

**Doe Mountain Recreation Authority  
Mountain City, Tennessee  
Annual Financial Report  
For The Year Ended  
June 30, 2023**

# Doe Mountain Recreation Authority

## Annual Financial Report For the Year Ended June 30, 2023

### Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Board of Directors	<i>i</i>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 8
<b>Basic Financial Statements:</b>	
Government Wide Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet Governmental Fund	11
Reconciliation of the Balance Sheet of the Governmental Fund to the Government Wide Statement of Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balance of Governmental Funds to the Statement of Activities	14
Notes to the Financial Statements	15 - 24
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Schedule of Rate Structure	25
Schedule of Changes in Lease Obligations	26
<b>GOVERNMENT AUDITING STANDARDS SECTION</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	27
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28 - 29
Schedule of Findings and Responses	30 - 32
Summary Schedule of Prior Year Findings	33
Management's Corrective Action Plan	34

# **INTRODUCTORY SECTION**

**Doe Mountain Recreation Authority  
Board of Directors  
June 30, 2023**

Larry Potter	Chairman
Gabby Lynch	Vice Chairman
Kristy Herman	Treasurer
Mona Alderson	Corresponding Secretary
Gerald Parish	Director
Frank Arnold	Director
Anthony Duncan	Director
Jerry Jordan	Director
Dave Jones	Director
Jerry Grindstaff	Director
Tim Sain	Director
Ron Ramsey	Director
Ray Stout	Director
Lynn Tully	Director

# **FINANCIAL SECTION**

# ***The MG Group, P.C.***

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Doe Mountain Recreation Authority  
Mountain City, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Doe Mountain Recreation Authority (the "Authority") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Doe Mountain Recreation Authority as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Doe Mountain Recreation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Doe Mountain Recreation Authority's ability to continue as a going concern for twelve months beyond

the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Doe Mountain Recreation Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Doe Mountain Recreation Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Doe Mountain Recreation Authority's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the schedule of rate structure, and the schedule of changes in lease obligations but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the Doe Mountain Recreation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,



regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Doe Mountain Recreation Authority's internal control over financial reporting and compliance.

*MG Group, P.C.*

Tullahoma, Tennessee

December 27, 2023

**Doe Mountain Recreation Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

This section presents management's analysis and overview of the Doe Mountain Recreational Authority's financial performance during the fiscal year that ended June 30, 2023. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets at year-end were \$15,180,677 and exceeded liabilities by \$15,019,916 (net position). Of the total net position, \$3,496,411 was unrestricted and available to support short term operations.
- The amount by which assets exceeded liabilities increased by \$1,221,471 from prior year.
- Unrestricted fund balance increased by \$1,255,040 from prior year.
- Revenues increased by \$948,454 compared to prior year.
- Expenditures increased by \$519,172 compared to prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Doe Mountain Recreational Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The

**Doe Mountain Recreation Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better able to understand the long-term impact of the Authority's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains a single general fund for all its operations. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances of both funds.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## **FINANCIAL ANALYSIS**

The statement of net position and the statement of changes in net position report information about the Authority's activities. These two statements report the net position of the Authority and the changes in them. One can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating.

**Doe Mountain Recreation Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

**SUMMARIZED FINANCIAL INFORMATION**

Condensed Net Position

	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percent Change</b>
Current assets	\$ 3,536,542	\$ 2,319,071	\$ 1,217,471	52.50%
Capital assets, net	11,644,135	11,681,154	(37,019)	-0.32%
Total assets	15,180,677	14,000,225	1,180,452	8.43%
Current liabilities	25,666	22,925	2,741	11.96%
Long-term liabilities	135,095	178,855	(43,760)	-24.47%
Total liabilities	160,761	201,780	(41,019)	-20.33%
Net investment in capital assets	11,517,625	11,514,330	3,295	0.03%
Restricted	5,880	309,710	(303,830)	-98.10%
Unrestricted	3,496,411	1,974,405	1,522,006	77.09%
Total net position	\$ 15,019,916	\$ 13,798,445	\$ 1,221,471	8.85%

