BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ended

June 30, 2013

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
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FOR THE YEAR ENDED JUNE 30, 2013

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BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

DIRECTORY
June 30, 2013

ROSTER OF BOARD OF DIRECTORS

Franklin Smith, County Mayor
Jo Matherne, City Mayor
Ed Ellington, Chairman of Board
Mark Foster, Member
Frank Faucett, Member
Chris Lea, Chief of Police Department, Member

Attorney At Law
Michael Banks
Brownsville, TN 38012

Independent Certified Public Accountants
Cowart Reese Sargent, PC, CPAs
Brownsville, TN 38012

COWART REESE
SARGENT
Certified Public Accountants, P.C.

Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

Independent Auditors' Report

December 12, 2013

Board of Directors of the
Brownsville-Haywood County Emergency Management Agency
Brownsville, TN

Report on the Financial Statements

We have audited the accompanying 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, 2013, 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. Management is also responsible for 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.

Auditors' 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 of 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 purposes 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 opinion.

367-A N. Parkway, Suite 1
Jackson, TN 38305
(731)668-1806 / fax (731)668-9543

309 N. Market St
Paris, TN 38242
(731)642-1755 / fax (731)644-0413

304 Broadway St
Martin, TN 38237
(731)587-4221 / fax (731)587-9474

29 N. Lafayette Ave
Brownsville, TN 38012
(731)772-2273 / fax (731)772-2275

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Brownsville-Haywood County Emergency Management Agency as of June 30, 2013, and the results of its operation for the year ended in conformity 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 as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to 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 basis 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 doe not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of Brownsville-Haywood County Emergency Management Agency's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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* in considering Brownsville-Haywood County Emergency Management Agency's internal control over financial reporting and compliance.

Cowart Reese Sargent

Cowart Reese Sargent,
Certified Public Accounts, P.C.
Brownsville, TN

BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 2013

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, 2013. 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 impendent 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 Position presents information on all of the Agency's assets, liabilities, with the difference reported as net position. Overtime, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 and the governmental fund reporting distinguish functions of the Agency that are supported by contributions from City of Brownsville, Haywood County, Tennessee Emergency Management, and other contributions to cover expenditures and capital outlay 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 related financial requirements.

Government Funds -- Government funds are used to account for 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 12-14 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $150,397 at the close of the most recent fiscal year. A portion of the Agency's net position (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); 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 the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate liabilities.

BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 2013

STATEMENT OF NET POSITION

	June 30, 2013	June 30, 2012	$ Variance	% Variance
Current and Other Assets	$ 36,495	$ 35,886	$ 609	101.70%
Capital Assets (net of Accumulated Dep)	113,902	150,367	(36,465)	75.75%
Total Assets	150,397	186,253	(35,856)	80.75%
Current Liabilities	-	-	-	0.00%
Long-term Liabilities	-	-	-	
Total Liabilities	-	-	-	0.00%
Invested in Capital Assets	113,902	150,367	(36,465)	75.75%
Unrestricted	36,495	35,886	609	101.70%
Total Net Position	$ 150,397	$ 186,253	$ (35,856)	80.75%

During the 2013 fiscal year, the Agency's net position decreased by $35,856. Capital assets net of accumulated depreciation decreased by $41,597. This decrease was due to increase in depreciation of the capital assets. Depreciation for the current fiscal year exceeded the capital purchased.

Statement of Activities -- Revenues exceeded expenditures in the governmental activities column by $609. Expenditures exceeded revenues in government-wide by $35,856.

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2013	June 30, 2012	$ Variance	% Variance
Operating Revenue	$ 66,598	$ 62,993	$ 3,605	105.72%
Non-Operating Revenue	609	-	609	100.00%
Total Revenues	67,207	62,993	4,214	106.69%
Operating Expenditures	61,466	62,384	918	101.49%
Depreciation	41,597	48,369	6,772	116.28%
Total Expenditures	103,063	110,753	7,690	107.46%
Change in Net Position	(35,856)	(47,760)	11,904	75.07%
Beginning Net Position	186,253	234,013	(47,760)	79.59%
Ending Net Position	$ 150,397	$ 186,253	$ (35,856)	80.75%

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 meat obligations of creditors and operational requirements of the Agency.

Revenues in the general fund increased by $4,214 in fiscal 2013 in comparison with 2012 year. The significant change in the current period was more transfers from the County.

