Stockbridge

Where Community Connects

CITY OF STOCKBRIDGE
CITY COUNCIL BUDGET RETREAT
Summary Minutes
Wednesday, September 24, 2025 9:00 A.M.

Mayor & City Council

Mayor Anthony S. Ford
Mayor Pro Tem LaKeisha Gantt – Dist. 1
Councilmember Alphonso Thomas – Dist. 2
Councilmember Kyle D. Berry, Sr. – Dist. 3
Councilmember Yolanda Barber – Dist. 4
Councilmember Elton Alexander – Dist. 5

Administration

Shawn Edmondson, City Manager
Frank Milazi, City Treasurer/CFO
Vanessa Holiday, City Clerk
Quinton Washington, City Attorney
Megan McCullough, Staff Attorney
Ed Wall, City Financial Advisor

Mission: Is to provide visionary leadership and superior municipal services that enhance the quality of life for citizens while creating a welcoming business atmosphere focused on sustainability and expansion of tourism and cultural events.

Staff Present: Decius Aaron, Public Works Director, Ryan Anderson, Community Development Director, Lisa Fareed, Downtown Manager, Najaa Hammonds, Human Resources Generalist, Demeatrius Ivey, Information Technology Director, Tranita Jones, Ex. Assistant to City Manager, Rosalynd Rawls, Executive Assistant to Mayor & Council, Gerald Sanders, Economic Development Director, Genea Stanley, Court Administrator, Shana Thornton, Public Information Officer, Frank Trammer, Police Chief, Charisma Webster, Conference Center & Events Manager

Day 1 Budget Retreat

The meeting was called to order by Mayor Ford at 9:10 a.m.

Invocation by Councilmember Berry

Pledge of Allegiance recited by all members in attendance.

Roll Call: All members were present except Councilmembers Alexander and Thomas.

Motion to adopt the Agenda was made by Councilmember Berry; seconded by Mayor Pro Tem Gantt. The motion passed unanimously 3-0.

Mr. Edmondson greeted all in attendance and opened the with comments stating that he wants to set the stage for honest reflection and forward-thinking discussions; noting the numbers that would be presented tell two parallel stories of growth and strain; noted the FY2025 budget projected an population of roughly 36,500 today and an estimated population of 46,900 by 2030; and referenced the city’s commercial growth from anchors like Costco and Sprouts steady residential expansion that will strengthen the tax base, noting this is a success story that many cities envy.

Mr. Edmondson noted the city's growth has not been met with proportional increases in staff and resources; noted the audit shows the city workforce at approximately 187 full-time employees citywide and has not kept pace with service demands in critical areas such as Public Safety, Public Works, Community Development and Code Enforcement; and noted Public Works only had 26 full-time employees in 2024, despite expanding infrastructure needs, and being reactive, rather than strategic.

Mr. Edmondson stated that as we move forward with the FY2026 Budget Retreat, it is not only about balancing numbers but rather aligning the budget with reality, noting the city's rapid growth outpaces staffing, and whose signature assets such as the Amphitheater, require more thoughtful investment, and strengthening the city's financial processes to protect every dollar that has been entrusted to us.

Mr. Edmondson asked that this Retreat be approached with a clear-eyed focus acknowledging where the city has fallen short, and recognizing the challenges can be solved with disciplined planning, stronger controls, and a willingness to invest in people and systems, noting the growth will translate into sustainable quality of life for Stockbridge residents; extended thanks, and noted he is looking forward to working through the issues over the next few days.

<u>Budget Overview – Presented by: Frank Milazi, City Treasurer/CFO</u>

Mr. Milazi noted his presentation will be a continuation of the information from the Retreat in March earlier this year and showing where we have been, where we are now, and where we are going.

Councilmember Alexander joined the meeting at 9:21 a.m.

Mr. Milazi expressed the importance of proper reporting, managing internal controls and reporting compliance, noting the city almost lost funding, which was being held up due to non-compliance reporting, and that $800,000 was recently released as a result of submitting the proper reporting, noting an additional $400,000 to $500,000 will also be returned, and noted the city spent $1.4 million dollars from the general fund to pay those expenses that can now be reimbursed back to the general fund; and noted $2.2 million dollars of ARPA funding was also returned as the federal government forgave the city for failure to submit ARPA documentation timely.