Condensed Changes in Net Position

	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	\$ 2,312,237	\$ 1,426,192	\$ 886,045	62.13%
Non-operating revenues	43,768	(18,641)	62,409	334.79%
Total revenues	2,356,005	1,407,551	948,454	67.38%
Depreciation expense	150,938	62,621	88,317	141.03%
Other operating expenses	983,596	552,741	430,855	77.95%
Total expenses	1,134,534	615,362	519,172	84.37%
Change in net position	1,221,471	792,189	429,282	54.19%
Beginning net position	13,798,445	13,006,256	792,189	6.09%
Ending net position	\$ 15,019,916	\$ 13,798,445	\$ 1,221,471	8.85%

While the statement of net position shows the change in financial position, the statement of changes in net position provides answers as to the nature and source of these changes.

**Doe Mountain Recreation Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

**CAPITAL ASSETS**

At June 30, 2023, the Authority had an investment in capital assets of \$11,644,138.

	Capital Assets			Percent
	2023	2022	Change	Change
Land	\$ 10,700,000	\$ 10,700,000	\$ -	0.00%
Site development	755,784	695,784	60,000	8.62%
Intangible assets indefinite life	28,821	28,821	-	0.00%
Buildings	65,000	65,000	-	0.00%
Machinery and equipment	394,657	347,868	46,789	13.45%
Less: accumulated depreciation	(300,124)	(156,319)	(143,805)	91.99%
<b>Net capital assets</b>	<b>\$ 11,644,138</b>	<b>\$ 11,681,154</b>	<b>\$ (37,016)</b>	<b>-0.32%</b>

**CONTACT INFORMATION**

This financial report is designed to provide our patrons with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Mayor Larry Potter, 1203 Harbin Hill Road, Mountain City, Tennessee 37683.

# **BASIC FINANCIAL STATEMENTS**

**Doe Mountain Recreation Authority**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 478,518
Investments	2,992,868
Due from other governments	59,272
Inventory	5,881
Capital assets (net)	11,644,138
Total assets	<u>15,180,677</u>
<b>LIABILITIES</b>	
Accounts payable	25,552
Accrued liabilities	114
Compensated absences	8,582
Lease liabilities	126,513
Total liabilities	<u>160,761</u>
<b>NET POSITION</b>	
Investment in capital assets	11,517,625
Restricted	5,880
Unrestricted	3,496,411
Total net position	<u>\$ 15,019,916</u>

The accompanying notes are an integral part of this statement

**Doe Mountain Recreation Authority**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Fines	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 810,818	\$ 283,721	\$ 2,028,516	\$ 1,501,419
Recreational trails program	323,716	-	-	(323,716)
Total governmental activities	1,134,534	283,721	2,028,516	1,177,703
General revenues:				
Gain on investments				13,896
Sale of assets				18,700
Other revenues				11,172
Total general revenues				43,768
Change in net position				1,221,471
Net position - beginning				13,798,445
Net position - ending				\$ 15,019,916

The accompanying notes are an integral part of this statement



**Doe Mountain Recreation Authority**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2023**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 478,518
Accounts receivable	59,272
Investments	2,992,868
Inventory	5,881
Total assets	<u>\$ 3,536,539</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 25,552
Accrued liabilities	111
Lease liabilities	126,513
Total liabilities	<u>152,176</u>
<b>FUND BALANCE</b>	
Nonspendable	5,880
Assigned	62,471
Committed	250,418
Unassigned	3,065,594
Total fund balance	<u>3,384,363</u>
Total liabilities and fund balance	<u>\$ 3,536,539</u>

The accompanying notes are an integral part of this statement

**Doe Mountain Recreation Authority**  
**Reconciliation of the Balance Sheet of the Governmental Fund to**  
**the Government Wide Statement of Net Position**  
**June 30, 2023**

Total fund balance, governmental fund	\$ 3,384,363
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	11,644,135
Amounts reported as long term obligations are not payable with current financial resources	<u>(8,582)</u>
Net position of governmental activities	<u><u>\$ 15,019,916</u></u>