Expenditures in the general fund decreased by $7,690 in 2013 in comparison with prior year. The significant change was the decrease in capital outlay expenses during the fiscal year 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets -- At the end of fiscal year, the Agency had invested $113,902 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was $388,229. Depreciation expense was $41,597 during the current fiscal year.

Long-Term Debt -- At the end of current fiscal year of 2013 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.

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

STATEMENT OF NET POSITION

June 30, 2013

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Current Assets		
Cash	$ 36,495	$ 36,495
Total Current Assets	36,495	36,495
Noncurrent Assets		
Vehicles and Equipment	502,131	502,131
Less Accumulated Depreciation	(388,229)	(388,229)
Total Noncurrent Assets	113,902	113,902
Total Assets	150,397	150,397
LIABILITIES		
Current Liabilities	-	-
Total Liabilities	-	-
NET POSITION		
Invested in Capital Assets	113,902	113,902
Unrestricted	36,495	36,495
Total Net Position	$ 150,397	$ 150,397

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, 2013

			Net (Expense) Revenue and Changes in Net Assets	
		Revenues	Primary Government	
	Expenses	Transfer from County	Governmental Activities	Total
Functions and Programs				
Primary Government:				
Governmental Activities:				
General Government	103,064	66,598	(36,465)	(36,465)
Total Government Activities	103,064	66,598	(36,465)	(36,465)
Total Primary Government	103,064	66,598	(36,465)	(36,465)
		General Revenues:	609	609
		Change in Net Position	(35,856)	(35,856)
		Net Position - Beginning	186,253	186,253
		Net Position - Ending	$ 150,397	$ 150,397

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

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General	Total Governmental Funds
ASSETS		
Cash	$ 36,495	$ 36,495
Total Assets	36,495	36,495
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balances:		
Unassigned	36,495	36,495
Total Fund Balances	36,495	36,495
Total Liabilities and Fund Balances	$ 36,495	

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 governmental funds:

Governmental capital assets	502,131	
Less Accumulated Depreciation	(388,229)	113,902
Net Position of Governmental Activities		$ 150,397

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, 2013

	General	Total Governmental Funds
Revenues:		
Transfer from County	$ 66,598	$ 66,598
Miscellaneous income	609	$ 609
Total Revenues	$ 67,208	$ 67,208
Expenditures:		
Administrative Salaries	$ 41,955	$ 41,955
Utilities	1,561	1,561
General Repairs	355	355
Repairs and Maintenance - Vehicles	1,453	1,453
Repairs and Maintenance - Equipment	1,378	1,378
Fuel	2,204	2,204
Insurance	4,992	4,992
Payroll Taxes	3,368	3,368
Other Fringe Benefits	1,890	1,890
Unemployment	244	244
Office Supplies	612	612
Dues and Subscriptions	15	15
Travel	533	533
Professional Fees/Audit	-	-
Building Maintenance	171	171
Communication	735	735
Capital Outlay	5,132	5,132
Total Expenditures	$ 66,598	$ 66,598
Net Change in Fund Balance	609	609
Fund Balance - Beginning of Year	35,886	35,886
Fund Balance - End of Year	$ 36,495	$ 36,495

Notes to Financial Statements are an Integral Part of this Statement.

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

RECONCILIATION OF THE STATEMENT OF REVEUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Net change in total fund balances per fund financial statements		609
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	5,132	
Less Current year depreciation	(41,597)	(36,465)
Change in Net Position of Governmental Activities		$ (35,856)

Notes to Financial Statements are an Integral Part of this Statement.

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
STATEMENT OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transfer from County	66,598	66,598	66,598	-
Miscellaneous	-	-	609	609
Total Revenues	$ 66,598	$ 66,598	$ 67,208	$ 609
Expenditures:				
Administrative Salaries	44,721	44,721	41,955	2,766
Utilities	1,100	1,100	1,561	(461)
General Repairs	100	100	355	(255)
Repairs and Maintenance - Vehicles	1,200	1,200	1,453	(253)
Fuel	2,700	2,700	2,204	496
Insurance	4,405	4,405	4,992	(587)
Payroll Taxes	3,566	3,566	3,368	198
Other Fringe Benefits	1,890	1,890	1,890	-
Unemployment	112	112	244	(132)
Supplies	400	400	248	152
Office Supplies	720	720	364	356
Travel	400	400	533	(133)
Professional Fees/Audit	1,000	1,000	-	1,000
Communications	4,810	4,810	735	4,075
Generator Expenses	1,800	1,800	1,378	422
Building Maintenance	1,200	1,200	171	1,029
Dues	250	250	15	235
Capital Outlay	-	-	5,132	(5,132)
Total Expenditures	$ 70,374	$ 70,374	$ 66,598	$ 3,776
Net Change in Fund Balance	(3,776)	(3,776)	609	4,385
Fund Balance - Beginning	-	-	35,886	(35,886)
Fund Balance - Ending	$ (3,776)	$ (3,776)	$ 36,495	$ (31,501)

Notes to Financial Statements are an Integral Part of This Statement.

