

# **Hamilton County Volunteer Fire Departments and Rescue Services**

## **Financial Statements**

years 2024 and 2023



### **INTERNAL AUDIT**

455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404

**VOLUNTEER FIRE DEPARTMENTS AND RESCUE SERVICES**  
**HAMILTON COUNTY, TENNESSEE**  
**Financial Statements**

**Dallas Bay Volunteer Fire Department and Rescue, Inc. (years ended December 31, 2024 and 2023)**

Accountant's Report	Dallas Bay - 1
Statements of Financial Position, Activities, and Cash Flows	Dallas Bay - 2
Notes to Financial Statements	Dallas Bay - 5
Management Letter	Dallas Bay - 8

**Flat Top Mountain Volunteer Fire Department, Inc. (years ended December 31, 2024 and 2023)**

Accountant's Report	Flat Top - 1
Statements of Financial Position, Activities, and Cash Flows	Flat Top - 2
Notes to Financial Statements	Flat Top - 5
Management Letter	Flat Top - 8

**Hamilton County Special Tactics and Rescue Services, Inc. (years ended September 30, 2024 and 2023)**

Accountant's Report	Hamilton - 1
Statements of Financial Position, Activities, and Cash Flows	Hamilton - 2
Notes to Financial Statements	Hamilton - 5
Management Letter	Hamilton - 8

**Highway 58 Volunteer Fire Department, Inc. (years ended June 30, 2024 and 2023)**

Accountant's Report	Highway 58 - 1
Statements of Financial Position, Activities, and Cash Flows	Highway 58 - 2
Notes to Financial Statements	Highway 58 - 5
Management Letter	Highway 58 - 8

**Mowbray Volunteer Fire Department, Inc. (years ended June 30, 2024 and 2023)**

Accountant's Report	Mowbray - 1
Statements of Financial Position, Activities, and Cash Flows	Mowbray - 2
Notes to Financial Statements	Mowbray - 5
Management Letter	Mowbray - 8

**Sale Creek Volunteer Fire Department, Inc. (years ended December 31, 2024 and 2023)**

Accountant's Report	Sale Creek - 1
Statements of Financial Position, Activities, and Cash Flows	Sale Creek - 2
Notes to Financial Statements	Sale Creek - 5
Management Letter	Sale Creek - 8

**VOLUNTEER FIRE DEPARTMENTS AND RESCUE SERVICE  
HAMILTON COUNTY, TENNESSEE  
Financial Statements**

**Sequoyah Volunteer Fire Department, Inc. (years ended December 31, 2024 and 2023)**

Accountant's Report	Sequoyah - 1
Statements of Financial Position, Activities, and Cash Flows	Sequoyah - 2
Notes to Financial Statements	Sequoyah - 5
Management Letter	Sequoyah – 8

**Waldens Ridge Emergency Services, Inc. (years ended December 31, 2024 and 2023)**

Accountant's Report	Waldens Ridge - 1
Statements of Financial Position, Activities, and Cash Flows	Waldens Ridge - 2
Notes to Financial Statements	Waldens Ridge - 5
Management Letter	Waldens Ridge - 8

# **Dallas Bay Volunteer Fire Department and Rescue, Inc.**

## **Financial Statements**

years ended December 31, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



**HAMILTON COUNTY, TENNESSEE**  
**INTERNAL AUDIT OFFICE**

To the Board of Directors of  
Dallas Bay Volunteer Fire Department and Rescue, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Dallas Bay Volunteer Fire Department, as of the fiscal years ended December 31, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Dallas Bay - 1

Dallas Bay Volunteer Fire Department and Rescue, Inc.  
Statements of Financial Position  
December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 453,360	\$ 482,820
Other current assets	58,862	9,141
Total current assets	<u>512,222</u>	<u>491,961</u>
Property and Equipment		
Vehicles	2,578,061	2,460,077
Equipment	986,905	951,930
Land and buildings	348,821	321,551
Total property and equipment	<u>3,913,787</u>	<u>3,733,558</u>
Less: accumulated depreciation	2,952,058	2,743,599
Property and equipment, net	<u>961,729</u>	<u>989,959</u>
TOTAL ASSETS	<u>1,473,951</u>	<u>1,481,920</u>
<u>LIABILITIES</u>		
Accounts payable and other	5,369	3,729
TOTAL LIABILITIES	<u>5,369</u>	<u>3,729</u>
<u>NET ASSETS</u>		
Undesignated	1,468,582	1,478,191
TOTAL NET ASSETS	<u>\$ 1,468,582</u>	<u>\$ 1,478,191</u>

See accompanying notes and accountant's report.

# Dallas Bay Volunteer Fire Department and Rescue, Inc.

## Statements of Activities

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 535,160	\$ 573,636
Contributions from City of Lakesite	58,633	58,552
Other grants	49,800	-
Subscriptions and other donations	284,623	286,865
Gain (Loss) on sale of assets	(13,016)	-
Miscellaneous income	116,020	41,189
Interest income	70	842
Total support and revenue	<u>1,031,290</u>	<u>961,084</u>
Expenses (decreases in unrestricted net assets):		
Program services		
Salary and Benefits of Department Chief	86,548	82,616
EMS Stipend	83,754	74,941
Vehicle fuel	53,803	36,935
Fire fighting supplies and equipment	38,044	64,524
Operating and station supplies	15,224	27,258
Maintenance of buildings, vehicles and equipment	76,644	174,637
Dive Team Supplies and Equipment	2,031	25,010
Community and employee relations	54,186	65,916
Training	21,156	31,727
Insurance	84,291	68,123
Other operating expenses	36,045	92,684
Depreciation expense	302,554	295,543
Total program services expenses	<u>854,280</u>	<u>1,039,914</u>
Management and general expenses		
Administrative Assistant Wages	31,500	28,000
Utilities	55,775	54,039
Grant Expense	43,643	-
Fees and Licenses	8,976	5,804
Office supplies, expenses and other	46,725	46,643
Total management and general expenses	<u>186,619</u>	<u>134,486</u>
Total expenses	<u>1,040,899</u>	<u>1,174,400</u>
Change in net assets	(9,609)	(213,316)
Unrestricted net assets at beginning of year	<u>1,478,191</u>	<u>1,691,507</u>
Unrestricted net assets at end of year	<u>\$ 1,468,582</u>	<u>\$ 1,478,191</u>

See accompanying notes and accountant's report.

# Dallas Bay Volunteer Fire Department and Rescue, Inc.

## Statement of Cash Flows

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (9,609)	\$ (213,316)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	208,459	295,543
(Increase) decrease in other current assets	(49,721)	24,899
Increase (decrease) in accounts payable and other liabilities	1,640	(8,373)
Net cash provided by operating activities	<u>150,769</u>	<u>98,753</u>
Cash flows from investing activities:		
Purchase of property and equipment, net of disposals	<u>(180,229)</u>	<u>(129,429)</u>
Net cash (used) provided by investing activities	<u>(180,229)</u>	<u>(129,429)</u>
Net increase in cash and cash equivalents	(29,460)	(30,676)
Cash and cash equivalents at beginning of year	<u>482,820</u>	<u>513,496</u>
Cash and cash equivalents at end of year	<u><u>\$ 453,360</u></u>	<u><u>\$ 482,820</u></u>

See accompanying notes and accountant's report.



# Dallas Bay Volunteer Fire Department and Rescue, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

UNAUDITED

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

The Dallas Bay Volunteer Fire Department and Rescue, Inc. was incorporated as a not-for-profit organization in May 1975 pursuant to the laws of the State of Tennessee. The department is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The department provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a mutual aid association with surrounding fire departments and provides assistance to other member agencies when requested.

Primary funding for the department comes from subscriptions, operating grants from Hamilton County government and the City of Lakesite, Federal and State grants, and donations from area residents.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through June 30, 2025, the date the financial statements were available to be issued.

# Dallas Bay Volunteer Fire Department and Rescue, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

### UNAUDITED

#### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide fire protection services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of County buildings for fire stations, etc. During the years ended December 31, 2024 and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriation	\$ 475,160	\$ 427,160
Funds from Dissolution of Marine Rescue	-	51,476
Funds for Equipment	-	95,000
Funds for SCBAs	60,000	-
Total contributions by Hamilton County	<u>\$ 535,160</u>	<u>\$ 573,636</u>

#### **NOTE 3 – Fire Stations**

The department operates out of three fire stations. The department built Station 1 on Middle Valley Road on land owned by the department. The other two fire stations (Station 2 on Hixson Pike and Station 3 on Levi Road) were built by Hamilton County government in 1977 and 1988, respectively, on land owned by Hamilton County. In 2015-16, Hamilton County spent \$2.9 million on expansion and renovation of Station 2 on McConnell School Road. The estimated replacement cost of the land and buildings owned by Hamilton County and used by the department as its fire stations is \$4.1 million.

