

Cozart & Associates, PC

Certified Public Accountants

Brownsville Haywood County

Rescue Squad

Financial Statements

For the Year Ended June 30, 2009

29 North Lafayette Avenue

Brownsville, TX 78012

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
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FOR THE YEAR ENDED JUNE 30, 2009

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BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD

DIRECTORY
June 30, 2009

MEMBERS OF THE BOARD OF DIRECTOR

Robert Parks, Director
Franklin Smith, County Mayor
Webb Banks, City Mayor
Frank Fawcett, Captain
Steven Reagan, Lieutenant
Cindy Reeder, Secretary
Sara Gilmore, Sergeant
Daniel Thornton, Sergeant
Bill Reeder, Sergeant

Michael Banks, Attorney At Law

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Kenneth Cozart & Associates, PC
Brownsville, TN 38012

Financial Section

Kenneth Cozart & Associates PC

Certified Public Accountants

29 N. LAFAYETTE

BROWNSVILLE, TN 38012

TELEPHONE: 731-772-2273

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KENNETH COZART, CPA
BOB COZART, CPAMEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**INDEPENDENT AUDITOR'S REPORT**

To the Executive Committee of
Brownsville - Haywood County Rescue Squad

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

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

As discussed in Note IV.A.1., the Rescue Squad financial statements were changed from a non-profit organization to a governmental entity due to information provided by the IRS and the Tennessee Department of Revenue.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2010, on our consideration of the Rescue Squad's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Bob Cozart, CPA". The signature is written in a cursive, slightly slanted style.

Bob Cozart
Certified Public Accountant
Kenneth Cozart and Associates, CPA, PC

Brownsville, Tennessee
February 23, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS
BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

1. Introductory Section includes the Rescue Squad's directory
2. Financial Section includes the MD & A, the independent auditor's reports, 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 -- if any.

Government-Wide Financial Statements

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

- *The Statement of Net Asset* presents information on all of the Rescue Squad's assets, liabilities, with the difference reported as the net assets. Overtime, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Rescue Squad is improving or deteriorating.
- *The Statement of Activities* presents information s showing how the Rescue Squad's net assets changed during the most recent fiscal year. All changes in net assets 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 distinguish functions of the Rescue Squad that are principally supported by contributions of City of Brownsville, Haywood County, United Way, and other Contributions to recover all or a significant portion of costs.

Fund Financial Statements

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

Government Funds – Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. The Rescue Squad uses fund accounting to ensure and demonstrate compliance with finance related requirements.

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 Rescue Squad'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 13 thru 17 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets - As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Rescue Squad, assets exceeded liabilities by \$15,582 at the close of the most fiscal year. A portion of the Rescue Squad's net assets (55.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. Although the Rescue Squad's investment in its capital assets is reported net of related debt it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET ASSETS

	June 30, 2009	June 30, 2008	\$ Variance	% Variance
Current and Other Assets	\$15,852	\$16,734	(\$882)	94.73%
Capital Assets (net of Accumulated Dep)	19,278	14,736	4,542	130.82%
Total Assets	\$35,130	\$31,470	\$3,660	111.63%
Current Liabilities	0	0	0	0.00%
Long-term Liabilities	0	0	0	0.00%
Total Liabilities	0	0	0	0.00%
Invested in Capital Assets	19,278	14,736	4,542	130.82%
Unrestricted	15,852	16,734	(882)	94.73%
Total Net Assets	\$35,130	\$31,470	\$3,660	111.63%

During the 2009 fiscal year, the Rescue Squad's net assets increased by \$1,993. Capital assets increased by \$3,660. This increase was due to additional purchase of capital asset and capital donated by other governmental agencies.

Statement of Activities -- Expenditures exceeded revenues by \$1,193, (loss of \$1,193).