**Doe Mountain Recreation Authority**  
**Governmental Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	General Fund
<b>Revenues:</b>	
Federal grants through state	\$ 173,292
Community development	1,790,506
Licenses and permits	283,721
Income (loss) on investments	13,896
Donations and other income	94,590
Total revenues	<u>2,356,005</u>
<b>Expenditures:</b>	
Personnel and related expenditures	490,138
Contracts	91,755
General administration	207,355
Repairs	42,091
Equipment rental	16,342
Grounds maintenance	25,152
Supplies	22,475
Equipment	123,822
Travel	2,573
Uniforms	1,895
Construction	59,149
Prizes and awards	5,730
Miscellaneous	12,488
Total expenditures	<u>1,100,965</u>
<b>Net change in fund balance</b>	1,255,040
<b>Fund balance - beginning</b>	<u>2,129,323</u>
<b>Fund balance - ending</b>	<u><u>\$ 3,384,363</u></u>

The accompanying notes are an integral part of this statement

**Doe Mountain Recreation Authority**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance of the Governmental Fund to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Net change in fund balance - total governmental funds	\$ 1,255,040
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	113,920	
Less: current-year depreciation expense	<u>(150,938)</u>	(37,018)

Add decrease in expenditures related to this period and employee obligations for compensated absences	<u>3,449</u>
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Change in net position of governmental activities	<u><u>\$ 1,221,471</u></u>
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The accompanying notes are an integral part of this statement

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 1 – DEFINITION OF THE REPORTING ENTITY**

The Doe Mountain Recreation Authority (the Authority) was created by Public Chapter No. 1106 of the Tennessee legislature in 2012 to protect and conserve the natural resources of Doe Mountain. With an 8,600 acre tract of mountain land, the Authority was able to develop multiuse recreational opportunities for public participation and entertainment, as well as create jobs and facilitate economic development. The Authority was able to achieve these goals through diligent planning, promoting, financing, construction, and management.

The operations of the Authority are conducted by a board of directors consisting of fifteen members. This board consists of the Johnson County Mayor, the Mayor of Mountain City, the Director of the Wildlife Resources Agency or the director's designee, the Commissioner of the Department of Economic and Community Development or the Commissioner's designee, the Commissioner of the Department of Environment and Conservation or the Commissioner's designee, the Commissioner of the Department of Tourism Development or the Commissioner's designee, one member appointed by the Johnson County Mayor from a list of three submitted by the Board of Directors of the Johnson County's Chamber of Commerce, one member appointed by the Johnson County Mayor who shall be a resident of Johnson County and active in a locally organized conservation or outdoor recreation organization, one member appointed by the Governor of the State of Tennessee who shall have a background in conservation, one member appointed by the Governor of the State of Tennessee who shall have experience in outdoor recreation planning, marketing, or operations, one member appointed by the Johnson County Commission, one member appointed by the Tennessee Speaker of the Senate, one member appointed by the Tennessee Speaker of the House of Representatives, one member appointed by the Governor from a list of three names submitted by The Nature Conservancy, and one member appointed by the Governor from the public at large.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Method of Accounting***

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described here:

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

(1) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*(2) Measurement focus basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as is required under the accrual method of accounting.

In the government-wide financial statements, equity is classified as net position and may be displayed in the following components:

Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation. It should be noted that the only outstanding long-term debt is long-term leases.

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

Restricted net position – Consists of net position with constraints placed on the use either by (A) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (B) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Non-spendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal vote of the Authority's Board of Directors, the Authority's highest level of decision-making authority.

Assigned fund balance – includes amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted or committed.

Unassigned fund balance – the residual classification of the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When this occurs the Authority's Board of Directors will determine the best use of funds based on the specific facts and circumstances at that time.

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

*(3) Net position flow assumption*

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any items that qualify for reporting in this category as of June 30, 2023.

The Authority will maintain a minimum unassigned fund balance for the general fund of two months of annual operating expenditures for this fund. As necessary, strategies include reducing expenditures and seeking other funding sources.

