<u>\$ 803,025</u>
<u>LIABILITIES</u>				
Funds held in trust	<u>\$ 853,534</u>	<u>\$ 925,547</u>	<u>\$ 976,056</u>	<u>\$ 803,025</u>

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue</u>	<u>Receipts</u>	<u>Adjustments and Transfers In (out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2015 (Receivable)/ Due to Grantor/ Deferred Revenue</u>
U.S. DEPARTMENT OF AGRICULTURE							
Rural Business Enterprise Grant	10.769	48-019-620789610		\$ 25,000		\$ 25,000	
U.S. DEPARTMENT OF COMMERCE							
Economic Development	11.302	04-83-06639	\$ (33,562)	\$ 65,062		\$ 31,500	
Economic Development	11.302	04-83-07032		15,750		14,824	\$ 926
			\$ (33,562)	\$ 80,812		\$ 46,324	\$ 926
U.S. DEPARTMENT OF THE INTERIOR							
Passed through Tennessee Department of Environment and Conservation -							
Historical Preservation	15.904	38604	\$ (2,720)	\$ 3,662		\$ 942	
Historical Preservation	15.904	43041		2,414		6,215	\$ (3,801)
			\$ (2,720)	\$ 6,076		\$ 7,157	\$ (3,801)
U.S. DEPARTMENT OF TRANSPORTATION							
Passed through Tennessee Department of Transportation -							
Highway Planning and Construction	20.205	GG-35151	\$ (57,944)	\$ 139,565		\$ 128,038	\$ (46,417)
Highway Planning and Construction	20.205	GG-35148	(10,805)	37,822		40,993	(13,976)
Highway Planning and Construction	20.205	GG-14-38787		1,949		2,355	(406)
			\$ (68,749)	\$ 179,336		\$ 171,386	\$ (60,799)
Passed through Metro Planning Organization -							
Formula Grants for Rural Areas	20.509	L-3089	\$ (11,392)	\$ 25,172	\$ (395)	\$ 13,385	
Formula Grants for Rural Areas	20.509	L-3295		13,853	395	45,176	\$ (30,928)
			\$ (11,392)	\$ 39,025	\$ - 0 -	\$ 58,561	\$ (30,928)
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	42393		\$ 12,300		\$ 14,600	\$ (2,300)

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2015

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue</u>	<u>Receipts</u>	<u>Adjustments and Transfers In (out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2015 (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) -							
Special Programs for the Aging Title VII, Chapter 2							
Long Term Care Ombudsman Services for Older Individuals	93.042	42393		\$ 53,000		\$ 63,300	\$ (10,300)
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	37480	\$ 37,988		\$ (37,988)		
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	42393		\$ 17,500	37,988	\$ 54,121	\$ 1,367
			\$ 37,988	\$ 17,500	\$ - 0 -	\$ 54,121	\$ 1,367
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	37480	\$ 174,526		\$ (174,526)		
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	42393		\$ 1,092,600	174,526	\$ 1,400,720	\$ (133,594)
			\$ 174,526	\$ 1,092,600	\$ - 0 -	\$ 1,400,720	\$ (133,594)
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	42393		\$ 1,409,200		\$ 1,667,654	\$ (258,454)
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	GG-12-37515-00	\$ 131				\$ 131
National Family Caregiver Support, Title III, Part E	93.052	37480	\$ 138,169		\$ (138,169)		
National Family Caregiver Support, Title III, Part E	93.052	42393		\$ 340,000	138,169	\$ 547,055	\$ (68,886)
			\$ 138,169	\$ 340,000	\$ - 0 -	\$ 547,055	\$ (68,886)
Nutrition Services Incentive Program	93.053	42393		\$ 260,000		\$ 312,000	\$ (52,000)
Medicare Enrollment Assistance Program	93.071	39946	\$ (5,450)	\$ 30,550		\$ 25,100	
Medicare Enrollment Assistance Program	93.071	44284		18,456		25,629	\$ (7,173)
			\$ (5,450)	\$ 49,006		\$ 50,729	\$ (7,173)

