

# *Cozart & Associates, PC*

*Certified Public Accountants*

## Brownsville-Haywood County Emergency Management Agency

*Financial Statements  
And Supplementary Information  
For the Year Ended June 30, 2009*

*29 North Lafayette Avenue  
Brownsville, TN 38012*

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

---

Pages

**Financial Section**

Introductory	1
Independent Auditor's Report.....	2 - 3
Management Discussion & Analysis	4 - 6
Basic Financial Statement:	
Government-wide Financial Statements	
Statement of Net Assets.....	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Revenue, Expenditure and Changes in Fund Balance Budgetary Comparison.....	12
Notes to the Financial Statements.....	13 - 16

**Financial Schedule Section:**

Schedule of Expenditures of Federal Awards.....	17
---	----

**Other Report Section:**

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	18 - 19
Schedule of Findings .....	20

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCYMANAGEMENT AGENCY**

**DIRECTORY**

June 30, 2009

**MEMBERS OF BOARD OF DIRECTOR**

Robert Parks, Director  
Franklin Smith, County Mayor  
Webb Banks, City Mayor  
Ed Ellington, Chairman of Board  
Gill Kendrick, Member  
Frank Faucett, Member  
Art Foster, Member

Michael Bank, Attorney At Law

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Kenneth Cozart & Associates, PC  
Brownsville, TN 38012

# **Financial Section**

*Kenneth Cozart & Associates, PC*

Certified Public Accountants  
29 N. LAFAYETTE  
BROWNSVILLE, TN 38012  
TELEPHONE: 731-772-2273  
FAX: 731-772-2275

KENNETH COZART, CPA  
BOB COZART, CPA

MEMBER:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Brownsville - Haywood County Emergency Management Agency

We have audited the accompanying financial statements of the governmental activities and each major fund of the Brownsville-Haywood County Emergency Management Agency (the "Agency") as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Brownsville - Haywood County Emergency Management Agency as of June 30, 2009 and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2010, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Brownsville-Haywood County Emergency Management Agency's basic financial statements. The accompanying supplementary information of Schedule of Expenditure of Federal Awards listed on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic statements taken as a whole.

A handwritten signature in black ink, appearing to read "Bob Cozart, CPA". The signature is written in a cursive, somewhat stylized font.

Bob Cozart

Certified Public Accountant  
Kenneth Cozart and Associates, CPA, PC

Brownsville, Tennessee  
February 10, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT**

As management of Brownsville-Haywood County Emergency Management Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2009. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total governmental funds have been provided.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD & A) serves as an introduction to, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of four sections:

1. Introductory Section includes Agency's directory
2. Financial Section includes the MD & A, the independent auditor's report, financial statements and accompanying notes to the financial statements.
3. Internal Control and Compliance Section includes the report on internal control and compliance.
4. Required Supplementary Information.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finance, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the Agency's assets, liabilities, with the difference reported as net assets. Overtime, increases or decreases in net assets serves as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- The Statement of Activities presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying even giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Agency that are principally supported by contributions of City of Brownsville, Haywood County, Homeland Security, and other contributions to recover all or a significant portion of costs.

**Fund Financial Statements**

A fund is a group or related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance related requirements.

**Government Funds** – Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources at the end of the fiscal year.

*The Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Notes to the financial statements are presented on pages 12-15 of the this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets** - As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$239,100 at the close of the most fiscal year. A portion of the Agency's net assets (75.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)**  
**STATEMENT OF NET ASSETS**

	June 30, 2009	June 30, 2008	\$ Variance	% Variance
Current and Other Assets	\$62,666	\$36,066	\$26,600	173.75%
Capital Assets ( net of Accumulated Dep)	182,055	165,725	16,330	109.85%
Total Assets	\$244,721	\$201,791	\$42,930	121.27%
Current Liabilities	5,971	5,621	350	106.23%
Long-term Liabilities	0	0	0	0.00%
Total Liabilities	5,971	5,621	350	106.23%
Invested in Capital Assets	182,055	181,178	877	100.48%
Unrestricted	56,695	14,992	(71,687)	378.17%
Total Net Assets	\$238,750	\$196,170	\$42,580	121.71%

During the 2009 fiscal year, the Agency's net assets increased by \$42,580. Capital assets increased by \$16,330. This increase was due to additional fund from Homeland Security which was used to purchase capital assets.