*(4) Deferred outflows/inflows of resources*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period time.

*(5) Budgeting*

The Authority is required by State statute to adopt an annual budget.

*(6) Capital assets*

Capital assets, which include property, plant, equipment, infrastructure assets and intangible assets, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is calculated over the estimated useful lives of the individual assets on a straight-line basis.



**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

Expenditures for maintenance and repairs, which do not improve or extend the life of the asset, are charged to expenditures as incurred. Purchases of capital assets and improvements that exceed \$1,000 are capitalized as projects are constructed. The capital assets of the Authority are depreciated using the straight-line method over estimated useful lives as follows:

Land Improvements	15 years
Buildings	40 years
Equipment	7 – 10 years
Vehicles	5 years

*(7) Investments*

Investments consist of US Treasury securities and are carried at the quoted fair market value on the last business day of the reporting period. The changes in unrealized gains and losses are recognized currently in the statement of activities.

Currently, the Tennessee Comptroller has restricted investing in United States debt securities since the credit reporting agencies have lowered their credit rating from AAA to AA+. Divestment of the current holdings is not mandated, but Doe Mountain Recreation Authority should refrain from further investment in these securities until notified by the Comptroller's Office or the credit rating agencies that the rating has been upgraded to AAA.

Fair values are based primarily on other observable values, such as interest rate and yield curves. The methods described above may produce fair value calculation that may not be indicative of the net realizable value or reflective of future fair value. Furthermore, while the Authority believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

*(8) Inventory for Resale*

The Authority maintains a gift shop. The items for resale are accounted for at cost. Inventory is counted annually and adjustments are reflected in the statement of activities.

*(9) New Accounting Pronouncements*

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

During the year, the Authority adopted GASB No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This standard enhances the relevance and consistency of information of the System's SBITA activities. It establishes requirements for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. The Authority is required to recognize a SBITA liability and an intangible right to use SBITA assets when it acquires these types of assets. GASB No. 96 is effective for fiscal years beginning after June 15, 2022. The adoption of this standard did not have an impact on the Authority's result of operations and net position.

In April 2022, GASB issued Statement No. 99, Omnibus 2022. This standard provides guidance on practice issues identified during implementation of certain GASB statements that impact the Board related to leases, SBITAs, and non-monetary exchanges. The clarifications related to (1) how non-cancellable periods are evaluated for leases and SBITAs and (2) how to account for certain SBITA contract modifications. The clarifications related to how non-monetary exchanges could impact future disclosures by the Board should the Board execute a non-monetary exchange contemplated by the standard. The requirements for those matters are effective for fiscal years beginning after June 15, 2022. The adoption had no impact on the Authority's financial statements.

**NOTE 3 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, personal injuries, and natural disasters. The Authority's only significant asset is capital assets which consists of land and the cost of the development. The Authority has completed two bridges, a viewing platform and steps. Claims have not exceeded insurance coverage in the past four fiscal years.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The Authority is authorized by law to invest idle funds in obligations of the U.S. Government or its agencies, repurchase agreements, secured certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations. The Authority may also choose to invest idle funds in the pooled investment fund established by Title 9, Chapter 4, Part 7, *Tennessee Code Annotated*. The Authority does not have a formal policy that limits custodial credit risk for deposits. Custodial credit risk is the risk that in the event of a bank failure the Authority's deposits may not be returned to it. However, the Authority follows state statutes requiring all deposits with financial institutions to be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure. For deposits with financial institutions that do not

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the government.

The Authority has chosen to deposit \$59,272 of these funds with the Johnson County Trustee with the exception of cash on hand which is maintained in a checking account with Johnson County Bank with a balance of \$477,374 at June 30, 2023. The funds on deposit with the Johnson County Trustee are presented as Due from Other Governments in the financial statements of this report.

The Authority established an investment fund with Edward D Jones & Co, LP in August 2021. The funds are invested in US Treasury notes and certificates of deposit and are presented as fair market value. The investment account balance is \$2,992,868 at June 30, 2023. At November 24, 2023, the investment account balance value was \$3,389,637, which included deposits of \$350,000 after June 30, 2023.

