METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
December 18, 2025

On Thursday, December 18, 2025, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 1. The following people attended the meeting:

<u>Committee Members</u>
Tom Bates, Tennessee Society of CPAs
Jenneen Reed, Director of Finance
Delishia Porterfield, Council Member
Jason Spain, Council Member

<u>Members Absent</u>

Matthew Scanlan, Chamber of Commerce
Angie Henderson, Vice Mayor

<u>Others</u>
Lauren Riley, Metropolitan Auditor
Ann Mikkelsen, Department of Law
Erica Haber, Department of Law
Kevin Brown, Metro Finance
Jennifer Pedginski, Metro Finance
John Crosslin, Crosslin
Mark England, Crosslin
Veronica Elders, Nashville General Hospital
Kemberly Blackledge, Nashville General Hospital

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Bates called the meeting to order.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for December 9, 2025, was made, seconded, and carried.

NEW BUSINESS

<u>Presentation of the Metropolitan Nashville Government Annual Comprehensive Financial Report for the Year Ended June 30, 2025</u>

Mr. Crosslin noted the external auditors were available to answer any questions related to the Annual Comprehensive Financial Report. Mr. Bates inquired if the external auditors had an opportunity to review the Management's Discussion and Analysis (MD&A) as the committee received it shortly before the meeting. Mr. Crosslin stated he had quickly reviewed the MD&A and everything was as expected. Mr. Bates inquired about what grade the auditors would give Metro's financial condition. Director Reed noted the bond ratings evaluate financial stability. Mr. Crosslin stated the financial condition looks very good and is improving as seen in parts of the MD&A.

Mr. Bates noted the unassigned fund balance was 14.5%. He asked what the target is for that balance. Director Reed noted the target is 17%, and she discussed the budget approved by Council includes a budget sustainability component. Mr. Brown discussed the impact of the reappraisal year on revenues and fund balance. Councilmember Spain inquired about the effects on the sustainability amount allocated in the budget. Mr. Brown explained the range within the budget ordinance and the evaluation process for future years.

Councilmember Spain inquired about highlighting and notes on the MD&A received. Ms. Pedginski noted the draft version sent had internal comments and highlighting that could be disregarded by the committee. Ms. Pedginski noted a few items that were on the draft that would be corrected in the final version.

Councilmember Porterfield requested a summary of the MD&A. Ms. Pedginski explained what each section of the MD&A contained and briefly discussed each. Councilmember Porterfield requested an explanation of each bullet point within the highlights section. Ms. Pedginski went through each item and explained the underlying concepts. Director Reed noted the new GASB impacts and noted how the MD&A presents information comparatively. Mr. Crosslin noted the auditors will tie out the information in the MD&A to the financial statements, but it is not part of the opinion.

Director Reed discussed the government wide financial statements and the accounting basis for them. A discussion ensued related to the accrual method versus cash basis for accounting. Governmental activities versus business activities were discussed. Councilmember Porterfield requested clarification on the difference between original and final on the budgetary highlights. Ms. Pedginski explained the differences. Discussion ensued about calculation of other financial information within the MD&A.

Mr. Bates inquired about remaining work before finalizing the report. Mr. Crosslin noted the small outstanding items. Mr. Bates inquired about Nashville General Hospital and the consultant used to prepare financial statements. Mr. Crosslin noted the hospital finished the work as needed. Dr. Blackledge discussed internal miscommunications and re-engagement with the consultants. Dr. Elders introduced herself, and Councilmember Porterfield stated her support for the mission and work of Nashville General Hospital. A discussion about the project being under budget ensued. Director Reed voiced appreciation for the Nashville General Hospital team in working hard on this financial processes.

Director Reed noted the challenges in a recent Oracle migration which delayed documents being provided to the Audit Committee. She noted appreciation of the time spent by the Finance team to get the ACFR completed in coordination with the migration work. Mr. Crosslin discussed the timeline for the Single Audit and Management Letter.

Mr. Bates inquired if there were any legal limitations on the actions taken by the committee since the documents provided were draft versions. Ms. Mikkelsen inquired if the only remaining edits were non-substantive. Finance responded that was correct. Ms. Haber inquired if the documents provided are the ones needing acceptance. Director Reed noted it would be provided MD&A with the previously provided ACFR draft. She also noted the previous years' acceptances have all been with the understanding of non-substantive edits occurring.

Mr. Bates inquired if the committee read the documents later and had questions, who should the questions be sent to. Ms. Riley noted she would be the person to send questions to, and she would then coordinate with Metro Finance to get answers. Councilmember Porterfield inquired about the timing of the acceptance if not accepted at the meeting. Director Reed noted the results of timing if the ACFR was not accepted at the meeting.

Councilmember Porterfield inquired about the definition of acceptance for the committee. Ms. Mikkelsen explained the wording in the bylaws related to acceptance, and noted it would be the plain definition of acceptance of the audit results. Mr. Bates inquired if the final external audit opinion would contain any surprises. Mr. Crosslin stated it would not.

A **motion** to accept the Fiscal Year 2025 Annual Comprehensive Financial Report was made, seconded, and carried.

Director Reed explained the process to be completed now that the ACFR was accepted.

2026 Proposed Meeting Schedule

Ms. Riley noted the selected schedule of meetings for 2026 followed a similar format as prior years. Mr. Bates noted the difficulty in making the proposed April 14, 2026, meeting date. Ms. Riley noted it could be moved out two weeks to April 28, 2026. Ms. Riley noted the vote for Chair and Vice Chair would be moved from the April meeting to the February meeting. Ms. Riley noted the timing of meeting typically is at 4pm, but it could be moved to a different time if needed. Committee members voiced agreement with the 4pm timing. A discussion about other conflicts on dates occurred, and Ms. Riley noted the proposed meeting schedule is tentative based on a quorum and can be changed if needed.

A **motion** to approve the presented 2026 Audit Committee meeting schedule with one change from April 14, 2026, to April 28, 2026, was made, seconded, and carried.

End of Public Meeting

A **motion** to adjourn the public meeting and go into executive session was made, seconded, and carried.

The public meeting adjourned after approximately 45 minutes.
The next regularly scheduled meeting is February 10, 2026, at 4:00 p.m.

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The minutes for the December 18, 2025, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Lauren Riley

Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on February 10, 2026