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 Mayor 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, 2013.

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

Government-wide Financial Statements

The government-wide financial statements include the statement of net position 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures are generally recognized when the related liability is incurred. The Agency does not use the encumbrance method of accounting.

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 considers highly liquid investments with an original maturity of three months or less when purchase to be cash equivalents. The Agency places its temporary cash investments with high credit quality financial institutions. At times such investment 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 $1,000.00 or more as purchase occurs. he cost of normal maintenance and repairs that do not add to the asset value or materiality 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 BALANCES - GOVERNMENTAL FUNDS

The Agency implemented GASB No 54, Fund Balance Reporting and Governmental Fund Type Definitions in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Board, the highest level of decision making authority. Commitments may be modified or rescinded only through actionss approved by the Board.
- Assigned – includes amounts that the Agency intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

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 board 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 the estimated revenues and appropriations.

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. Expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

III. DETAILED NOTES ON FUNDS

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, 2013, none of the $36,495 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 re 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:

	Capital Assets Depreciated		
	Equipment	Vehicles	Total
Primary Government			
Government Activities			
Balance, June 30, 2012	$ 344,337	$ 152,662	$ 496,999
Increases	5,132	-	5,132
Decreases	-	-	-
Adjustments	-	-	-
Balance, June 30, 2013	$ 349,469	$ 152,662	$ 502,131
Accumulated Depreciation			
Balance, June 30, 2012	234,940	111,692	346,632
Increases	25,944	15,653	41,597
Decreases	-	-	-
Adjustments	-	-	-
Balance, June 30, 2013	$ 260,884	$ 127,345	$ 388,229
Governmental Activities			
Capital Assets, Net	$ 88,585	$ 25,317	$ 113,902

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 citizens' comments on the budget. Prior to June 30, the budget is legally enacted through passage of an ordinance.

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 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 of Appropriation Over Expenditures

During the year ended June 30, 2013, the budgeted level of appropriations exceeded expenditures.

IV. SUBSEQUENT EVENTS

Management had reviewed events through December 12, 2013, the earlies date the financials were available to be issued.

COWART REESE
SARGENT
Certified Public Accountants, P.C.

Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

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

The Board of Directors
Brownsville-Haywood County Emergency Management Agency

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 and each major fund of the Brownsville-Haywood County Emergency Management Agency, ("Agency"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Brownsville-Haywood County Emergency Management Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 *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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will 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 the internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

367-A N. Parkway, Suite 1
Jackson, TN 38305
(731)668-1806 / fax (731)668-9543

309 N. Market St
Paris, TN 38242
(731)642-1755 / fax (731)644-0413

304 Broadway St
Martin, TN 38237
(731)587-4221 / fax (731)587-9474

29 N. Lafayette Ave
Brownsville, TN 38012
(731)772-2273 / fax (731)772-2275

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*.

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 provide an opinion on the effectiveness of the entity's internal control of on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cowart Reese Sargent

Cowart Reese Sargent, CPA, PC
Brownsville, Tennessee

December 12, 2013

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the accompanying financial statements of the Emergency Management Agency.

2. One instance of Non-Compliance 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

Disposition of Prior Year Findings:

1.) 2012 - 01

Condition: Expenditures exceeded appropriation allowed by the budget resulting an instance of noncompliance in the General Fund.

Criteria: Tennessee Code Annotated 6-56-203 prohibits expenditures of funds except in accordance with an authorized budget. Further it requires a budget for all funds, except proprietary and fiduciary.

Effect: Expenditures' in excess of the budgeted amounts are unauthorized.

Recommendations: We recommend that budgets be reviewed on a regular basis and amendments be made when necessary.

Management: We Concur. In the future, we will monitor expenditures, amend the budget when necessary and to adhere to the budget that is approved.

Current Year Follow Up: Appears resolved.