**NOTE 5 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet. Historical cost of capital assets, net of depreciation, at June 30, 2023, totaled \$11,644,135. Employees of Johnson County that work for the Authority had accrued compensatory time of \$8,582 (Note 13).

**NOTE 6 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

Governmental funds reported capital outlays as expenditures of \$106,789 for the year ended June 30, 2023, while governmental activities reported capital outlays as assets and reported depreciation expense of \$150,938 to allocate those expenditures over the life of the assets. Personnel expenditures reflect payroll paid by the Authority.

**NOTE 7 - SIGNIFICANT REVENUE CONTRACTS**

On October 10, 2017, Doe Mountain Recreation Authority made an agreement with Blue Source, LLC to market and sell Emission Reduction Benefits. The Authority receives 75% of these sales while the contractor receives 25% for their services. The Authority received \$1,790,500 during the period and this has been reflected on the statement of activities as part of operating contributions.

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 10,700,000	\$ -	\$ -	\$ 10,700,000
Intangible assets indefinite life	28,821	-	-	28,821
	<u>10,728,821</u>	<u>-</u>	<u>-</u>	<u>10,728,821</u>
Capital assets being depreciated:				
Site development	695,784	60,000	-	755,784
Buildings	65,000	-	-	65,000
Vehicles and equipment	174,227	70,674	23,885	221,016
Leased vehicles and equipment	173,641	-	-	173,641
Total capital assets being depreciated	<u>1,108,652</u>	<u>130,674</u>	<u>23,885</u>	<u>1,215,441</u>
Accumulated depreciation:				
Site development	102,441	47,719	-	150,160
Buildings	361	4,333	-	4,694
Vehicles and equipment	43,760	43,351	7,132	79,979
Leased vehicles and equipment	9,756	55,535	-	65,291
Total accumulated depreciation	<u>156,318</u>	<u>150,938</u>	<u>7,132</u>	<u>300,124</u>
Net capital assets being depreciated	<u>952,334</u>	<u>(20,264)</u>	<u>16,753</u>	<u>915,317</u>
Net capital assets	<u>\$ 11,681,155</u>	<u>\$ (20,264)</u>	<u>\$ 16,753</u>	<u>\$ 11,644,138</u>

Depreciation expense recorded during the year was \$150,938.

During the 2012-2013 fiscal year the state donated the land (Doe Mountain) to the Doe Mountain Recreation Authority. The value of this property is based on the market value from an appraisal performed as of December 20, 2011.

During the 2013-2014 fiscal year the Authority engaged an engineering firm to develop a "Master Plan" for the operation of the Authority. In accordance with Governmental Accounting Standards Board Statement 51, the cost of the "Master Plan" has been capitalized as an intangible asset with an indefinite life and the completed projects were also capitalized and depreciated during the year.

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

**NOTE 9 – CONTINGENT LIABILITIES**

The Doe Mountain Recreation Authority had no contingent liabilities as of the date of this report.

**NOTE 10 – SUBSEQUENT EVENTS**

The Doe Mountain Recreation Authority had no subsequent events to report at the date of this report.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

Johnson County, Tennessee has a fiduciary relationship with the Authority and holds their funds in a custodial/trustee nature. Johnson County maintains a general ledger providing cash disbursements for the Authority. The director, as well as full-time individuals, are employees of Johnson County, and the Authority reimburses the County for all employee expenses related to these individuals. The director is eligible to participate in the retirement program for Johnson County employees. No retirement expense on behalf of this employee was paid by the Authority during the year.

**NOTE 12 – UNPAID COMPENSATORY TIME**

As of June 30, 2023, the employees of Johnson County that work for the Authority had accrued compensatory time of \$8,582. This has been reflected in the financial statements as a reduction in the amount due from Johnson County and as compensated absences on the statement of net position.

