

**BROWNSVILLE-HAYWOOD COUNTY
EMERGENCY MANAGEMENT
AGENCY**

**FINANCIAL STATEMENTS
JUNE 30, 2015**

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
TABLE OF CONTENTS
JUNE 30, 2015**

	Pages
Financial Section	
Directory - Unaudited	1
Independent Auditors' Report	2
Management's Discussion and Analysis	5
Basic Financial Statement:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenue, Expenditure and Changes in Fund Balance - Budgetary Comparison	15
Notes to the Financial Statements	16
Schedule of Expenditures of Federal Awards	23
Other Report Section:	
Independent Auditors' 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	24
Schedule of Findings and Responses	26
Schedule of Prior Year Findings	28

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
DIRECTORY - UNAUDITED
June 30, 2015**

ROSTER OF BOARD OF DIRECTORS

**Franklin Smith, County Mayor
Bill Rawls, City Mayor
Ed Ellington, Chairman of Board
David Smith, Member
Frank Fawcett, Member
Melvin Bond, Chief of Police Department, Member**

MANAGEMENT

Robert "Bob" Parks, Director

**Attorney At Law
Michael Banks
Brownsville, TN 38012**



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

Independent Auditors' Report

Board of Directors
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 the major fund of the Brownsville-Haywood County Emergency Management Agency (the Agency), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, 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; this includes 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 an opinion 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 auditors' 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 referred to above present fairly, in all material respects, the financial position of the governmental activities of Brownsville-Haywood County Emergency Management Agency as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance 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 be presented to supplement the basic financial statements. Such information, although not a 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Brownsville-Haywood County Emergency Management Agency's basic financial statements. The schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the directory - unaudited are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The directory - unaudited has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2016, 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.

A handwritten signature in black ink that reads "Grant Reese Sargent". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right from the end of the name.

Brownsville, TN
September 1, 2016

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total governmental funds have been provided.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$114 thousand (net position). Of this amount \$54 thousand (unrestricted net position) may be used to meet the Agency's ongoing obligations to citizens and creditors.
- The Agency's total net position decreased by \$1,355 during 2015, compared to decreasing by \$34,980 during 2014.
- As of the close of the fiscal year, the Agency's governmental fund reported ending fund balance of \$54 thousand. This was an increase of \$17 thousand, or 46.59%, over the prior year. The entire \$54 thousand of the ending fund balance was unassigned and available for current use by the Agency.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.
4. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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 the City of Brownsville, Haywood County, Tennessee Emergency Management, and other contributions to cover expenditures and capital outlay costs.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Fund Financial Statements

A fund is a group or related accounts that are 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 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 \$114,062 at the close of the most recent fiscal year. A portion of the Agency's net position (53%) reflects its investment in capital assets (e.g., buildings, vehicles, and equipment).

During the 2015 fiscal year, the Agency's net position decreased by \$1,355. Capital assets net of accumulated depreciation decreased by \$18,482. This decrease was due to increase in depreciation of the capital assets offset with a purchase of new assets. Depreciation for the current fiscal year exceeded the capital assets purchased.

CONDENSED STATEMENT OF STATEMENT OF NET POSITION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$ 54,517	\$ 36,495	\$ 18,022	49.38%
Capital Assets (net of Accumulated Dep)	60,440	78,922	(18,482)	-23.42%
Total Assets	<u>114,957</u>	<u>115,417</u>	<u>(460)</u>	-0.40%
Current Liabilities	895	-	895	100.00%
Total Liabilities	<u>895</u>	<u>-</u>	<u>895</u>	100.00%
Invested in Capital Assets	60,440	78,922	(18,482)	-23.42%
Unrestricted	53,622	36,495	17,127	46.93%
Total Net Position	<u>\$ 114,062</u>	<u>\$ 115,417</u>	<u>\$ (1,355)</u>	-1.17%

Statement of Activities - Expenditures exceeded revenues in the governmental activities column by \$1,355.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>	
			<u>\$ Variance</u>	<u>% Variance</u>
Program Revenue	\$ 93,494	\$ 68,575	\$ 24,919	36.34%
General Revenue	6,988	-	6,988	0.00%
Total Revenues	<u>100,482</u>	<u>68,575</u>	<u>31,907</u>	<u>46.53%</u>
General Government	101,837	103,555	(1,718)	-1.66%
Total Expenditures	<u>101,837</u>	<u>103,555</u>	<u>(1,718)</u>	<u>-1.66%</u>
Change in Net Position	<u>(1,355)</u>	<u>(34,980)</u>	<u>33,625</u>	<u>-96.13%</u>
Beginning Net Position	<u>115,417</u>	<u>150,397</u>	<u>(34,980)</u>	<u>-23.26%</u>
Ending Net Position	<u>\$ 114,062</u>	<u>\$ 115,417</u>	<u>\$ (1,355)</u>	<u>-1.17%</u>

COMMENTS ON FUND FINANCIAL STATEMENTS

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

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

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

Revenues in the general fund increased by \$31,907 in fiscal 2015 in comparison with 2014 year. The significant change in the current period was more transfers from the County, grant proceeds, and insurance proceeds.