As discussed in Note 2 above, Hamilton County does not charge the department for use of the county-owned fire stations.

Dallas Bay Volunteer Fire Department and Rescue, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023

UNAUDITED

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**NOTE 4 – Cash and Cash Equivalents**

The Department's cash and cash equivalents consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Cash in checking accounts	453,360	482,820
Total cash and cash equivalents	<u>\$ 453,360</u>	<u>\$ 482,820</u>

The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did exceed the FDIC-insured amount during the years ended December 31, 2024 and 2023. We recommend that the department move the excess funds to another FDIC insured bank.

**NOTE 5 – Donated Services**

All of the department's firefighters, other than the Chief and Administrative Assistant, are volunteers. The department do provide a small stipend for the volunteer firefighters. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Dallas Bay Volunteer Fire Department and Rescue, Inc.

In reviewing the financial statements of Dallas Bay Volunteer Fire Department and Rescue, Inc. for the years ended December 31, 2023 - 2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph 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. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following comments and suggestions are intended to be constructive ideas from which the Dallas Bay Volunteer Fire Department may benefit.

#### **FDIC INSURANCE**

**Finding** – The department had bank accounts with financial institutions that exceeded the FDIC-insured limit. We recommend that Dallas Bay VFD move funds in excess of the \$250,000 limit to another FDIC-insured bank.

**Management Response** – We agree with the auditors' recommendation and will move funds exceeding the FDIC limit to another financial institution covered by the FDIC.

#### **PAYROLL**

**Finding** – Funds for additional FIT withholding were deducted from an employee's paycheck but never paid to the IRS. The funds were misclassified in QuickBooks as an after tax deduction in the payroll liability account. We recommend that the department refund the employee for the 2024 withholdings never paid to the IRS. Additionally, the department should verify that the appropriate funds are correctly paid to the IRS for the

employee in 2025 and that the withholdings are correctly reflected in QuickBooks.

**Management Response** – We agree with the auditors' recommendations.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

A handwritten signature in blue ink that reads "Chris McCollough". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee  
August 31, 2025

# **Flat Top Mountain Volunteer Fire Department, Inc.**

## **Financial Statements**

years ended December 31, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors of  
Flat Top Volunteer Fire Department, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Flat Top Volunteer Fire Department, as of the fiscal years ended December 31, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Flat Top - 1

Flat Top Mountain Volunteer Fire Department, Inc.  
 Statements of Financial Position  
 December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 412,858	\$ 340,430
Other current assets	6,135	82,535
Restricted Cash-Buildings	12,100	-
Total current assets	<u>431,093</u>	<u>422,965</u>
Property and Equipment		
Construction in Progress	500	-
Vehicles	280,477	245,377
Equipment	77,269	57,137
Land and buildings	20,249	20,249
Total property and equipment	<u>378,495</u>	<u>322,763</u>
Less: accumulated depreciation	<u>295,698</u>	<u>282,335</u>
Property and equipment, net	<u>82,797</u>	<u>40,428</u>
TOTAL ASSETS	<u>513,890</u>	<u>463,393</u>
<u>NET ASSETS</u>		
Unrestricted	<u>513,890</u>	<u>463,393</u>
TOTAL NET ASSETS	<u>\$ 513,890</u>	<u>\$ 463,393</u>

See accompanying notes and accountant's report.



# Flat Top Mountain Volunteer Fire Department, Inc.

## Statements of Activities

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 81,708	\$ 81,708
Contributions from Hamilton County government-Restricted	12,100	-
Donations and fundraisers	2,405	3,351
Other income	5,807	81,789
Total support and revenue	102,020	166,848
Expenses (decreases in unrestricted net assets):		
Program services		
Vehicle expense	525	531
Minor equipment and supplies	21,776	3,920
Building and equipment repairs	1,255	4,999
Travel/Meetings	420	20
Insurance	5,177	5,059
Depreciation expense	13,962	9,763
Total program services expenses	43,115	24,292
Management and general expenses		
Office expenses	2,205	100
Telephone and utilities	5,302	5,569
Miscellaneous	901	1,149
Total management and general expenses	8,408	6,818
Total expenses	51,523	31,110
Change in net assets	50,497	135,738
Unrestricted net assets at beginning of year	463,393	327,655
Unrestricted net assets at end of year	\$ 513,890	\$ 463,393

See accompanying notes and accountant's report.

Flat Top Mountain Volunteer Fire Department, Inc.  
Statements of Cash Flows  
For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 50,497	\$ 135,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,363	9,763
Decrease(Increase) in other current assets	76,400	(80,013)
Increase(Decrease) in accounts payable and other liabilities	-	-
Net cash provided by operating activities	<u>140,260</u>	<u>65,488</u>
Cash flows from investing activities:		
Purchase of property and equipment, net of disposals	(20,632)	-
Purchase of vehicles	<u>(35,100)</u>	<u>-</u>
Net cash (used) provided by investing activities	<u>(55,732)</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	84,528	65,488
Cash and cash equivalents at beginning of year	<u>340,430</u>	<u>274,942</u>
Cash and cash equivalents at end of year	<u><u>\$ 424,958</u></u>	<u><u>\$ 340,430</u></u>

See accompanying notes and accountant's report.

# Flat Top Mountain Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

The Flat Top Mountain Volunteer Fire Department, Inc. was incorporated as a not-for-profit organization in August 1988 pursuant to the laws of the State of Tennessee. The department is a publicly supported organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code

The department provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a mutual aid association with surrounding fire departments and provides assistance to other member agencies when requested.

Primary funding for the department comes from operating grants from Hamilton County government, donations, and fundraisers.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Flat Top Mountain Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services Department. The department provides fire protection services within its zone of responsibility within Hamilton County and participates as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of a County building for its fire station, etc. During the years ended December 31, 2024 and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriations	\$ 81,708	\$ 81,708
Operating and capital appropriations-Restricted	12,100	-
Operating and capital appropriations	<u>\$ 93,808</u>	<u>\$ 81,708</u>

### **NOTE 3 – Fire Station**

The department operates out of one fire station. The fire station (located at 13331 Jones Gap Road) was built by Hamilton County in 1992 on land owned by Hamilton County. The estimated replacement cost of the land and building owned by Hamilton County and used by the department as its fire station is \$284,000. In July 2016, the department purchased .75 acres of land adjacent to the existing fire station for \$20,249.02.

As discussed in Note 2 above, Hamilton County does not charge the department for using the county-owned fire station.

### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of December 31, 2024 and 2023:

# Flat Top Mountain Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

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	<u>2024</u>	<u>2023</u>
Cash in checking account	\$ 412,858	\$ 340,430
Cash-Restricted	<u>12,100</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 424,958</u>	<u>\$ 340,430</u>

The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did exceed the FDIC-insured amount during the year ended December 31, 2024. Flat Top is in the process of using the funds in excess of the \$250,000 to construct a building.

### **NOTE 5 – Donated Services**

All of the department's firefighters are volunteers. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Flat Top Mountain Volunteer Fire Department, Inc.

In reviewing the financial statements of Flat Top Mountain Volunteer Fire Department, Inc. for the years ended December 31, 2023 - 2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following comments and suggestions are intended to be constructive ideas from which the Flat Top Mountain Volunteer Fire Department may benefit.

#### **SUPPORTING DOCUMENTATION FOR DISBURSEMENTS**

**Finding** – The department does not obtain adequate supporting documentation (such as copies of invoices or receipts) for all disbursements. We recommend that the department maintain proper documentation for all ACH's, debit card, credit card purchases, and checks written to ensure that all disbursements are valid, properly authorized, and approved.

**Management Response** – We agree with the auditors' finding and will maintain supporting documentation for disbursements.

#### **FDIC INSURANCE**

**Finding** – The department had bank accounts with financial institutions that exceeded the FDIC-insured limit. We recommend that Flat Top move funds in excess of the \$250,000 limit to another FDIC-insured bank.

**Management Response** – We are in the process of using the excess funds to construct a building.

**TIMELY DEPOSITS – REPEAT FINDING**

**Finding** – The department does not make timely deposits. There were instances where checks were received and not deposited for several months. We recommend that the department make deposits weekly.

**Management Response** – We agree with the auditors' finding and will begin making deposits timely.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work. If you have any questions or comments regarding this report, please contact us at your convenience.