*Statement of Activities* -- Revenues in the governmental activities column were exceeded expenses by \$42,580.

**CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**

	June 30, 2009	June 30, 2008	Increase (Decrease) \$ Variance	% Variance
Operating Revenue	\$0	\$0	\$0	0.00%
Non-Operating Revenue	140,496	72,418	68,078	194.01%
Total Revenues	140,496	72,418	68,078	194.01%
Operating Expenditures	57,347	63,235	(5,888)	90.69%
Depreciation	40,919	37,053	3,866	110.43%
Total Expenditures	98,266	100,288	(2,022)	97.98%
Change in Net Assets	42,230	(27,870)	70,100	151.52%
Beginning Net Assets	196,170	228,157	(4,117)	
Prior Period Adjustment	350	(4,117)		
Beginning Net Assets - restated	196,520	224,040	(27,520)	87.72%
Ending Net Assets	238,750	196,170	42,580	121.71%

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

### COMMENTS ON FUND FINANCIAL STATEMENTS

The Agency uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

*General Fund* -- The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of fiscal year to meet obligations of creditors and operational requirements of the Agency.

Revenues in the general fund increased by \$68,078 in fiscal 2009 in comparison with 2008 year. The significant changes in the current period were grant revenue received in the form of donated assets from the TEMA and Homeland Security.

Expenditures in the general fund decreased \$2,022 in 2009 in comparison with prior year. The significant changes were the increase in capital outlay and depreciation of capital assets accounts for the Agency in the 2009 fiscal year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

*Capital Assets* -- At the end of fiscal year, the Agency had invested \$182,055 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$210,221. Depreciation expense during the current period was \$40,919.

*Long-Term Debt* -- At the end of current fiscal year, the Agency had no long-term debt.

### REQUEST FOR INFORMATION

This financial report is prepared to provide a general overview of the Agency's finances for citizens, taxpayers, customers, investors, creditors and all other with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional finance information should be addressed to the Brownsville-Haywood County Emergency Management Agency, P. O. Box 668, Brownsville, TN 38012.

# **Basic Financial Statements**

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY** <sup>7</sup>

STATEMENT OF NET ASSETS  
June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>		
Current Assets	\$62,666	\$62,666
Cash	0	0
Accounts Receivable	62,666	62,666
Total Current Assets	<u>62,666</u>	<u>62,666</u>
Noncurrent Assets		
Vehicles and Equipment	394,204	394,204
Less Accumulated Depreciation	(212,149)	(212,149)
Total Noncurrent Assets	<u>182,055</u>	<u>182,055</u>
Total Assets	<u>244,721</u>	<u>244,721</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	<u>5,971</u>	<u>5,971</u>
Total Liabilities	<u>5,971</u>	<u>5,971</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	182,055	182,055
Unrestricted	<u>56,695</u>	<u>56,695</u>
Total Net Assets	<u>\$238,750</u>	<u>\$238,750</u>

Notes to the financial statements are an integral part of this statement.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>City</u>	<u>County</u>	<u>Capital Grants</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Total</u>
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$98,266	\$18,748	\$20,809	\$54,838	\$46,101	42,230	42,230
Total Government Activities	98,266	18,748	20,809	54,838	46,101	42,230	42,230
Total Primary Government	<u>\$98,266</u>	<u>\$18,748</u>	<u>\$20,809</u>	<u>\$54,838</u>	<u>\$46,101</u>	42,230	42,230
		General Revenues:					
		Donations and Other Sources				0	0
		Total General Revenues				0	0
		Change in Net Assets				42,230	42,230
		Net Assets, 7/1/2008				196,170	196,170
		Prior Period Adjustment				350	350
		Beginning Net Asset - Restated				<u>196,520</u>	<u>196,520</u>
		Net Assets, 6/30/2009				<u>\$238,750</u>	<u>\$238,750</u>