**NOTE 13 – LONG TERM DEBT**

In March 2022, the Authority entered into a lease for a John Deere Excavator for 36 months at the interest rate of 2.33 percent per year, payable in consecutive monthly installments of principal and interest of \$1,617.41. At June 30, 2023, the note payable was \$33,250.

In March 2022, the Authority entered into a lease for a Xerox Multifunctional Printer for 60 months at the interest rate of 3.00 percent per year, payable in consecutive monthly installments of principal and interest of \$110.00. At June 30, 2023, the note payable was \$4,577.

In June 2022, the Authority entered into a lease for a Caterpillar Tractor for 37 months at the interest rate of 4.79 percent per year, payable in consecutive monthly installments of principal

**Doe Mountain Recreation Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2023**

and interest of \$2,069.05 per month for the first 36 months. The final payment is \$45,760. At June 30, 2023, the note payable was \$88,686.

A summary of changes in long-term debt is as follows:

<b>Obligation</b>	<b>Balance July 01, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
John Deere Excavator	\$ 53,102	\$ -	\$ 19,851	\$ 33,251
Caterpillar Tractor	107,981	-	19,295	88,686
Xerox Multifuncational Printer	5,741	-	1,164	4,577
	<u>\$ 166,824</u>	<u>\$ -</u>	<u>\$ 40,310</u>	<u>\$ 126,514</u>

The annual requirements to amortize debt as of June 30, 2023 are as follows:

<b>Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2024	41,072	4,485
2025	37,721	2,985
2026	46,851	229
2027	870	10
	<u>\$ 126,514</u>	<u>\$ 7,709</u>

## **OTHER INFORMATION SECTION**

**Doe Mountain Recreation Authority**  
**Schedule of Rate Structure**  
**For the Year Ended June 30, 2023**

	<u>Annual</u>	<u>Day</u>
ATV	\$ 60	\$ 18
Bicycling	35	5
Equestrian	35	5
Hiker	25	3



DOE MOUNTAIN RECREATION AUTHORITY  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS  
For the Fiscal Year Ended June 30, 2023

	Original						Paid and/or		
	Amount of	Interest	Date of	Last Maturity	Outstanding	Issued	Matured	Outstanding	
<u>LEASES PAYABLE</u>	Issue	Rate	Issue	Date	July 01, 2022	During	During	June 30, 2023	
						Period	Period		
John Deere Excavator	\$ 57,803	2.3%	3/14/2022	3/14/2025	\$ 53,102	\$ -	\$ 19,851	\$ 33,251	
Caterpillar Tractor	107,981	4.8%	6/1/2022	7/11/2025	107,981	-	19,295	88,686	
Xerox Multifunctional Printer	6,122	3.0%	2/22/2022	2/22/2027	5,741	-	1,164	4,577	
					<u>\$ 166,824</u>	<u>\$ -</u>	<u>\$ 40,310</u>	<u>\$ 126,514</u>	

# **GOVERNMENT AUDITING STANDARDS**

DOE MOUNTAIN RECREATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2023

Grantor Agency / Pass-Through Agency / Program	Assistance Listing Number (ALN)	Contract Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Expenditures
U.S. Department of Transportation Pass-Through Tennessee Department of Environment & Conservation Recreational Trails Program	20.219	2019-4755	n/a	-	\$ 319,166
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 319,166</u>

**NOTE A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Doe Mountain Recreation Authority under programs of the federal government for the year ended June 30, 2023. Because the schedule presents only a selected portion of the activities of the Authority, it is not intended to and does not present the financial position or change in net assets of the Authority.

**NOTE B: Summary of Significant Accounting Policies:**

1. Expenditures reported on the schedule are presented on the accrual basis of accounting and are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

# ***The MG Group, P.C.***

## **CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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

To the Board of Directors  
Doe Mountain Recreation Authority  
Mountain City, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Doe Mountain Recreation Authority ("the Authority") as and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Doe Mountain Recreation Authority's basic financial statements and have issued our report thereon dated December 27, 2023.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Doe Mountain Recreation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Doe Mountain Recreation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Doe Mountain Recreation Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no deficiencies in internal control.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Doe Mountain Recreation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See Audit findings 2023-001 and 2023-002.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*MG Group, P.C.*

