

Sunset Public Hearing Questions for  
**Doe Mountain Recreation Authority, Board of Directors**  
Created by Section 11-25-103, *Tennessee Code Annotated*  
(Sunset Termination June 2018)

1. Provide a brief introduction to the Doe Mountain Recreational Authority, including information about its purpose, statutory duties, staff and administrative attachment.

**Response:**

The Doe Mountain Recreation Authority (DMRA) was established to conserve the land, waters and wildlife on Doe Mountain. Toward that end, a Master Plan was adopted to foster economic development for the People of Tennessee by developing and operating a multi-use, family oriented outdoor recreational area on some 8,600 acres now commonly referred to as the "Doe Mountain Recreation Area." In accordance with the Master Plan for Doe Mountain, most of the development to date has been creation of a multi-use Trail System, complemented by trails exclusively dedicated to hiking, biking, horseback and motorcycle (dirt bike) riding. The overwhelming majority of users come to Doe Mountain to operate Off Highway Vehicles (OHVs), such as all-terrain vehicles (ATVs), utility vehicles (UTVs or "side by side" machines) and dirt bikes. As of today, DMRA has successfully opened and operated more than fifty (50) miles of recreational trails and has secured funding to further expand the system.

By statute, the DMRA is governed by a fifteen (15) member Board of Directors, including four (4) officers. In February 2017, DMRA hired a full-time Executive Director and began hiring a part-time staff, currently consisting of two (2) employees, to carry out daily operations. The DMRA is not administratively attached to any other State agency.

2. Provide a list of the current members of the board of directors and describe how membership complies with Section 11-25-106(a), *Tennessee Code Annotated*. Are there any vacancies on the board? What is being done to fill the vacancies?

**Response:**

In accordance with Section 11-25-106(a), *Tennessee Code Annotated*, the current members of the Doe Mountain Recreation Authority Board of Directors are:

Willie Hammons – Chair of Board of Directors; Member appointed by the Governor, who shall have experience in outdoor recreation planning, marketing or operations, serving a term of three (3) years, as required by Section 11-25-106(a)(10), *Tennessee Code Annotated*.

Frank Arnold – Member appointed by the County Mayor from a list of three (3) submitted by the Board of Directors of the county's Chamber of Commerce, serving a term of two (2) years, as required by Section 11-25-106(a)(7), *Tennessee Code Annotated*.

Michael Farmer – Member appointed by the Speaker of the Senate in consultation with the Member of the Senate representing the majority of the county's population, serving a

term of two (2) years, as required by Section 11-25-106(a)(12), *Tennessee Code Annotated*.

John Gregory – Member serving as proxy for the Director of the Wildlife Resources Agency, as required by Section 11-25-106(a)(3), *Tennessee Code Annotated*.

Jerry Grindstaff – Member elected by majority vote of the governing body of the county, serving a term of two (2) years, as required by Section 11-25-106(a)(11), *Tennessee Code Annotated*.

Carolyn Wilson Hawkins – Member of the public at large, appointed by the Governor, who is a resident of the county or an adjoining county and not otherwise affiliated with specific groups, serving a term of three (3) years, as required by Section 11-25-106(a)(15), *Tennessee Code Annotated*.

Brock Hill – Deputy Commissioner, serving as proxy for the Commissioner of the Department of Environment and Conservation, as required by Section 11-25-106(a)(5), *Tennessee Code Annotated*.

Don Hurst – Member serving as proxy for the Commissioner of the Department of Economic and Community Development, as required by Section 11-25-106(a)(4), *Tennessee Code Annotated*.

Dave Jones – Member serving as proxy for the Commissioner of the Department of Tourism Development, as required by Section 11-25-106(a)(6), *Tennessee Code Annotated*.

Gabrielle Lynch – Appointed by the Governor from a list of three (3) names submitted by The Nature Conservancy, serving a term of three (3) years, as required by Section 11-25-106(a)(14), *Tennessee Code Annotated*.

Kevin Parsons – Mayor of Mountain City, mayor of the largest municipality within the county, as required by Section 11-25-106(a)(2), *Tennessee Code Annotated*.

Roby Philippi – Member appointed by the County Mayor, who is a resident of the county and active in a locally organized conservation or outdoor recreation organization, serving a term of two (2) years, as required by Section 11-25-106(a)(8), *Tennessee Code Annotated*.

Larry Potter – County Mayor, as required by Section 11-25-106(a)(1), *Tennessee Code Annotated*.

Daniel Reese – Member appointed by the Governor, who shall have a background in conservation, serving a term of three (3) years, as required by Section 11-25-106(a)(9), *Tennessee Code Annotated*.

Ray Stout – Member appointed by the Speaker of the House of Representatives in consultation with the Member of the House of Representatives representing the majority of the county's population, serving a term of two (2) years, as required by Section 11-25-106(a)(13), *Tennessee Code Annotated*.

There are no vacancies on the Authority's Board at this time.

3. Section 11-25-106(c), *Tennessee Code Annotated*, states that the board shall meet no less often than once every three months. How many times has the board met during fiscal years 2016 and 2017? How many members were present at each meeting?

**Response:**

The Board of Directors met seven (7) times during FY 2016 and seven (7) times during FY 2017. The specific meetings of the Board of Directors occurred on:

August 4, 2015: 11 Board Members Present  
October 6, 2015: 11 Board Members Present  
November 3, 2015: 9 Board Members Present  
December 1, 2015: 10 Board Members Present  
March 1, 2016: 10 Board Members Present  
May 3, 2016: 12 Board Members Present  
June 28, 2016: 14 Board Members Present  
August 30, 2016: 9 Board Members Present  
November 1, 2016: 10 Board Members Present  
February 7, 2017: 14 Board Members Present  
March 7, 2017: 9 Board Members Present  
April 4, 2017: 9 Board Members Present  
May 9, 2017: 11 Board Members Present  
June 6, 2017: 10 Board Members Present

4. What per diem or travel reimbursements do members of the board and the advisory committee receive? How much was paid to board and committee members in fiscal years 2016 and 2017?