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

	General	Total Governmental Funds
<b>ASSETS</b>		
Cash	\$62,666	\$62,666
Accounts Receivable - City	0	0
Total Assets	\$62,666	\$62,666
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	5,971	5,971
Fund Balances:		
Reserved	0	0
Unreserved	56,695	56,695
Total Fund Balances	56,695	\$56,695
Total Liabilities and Fund Balances	\$62,666	

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are  
not financial resources and therefore are not reported  
in the governmental funds:

Governmental capital assets	394,204	
Less Accumulated Depreciation	(212,149)	182,055
Net Assets of Governmental Activities		\$238,750

Notes to financial statements are an integral part of this statement.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	General	Total Governmental Funds
<b>Revenues:</b>		
City of Brownsville	\$18,748	\$18,748
Haywood County	20,809	20,809
TEMA	16,101	16,101
TEMA Grant	30,000	30,000
Homeland Security Grants	54,838	54,838
<b>Total Revenues</b>	<b>140,496</b>	<b>140,496</b>
<b>Expenditures:</b>		
Administrative Salaries	46,669	46,669
Telephone and Utilities	3,048	3,048
Repairs and Maintenance	2,802	2,802
Fuel	2,469	2,469
Supplies	161	161
Office Supplies	1,568	1,568
Travel	630	630
Capital Outlay	56,899	56,899
<b>Total Expenditures</b>	<b>114,246</b>	<b>114,246</b>
<b>Net Change in Fund Balance</b>	<b>26,250</b>	<b>26,250</b>
Fund Balance - Beginning of Year	30,445	30,445
Fund Balance - End of Year	<u>\$56,695</u>	<u>\$56,695</u>

Notes to financial statements are an integral part of this statement.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

---

Net change in total fund balances per fund financial statements \$26,250

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives.

Expenditures for capital assets	56,899	
Less Current year depreciation	(40,919)	15,980

Change in Net Assets of Governmental Activities		42,230
---	--	--------

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
STATEMENT OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
City of Brownsville	\$18,748	\$18,748	\$18,748	\$0
Haywood County	18,748	18,748	20,809	2,061
TEMA	0	16,101	16,101	0
TEMA - Grant	30,000	30,000	30,000	0
Homeland Security Grant	54,838	54,838	54,838	0
<b>Total Revenues</b>	<b>122,334</b>	<b>138,435</b>	<b>140,496</b>	<b>2,061</b>
<b>Expenditures:</b>				
Administrative Salaries	51,046	51,046	46,669	4,377
Telephone	2,010	2,010	1,714	296
Utilities	1,190	1,190	1,064	126
Repairs and Maintenance	2,400	2,400	917	1,483
Fuel	4,300	4,300	2,469	1,831
Supplies	400	400	161	239
Office Supplies	400	1,519	1,568	(49)
Travel	500	630	630	0
Professional Fees/Audit	800	800	0	800
Improvements	500	500	95	405
Communications	2,500	2,500	270	2,230
Generator Expenses	1,000	1,409	1,409	0
Building Maintenance	400	400	381	19
Dues	50	50	0	50
Capital Outlay	56,899	56,899	56,899	0
<b>Total Expenditures</b>	<b>124,395</b>	<b>126,053</b>	<b>114,246</b>	<b>11,807</b>
<b>Net Change in Fund Balance</b>	<b>(2,061)</b>	<b>12,382</b>	<b>26,250</b>	<b>13,868</b>
Fund Balance - Beginning			30,445	
Fund Balance - Ending	<u>(\$2,061)</u>	<u>\$12,382</u>	<u>\$56,695</u>	<u>\$13,868</u>

Notes to the financial statements are an integral part of this statement.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

---

**I.A.1. INTRODUCTION**

The Brownsville-Haywood County Emergency Management Agency (the Agency) is a joint venture between the City of Brownsville and Haywood County. The purpose of the Agency is to coordinate emergency operations and training within Haywood County. The Agency's board is composed of the Mayor of the City of Brownsville, the County Major of Haywood County, and a third individual selected by the other two board members.