Chattanooga, Tennessee  
August 31, 2025

# **Hamilton County Special Tactics and Rescue Service, Inc.**

## **Financial Statements**

years ended September 30, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



WESTON WAMP  
COUNTY MAYOR

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSOLE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKAY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

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COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER

AUDIT STAFF  
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JOHNETTA TRUSS, CCFO

To the Board of Directors  
Hamilton County Special Tactics and Rescue Service, Inc.

We have compiled the accompanying statement of financial position for Hamilton County Special Tactics and Rescue Service, Inc. as of September 30, 2024, and 2023, and the related statements of activities and cash flows for the fiscal years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Hamilton – 1

Hamilton County Special Tactics and Rescue Service, Inc.  
 Statements of Financial Position  
 September 30, 2024 and 2023

(UNAUDITED)

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 160,588	\$ 216,952
Other current assets	42,634	167,633
Total current assets	<u>203,222</u>	<u>384,585</u>
Property and Equipment		
Vehicles	451,326	216,115
Equipment	207,358	56,677
Total property and equipment	658,684	272,792
Less: accumulated depreciation	251,809	174,873
Property and equipment, net	<u>406,875</u>	<u>97,919</u>
TOTAL ASSETS	<u>610,097</u>	<u>482,504</u>
<u>LIABILITIES</u>		
Accounts payable and other	150	113
TOTAL LIABILITIES	<u>150</u>	<u>113</u>
<u>NET ASSETS</u>		
Unrestricted	609,947	482,391
TOTAL NET ASSETS	<u>\$ 609,947</u>	<u>\$ 482,391</u>

See accompanying notes and accountant's report.

# Hamilton County Special Tactics and Rescue Service, Inc.

## Statements of Activities

For the years ended September 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 104,267	\$ 150,016
Donations and fundraisers	3,671	2,636
Grants	206,395	25,443
Miscellaneous income	-	1,000
Interest income	-	4
Gain(Loss) on sale of vehicle	-	10,210
Total support and revenue	314,333	189,309
Expenses (decreases in unrestricted net assets):		
Program services		
Salary and benefits	6,533	5,884
Vehicle expense	16,346	16,897
Boat expense	6,822	5,900
Association Dues & Meetings	200	103
Insurance	7,385	3,896
Training and testing	1,824	54
Building and equipment repairs	106	-
Minor equipment and supplies	15,095	4,684
Uniforms	17,688	7,937
Miscellaneous	5,628	7,405
Depreciation expense	76,936	25,281
Total program services expenses	154,563	78,041
Management and general expenses		
Office and other expenses	26,258	10,024
Utilities	5,956	8,502
Total management and general expenses	32,214	18,526
Total expenses	186,777	96,567
Change in net assets	127,556	92,742
Unrestricted net assets at beginning of year	482,391	389,649
Unrestricted net assets at end of year	\$ 609,947	\$ 482,391

See accompanying notes and accountant's report.

# Hamilton County Special Tactics and Rescue Service, Inc.

## Statements of Cash Flows

For the years ended September 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 127,556	\$ 92,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,936	11,249
Decrease (Increase) in other current assets	124,999	65,131
Increase (Decrease) in accounts payable and other liabilities	37	113
Net cash provided by operating activities	<u>329,528</u>	<u>169,235</u>
Cash flows from investing activities:		
Acquisition of vehicles and equipment	(385,892)	(61,091)
Sale and disposal of vehicles	-	-
Net cash used by investing activities	<u>(385,892)</u>	<u>(61,091)</u>
Net increase in cash and cash equivalents	(56,364)	108,144
Cash and cash equivalents at beginning of year	<u>216,952</u>	<u>108,808</u>
Cash and cash equivalents at end of year	<u>\$ 160,588</u>	<u>\$ 216,952</u>

See accompanying notes and accountant's report.

# Hamilton County Special Rescue Tactics and Rescue Service, Inc.

## Notes to Financial Statements

September 30, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

Hamilton County Special Tactics and Rescue Service, Inc. (STARS) was incorporated as a not-for-profit organization on March 12, 1984, pursuant to the laws of the State of Tennessee. The department is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The department is a member of a mutual aid association and provides special tactical and technical support to area fire, rescue and police services throughout Hamilton County and the surrounding areas. Primary funding for the department comes from operating and capital grants from Hamilton County government, donations, and fundraisers.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant, and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Hamilton County Special Rescue Tactics and Rescue Service, Inc.

## Notes to Financial Statements

September 30, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services under a Memorandum of Understanding dated January 31, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide support services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of County buildings for its rescue operations, etc. During the years ended September 30, 2024, and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriations	\$ 103,467	\$ 98,540
Funds from dissolving Marine Rescue	-	51,476
Commissioner Donation	800	-
Total contributions by Hamilton County	<u>\$ 104,267</u>	<u>\$ 150,016</u>

### **NOTE 3 – Station**

The department operates its office and training area out of property located at 9022 Career Lane, Harrison, TN. This station was built by Hamilton County government in 1988 on land owned by Hamilton County and has an estimated replacement cost of \$197,269.

As discussed in Note 2 above, Hamilton County does not charge the department for the use of this County-owned building.

### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of September 30, 2024, and 2023

	2024	2023
Cash in checking accounts	\$ 160,588	\$ 216,952
Total cash and cash equivalents	<u>\$ 160,588</u>	<u>\$ 216,952</u>

# Hamilton County Special Rescue Tactics and Rescue Service, Inc.

## Notes to Financial Statements

September 30, 2024 and 2023

(UNAUDITED)

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The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did not exceed the FDIC-insured amount at any time during the years ended September 30, 2024 and 2023.

### **NOTE 5 – Donated Services**

All of the department's members are volunteers. Additionally, they receive donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Hamilton County Special Tactics and Rescue Service, Inc.

During our compilation of the financial statements of Hamilton County Special Tactics and Rescue Service, Inc. (STARS) for the years ended September 30, 2024 and 2023, we became aware of certain deficiencies described in the following paragraphs. These comments and suggestions are intended to be constructive ideas from which STARS may benefit.

#### **CHECK DISBURSEMENTS – REPEAT FINDING**

**Finding** – The Department requires only one signature on checks written from its bank account. We recommend that the Department require dual signatures on all checks as an additional control over its cash disbursements. This finding was in our previous review of the financial statements.

**Management Response** – We concur with the auditors' finding and believe that requiring dual signatures would improve our internal controls. However, due to the size of our organization and our reliance on volunteers, it is not feasible at this time to require dual signatures on our cash disbursements.

#### **SUPPORTING DOCUMENTATION FOR DEPOSITS – REPEAT FINDING**

**Finding** – The Department does not maintain adequate supporting documentation for all deposits. We recommend that the Department maintain proper documentation for all deposits by maintaining duplicate deposit slips and entering deposits correctly on records.

**Management Response** – We agree with the auditors' finding and will maintain support documentation for deposits.

#### **SUPPORTING DOCUMENTATION FOR DISBURSEMENTS – REPEAT FINDING**

**Finding** – The Department does not obtain adequate supporting documentation (such as copies of invoices or receipts) for all disbursements. A handwritten receipt was provided as support for a purchase at Affordable Tires. We recommend that the Department maintain proper documentation for all ACH's, debit card, credit card purchases, and checks written to ensure that all disbursements are valid, properly authorized, and approved. This finding was in our previous review of the financial statements.



**Management Response** – We have instructed all volunteers on the importance of providing valid and proper support for all disbursements prior to approving any expenditure. We understand this procedure has improved since the last review.

**BOARD MINUTES**

**Finding** – There is no signature or date approving the board minutes. Additionally, board discussion is not always detailed in the minutes. The board minutes must be signed and include the date of the meeting, and board discussion must be detailed in the minutes.

