

GREATER NASHVILLE REGIONAL COUNCIL

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021**

GREATER NASHVILLE REGIONAL COUNCIL

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INTRODUCTORY SECTION

GREATER NASHVILLE REGIONAL COUNCIL
INTRODUCTORY SECTION

EXECUTIVE BOARD MEMBERS
AS OF JUNE 30, 2021

Paige Brown
Bob Rial
Joe Pitts
Michael Skipper

President
Vice President
Treasurer
Secretary

Kerry McCarver
John Cooper
James Hunt
Antoinette Lee
Susan Lynn
James Bridges
Jessie Wallace
Jim Durrett
Rene Lianos
Billy Vogle
Bill Ketron
Darlyn Green
Mike Callis
Mae Wright
Stephen Chambers
Rogers Anderson
Randall Hutto

Cheatham County
Davidson County
Davidson County
Davidson County
Tennessee General Assembly
Houston County
Humphreys County
Montgomery County
Montgomery County
Robertson County
Rutherford County
Rutherford County
Sumner County
TCAT Hartsville
Trousdale County
Williamson County
Wilson County

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the fiduciary fund of Greater Nashville Regional Council ("GNRC"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise GNRC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the fiduciary fund of Greater Nashville Regional Council, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 14 and the schedule of changes in the net pension liability (asset) and related ratios and schedule of contributions on pages 42 - 43 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 on page 1, the schedule of long-term debt by individual issue on page 44, and the schedule of indirect costs on page 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards and schedules of performance based awards on pages 46 - 50 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State of Tennessee, and are also not a required part of the basic financial statements.



To the Executive Committee Members
Greater Nashville Regional Council

The schedule of indirect costs, the schedule of changes in long-term debt by individual issue, 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 schedule of changes in long-term debt by individual issue, 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 March 30, 2022, on our consideration of GNRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of GNRC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GNRC's internal control over financial reporting and compliance.

Nashville, Tennessee
March 30, 2022

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

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended June 30, 2021.

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

The Greater Nashville Regional Council (GNRC or the Regional Council) is a public body corporate and politic initially created by the Tennessee Development District Act of 1965 and further defined by Title 64, Chapter 7, Part 1, Tennessee Code Annotated (TCA), as amended. GNRC is empowered by state and federal law to convene local and state leaders for the purposes of planning and programming state and federal investments into a range of social services and public infrastructure systems.

GNRC is owned by and operated on behalf of its local government membership comprised of local municipal and county governments across the counties of Cheatham, Davidson, Dickson, Houston, Humphreys, Montgomery, Robertson, Rutherford, Stewart, Sumner, Trousdale, Williamson, and Wilson, Tennessee. The Regional Council's Executive Board convenes monthly to guide the implementation of the agency's programs and services carried out by approximately 80 professional staff and a network of partners.

The Mid-Cumberland Area Development Corporation was established in 1983 by GNRC as a non-profit organization for the purposes of administering small business loans and assistance. The MADC Board of Directors contracts with GNRC to provide staff and administrative services, including legal services, payroll, employee benefits, and financial services.

GNRC carries multiple state and federal designations including:

- Designated as the federal Metropolitan Planning Organization (MPO) for the purposes of fulfilling federal transportation planning requirements and the programming of U.S. DOT grants on behalf of the State and local governments.
- Designated as the federal Economic Development District (EDD) by the U.S. Dept of Commerce for the purposes of fulfilling federal economic and community development requirements guided by the U.S. Economic Development Administration.
- Designated as the federal Area Agency on Aging and Disability for the purposes of fulfilling regional coordination and administration of aging and disability programs funded through the Older Americans Act and subsequent federal authorizations.
- Designated Certified Development Company (MADC) by the U.S. Small Business Administration for the purposes of administering loans to small businesses.
- Designated as the Middle Tennessee Tourism Council by the TN Dept of Tourist Development to assist with coordination among local and regional tourism partners.

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

DISCUSSION OF OPERATIONS

Department of Aging and Disability Services

GNRC serves as the federally required Area Agency on Aging and Disability (AAAD) and as a Aging and Disability Resource Center (ADRC) for the greater Nashville area. As an AAAD, GNRC coordinates regional policymaking for the use of federal funds to sustain quality of life for older adults and their caregivers. The primary purpose of the Department of Aging and Disability Services is to coordinate the delivery of services and programs to the region's older population. GNRC works with the TN Commission on Aging and Disability (TCAD), a regional Aging Advisory Committee comprised of local community leaders and experts, and its network of providers to develop an Area Plan to describe how programs will be implemented and monitored across the area.

GNRC promotes, screens, and coordinate a variety of home and community-based services on behalf of state and federal funding programs. These programs are intended to empower seniors, disabled adults and other targeted populations to remain independent in their home and/or community for as long as possible. The programs focus on connecting applicants with transportation, meal preparation, housework, personal care, and other necessary life sustaining support services.

GNRC provides a telephone hotline to serve as a Single Point of Entry for consumers across Middle Tennessee seeking information and assistance for long- term care and services. The GNRC Information and Assistance (I&A) Program maintains a resource database of aging services across the region which is used by in-house specialists who help educate current and prospective clients about available programs. The I&A staff conduct initial screenings to determine the potential qualification and eligibility for programs funded by state and federal grants.

GNRC coordinates programming and provides funding to Senior Centers across Middle Tennessee. Funding allocations and other efforts emphasize the critical importance of senior centers as focal points for information dissemination, service delivery, and life-long learning sites. GNRC works with senior centers to focus on health promotion and wellness activities by offering evidence-based programs along with other traditional programming.

GNRC coordinates and monitors the delivery of senior nutrition services across Middle Tennessee through a network of local providers that provide home-delivered meals (e.g., Meals-on-Wheels) to qualified individuals, or serve congregate or group meals at designated sites.

GNRC coordinates and monitors the delivery of senior transportation services across Middle Tennessee through a network of local providers to connect older adults with senior centers, congregate meals sites, medical appointments, and other services as funding is available.

GNRC provides information, education, and counseling to Middle Tennessee consumers interested in the benefits of the federally-funded Medicare program through its State Health Insurance Program (SHIP). GNRC counseling staff work with state partners and volunteers to offer unbiased, objective information free of cost to Medicare beneficiaries and to the community at large. In addition, the GNRC conducts outreach to targeted zip codes to assist eligible Medicare beneficiaries in applying for Medicare Savings Programs.

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

GNRC works with the Legal Aid Society of Middle Tennessee and the Cumberland to promote legal services to help people over age 60 or who are abused seeking legal assistance.

GNRC contracts with the Mid-Cumberland HRA for addressing complaints or concerns of older persons living in, or seeking access, to a long-term care facility. The provider will also be responsible for making community presentations as well as recruiting additional volunteers to assist in monitoring these long-term care facilities.

GNRC serves as a Public Conservator as part of a statewide Public Guardianship program under the Public Guardianship Program for the Elderly Law, Tennessee Code Annotated Chapter 895, which oversees care to older adults or persons with disabilities as directed by the courts.

GNRC, at the direction of TennCare, serves 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-based services so that more people can receive care in their homes and communities. Staff serves as a neutral party and advocate specifically for individuals who are or have been transferred into CLS housing. Members selecting CLS are educated on their member rights and empowered to be self-advocates. The CLS Ombudsman completes education, pre-transition, and post-transition surveys with the member to ensure the member understands their rights and how to contact those responsible for care.

Department of Community and Regional Planning

Title 64 Chapter 7 of the Tennessee Code Annotated empowers GNRC to provide local planning assistance and to develop regional plans that benefit the area as a whole. The Community and Regional Planning Department's programs and services operate at a regional, multi-county scale as well as at the local community level. The team plays a formal role in connecting conversations about economic development and infrastructure planning.

