

STONE MOUNTAIN MEMORIAL ASSOCIATION
DEVELOPMENT AND FINANCE COMMITTEES MEETING
March 20, 2018

A joint meeting of the Development and Finance Committees of the Stone Mountain Memorial Association was held at 11:00 a.m. on Tuesday, February 20, 2018, at Evergreen Conference Center, Stone Mountain Park, Stone Mountain, Georgia.

FINANCE COMMITTEE MEMBERS PRESENT

Scott Johnson, Chairman Finance Committee
Becky Kelley, Finance Committee Member

DEVELOPMENT COMMITTEE MEMBERS PRESENT

Ray S. Smith III, Chairman Development Committee
Joan Thomas, Development Committee Member
Dick Childers, Development Committee Member
Perry Tindol, Development Committee Member

SMMA BOARD MEMBERS ABSENT

Michael Thurmond, Finance Committee Member
Roy Roberts, Finance Committee Member
Carolyn Meadows, SMMA Board Chairman

OTHERS PRESENT

Bill Stephens, C.E.O.
Bob Cowhig, Director of Planning and Development
Edna Zimmerman, Director of Finance
Debbie Blihovde, Benefits Administrator
Chief Chuck Kelley, Director of Public Safety
Mike Lee, Assistant Chief of Police & Fire
Duane Studdard, Administration Manager
Meredith Lipson, Mauldin & Jenkins

Call to Order

The meeting was called to order.

Review of Year-To-date Financial Statements

Ms. Zimmerman reported that preliminary year-to-date revenues through February 28, 2018 were \$1,761,138 compared to a budgeted amount of \$1,736,232. Total operating expenses year to date were \$916,962, compared to the budgeted amount of \$1,219,236. The net operating profit before depreciation was \$859,707 compared to a budgeted amount of \$522,996. The year to date deficiency of revenue over expenses was \$14,816 compared to a budgeted loss of \$488,670.

The statement of cash flows reflects net cash provided by operating activities of \$618,190 year to date. The net increase in cash year to date was \$530,585. The cash and investment balance at the end of the period was \$13,974,777.

The remaining capital project is the SmartCop software. The total cost including annual maintenance is \$133,187. The budgeted capital portion is \$103,132 and the expenditure to date is \$114,066, leaving an overage of \$10,934.

Discussion of 2017 Audit Report

Mr. Smith introduced Meredith Lipson, Partner and CPA with Mauldin & Jenkins, to present the audit. Ms. Lipson distributed copies of the annual audit report for the year ended December 31, 2017. The Auditor's Discussion & Analysis (AD&D) Financial & Compliance Audit Summary document was also distributed. The AD&D 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. There were no audit adjustments.

Pages three through eight present the Management Discussion and Analysis (MD&A). Each year Mauldin & Jenkins 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 to compare 2016 to 2017. 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 \$16.4 million. Capital Assets are \$61.5 million and total assets are \$77.8 million. Total liabilities, which are few, are about \$708,899. There are no long-term liabilities and the Association has no debt. The net position or equity is \$77.1 million, with the largest portion of this being Investment in Capital Assets of \$61.5 million

The Statement of Revenues, Expenses and Changes in Net Position (Income Statement) is on page ten. It is comparative and presents information for 2016 and 2017. Operating revenues are \$10.8 million; operating expenses are \$7.2 million. SMMA had operating income before depreciation of \$3.6 million. Depreciation expense is \$5.5 million and the operating loss for 2017 is \$1.9 million. Nonoperating revenues were \$67,710. The net position at the end of the year was \$77.1 million compared to \$78.9 million the previous year.

The Statements of Cash Flows is on pages 11-12. It indicates a positive cash flow for the year. Net cash provided by operating activities was \$3.9 million compared to \$4.4 million the prior year. Cash flows from investing activities are minimal and arise from the investment accounts held with the State of Georgia.

The cash flows from capital and related financing activities include funding for HEC current and future capital improvements. This includes the escrow funding for the Marriott hotels per Amendment 9 in the lease agreement with HEC. This also includes the purchase of property and equipment.

Cash and cash equivalents increased by \$1.6 million in 2017 and the cash and cash equivalents at the end of 2017 were \$9.8 million. This balance does not include the \$6.8 million held in the GEAP investment account because the GEAP account is not considered a cash equivalent for the 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 provide capital asset activity for the year. Note 4 discusses the 401(k) Plan. Note 5 deals with other post-employment benefits. Note 6 deals with Transactions with the State of Georgia. SMMA uses certain services from other State agencies for legal, engineering, forestry, and insurance. Note 7 discloses the loss on the disposition of the Tennis Center property in 2016.

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

Updates

Chief Kelley updated the board on a free speech event on Saturday March 10th. There were 94 people in the Yellow Daisy parking lot free speech area. There were no problems.

There was a storm the night of March 19th with very high winds. Guests in the campground could stay at Evergreen for \$50.00 a night or they could stay for free in one of the empty conference rooms.

Meeting adjourned at 12:00 p.m.
Notes taken by
Debbie Blihovde