**Management Response** – We agree with the auditors' finding and will make sure board minutes are signed and properly documented.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

A handwritten signature in blue ink that reads "Chris McCallough". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee  
August 31, 2025

# **Highway 58 Volunteer Fire Department, Inc.**

## **Financial Statements**

years ended June 30, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSELE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKEY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



**HAMILTON COUNTY, TENNESSEE**  
**INTERNAL AUDIT OFFICE**

CHRIS MCCOLLOUGH, CPA, CFE, CCFO  
COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER

AUDIT STAFF  
J.C. CLONTS, CFE  
LAUREN COOPER, CPA(INACTIVE)  
JAMESETTA GRAY, CCFO  
ROGER KINCER, CGFM, CFE, CCFO  
MARICELA MADERA  
JOHNETTA TRUSS, CCFO

To the Board of Directors of  
Highway 58 Volunteer Fire Department, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Highway 58 Volunteer Fire Department, as of the fiscal years ended June 30, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Highway 58 - 1

Highway 58 Volunteer Fire Department, Inc.  
Statements of Financial Position  
June 30, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,252,517	\$ 805,995
Restricted Cash-Equipment	79,000	-
Other current assets	93,194	76,060
Total current assets	<u>1,424,711</u>	<u>882,055</u>
Property and Equipment		
Vehicles	3,817,205	3,852,779
Equipment	627,353	627,353
Land and buildings	1,062,915	1,062,915
Total property and equipment	<u>5,507,473</u>	<u>5,543,047</u>
Less: accumulated depreciation	<u>3,964,854</u>	<u>3,592,515</u>
Property and equipment, net	<u>1,542,619</u>	<u>1,950,532</u>
TOTAL ASSETS	<u>2,967,330</u>	<u>2,832,587</u>
<u>LIABILITIES</u>		
Accounts payable and other	<u>10,970</u>	<u>15,225</u>
Total current liabilities	<u>10,970</u>	<u>15,225</u>
<u>NET ASSETS</u>		
Unrestricted	<u>2,956,360</u>	<u>2,817,362</u>
TOTAL NET ASSETS	<u>\$ 2,956,360</u>	<u>\$ 2,817,362</u>

See accompanying notes and accountant's report.

# Highway 58 Volunteer Fire Department, Inc.

## Statements of Activities

For the years ended June 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 502,211	\$ 456,555
Contributions from Hamilton County government-Restricted	79,000	-
Contributions from Hamilton County government-ARPA	-	274,000
Subscription fees	529,336	512,275
Donations and fundraising	42,280	13,403
Grants	7,800	3,100
(Loss) gain on disposal/sale of assets	(41,169)	16,825
Interest income	38,068	5,272
Total support and revenue	<u>1,157,526</u>	<u>1,281,430</u>
Expenses (decreases in unrestricted net assets):		
Program services		
Chief's salary	54,000	54,000
Payroll taxes and employee benefits	17,736	13,738
Vehicle fuel expense	35,396	32,050
Equipment repairs and maintenance	220,523	157,603
Training	6,441	14,927
Insurance	63,547	67,520
Accounting Services	10,092	-
Building repairs and maintenance	23,378	56,398
Station funds and supplies	45,647	33,432
Miscellaneous	21,712	17,068
Due, fees, etc	11,243	2,114
Depreciation expense	380,152	352,431
Total program services expenses	<u>889,867</u>	<u>801,281</u>
Management and general expenses		
Office salaries	47,600	45,760
Payroll taxes	3,682	3,507
Utilities	64,961	64,438
Bank Charges	170	348
Office and other expenses	12,248	14,868
Total management and general expenses	<u>128,661</u>	<u>128,921</u>
Total expenses	<u>1,018,528</u>	<u>930,202</u>
Change in net assets	<u>138,998</u>	<u>351,228</u>
Unrestricted net assets at beginning of year	<u>2,817,362</u>	<u>2,466,134</u>
Unrestricted net assets at end of year	<u>\$ 2,956,360</u>	<u>\$ 2,817,362</u>

See accompanying notes and accountant's report.

# Highway 58 Volunteer Fire Department, Inc.

## Statements of Cash Flows

For the years ended June 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 138,998	\$ 351,228
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	372,339	257,629
(Increase) Decrease in other current assets	(17,134)	(6,899)
(Decrease) Increase in accounts payable and other liabilities	(4,255)	(1,084)
Net cash provided by operating activities	<u>489,948</u>	<u>600,874</u>
Cash flows from investing activities:		
Purchase of vehicles	-	(238,249)
Sale and disposal of vehicles and equipment	<u>35,574</u>	
Net cash used (provided) by investing activities	<u>35,574</u>	<u>(238,249)</u>
Net increase in cash and cash equivalents	525,522	362,625
Cash and cash equivalents at beginning of year	<u>805,995</u>	<u>443,370</u>
Cash and cash equivalents at end of year	<u>\$ 1,331,517</u>	<u>\$ 805,995</u>

See accompanying notes and accountant's report.

# Highway 58 Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

The Highway 58 Volunteer Fire Department, Inc. was incorporated as a not-for-profit organization in May 1975 pursuant to the laws of the State of Tennessee. The department is a publicly supported organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

The department provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a mutual aid association with surrounding fire departments and provides assistance to other member agencies when requested.

Primary funding for the department comes from operating grants from Hamilton County government, subscriptions, donations, and fundraisers.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Highway 58 Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services Department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide fire protection services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of County buildings for fire stations, etc. During the years ended June 30, 2024 and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriation	\$502,211	\$456,555
Hamilton County appropriation-Equipment	79,000	-
ARPA Funds	-	274,000
Total contributions by Hamilton County	<u>\$581,211</u>	<u>\$730,555</u>

### **NOTE 3 – Fire Stations**

The department operates out of five fire stations (Stations 1 and 4 on Highway 58, Station 2 on Career Lane, Station 3 on Birchwood Pike, and Station 5 on Cooley Road). The fire stations were each built by Hamilton County on land owned by Hamilton County. The estimated replacement cost of the land and buildings owned by Hamilton County and used by the department as its fire stations is \$2,862,000. As discussed in Note 2 above, Hamilton County does not charge the department for use of the County-owned fire stations.

The department owns a training center on Snowhill Road. The property was purchased by the department in 1993 at a cost of \$50,000 and is used as its administrative office and primary training site. On June 2019, a new training center was opened at the cost of \$934,234.



# Highway 58 Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

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### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Cash in checking accounts	\$ 76,545	\$ 279,469
Cash held in savings account	1,254,972	526,526
Total cash and cash equivalents	<u>\$ 1,331,517</u>	<u>\$ 805,995</u>

The FDIC insures the department's cash held in bank accounts up to \$250,000. The amount of cash held in two bank accounts exceeded the FDIC-insured amount during the year ended June 30, 2024.

### **NOTE 5 – Donated Services**

All of the department's firefighters, other than the Chief and office manager, are volunteers. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Highway 58 Volunteer Fire Department, Inc.

In reviewing the financial statements of Highway 58 Volunteer Fire Department, Inc. for the years ended December 31, 2023 - 2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph. It would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following comments and suggestions are intended to be constructive ideas from which the Highway 58 Volunteer Fire Department may benefit.

#### **FDIC INSURANCE**

**Finding** – The department had bank accounts with financial institutions that exceeded the FDIC-insured limit. We recommend that the department move funds in excess of the \$250,000 limit to another FDIC-insured bank.

**Management Response** – We are aware of the FDIC insurance limitations. We have some capital purchases coming within the next 120 days. Leaving the accounts as they are is the best option for our department and vendor visibility.

#### **VEHICLE GIFTED TO RETIRED CHIEF**

**Finding** – During the audit, we found where the department gave the former chief his vehicle upon retirement. Per IRS regulations, this would be viewed as compensation to the chief and should have been added to his taxable income.

**Management Response** – This was an over sight by our department mostly by not understanding the rules of a retirement gift. Thank you for pointing this out. We will consult your office if a retirement gift is offered again.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

A handwritten signature in blue ink that reads "Chin McCallough". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee  
August 31, 2025

# **Mowbray Volunteer Fire Department, Inc.**

## **Financial Statements**

years ended June 30, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSOLE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKEY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

CHRIS MCCOLLOUGH, CPA, CFE, CCFO  
COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER

AUDIT STAFF  
J.C. CLONTS, CFE  
LAUREN COOPER, CPA (INACTIVE)  
JAMESSETTA GRAY, CCFO  
ROGER KINCER, CGFM, CFE, CCFO  
MARICELA MADERA  
JOHNETTA TRUSS, CCFO

To the Board of Directors of  
Mowbray Volunteer Fire Department, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Mowbray Volunteer Fire Department, as of the fiscal years ended June 30, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Mowbray - 1

# Mowbray Volunteer Fire Department, Inc.

## Statements of Financial Position

June 30, 2024 and 2023

(UNAUDITED)

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 46,492	\$ 43,670
Other current assets	4,193	3,206
Total current assets	<u>50,685</u>	<u>46,876</u>
Property and Equipment		
Vehicles	694,017	617,909
Equipment	93,830	93,830
Total property and equipment	<u>787,847</u>	<u>711,739</u>
Less: accumulated depreciation	506,666	473,151
Property and equipment, net	<u>281,181</u>	<u>238,588</u>
TOTAL ASSETS	<u>331,866</u>	<u>285,464</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and other	-	413
Current maturities of long-term debt	-	11,782
Total current liabilities	<u>-</u>	<u>12,195</u>
Long-Term Debt		
TOTAL LIABILITIES	<u>-</u>	<u>12,195</u>
<u>NET ASSETS</u>		
Unrestricted	331,866	273,269
TOTAL NET ASSETS	<u>\$ 331,866</u>	<u>\$ 273,269</u>

See accompanying notes and accountant's report.