GNRC is authorized by State law to review projects and advise interested parties if that project will have a regional impact. It is not a regulatory action. GNRC also reviews all new or revised comprehensive and general plans of local governments or elements of those plans.

GNRC provides, upon request, planning and technical services to local governments. These fee-based services have GNRC acting as staff to the local planning commission and / or board of zoning appeals. Specific activities include review of land development proposals, meeting preparation, review or drafting comprehensive plan amendments, and review or drafting revised land use policies or zoning ordinances.

GNRC serves as the administrator of the federally recognized Metropolitan Planning Organization (MPO) for the Nashville area in accordance with federal regulations and oversight provided by the TN Dept. of Transportation (TDOT), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA). Locally, the process is governed by the Transportation Policy Board or TPB. The Transportation Policy Board, or TPB, oversees the development of the region's federally required long-range transportation plan and short-range transportation improvement program and serves as a forum for ongoing conversations about local transportation issues. The

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

Board is comprised of city and county mayors, transit and highway officials, the Governor of Tennessee, and representatives of the FHWA and FTA.

With support from the GNRC staff, the Transportation Policy Board fulfills federal transportation planning requirements to ensure TDOT, local governments, and transit agencies remain eligible for federal transportation grants aimed at improving area roadways and transit systems. Policies, plans, and programs are adopted by the Transportation Policy Board which convenes city and county mayors with local, state, and federal transportation officials.

GNRC serves as a member of the boards for the Clarksville Urbanized Area Metropolitan Planning Organization and the Middle Tennessee Rural Planning Organization which coordinated transportation decisions for counties across the GNRC footprint which fall outside of the seven county Nashville metropolitan planning area.

GNRC regional coordination on solid waste issues and provides technical assistance to the TN Dept of Environment and Conservation and local solid waste planning districts in support of the Solid Waste Management Act of 1991.

GNRC conducts data collection and analysis of local capital improvement plans and infrastructure needs in support of the statewide Public Infrastructure Needs Inventory published by the TN Advisory Commission on Intergovernmental Relations (TACIR).

Department of Economic and Community Development

GNRC is designated by the U.S. Department of Commerce as the region's Economic Development District for northern Middle Tennessee. In the role, GNRC develops and adopts a federally-required Comprehensive Economic Development Strategy (CEDS) for the 13-county area. The CEDS is the regional blueprint for creating a stronger, more diverse economy and provides information to serve decision-makers as they determine the region's economic development goals and appropriate plans for action.

GNRC's Economic and Community Development (ECD) Department works with numerous State agencies (e.g., TN Dept. of Economic and Community Development, TN Arts Commission, TN Housing Development Agency) to coordinate state and federal grant awards aimed at economic growth, job recruitment and retention, community investment, and local quality of life.

GNRC provide 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. 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.

Research and Policy Teams

The Research and Policy teams support all functions of the GNRC to ensure that data, analytics, and policy development for each of the departments is coordinated to support the agency as a whole and its local government members.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Greater Nashville Regional Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,360,068 at the close of this fiscal year.

A portion of Greater Nashville Regional Council's net position (0.8%) reflects its net investment in capital assets (furniture and equipment). GNRC uses these capital assets to provide services on behalf of the region's citizens; consequently, these assets are not available for future spending.

A portion of net position is also restricted for the revolving loan fund, totaling \$2,470,913, or 33.6% of total net position.

The balance of *unrestricted* net position \$4,828,028, or 65.6%, 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.

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

Selected Annual Information

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

Statement of Net Position

| | 2021 | 2020 | Difference |
|---|---------------------|---------------------|--------------------|
| Cash and cash equivalents | \$ 6,820,188 | \$ 4,512,721 | \$2,307,467 |
| Due from grantors | 2,581,018 | 4,118,982 | (1,537,964) |
| Other accounts receivable | 134,474 | 99,584 | 34,890 |
| Prepaid items | 103,429 | 240,532 | (137,103) |
| Notes receivable, net of allowance | 1,293,119 | 854,101 | 439,018 |
| Net Pension Asset | - | 293,382 | (293,382) |
| Capital assets, net of depreciation | 81,559 | 96,582 | (15,023) |
| Total Assets | \$11,013,787 | \$10,215,884 | \$797,903 |
| Deferred outflows related to pension plan | 1,008,768 | 889,399 | 119,369 |
| Total Deferred Outflows of Resources | \$1,008,768 | \$889,399 | 119,369 |
| Accounts payable | \$236,295 | \$446,334 | (210,039) |
| Accrued expenses | 246,445 | 198,837 | 47,608 |
| Accrued leave | 322,060 | 318,575 | 3,485 |
| Due to subrecipients | 1,408,469 | 453,239 | 955,230 |
| Unearned revenue | 498,622 | 280,778 | 217,844 |
| Due to MADC (cash held by GNRC on behalf of MADC) | 1,725,915 | 1,712,175 | 13,740 |
| Net pension liability | 204,249 | - | 204,249 |
| Long-term liabilities – within 1 year | 11,412 | 29,433 | (18,021) |
| Long-term liabilities – more than 1 year | 9,020 | 12,745 | (3,725) |
| Total Liabilities | \$4,662,487 | \$3,452,116 | \$1,210,371 |
| Deferred inflows related to pension plan | - | 134,723 | (134,723) |
| Total Deferred Inflows of Resources | \$ - | \$134,723 | \$(134,723) |
| Net invested in capital assets | \$61,127 | \$54,404 | \$6,723 |
| Restricted | 2,470,913 | 2,772,603 | (301,690) |
| Unrestricted | 4,828,028 | 4,691,437 | 136,591 |
| Total Net Position | \$7,360,068 | \$7,518,444 | \$(158,376) |

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

Governmental Fund Balances

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

| | 2021 | 2020 | Difference |
|---|-------------|-------------|-------------------|
| Total Governmental Fund Balances | \$6,494,422 | \$6,415,982 | \$188,738 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds. | 81,559 | 96,582 | (15,023) |
| Pension amounts actuarially determined are not financial resources and, therefore, are not reported in the funds. | 804,519 | 1,048,058 | (243,539) |
| Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds | (20,432) | (42,178) | 21,746 |
| Net Position of Governmental Activities | \$7,360,068 | \$7,518,444 | \$(48,078) |

GREATER NASHVILLE REGIONAL COUNCIL ASSETS

GNRC’s capital assets include office furniture and equipment. GNRC has an account with the Local Government Investment Pool (LGIP) where excess funds are kept earning greater interest until they are needed.

GREATER NASHVILLE REGIONAL COUNCIL LIABILITIES

GNRC’s long-term liabilities include a line-of-credit for operational purposes, and a capital lease on the computer equipment. This lease is with Image Quest, who also provides IT support.

SIGNIFICANT SOURCES OF FINANCING

GNRC has 4 major sources of funding: federal grants, state grants, fees for service, and local membership dues. The largest source of funding is federal grants with the largest coming from the U.S. Department of Health and Human Services. These are aging funds that flow to GNRC through the TN Commission on Aging & Disability. Other grants include U.S. Department of Commerce (EDA), U.S. Department of Transportation that flow to GNRC through TN Department of Transportation (Nashville Area MPO) and U.S. 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).

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

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 also earns fees for service in relation to grant writing or grant administration for a variety of programs including 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 also earns fees for service in support of local land use planning and zoning assistance under contract to participating member communities.