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

	June 30, 2009	June 30, 2008	Increase (Decrease)	
			\$ Variance	% Variance
City and County Contributions	\$13,000	\$13,000	\$0	0.00%
Operating Contributions	1,978	5,000	(3,022)	39.56%
Donations and Other Sources	4,621	6,610	(1,989)	69.91%
Total Revenues	19,599	24,610	(5,011)	79.64%
Operating Expenditures	14,934	8,198	6,736	182.17%
Depreciation	6,658	3,083	3,575	215.96%
Total Expenditures	21,592	11,281	10,311	191.40%
Change in Net Assets	(1,993)	13,329	(15,322)	14.95%
Beginning Net Assets	31,470	31,641	(171)	99.46%
Prior Period Adjustment	5,653	(13,500)	19,153	-41.87%
Beginning Net Assets - restated	37,123	18,141	18,982	204.64%
Ending Net Assets	35,130	31,470	3,660	111.63%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

COMMENTS ON FUND FINANCIAL STATEMENTS

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

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

Revenues in the general fund decreased by \$5,011 in fiscal 2009 in comparison with 2008 year. The significant changes in the current period were the result of assets donated by City of Brownsville, Brownsville Housing Authority, and Ambulance Authority to the Rescue Squad. Total fair value of these assets at time of donation were \$6,700.

Expenditures in the general fund increased by \$10,311 in 2009 in comparison with prior year. The significant changes were the increase in capital outlay and depreciation of capital assets accounts for the Rescue Squad in the 2009 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets -- At the end of fiscal year, Rescue Squad had invested \$19,278 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$18,632. Depreciation expense during the current period was \$6,658.

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

REQUEST FOR INFORMATION

This financial report is prepared to provide a general overview of the Rescue Squad's finances for citizens, taxpayers, customers, investors, creditors and all other with an interest in the Rescue Squad's finances. Questions concerning any of the information provided in this report or requests for additional finance information should be referred to the following address:

Brownsville-Haywood County Rescue Squad
P.O. Box 668
111 N. Washington
Brownsville, TN 38012

Basic Financial Statements

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>TOTAL</u>
ASSETS		
Current Assets		
Cash	\$15,852	\$15,852
Total Current Assets	<u>\$15,852</u>	<u>\$15,852</u>
Noncurrent Assets		
Equipment	\$37,910	\$37,910
Less Accumulated Depreciation	(18,632)	(18,632)
Total Noncurrent Assets	<u>\$19,278</u>	<u>\$19,278</u>
Total Assets	<u>\$35,130</u>	<u>\$35,130</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
NET ASSETS		
Invested in Capital Assets	19,278	19,278
Unrestricted	<u>15,852</u>	<u>15,852</u>
Total Net Assets	<u>\$35,130</u>	<u>\$35,130</u>

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

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

<u>Functions and Programs</u>	<u>Expenses</u>	<u>City</u>	<u>County</u>	<u>Operating Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Program Revenues</u>		<u>Primary Government Governmental Activities</u>
					<u>Total</u>
Primary Government:					
Governmental Activities:					
General Government	\$21,592	\$6,500	\$6,500	\$1,978	(\$6,614)
Total Government Activities	<u>\$21,592</u>	<u>\$6,500</u>	<u>\$6,500</u>	<u>\$1,978</u>	<u>(\$6,614)</u>
Total Primary Government	<u>\$21,592</u>	<u>\$6,500</u>	<u>\$6,500</u>	<u>\$1,978</u>	<u>(\$6,614)</u>
General Revenues:					
Donations and Other Sources					4,621
Total General Revenues					<u>4,621</u>
Change in Net Assets					<u>(1,993)</u>
Net Assets, Beginning					31,470
Prior Period Adjustments (Note IV.A.1.)					5,653
Net Assets, Beginning -- Restated					37,123
Net Assets, Ending					<u>\$35,130</u>

BROWNSVILLE - HAYWOOD COUNTY RECUE SQUAD
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General	Total Governmental Funds
ASSETS		
Cash	\$15,852	\$15,852
Total Assets	\$15,852	\$15,852
 LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$0	\$0
Fund Balances:		
Reserved	0	0
Unreserved	15,852	15,852
Total Fund Balances	15,852	15,852
 Total Liabilities and Fund Balances	\$15,852	

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

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

Governmental capital assets	5,547	
Less Accumulated Depreciation	(6,658)	(1,111)
Net Assets of Governmental Activities		\$14,741

