

**Development Authority of Lumpkin County
Meeting Agenda
Tuesday, June 19, 2018 9:00am
Lumpkin County Administration Building Conference Room**

1. Welcome, call to order – Wyman Walden
2. Approve agenda
3. Approve May 15, 2018 minutes
4. Associate Members Reports
5. Audit Report – Rushton & Company
6. Financial Reports – May 2018-- Steven Ferguson
7. Arcadia Option
8. Website design RFP update
9. Director's report
10. Executive Session if needed
11. Adjourn

Development Authority of Lumpkin County Meeting Minutes
May 15, 2018
Conference Room, Lumpkin County Administration Building

Board Members in attendance: Jim Higdon, Wyman Walden, Steven Ferguson, Jim Curtis, John Gaston, Beth Dean-Pope, Donna Minnich

Associate Members/Guests in attendance: Steve Gooch, Dee Harris, Joy Edelberg, Robb Nicholls, Don Becker, Joel Hanner, Sean Phipps, Commissioner Miller, Diane Kimmel

Meeting called to order by Chairman Wyman Walden at 9:02 am.

Agenda amended to note executive session to discuss real estate and personnel issue. Motion to approve agenda as amended: Jim Higdon: Second: Beth Dean-Pope. Motion carried.

Motion to approve April 17, 2018 minutes: Beth Dean-Pope. Second: Jim Higdon. Motion carried.

Financial Report – April financial reports presented by Treasurer Steven Ferguson. Steven noted reports reflect typical activity for the month with miscellaneous income reflecting community recovery payment by Arcadia Business Products. P & L shows we are right on budget for the year. Motion to accept financial reports: Jim Higdon. Second: Donna Minnich. Motion carried.

Koyo Annual Report – report confirming Koyo Bearings met program requirements as stipulated in bond issue. Report included in minutes for recording purposes.

Website RFP – Executive Director Steve Gooch updated members on issues with existing website that was created in 2011 and lacks compatibility with today's technology. An RFP was issued for website design and responses were distributed to members. A committee was created to evaluate responses and return recommendation for next step to the Board. Committee Chair Steven Ferguson, Jim Curtis, Donna Minnich.

Directors report – Executive Director Steve Gooch discussed recent meeting with a developer of a senior living campus project and the current discussions of the BOC about the reservoir plan.

Motion to adjourn to executive session: Steven Ferguson. Second: Donna Minnich. Motion carried. Meeting adjourned at executive session at 9:26 am.

Motion to return to regular meeting: Jim Higdon. Second: Steven Ferguson. Motion carried. Regular meeting resumed at 9:54 am.

Motion to approve First Amendment to the Option Agreement with Arcadia Louvered Roofs for the property located at 154 Ethan Allen Dr, Dahlonega, GA 30533: John Gaston: Second: Beth Dean-Pope. Motion carried unanimously.

Motion to adjourn: Jim Higdon. Second: Donna Minnich. Meeting adjourned at 10:06 am.

Approved

Development Authority of Lumpkin County



99 Courthouse Hill, A-A
Dahlonega, Georgia 30533
706-864-0423 • Fax 706-864-4760

May 3, 2018

Rushton & Company, LLC
P.O. Box 2917
Gainesville, Georgia 30503

This representation letter is provided in connection with your audit of the financial statements of the Development Authority of Lumpkin County, as of December 31, 2017 and 2016, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 3, 2018, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 27, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Authority required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

20. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.
23. We have a process to track the status of audit findings and recommendations.
24. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
25. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
26. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
29. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
30. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
31. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. The financial statements properly classify all funds and activities in accordance with GASB statement No. 34.

34. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
35. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the Development Authority of Lumpkin County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
41. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: Alan J. Joad Title: Executive Director

Signed: Denelia Harris Title: Admin Asst.

Development Authority of Lumpkin County
Profit & Loss Budget vs. Actual
January through May 2018

	TOTAL			
	<u>Jan - May 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
381000 · Rental Income	18,115.00	43,476.00	-25,361.00	41.67%
389003 · Misc. Income	4,260.35			
Total Income	<u>22,375.35</u>	<u>43,476.00</u>	<u>-21,100.65</u>	<u>51.47%</u>
Gross Profit	22,375.35	43,476.00	-21,100.65	51.47%
Expense				
Operational Expenses				
521002 · Audit Services	5,970.00	6,500.00	-530.00	91.85%
522205 · R & M 400 Industrial Park	0.00	100.00	-100.00	0.0%
523201 · Postage	0.00	100.00	-100.00	0.0%
523202 · Telephone	0.00	100.00	-100.00	0.0%
523300 · Marketing/Advertising	451.90	3,500.00	-3,048.10	12.91%
523500 · Travel	0.00	2,200.00	-2,200.00	0.0%
523601 · Dues & Subscriptions	400.00	500.00	-100.00	80.0%
523700 · Meetings/Training	0.00	3,000.00	-3,000.00	0.0%
531100 · Supplies/Materials	271.27	2,000.00	-1,728.73	13.56%
55220 · Bookkeeping & Payroll Services	1,525.00	3,500.00	-1,975.00	43.57%
55400 · Bank Fees	100.00	350.00	-250.00	28.57%
55760 · Minor Equipment Purchases	0.00	500.00	-500.00	0.0%
Total Operational Expenses	<u>8,718.17</u>	<u>22,350.00</u>	<u>-13,631.83</u>	<u>39.01%</u>
511100 · Wages	0.00	93,500.00	-93,500.00	0.0%
512400 · Retirement Benefit	0.00	6,000.00	-6,000.00	0.0%
521001 · Legal Services	0.00	5,500.00	-5,500.00	0.0%
523107 · Insurance-Directors Liability	0.00	7,700.00	-7,700.00	0.0%
55100 · Payroll Expenses				
Payroll Taxes	2,604.78			
Wages	35,421.10			
Total 55100 · Payroll Expenses	<u>38,025.88</u>			
55102 · Payroll Taxes	0.00	9,100.00	-9,100.00	0.0%
55600 · Insurance	1,504.00			
561000 · Depreciation Expense	0.00	25,000.00	-25,000.00	0.0%
70000 · Project Research Costs	0.00	5,000.00	-5,000.00	0.0%
Total Expense	<u>48,248.05</u>	<u>174,150.00</u>	<u>-125,901.95</u>	<u>27.71%</u>
Net Ordinary Income	-25,872.70	-130,674.00	104,801.30	19.8%
Other Income/Expense				
Other Income				
361000 · Interest Income	136.73	250.00	-113.27	54.69%
Total Other Income	<u>136.73</u>	<u>250.00</u>	<u>-113.27</u>	<u>54.69%</u>
Other Expense				
541000 · Joint Projects	0.00	5,500.00	-5,500.00	0.0%
Total Other Expense	<u>0.00</u>	<u>5,500.00</u>	<u>-5,500.00</u>	<u>0.0%</u>
Net Other Income	136.73	-5,250.00	5,386.73	-2.6%
Net Income	<u>-25,735.97</u>	<u>-135,924.00</u>	<u>110,188.03</u>	<u>18.93%</u>