The accounting and reporting framework and the more significant accounting principles and practices of the Brownsville-Haywood County Emergency Management are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Agency's financial activities for the fiscal year ended June 30, 2009.

**I.B.1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within the financial statements with the focus on the primary government.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities that capture expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants which finance annual operating activities.

*Fund Financial Statements*

Fund Financial Statements are provided for the governmental fund which is considered a major fund. There are no non-major funds that should be reported in a separate column.

**I.B.2. 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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Agency's revenues are recognized when they become measurable and available as net assets. Expenditures are generally recognized when the related liability is incurred. The Agency does not use the encumbrance method of accounting.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

June 30, 2009

**I.B.3. FUND TYPES AND MAJOR FUNDS**

*Governmental Funds*

General Fund - reports as the primary fund of the Agency. This fund is used to account for all financial resources.

**I.C.1. CASH AND INVESTMENTS**

The Agency reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Agency places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

State statute's authorize the government and the District to invest in certificates of deposit, obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, and the Tennessee local government investment pool.

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**I.C.2. CAPITAL ASSETS AND DEPRECIATION**

The Agency's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Agency generally capitalizes assets with cost of \$1000.00 or more as purchase occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 - 50
Improvements	2 - 50
Furniture, Machinery, and Equipment	3 - 30

**I.C.3. FUND EQUITY**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

**II.A. BUDGETARY INFORMATION**

**II.A.1. BUDGET POLICY AND PRACTICE**

The Agency's Director submits an annual budget to the Executive Committee. The budget is presented to the Committee for review and discussion of the allocation of resources. Once approved, the Committee may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

June 30, 2009

**II.B.2. BASIS OF BUDGETING**

The fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by class as follows: salaries, compensation related, services and supplies, computer and equipment supplies, core material, and miscellaneous. Expenditures may not exceed appropriations.

The budget for the operating funds are prepared on the cash and expenditures basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

**III. DETAILED NOTES ON FUND**

**III.A. ASSETS**

**III.A.1. DEPOSITS AND INVESTMENTS**

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the \$62,666 is subject to custodial credit risk. All is covered by the FDIC.

**III.A.2. RECEIVABLES**

Grant receivables are receivables due from federal grants within the next month. Revenue is recorded as earned when eligibility requirements are met. Accounts receivable - City is a receivable due from the City of Brownsville within the next month.

**III.A.3. CAPITAL ASSETS**

**Changes in Capital Assets**

The following table provides a summary of changes in capital assets:

	<u>Capital Assets Depreciated</u>		
	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
<b>Primary Government</b>			
<i>Government Activities</i>			
Balance, June 30, 2008	\$274,156	\$62,710	\$336,866
Increases	17,089	39,810	56,899
Decreases			
Adjustments			
Prior Period Adjustment	439		439
Balance, June 30, 2009	<u>\$291,684</u>	<u>\$102,520</u>	<u>\$394,204</u>
Accumulated Depreciation			
Balance, June 30, 2008	\$144,194	\$26,947	\$171,141
Increases	32,147	8,772	40,919
Decreases			
Prior Period Adjustment	89		89
Balance, June 30, 2009	<u>\$176,430</u>	<u>\$35,719</u>	<u>\$212,149</u>
<i>Governmental Activities</i>			
Capital Assets, Net	<u>\$115,254</u>	<u>\$66,801</u>	<u>\$182,055</u>

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

June 30, 2009

---

**III.B.3. RISK MANAGEMENT - CLAIMS AND ADJUSTMENTS**

The Agency has some exposure to risk in the form of accidents which might occur during rescue operations or loss of property due to accident or acts of nature. The Agency has third party insurance coverage that is adequate in order to cover any occurrence that is likely to occur. There has only been one claim filed in recent years which was completely covered by the insurance policies.