GNRC Revenues by Program

| | Charges for Services | | Operating Grants and Contributions | | Capital Grants and Contributions | |
|---|----------------------|-----------|--|--------------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Aging Services & Programs | \$51,964 | \$20,331 | \$10,011,339 | \$9,055,811 | \$ - | \$ - |
| Economic and Community Development | 51,088 | 45,817 | 634,964 | 306,143 | - | - |
| Regional Planning | 52,305 | 2,185 | 2,249,584 | 3,638,648 | - | - |
| Administrative Services and Program Support | 267,563 | 276,468 | - | - | - | - |
| Total Program Revenues | \$422,650 | \$344,801 | \$12,895,887 | \$13,000,602 | \$ - | \$ - |
| | | | General Revenues | | | |
| | | | 2021 | | 2020 | |
| City and County Dues | | | \$1,147,993 | | \$1,089,944 | |
| Unrestricted Grants & Contributions | | | 247,000 | | 249,575 | |
| Miscellaneous | | | (625,618) | | (538,008) | |
| Unrestricted Investment Earnings | | | 5,386 | | 9,312 | |
| Gain on Sale of Building | | | - | | 353,104 | |
| | | | Total General Revenues and Special Items | | \$774,761 | |
| | | | Total Revenues | | \$14,093,298 | |
| | | | | | \$14,509,330 | |

GNRC REVENUES

Per state law, the State of Tennessee provides an annual allocation of funding to the nine development districts located in the state. GNRC's portion of this funding amounts to \$200,000 per year. The State's budget reduced this allocation by 10% in FY 2020. In addition, Economic and Community Development provides \$50,000 to be used to support local and regional economic development in the GNRC.

The GNRC receives revenue from federal and state grants as follows: in FY 2021: the Area Agency on Aging and Disability yielded revenue of approximately \$10,063,000. Economic and Community Development revenue totaled \$686,000; Regional Planning received approximately \$2,302,000. Counties and cities in the GNRC region provided support of approximately \$1,148,000 in the way of dues for FY 2021.

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

GNRC Expenses by Program

| | Expenses | | Indirect Expenses Allocation | |
|--------------------------------------|--------------|--------------|------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Aging Services & Programs | \$9,356,968 | \$8,161,141 | \$1,017,826 | \$1,057,581 |
| Economic and Community Development | 308,099 | 325,114 | 91,558 | 107,591 |
| Regional Planning | 2,431,236 | 3,459,945 | 775,024 | 813,108 |
| Administrative Services and Programs | 208,928 | 219,773 | 62,035 | 71,041 |
| General Administration | 1,946,443 | 2,049,321 | (1,946,443) | (2,049,321) |
| Total Expenses & Indirect Allocation | \$14,251,674 | \$14,215,294 | \$0 | \$0 |

GNRC EXPENSES

GNRC expenses remained static in FY 2021. GNRC will continue to monitor and contain costs in FY 2022.

Change in Net Position

| | 2021 | 2020 |
|--------------------------|--------------|--------------|
| Total Revenues | \$14,093,298 | \$15,047,338 |
| Total Expenses | 14,251,674 | 14,753,302 |
| Change in Net Position | (158,376) | 294,036 |
| Net Position - Beginning | 7,518,444 | 7,224,408 |
| Net Position - Ending | \$7,360,068 | \$7,518,444 |

FUND FINANCIAL STATEMENTS

Governmental Funds

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

Fiduciary Fund (not included in government-wide statements)

- *Custodial Fund* - The custodial fund is used to account for assets held by GNRC in a trustee capacity or as a custodian for individuals. Included in the custodial fund are assets held in trust under GNRC's public guardianship program.

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 23 through 41 of this report.

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

OTHER INFORMATION

A supplemental section containing Schedule of Changes in Long-Term Debt by Individual Issue and Schedule of Indirect Costs can be found on pages 44 through 45.

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

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL OUTLOOK

A membership dues increase was implemented with the FY 2022 budget in order to ensure GNRC has sufficient non-federal matching funds to draw down its state and federal grants and to cover costs not reimbursable by grant programs.

The COVID-19 pandemic has led to an increase in short-term, nonrecurring federal grant funds as Congress authorized the Families First Coronavirus Relief Act, the CARES Act, and the American Rescue Plan Act which have provided additional revenue since FY 2020. While GNRC sub-granted and/or allocated much of this funding to its community partners, a small share has been retained to help support the administrative and technical work performed by GNRC staff. This funding will begin to phase out during the FY 2022 and FY 2023 budget years.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the Greater Nashville Regional Council's finances for all those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Skipper, Executive Director, 220 Athens Way Suite 200, Nashville, TN 37228.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 6,820,188 |
| Due from grantors | 2,581,018 |
| Other accounts receivable | 134,474 |
| Prepaid items | 103,429 |
| Notes receivable, net of allowance | 1,293,119 |
| Capital assets, net of depreciation | 81,559 |
| Total assets | 11,013,787 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions | 1,008,768 |
| LIABILITIES | |
| Accounts payable | 236,295 |
| Accrued expenses | 246,445 |
| Accrued vacation | 322,060 |
| Due to subrecipients | 1,408,469 |
| Unearned revenue | 498,622 |
| Due to Mid-Cumberland Area Development Corporation | 1,725,915 |
| Net pension liability | 204,249 |
| Long-term liabilities due within one year | 11,412 |
| Long-term liabilities due in more than one year | 9,020 |
| Total liabilities | 4,662,487 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions | - |
| NET POSITION | |
| Net investment in capital assets | 61,127 |
| Restricted for RLF program | 2,470,913 |
| Unrestricted | 4,828,028 |
| Total net position | \$ 7,360,068 |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
JUNE 30, 2021

| FUNCTIONS/PROGRAMS | Expenses | Indirect Expense Allocation | Program Revenues | | | Net Governmental Activities | |
|---|---------------|-----------------------------------|-------------------------|--|--|-----------------------------------|---------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| Aging services and programs | \$ 9,356,968 | \$ 1,017,826 | \$ 51,694 | \$ 10,011,339 | \$ - | \$ (311,761) | |
| Economic and community development | 308,099 | 91,558 | 51,088 | 634,964 | - | 286,395 | |
| Regional planning | 2,431,236 | 775,024 | 52,305 | 2,249,584 | - | (904,371) | |
| Administrative services and program support | 208,928 | 62,035 | 267,563 | - | - | (3,400) | |
| General administration | 1,946,443 | (1,946,443) | - | - | - | - | |
| Total governmental activities | \$ 14,251,674 | \$ - | \$ 422,650 | \$ 12,895,887 | \$ - | \$ (933,137) | |
| GENERAL REVENUES (EXPENSES) | | | | | | | |
| | | | | | | 1,147,993 | |
| | | | | | | 247,000 | |
| | | | | | | (625,618) | |
| | | | | | | 5,386 | |
| | | | | | | <u>774,761</u> | |
| CHANGE IN NET POSITION | | | | | | | (158,376) |
| NET POSITION, June 30, 2020 | | | | | | | <u>7,518,444</u> |
| NET POSITION, June 30, 2021 | | | | | | | <u>\$ 7,360,068</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021

| | General Fund |
|--|-----------------|
| ASSETS | |
| Cash and cash equivalents | \$ 6,820,188 |
| Due from federal and state grantors | 2,514,447 |
| Due from federal and state performance based grantors | 66,571 |
| Note receivable, net of allowance | 1,293,119 |
| Other accounts receivable | 134,474 |
| Prepaid expenses | 103,429 |
| Total assets | \$ 10,932,228 |
| LIABILITIES | |
| Accounts payable | \$ 236,295 |
| Accrued expenses | 246,445 |
| Compensated absences | 322,060 |
| Due to subrecipients | 1,408,469 |
| Unearned revenue | 498,622 |
| Due to Mid-Cumberland Area Development Corporation | 1,725,915 |
| Total liabilities | 4,437,806 |
| FUND BALANCE | |
| Nonspendable for prepaid expenses | 103,429 |
| Restricted for RLF program | 2,470,913 |
| Unassigned | 3,920,080 |
| Total fund balance | 6,494,422 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 10,932,228 |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2021