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
City of Brownsville	\$6,500	\$6,500
Haywood County	6,500	6,500
United Way	1,978	1,978
Parade Contribution	3,221	3,221
Donations	300	300
Sale of Equipment	1100	1100
Total Revenues	<u>19,599</u>	<u>19,599</u>
Expenditures:		
Utilities	1,655	1,655
Repairs and Maintenance	4,064	4,064
Supplies	1,392	1,392
Professional Fees	713	713
Insurance	1,410	1,410
Travel	315	315
Training	0	0
Dues	20	20
Uniforms		
United Way - Expenses	786	786
Vehicle - Fuel	853	853
Christmas Parade	2,358	2,358
Safety Equipment	1,368	1,368
Caital Outlay	<u>5,547</u>	<u>5,547</u>
Total Expenditures	<u>20,481</u>	<u>20,481</u>
Net Change in Fund Balance	(882)	(882)
Fund Balance - Beginning of Year	16,734	16,734
Fund Balance - End of Year	<u>\$15,852</u>	<u>\$15,852</u>

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

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
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, 2009

Net change in total fund balances per fund financial statements (\$882)

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	5,547	
Less Current year depreciation	(6,658)	(1,111)
Change in Net Assets of Governmental Funds		(\$1,993)

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
City of Brownsville	\$7,500	\$7,500	\$6,500	(\$1,000)
Haywood County	7,500	7,500	6,500	(1,000)
United Way	2,000	2,000	1,978	(22)
Parade Contributions			3,221	3,221
Donations			300	300
Sale of Equipment			1,100	1,100
	<u>17,000</u>	<u>17,000</u>	<u>19,599</u>	<u>2,599</u>
Expenditures:				
Utilities	2,000	2,000	1,655	345
Repairs and Maintenance	5,600	5,600	4,064	1,536
Supplies	750	750	1,392	(642)
Professional Fees	400	400	713	(313)
Insurance	1,500	1,500	1,410	90
Travel	500	500	315	185
Training	750	750	0	750
Dues	0	0	20	(20)
Uniforms	750	750	0	750
Safety Equipment	500	500	1,368	(868)
United Way - Expense	0	0	853	(853)
Vehicle Expense	750	750	786	(36)
Christmas Parade	2,000	2,000	2,358	(358)
Call Out Expenses	500	500	0	500
Capital Outlay	1,000	1,000	5,547	(4,547)
	<u>17,000</u>	<u>17,000</u>	<u>20,481</u>	<u>(3,481)</u>
Total Expenditures				
Net Change in Fund Balance	<u>\$0</u>	<u>\$0</u>	(882)	<u>(\$882)</u>
Fund Balance - Beginning			16,734	
Fund Balance - Ending			<u>\$15,852</u>	

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

Supplementary Information

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

I.A.1. INTRODUCTION

The Brownsville-Haywood County Rescue Squad (the Rescue Squad) is a joint venture between the City of Brownsville and Haywood County. The purpose of the Rescue Squad is to serve the citizens of Brownsville/Haywood County in search and rescue, drowning, flooding, evacuations, and clearing roads due to severe weather. The Rescue Squad is composed of the Mayor of the City of Brownsville, the County Mayor of Haywood County, and eight board members.

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

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

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Rescue Squad 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 Rescue Squad's revenues are recognized when they become measurable and available as net assets. Expenditures are generally recognized when the related liability is incurred. The Rescue Squad does not use the encumbrance method of accounting.

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

I.B.3. FUND TYPES AND MAJOR FUNDS

Governmental Funds

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

I.C.1. CASH AND INVESTMENTS

The Rescue Squad reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

I.C.2. CAPITAL ASSETS AND DEPRECIATION

The Rescue Squad'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 Rescue Squad generally capitalizes assets with cost of \$1000.00 or more as purchase occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

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

I.C.3. FUND EQUITY

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

II.A. BUDGETARY INFORMATION

II.A.1. BUDGET POLICY AND PRACTICE

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

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

II.B.2. BASIS OF BUDGETING

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

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

III. DETAILED NOTES ON FUND

III.A. ASSETS

III.A.1. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the \$15,852 is subject to custodial credit risk. All is covered by the FDIC.