Expenditures in the general fund decreased by \$1,718 in 2015 in comparison with prior year. The significant changes were the increases in repairs and capital outlay during the fiscal year 2015.

BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues exceeded the budgeted amounts by \$9,055. Expenditures were under budget by \$8,072. Significant variances are as follows:

- Transfer from other governments exceeded the budget by \$8,417.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

- Administrative salaries were under budget by \$4,275. Communications was also under budget by \$2,120. Janitorial expenses were under budget by \$11,928 but offset by capital outlay, repairs and maintenance - vehicles, and supplies being exceeding budget by \$6,147, \$5,078, and \$2,779, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year, the Agency had invested \$60,440 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$447,838. Depreciation expense was \$24,629 during the current fiscal year.

Long-Term Debt - At the end of current fiscal year of 2015 the Agency had no long-term debt.

ECONOMIC FACTOR AND NEXT YEAR'S BUDGET

The Agency expects the next year to be comparable to the current year. Economic factors in the Brownsville-Haywood County area are not expected to change significantly.

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, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash	\$ 12,812
Certificate of Deposit	37,051
Accounts Receivable	4,572
Accrued Interest	82
Total Current Assets	54,517
Capital Assets	
Buildings, Vehicles, and Equipment	508,278
Less Accumulated Depreciation	(447,838)
Total Capital Assets	60,440
Total Assets	114,957
Total Assets	114,957
LIABILITIES	
Accounts payable	895
Total Liabilities	895
Total Liabilities	895
NET POSITION	
Investment in Capital Assets	60,440
Unrestricted	53,622
Total Net Position	\$ 114,062

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
					<u>Primary Government Governmental Activities</u>	<u>Total</u>
Functions and Programs						
Primary Government:						
Governmental Activities:						
General Government	\$101,837	\$ -	\$ 87,347	\$ 6,147	\$ (8,343)	\$ (8,343)
Total Government Activities	101,837	-	87,347	6,147	(8,343)	(8,343)
Total Primary Government	<u>101,837</u>	<u>-</u>	<u>87,347</u>	<u>6,147</u>	<u>(8,343)</u>	<u>(8,343)</u>
			General Revenues:		<u>6,988</u>	<u>6,988</u>
			Change in Net Position		<u>(1,355)</u>	<u>(1,355)</u>
			Net Position - Beginning		<u>115,417</u>	<u>115,417</u>
			Net Position - Ending		<u>\$ 114,062</u>	<u>\$114,062</u>

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015**

	<u>General</u>
ASSETS	
Cash	\$ 12,812
Certificate of Deposit	37,051
Accounts Receivable	4,572
Accrued interest	82
	<hr/>
Total Assets	<u>54,517</u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts Payable	<hr/> 895
Total Liabilities	<hr/> 895
Fund Balances:	
Unassigned	<hr/> 53,622
Total Fund Balances	<hr/> 53,622
Total Liabilities and Fund Balances	<hr/> <u>\$ 54,517</u>

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the statement of net position is different because:

Fund Balance - total governmental funds	\$	53,622
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets		508,278
Less Accumulated Depreciation		(447,838)
		60,440
Net Position of Governmental Activities	\$	114,062

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	General
Revenues:	
Transfer from Other Governments	\$ 81,566
Grant Revenue	11,928
Insurance Proceeds	6,350
Interest Income	638
Total Revenues	100,482
Expenditures:	
Current:	
Administrative Salaries	41,103
Utilities	1,008
Repairs and Maintenance - Vehicles	6,278
Repairs and Maintenance - Equipment	7,450
Fuel	1,684
Insurance	5,244
Payroll Taxes	3,398
Other Fringe Benefits	2,310
Unemployment	294
Supplies	3,179
Office Supplies	308
Travel	62
Professional Fees/Audit	2,000
Communication	490
Janitorial Expenses	2,400
Capital Outlay	6,147
Total Expenditures	83,355
Net Change in Fund Balance	17,127
Fund Balance - Beginning of Year	36,495
Fund Balance - End of Year	\$ 53,622

