

Savannah Housing Authority  
Audited Financial Statements  
For The Year Ended  
June 30, 2010



**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
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**FOR THE YEAR ENDED JUNE 30, 2011**

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**BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD**

**DIRECTORY**

**June 30, 2011**

**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**  
**Chris Lea, Chief Police/Sergeant**  
**Gill Kendrik, Sergeant**  
**Jimmy Studdard, Sergeant**

**Michael Banks, Attorney At Law**

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Cowart Reese Sargent, PC**  
**Brownsville, TN 38012**



Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants  
www.crcspa.com

## INDEPENDENT AUDITORS' 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, 2011, 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 the *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.

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, 2011 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 reported dated October 17, 2011 on our consideration of Rescue Squad'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 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 read in conjunction with this report in considering the results of our audit.

Management Discussion and Analysis is presented preceding the financial statements and is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of the management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rescue Squad's basic financial statements. The Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Cowart Reese Sargent".

Cowart Reese Sargent CPA's, PC  
Brownsville, Tennessee

October 17, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD  
Year Ended June 30, 2011**

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, 2011. 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 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.

Government-wide financial statements further assists the reader in their evaluation by distinguishing functions of the Rescue Squad into Governmental Activities that are principally supported by contributions from 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 of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rescue Squad uses fund accounting to ensure and demonstrate compliance with financial 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 16 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 \$32,824 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. machinery, equipment, buildings, and infrastructure); less any related debt used to acquire those assets that are still outstanding.

STATEMENT OF NET ASSETS

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$21,868	\$14,334	\$7,534	52.56%
Capital Assets ( net of Accumulated Dep)	10,956	16,280	(5,324)	-32.70%
 Total Assets	 \$32,824	 \$30,614	 \$2,210	 7.22%
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	10,956	19,278	(8,322)	-43.17%
Unrestricted	21,868	11,336	10,532	92.91%
 Total Net Assets	 <u>\$32,824</u>	 <u>\$30,614</u>	 <u>\$2,210</u>	 7.22%

During the 2011 fiscal year, the Rescue Squad's net assets increased by \$2,210. Capital assets decreased by \$5,324. The decrease was due to amount of depreciation. No capital assets purchased nor donated by other agencies.

*Statement of Activities* -- Revenues exceeded expenditures by \$7,534 a gain in comparison with prior year.

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Increase (Decrease)</u>	
			<u>\$ Variance</u>	<u>% Variance</u>
City and County Contributions	\$13,688	\$15,000	(\$1,312)	-8.75%
Operating Contributions	6,755	3,000	3,755	125.17%
Donations and Other Sources	865	0	865	n/a
 Total Revenues	 21,308	 18,000	 3,308	 18.38%
Operating Expenditures	13,774	17,518	(3,744)	-21.37%
Depreciation	5,324	6,438	(1,114)	-17.30%
 Total Expenditures	 19,098	 23,956	 (4,858)	 -20.28%
Change in Net Assets	2,210	(5,956)	8,166	-137.11%
Beginning Net Assets	30,614	35,130	(4,516)	-12.86%
Prior Period Adjustment	0	1,440	(1,440)	-100.00%
Beginning Net Assets - restated	30,614	36,570	(5,956)	-16.29%
 Ending Net Assets	 <u>32,824</u>	 <u>30,614</u>	 <u>2,210</u>	 7.22%

## 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 increased by \$7,534 in fiscal 2011 in comparison with 2010 year. The significant changes in the current period were that no donations nor miscellaneous revenues were received during fiscal year 2011.

Expenditures in the general fund decreased by \$5,744 in 2011 in comparison with prior year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** -- At the end of fiscal year, Rescue Squad had invested \$10,956 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$31,354. Depreciation expense during the current period was \$5,324.

**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 refer to the following address:

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

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<b><u>GOVERNMENTAL ACTIVITIES</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$21,868
Total Current Assets	<u>21,868</u>
Noncurrent Assets	
Equipment	42,310
Less Accumulated Depreciation	<u>(31,354)</u>
Total Noncurrent Assets	<u>10,956</u>
Total Assets	<u>\$32,824</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>0</u>
Total Liabilities	<u>0</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	10,956
Unrestricted	<u>21,868</u>
Total Net Assets	<u><u>\$32,824</u></u>

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Operating Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities</u>	<u>Total</u>
		<u>City</u>	<u>County</u>			
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$19,098	\$6,188	\$7,500	\$6,755	\$1,345	\$1,345
Total Government Activities	\$19,098	\$6,188	\$7,500	\$6,755	\$1,345	\$1,345
Total Primary Government	<u>\$19,098</u>	<u>\$6,188</u>	<u>\$7,500</u>	<u>\$6,755</u>	<u>\$1,345</u>	<u>\$1,345</u>
		General Revenues:				
		Donations and Other Sources			865	865
		Total General Revenues			865	865
		Change in Net Assets			2,210	2,210
		Net Assets, Beginning			30,614	30,614
		Net Assets, Ending			<u>\$32,824</u>	<u>\$32,824</u>