**Response:**

Section 2.6 of the Bylaws of the Doe Mountain Recreation Authority states:

*“Members of the Board shall serve without compensation, except reimbursement for actual traveling expenses and other necessary expenses incurred in the performance of their official duties, such expenses to be reimbursed from such funds as may be available to the Authority. All reimbursement for travel expenses shall be in accordance with the provisions of the comprehensive travel regulations as promulgated by the Department of Finances and Administration and approved by the Tennessee Attorney and Reporter.”*

No funds were requested by, or disbursed to, Members of the Board for per diem or travel reimbursements.

5. What were the authority's revenues and expenditures for fiscal years 2016 and 2017?

**Response:**

FY 2017 Revenue: Total: \$233,577.89

FY 2017 Expenditures: Total: \$159,315.29<sup>1</sup>

Although not asked, the FY Revenue reported about reflects a total of \$47,333 in user pass fees collected. The other sources of revenue were:

\$10,000 was received from Operation Pocket Change and deposited on 7/5/2016.

\$537.07 refund from Kingsport Times and deposited on 10/24/2016.

\$69,895.00 reimbursement under Recreational Trails Program (RTP) deposited on 11/21/2016.

\$3,000 payment from Coca Cola Bottling was deposited on 1/3/2017.

\$100,000 from a State Appropriate Grant was deposited on 1/31/2017.

\$290.00 in donations were deposited on 4/24/2017.

\$1,500.00 reimbursement from Tennessee Tourism Development Grant deposited on 5/19/2017.

\$500.00 donated by Farmers State Bank was deposited on 5/22/2017.

\$522.82 in donations deposited in June 2017 (\$500.00 on 6/6/2017 and \$22.82 on 6/30/2017).

6. Section 11-25-109(a), *Tennessee Code Annotated*, makes the board subject to the Sunshine law requirements (Section 8-44-101 et seq., *Tennessee Code Annotated*) for public notice of meetings, prompt and full recording of minutes and public access to minutes. What procedures does the board have for informing the public of its meetings, who keeps the official minutes of board meetings and what steps are taken to make the minutes available to the public?

**Response:**

Until November 2016, the DMRA Board Secretary was Gabrielle Lynch, when the position of Secretary was combined with the position of Treasurer, with Mr. Frank Arnold elected by the Board to fill the position. Through March 2017, Ms. Lynch continued to record the minutes of all meetings electronically and provided draft minutes to the DMRA Board of Directors for approval prior to the next month's meeting. Immediately after approval (the following business day), the minutes were posted for public viewing on the DMRA website, [www.doemountain.org](http://www.doemountain.org). In April 2017, the Board engaged staff from First Tennessee Development District to perform the recording of meetings and preparation of an electronic draft of minutes for approval by the

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<sup>1</sup> The total shown reflects expenditures fully paid through June 30, 2017 and does not reflect liabilities incurred prior to June 30, 2017 that were not paid as of that date. \$100,000 of the expenditures were made pursuant to the State Appropriation Grant of \$100,000 and DMRA is in the process of compiling and reporting the expenditures to the Department of Finance and Administration, Office of the State Architect, as required by the terms of the Appropriation. DMRA will supplement this response to reflect the final expenditures for FY 2017 as soon as the final total is available.

Board at the following month's meeting. That arrangement continued through the most recent Board meeting in August 2017. Currently, the Board is researching engaging a temporary employment service to provide for recording and preparation of minutes of the Board meetings, an arrangement it hopes to have in place before the Board's next meeting in October 2017.

The minutes are also printed and kept available for public inspection at the DMRA's Administrative Office, housed inside its visitor center located at 1203 Harbin Hill Road, Mountain City, Tennessee. The original, signed minutes were maintained by the Board Secretary until an Executive Director was hired in February 2017 and have henceforth been maintained in the DMRA's Administrative Office in Mountain City.

All board meetings and committee meetings are publicly announced at least five (5) days prior to the meeting date. The venues at which meeting announcements are posted are: a) both local newspapers, *The Tomahawk* and *The Mountain Sentinel*; b) Johnson City Press newspaper; c) WMCT local AM radio station; d) [www.doemountain.org](http://www.doemountain.org); e) physical posting at the Johnson County courthouse.

7. What were the major accomplishments of the authority in fiscal years 2016 and 2017? Specifically, what activities has the authority undertaken to carry out the powers, duties, and functions set out in Section 11-25-107(a)(1) through (26) and 11-25-108(a)(1) through (6), *Tennessee Code Annotated*?

**Response:**

Major accomplishments in fiscal years 2016 and 2017 were:

- A. Opening new trails to reach a total of more than fifty (50) miles of recreational trails on the property.
- B. Obtaining a grant from the Appalachian Regional Commission (ARC) to fund development of additional trails and to rehabilitate the historic Kettlefoot Fire Lookout Tower, located atop Doe Mountain.<sup>2</sup>
- C. Obtaining a grant from the Recreational Trails Program (RTP) to fund rehabilitation of approximately five (5) miles of the Main Trail on Doe Mountain; create a secondary trailhead for users to access the property; and construct restroom facilities at the primary trailhead at Harbin Hill.<sup>3</sup>
- D. The secondary trailhead at Morefield Branch funded by the RTP grant created opportunities for users to camp at a nearby private campground where they access Doe Mountain without having to travel several miles around the mountain to the primary trailhead at Harbin Hill.<sup>4</sup>

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<sup>2</sup> At completion, the ARC grant will have provided \$250,000 in additional funding for improvements to the Doe Mountain Recreation Area.