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

| | |
|---|---------------------|
| Total governmental fund balance in the balance sheet | \$ 6,494,422 |
| 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 | 81,559 |
| Pension assets actuarially determined are not financial resources and, therefore, are not report in the funds: | |
| Net pension liability | (204,249) |
| Deferred outflows of resources for pensions | 1,008,768 |
| Deferred inflows of resources for pension | - |
| Long-term liabilities, including capital leases and the line-of-credit, are not due and payable in the current period and, therefore, are not reported in the funds | <u>(20,432)</u> |
| Net Position of Governmental Activities | <u>\$ 7,360,068</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2021

| | General Fund |
|---|-----------------|
| REVENUES | |
| Federal and state reimbursement grantor contributions | \$ 12,237,924 |
| Federal and state performance based income | 724,455 |
| State, local and other contributions | 1,293,461 |
| Interest income | 50,297 |
| Other revenues | 412,779 |
| Total revenues | 14,718,916 |
| EXPENDITURES | |
| Current: | |
| Payments to subcontractors | 7,051,527 |
| Salaries | 3,052,754 |
| Fringe benefits | 1,682,936 |
| Indirect costs | 1,922,001 |
| Consultants and contracted services | 433,218 |
| Travel | 22,074 |
| Communications | 20,531 |
| Meetings and conferences | 11,448 |
| Consumable supplies | 29,479 |
| Other expenditures | 140,929 |
| Insurance | 12,832 |
| Printing | 26,171 |
| Postage | 4,688 |
| Dues and subscriptions | 170,469 |
| Capital outlay | 37,373 |
| Debt service: | |
| Principal | 29,149 |
| Interest | 300 |
| Total expenditures | 14,647,879 |
| OTHER FINANCING SOURCES (USES): | |
| Proceeds from capitalized lease obligation and capital assets | 7,403 |
| NET CHANGE IN FUND BALANCES | 78,440 |
| FUND BALANCES, June 30, 2020 | 6,415,982 |
| FUND BALANCES, June 30, 2021 | \$ 6,494,422 |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CONTINUED
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

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

| | |
|---|---------------------|
| Net change in fund balances as reported in the governmental fund statements | \$ 78,440 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p> | |
| Capital outlay | 37,373 |
| Depreciation expense | (52,395) |
| <p>The issuance of long-term debt (e.g. capital leases) provides current financial resources to governmental funds, while repayments of debt principal use current financial resources of governmental funds and is an expenditure in the governmental funds. The transaction, however, does not have any effect on net position.</p> | |
| Proceeds from issuance of long-term debt (capital lease) | (7,403) |
| Repayments of debt principal | 29,149 |
| <p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of the pension obligations are actuarial determined. There is a difference between the amount of pension contributions made in the current fiscal year and the actuarially determined amounts.</p> | |
| | <u>(243,540)</u> |
| Change in Net Position of Governmental Activities | <u>\$ (158,376)</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

| | <u>Custodial Fund</u> |
|----------------------------|---------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 946,904</u> |
| NET POSITION | |
| Restricted for individuals | <u>\$ 946,904</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2021

| | <u>Custodial Fund</u> |
|---|---------------------------|
| ADDITIONS: | |
| Collections of deposits | \$ 1,168,525 |
| DEDUCTIONS: | |
| Payments to individuals | <u>817,340</u> |
| Change in net position | 351,185 |
| Net position - beginning of year, as restated | <u>595,719</u> |
| Net position - end of year | <u>\$ 946,904</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

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

Basic Financial Statements

Government-wide and fund financial statements

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

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

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

GNRC reports the following major governmental fund:

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

Additionally, the Council reports one fiduciary fund:

Custodial Fund - The custodial fund is used to account for assets held by GNRC in a trustee capacity or as a custodian for individuals. Included in the custodial fund are assets held in trust under the Council's public guardianship program.

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

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

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

Income Taxes

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

Budgets and Budgetary Accounting

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

Cash and Cash Equivalents

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

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 \$5,000 and an estimated useful life in excess of three years.

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.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Compensated absences

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

Allowance for loan losses

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

Pensions

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

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

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

At June 30, 2021, deferred outflows and inflows of resources relate to participation in the TCRS pension plan. GNRC reports deferred outflows of resources relating to pension contributions made after the measurement date, and when applicable reports deferred outflows and inflows of resources relating to differences between actual and expected experience and differences between actual and projected investment earnings related to the pension plan.

Net Position/Fund Equity

Government-Wide Financial Statements

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

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

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund balance

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

Nonspendable fund balance cannot be spent because of its form.

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

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

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

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

Spending Policy

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

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

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Implementation of Accounting Pronouncement

The Council adopted GASB Statement No. 84, *Fiduciary Activities*, effective immediately in fiscal year 2021. This Statement enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The implementation resulted in a restatement of beginning fiduciary net position, as follows:

| | Custodial Fund |
|--|-------------------|
| Fiduciary net position - beginning of the year, as previously reported | \$ - |
| Adjustment per GASB 84 | 595,719 |
| Fiduciary net position - beginning of the year, as restated | \$ 595,719 |

B. CASH AND INVESTMENTS

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

Interest Rate Risk and Concentration of Credit Risk

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

During the year ended June 30, 2021, GNRC limited its investment of funds to demand deposits at banking institutions.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

B. CASH AND INVESTMENTS - Continued

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, GNRC's deposits may not be returned. At June 30, 2021, the bank balance was \$7,866,839. The difference between this and the carrying value is due primarily to outstanding checks at June 30, 2021. Of the bank balance, \$968,801 relates to funds held on behalf of others in the Public Guardianship Fund. Also included in the bank balance is \$1,645,607 which relate to funds held on behalf of the Mid-Cumberland Area Development Corporation (Note C). At June 30, 2021, \$3,256,614 of the bank balance was covered by depository insurance or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss.

GNRC also has deposits in the Tennessee Local Government Investment Pool ("LGIP"), which totaled \$4,610,225 at June 30, 2021. The LGIP is similar to a SEC 2a-7 account (SEC designation). GNRC's amounts included in the LGIP are reported at the fair value of its position in the LGIP, which approximates the value of the shares at amortized cost.

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.

D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

| | <u>Balance</u> <u>June 30, 2020</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2021</u> |
|-------------------------------------|--|-------------------|-----------------|--|
| <u>Governmental activities -</u> | | | | |
| Capital assets, being depreciated - | | | | |
| Furniture and fixtures | \$ 443,369 | \$ 37,372 | \$ - | \$ 480,741 |
| Less accumulated depreciation - | | | | |
| Furniture and fixtures | <u>(346,787)</u> | <u>(52,395)</u> | <u>-</u> | <u>(399,182)</u> |
| Capital assets, being | | | | |
| Depreciated, net | <u>\$ 96,582</u> | <u>\$(15,023)</u> | <u>\$ -</u> | <u>\$ 81,559</u> |

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

D. CAPITAL ASSETS - Continued

Depreciation was charged to functions as follows:

| | |
|--|---------------------|
| <u>Governmental activities -</u> | |
| Aging services and programs | \$23,172 |
| Economic and community development | 3,815 |
| Regional planning | 14,870 |
| Administrative services and program support | <u>10,538</u> |
| Total governmental activities depreciation expense | <u>\$52,395</u> |

E. RETIREMENT PLAN

General Information about the Pension Plan

Plan Description

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

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 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 nonservice-related disability eligibility. The service related and nonservice-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.