III.A.2. CAPITAL ASSETS

	Capital Assets Depreciated <u>Equipment</u>
Primary Government	
<i>Government Activities</i>	
Balance, June 30, 2008	\$24,710
Increases	13,200
Decreases	0
Adjustments	
Balance, June 30, 2009	<u>\$37,910</u>
Accumulated Depreciation	
Balance, June 30, 2008	\$9,974
Increases	8,658
Decreases	0
Balance, June 30, 2009	<u>\$18,632</u>
<i>Governmental Activities</i>	
Capital Assets, Net	<u>\$19,278</u>

Some capital assets were donated to Rescue Squad by other governmental agencies. These assets are included in the schedule of capital assets at fair market value at time of donation.

III.B.1. RISK MANAGEMENT - CLAIMS AND ADJUSTMENTS

The Rescue Squad 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 Rescue Squad 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.

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

III.B.2. Litigation

As of June 30, 2009, the Rescue Squad has no pending or threatening litigation. A pending lawsuit was settled and dismissed on May 6, 2009. No settlement or damaged payment was awarded.

III.B.3. Contingent Liabilities and Losses

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds.

There were no contingent liabilities and losses at the end of the fiscal year 2009.

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. Prior to June 30, the budget is legally enacted through the Executive Board. The annual appropriated budget for the general fund is adopted on a GAAP basis

Budgeted amounts shown are those originally adopted, as well as the final budgets which reflect amendments by the board members.

Total expenditures for the fund may not exceed the total amount appropriated in the budget. The director is authorized to transfer budgeted amounts between departments within the fund; any revisions that alter the total appropriations for the fund is approved by the Executive Committee and the board members. All appropriations lapse at year end.

Excess Expenditures

During the year ended June 30, 2009, expenditures exceeded the budgeted level of appropriations as follow:

Supplies	\$642
Professional Fees	313
Christmas Parade	358
Vehicle Expense - Fuel	36
United Way - Expenses	853
Safety Equipment	868
Dues	20
Capital Outlay	4,547

IV.A.1. CHANGES FROM PRIOR PERIOD

The audit of year ended June 30, 2008 was performed by other accountants. The auditor performed the audit for Brownsville-Haywood County Rescue Squad as non profit organization. The Rescue Squad is not a non-profit organization. It is considered a government entity.

- The Net Asset Ending was \$31,470 for fund balance, which included the capital asset net of related accumulated depreciation.

Fund Balance- June 30, 2008	\$31,470
Less -- Capital Assets (net of Accumulated Depreciation)	(14,736)
Fund Balance - June 30, 2008 - Restated	<u>\$16,734</u>

- Also the Rescue Squad was presented as the discrete component unit of Brownsville-Haywood County County Management Agency. The auditor disclosed in the notes to the financial statement of June 30, 2008 and prepared the financial statements accordingly. The Rescue Squad is not a component unit of Brownsville Haywood County Management Agency.

BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE YEAR ENDED JUNE 30, 2009

PRIOR PERIOD ADJUSTMENT

The balance of net assets in the government-wide statement of activities was understated.

Net Asset - Beginning	\$31,470
Plus Adjustment	<u>5,653</u>
Net Asset - Beginning - Restated	<u><u>\$37,123</u></u>

Kenneth Cozart & Associates PC

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

To the Executive Committee of
The Brownsville - Haywood County Rescue Squad

We have audited the financial statements of the governmental activities and each major fund of the Brownsville - Haywood County Rescue Squad, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the rescue squad's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the rescue squad's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brownsville - Haywood County Rescue Squad'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

Brownsville-Haywood County Rescue Squad's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Rescue Squad's response and, accordingly, we express no opinion on it.

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



Bob Cozart
Certified Public Accountant
Kenneth Cozart & Associates, CPA, PC

Brownsville, Tennessee
February 23, 2010

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009**

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Rescue Squad.
2. One instance of noncompliance that was material to the financial statements was disclosed during the audit.
3. No instances of material weaknesses or significant deficiencies were disclosed during the audit.

Findings - Financial Statement Audit

09-01 Exceeding Budgeted Expenditures (Non-Compliance)

Condition: Expenditures exceeded appropriations allowed by the budget.

Criteria: Tennessee Code Annotated 6-56-203 prohibits expenditures of fund except in accordance with an authorized budget. Further it requires an annual adopted budget.

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

Recommendation We recommend that the budget be reviewed on a regular basis and amendments be made when necessary.

Management: In the future, we will work to amend the budget when necessary and to adhere to the approved budget.