Tullahoma, Tennessee  
December 27, 2023

# Doe Mountain Recreation Authority Schedule of Findings and Responses Year Ended June 30, 2023

## SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	None
Significant deficiency identified not	
Considered to be material weakness?	None
Non-compliance material to the financial statements?	Yes

## SECTION II. FINANCIAL STATEMENT FINDINGS

### 2023-001: Inadequate Compliance with Accounting, Books and Records (Non-compliance)

**Condition:** Doe Mountain Recreation Authority did not comply with the Tennessee Comptroller of the Treasury Audit Manual requirements of maintaining accounting records and adequate supporting documentation of those records.

- 1) Of twenty-seven disbursements tested, four did not comply with the Authority's Purchasing Policy regarding bid procedures. The purchases ranged from \$5,505 to \$18,005.
- 2) One of seventy-nine subsequent disbursements tested included sales tax of \$5.23 paid.
- 3) Two of seventy-seven subsequent disbursements tested did not have any supporting documentation, such as an invoice or a receipt, or had documentation that did not agree to the amount paid.

**Criteria:** *The Tennessee Comptroller of the Treasurer Audit Manual*, states, in part:

"...officials should ensure that accounting records (are) maintained and (that) adequate supporting documentation (be) required to document all transactions; complete minutes of actions taken by the governing body (be) maintained...(and) the minutes include...(a) purchasing policy."

Furthermore, the Authority's Purchasing Policy states:

"...Informal purchases between \$1,000.00 - \$9,999.99, as much as possible, should (have) at least three cost/price quotations... Verbal quotes must be documented...

(For) Purchases between \$10,000 - \$24 999.99. The DMRA's Executive Director must obtain three written quotations before completing a purchase.

The Executive Director may forego the three quotations rule if the vendor is State Approved and/or the purchase is considered in terms of Proprietary or Sole Source."

**Cause:** The Authority did not provide adequate support for invoices paid and did not comply with its purchasing policy regarding bidding or its tax-exempt status regarding the payment of sales tax.

**Effect:** The Authority's bidding procedures as stated in its Purchasing Policy were not followed. Sales tax was paid and documentation of purchases was not adequately maintained.

**Recommendation:** Management should strengthen controls to ensure compliance with its Purchasing Policy, other related internal controls, and policies and procedures.

**Management Response:** See Management's Corrective Action Plan

#### **2023-002: Grant Reporting Deficiencies (Non-compliance)**

**Condition:** As part of the supplementary information, the Schedule of Expenditures of Federal Awards and State Financial Assistance was to be prepared by Doe Management personnel and management to reflect funds expended but was prepared with funds received. The schedule also did not include the required notes of the use of the 10% de minimis cost rate nor the significant accounting policies.

**Criteria:** As required in section D15 of the grant contract, reports are to be maintained in accordance with US Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Uniform Guidance Title 2 CFR part 200 section 510 states that the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended.

**Cause:** The Authority did not present an appropriately prepared Schedule of Expenditures of Federal Awards and State Financial Assistance for audit.

**Effect:** The Authority is not in compliance with its grant contract or US Office of Management and Budget's Uniform Guidance.

**Recommendation:** Management should ensure the Authority's Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared in accordance with US Office of Management and Budget's Uniform Guidance.

**Management's Response:** See Management's Corrective Action Plan



**Doe Mountain Recreation Authority**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2023**

*Government Audit Standards* require auditors to report the status of uncorrected findings for prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their status from the Financial Statements and Supplementary Information of Doe Mountain Recreation Authority, for year ended June 30, 2022.