<sup>3</sup> At completion, the RTP grant will have provided \$196,000 in additional funding for improvements to the Doe Mountain Recreation Area.

<sup>4</sup> The private campground is Roan Creek Campground, located at 205 Morefield Road, Butler, TN 37640.

- E. Completing construction of a multi-use trail (DMRA Trail 411) connecting the trailhead and visitor center at Harbin Hill with the Pioneer Village Shopping Center in Mountain City. This trail dramatically expanded the size of the recreational trail network and draws business to Mountain City since users can shop and dine at businesses located at the shopping center.<sup>5</sup>
  - F. Using volunteer labor in constructing three (3) single track Motorcycle trails (DMRA Trails M1, M2 and M7) drawing more users to the property.
  - G. Creating a Facebook page (Doe Mountain Destination) for DMRA and partnering with L.I.N. Digital to increase exposure through marketing over social networking channels.
  - H. Purchasing an ATV and UTV (side by side) to access the property and allow regular patrols for maintenance, mapping and security purposes.
  - I. Maintaining hunting on the Mountain, pursuant to State laws.
  - J. Hosting two (2) large off-road demo day events for area OHV dealers to exhibit ATVs and UTV's, drawing new visitors to the facility and increasing public awareness of the recreational opportunities available on Doe Mountain.<sup>6</sup>
  - K. Purchasing and installing additional trail markers and informational kiosks to improve navigation on the Trail System.
  - L. Hiring a full time Executive Director in February 2017.
  - M. Hiring a part-time office staff to assist with weekend user pass sales and OSHA compliance.
  - N. Contracted a part-time assistant to the Director with expertise in Geographic Information Science and Natural Resources.
  - O. Purchased significant maintenance and safety equipment for the operation of the property.
  - P. Purchased significant equipment to establish an Administrative Office for DMRA in the visitor center located at 1203 Harbin Hill Road in Mountain City, TN.
  - Q. Consolidated records to establish an Administrative Office and create databases to:
    - a. record and track user passes issued;
    - b. reconcile the number of passes issued with the daily revenue generated;
    - c. reconcile the daily revenue generated with funds deposited;
    - d. reconcile funds deposited on a monthly and annual basis;
    - e. track monthly and annual revenue and the sources of revenue;
    - f. establish tools for management and the Board of Directors to better understand business operations.
8. Does the board have any policies in place to address potential conflicts of interest by board members, authority employees, or other state employees who work with the authority in any capacity? If yes, please describe.

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<sup>5</sup> Businesses located in the Pioneer Village Shopping Center include: Fred's Discount Store, Hardee's, Hometown Grocery Discount, McDonald's, Panda Garden Restaurant, Parson's Quick Shop, Price Less Foods, Poblano's Mexican Grill and Subway.

<sup>6</sup> The "First Annual East Tennessee ATV Off-Road Demo Days" event was held on May 14-15, 2016 and generated \$2,067.00 in user pass sales. The "Second Annual East Tennessee ATV Off-Road Demo Days" event was held on May 20, 2017, becoming a one day event due to heavy rain, yet it still generated \$971.00 in user pass sales.

**Response:**

Yes. The Board's by-laws provide as follows:

*Section 9. Conflicts of Interest*

*Board members are officers of the State for purposes of their duties on the Board. As such, they accept the responsibilities of a public trust. Board members must be cognizant of the potential for a conflict of interest or an apparent conflict of interest between an official act and any financial or business interests of the Board member or the Board member's immediate family. No Board member shall participate in any way in any decision, effort, or function which could result in his or her financial benefit.*

*Any Board member who believes that he/she may have a potential conflict of interest must immediately notify the Chair of the Board and the attorney for the Board of the nature of the conflict. The Executive Committee of the Board, after legal consultation, will determine whether recusal or some other action is required to remedy any conflict or potential conflict.*

9. In Section 11-25-115, *Tennessee Code Annotated*, the authority is authorized to issue bonds. Had the authority issued bonds under this statutory provision? If so, please describe the type, amount, and purpose of issuance. If there has been more than one issuance, please describe each one.

**Response:**

No.

10. Section 11-25-113 (a) and (b), *Tennessee Code Annotated*, requires an annual audit of the books of accounts and financial records of the authority. Please attach a copy of the most recent audit.

**Attached.**

11. Has the board prepared and transmitted an annual report of its business affairs and transactions are required by Section 11-25-113(c)? If so, please attach a copy of the latest report.

**Response:**

Yes. Attached.

12. Please describe any items related to the authority that require legislative attention and your proposed legislative changes.

**Response:**

The Authority is not seeking legislative changes at this time.

13. Should the authority be continued? To what extent and in what ways would the absence of the authority endanger the public health, safety, or welfare of the citizens of Tennessee?

**Response:**

Yes, the Authority should be continued. An extensive network of more than fifty (50) miles of recreational trails has been developed and is now open to the public. Visitation has increased, as demonstrated by the rise in revenues generated from user fees. Most months of 2017 generated more revenue than the corresponding month in 2016. Overall, revenue generated from user permit sales grew from \$38,645 in FY 2016 to \$47,333 in FY 2017.