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

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

Net change in total fund balances per fund financial statements	\$	17,127
<p>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.</p>		
Expenditures for capital assets	6,147	
Less current year depreciation	<u>(24,629)</u>	<u>(18,482)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(1,355)</u></u>

The notes to financial statements are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
STATEMENT OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Transfer from other governments	\$ 73,149	\$ 73,149	\$ 81,566	\$ 8,417
Grant revenue	-	11,928	11,928	-
Miscellaneous	-	6,350	6,350	-
Interest Income	-	-	638	638
Total Revenues	<u>73,149</u>	<u>91,427</u>	<u>100,482</u>	<u>9,055</u>
Expenditures:				
Administrative Salaries	45,378	45,378	41,103	4,275
Utilities	1,000	1,000	1,008	(8)
General Repairs	100	100	-	100
Repairs and Maintenance - Equipment	1,800	8,150	7,450	700
Repairs and Maintenance - Vehicles	1,200	1,200	6,278	(5,078)
Fuel	3,200	3,200	1,684	1,516
Insurance	4,822	4,822	5,244	(422)
Payroll Taxes	3,657	3,657	3,398	259
Other Fringe Benefits	2,310	2,310	2,310	-
Unemployment	252	252	294	(42)
Supplies	400	400	3,179	(2,779)
Office Supplies	720	720	308	412
Travel	400	400	62	338
Professional Fees/Audit	2,000	2,000	2,000	-
Communications	2,610	2,610	490	2,120
Building Maintenance	700	700	-	700
Dues	200	200	-	200
Janitorial Expenses	2,400	14,328	2,400	11,928
Capital Outlay	-	-	6,147	(6,147)
Total Expenditures	<u>73,149</u>	<u>91,427</u>	<u>83,355</u>	<u>8,072</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	17,127	<u>\$ 17,127</u>
Fund Balance - Beginning			<u>36,495</u>	
Fund Balance - Ending			<u>\$ 53,622</u>	

The accompanying notes are an integral part of these financial statements.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 remainders of the notes are organized to provide explanations, including required disclosures, of the Agency's financial activities for the fiscal year ended June 30, 2015.

B. 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 general fund, which is the only fund and is considered a major fund. There are no non-major funds that should be reported in a separate column.

C. 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.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Governmental fund financial statements report by 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. The Agency does not have any business-type activities. The Agency does not have any fiduciary funds or component units that are fiduciary in nature; however, if the Agency did have either of those, they would not be included in the government-wide financial statements.

D. 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.

E. CASH AND INVESTMENTS

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. A summary of cash balances is as follows:

Cash	\$	12,812
Certificate of Deposit		<u>37,051</u>
	\$	<u><u>49,863</u></u>

State of Tennessee law authorizes the Agency to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (the LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

E. CASH AND INVESTMENTS (CONT.)

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2015 were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

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

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

Buildings	10
Vehicles	7-10
Furniture, Machinery, and Equipment	5-15

G. NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is separated into three categories: investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

G. NET POSITION (CONT.)

- Restricted Net Position - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - Unrestricted net position consist of net positions that do not meet the definition of "restricted" or "investment in capital assets." These are available for current use by the Agency.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

H. 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:

- Non-spendable - 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. The Director is the authorized body to make assignments.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board or the assignment has been changed by the Director. Decreases to fund balance first reduce committed fund balance; in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in the respective order.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 - BUDGETARY INFORMATION

A. BUDGET POLICY AND PRACTICE

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.

B. 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 are required to be within budgetary limits at the major category level of control. All appropriations lapse at year end.

The budgets 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.

NOTE 3 - DETAILED NOTES ON FUNDS

A. CASH 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, 2015, none of the cash or certificate of deposit is subject to custodial credit risk. All is covered by the FDIC.

B. RECEIVABLES

Accounts receivables are receivables due from other governments (City of Brownsville). Revenue is recorded as earned when eligibility requirements are met.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 - DETAILED NOTES ON FUNDS (CONT.)