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2015

Program Name	CFDA Number	Contract/Grant Number	Balance June 30, 2014 (Receivable)/ Due to Grantor/ Deferred Revenue	Receipts	Adjustments and Transfers In (out)	Expenditures	Balance June 30, 2015 (Receivable)/ Due to Grantor/ Deferred Revenue
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
Passed through Tennessee Commission on Aging and Disability (continued) -							
State Health Insurance Assistance Program	93.324	31602-14034	\$ (12,936)	\$ 13,310	\$ (374)		
State Health Insurance Assistance Program	93.324	45491		89,788	374	\$ 114,731	\$ (24,569)
State Health Insurance Assistance Program	93.324	44608				203	(203)
			<u>\$ (12,936)</u>	<u>\$ 103,098</u>	<u>\$ - 0 -</u>	<u>\$ 114,934</u>	<u>\$ (24,772)</u>
Passed through Tennessee Department of Finance and Administration Bureau of TennCare							
Medical Assistance Program	93.778	GG-12-35743-01	<u>\$ (128,751)</u>	<u>\$ 565,268</u>		<u>\$ 487,252</u>	<u>\$ (50,735)</u>
			<u>\$ 87,254</u>	<u>\$ 4,232,221</u>	<u>\$ - 0 -</u>	<u>\$ 5,020,793</u>	<u>\$ (701,318)</u>
U.S. DEPARTMENT OF COMMERCE							
Economic Adjustment Assistance - Revolving Loan Fund	11.307					<u>1,481,057</u> (1)	
						<u>\$ 6,501,850</u>	
	Notes Receivable 6/30/2015	Cash Balance 6/30/2015	Administrative Expenses	Loans Written Off	RLF Total	Federal Share	Expenditures
Revolving Loan Fund	\$ 2,279,936	\$ 152,483	\$ 36,010	\$	\$ 2,468,429	60%	\$ 1,481,057 (1)

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Expenditures of State Awards

Year Ended June 30, 2015

Program Name	Contract/Grant Number	Balance June 30, 2014 (Receivable)	Receipts	Transfers In (out)	Adjustments	Expenditures	Balance June 30, 2015 (Receivable)
TENNESSEE COMMISSION ON AGING AND DISABILITY							
Aging Services	37480	\$ 2,200		\$ (2,200)			
Aging Services	42393		\$ 337,000	2,200		\$ 418,200	\$ (79,000)
Aging Services - State Options	37480	207,743		(207,743)			
Aging Planning - State Options	42393		169,480			169,480	
Aging Services - I&A - State Options	42393		76,162			76,162	
Aging Services - Service Coord - State Options	42393		341,286			341,286	
Aging Services - State Options	42393		466,926	207,743	\$ 82,895 (2)	1,068,699	(311,135)
Aging Services - Guardianship	42393		100,500			120,500	(20,000)
Aging Services - State Family Caregiver	37480	7,422		(7,422)			
Aging Services - State Family Caregiver	42393		23,516			23,516	
Aging Services - State Family Caregiver	42393		43,484	7,422		70,304	(19,398)
Self Directed - Pass Thru	GG-11-34679-00	273					273
		<u>\$ 217,638</u>	<u>\$ 1,558,354</u>	<u>\$ - 0 -</u>	<u>\$ 82,895</u>	<u>\$ 2,288,147</u>	<u>\$ (429,260)</u>
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION							
Solid Waste Planning	GG-13-39082-01	\$ (10,798)	\$ 10,943	\$ (145)			
Solid Waste Planning	41371		5,157	145		\$ 31,069	\$ (25,767)
		<u>\$ (10,798)</u>	<u>\$ 16,100</u>	<u>\$ - 0 -</u>		<u>\$ 31,069</u>	<u>\$ (25,767)</u>
TENNESSEE HOUSING DEVELOPMENT AGENCY							
THDA Emergency Repair Program		<u>\$ (15,156)</u>	<u>\$ 248,472</u>			<u>\$ 241,185</u>	<u>\$ (7,869)</u>
TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT							
Tourism Promotion - FY 2014		\$ 1,717		\$ (1,717)			
Tourism Promotion - FY 2015			\$ 31,850	1,717		\$ 33,567	
		<u>\$ 1,717</u>	<u>\$ 31,850</u>	<u>\$ - 0 -</u>		<u>\$ 33,567</u>	
TENNESSEE ARTS COMMISSION							
Arts Build Communities	40975		<u>\$ 18,975</u>			<u>\$ 28,300</u>	<u>\$ (9,325)</u>
TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION BUREAU OF TENNCARE							
Home and Community Based Services Waiver	GG-12-35743-01	<u>\$ (128,751)</u>	<u>\$ 565,267</u>			<u>\$ 487,251</u>	<u>\$ (50,735)</u>
		<u>\$ 64,650</u>	<u>\$ 2,439,018</u>	<u>\$ - 0 -</u>	<u>\$ 82,895</u>	<u>\$ 3,109,519</u>	<u>\$ (522,956)</u>