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

E. RETIREMENT PLAN - Continued

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, 2020 the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 51 |
| Inactive employees entitled to but not yet receiving benefits | 51 |
| Active employees | <u>82</u> |
| | <u>184</u> |

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. GNRC has adopted a noncontributory retirement plan for its employees. GNRC makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, employer contributions for GNRC were \$382,079 based on a rate of 8.75 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept GNRC'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.

Net Pension Liability (Asset)

GNRC's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

E. RETIREMENT PLAN - Continued

Actuarial Assumptions

The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5 percent |
| Salary increases | Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including inflation |
| Cost-of-living adjustment | 2.25 percent |

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study, performed for the period July 1, 2012 through June 30, 2016. 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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce 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 expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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 Allocations</u> |
|---------------------------------------|---|---------------------------|
| U.S. equity | 5.69% | 31% |
| Developed market international equity | 5.29% | 14% |
| Emerging market international equity | 6.36% | 4% |
| Private equity and strategic lending | 5.79% | 20% |
| U.S. fixed income | 2.01% | 20% |
| Real estate | 4.32% | 10% |
| Short-term securities | 0.00% | 1% |

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

E. RETIREMENT PLAN - Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from GNRC will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Total Pension Liability <u>(a)</u> | Plan Fiduciary Net Position <u>(b)</u> | Net Pension Liability (Asset) <u>(a) - (b)</u> |
|--|---|---|---|
| Balance at June 30, 2019 measurement date | <u>\$11,233,464</u> | <u>\$11,526,846</u> | <u>\$(293,382)</u> |
| Changes for the year: | | | |
| Service cost | 310,002 | - | 310,002 |
| Interest | 818,512 | - | 818,512 |
| Differences between expected and actual experience | 304,935 | - | 304,935 |
| Changes in assumptions | - | - | - |
| Contributions – employer | - | 375,067 | (375,067) |
| Contributions – employees | - | - | - |
| Net investment income | - | 568,276 | (568,276) |
| Benefit payments, including refunds of employee contributions | (507,280) | (507,280) | - |
| Administrative expense | <u>-</u> | <u>(7,525)</u> | <u>7,525</u> |
| Net changes | <u>926,169</u> | <u>428,538</u> | <u>497,631</u> |
| Balance at June 30, 2020 measurement date | <u>\$12,159,633</u> | <u>\$ 11,955,384</u> | <u>\$204,249</u> |

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

E. RETIREMENT PLAN - Continued

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

The following presents the net pension liability (asset) of GNRC calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------|--------------------------------|--|--------------------------------|
| Net pension liability (asset) | \$1,855,932 | \$204,249 | \$(1,160,570) |

Pension Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions

Pension Expense

For the year ended June 30, 2021, GNRC recognized pension expense of \$243,540.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, GNRC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$506,660 | \$ - |
| Net differences between projected and actual earnings of pension plan investments | 82,163 | - |
| Changes in assumptions | 37,866 | - |
| Contributions subsequent to the measurement date of June 30, 2020 | 382,079 | (N/A) |
| Total | \$1,008,768 | \$ - |

The amounts shown above for contributions subsequent to the measurement date will be recognized as a reduction (increase) to the net pension liability (asset) in the following measurement period.

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

E. RETIREMENT PLAN - Continued

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

Year Ended June 30

| | |
|------------|-----------|
| 2022 | \$163,471 |
| 2023 | 174,350 |
| 2024 | 134,755 |
| 2025 | 103,294 |
| 2026 | 50,823 |
| Thereafter | - |

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

F. RISK MANAGEMENT

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

Bond Coverage

The Council's fidelity bond policy PPR-0554-21 was issued by Public Entity Partners Pool with blanket coverage, including comprehensive dishonesty, with liability limits of \$500,000 per loss. The policy period is from October 12, 2020 to October 12, 2021.

Workers' Compensation Coverage

The Council's workers' compensation policy PWC-0408-21 was issued by Public Entity Partners with liability limits of \$300,000 per individual per accident and \$700,000 policy limit. The policy period is from October 12, 2020 to October 12, 2021. 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 PLI-0422-21 was issued by Public Entity Partners. The policy period is from October 12, 2020 to October 12, 2021. The policy provides general and automobile liability coverage of \$300,000 per person per injury with a maximum liability of \$700,000 per occurrence. The policy also provides coverage limited to \$1,000,000 per occurrence for errors and omissions.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

F. RISK MANAGEMENT - Continued

Property Coverage

The Council's property policy PPR-0554-21 was issued by Public Entity Partners. The blanket limit for each occurrence under this policy is \$605,198. The policy period is from October 12, 2020 to October 12, 2021.

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

G. COMMITMENTS AND CONTINGENCIES

Aging Programs

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

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

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

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, 2021, the Council recognized revenues of \$266,785 from MADDC in connection with this contract.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. LINE-OF CREDIT

In July 2016, the Council entered into a line-of-credit agreement with a bank, with a maximum borrowing limit of \$1,000,000, to fund operations as needed. The line-of-credit is collateralized by grant receivables due under the Council’s Area Agency on Aging and Disability contracts. The line-of-credit contains a clause whereas in the event of default, the principal and outstanding accrued interest may be declared and become immediately due and payable as provided in the agreement. The bank may also collect receivables due directly from the granting agency. Interest is payable monthly at the Wall Street Journal prime rate plus 0.25% with a minimum rate of 3.75% (3.75% at June 30, 2021). The line-of-credit agreement matures on October 16, 2021. Subsequent to year end the line-of-credit’s maturity date was extended to October 16, 2022. There was no balance at June 30, 2021 and no activity on the line-of-credit in 2021.

J. LONG-TERM LIABILITIES

The Council entered into multiple leases between fiscal year 2015 and fiscal year 2021 for office equipment. A portion of the leases were determined to be capital leases and were capitalized. Total costs of the equipment that are capitalized total \$217,672 as of June 30, 2021. Accumulated amortization of leased equipment at June 30, 2021 was \$151,439. Amortization of assets under the capital leases are included in depreciation expense. The lease periods vary between 36 and 57 months.

| | <u>Balance</u> <u>June 30, 2020</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2021</u> | <u>Due within</u> <u>One Year</u> |
|----------------------------|--|-----------------|-------------------|--|--------------------------------------|
| <u>Governmental</u> | | | | | |
| <u>activities -</u> | | | | | |
| Capital lease | <u>\$42,178</u> | <u>\$7,403</u> | <u>\$(29,149)</u> | <u>\$20,432</u> | <u>\$11,412</u> |

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

J. LONG-TERM LIABILITIES - Continued

The following is a schedule of future lease payments:

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------|------------------|-----------------|
| 2022 | \$11,412 | \$ 651 |
| 2023 | 7,068 | 93 |
| 2024 | <u>1,952</u> | <u>-</u> |
| | <u>\$20,432</u> | <u>\$ 744</u> |

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

K. OPERATING LEASE

As described in Note J, GNRC entered into a lease for certain office equipment. Rental expense for the non-capitalized portion of the lease totaled \$21,182 for the year ended June 30, 2021. The equipment lease was amended in fiscal year 2018 to adjust the Council's equipment needs and extend the lease through January 2023.

In June 2017, GNRC entered into an agreement to lease office space in Nashville. The lease commenced July 1, 2017 and runs through December 31, 2020 with the option to renew for a period of one year. GNRC exercised this option and the new expiration dates is December 31, 2021. Minimum monthly lease payments are \$12,555. Rental expense for fiscal year 2021 totaled \$150,660. Subsequent to year end, GNRC converted this lease to a month-to-month lease beginning in January 2022.

In September 2017, GNRC entered into an agreement to lease additional office space in Nashville. The lease commenced December 21, 2017 and expires December 20, 2022. Minimum monthly lease payments are \$22,743, and increase 3% on each anniversary of the commencement date. Rental expense for fiscal year 2021 totaled \$293,935.