C. CAPITAL ASSETS

Changes in Capital Assets

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

	Capital Assets			
	Buildings	Equipment	Vehicles	Total
<i>Primary Government</i>				
<i>Government Activities</i>				
Balance, June 30, 2014	\$ -	\$ 349,469	\$ 152,662	\$ 502,131
Increases	-	6,147	-	6,147
Decreases	-	-	-	-
Adjustments	35,570	(35,570)	-	-
Balance, June 30, 2015	<u>35,570</u>	<u>320,046</u>	<u>152,662</u>	<u>508,278</u>
<i>Accumulated Depreciation</i>				
Balance, June 30, 2014	-	283,775	139,434	423,209
Increases	3,557	17,464	3,608	24,629
Decreases	-	-	-	-
Adjustments	16,187	(16,187)	-	-
Balance, June 30, 2015	<u>19,744</u>	<u>285,052</u>	<u>143,042</u>	<u>447,838</u>
<i>Governmental Activities</i>				
Capital Assets, Net	<u>\$ 15,826</u>	<u>\$ 34,994</u>	<u>\$ 9,620</u>	<u>\$ 60,440</u>

Depreciation expense for the current year is \$24,629.

NOTE 4 - 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 have only been two claims filed in recent years which were either completely covered by the insurance policies or the Agency only had to pay the deductible with the remainder being covered by the insurance policies.

NOTE 5 - RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 - SUBSEQUENT EVENTS

Management had reviewed events through September 1, 2016, the earliest date the financials were available to be issued.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grant Description</u>	<u>Federal CFDA #</u>	<u>Grant Number</u>	<u>Accrued 06/30/2014</u>	<u>Federal Receipts</u>	<u>Expenditures</u>	<u>Accrued 06/30/2015</u>
<u>Federal Awards</u>						
Department of Homeland Security						
Passed through Tennessee Department of Military, Tennessee Emergency Management Agency						
Homeland Security Grant Program	97.067	34101-24915	\$ -	\$11,928	\$ 11,928	\$ -
Total Department of Homeland Security			-	11,928	11,928	-
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$11,928</u>	<u>\$ 11,928</u>	<u>\$ -</u>

Memo: "Accrued" is due from grantor.

*Major federal financial assistance program

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of the Brownsville-Haywood County Emergency Management Agency under programs of the federal and state governments for the year ended June 30, 2015. The schedule is presented using the modified accrual basis of accounting.

See independent auditors' report.



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

**INDEPENDENT AUDITORS' 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**

Board of Directors
Brownsville-Haywood County Emergency Management Agency
Brownsville, Tennessee

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 the major fund of Brownsville-Haywood County Emergency Management Agency (Agency), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brownsville-Haywood County Emergency Management Agency's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal

64 Lynoak Cv
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

11 N. Court Square
Brownsville, TN 38012
(731)772-2273
Fax (731)772-2275

110 West Court
Dyersburg, TN 38024
(731)286-6080
Fax (731)285-8975

control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2015-002.

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 or 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.

A handwritten signature in black ink, reading "Conant Reese Sargent". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Brownsville, Tennessee
September 1, 2016

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015**

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the accompanying financial statements of the Brownsville-Haywood County Emergency Management Agency.
2. One instance of noncompliance was disclosed during the audit.
3. One instance of material weakness or significant deficiency was disclosed during the audit.

Findings - Financial Statement Audit

2015-001 Lack of evidence of Board oversight (Material Weakness Under Government Auditing Standards)

Condition: We noted that the Board does not meet, or does not properly document, routine meetings.

Criteria: The Board is required to provide oversight to the Agency under generally accepted accounting principles.

Cause: Lack of documentation or failure of the board to meet regularly has caused this weakness.

Effect: The potential for inappropriate transactions and activities of the Agency increases when there is a lack of oversight from the Board.

Recommendation: We recommend that the Board meet routinely in order to provide proper management oversight to the Agency. We also recommend that the Board secretary properly record all meeting minutes.

Response: We concur.

2015-002 Timeliness of the Closing of the Official Accounting Records (Noncompliance)

Condition: The official accounting records were not provided to auditor timely.

Criteria: The Tennessee Code Annotated Section 9-2-102 states that "It is the duty of all local governments ...to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year." While this requirement was not in effect until July 1, 2015, it still provides a guide for timeliness.

Cause: A change in accountants for the Agency has caused this noncompliance.

Effect: The quality of the information provided to auditor could decrease with the passage of time, which in turn could affect the quality of the audit.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015**

Recommendation: We recommend that the official accounting records be closed timely (within 2 months after year end) and made available to auditors when requested.

Response: We concur. With a new accountant in place, the official accounting records should be closed timely.

**BROWNSVILLE-HAYWOOD COUNTY EMERGENCY MANAGEMENT AGENCY
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2015**

Financial Statement Findings

Finding Number	Finding Title	Status
There were no prior findings reported.		