# Mowbray Volunteer Fire Department, Inc.

## Statements of Activities

For the years ended June 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 182,884	\$ 100,804
Contributions from Hamilton County government-ARPA	93,528	101,470
Donations	55,721	34,962
State of TN Grant	17,356	24,115
Other income	29,766	10,832
(Loss) Gain on sale of equipment	1,286	-
Interest income	219	26
Total support and revenue	<u>380,760</u>	<u>272,209</u>
Expenses (decreases in unrestricted net assets):		
Program services		
Vehicle expense	1,937	4,257
Small equipment and supplies	61,957	97,275
Equipment and building repairs	44,876	41,694
Training	2,559	5,789
Insurance	15,498	9,483
Depreciation expense	47,802	37,566
Total program services expenses	<u>174,629</u>	<u>196,064</u>
Management and general expenses		
Office expenses	5,425	4,694
Utilities	20,239	18,724
Payroll Expense	94,417	14,937
Licenses, Dues & Subscriptions	6,756	5,388
Interest expense	-	413
Miscellaneous	20,697	10,716
Total management and general expenses	<u>147,534</u>	<u>54,872</u>
Total expenses	<u>322,163</u>	<u>250,936</u>
Change in net assets	58,597	21,273
Unrestricted net assets at beginning of year	273,269	251,996
Unrestricted net assets at end of year	<u><u>\$ 331,866</u></u>	<u><u>\$ 273,269</u></u>

See accompanying notes and accountant's report.

# Mowbray Volunteer Fire Department, Inc.

## Statements of Cash Flows

For the years ended June 30, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 58,597	\$ 21,273
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,515	37,566
Decrease (Increase) in other current assets	(987)	(1,107)
Net cash provided by operating activities	91,125	57,732
Cash flows from investing activities:		
Acquisition of vehicles and equipment	(76,108)	(38,118)
Net cash used by investing activities	(76,108)	(38,118)
Cash flows from financing activities:		
Repayments on debt	(12,195)	(11,782)
Net cash (used) provided by financing activities	(12,195)	(11,782)
Net decrease in cash and cash equivalents	2,822	7,832
Cash and cash equivalents at beginning of year	43,670	35,838
Cash and cash equivalents at end of year	\$ 46,492	\$ 43,670

See accompanying notes and accountant's report.



# Mowbray Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

The Mowbray Volunteer Fire Department, Inc. was incorporated as a not-for-profit organization in November 1979 pursuant to the laws of the State of Tennessee. The Department is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The department provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a Tri-State Mutual Aid Association with surrounding fire departments and provides assistance to other member agencies as needed.

Primary funding for the department comes from operating grants from Hamilton County government, donations from area residents and grants.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Mowbray Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services Department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide fire protection services within its zone of responsibility, and to participate as part of the County Emergency Response Forces in bona-fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial assistance and use of a County building for its fire station. During the years ended June 30, 2024, and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriations	\$ 110,884	\$ 100,804
Additional operating appropriation	72,000	-
Operating and capital appropriations-ARPA	93,528	101,470
Commissioner Donation	-	3,000
Total contributions by Hamilton County	<u>\$ 276,412</u>	<u>\$ 205,274</u>

### **NOTE 3 – Fire Station**

The department operates out of one fire station. Hamilton County built the fire station (located on Mowbray Pike) on land owned by Hamilton County in 1981. In 2019, Hamilton County started constructing a new fire station located on Mowbray Pike next to the existing station, which was completed in the summer of 2021 for \$6.3 million.

As discussed in Note 2 above, Hamilton County does not charge the department for use of the County-owned fire station.

# Mowbray Volunteer Fire Department, Inc.

## Notes to Financial Statements

June 30, 2024 and 2023

(UNAUDITED)

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### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of June 30, 2024, and 2023:

	2024	2023
Cash in checking account	\$ 21,079	\$ 5,779
Cash held in savings account	25,413	37,891
Total cash and cash equivalents	<u>\$ 46,492</u>	<u>\$ 43,670</u>

The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did not exceed the FDIC-insured amount at any time during the years ended June 30, 2024, and 2023.

### **NOTE 5 – Notes Payable**

The department acquired a fire truck, tanker, and fire equipment in 2017 using loan proceeds from the USDA in the amount of \$165,000. This loan was paid off in January 2018. In FY2018, the department received a \$65,000 loan from the USDA to purchase a Spartan Fire Truck. Under the terms of the loan agreement, this note carries an interest rate of 3.5% and requires six annual payments of \$12,199 through May 2024. As of June 30, 2024, the department has no outstanding notes payable.

### **NOTE 6 – Donated Services**

All of the department's firefighters are volunteers. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

WESTON WAMP  
COUNTY MAYOR

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSOLE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKEY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

CHRIS MCCOLLOUGH, CPA, CFE, CCFO  
COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER

AUDIT STAFF  
J.C. CLONTS, CFE  
LAUREN COOPER, CPA(INACTIVE)  
JAMESSETTA GRAY, CCFO  
ROGER KINCER, CGFM, CFE, CCFO  
MARICELA MADERA  
JOHNETTA TRUSS, CCFO

To the Board of Directors  
Mowbray Volunteer Fire Department, Inc.

In reviewing the Mowbray Volunteer Fire Department's financial statements for the years ended June 30, 2023 - 2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following suggestion is intended to be constructive ideas from which the Mowbray Volunteer Fire Department may benefit.

#### **CHECK DISBURSEMENTS – REPEAT FINDING**

Finding – The department requires only one signature on checks written from its bank account. We recommend that the department require dual signatures on all checks as an additional control over its cash disbursements. This finding was noted in our previous review of the financial statements of the department.

Management Response – We concur with the auditors' finding and believe that requiring dual signatures would improve our internal controls. However, due to our department's size and our reliance on volunteers, it is not feasible to require dual signatures on our cash disbursements.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

A handwritten signature in blue ink that reads "Chris McCollough".

Chattanooga, Tennessee  
August 31, 2025

Mowbray - 8

# **Sale Creek Volunteer Fire Department, Inc.**

## **Financial Statements**

years ended December 31, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors of  
Sale Creek Volunteer Fire Department, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Sale Creek Volunteer Fire Department, as of the fiscal years ended December 31, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Sale Creek - 1

# Sale Creek Volunteer Fire Department, Inc.

## Statements of Financial Position

December 31, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 125,048	\$ 216,937
Restricted Cash-Equipment	60,000	-
Other current assets	22,373	22,669
Total current assets	<u>207,421</u>	<u>239,606</u>
Property and Equipment		
Vehicles	800,729	818,229
Equipment	765,747	265,406
Furniture	4,700	4,700
Land and building	298,560	298,560
Total property and equipment	<u>1,869,736</u>	<u>1,386,895</u>
Less: accumulated depreciation	<u>1,022,076</u>	<u>1,039,624</u>
Property and equipment, net	<u>847,660</u>	<u>347,271</u>
TOTAL ASSETS	<u>1,055,081</u>	<u>586,877</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable and other		
Current maturities of long-term debt	<u>49,491</u>	<u>-</u>
Total current liabilities	<u>49,491</u>	<u>-</u>
Long-Term Debt	<u>306,989</u>	<u>-</u>
TOTAL LIABILITIES	<u>356,480</u>	<u>-</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	<u>698,601</u>	<u>586,877</u>
TOTAL NET ASSETS	<u>\$ 698,601</u>	<u>\$ 586,877</u>

See accompanying notes and accountant's report.

# Sale Creek Volunteer Fire Department, Inc.

## Statements of Activities

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 237,447	\$ 217,447
Contributions from Hamilton County government-Restricted	60,000	-
Donations and fundraising	89,204	77,025
ARPA Funds	-	90,000
State and other grants	136,708	1,240
Gain on sale of property	6,500	1
Miscellaneous	12,001	500
Interest	246	268
Total support and revenue	542,106	386,481
Expenses (decreases in unrestricted net assets):		
Program services		
Vehicle expense	85,791	82,372
Minor equipment and supplies	77,412	79,699
Building and equipment repairs	21,773	12,035
Training	5,755	3,632
Insurance	27,943	24,492
Interest	6,706	2
Depreciation expense	121,752	55,356
Total program services expenses	347,132	257,588
Management and general expenses		
Office supplies and expenses	32,856	15,188
Telephone and utilities	43,577	42,126
Lawn care	945	8,490
Miscellaneous	5,872	12,052
Total management and general expenses	83,250	77,856
Total expenses	430,382	335,444
Change in net assets	111,724	51,037
Unrestricted net assets at beginning of year	586,877	535,840
Unrestricted net assets at end of year	698,601	586,877
Total Net Position at end of year	\$ 698,601	\$ 586,877

See accompanying notes and accountant's report.