The future minimum lease payments of the non-capitalized portion of the office equipment and property lease payments, which are non-cancelable, consists of the following:

| <u>Year Ended June 30</u> | <u>Governmental Activities</u> |
|---------------------------|--------------------------------|
| 2022 | \$389,967 |
| 2023 | <u>160,556</u> |
| | <u>\$550,523</u> |

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

L. COMPENSATED ABSENCES

As of June 30, 2021, the liability for accrued compensated absences is \$322,060. Changes in the liability for the year ended June 30, 2021, are as follows:

| | Balance June 30, 2020 | Additions | Retirements | Balance June 30, 2021 |
|----------------------|--------------------------|------------------|--------------------|--------------------------|
| Compensated absences | <u>\$318,575</u> | <u>\$242,728</u> | <u>\$(239,243)</u> | <u>\$322,060</u> |

M. 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. Up to 100% RLF income (interest, fees, and other income) earned during the fiscal year may be used for eligible administrative expenses.

Notes receivable as of June 30, 2021 total \$1,293,119. The notes receivable are comprised of loans to small businesses to expand current operations. The notes bear interest ranging from 4% to 6% and each loan is secured. Notes receivable are presented net of estimated allowance for loan losses of \$242,575 as of June 30, 2021.

N. COMMITMENTS AND CONTINGENCIES

The Council has a contract for hosted data services for a period of 36 months, which is set to expire in November 2020. The monthly amount due under the agreement is \$2,220. In August 2020, GNRC renewed the agreement to extend the service contract through August 2021. The monthly charges for the extended contract are based on services rendered during each month. The future contracted payments under the original agreement consist of \$4,400 due in fiscal year 2022.

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

In the normal course of its operations, GNRC may become subject to certain litigation, claims or assessments. Management, in consultation with legal counsel, does not currently expect any possible liability to materially exceed the limits of insurance.

GREATER NASHVILLE REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

O. RISKS AND UNCERTAINTIES

During March 2020, a global pandemic was declared related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions across the nation as federal, state, and local governments react to the public health crisis, creating significant uncertainties in the economy. This situation is rapidly changing, and additional impacts may arise. While the disruption is currently expected to be temporary, there is uncertainty around its duration. The ultimate future impact, if any, of the pandemic on results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time. In 2021, GNRC was awarded new grants related to the CARES Act in the amount of \$5,425,600 in order to mitigate any negative impact caused by the pandemic.

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)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 310,002 | \$ 299,781 | \$ 212,452 | \$ 216,557 | \$ 178,431 | \$ 185,655 | \$ 192,796 |
| Interest | 818,512 | 763,345 | 702,425 | 669,134 | 608,355 | 591,064 | 574,557 |
| Differences between expected and actual experience | 304,935 | 178,500 | 305,220 | 116,808 | 329,754 | (233,793) | (272,497) |
| Change of assumptions | - | - | - | 189,316 | - | - | - |
| Benefit payments, including refunds of member contributions | (507,280) | (474,556) | (459,733) | (382,041) | (306,493) | (303,825) | (231,417) |
| Net Change in Total Pension Liability | 926,169 | 767,070 | 760,364 | 809,774 | 810,047 | 239,101 | 263,439 |
| Total Pension Liability - beginning | 11,233,464 | 10,466,394 | 9,706,030 | 8,896,256 | 8,086,209 | 7,847,108 | 7,583,669 |
| Total Pension Liability - ending (a) | <u>\$ 12,159,633</u> | <u>\$ 11,233,464</u> | <u>\$ 10,466,394</u> | <u>\$ 9,706,030</u> | <u>\$ 8,896,256</u> | <u>\$ 8,086,209</u> | <u>\$ 7,847,108</u> |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - employer | \$ 375,067 | \$ 292,951 | \$ 176,207 | \$ 143,914 | \$ 146,945 | \$ 135,833 | \$ 269,890 |
| Net investment income | 568,276 | 805,345 | 847,330 | 1,066,181 | 248,385 | 284,811 | 1,324,906 |
| Benefit payments, including refunds of employee contributions | (507,280) | (474,556) | (459,733) | (382,041) | (306,493) | (303,825) | (231,417) |
| Administrative expense | (7,525) | (7,124) | (6,800) | (5,360) | (4,949) | (3,106) | (2,657) |
| Net Change in Plan Fiduciary Net Position | \$ 428,538 | \$ 616,616 | \$ 557,004 | \$ 822,694 | \$ 83,888 | \$ 113,713 | \$ 1,360,722 |
| Plan Fiduciary Net Position - beginning | 11,526,846 | 10,910,230 | 10,353,226 | 9,530,532 | 9,446,644 | 9,332,931 | 7,972,209 |
| Plan Fiduciary Net Position - ending (b) | <u>\$ 11,955,384</u> | <u>\$ 11,526,846</u> | <u>\$ 10,910,230</u> | <u>\$ 10,353,226</u> | <u>\$ 9,530,532</u> | <u>\$ 9,446,644</u> | <u>\$ 9,332,931</u> |
| Net Pension Liability (Asset) ending (a) - (b) | <u>\$ 204,249</u> | <u>\$ (293,382)</u> | <u>\$ (443,836)</u> | <u>\$ (647,196)</u> | <u>\$ (634,276)</u> | <u>\$ (1,360,435)</u> | <u>\$ (1,485,823)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.32% | 102.61% | 104.24% | 106.67% | 107.13% | 116.82% | 118.93% |
| Covered Payroll | 4,292,128 | 4,068,763 | 3,305,952 | 2,700,070 | 2,756,944 | 2,548,460 | 2,567,934 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | 4.76% | -7.21% | -13.43% | -23.97% | -23.01% | -53.38% | -57.86% |

Notes to Schedule:

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

Changes of assumptions - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

See independent auditor's report.

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 382,079 | \$ 374,210 | \$ 292,951 | \$ 176,207 | \$ 143,914 | \$ 146,945 | \$ 135,833 | \$ 269,890 |
| Contributions in relation to the actuarially determined contribution | <u>382,079</u> | <u>375,067</u> | <u>292,951</u> | <u>176,207</u> | <u>143,914</u> | <u>146,945</u> | <u>135,833</u> | <u>269,890</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (857)</u> | <u>\$ -</u> |
| Covered payroll | \$ 4,366,614 | \$ 4,292,128 | \$ 4,068,763 | \$ 3,305,952 | \$ 2,700,070 | \$ 2,756,941 | \$ 2,548,460 | \$ 2,567,934 |
| Contributions as a percentage of covered payroll | 8.75% | 8.74% | 7.20% | 5.33% | 5.33% | 5.33% | 5.33% | 10.51% |

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

Notes to Schedule

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2021 are based on the results of the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates are:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed (not to exceed 20 years) |
| Remaining amortization period | Varies by year |
| Asset valuation method | 10-year smoothed within a 20% corridor to market value |
| Inflation | 2.5% |
| Salary increases | Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00% |
| Investment rate of return | 7.25%, 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 | 2.25% |

(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.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2021