Anecdotal evidence suggests tourist-related revenue in Johnson County has increased and that the trail system operated by the Authority has been an important local driver of business. Two privately-operated campgrounds directly border the DMRA property and both report significant income from their close proximity to Doe Mountain.<sup>7</sup> Both of these private operations sell user permits for Doe Mountain and DMRA has seen an increase in both the number of passes they sell and the amount of revenue they collect. Importantly, these operators charge DMRA nothing to sell the passes, which is itself proof that the operators benefit from being able to offer their guests the convenience of purchasing user permits on-site. Two local OHV dealerships also sell user passes to Doe Mountain at no cost to DMRA.<sup>8</sup> Again, their willingness to promote sales of passes to Doe Mountain is proof positive these private businesses derive value from their association with DMRA. We believe the increases seen in both the number of passes sold by third parties and the amount they collect for DMRA proves there are more people recreating at Doe Mountain and they are coming more often and/or staying longer.

In October 2016, DMRA opened a multi-use trail to reach the Pioneer Village Shopping Center in Mountain City.<sup>9</sup> Locals have become accustomed to seeing OHV riders at the gas pumps and drive through windows at the restaurants of Pioneer Village since the trail opened. That, of itself, is helping to promote Doe Mountain since the shopping center sits along US Highway 421, a major traffic corridor reaching Boone, North Carolina and many other long-established tourist destinations in Western North Carolina.

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<sup>7</sup> R&D Campground, located at 900 Mining Town Road, Mountain City, TN and Roan Creek Campground, located at 205 Morefield Road, Butler, TN.

<sup>8</sup> Mountain City Cycle, located at 341 S. Shady Street, Mountain City, TN and East Tennessee ATV, located at 106 Clay Little Road, Elizabethton, TN.

<sup>9</sup> The Pioneer Village Shopping Center and adjacent properties in Mountain City are currently occupied by Fred's, Hardee's, Hometown Grocery Discount, McDonald's, Panda Garden Restaurant, Parson's Quick Shop, Price Less Foods, Poblano's Mexican Grill and Subway.

A private tour operator recently started offering ATV tours of Doe Mountain, which have attracted visitors from as far away as California.<sup>10</sup> DMRA has seen a consistent stream of revenue generated from sales of user passes to the tour operator's clientele.

If the Authority is continued, we believe other adventure tourism businesses will develop as there is unmet demand for ATV/OHV rentals and additional lodging options. The most common question we receive is whether DMRA rents ATV/OHV machines. The second most common question is about cabins/campsites for rent.<sup>11</sup> Through creating DMRA, the State of Tennessee has certainly provided the "attraction" necessary to drive private investment in adventure tourism endeavors. However, it is a process, often slow, and admittedly, DMRA is in the very early stages of realizing return on investment. A great deal of time, energy, money and resources have already been put into building a credible Trail System that can attract visitors and generate economic development. With the funding DMRA has already secured to continue expansion and improvements to its Trail System, we expect many more visitors in the future.

The direct benefits for the People of Tennessee are two-fold. Tennessee residents benefit from accessing recreational opportunities in the scenic wilderness known as Doe Mountain. As importantly, revenue from non-resident visitors helps subsidize the cost of that opportunity. From a micro-economic viewpoint, Johnson County has long suffered from potential tax revenue flowing out of the county as so many locals find it more convenient to shop for groceries and almost everything else in nearby cities located in North Carolina, Virginia and other Tennessee Counties. Of course, purchases made across the border also negatively affect local employment rates and State tax revenues. To the degree Doe Mountain and other ancillary tourist industries are developed, that outcome may be mitigated. Once planned trail construction is completed, the Authority should be poised to offer a credible destination for multi-day visits, which would dramatically increase both direct and indirect stimulus to the local economy. Today, DMRA is seeing more and more visitors from North Carolina, particularly the Charlotte metro area, the Piedmont Triad and intriguingly, the Raleigh metro area. If the Authority is continued and DMRA can continue successfully building on marketing deeper and deeper into North Carolina, in particular, Northeast Tennessee will surely benefit as these longer travel distances virtually assure an increase in gas, food and lodging revenue.

14. Please list all programs or activities that receive federal financial assistance. Include the amount of federal funding received by program/activity.

**Response:**

As previously stated, DMRA received a grant from the Appalachian Regional Commission (ARC) to fund development of additional trails and to rehabilitate the historic Kettlefoot Fire Lookout Tower. DMRA also received a grant from the Recreational Trails Program (RTP) to fund trail rehabilitation, create a secondary trailhead and construct restrooms at the primary

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<sup>10</sup> Appalachian Outdoor Adventures, located just across the border in Zionville, North Carolina.

<sup>11</sup> To date, DMRA has not offered vehicle rentals, lodging or camping. In large measure, DMRA hoped to establish conditions favorable to spur private investment in these services. The lack of these services is certainly suppressing DMRA's own revenue due to lost opportunity.

trailhead at Harbin Hill. DMRA retained the services of First Tennessee Development District to handle administration of these grants, particularly federal reporting and compliance requirements. According to First Tennessee Development District, the federal funding under the aforementioned ARC grant is \$250,000 and the federal funding under the aforementioned RTP grant is \$196,000.

Relatedly, the DMRA is now utilizing the support of Johnson County's Title VI Coordinator/Trainer, Ms. Karen Manuel, pursuant to a Memorandum of Understanding between DMRA and Johnson County, dated November 2013 as necessary to comply with the obligations created from activities receiving federal funding that are outside the scope of the services already being performed by First Tennessee Development District.