# Sale Creek Volunteer Fire Department, Inc.

## Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 111,724	\$ 51,037
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	(17,548)	(179,328)
Decrease (Increase) in other current assets	296	(4,302)
Increase (Decrease) in accounts payable and other liabilities	356,480	-
Net cash provided by operating activities	450,952	(132,593)
Cash flows from investing activities:		
Acquisition of vehicles and equipment	(512,341)	(94,102)
Sale and disposal of vehicles and equipment	29,500	222,585
Net cash used by investing activities	(482,841)	128,483
Net increase (decrease) in cash and cash equivalents	(31,889)	(4,110)
Cash and cash equivalents at beginning of year	216,937	221,047
Cash and cash equivalents at end of year	\$ 185,048	\$ 216,937

See accompanying notes and accountant's report.

Sale Creek Volunteer Fire Department, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023

(UNAUDITED)

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**NOTE 1 – Description of Organization and Significant Accounting Policies**

**Organization**

The Sale Creek Volunteer Fire Department was incorporated as a not-for-profit organization in July 1971 pursuant to the laws of the State of Tennessee. The Department is a publicly supported organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

The department provides fire protection, rescue and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a mutual aid association with surrounding fire departments and provides assistance to other member agencies when requested.

Primary funding for the department comes from operating grants from Hamilton County government, Federal and State grants, and donations from area residents.

**Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

**Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

**Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Sale Creek Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The department operates in alliance with the Hamilton County Emergency Services Department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide fire protection services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of County buildings for its fire stations, etc. During the years ended December 31, 2024 and 2023, Hamilton County provided the following direct financial aid to the department:

	2024	2023
Operating and capital appropriations	\$ 237,447	\$ 217,447
Restricted funds-Equipment	60,000	-
ARPA Funds	-	90,000
Total contributions by Hamilton County	<u>\$ 297,447</u>	<u>\$ 307,447</u>

### **NOTE 3 – Fire Stations**

The department operates out of five fire stations (Station 1 on Dayton Pike, Station 2 on Back Valley Road, Station 3 on Mount Tabor Road, Station 4 on May Road and Station 5 on Dayton Pike). Hamilton County Government built a new Station 1 for \$6,166,000 in 2016. Station 2 was built by the department on the department's land and is valued in the financial records at its historical cost of \$110,100. Stations 3 and 4 were built by Hamilton County on land owned by Hamilton County. The estimated replacement cost of the land and buildings owned by Hamilton County and used by the department as its fire stations is \$741,000. Station 5 is owned by the department and valued in the financial records at its historical cost of \$140,000 including land cost.

As discussed in Note 2 above, Hamilton County does not charge the department for use of the County-owned fire stations.

# Sale Creek Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Cash in checking accounts	\$ 50,790	\$ 186,104
Cash-Restricted	60,000	-
Cash in savings accounts	74,258	30,833
Total cash and cash equivalents	<u>\$ 185,048</u>	<u>\$ 216,937</u>

The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did not exceed the FDIC-insured amount during the years ended December 31, 2024 and 2023.

### **NOTE 5 –Notes Payable**

The department entered into a six (6) year obligation contract for \$527,961 (\$425,202 principal - \$102,759 interest) with Community Leasing Partners for leased equipment with the option to purchase at the end of the term. Yearly payment amount of \$75,423 began October 1, 2024. The equipment was placed in service in the last quarter of 2024.

### **NOTE 6 – Donated Services**

All of the department's firefighters are volunteers. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

WESTON WAMP  
COUNTY MAYOR

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSOLE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKEY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

CHRIS MCCOLLOUGH, CPA, CFE, CCFO  
COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER


AUDIT STAFF  
J.C. CLONTS, CFE  
LAUREN COOPER, CPA (INACTIVE)  
JAMESSETTA GRAY, CCFO  
ROGER KINCER, CGFM, CFE, CCFO  
MARICELA MADERA  
JOHNETTA TRUSS, CCFO

To the Board of Directors  
Sale Creek Volunteer Fire Department, Inc.

In reviewing the financial statements of Sale Creek Volunteer Fire Department, Inc. for the years ended December 31, 2023-2024, we considered the department's internal controls over financial reporting to determine our procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph. It 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.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

  
Chattanooga, Tennessee  
August 31, 2025

# **Sequoyah Volunteer Fire Department, Inc.**

## **Financial Statements**

years ended December 31, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors of  
Sequoyah Volunteer Fire Department, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Sequoyah Volunteer Fire Department, as of the fiscal years ended December 31, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Sequoyah - 1

Sequoayah Volunteer Fire Department, Inc.  
Statements of Financial Position  
December 31, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 265,698	\$ 241,440
Other current assets	1,000	31,221
Restricted cash - Equipment	8,600	-
Total current assets	<u>275,298</u>	<u>272,661</u>
Property and Equipment		
Building - Work in progress	106,008	
Vehicles	529,253	493,858
Equipment	207,654	209,154
Total property and equipment	<u>842,915</u>	<u>703,012</u>
Less: accumulated depreciation	628,961	592,863
Property and equipment, net	<u>213,954</u>	<u>110,149</u>
TOTAL ASSETS	<u>489,252</u>	<u>382,810</u>
<u>LIABILITIES</u>		
Accounts payable and other	<u>96,127</u>	<u>1,009</u>
TOTAL LIABILITIES	<u>96,127</u>	<u>1,009</u>
<u>NET ASSETS</u>		
Unrestricted	<u>393,125</u>	<u>381,801</u>
TOTAL NET ASSETS	<u>\$ 393,125</u>	<u>\$ 381,801</u>

See accompanying notes and accountant's report.



# Sequoyah Volunteer Fire Department, Inc.

## Statements of Activities

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 68,348	\$ 86,348
Contributions from Hamilton County government-Restricted	8,600	-
Donations	24,354	8,368
ARPA Funds	-	49,810
Other income	1,368	31,549
Total support and revenue	102,670	176,075
Expenses (decreases in unrestricted net assets):		
Program services		
Vehicle expense	9,954	10,529
Small equipment and supplies	8,166	35,987
Training and testing	176	-
Building and equipment repairs	2,884	-
Licenses and Permits	2,739	2,901
Insurance	2,109	2,519
Depreciation expense	48,598	51,799
Total program services expenses	74,626	103,735
Management and general expenses		
Office supplies and postage	3,786	1,760
Telephone and utilities	8,435	8,475
Miscellaneous	4,499	5,055
Total management and general expenses	16,720	15,290
Total expenses	91,346	119,025
Change in net assets	11,324	57,050
Unrestricted net assets at beginning of year	381,801	324,751
Unrestricted net assets at end of year	\$ 393,125	\$ 381,801

See accompanying notes and accountant's report.

# Sequoyah Volunteer Fire Department, Inc.

## Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 11,324	\$ 57,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,098	51,799
Decrease(increase) in other current assets	30,221	(30,110)
Increase(decrease) in current liabilities	95,118	1,009
Net cash provided (used) by operating activities	<u>172,761</u>	<u>79,748</u>
Cash flows from investing activities:		
Land and Building	(106,008)	-
Acquisition of vehicles and equipment	(33,897)	(18,543)
Sale and disposal of vehicles and equipment	-	-
Net cash used by investing activities	<u>(139,905)</u>	<u>(18,543)</u>
Net increase (decrease) in cash and cash equivalents	32,857	61,205
Cash and cash equivalents at beginning of year	<u>241,440</u>	<u>180,235</u>
Cash and cash equivalents at end of year	<u>\$ 274,297</u>	<u>\$ 241,440</u>

See accompanying notes and accountant's report.

# Sequoyah Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

The Sequoyah Volunteer Fire Department was incorporated as a not-for-profit organization in October 1985 pursuant to the laws of the State of Tennessee. The department is a publicly supported organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

The department provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The department is a member of a mutual aid association with surrounding fire departments and provides assistance to other member agencies when requested.

Primary funding for the department comes from operating grants from Hamilton County government, Federal and State grants, and donations from area residents.