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding July 1, 2020 | Issued During Period | Paid and/or Matured During Period | Outstanding June 30, 2021 |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------------|----------------------------|--|------------------------------|
| Government Activities: | | | | | | | | |
| <u>LINE OF CREDIT</u> | | | | | | | | |
| Line-of-Credit with Financial Institution | \$ 1,000,000 | 4.75-5.50% | 7/14/2016 | 10/16/2022 | \$ - | \$ - | \$ - | \$ - |
| <u>CAPITAL LEASES</u> | | | | | | | | |
| Computer lease #6 | 41,592 | 10.579 | 8/14/2017 | 8/14/2020 | 2,510 | - | 2,510 | - |
| Computer lease #7 | 14,541 | 10.483 | 8/30/2017 | 8/31/2020 | 801 | - | 801 | - |
| Computer lease #8 | 39,773 | 10.776 | 12/14/2017 | 12/14/2020 | 7,442 | - | 7,442 | - |
| Computer lease #9 | 22,794 | 10.503 | 2/28/2018 | 2/28/2021 | 5,571 | - | 5,571 | - |
| Computer lease #10 | 9,758 | 10.502 | 2/28/2018 | 2/28/2021 | 2,383 | - | 2,383 | - |
| Computer lease #11 | 5,082 | 10.917 | 8/21/2018 | 8/21/2021 | 2,224 | - | 1,092 | 1,132 |
| Computer lease #12 | 4,050 | 10.916 | 9/21/2018 | 9/21/2021 | 1,894 | - | 689 | 1,205 |
| Computer lease #13 | 2,072 | 10.919 | 1/21/2019 | 1/21/2022 | 1,220 | - | 816 | 404 |
| Computer lease #14 | 3,268 | 21.142 | 10/21/2019 | 10/21/2022 | 2,863 | - | 1,476 | 1,387 |
| Computer lease #15 | 5,560 | 21.142 | 1/21/2021 | 1/21/2024 | - | 5,560 | 916 | 4,644 |
| Computer lease #16 | 1,843 | 21.142 | 6/21/2021 | 6/21/2024 | - | 1,843 | - | 1,843 |
| Nova Copy with Finisher | 27,079 | 7.451 | 1/31/2018 | 1/22/2023 | 15,270 | - | 5,453 | 9,817 |
| Total Capital Leases Payable | | | | | <u>\$ 42,178</u> | <u>\$ 7,403</u> | <u>\$ 29,149</u> | <u>\$ 20,432</u> |

See independent auditor's report.

OTHER INFORMATION

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF INDIRECT COSTS
YEAR ENDED JUNE 30, 2021

| | |
|---|---------------------|
| INDIRECT COST POOL | |
| Salaries | \$ 659,984 |
| Office space leases | 445,117 |
| Fringe benefits | 357,770 |
| Equipment rental | 125,444 |
| Communications | 55,809 |
| Consumable supplies | 11,143 |
| Other | 9,985 |
| Agency insurance | 49,501 |
| Travel | 503 |
| Audit fees | 44,000 |
| Employee parking and transit | 17,525 |
| Printing | 40,199 |
| Postage | 12,511 |
| Meetings and conferences | 6,621 |
| Dues and subscriptions | 6,434 |
| Membership fees | 12,080 |
| Payroll services | 12,867 |
| Equipment repairs and maintenance | 52,745 |
| Building maintenance | <u>1,763</u> |
| Total indirect cost pool - expenditures | <u>1,922,001</u> |
| Depreciation | <u>24,442</u> |
| Total indirect cost allocations | <u>\$ 1,946,443</u> |

See accompanying notes to financial statements.

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| Program Name | CFDA Number | Contract/Grant Number | Passed Through to Subrecipients | Expenditures |
|--|----------------|--------------------------|---------------------------------------|------------------|
| U.S. DEPARTMENT OF THE INTERIOR | | | | |
| Passed through Tennessee Department of Environment and Conservation | | | | |
| Historical Preservation | 15.904 | 63710 | \$ - | \$ (5,670) |
| Total U.S. Department of the Interior | | | <u>-</u> | <u>(5,670)</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Passed through Tennessee Department of Transportation - | | | | |
| Highway Planning and Construction Cluster | | | | |
| Highway Planning and Construction | 20.205 | 59110 | - | 1,792,845 |
| Highway Planning and Construction | 20.205 | 18SPR1-F7-077 | - | 126,472 |
| Total Highway Planning and Construction Cluster | | | <u>-</u> | <u>1,919,317</u> |
| Total U.S Department of Transportation | | | <u>-</u> | <u>1,919,317</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed through Tennessee Commission on Aging and Disability | | | | |
| Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation | | | | |
| Total Program | 93.041 | 66994 | - | 5,537 |
| | | | <u>-</u> | <u>5,537</u> |
| Passed through Tennessee Commission on Aging and Disability | | | | |
| Special Programs for the Aging Title VII, Chapter 2 | | | | |
| Long Term Care Ombudsman Services for Older Individuals | 93.042 | 66994 | 67,100 | 67,100 |
| Total Program | | | <u>67,100</u> | <u>67,100</u> |
| Passed through Tennessee Commission on Aging and Disability | | | | |
| Special Programs for the Aging Title III, Part D Disease | | | | |
| Prevention and Health Promotion Services | 93.043 | 66994 | 43,629 | 43,629 |
| Prevention and Health Promotion Services | 93.043 | 66994 | - | 13,956 |
| Total Program | | | <u>43,629</u> | <u>57,585</u> |
| <i>*Aging Cluster</i> | | | | |
| Passed through Tennessee Commission on Aging and Disability | | | | |
| Special Programs for the Aging Title III, Part B Grants | | | | |
| Supportive Services and Senior Centers | 93.044 | 66994 | 1,066,495 | 1,425,907 |
| Special Programs for the Aging Title III, Part B Grants | | | | |
| Supportive Services and Senior Centers - CARES | 93.044 | 73757 | 168,381 | 309,089 |
| Total Program | | | <u>1,234,876</u> | <u>1,734,996</u> |
| Special Programs for the Aging Title III, Part C | | | | |
| COVID-19 Families First Meals | 93.045 | 02-20-20GG | 404,107 | 404,107 |
| Pass Thru - CARES III-C | 93.045 | 73757 | 782,086 | 782,086 |
| Planning | 93.045 | 66994 | - | 255,830 |
| Nutrition Services | 93.045 | 66994 | 1,958,800 | 1,958,800 |
| Total Program | | | <u>3,144,993</u> | <u>3,400,823</u> |
| Nutrition Services Incentive Program | 93.053 | 63221 | 300,500 | 300,500 |
| Total Aging Cluster | | | <u>4,680,369</u> | <u>5,436,319</u> |

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| Program Name | CFDA Number | Contract/Grant Number | Passed Through to Subrecipients | Expenditures | | | | |
|---|-------------------------------|---------------------------|---------------------------------------|----------------------|--------------|------------------|------------------|--|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued) | | | | | | | | |
| Passed through Tennessee Commission on Aging and Disability | | | | | | | | |
| *National Family Caregiver Support, Title III, Part E | 93.052 | 66994 | 478,496 | 693,030 | | | | |
| *National Family Caregiver Support, Title III, Part E - CARES | 93.052 | 73757 | 64,250 | 121,876 | | | | |
| Total Program | | | 542,746 | 814,906 | | | | |
| Passed through Tennessee Commission on Aging and Disability | | | | | | | | |
| Medicare Enrollment Assistance Program | 93.071 | 60710 | - | 75,317 | | | | |
| Passed through Tennessee Commission on Aging and Disability | | | | | | | | |
| State Health Insurance Assistance Program | 93.324 | 65777 | - | 170,928 | | | | |
| Total Program | | | - | 170,928 | | | | |
| Passed through Tennessee Department of Finance and | | | | | | | | |
| Administration Bureau of TennCare | | | | | | | | |
| Medical Assistance Program | 93.778 | 58757 | - | 499,234 | | | | |
| Total U.S. Department of Health and Human Services | | | 5,333,844 | 7,126,926 | | | | |
| U.S. DEPARTMENT OF COMMERCE | | | | | | | | |
| Economic Adjustment Assistance - Revolving Loan Fund | 11.307 | N/A | - | 1,477,031 (1) | | | | |
| Economic Development - COVID | 11.307 | ED20ATL307011 | - | 182,319 | | | | |
| Economic Development - RLF CARES | 11.307 | N/A | - | 196,427 | | | | |
| Economic Development | 11.302 | ED21ATL302008 | - | 23,418 | | | | |
| Economic Development | 11.302 | ED18ATL3020007 | - | 7,694 | | | | |
| Total U.S. Department of Commerce | | | - | 1,886,889 | | | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Technical Assistance Program | 10.766 | OMB 0575-0173 | - | 15,290 | | | | |
| Total U.S. Department of Agriculture | | | - | 15,290 | | | | |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | | | | |
| Water Quality Program | 66.454 | 60737 | - | (59,435) | | | | |
| Total U.S. Department of Agriculture | | | - | (59,435) | | | | |
| | | | \$ 5,333,844 | \$ 10,883,317 | | | | |
| | Notes Receivable 6/30/2021 | Cash Balance 6/30/2021 | Administrative Expenses | Loans Written Off | RLF Total | Federal Share | Expenditures | |
| Revolving Loan Fund | \$ 1,535,694 | \$ 881,165 | \$ 44,859 | \$ - | \$ 2,461,718 | 60% | \$ 1,477,031 (1) | |

