

KARL F. DEAN
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 THIRD AVENUE NORTH, SUITE 650
NASHVILLE, TENNESSEE 37201

November 20, 2007

Marcellus Brooks, President Board of Directors
North Edgefield Organized Neighbors
914 Meridian Street
Nashville, TN 37207

Dear Mr. Brooks:

The Office of Finance Accountability (OFA) recently completed a follow-up review of the Metropolitan Government of Nashville and Davidson County Government (Metro) direct appropriation awards to North Edgefield Organized Neighbors (NEON) for the years ended June 30, 2006 and 2007 (FY06 and FY07, respectively). NEON has received \$31,807.08 in unearned grant funds that should be refunded to Metro immediately.

The unearned funds relate to the Metro direct appropriations to NEON through Grant Numbers L-1722 and L-1813 for FY06 and FY07, respectively. Unearned funds are those portions of a grant that are not used for the purposes stated in the grant objective or are not spent within the time allowed under the terms of the grant award. Please note that these awards are separate from the \$35,750 Council Initiative Award (RS 2007-2007) which was made to NEON in FY07.

OFA determined through an earlier review of Grant No. L-1722 for FY06 that NEON had unearned funds amounting to \$23,684.40. This amount represented the balance of Metro funds NEON had received but had not expended toward the objectives of the program. The term for expenditure of these funds expired on June 30, 2007. At that time, NEON had also received an additional appropriation from Metro under L-1813 in the amount of \$48,562.69 (received in FY07). NEON's financial records reveal that NEON spent \$49,606.64 in direct appropriation expenses. OFA determined that \$9,166.63 of these expenses are ineligible for reimbursement because these expenses represented the compensation paid to the agency's Board President's wife, who did not hold any functioning position in the agency's operations based on the auditors' assessment.

As a result, NEON has a balance of \$31,807.08 which is unearned and which should be refunded to Metro. Please see the following table for a breakdown:

<u>Description</u>	<u>Amount</u>
FY 06 Unearned Revenue (at 6/30/06 per audit)	\$ 23,684.40
FY 07 Direct Appropriation (received in FY07)	<u>48,562.69</u>
Total Grants available	<u>\$ 72,247.09</u>
FY 07 Direct Appropriation Expenses	\$ 49,606.64
Less Unallowable Expenses	<u>\$9,166.63</u>
Net Allowable Expenses	<u>\$ 40,440.01</u>
Unearned Revenue - Due back to Metro	<u>\$31,807.08</u>

Again it should be noted that this does not include the Metro funds NEON received through the Council Initiative awards. OFA determined that NEON had earned only approximately \$15,000 of the \$35,750 of the Council Initiative Award, leaving an additional \$20,815 of unearned funds for the current year.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom

Fred Adom
Director

cc: Wanda Jordan, Interim Executive Director
Richard M Riebeling, Director of Finance
Gene Nolan, Deputy Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Ted Morrissey, Legal Department
Kim McDoniel, Assistant to the Director of Finance
Mark Swann, Metropolitan Auditor
Kevin Brown, Office of Financial Accountability