#### **Method of Accounting and Reporting**

The financial statements of the department have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The department has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Sequoyah Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The Department operates in alliance with the Hamilton County Emergency Services Department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the department pledges to provide fire protection services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides financial and other support to the department, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of County buildings for its fire stations, etc. During the years ended December 31, 2024 and 2023, Hamilton County provided the following direct financial aid to the Department:

	2024	2023
Operating and capital appropriations	\$ 68,348	\$ 86,348
Operating and capital appropriations-Restricted	8,600	-
Total Operating and capital appropriations	<u>\$ 76,948</u>	<u>\$ 86,348</u>

### **NOTE 3 – Fire Stations**

The department operates out of two fire stations. The fire stations (Station 1 located on Green Pond Road and Station 2 located on Ridge Trail Road) were built by Hamilton County on land owned by Hamilton County in 1988 and 1982, respectively. The estimated replacement cost of the land and buildings owned by Hamilton County and used by the department as its fire stations is \$525,000. Currently, Sequoyah is in the process of replacing a building located at Ridge Trail Road with insurance proceeds provided by the county in 2025.

As discussed in Note 2 above, Hamilton County does not charge the department for use of the County-owned fire stations.

# Sequoyah Volunteer Fire Department, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

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### **NOTE 4 – Cash and Cash Equivalents**

The department's cash and cash equivalents consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash in checking accounts	\$ 265,698	\$ 241,440
Cash-Restricted	<u>8,600</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 274,298</u>	<u>\$ 241,440</u>

The FDIC insures the department's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did not exceed the FDIC-insured amount at any time during the years ended December 31, 2024 and 2023.

### **NOTE 5 – Donated Services**

All of the department's firefighters are volunteers. Additionally, the department receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Sequoyah Volunteer Fire Department, Inc.

In reviewing the financial statements of Sequoyah Volunteer Fire Department, Inc. for the years ended December 31, 2023-2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following comments and suggestions are intended to be constructive ideas from which the Sequoyah Volunteer Fire Department may benefit.

#### **CONTROLS OVER THE FINANCIAL REPORTING PROCESS – REPEAT FINDING**

**Finding** – The department does not employ financial personnel (such as a Treasurer, bookkeeper, accountant, etc.) with sufficient qualifications and skills to record appropriate end of the year accrual basis adjustments and to prepare financial statements and related footnotes to the financial statements in accordance with generally accepted accounting principles. This situation is common among small organizations that rely upon volunteers to perform a majority of the bookkeeping/accounting functions for the organization. This finding was also noted in our previous review of the financial statements of the department.

**Management Response** – We agree with the auditors' finding; however, we are limited on volunteers willing to take on these responsibilities and at this time, we do not have a volunteer willing and/or qualified to assume these responsibilities.

## **SEGREGATION OF DUTIES – REPEAT FINDING**

**Finding** - Internal controls over receipts are weak due to inadequate segregation of duties. One individual (the Treasurer) is responsible for maintaining all of the accounting records, performing the monthly bank reconciliations, making deposits into bank accounts, preparing all financial reports for the Board of Directors, etc. This situation is common among small organizations that rely upon volunteers to perform a majority of the office functions for the organization. This finding was noted in our previous review of the financial statements of the department.

**Management Response** – We concur with the auditors' finding and will work toward segregating duties; however, we are limited on volunteers willing to take on these responsibilities.

## **CONTROLS OVER CASH**

**Finding#1** – The department made a check out to cash in January 2024 for \$3,000. The only support for why the money was taken out of the bank stated it was for general administrative expenses. The cash was held in the treasurer's home for over a year. The board minutes do not discuss the return of these funds, and we never received a clear explanation for what the money was for. We recommend that checks not be made out to cash. Any funds coming out of the department's bank account should be discussed with the board and documented in the minutes. Checks should not be issued until the appropriate support for the expense is obtained. All funds should be kept in a secure location, preferably the department's safe and deposited within three days.

**Management Response** – The funds were for benevolence for a long standing family of the community's medical expenses. We were hoping not to need to use the funds but did.

**Auditor's Response** – The support for the cash taken out of the bank said administrative expenses. This is not an administrative expense. When the auditor ask why the funds were taken out of the bank and kept in the treasurer's home, she was not provided a clear explanation. Checks should never be written to cash. Departmental funds should never be kept inside a volunteer's home. This transaction should have been discussed with the board and documented in the minutes. The response above does not address the concerns regarding the finding but increases them.

**Finding#2** – The department disposed of two vehicles in 2024. Four-hundred and fifty dollars (\$450.00) from the disposal of one of the trucks was never deposited in the department's bank account. The funds were kept in an envelope and used for miscellaneous expenses. Proceeds from vehicle sales should never be kept outside of the bank account. The funds must be deposited timely into the department's bank account and recorded in the accounting system.

**Management Response** – The treasurer will deposit the \$225.70 on 6/2/25, which is the remainder from the sale of the truck. The funds were used as petty cash.

### **BANK RECONCILIATIONS – REPEAT FINDING**

**Finding** – Bank reconciliations need to be performed monthly to ensure all transactions are properly accounted for and documented. The person performing the reconciliation should not be the same person issuing and signing checks.

**Management Response** – The accounts are reconciled monthly with the board.

**Auditor's Response** – The department does not perform bank reconciliations, and the auditor was not provided with the information.

### **ACCOUNTING SYSTEM – REPEAT FINDING**

**Finding** – The department records its financial transactions using a manual check register and does not utilize a computerized financial accounting package for accounting for its transactions. The department should consider maintaining its accounting records on a computerized system (such as QuickBooks) to assist in the accounting and reporting of its financial activities. This finding was noted in our previous review of the financial statements of the department.

**Management Response** – We have maintained our financial records on a manual system for several years. We believe our current manual system meets our needs, and we will continue to use this system for the near future.

### **CREDIT CARD CHARGES – REPEAT FINDING**

**Finding** – The department authorized personnel to use the department credit card for acquiring various items and services. There were several credit card expenditures with no supporting documentation. It is crucial that adequate records be kept supporting all credit card expenditures. We recommend that the department require receipts for all credit card charges, agree the receipts to the monthly credit card statement, and document on the monthly credit card statement verification that all credit card transactions are valid and properly authorized and approved. This finding was noted in our previous review of the financial statements of the department.

**Management Response** – We agree with the auditors' findings and will stress in turning in all credit card receipts. Monthly receipts will be reconciled to the credit card statements.

### **VOIDED CHECKS**

**Finding** – The department currently tears up voided checks and does not preserve a carbon copy. We recommended that void checks be clearly marked void in permanent ink with the signature block cut out of the check.

**Management Response** – We concur with the recommendation for the voided checks.



We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

  
Chris McAllough  
Chattanooga, Tennessee  
August 31, 2025

# **Waldens Ridge Emergency Service, Inc.**

## **Financial Statements**

years ended December 31, 2024 and 2023



**INTERNAL AUDIT**  
455 N. Highland Park Avenue  
CHATTANOOGA, TENNESSEE 37404



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

To the Board of Directors  
Waldens Ridge Emergency Service, Inc.

We have reviewed the accompanying financial statements of financial position, statement of activities, and statement of cash flow for Waldens Ridge Volunteer Fire Department, as of the fiscal years ended December 31, 2024 and 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Chris McCollough".

August 31, 2025  
Chattanooga, Tennessee

Waldens Ridge – 1

Waldens Ridge Emergency Service, Inc.  
Statements of Financial Position  
December 31, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 810,133	\$ 755,396
Other current assets	7,650	6,953
Total current assets	<u>817,783</u>	<u>762,349</u>
Property and Equipment		
Vehicles	1,823,148	1,846,255
Equipment	586,087	573,409
Land	145,700	145,700
Building	189,983	189,983
Total property and equipment	<u>2,744,918</u>	<u>2,755,347</u>
Less: accumulated depreciation	<u>1,592,531</u>	<u>1,482,342</u>
Property and equipment, net	<u>1,152,387</u>	<u>1,273,005</u>
TOTAL ASSETS	<u>1,970,170</u>	<u>2,035,354</u>
<b><u>LIABILITIES</u></b>		
Long-Term Debt	47,663	93,706
Capital lease obligation	<u>247,760</u>	<u>333,236</u>
TOTAL LIABILITIES	<u>295,423</u>	<u>426,942</u>
<b><u>NET ASSETS</u></b>		
Restricted	12,500	12,500
Unrestricted	<u>1,662,247</u>	<u>1,595,912</u>
TOTAL NET ASSETS	<u>\$ 1,674,747</u>	<u>\$ 1,608,412</u>

See accompanying notes and accountant's report.