(2) \$82,895 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.

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Performance Based Federal Awards

Year Ended June 30, 2015

<u>Program Name</u>	<u>Grantor Agency</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2014 (Receivable)</u>	<u>Receipts</u>	<u>Amount Earned</u>	<u>Balance June 30, 2015 (Receivable)</u>
Community Development Block Grants	Town of Westmoreland	14.228	CDBG #12-01	\$ (4,500)	\$ 21,200	\$ 16,700	
Community Development Block Grants	Town of Westmoreland	14.228	CDBG #12-04-D		19,500	21,500	\$ (2,000)
Community Development Block Grants	Sumner County	14.228	CDBG #12-02-D	(4,750)	4,750		
Community Development Block Grants	Sumner County	14.228	CDBG #14-02		3,000	6,000	(3,000)
Community Development Block Grants	City of TN Ridge	14.228	CDBG #12-03-D	(5,000)	16,800	11,800	
Community Development Block Grants	Trousdale County	14.228	CDBG #14-01-D	(5,500)	24,000	18,500	
Community Development Block Grants	City of Dover	14.228	CDBG #13-01		15,100	15,100	
				<u>\$ (19,750)</u>	<u>\$ 104,350</u>	<u>\$ 89,600</u>	<u>\$ (5,000)</u>
Home Investment Partnerships Program	City of Slayden	14.239	07-THDA-H-20	\$ (80)	\$ 80		
Home Investment Partnerships Program	City of Slayden	14.239	11-THDA-H-101		9,907	\$ 9,907	
Home Investment Partnerships Program	Town of Vanleer	14.239	11-THDA-H-101	(5,243)	5,243		
Home Investment Partnerships Program	Dickson County	14.239	11-THDA-H-103		2,622	2,622	
Home Investment Partnerships Program	Montgomery County	14.239	10-THDA-H-50		7,545	7,545	
Home Investment Partnerships Program	Stewart County	14.239	13-THDA-R&R-01		1,518	1,518	
				<u>\$ (5,323)</u>	<u>\$ 26,915</u>	<u>\$ 21,592</u>	
Veterans Medical Care Benefits	Tennessee Commission on Aging and Disability	64.009	34008	<u>\$ (4,510)</u>	<u>\$ 28,028</u>	<u>\$ 34,811</u>	<u>\$ (11,293)</u>
Medical Assistance Program	Bureau of TennCare	93.778	GG-12-35743-01	<u>\$ (10,900)</u>	<u>\$ 37,893</u>	<u>\$ 33,043</u>	<u>\$ (6,050)</u>
Community Assistance Program State Support Services Element	Tennessee Development District Association	97.023			<u>\$ 5,869</u>	<u>\$ 5,869</u>	
				<u>\$ (40,483)</u>	<u>\$ 203,055</u>	<u>\$ 184,915</u>	<u>\$ (22,343)</u>

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Performance Based State Awards