**III.B.4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Prior to May 30 each year, the Director formally submits to the County Mayor and City Mayor a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Aldermen to obtain citizen comments on the budget. Prior to June 30, the budget is legally enacted through passage of an ordinance. The annual appropriated budget for the general fund is adopted on a GAAP basis.

Budgeted amounts shown are those originally adopted, as well as the final budgets which reflect amendments by the Board of Aldermen.

Total expenditures for the fund may not exceed the total amount appropriated in the budget ordinance. The director is authorized to transfer budgeted amounts between departments within the fund; any revisions that alter the total appropriations for the fund must be approved through passage of an ordinance by the Board of Aldermen. All appropriations lapse at year end.

Excess Expenditures

During the year ended June 30, 2009, expenditures for capital outlay exceeded the budgeted level of appropriations. The Agency did not have appropriated budget for Homeland Security Grant nor for the Capital Outlay expenditures from the fund. The difference of grant fund and capital outlay was zero.

**IV. A.1. OTHER ISSUES**

Special Note -- Change of Financial Statements Presentation

The audit for year ended June 30, 2008 was prepared by another accountant and we did not participate in that audit. The financial statements of June 30, 2008 contained the Brownsville-Haywood County Rescue Squad as discretely component unit of the Brownsville-Haywood County Management Emergency Agency.

Financial Statements for June 30, 2009 *does not contain* Brownsville-Haywood County Rescue Squad as the discretely component unit of the Brownsville-Haywood County Management Emergency Agency.

Prior Period Adjustment -- Government-wide

Fund balance was understated. Capital assets and accumulated depreciation were understated.

Beginning Fund Balance	\$196,170
Adjustment	350
Beginning Fund Balance - Restated	<u>196,520</u>

# **Financial Schedule Section**

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**June 30, 2009**

<b>Federal Grantor/Program Pass-Through</b>	<b>Contract Number</b>	<b>Federal CFDA Number</b>	<b>State Grant Amount</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Receivable Ending Balance</b>
Homeland Security/Tennessee Emergency Management	GG-08-24211-00	97.067	\$15,028	\$0	\$15,028	\$15,028	\$0
Homeland Security/Tennessee Emergency Management	34101-0000000464	97.067	40,000	0	39,810	39,810	0
Tennessee Emergency Management	GG-08-25965	97.042	30,000	0	30,000	30,000	0
				<u>\$0</u>	<u>\$84,838</u>	<u>\$84,838</u>	<u>\$0</u>

# **Other Report Section**

*Kenneth Cozart & Associates PC*

Certified Public Accountants  
29 N. LAFAYETTE  
BROWNSVILLE, TN 38012  
TELEPHONE: 731-772-2273  
FAX: 731-772-2275

KENNETH COZART, CPA  
BOB COZART, CPA

MEMBER:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

To the Board of Directors  
The Brownsville - Haywood County Emergency Management Agency

We have audited the financial statements of the governmental activities and each major fund of the Brownsville - Haywood County Emergency Management Agency, as of and for the year ended June 30, 2009, which collectively comprise the Brownsville - Haywood County Emergency Management Agency's basic financial statements and have issued our report thereon dated February 10, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brownsville - Haywood County Emergency Management Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

*A control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors, management, City Council, County Commission, TENA, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Bob Cozart, CPA". The signature is written in a cursive style.

Bob Cozart

Certified Public Accountant  
Kenneth Cozart & Associates, CPA, PC

Brownsville, Tennessee  
February 10, 2010

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009**

---

**Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the accompanying financial statements of the Emergency Management Agency.
2. No instances of noncompliance that was material to the financial statements was disclosed during the audit.
3. No instances of material weakness or significant deficiencies were disclosed during the audit.

**Findings - Financial Statement Audit**

**NONE.**