Waldens Ridge Emergency Service, Inc.  
Statements of Activities  
For the years ended December 31, 2024 and 2023

(UNAUDITED)

	2024	2023
Changes in Unrestricted Net Assets:		
Support and revenue (increases in unrestricted net assets):		
Contributions from Hamilton County government	\$ 226,841	\$ 232,841
Contributions from Town of Walden government	85,000	85,000
Donations	95,356	89,425
Grants	12,500	50,667
Other	-	23,786
Interest income	16,609	12,210
Total support and revenue	<u>436,306</u>	<u>493,929</u>
Expenses (decreases in unrestricted net assets):		
Program services		
Training	788	857
Repair and maintenance of vehicles and equipment	38,735	16,532
Fuel	6,348	4,655
Supplies	72,164	12,015
Insurance	27,515	22,776
Depreciation expense	110,189	66,882
Total program services expenses	<u>255,739</u>	<u>123,717</u>
Management and general expenses		
Office expenses	41,375	51,753
Telephone and utilities	45,541	43,986
Vehicle Lease Interest	22,415	28,019
Professional fees - legal and licenses	1,400	2,438
Interest Expense	3,295	6,058
Miscellaneous	206	3,908
Total management and general expenses	<u>114,232</u>	<u>136,162</u>
Total expenses	<u>369,971</u>	<u>259,879</u>
Change in net assets	66,335	234,050
Unrestricted net assets at beginning of year	1,595,912	1,361,862
Restricted net assets at end of year	12,500	12,500
Unrestricted net assets at end of year	<u>1,662,247</u>	<u>1,595,912</u>
Total Net Position at end of year	<u>\$ 1,674,747</u>	<u>\$ 1,608,412</u>

See accompanying notes and accountant's report.

# Waldens Ridge Emergency Service, Inc.

## Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(UNAUDITED)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 66,335	\$ 234,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,189	66,882
Decrease(Increase) in other current assets	(698)	42
Net cash provided by operating activities	<u>175,826</u>	<u>300,974</u>
Cash flows from investing activities:		
Purchase of vehicles and equipment	<u>10,430</u>	<u>(70,763)</u>
Net cash used by investing activities	<u>10,430</u>	<u>(70,763)</u>
Cash flows from financing activities:		
Proceeds from Leasing Rescue Trucks	(85,475)	(141,764)
Payments on PNC Equip Finance	<u>(46,044)</u>	<u>(44,480)</u>
Net cash used by financing activities	<u>(131,519)</u>	<u>(186,244)</u>
Net increase in cash and cash equivalents	54,737	43,967
Cash and cash equivalents at beginning of year	<u>755,396</u>	<u>711,429</u>
Cash and cash equivalents at end of year	<u><u>\$ 810,133</u></u>	<u><u>\$ 755,396</u></u>

See accompanying notes and accountant's report.

# Waldens Ridge Emergency Service, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

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### **NOTE 1 – Description of Organization and Significant Accounting Policies**

#### **Organization**

Waldens Ridge Emergency Service, Inc. (WRES) was incorporated as a not-for-profit organization in March 1976 pursuant to the laws of the State of Tennessee. The WRES is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The WRES provides fire protection, rescue, and medical first responder coverage for all properties located within its geographic boundaries. The WRES is a member of a mutual aid association with surrounding fire departments and assists other member agencies when requested.

Primary funding for the WRES comes from operating grants from the governments of Hamilton County and the Town of Walden and donations from area residents.

#### **Method of Accounting and Reporting**

The financial statements of the WRES have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

#### **Property and Equipment**

Property, plant, and equipment are capitalized at original cost. Major renewals and improvements are charged to the property account, while replacements, maintenance, and repairs which do not improve or extend the life of the assets are expensed. Depreciation is computed over the estimated useful life of each asset using the straight-line method.

#### **Use of Estimates**

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The WRES has evaluated subsequent events for potential recognition and disclosure through August 31, 2025, the date the financial statements were available to be issued.

# Waldens Ridge Emergency Service, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 2 – Relationship with Hamilton County Government**

The WRES operates in alliance with the Hamilton County Emergency Services Department under a Memorandum of Understanding dated January 26, 1990. Under the terms of the Memorandum of Understanding, the WRES pledges to provide fire protection services within its zone of responsibility and to participate as part of the County Emergency Response Forces in bona fide disasters coordinated through the County Emergency Operations Center.

In return for providing its services to Hamilton County residents, Hamilton County government provides certain support to the WRES, including equipment purchases, insurance coverage, vehicle fuel, maintenance and repair, use of a County building for one of its fire stations, etc. During the years ended December 31, 2024 and 2023, Hamilton County provided the following direct financial aid to the WRES:

	2024	2023
Operating and capital appropriation	\$ 226,841	\$ 229,841
Commissioner discretionary fund contribution	3,000	3,000
Noncash donation - Vehicle	-	23,786
Total contributions by Hamilton County	<u>\$ 229,841</u>	<u>\$ 256,627</u>

### **NOTE 3 – Fire Stations**

The WRES operates out of two fire stations. The WRES built Station 1 on Taft Highway on land owned by the WRES. In December 2019, WRES began operation in their new facility located on Taft Highway. This facility was constructed by Hamilton County Government in the amount of \$4.9 million. Hamilton County government built Station 2 (located on Sawyer Road) on land owned by Hamilton County in 1998.

As discussed in Note 2 above, Hamilton County does not charge the WRES for the use of the County-owned fire station.



# Waldens Ridge Emergency Service, Inc.

## Notes to Financial Statements

December 31, 2024 and 2023

(UNAUDITED)

### **NOTE 4 – Cash and Cash Equivalents**

The WRES's cash and cash equivalents consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Cash in checking accounts	\$ 357,353	\$ 319,225
Cash held in savings accounts	295,771	282,033
Certificates of deposit	157,009	154,138
Total cash and cash equivalents	<u>\$ 810,133</u>	<u>\$ 755,396</u>

The FDIC insures the WRES's cash in bank accounts up to \$250,000. The amount of cash held in bank accounts did exceed the FDIC-insured amount during the years ended December 31, 2023 and 2024. WRES must move funds in excess of the \$250,000 limit to another FDIC-insured bank.

### **NOTE 5 – Notes Payable**

The department acquired two trucks in 2015 using loan proceeds from Pierce Manufacturing Inc. (Oshkosh Capital) for \$410,000. As of December 31, 2024, the outstanding amount of the loan is \$47,663.

The department entered into an seven (7) year obligation contract for \$475,000 with Municipal Leasing Credit Corporation to purchase two (2) fire rescue trucks. Yearly payment amount of \$84,783 began August 1, 2023. The trucks were placed in service in the first quarter of 2024.

### **NOTE 6 – Temporarily Restricted Assets**

FASB Statement 117 requires amounts for each three classes of net assets--permanently restricted, temporarily restricted, and unrestricted--be displayed in the statement of financial position. During the years ended December 31, 2024 and 2023, the department was required to maintain temporarily restricted net assets for fitness room equipment in the amount of \$12,500.

### **NOTE 7 – Donated Services**

All of the WRES's firefighters are volunteers. Additionally, the WRES receives donated services from a variety of other unpaid volunteers in conducting its operations. No amounts have been recognized in the accompanying statements of activities for the value of these services because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

WESTON WAMP  
COUNTY MAYOR

BOARD OF COMMISSIONERS  
D.C. (CHIP) BAKER  
GREG BECK  
MIKE CHAUNCEY  
JEFF EVERSOLE  
JOE GRAHAM  
LEE HELTON  
STEVE HIGHLANDER  
WARREN MACKEY  
DAVID SHARPE  
GENE-O SHIPLEY  
KEN SMITH



## HAMILTON COUNTY, TENNESSEE

### INTERNAL AUDIT OFFICE

CHRIS MCCOLLOUGH, CPA, CFE, CCFO  
COUNTY AUDITOR

AUSTIN DURALL, CFE, CGFM, CCFO  
AUDIT MANAGER

AUDIT STAFF  
J.C. CLONTS, CFE  
LAUREN COOPER, CPA (INACTIVE)  
JAMESSETTA GRAY, CCFO  
ROGER KINCER, CGFM, CFE, CCFO  
MARICELA MADERA  
JOHNETTA TRUSS, CCFO

To the Board of Directors  
Waldens Ridge Emergency Service, Inc.

In reviewing the financial statements of Waldens Ridge Emergency Service, Inc. for the years ended December 31, 2023-2024, we considered the department's internal controls over financial reporting to determine our review procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following suggestion is intended to be constructive ideas from which the Waldens Ridge Emergency Service may benefit.

#### **FDIC INSURANCE**

**Finding** – The department had bank accounts with financial institutions that exceeded the FDIC-insured limit. This was noted and discussed in the prior review. We recommend that WRES move funds in excess of the \$250,000 limit to another FDIC-insured bank.

**Management Response** – We agree with the auditors' recommendation.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

A handwritten signature in blue ink that reads "Chris McCollough".

Chattanooga, Tennessee

August 31, 2025

Waldens Ridge - 8

