

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
JUNE 30, 2009**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
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JUNE 30, 2009**

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To the Board of Directors of the
Cookeville-Putnam County Emergency Management Agency
Cookeville, Tennessee

I have audited the accompanying government-wide financial statements and the major governmental fund financial statements of the Cookeville-Putnam County Emergency Management Agency, a joint venture of the City of Cookeville and Putnam County, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Cookeville-Putnam County Emergency Management Agency's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government-wide and the major governmental fund of the Cookeville-Putnam County Emergency Management Agency as of June 30, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. However, the Agency has elected not to present the management discussion and analysis.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 11, 2009 on my consideration of the Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting and my 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 my testing of internal control over financial reporting and the results of that testing and not to provide an opinion on financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

November 11, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets

Current Assets

Cash in Bank	\$ 70,055.94	
Due From State-TEMA	29,986.00	
Prepaid expenses	<u>2,342.16</u>	
Total Current Assets		\$ 102,384.10

Capital Assets

Equipment	255,619.76	
Less Accumulated Depreciation	<u>(187,015.11)</u>	
Total Capital Assets		<u>68,604.65</u>

Total Assets		170,988.75
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Liabilities and Net Assets

Liabilities

Compensated Absence Payable		<u>10,638.46</u>
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Net Assets

Invested in Capital Assets	68,604.65	
Unrestricted Net Assets	<u>91,745.64</u>	
Total Net Assets		<u>\$ 160,350.29</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

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

Expenses

Salaries	\$ 96,350.00	
Payroll Taxes	7,290.63	
Personnel Insurance	10,970.04	
Workers' Comp Insurance	3,056.00	
Training-Admin.	509.00	
Mission Support	42.75	
Vehicle-Expense-Admin.	1,412.50	
Employee Recognition	38.00	
Dues/Fees/Subscriptions	35.00	
Uniform Expense	480.90	
Office Supplies	828.64	
Phone/Cell Phone	1,448.81	
Postage & Box Rental	287.15	
Audit	1,000.00	
Public Information	786.48	
Emergency Alert Expense	970.80	
Weather Warning Expense	3,757.33	
Communications Expense-Admin.	3,084.79	
Rescue-Insurance	3,159.94	
Rescue-Telephone	989.53	
Rescue-Communications Expense	491.12	
Rescue -Gasoline	8,020.72	
Rescue-Mission Support	46.37	
Rescue-Training	2,520.00	
Depreciation	<u>35,402.97</u>	
Total Expenses		182,979.47

Program Revenue

City of Cookeville	25,400.00	
Putnam County	123,841.00	
TEMA Grant	<u>29,986.00</u>	
Total Program Revenue		<u>179,227.00</u>

Net (Expense) Revenue	(3,752.47)
Beginning Net Assets, July 1, 2008	<u>164,102.76</u>
Ending Net Assets, June 30, 2009	<u><u>\$ 160,350.29</u></u>

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
BALANCE SHEET
JUNE 30, 2009**

Assets

Current Assets

Cash in Bank	\$ 70,055.94
Due From State -TEMA	29,986.00
Prepaid Expenses	<u>2,342.16</u>

Total Assets \$ 102,384.10

Liabilities & Fund Balance

Total Fund Balance 102,384.10

Total Liabilities & Fund Equity \$ 102,384.10

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY EMERGENCY MANAGEMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund Balance-Balance Sheet	\$ 102,384.10
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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. Due to the long term nature of Compensated Absences Payable, the amount recorded for this on the Statement of Net Assets is not reported in the governmental funds.

