

**BROWNSVILLE - HAYWOOD COUNTY  
RESCUE SQUAD**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended**

**June 30, 2013**

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
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**FOR THE YEAR ENDED JUNE 30, 2013**

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**BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD**

**DIRECTORY**

**June 30, 2013**

**MEMBERS OF THE BOARD OF DIRECTORS**

**Robert Parks, Director**  
**Franklin Smith, County Mayor**  
**Joe Matherne, City Mayor**  
**Frank Fawcett, Captain**  
**Steven Reagan, Lieutenant**  
**Vickie Fawcett, Secretary**

**Michael Banks, Attorney At Law**

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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



**COWART REESE**

**S A R G E N T**

Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

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

29 N. Lafayette Avenue  
Brownsville, TN 38012  
731-772-2273  
Fax 731-772-2275  
[www.crscpa.com](http://www.crscpa.com)

## Independent Auditors' Report

December 11, 2013

Executive Committee of the  
Brownsville-Haywood County Rescue Squad  
Brownsville, TN

### Report on the Financial Statements

We have audited the accompanying financial statements of the Brownsville-Haywood County Rescue Squad, as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accrual basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, , each major fund, and the statements of budgetary comparison of the Rescue Squad as of June 30, 2013, and the changes in financial position and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013 on our consideration of Brownsville-Haywood County 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 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 Rescue Squad's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BROWNSVILLE-HAYWOOD COUNTY RESCUE SQUAD  
YEAR ENDED JUNE 30, 2013**

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, 2013. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total governmental funds have been provided.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD & A) serves as an introduction to, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of 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 Assets* 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 the 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 \$41,836 at the close of the most fiscal year. A portion of the Rescue Squad's net assets (31.4%) 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, 2013</u>	<u>June 30, 2012</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$ 28,684	\$ 23,406	\$ 5,278	22.55%
Capital Assets ( net of Accumulated Dep)	<u>13,152</u>	<u>15,837</u>	<u>(2,685)</u>	-16.95%
Total Assets	\$ 41,836	\$ 39,243	\$ 2,593	6.61%
Current Liabilities	-	-	-	0.00%
Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	0.00%
Total Liabilities	-	-	-	0.00%
Invested in Capital Assets	13,152	10,956	2,196	20.04%
Unrestricted	<u>28,684</u>	<u>28,287</u>	<u>397</u>	1.41%
Total Net Assets	<u>\$ 41,836</u>	<u>\$ 39,243</u>	<u>\$ 2,593</u>	6.61%

During the 2013 fiscal year, the Rescue Squad's net assets increased by \$2,593. Capital assets increased by \$2,685. The decrease was due to purchase of new assets less the current year depreciation.

*Statement of Activities* -- Revenues exceeded expenditures by \$2,593.

**CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<b>Increase (Decrease)</b>	
			<u>\$ Variance</u>	<u>% Variance</u>
City and County Contributions	\$ 20,000	\$ 20,000	\$ -	0.00%
Operating Contributions	1,800	2,100	(300)	-14.29%
Donations and Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	n/a
Total Revenues	21,800	22,100	(300)	-1.36%
Operating Expenditures	13,322	10,100	3,222	31.90%
Depreciation	<u>5,885</u>	<u>5,581</u>	<u>304</u>	5.45%
Total Expenditures	<u>19,207</u>	<u>15,681</u>	<u>3,526</u>	22.49%
Change in Net Assets	<u>2,593</u>	<u>6,419</u>	<u>(3,826)</u>	-59.61%
Beginning Net Assets	39,243	32,824	6,419	19.56%
Ending Net Assets	<u>41,836</u>	<u>39,243</u>	<u>2,593</u>	6.61%

## 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 net position may serve as a useful measure of a government's net resources available for spending at the end of fiscal year to meet obligations of creditors and operational requirements of the Rescue Squad.

Revenues in the general fund decreased by \$300 in fiscal year 2013 in comparison with 2012. The significant changes in the current period were more income from United Way in fiscal year 2012.

Expenditures in the general fund increased by \$3,526 in 2013.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** -- At the end of fiscal year, Rescue Squad had invested \$13,152 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$42,819. Depreciation expense during the current period was \$5,885.

**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 POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>GOVERNMENTAL ACTIVITIES</b>
<hr/>	
<b>ASSETS</b>	
Current Assets	
Cash	\$ 26,184
Due from Haywood County	2,500
Total Current Assets	<hr/> 28,684 <hr/>
Noncurrent Assets	
Equipment	55,971
Less Accumulated Depreciation	(42,819)
Total Noncurrent Assets	<hr/> 13,152 <hr/>
Total Assets	<hr/> \$ 41,836 <hr/>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<hr/> - <hr/>
Total Liabilities	<hr/> - <hr/>
<b>NET POSITION</b>	
Invested in Capital Assets	13,152
Unrestricted	28,684
Total Net Position	<hr/> <hr/> \$ 41,836 <hr/> <hr/>

