

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY
MANAGEMENT AGENCY**

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ended

June 30, 2014

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
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FOR THE YEAR ENDED JUNE 30, 2014

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BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY

DIRECTORY
June 30, 2014

ROSTER OF BOARD OF DIRECTORS

Franklin Smith, County Mayor
Bill Rawls, City Mayor
Ed Ellington, Chairman of Board
Jimmy Studdard, 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.

Brownsville | Jackson | Martin | Milan | Paris

R. Kenneth Cozart, CPA
Joseph (Joey) G. Gordon, CPA

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Brownsville, TN 38012
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Independent Auditors' Report

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, each major fund, and the budgetary comparison of the general fund of the Brownsville-Haywood County Emergency Management Agency, as of and for the year ended June 30, 2014, 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.

Opinion

In our opinion, the financial statements of the governmental activities, each major fund, and the budgetary comparison of the general fund present fairly, in all material respects, the financial position of Brownsville-Haywood County Emergency Management Agency as of June 30, 2014, 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 do 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 January 27, 2015 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,
Certified Public Accounts, P.C.
Brownsville, TN
January 27, 2015

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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, 2014. 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 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 event 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 as listed in the table of contents.

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 \$115,417 at the close of the most recent fiscal year. A portion of the Agency's net position (68%) 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 30, 2014**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$ 36,495	\$ 36,495	\$ 0	100.00%
Capital Assets (net of Accumulated Dep)	<u>78,922</u>	<u>113,902</u>	<u>(34,980)</u>	69.29%
Total Assets	115,417	150,397	(34,980)	76.74%
Current Liabilities	-	-	-	0.00%
Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	
Total Liabilities	-	-	-	0.00%
Invested in Capital Assets	78,922	113,902	(34,980)	69.29%
Unrestricted	<u>36,495</u>	<u>36,495</u>	<u>0</u>	100.00%
Total Net Position	<u>\$ 115,417</u>	<u>\$ 150,397</u>	<u>\$ (34,980)</u>	76.74%

During the 2014 fiscal year, the Agency's net position decreased by \$34,980. Capital assets net of accumulated depreciation decreased by \$34,980. 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 \$0. Expenditures exceeded revenues in government-wide by \$34,980.

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease) \$ Variance</u>	<u>% Variance</u>
Operating Revenue	\$ 68,575	\$ 66,598	\$ 1,977	102.97%
Non-Operating Revenue	<u>-</u>	<u>609</u>	<u>(609)</u>	100.00%
Total Revenues	68,575	67,207	1,368	102.04%
Operating Expenditures	68,575	61,466	(7,109)	89.63%
Depreciation	<u>34,980</u>	<u>41,597</u>	<u>6,617</u>	118.92%
Total Expenditures	<u>103,555</u>	<u>103,063</u>	<u>(492)</u>	99.52%
Change in Net Position	(34,980)	(35,856)	876	97.56%
Beginning Net Position	150,397	186,253	(35,856)	80.75%
Ending Net Position	<u>\$ 115,417</u>	<u>\$ 150,397</u>	<u>\$ (34,980)</u>	76.74%

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 a 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 \$1,368 in fiscal 2014 in comparison with 2013 year. The significant change in the current period was more transfers from the County.

Expenditures in the general fund increased by \$492 in 2014 in comparison with prior year. The significant change was the increase in operating expenses during the fiscal year 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets -- At the end of fiscal year, the Agency had invested \$78,922 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$423,209. Depreciation expense was \$34,980 during the current fiscal year.

Long-Term Debt -- At the end of current fiscal year of 2014 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, 2014

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Current Assets		
Cash	\$ 36,495	\$ 36,495
Total Current Assets	<u>36,495</u>	<u>36,495</u>
Noncurrent Assets		
Vehicles and Equipment	502,131	502,131
Less Accumulated Depreciation	<u>(423,209)</u>	<u>(423,209)</u>
Total Noncurrent Assets	<u>78,922</u>	<u>78,922</u>
Total Assets	<u>115,417</u>	<u>115,417</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 115,417</u>	<u>\$ 115,417</u>
LIABILITIES		
Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	78,922	78,922
Unrestricted	<u>36,495</u>	<u>36,495</u>
Total Net Position	<u>\$ 115,417</u>	<u>\$ 115,417</u>

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Revenues</u> <u>Transfer from</u> <u>County</u>	<u>Net (Expense) Revenue and</u> <u>Changes in Net Position</u>	
			<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Total</u>
<u>Functions and Programs</u>				
Primary Government:				
Governmental Activities:				
General Government	<u>103,555</u>	<u>68,575</u>	<u>(34,980)</u>	<u>(34,980)</u>
Total Government Activities	<u>103,555</u>	<u>68,575</u>	<u>(34,980)</u>	<u>(34,980)</u>
Total Primary Government	<u><u>103,555</u></u>	<u><u>68,575</u></u>	<u><u>(34,980)</u></u>	<u><u>(34,980)</u></u>
		General Revenues:	<u>-</u>	<u>-</u>
		Change in Net Position	(34,980)	(34,980)
		Net Position - Beginning	150,397	150,397
		Net Position - Ending	<u><u>\$ 115,417</u></u>	<u><u>\$ 115,417</u></u>