* - Denotes major program

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2021

| Program Name | Contract/Grant Number | Passed Through to Subrecipients | Expenditures |
|---|--------------------------|---------------------------------------|---------------------|
| TENNESSEE COMMISSION ON AGING AND DISABILITY | | | |
| Aging Services - State Homemaker, Senior Centers, Nutrition | 66994 | \$ 331,000 | \$ 393,100 |
| Aging Planning - State Options | 63224 | - | 187,000 |
| Aging Services - Pass Thru - State Options | 63224 | 912,674 | 912,674 |
| Aging Services - I&A - State Options | 63224 | - | 75,000 |
| Aging Services - Service Coordination - State Options | 63224 | - | 389,000 |
| Aging Services - State Options - Self-Directed | 63224 | 155,439 | 155,439 |
| Aging Services - Guardianship - State | 63224 | - | 283,400 |
| Aging Services - FCSP - State Pass Thru | 66994 | 82,800 | 82,800 |
| | | <u>1,481,913</u> | <u>2,478,413</u> |
| TENNESSEE HOUSING DEVELOPMENT AGENCY | | | |
| Technical Assistance Program | 31620-00587 | - | 7,399 |
| Emergency Repair Program | THDA-ERP-2019-03 | - | 58,791 |
| Technical Assistance Program | 3162000521 | - | 20,000 |
| | | <u>-</u> | <u>86,190</u> |
| TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT | | | |
| Tourism Promotion - CARES | N/A | - | 15,145 |
| Tourism Promotion | 51450 | - | 31,628 |
| | | <u>-</u> | <u>46,773</u> |
| TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION | | | |
| BUREAU OF TENNCARE | | | |
| Medical Assistance Program | 58757 | - | 499,234 |
| TENNESSEE ARTS COMMISSION | | | |
| Arts Build Communities | 61600 | - | 37,151 |
| | | <u>\$ 1,481,913</u> | <u>\$ 3,147,761</u> |

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF PERFORMANCE BASED FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| Program Name | Grantor Agency | CFDA Number | Contract/Grant Number | Passed through to Subrecipients | Amount Earned |
|--|---|----------------|--------------------------|---------------------------------------|-------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | |
| Community Development Block Grants | Sumner County | 14.228 | CDBG 19-01 | \$ - | \$ 17,000 |
| Community Development Block Grants | Stewart County | 14.228 | CDBG #18-01 | - | 7,920 |
| Community Development Block Grants | Dover County | 14.228 | CDBG 20-01 | - | 5,900 |
| Tennessee Housing Development Agency Grant | City of Cedar Hill | 14.228 | 17-THDA-H-04 | - | (4,164) |
| Tennessee Housing Development Agency Grant | City of Lavergne | 14.228 | 19-THDA-H | - | 16,914 |
| | | | | <u>-</u> | <u>43,570</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | |
| Tennessee River Trails | Tennessee Department of Transportation | 20.205 | N/A | <u>-</u> | <u>14,102</u> |
| VETERANS AFFAIRS DEPARTMENT | | | | | |
| Veterans Medical Care Benefits | Tennessee Commission on Aging and Disability | 64.009 | 34008 | <u>-</u> | <u>187,137</u> |
| | | | | <u>\$ -</u> | <u>\$ 244,809</u> |

* - Denotes major program

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF PERFORMANCE BASED STATE AWARDS
YEAR ENDED JUNE 30, 2021

| Program Name | Grantor Agency | Contract/Grant Number | Passed through to Subrecipients | Amount Earned |
|----------------------------------|---|--------------------------|---------------------------------------|------------------|
| Regional Capital Needs Inventory | Tennessee Advisory Commission on Intergovernmental Relations | 62654 | \$ - | \$ 116,592 |
| | | | <u>-</u> | <u>116,592</u> |
| FIDP Grants Management | Montgomery County | FIDP 18-1 | - | 7,010 |
| FIDP Grants Management | City of Portland | FIDP 18-2 | - | 9,200 |
| FIDP Grants Management | City of White House | FIDP 19-1 | - | 1,700 |
| ECD Grants Management | Robertson County IDB | ECD | - | (39,340) |
| LEAP Grants Management | Hartsville | LEAP | - | 3,719 |
| | | | <u>-</u> | <u>(17,711)</u> |
| | | | <u>\$ -</u> | <u>\$ 98,881</u> |

See independent auditor's report and notes to schedules

GREATER NASHVILLE REGIONAL COUNCIL
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the grant activity of the Greater Nashville Regional Council (“GNRC”) under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and State of Tennessee. Because the schedules present only a selected portion of the operations of GNRC, they are not intended to and do not present the financial position or changes in net position of GNRC.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

C. DE MINIMIS INDIRECT COST RATE

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

D. REVOLVING LOAN FUND

The revolving loan fund listed subsequently is administered by GNRC, and the balances and transactions relating to this program are included in GNRC’s basic financial statements. The balance of loans outstanding at June 30, 2021 consists of the following:

| <u>CFDA Number</u> | <u>Program Name</u> | <u>Outstanding Balance</u> | <u>Federal Portion</u> | <u>Federal Portion Outstanding</u> |
|------------------------|-------------------------|--------------------------------|----------------------------|--|
| 11.307 | Revolving Loan Fund | \$1,535,694 | 60% | \$921,416 |



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 fiduciary fund of the Greater Nashville Regional Council ("GNRC"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise GNRC's basic financial statements and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered GNRC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GNRC's internal control. Accordingly, we do not express an opinion on the effectiveness of GNRC's internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Nashville, Tennessee
March 30, 2022



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

Executive Committee Members
Greater Nashville Regional Council
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Greater Nashville Regional Council's ("GNRC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on GNRC's major federal programs for the year ended June 30, 2021. GNRC'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, GNRC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of GNRC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GNRC's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GNRC's internal control over compliance.

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

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

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



Nashville, Tennessee
March 30, 2022

GREATER NASHVILLE REGIONAL COUNCIL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2021

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Major Programs

| CFDA Number | Grantor | Name of Federal Program | Amount Expended |
|------------------------|--|--------------------------|-----------------|
| 93.044, 93.045, 93.053 | U.S. Department of Health and Human Services | Aging Cluster | \$5,436,319 |
| 93.052 | U.S. Department of Health and Human Services | Family Caregiver Support | 814,906 |

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

Auditee qualified as low-risk auditee Yes No

GREATER NASHVILLE REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

II. FINANCIAL STATEMENT FINDINGS

None Reported.

III. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

None Reported.

IV. SUMMARY OF PRIOR AUDIT FINDINGS

None Reported.