Compensated Absences Payable	\$ (10,638.46)
Governmental Capital Assets	255,619.76
Less: Accumulated Depreciation	<u>(187,015.11)</u>
	<u>57,966.19</u>
<u>Net Assets of Governmental Activities</u>	<u>\$ 160,350.29</u>

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

Operating Revenue

City of Cookeville	\$ 25,400.00	
Putnam County	123,841.00	
TEMA Grant	<u>29,986.00</u>	
Total Operating Revenue		\$ 179,227.00

Expenditures

Salaries	\$ 95,300.00	
Payroll Taxes	7,290.63	
Personnel Insurance	10,970.04	
Workers' Comp Insurance	3,056.00	
Training	509.00	
Mission Support	42.75	
Vehicle Expense	1,412.50	
Employee Recognition	38.00	
Dues/Fees/Subscriptions	35.00	
Uniform Expense	480.90	
Office Supplies	644.66	
Office Equipment	183.98	
Office-Phone/Cell Phone	1,448.81	
Postage & Box Rental	287.15	
Public Information	1,000.00	
Audit	786.48	
Emergency Alert Expense	970.80	
Weather Warning Expense	3,757.33	
Communications Expense	2,375.45	
Communications Equipment	709.34	
Rescue-Insurance	3,159.94	
Rescue-Telephone	989.53	
Rescue-Communications Expense	366.72	
Rescue-Gasoline	8,020.72	
Rescue-Mission Support	46.37	
Rescue-Training Expenses	2,520.00	
Rescue-Equipment	<u>37,793.96</u>	
Total Expenditures		<u>184,196.06</u>

Net (Expense) Revenue \$ (4,969.06)

Fund Balance Beginning of Year	97,764.70
Prior Period Adjustment	<u>9,588.46</u>
Fund Balance at End of Year	<u>\$ 102,384.10</u>

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 – Organization

The Cookeville-Putnam County Emergency Management Agency was instituted in Putnam County around 1950-52 as a joint venture of the City of Cookeville and Putnam County. The purpose of the Emergency Management Agency is to assist other emergency services during peacetime emergencies or disaster with backup personnel and equipment, plan and prepare for emergency operations in the event of a nuclear attack upon the United States, and provide training for other emergency services and the general public. The Cookeville-Putnam County Emergency Management Agency has several emergency shelters and sites.

Note 2 – Summary of Significant Accounting Policies Government-wide Financial Statements

The Government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report the governmental activities of the Cookeville-Putnam County Emergency Management Agency. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to the Emergency Management Agency, the accounts of the Emergency Management Agency are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis recognizes that most expenditures and transfers out are measurable and are recorded when the related liability is incurred. The modified accrual basis also recognizes revenues when both “measurable and available”. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Property, plant and equipment are expended when purchased.

Capital Assets and Depreciation

The Cookeville-Putnam County Emergency Management Agency's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. The capital assets are also reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Note 3 – Cash and Cash Equivalents:

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2009, the Operating Fund, was maintained in a checking account.

Note 4 – Compensated Absences

Compensated absences are calculated for annual leave and comp time. Full-time employees earn sick time as well but it does not vest; therefore no liability has been recorded for sick leave. The liability shown in these statements represents the amount owed to employees for annual leave as of June 30, 2009.

Note 5 – Property, Plant and Equipment

The following is a schedule of additions, adjustments and retirements to Fixed Assets:

<u>Assets</u>	<u>Balance</u> <u>7-1-08</u>	<u>Additions</u>	<u>Adjustments</u> <u>& Retirements</u>	<u>Balance</u> <u>6-30-09</u>
Office Furniture & Equip.	\$ 40,974.71	\$ --	<\$ 19,078.71>	\$ 21,896.00
Equipment	72,579.38	37,669.56	--	110,248.94
Vehicles	<u>123,474.82</u>	<u>--</u>	<u>--</u>	<u>123,474.82</u>
<u>Total</u>	<u>\$237,028.91</u>	<u>\$ 37,669.56</u>	<u><\$ 19,078.71></u>	<u>\$255,619.76</u>

The following is a schedule of depreciation expense and accumulated depreciation:

<u>Assets</u>	<u>Accumulated</u> <u>Depreciation</u> <u>7-1-08</u>	<u>Depreciation</u> <u>Expense</u>	<u>Adjustments</u> <u>& Retirements</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6-30-09</u>
Office Furniture & Equip.	\$ 38,144.96	\$ 1,289.45	< \$19,078.71>	\$ 20,355.70
Equipment	58,211.70	15,367.31	--	73,579.01
Vehicles	<u>74,334.19</u>	<u>18,746.21</u>	<u>--</u>	<u>93,080.40</u>
<u>Total</u>	<u>\$170,690.85</u>	<u>\$ 35,402.97</u>	<u><\$19,078.71></u>	<u>\$187,015.11</u>

Note 6 – Cash in Bank

At June 30, 2009, the carrying amount of the Cookeville-Putnam County Emergency Management Agency's cash deposits was \$70,055.94. The Agency's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The Agency is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 7 – Rescue Squad

The director of the Cookeville-Putnam County Emergency Management Agency appoints the Rescue Squad chief. Expenses for the Rescue Squad are included in the Emergency Management Agency Budget. The Rescue Squad is made up entirely (including the chief) of volunteers. Funds are raised by the squad through various fund drives during the year with the Rescue Squad's Advisory Board having full control over these funds. These financial statements do not include any Rescue Squad funds.

Note 8 – Budget

The director of the Cookeville-Putnam County Emergency Management Agency and staff compile the budget. It is then brought before the city and county for approval. Changes made by the city or county are not reflected in the budget. This is a nonappropriated budget used for guidance only and is not legally binding and therefore is not presented as Required Supplementary Information.

Note 9 – Risk

Cookeville-Putnam County Emergency Management Agency maintains workers' compensation insurance on employees and additional insurance coverage for volunteers. Coverage for equipment, trucks, and office are covered by Putnam County, Tennessee. Putnam County government carries insurance covering injuries to others up to \$130,000 per person, and \$350,000 per accident, which covers the Cookeville-Putnam County Emergency Management Agency. There have been no claims or settlement that exceed coverage amount during the past three years.

Note 10 – Prior Period Adjustment

A prior period adjustment in the amount of \$9,588.46 was made to the Fund financial statements to correct an over statement in Compensated Absences Payable.

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**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***

To the Board of Directors of the
Cookeville-Putnam County Emergency Management Agency
Cookeville, Tennessee

I have audited the government-wide and major fund financial statements of The Cookeville-Putnam County Emergency Management Agency, a joint venture of the City of Cookeville and Putnam County, as of and for the year ended June 30, 2009, and have issued my report thereon dated November 11, 2009. I conducted my 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 of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered The Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation 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. I consider the deficiencies described in the accompanying schedule of findings and recommendations as item 09-1 to be significant deficiencies in internal control over financial reporting.

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.

My 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Cookeville-Putnam County Emergency Management Agency's financial statements are free of material misstatement, I 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 on my audit and, accordingly I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and recommendations as item 09-1.

The Cookeville-Putnam County Emergency Management Agency's response to the findings identified in my audit is described in the accompanying schedule of findings and recommendations. I did not audit the agency's response and, accordingly, I express no opinion on it.

This report is intended solely for the information of the management of The Cookeville-Putnam County Emergency Management Agency and the Comptroller of the Treasurer, State of Tennessee and is not intended to be used and should not be used by anyone other than these specified parties.

November 11, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2009**

Finding 09-1

One person handles all cash disbursements as well as all payroll functions and reconciles bank accounts.

Recommendation

Someone other than the person handling disbursements should reconcile bank account and control payroll.

Management Comment

It is not economically advisable to employ another person, however, Director handles all receipting and depositing of income and Deputy Director handles all disbursements. The volume of work involved can be handled by current number of employees.

Auditor's Note:

Due to the small size and lack of personnel, total segregation of duties is not feasible. However, the EMA segregates the duties to the extent possible.