Year Ended June 30, 2015

<u>Program Name</u>	<u>Grantor Agency</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2014 (Receivable)</u>	<u>Receipts</u>	<u>Amount Earned</u>	<u>Balance June 30, 2015 (Receivable)</u>
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	38366	\$ (15,701)	\$ 47,103	\$ 31,402	
Regional Capital Needs Inventory	Tennessee Advisory Commission on Intergovernmental Relations	43394		<u>58,361</u>	<u>74,278</u>	\$ <u>(15,917)</u>
			<u>\$ (15,701)</u>	<u>\$ 105,464</u>	<u>\$ 105,680</u>	<u>\$ (15,917)</u>
FDIP Grants Management	Trousdale County			<u>\$ 3,000</u>	<u>\$ 3,000</u>	
Planning and Economic Development	Tennessee Department of Economic and Community Development			<u>\$ 180,000</u>	<u>\$ 180,000</u>	
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2014		\$ (7,687)	\$ 7,687		
Housing Data and Technical Assistance	Tennessee Housing Development Agency 2015			<u>6,650</u>	<u>\$ 16,400</u>	\$ <u>(9,750)</u>
			<u>\$ (7,687)</u>	<u>\$ 14,337</u>	<u>\$ 16,400</u>	<u>\$ (9,750)</u>
Home and Community Based Services Waiver	Bureau of TennCare	GG-12-35743-01	\$ (10,900)	\$ 37,893	\$ 33,043	\$ (6,050)
			<u>\$ (34,288)</u>	<u>\$ 340,694</u>	<u>\$ 338,123</u>	<u>\$ (31,717)</u>

GREATER NASHVILLE REGIONAL COUNCIL

Notes to Schedules of Expenditures of Federal and State Awards

June 30, 2015

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, 2015. 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, 2014, 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, 2014, represents grant funds received during the prior period, but not earned prior to the end of that period.

Cash receipts represent 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, 2015, represents grant revenue earned which was not received from the grantor agency during the current period. The deferred revenue balance at June 30, 2015, 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	\$63,300
93.043	Aging Title III-D	\$39,209
93.044	Aging Title III-B	\$904,996
93.045	Aging Title III-C	\$1,415,654
93.052	Aging Title III-E	\$420,859
93.053	Aging NSIP Nutrition	\$312,000

COMPLIANCE AND INTERNAL CONTROL SECTION



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

Donna K. Hastings, CPA, CSEP
James R. Jobe, CPA
Joel H. Jobe (1944 – 2006)

**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, 2015, 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, January 29, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2015-001 and 2015-002].

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*.

Greater Nashville Regional Council's Response to Findings

Greater Nashville Regional Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Greater Nashville Regional Council'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.

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
January 29, 2016



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET – BELMONT PARK
P.O. BOX 1175 MURFREESBORO, TN 37133-1175
(615) 893-7777 FAX: (615) 896-5990
www.jobehastings.com

Donna K. Hastings, CPA, CSEP
James R. Jobe, CPA
Joel H. Jobe (1944 – 2006)

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, 2015. 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, 2015.

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

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

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 29, 2016

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

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. Two 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*. The deficiencies are reported as material weaknesses.
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>
Economic Adjustment Assistance	11.307
Aging Cluster:	
Special Programs for the Aging Title III, Part B Grants	93.044
Special Programs for the Aging Title III, Part C	93.045
Nutrition Services Incentive Program	93.053
National Family Caregiver Support, Title III, Part E	93.052

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

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.

GREATER NASHVILLE REGIONAL COUNCIL

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

B. FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2015-001 Completeness and accuracy of account balances (continued)

Views of Responsible Officials and Planned Corrective Actions: Management concurs. Financial staff has implemented closing procedures that will ensure all year-end adjustments are made in a timely manner.

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.

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.

Views of Responsible Officials and Planned Corrective Actions: Management concurs. Financial staff will receive training on payroll tax laws and other payroll issues.

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

NONE IN CURRENT FISCAL YEAR