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

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	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	(423,209)	78,922
Net Position of Governmental Activities		\$ 115,417

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Transfer from County	\$ 68,575	\$ 68,575
Miscellaneous income	-	-
	<u> </u>	<u> </u>
Total Revenues	<u>\$ 68,575</u>	<u>\$ 68,575</u>
Expenditures:		
Administrative Salaries	\$ 41,386	\$ 41,386
Utilities	1,033	1,033
General Repairs	130	130
Repairs and Maintenance - Vehicles	864	864
Repairs and Maintenance - Equipment	1,960	1,960
Fuel	3,171	3,171
Insurance	5,038	5,038
Payroll Taxes	3,323	3,323
Other Fringe Benefits	2,100	2,100
Unemployment	226	226
Office Supplies	1,179	1,179
Dues and Subscriptions	-	-
Travel	747	747
Professional Fees/Audit	4,000	4,000
Building Maintenance	85	85
Communication	930	930
Janitorial Expenses	2,403	2,403
Capital Outlay	-	-
	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 68,575</u>	<u>\$ 68,575</u>
Net Change in Fund Balance	-	-
Fund Balance - Beginning of Year	<u>36,495</u>	<u>36,495</u>
Fund Balance - End of Year	<u>\$ 36,495</u>	<u>\$ 36,495</u>

**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, 2014**

Net change in total fund balances per fund financial statements -

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	-	
Less Current year depreciation	<u>(34,980)</u>	<u>(34,980)</u>
Change in Net Position of Governmental Activities		<u>\$ (34,980)</u>

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
STATEMENT OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Transfer from County	72,773	72,773	68,575	(4,198)
Miscellaneous	-	-	-	-
Total Revenues	\$ 72,773	\$ 72,773	\$ 68,575	\$ (4,198)
Expenditures:				
Administrative Salaries	45,697	45,697	41,386	4,311
Utilities	1,100	1,100	1,033	67
General Repairs	100	100	130	(30)
Repairs and Maintenance - Equipment	1,800	1,800	1,960	(160)
Repairs and Maintenance - Vehicles	1,200	1,200	864	336
Fuel	2,200	2,200	3,171	(971)
Insurance	4,187	4,187	5,038	(851)
Payroll Taxes	3,657	3,657	3,323	334
Other Fringe Benefits	2,100	2,100	2,100	-
Unemployment	252	252	226	26
Supplies	400	400	60	340
Office Supplies	720	720	1,119	(399)
Travel	400	400	747	(347)
Professional Fees/Audit	2,000	2,000	4,000	(2,000)
Communications	3,610	3,610	930	2,680
Building Maintenance	700	700	85	615
Dues	250	250	-	250
Janitorial Expenses	2,400	2,400	2,405	(5)
Capital Outlay	-	-	-	-
Total Expenditures	\$ 72,773	\$ 72,773	\$ 68,575	\$ 4,198
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning			36,495	
Fund Balance - Ending			<u>\$ 36,495</u>	

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

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014.

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 position. 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.

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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. The 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 actions 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. Expenditures are required to be within budgetary limits at the major category level of control.

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, 2014, 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 are met. Accounts receivable - City is a receivable due from the City of Brownsville within the next month.

BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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			
<i>Government Activities</i>			
Balance, June 30, 2013	\$ 349,469	\$ 152,662	\$ 502,131
Increases	-	-	-
Decreases	-	-	-
Adjustments	-	-	-
Balance, June 30, 2014	\$ 349,469	\$ 152,662	\$ 502,131
Accumulated Depreciation			
Balance, June 30, 2013	260,884	127,345	388,229
Increases	22,891	12,089	34,980
Decreases	-	-	-
Adjustments	-	-	-
Balance, June 30, 2014	\$ 283,775	\$ 139,434	\$ 423,209
<i>Governmental Activities</i>			
Capital Assets, Net	\$ 65,694	\$ 13,228	\$ 78,922

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, 2014, the budgeted level of appropriations exceeded expenditures.

IV. SUBSEQUENT EVENTS

Management had reviewed events through January 27, 2015, the earliest date the financials were available to be issued.



R. Kenneth Cozart, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
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, 2014, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated January 27, 2015.

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.

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*.

Purpose of this Report

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, CPA, PC
Brownsville, Tennessee
January 27, 2015

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the accompanying financial statements of the Emergency Management Agency.
2. No 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

**BROWNSVILLE - HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2014**

Financial Statement Findings

Finding Number	Finding Title	Status
2012-01	Expenditures exceeding budget	Corrected