

STONE MOUNTAIN MEMORIAL ASSOCIATION
DEVELOPMENT AND FINANCE COMMITTEES MEETING
March 17, 2015

A joint meeting of the Development and Finance Committees of the Stone Mountain Memorial Association was held at 11:00 a.m. on Tuesday, March 17, 2015, at Evergreen Conference Center, Stone Mountain Park.

FINANCE COMMITTEE MEMBERS PRESENT

Scott Johnson, Chairman Finance Committee
Greer Johnson, SMMA Vice Chairman
Dick Childers

DEVELOPMENT COMMITTEE MEMBERS PRESENT

Ray S. Smith III, Chairman Development Committee
Becky Kelley
Joan Thomas
Perry Tindol

COMMITTEE MEMBERS ABSENT

Roy Roberts

OTHERS PRESENT

Carolyn Meadows, Chairman SMMA
Caylee Noggle, State of Georgia Office of Planning and Budget
Kristen Carruth, State of Georgia Office of Planning and Budget
Meredith Lipson, Partner, Mauldin & Jenkins CPAs
Bill Stephens, C.E.O.
Gail Durham, Director of Finance
Bob Cowhig, Director of Planning and Development
Chuck Kelley, Director of Public Safety
Duane Studdard, Administration Manager
Other SMMA Staff

Call to Order

The meeting was called to order. Ms. Meadows introduced Caylee Noggle and Kristen Carruth who are attending the meeting today. Ms. Noggle and Ms. Carruth work with the State of Georgia Office of Planning and Budget.

Discussion of 2014 Audit Report

Ms. Lipson distributed copies of the annual audit report for the year ended December 31, 2014. The audit agenda document was also distributed. The agenda is a written communication that discusses the standards followed by auditors along with required communications under Government Auditing Standards. This document also has information about Mauldin & Jenkins and the engagement team.

The audited financial statements were discussed. Pages one and two contain the audit report. SMMA received an unmodified or "clean" opinion. The financial statements are the responsibility of management. The auditor's responsibility is to express an opinion on the financial statements based on the audit procedures.

Pages three through eight present the Management Discussion and Analysis (MD&A). Each year Ms. Lipson has emphasized that this section is written by management and the auditor verifies that information presented agrees to the financial statements. This is a good analysis comparing 2013 to 2014. Three years of comparative analysis is presented in the MD&A and it is a good tool to give an overall analysis of the financial activity during the year.

The Statement of Net Position is on page nine. Total current assets are \$10.4 million. Capital Assets are \$80.3 million and total assets are \$90.7 million. Total liabilities, which are few, are about \$508,000. There are no long-term liabilities and the Association has no debt. The net position or equity is \$90.2 million, with the largest portion of this being Investment in Capital Assets of \$80.3 million.

The Statement of Revenues, Expenses and Changes in Net Position is comparative and presents information for 2013 and 2014. Operating revenues are \$10.7, operating expenses are \$6.8 million, depreciation expense is \$5.8 million and the operating loss for 2014 is \$1.9 million. Nonoperating revenues and expenses were \$18,318 and the change in net position was a loss of \$1.9 million. The net position at the end of the year was \$90.2 million compared to \$92.1 million the previous year.

The Statements of Cash Flows indicates a positive cash flow for the year. Net cash provided by operating activities was \$3.2 million compared to \$3.8 million the prior year. Cash flows from investing activities are minimal at about \$4,000 and arise from the investment accounts held with the State of Georgia.

The cash flows from capital and related financing activities include funding for HFEC current and future capital improvements. This includes the escrow funding for the Marriott hotels per amendment eight in the lease agreement with HFEC.

Cash and equivalents decreased \$1.3 million in 2014 and the cash and cash equivalents at the end of 2014 were \$4.6 million. This balance does not include the \$3.6 million held in the GEAP investment account, because the GEAP account is not considered a cash equivalent for purposes of this financial statement.

The remainder of the financial statements contains the footnotes to the financial statements. Note 1 discusses the nature of the business of the Association and the significant accounting policies. These have not changed from the prior year. Note 2 concerns cash and investments. The Georgia Fund 1 account and the Georgia Extended Asset Pool (GEAP) accounts are discussed in this footnote. Note 3 on page 18 provides capital asset activity for the year. Note 4 discusses the 401(k) Plan and Note 5 deals with transactions with the State of Georgia. SMMA uses certain services from other State agencies for legal, engineering, forestry, and insurance.

The last few pages of the audit report contain the auditor's report on internal control. The auditor looks at internal control during this examination and no findings were observed. No material weaknesses or significant deficiencies were identified. The auditor looks at policies and procedures and conducts a "walk through" to test these procedures.

Review of Year-to-Date Financial Statements

Ms. Durham reported that year-to-date revenues through February 28, 2015 were \$2.2 million and better than budget. A Georgia Power rebate of \$140,000 was received and is included in miscellaneous revenue. Total operating expenses were \$1 million compared to the budgeted amount of \$1.2 million. The net income year to date was about \$131,000 compared to the budgeted loss of about \$520,000.

The statement of cash flows reflects net cash provided by operating activities of about \$1.1 million year to date. The net increase in cash through February is \$1.1 million. The cash and investment balance at the end of the period was about \$9.3 million.

Mr. Cowhig said the Grist Mill wheel will be replaced and a culvert pipe on Stonewall Jackson will be replaced and improved in 2015.

Adjourn to Executive Session

Mr. Smith made a motion to go into Executive Session and Ms. Thomas seconded the motion. The committees unanimously approved the motion and the meeting was suspended. SMMA staff was not dismissed from the meeting. Committee members and Mr. Stephens remained in Executive Session.

After Executive Session the meeting reconvened and was adjourned.

Meeting adjourned at 12:00 p.m.

Notes taken by

Gail Durham