15. Please list all contracts and include information about the services provided and the amount of the contract.

**Response:**

Mona S. Alderson – \$265.20 – Legal Counsel.  
Allen McGee & Associates – \$3,300.00 – Audit Fees.  
Brushy Fork Environmental Services, Inc. – \$27,233.00 – Engineering and Construction.  
William Barnett/Barnett Construction – \$16,807.00  
Tina Delahunty – \$6,760.00 – Mapping and Information Services, communications and IT services, safety and maintenance materials purchasing assistance.  
C.J. Hallock – \$3,000.00 – Website Design  
L.I.N. Digital, LLC -- \$1,998.60 – Marketing

16. Please provide a list of current employees and staff by name and job title.

**Response:**

V. Tate Davis, Executive Director  
Shawna Forrester, part-time associate manning the visitor center to issue permits.  
Connie Holloway, part-time associate manning the visitor center to issue permits.

Respectfully submitted,

s/ V. Tate Davis  
Executive Director  
Doe Mountain Recreation Authority  
1203 Harbin Hill Road  
Mountain City, TN 37683\  
(423) 460-1295  
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**DOE MOUNTAIN RECREATION AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDING  
JUNE 30, 2015**

**DOE MOUNTAIN RECREATION AUTHORITY  
FINANCIAL STATEMENTS  
JUNE 30, 2015**

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# **FINANCIAL SECTION**



# Allen, McGee and Associates

## Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

May 9, 2016

To the Board of Directors  
Doe Mountain Recreation Authority  
Mountain City, Tennessee 37683

We have audited the accompanying financial statements of the governmental activities and the general fund of the Doe Mountain Recreation Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

#### **Auditor's Responsibility**

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

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

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

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# Allen, McGee and Associates

## Certified Public Accountants

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Doe Mountain Recreation Authority as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America Require that the management's discussion and analysis on pages 7 through 11 be presented to supplement the basic financial statements. Such information, although not a 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 statements, and other knowledge we obtained during our audit of the basic financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Allen, McGee and Associates*  
*Certified Public Accountants*

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## **DOE MOUNTAIN RECREATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section presents management's analysis and overview of The Doe Mountain Recreation Authority's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The authority has been properly established and the park is currently opened for public use and a master plan is currently being implemented by the authority.
- Total assets at June 30, 2015 was \$10,801,150 and exceeded liabilities in the amount of \$10,801,150 (i.e. net position). Of the total net position, \$72,329 was unrestricted and was available to support short term operations. Total unrestricted net position increased from fiscal year end 2014 in the amount of \$26,264.
- Program revenues were \$33,083 from the issuance of use fees during the 2014-2015 fiscal year.
- During 2014-2015 fiscal year expenditures of \$17,254 were incurred with expenditures of \$10,435 of the expenditures were for the creation of a "Master Plan" for the operations of the Park. This "Master Plan" was adopted by the board in October 2014.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's planning, budget, and other management tools were used for this analysis.

**DOE MOUNTAIN RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)**

The basic financial statements include information that presents two different views of the Authority. The first column of the financial statements includes information on the Authority's Operating Fund under the modified accrual method. This fund's financial statement focuses on current financial resources and provides a more detailed view about the accountability of the Authority's sources and uses of these funds. The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method. The third column is the government-wide financial statement column. This column provides both long-term and short-term information about the Authority's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. These statements tell how the Authority was financed in the short term, as well as what remains for future spending.

The notes to the financial statement 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 Board's accounting policies, significant account balances and activities, material risks, obligation, commitments, contingencies and subsequent events, if any. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

The financial statements were prepared by the Board's staff from the detailed books and records of the Board. The financial statements were audited and adjusted, if material, during the independent external audit process.

**SUMMARY OF ORGANIZATION OF BUSINESS**

No. 1106 of the Tennessee legislature in 2012 and began operations during 2012-2013 fiscal year.

The Authority was created by the Tennessee State Legislature to protect and conserve the natural resources of Doe Mountain a 8,600 acres tract of mountain land located in Johnson County, Tennessee through planning, promoting, financing, constructing, managing and developing multi-use recreational opportunities for public participation and enjoyment that will create jobs and facilitate economic development.

**DOE MOUNTAIN RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

**FINANCIAL ANALYSIS**

**Governmental Activities**

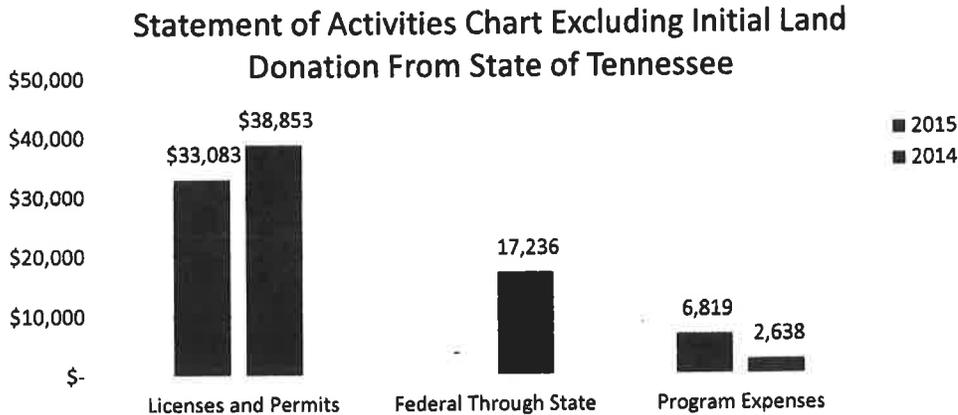
The following table shows, in a condensed format, the current year's net position and changes in net position, compare to the prior year:

	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>Total Percent Changed</b>
Current and other assets	\$ 72,329	\$ 56,500	\$ 15,829	28.02%
Noncurrent assets	10,728,821	10,718,386	10,435	0.10%
<b>Total Assets</b>	<b>10,801,150</b>	<b>10,774,886</b>	<b>26,264</b>	<b>0.24%</b>
Net Investment in Capital Assets	10,728,821	10,718,386	10,435	0.10%
Unrestricted	72,329	56,500	15,829	28.02%
<b>Total Net Position</b>	<b>\$ 10,801,150</b>	<b>\$ 10,774,886</b>	<b>\$ 26,264</b>	<b>0.24%</b>

	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>Total Percent Changed</b>
Program Revenue				
Licenses and Permits	\$ 33,083	\$ 38,853	\$ (5,770)	-14.85%
Federal Through State	-	17,236	(17,236)	-100.00%
Other Governments Contributions	-	9,000	(9,000)	-100.00%
<b>Total Program Revenues</b>	<b>33,083</b>	<b>65,089</b>	<b>(32,006)</b>	<b>-49.17%</b>
Program Expenses	6,819	2,638	4,181	158.49%
<b>Total Expenses</b>	<b>6,819</b>	<b>2,638</b>	<b>4,181</b>	<b>158.49%</b>
Change in net assets	26,264	62,451	(36,187)	-57.94%
Beginning net assets	10,774,886	10,712,435	62,451	0.58%
<b>Ending net assets</b>	<b>\$ 10,801,150</b>	<b>\$ 10,774,886</b>	<b>\$ 26,264</b>	<b>0.24%</b>

**DOE MOUNTAIN RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

**FINANCIAL ANALYSIS (CONT.)  
Governmental Activities (Cont.)**



The Authority's total net position at June 30, 2015 was \$10,801,150, including \$10,700,000 of land contributed by the State of Tennessee at the Authority's inception. The Authority's governmental revenues for the Fiscal Year Ending June 30, 2015 was \$33,083 of which all were user fees charged by the Authority for the use of the land.

	<u>Governmental Funds (Modified Accrual Basis)</u>			
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Percent</u>
<b>Program Revenue</b>				
Licenses and Permits	\$ 33,083	\$ 38,853	\$ (5,770)	-14.85%
Federal Through State	-	17,236	(17,236)	-100.00%
Other Governments Contributions	-	9,000	(9,000)	-100.00%
<b>Total Program Revenues</b>	<u>33,083</u>	<u>65,089</u>	<u>(32,006)</u>	<u>-49.17%</u>
<b>Program Expenditures</b>				
Audit Services	3,000	-	3,000	N/A
Engineering Services	11,495	18,386	(6,891)	-37.48%
Legal Services	890	250	640	256.00%
Postal Charges	68	-	68	N/A
Liability Insurance	-	1,709	(1,709)	-100.00%
Trustee's Commission	321	476	(155)	-32.56%
Other Charges	1,480	203	1,277	629.06%
<b>Total Expenditures</b>	<u>17,254</u>	<u>21,024</u>	<u>(3,770)</u>	<u>-17.93%</u>
<b>Change in Fund Balance</b>	15,829	44,065	(28,236)	-64.08%
Beginning Fund Balance	56,500	12,435	44,065	354.36%
<b>Ending Fund Balance</b>	<u>\$ 72,329</u>	<u>\$ 56,500</u>	<u>\$ 15,829</u>	<u>28.02%</u>

**DOE MOUNTAIN RECREATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

At the end of 2015, the Authority had \$10,728,821 invested in capital assets, this included land of \$10,700,000 and the work in process for the "Master Plan" of the authority and the Doe Mountain Park of \$28,821. This plan was accepted by the authority in October 2014. No debt has been incurred to date to finance the operations or the capital assets of the authority.

**CONTACT INFORMATION**

This financial report is designed to provide the public 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 Russell Robinson at 211 North Church Street, Mountain City, Tennessee 37683.

Doe Mountain Recreation Authority  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2015

	<u>General</u> <u>Fund</u>	<u>(Note 7)</u> <u>Adjustments</u>	<u>Statement</u> <u>of Net Position</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash on Hand	\$ 1,205	\$ -	\$ 1,205
Due from Other Governments	71,124	-	71,124
Total Current Assets	<u>72,329</u>	<u>-</u>	<u>72,329</u>
Non-Current Assets:			
Capital Assets			
Land	\$ -	\$ 10,700,000	\$ 10,700,000
Intangible Assets - Indefinite Life	-	28,821	28,821
Total Capital Assets	<u>-</u>	<u>10,728,821</u>	<u>10,728,821</u>
Total Assets	<u>\$ 72,329</u>	<u>\$ 10,728,821</u>	<u>\$ 10,801,150</u>
<b><u>FUND BALANCES</u></b>			
Unassigned	<u>\$ 72,329</u>	<u>\$ (72,329)</u>	<u>\$ -</u>
Total Fund Balances	<u>\$ 72,329</u>	<u>\$ (72,329)</u>	<u>\$ -</u>
<b><u>NET POSITION</u></b>			
Investment in Capital Assets		\$ 10,728,821	\$ 10,728,821
Unrestricted		<u>72,329</u>	<u>72,329</u>
Total Net Position		<u>\$ 10,801,150</u>	<u>\$ 10,801,150</u>

The Notes to the Financial Statements are an integral part of the Statement.