Development Authority of Lumpkin County
Balance Sheet
 As of May 31, 2018

	May 31, 18
ASSETS	
Current Assets	
Checking/Savings	
111122 · Operating Account	633,912.44
Total Checking/Savings	633,912.44
Accounts Receivable	
112650 · Interest Receivable	3,218.07
112700 · Interfund Receivable	73.41
112751 · Capital Lease Receivable	1,461,781.33
112753 · Capital Lease Special rent	666,419.74
Total Accounts Receivable	2,131,492.55
Other Current Assets	
113801 · Prepaid Insurance	1,982.75
118001 · Issuance Costs	1,684.80
Total Other Current Assets	3,667.55
Total Current Assets	2,769,072.54
Fixed Assets	
113802 · Pre-Paid Rental Commission	583.00
115203 · Land held for resale	35,733.13
11700 · Machinery & Equipment	1,137.66
11710 · Accumulated Depr. Mach. & Equip	-1,137.66
117505 · Furniture & Fixtures	14,833.77
117506 · Accumulated Depr. Furn. & Fixt.	-12,608.69
Total Fixed Assets	38,541.21
TOTAL ASSETS	2,807,613.75
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
121100 · Accounts Payable	1,657.16
Total Accounts Payable	1,657.16
Other Current Liabilities	
112450 · Payroll Liabilities	
Federal Taxes (941/944)	1,529.51
GA Income Tax	347.52
GA Unemployment Tax	-221.16
Total 112450 · Payroll Liabilities	1,655.87
122400 · Accrued Interest Payable	3,218.07
122425 · Accrued Salaries	1,793.50
122706 · Notes Payable - Current- Ethan	33,777.52
122710 · Rental Commission Payable	-583.00
22050 · Arcadia Project Deposit	10,085.00
25000 · Due to Lumpkin County	73.41
Total Other Current Liabilities	50,020.37
Total Current Liabilities	51,677.53
Long Term Liabilities	
112706 · Notes Payable Ethan Allen Dr	-17,667.29
125302 · LOC—Ethan Allen Project	1,445,671.10
Total Long Term Liabilities	1,428,003.81
Total Liabilities	1,479,681.34

4:44 PM

Development Authority of Lumpkin County

Balance Sheet

As of May 31, 2018

06/08/18

Accrual Basis

	<u>May 31, 18</u>
Equity	
131100 · Net Investment - Capital Asset	70,059.32
134220 · Fund Balance	450,682.44
30000 · Opening Balance Equity	42,936.18
32000 · Retained Earnings	789,990.44
Net Income	-25,735.97
Total Equity	<u>1,327,932.41</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,807,613.75</u></u>

June 11, 2018

Steve Gooch, Executive Director
Development Authority of Lumpkin County, Georgia
Attn: Chairman/Executive Director
194 Courthouse Hill, Annex A
Dahlonega, GA 30533

Re: Notice of Exercise of Option

Dear Mr. Gooch,

Please accept this letter as NOTICE, pursuant to the Option Agreement ("Option Agreement") by and between Arcadia Building Products, Inc., formerly known as Arcadia Louvered Roofs, Inc., ("Arcadia") and the Development Authority of Lumpkin County, Georgia (the "Authority" or "Issuer" or collectively with Arcadia the "Parties") dated June 12, 2016, and the Memorandum of Understanding ("MOU") by and between the Parties dated January 5, 2015, of Arcadia's exercise of its option rights to purchase the property located at 154 Ethan Allen Drive, Dahlonega, GA 30533 (the "Property"). In accordance with the Option Agreement, copy of the letter has been provided to the Bondholder as notice of Arcadia's exercise of its option to purchase the Property as well.

The date and time of the Closing for the sale of the Property shall be 10:00 a.m. Eastern Time on July 2, 2018, or at such other date and time as the Parties may mutually agree. Closing shall take place at the office of the Issuer, above stated.

Please call if you have any questions.

Sincerely,



Scott Selzer
ARCADIA BUILDING PRODUCTS, INC.

cc:
Kelso C. Horne, Jr. Esq.
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215 Morrison More Parkway
Dahlonega, GA 30533

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