***Prior-year Financial Statement Findings***

<b>Prior Year Funding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding Number</b>
<b>2022-001</b>	<b>Inadequate Controls Over Purchasing (Noncompliance)</b>	<b>Resolved</b>
<b>2022-002</b>	<b>Books were not closed within sixty days (Noncompliance)</b>	<b>Resolved</b>

Doe Mountain Recreation Authority  
1203 Harbin Hill Rd  
Mountain City, TN 37683



April 1, 2024

### **Management's Corrective Action Plan**

**For the Fiscal Year Ended June 30, 2023**

#### **2023-001 – Inadequate Compliance with Accounting, Books, and Records (Noncompliance)**

Management's Response: During the year under audit and subsequent to year end during audit preparation, there had been significant turnover in the positions responsible for financial processing, reporting, and monitoring, which was a contributing factor in the issues noted with regard to the purchasing and procurement policy.

1) Of twenty-seven disbursements tested, four did not comply with the Authority's Purchasing Policy regarding bid procedures. The purchases ranged from \$5,505 to \$18,005.

It is current practice of the DMRA management to obtain proper pricing quotes or bids as directed in our purchasing policy. The four transactions identified to be in conflict with the policy occurred prior to the current administration without the ability to reproduce the documentation of such pricing comparisons. As such, we realize this error cannot be fully corrected for fiscal year 2023, but we will ensure adequate pricing comparisons and bid documentation is retained for all fiscal year 2024 and later purchases.

2) One of seventy-nine, subsequent disbursements tested included sales tax of \$5.23 paid.

Sales tax was paid in error on one transaction identified subsequent to year end, which was an isolated event. A tax-exempt account had not been established prior to purchase and attempt to recover the sales tax paid after the account creation was unsuccessful. Processes are in place to ensure tax exempt account are established prior to purchase where applicable.

3) Two of seventy-seven subsequent disbursements tested did not have any supporting documentation, such as an invoice or a receipt, or had documentation that did not agree to the amount paid.

The two disbursements indicated as having missing documentation that occurred in fiscal year 2023 happened during the period of staff transition. One transaction was for food purchased for an event. The employee mixed up the receipts and provided the receipt for their personal purchase of \$45.00. The DMRA receipt could not be located to provide the proper documentation. The second receipt was for an Vendor purchase for \$158.00 by a previous employee. After an extensive search, the receipt could not be located or reprinted. DMRA takes its responsibility for sound fiscal management seriously and will ensure compliance with all internal and external purchasing policy requirements going forward.

Effective Date of Implementation: 03.31.2024

Person Responsible for Implementation: Charles Ridlehuber

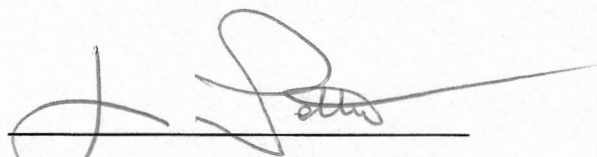
### **2023-002 – Grant Reporting Deficiencies (Noncompliance)**

In regard to the following finding “As part of the supplementary information, the Schedule of Expenditures of Federal Awards and State Financial Assistance was to be prepared by Doe Management personnel and management to reflect funds expended but was prepared with funds received. The schedule also did not include the required notes of the use of the 10% de minimis cost rate nor the significant accounting policies.”

Management’s Response: The original schedule of expenditures of federal awards provided to the auditor by DMRA’s outsourced accounting firm was incomplete due to the exclusion of grant expenditures from the last quarter of fiscal year 2023 that were included on the grant reimbursement #6 request submitted to the granting agency in September 2023. Grant reimbursement #6 encompassed fiscal year 2023 and fiscal year 2024. The funds had not yet been reimbursed by the end of fiscal year 2023. Upon notification of this oversight by the auditor, the schedule was updated to include all grant expenditures for fiscal year 2023. The footnotes to the schedule relating to significant accounting policies and the 10% de minimis indirect cost rate have been updated and added to the schedule template to ensure inclusion in future presentations prepared by DMRA. Additionally, management of DMRA will provide the outsourced accountant with documentation of all grant reimbursement requests submitted during the year and will work with the accountant to ensure complete reporting of federal expenditures during the year end closing process in preparation for the next audit.

Effective Date of Implementation: 06.30.2024

Person Responsible for Implementation: Charles Ridlehuber



Larry Potter

Chairman, Doe Mountain Recreation Authority