Doe Mountain Recreation Authority  
Statement of Activities and Governmental Fund  
Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2015

	General Fund	(Note 8) Adjustments	Statement of Net Position
<b>Expenditures/Expenses</b>			
Audit Services	\$ 3,000	\$ -	\$ 3,000
Engineering Services	11,495	(10,435)	1,060
Legal Services	890	-	890
Postal Charges	68	-	68
Trustee's Commission	321	-	321
Other Charges	1,480	-	1,480
<b>Total Expenditures/Expenses</b>	<b>\$ 17,254</b>	<b>\$ (10,435)</b>	<b>\$ 6,819</b>
<b>Program Revenues</b>			
Licenses and Permits	\$ 33,083	\$ -	\$ 33,083
<b>Total Program Revenues</b>	<b>\$ 33,083</b>	<b>\$ -</b>	<b>\$ 33,083</b>
<b>Excess of Revenues Over Expenditures and Change in Net Assets</b>	<b>\$ 15,829</b>	<b>\$ 10,435</b>	<b>\$ 26,264</b>
<b>Fund Balance/Net Assets Beginning of Year</b>	<b>56,500</b>	<b>10,718,386</b>	<b>10,774,886</b>
<b>Fund Balance/Net Assets End of the Year</b>	<b>\$ 72,329</b>	<b>\$ 10,728,821</b>	<b>\$ 10,801,150</b>

The Notes to the Financial Statements are an integral part of the Statement.

Doe Mountain Recreation Authority  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Licenses and Permits	\$ 33,083	\$ 33,000	\$ 33,000	\$ 83
Total Revenues	\$ 33,083	\$ 33,000	\$ 33,000	\$ 83
<u>Expenditures</u>				
<u>Health, Welfare, Culture and Recreation</u>				
Parks and Fair Board	\$ 17,254	\$ 77,900	\$ 77,900	\$ 60,646
Total Expenditures	\$ 17,254	\$ 77,900	\$ 77,900	\$ 60,646
Excess (Deficiency) of Revenues	\$ 15,829	\$ (44,900)	\$ (44,900)	\$ 60,729
Net Change in Fund Balance	\$ 15,829	\$ (44,900)	\$ (44,900)	\$ 60,729
Fund Balance, July 1, 2014	56,500	56,500	56,500	-
Fund Balance, June 30, 2015	\$ 72,329	\$ 11,600	\$ 11,600	\$ 60,729

The Notes to the Financial Statements are an integral part of the Statement.

**Doe Mountain Recreation Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 8,600 acres of mountain land located in Johnson County, Tennessee through planning, promoting, financing, constructing, managing and developing multi-use recreational opportunities for public participation and enjoyment that will create jobs and facilitate economic development.

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 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 Johnson County Commission, one member appointed by the Tennessee Speaker of the Senate, one member appointed by the Tennessee Speaker of the House of Representative, one member appointed by the governor from a list of three names submitted by The Nature Conservancy, and one member of the appointed by the governor from the public at large.

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

**A. 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 below:

## **Doe Mountain Recreation Authority Notes to Financial Statements (Cont.)**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

#### **A. Method of Accounting (Cont.)**

##### **(1) Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 under accrual accounting.

## **Doe Mountain Recreation Authority Notes to Financial Statements (Cont.)**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

#### **A. Method of Accounting (Cont.)**

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

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 nor committed. The Authority's Board of Directors has not authorized anyone to make assignments.

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.

## **Doe Mountain Recreation Authority Notes to Financial Statements (Cont.)**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

#### **B. Method of Accounting (Cont.)**

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

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.

##### **(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

##### **(4) Deferred outflows/inflows of resources**

In addition to assets, the statement of financial 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, 2014.

**Doe Mountain Recreation Authority  
Notes to Financial Statements (Cont.)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**B. Method of Accounting (Cont.)**

In addition to liabilities, the statement of financial 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any items that qualify for reporting in this category as of June 30, 2014.

**(5) Budgeting**

There is no legal requirement that a budget be established; however, a budget was prepared for the year ended June 30, 2015.

**(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.

**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 one significant asset is capital assets which consists of land and the cost of the development of the "Master Plan" an intangible asset which was still under development as of June 30, 2014.

**NOTE 4 - EXEMPTION FROM INCOME TAX**

As a public governmental corporation the Authority is exempt from federal, state, county and municipal income taxes.

## **Doe Mountain Recreation Authority Notes to Financial Statements (Cont.)**

### **NOTE 5 - 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 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 all funds with the Johnson County Trustee with the exception of cash on hand which is maintained at a nominal amount. These funds on deposit with the Johnson County Trustee is presented as Due from Other Governments in the financial statements of this report.

### **NOTE 6 - DUE FROM OTHER GOVERNMENTS**

As of June 30, 2015 Due from Other Governments Existed of \$71,124 this amount represents funds being held by the Johnson County Trustee for the benefit of the Authority.

### **NOTE 7- 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, 2015 totaled \$10,728,821.

## Doe Mountain Recreation Authority Notes to Financial Statements (Cont.)

### NOTE 8 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Governmental funds report capital outlays as expenditures while governmental activities report the cost of capital outlays as an asset and report depreciation expense to allocate those expenditures over the life of the assets. No depreciation expense for the year ended June 30, 2015 was incurred due to the nature of these assets.

### NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2014
<u>Capital assets not being depreciated:</u>				
Land	\$ 10,700,000	\$ 0	\$ 0	\$ 10,700,000
Intangible Assets – Indefinite Life	18,386	10,435	0	28,821
<b>Total Capital Assets</b>	<b>\$ 10,718,386</b>	<b>\$ 10,435</b>	<b>\$ 0</b>	<b>\$ 10,728,821</b>

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. As of June 30, 2015 this plan had been accepted by the authority. In accordance with Governmental Accounting Standard Board Statement 51 the cost of the master plan has been capitalized as an intangible asset with an indefinite life.