**BROWNSVILLE - HAYWOOD COUNTY RECUE SQUAD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash	\$21,868	\$21,868
Total Assets	\$21,868	\$21,868
 <b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$0	\$0
Fund Balances:		
Unassigned	21,868	21,868
Total Fund Balances	21,868	21,868
 Total Liabilities and Fund Balances	\$21,868	

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	42,310	
Less Accumulated Depreciation	(31,354)	10,956
Net Assets of Governmental Activities		\$32,824

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

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	<b>General</b>
<b>Revenues:</b>	
City of Brownsville	\$6,188
Haywood County	7,500
United Way	3,000
FEMA Contributions	3,755
Parade Contribution	750
Other Revenues	115
Total Revenues	21,308
 <b>Expenditures:</b>	
Utilities	1,952
Repairs and Maintenance	1,505
Supplies	244
Professional Fees	500
Insurance	1,354
FEMA Expnses - Flood	3,755
Training	300
Uniforms	1,409
Safety Equipment	72
Vehicle - Fuel	851
Christmas Parade	1,240
Call Out Expenses	215
Equipment	377
Total Expenditures	13,774
Net Change in Fund Balance	7,534
Fund Balance - Beginning of Year	14,334
Fund Balance - End of Year	\$21,868

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**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, 2011**

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Net change in total fund balances per fund financial statements	\$7,534
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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	0	
Less Current year depreciation	<u>(5,324)</u>	<u>(5,324)</u>
Change in Net Assets of Governmental Funds		<u><u>\$2,210</u></u>

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
City of Brownsville	\$8,250	\$8,250	\$6,188	(\$2,062)
Haywood County	8,250	8,250	7,500	(750)
United Way	0	0	3,000	3,000
FEMA Contributions	0	0	3,755	3,755
Parade Contributions	0	0	750	750
Other Income	130	130	115	(15)
	<u>16,630</u>	<u>16,630</u>	<u>21,308</u>	<u>4,678</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Utilities	2,500	2,500	1,952	548
Repairs and Maintenance	5,600	5,600	1,505	4,095
Supplies	750	750	244	506
Professional Fees	500	500	500	0
Insurance	1,500	1,500	1,354	146
FEMA Expenses - Flood	0	0	3,755	(3,755)
Training	500	500	300	200
Uniforms	800	800	1,409	(609)
Safety Equipment	400	400	72	328
Travel	200	200	0	200
Vehicle Expense	750	750	851	(101)
Christmas Parade	2,000	2,000	1,240	760
Call Out Expenses	500	500	215	285
Equipment	500	500	377	123
	<u>16,500</u>	<u>16,500</u>	<u>13,774</u>	<u>2,726</u>
<b>Total Expenditures</b>				
Net Change in Fund Balance	<u>\$130</u>	<u>\$130</u>	7,534	<u>\$7,404</u>
Fund Balance - Beginning			<u>14,334</u>	
Fund Balance - Ending			<u>\$21,868</u>	

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**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 Board of Director of Rescue Squad is composed of the Mayor of City of Brownsville, 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, 2011.

**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 provide financial resources for annual operating activities and capital expenditures.

*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, not to exceed 60 days. 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, 2011**

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**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 \$1,000.00 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 Capital Assets are as follows:

Buildings	5 - 40
Improvements	5 - 40
Furniture, Machinery, and Equipment	5 - 20

**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, 2011**

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**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: utilities, training, professional fees, services and supplies, computer and equipment, core material, repairs and maintenance, and miscellaneous. Expenditures may not exceed the budget 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 used.

**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, 2011, none of the \$21,868 is subject to custodial credit risk. All deposits are covered by the FDIC.

**III.A.2. CAPITAL ASSETS**

	Capital Assets Depreciated
	<u>Equipment</u>
Primary Government	
<i>Government Activities</i>	
Balance, June 30, 2010	\$42,310
Increases	
Decreases	
Balance, June 30, 2011	<u>\$42,310</u>
Accumulated Depreciation	
Balance, June 30, 2010	\$26,030
Increases	5,324
Decreases	
Balance, June 30, 2011	<u>\$31,354</u>
<i>Governmental Activities</i>	
Capital Assets, Net	<u>\$10,956</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 been no claim filed in fiscal year 2011.

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**III.B.2. Litigation**

As of June 30, 2011, the Rescue Squad has no pending or threatening litigation.

**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 the applicable funds.

There were no contingent liabilities and losses at the end of the fiscal year 2011.

**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 Modified Cash Basis, which is an accounting method other than GAAP.

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, 2011, the total budgeted amounts did not exceeded total actual expenditures.

**IV. Subsequent Events**

Management has reviewed all subsequent events through August 31, 2011, the earliest date the financial statements were available.



Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants  
www.crscca.com

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

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, 2011, and have issued our report thereon dated October 17, 2011. 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 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 statement will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to material weaknesses, as defined above. 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

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.



Cowart Reese Sargent, CPA's, PC  
Brownsville, Tennessee

October 17, 2011

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2011**

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**Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Rescue Squad.
2. No 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.

**Current Findings**

*None.*