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Operating Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>City</u>	<u>County</u>		<u>Primary Government</u>	<u>Total</u>
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ 19,207	\$ 10,000	\$ 10,000	\$ 1,800	\$ 2,593	\$ 2,593
Total Government Activities	\$ 19,207	\$ 10,000	\$ 10,000	\$ 1,800	\$ 2,593	\$ 2,593
Total Primary Government	<u>\$ 19,207</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 1,800</u>	<u>\$ 2,593</u>	<u>\$ 2,593</u>
		General Revenues:				
		Donations and Other Sources			-	-
		Total General Revenues			-	-
		Change in Net Position			2,593	2,593
		Net Position, Beginning			39,243	39,243
		Net Position, Ending			<u>\$ 41,836</u>	<u>\$ 41,836</u>

**BROWNSVILLE - HAYWOOD COUNTY RECUE SQUAD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash	\$ 26,184	\$ 26,184
Due from Haywood County	2,500	2,500
Total Assets	\$ 28,684	\$ 28,684
 <b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Fund Balances:		
Unassigned	28,684	28,684
Total Fund Balances	28,684	28,684
Total Liabilities and Fund Balances	\$ 28,684	

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	55,971	
Less Accumulated Depreciation	(42,819)	13,152
Net Position of Governmental Activities		\$ 41,836

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>General</b>
<b>Revenues:</b>	
City of Brownsville	\$ 10,000
Haywood County	10,000
United Way	1,800
Total Revenues	21,800
<b>Expenditures:</b>	
Utilities	2,120
Repairs and Maintenance	3,157
Supplies	114
Fuel	902
Professional Fees	1,200
Insurance	3,351
Training	270
Uniforms	60
Safety Equipment	-
Vehicle - Fuel	104
Christmas Parade	1,807
Call Out Expenses	239
Equipment	3,199
Total Expenditures	16,521
Net Change in Fund Balance	5,279
Fund Balance - Beginning of Year	23,406
Fund Balance - End of Year	\$ 28,685

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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Net change in total fund balances per fund financial statements	\$	5,279
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<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		3,199
Less Current year depreciation		(5,885)
		(2,686)
Change in Net Position of Governmental Funds	\$	2,593

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Haywood County	10,000	10,000	10,000	-
United Way	-	-	1,800	1,800
	<u>20,000</u>	<u>20,000</u>	<u>21,800</u>	<u>1,800</u>
<b>Expenditures:</b>				
Utilities	2,500	2,500	2,120	380
Repairs and Maintenance	4,300	4,300	3,157	1,143
Fuel	1,450	1,450	902	548
Supplies	400	400	114	287
Professional Fees	1,200	1,200	1,200	-
Insurance	5,250	5,250	3,351	1,900
Training	500	500	270	230
Uniforms	800	800	60	740
Safety Equipment	400	400	-	400
Travel	200	200	104	96
Christmas Parade	2,000	2,000	1,807	193
Call Out Expenses	500	500	239	261
Equipment - Capital Outlay	500	500	3,199	(2,699)
	<u>20,000</u>	<u>20,000</u>	<u>16,521</u>	<u>3,479</u>
Total Expenditures				
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,279	<u>\$ 5,279</u>
Fund Balance - Beginning			<u>23,406</u>	
Fund Balance - Ending			<u>\$ 28,685</u>	

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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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 Directors of Rescue Squad is composed of the Mayor of City of Brownsville, Mayor of Haywood County, and four 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, 2013.

**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, 2013**

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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 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, 2013**

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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, 2013, none of the \$26,184 is subject to custodial credit risk. All deposits are covered by the FDIC.

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

	Capital Assets Depreciated Equipment
Primary Government	
<i>Government Activities</i>	
Balance, June 30, 2012	\$ 52,772
Increases	3,199
Decreases	-
Balance, June 30, 2013	<u>\$ 55,971</u>
Accumulated Depreciation	
Balance, June 30, 2012	\$ 36,934
Increases	5,885
Decreases	-
Balance, June 30, 2013	<u>\$ 42,819</u>
<i>Governmental Activities</i>	
Capital Assets, Net	<u>\$ 13,152</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 2013.

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**III.B.2. Litigation**

As of June 30, 2013, 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 2013.

**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, 2013, the total budgeted amounts did not exceeded total actual expenditures.

**IV. Subsequent Events**

Management has reviewed all subsequent events through December 11, 2013, the earliest date the financial statements were available.



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

29 N. Lafayette Avenue  
Brownsville, TN 38012  
731-772-2273  
Fax 731-772-2275  
www.crscpa.com

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

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

We have audited, 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* issues by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the statements of budgetary comparison for the general fund of the Brownsville - Haywood County Rescue Squad as of and for the year ended June 30, 2013, and have issued our report thereon dated December 11, 2013.

**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. *A significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than an 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 deficiencies, 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

### **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 to provide and opinion on the effectiveness of the Squad'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 Squad's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 11, 2013

**BROWNSVILLE - HAYWOOD COUNTY RESCUE SQUAD  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

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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*