### NOTE 10 – CONTINGENT LIABILITIES

The Doe Mountain Recreation Authority is involved in a lawsuit. The authority’s attorney estimates that the potential claim against the county resulting from such litigation would not materially affect the authority’s financial statements.

# **COMPLIANCE SECTION**



# Allen, McGee and Associates

## Certified Public Accountants

### INDEPENDENT AUDITORS' 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*

May 9, 2016

To the Board of Directors  
Doe Mountain Recreation Authority  
Mountain City, Tennessee 37683

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 Doe Mountain Recreation Authority, as of and for the year ended June 30, 2015, 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 May 9, 2016.

#### **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 opinions 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. Given these

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# Allen, McGee and Associates

## Certified Public Accountants

limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

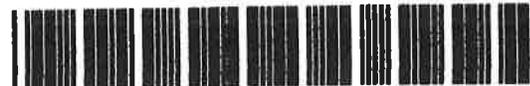
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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.

*Allen, McGee and Associates*  
*Certified Public Accountants*



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Nonprofit Corporation - Domestic

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Formation Locale: TENNESSEE

**(1) Name and Mailing Address:**

Doe Mountain Recreation Authority

GABRIELLE K. LYNCH

PO BOX 205

MOUNTAIN CITY, TN 37683-0205

**(2) Principal Office Address:**

GABRIELLE K. LYNCH

222 W MAIN ST

MOUNTAIN CITY, TN 37683-1338

**(3) Registered Agent (RA) and Registered Office (RO) Address:**

GABRIELLE K LYNCH

MS. SALLY TUGMAN

222 W MAIN ST

MOUNTAIN CITY, TN 37683-1338

Agent Changed: No

Agent County: JOHNSON COUNTY

**(4) Name and business address (with zip code) of the President, Secretary and other principal officers.**

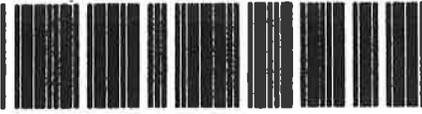
Title	Name	Business Address	City, State, Zip
President	Michael H Farmer	317 HARBOUR VIEW DRIVE	JOHNSON CITY, TN 37615
Secretary	Gabrielle K Lynch	P.O. BOX 205	MOUNTAIN CITY, TN 37683
Vice Chair	Larry Potter	222 WEST MAIN STREET	MOUNTAIN CITY, TN 37683
Treasurer	Frank Arnold	255 MINK HILLS ROAD	MOUNTAIN CITY, TN 37683

**(5) Board of Directors names and business address (with zip code). \_\_\_ None, or listed below.**

Name	Business Address	City, State, Zip
Larry Potter	222 W MAIN STREET	MOUNTAIN CITY, TN 37683
Gabrielle K Lynch	P.O. BOX 205	MOUNTAIN CITY, TN 37683
Dan Reese	824 WEST PINE STREET	JOHNSON CITY, TN 37604
Willie Hammons	DUG HILL ROAD	MOUNTAIN CITY, TN 37683
Carolyn Hawkins	320 WM HAWKINS LANE	MOUNTAIN CITY, TN 37683
Lawrence Keeble	308 WOODLAND DRIVE	MOUNTAIN CITY, TN 37683
Ed Carter	P.O. BOX 40747	NASHVILLE, TN 37204
Matthew Garland	3211 N ROAN STREET	JOHNSON CITY, TN 37601
Brock Hill	2ND FLOOR TN TOWER, 312 ROSA L. PARKS	NASHVILLE, TN 37243
Susan Whitaker	24TH FLOOR TN TOWER, 312 ROSA L. PARKS	NASHVILLE, TN 37243
Ray Stout	561 DOEVILLE RD	BUTLER, TN 37640
Mike Farmer	317 HARBOR VIEW DR.	JOHNSON CITY, TN 37615
Jerry Grindstaff	1345 STOUT BRANCH RD	MOUNTAIN CITY, TN 37683
Frank Arnold	255 MINK HILLS RD	MOUNTAIN CITY, TN 37683
Roby Phillippi	1199 SUNDOWN RD	MOUNTAIN CITY, TN 37683

**(6) This section applies to non-profit corporations ONLY.**

**Instructions:** Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State in the amount of \$20.00. Sign and date this form and return to the address provided above.



# Tennessee Corporation Annual Report Form

AR Filing #: 05463340  
SUBMISSION PENDING

File online at: <http://TNBear.TN.gov/AR>

Due on/Before: 10/01/2016

Reporting Year: 2016

Return completed form and payment to:

Tennessee Secretary of State  
Attn: Annual Reports  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

**Annual Report Filing Fee Due:**

\$20 if no changes are made in block 3 to the registered agent/office, or  
\$40 if any changes are made in block 3 to the registered agent/office

- A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated.  
If blank or incorrect, please check appropriately:  Public  Mutual
- B. If a Tennessee religious corporation, please check here if blank:  Religious

DOE MOUNTAIN RECREATIONAL BOARD AUTHORITY PO BOX 205 MOUNTAIN CITY, TN 37683		1002 87-287/642
		Date <u>9-16-16</u>
Pay to the Order of <u>Tennessee Secretary of State</u>	\$ <u>20.00</u>	
<u>twenty</u> ↓	<u>00</u>	Dollars
	<u>1.00</u>	
<b>job</b> Johnson County Bank MOUNTAIN CITY, TENNESSEE 37683		
For _____		
⑆064202873⑆ ⑈002 672 7⑈ 1002		

(7) Signature: Electronic

(8) Date: 09/15/2016

(9) Type/Print Name: Gabrielle K Lynch

(10) Title: Secretary

Instructions: Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State in the amount of \$20.00. Sign and date this form and return to the address provided above.