Mr. Milazi noted that in 2024 the budget is a plan that must be followed, with the revenues that are generated for one year, and that the government can only spend funds and pay expenses during that fiscal year period of 12 months; and noted the Capital Budget may change as priorities change.

Mr. Edmondson noted the city may want to consider changing from a January – December fiscal calendar, to a July – June fiscal calendar, noting a great amount of the city's funds come in at the end of the year, noting the city is currently utilizing 2024 funds.

Councilmember Alexander inquired about using a TAN (Tax Anticipation Note).

Mr. Milazi noted he is very familiar with TAN's, and does not believe Stockbridge is there yet, and that the city just needs to be fiscally responsible, noting the city's General Fund Balance in 2024 was $16 million dollars, and has been reduced to $3 million dollars; and noted the city is fortunate to have multiple avenues of revenue with different sources, and needs to use those revenue streams.

Councilmember Alexander noted there are peaks and valleys with incoming revenue, and that a TAN must be paid off each year by December 31st.

Mayor Ford asked what changing the fiscal year calendar would look like.

Mr. Milazi noted the city would have a 6-month year from January 1 to June 30 and an audit to close the year, and a new fiscal year would begin from July 1 to June 30 of the following year.

Councilmember Alexander stated he would be okay with changing the fiscal year calendar.

Mr. Wall noted many governments utilize TAN's, and the process would be to bid it out to local banks, noted the interest rates are short-term, and you pay it off by December 31st and is based on 75% of the taxes from the prior year, and is used to help with cash flow.

Mr. Milazi noted the FY2026 Budget is scheduled to be adopted on December 8, 2025; noted there needs meeting to discuss goal setting as priorities change; noted the city needs to hold meetings within each district for community input and to provide the community with information so they understand the need for funding for expenses and/or projects; and stated that beginning in September, there will be monthly financial reports and two (2) Budget Amendments per year.

Mr. Wall noted the Audit is presented annually, and that looking back, the City Council has lost its fiscal discipline.

Councilmember Barber asked Mr. Milazi to add a mid-year budget review to the financial reporting.

Mayor Pro Tem Gantt stated that she believes there would be challenges to the recommendation to change the city's current budget cycle.

Mr. Milazi state those are discussions to be worked through with the City Manager.

<u>FY2024 Audit Presentation – Presented by: Mauldin & Jenkins, CPA - Kirk Arich and Hope Pendegrass</u>

The presentation gave an overview of the Engagement Team, Focus of Government, Results, Role of the Auditor, and the Role of Management, Financial Statements, and Internal Controls.

Mr. Arich noted the FY2024 accurate, which is a best-case scenario and seven (7) material weaknesses and two (2) deficiencies in which management has already taken steps to correct; noted that municipalities with a budget over $750,000 are required to compliance report, and those who have ARPA funding are required to report, noting the city failed to complete and submit ARPA funding on time.

Mr. Arich noted there is a new standard for GASB103 regarding Allowance, and Appreciation Expense.

Mr. Arich referenced the Financial Statement Disclosures, noted there is a good working relationship with management with no issues, and noted there were audit adjustments that were made.

Mr. Arich noted the Auditor is independent, and independent of the city.

Mr. Arich noted referenced the 2024 revenues and expenses, noting the expenditures exceeded the revenues, and that with the new management team in place, that trend should reverse; noting expenditures have grown and are eating into the city's fund balance.

Mayor Ford asked for clarification on the new GASB change.

Mr. Arich stated the change is the way the statements look, and are presented, making it clearing for the end user.

Mr. Wall noted there is a Board that oversees GASB and noted changes for all municipalities in the coming years.

Mr. Milazi noted the due date to the state is September 30th and is why the FY2024 results are being presented ahead of the September 30th meeting.

Mayor Pro Tem Gantt thanked Mr. Milazi for finding and fixing the gaps and thanked him and his team for putting the city back on the right track; and stated the city hired staff who were experts in their field; thanked the City Manager and asked that everyone be positive and is confident in the team.

Mr. Milazi thanked his finance team for their hard work.

Councilmember Barber noted the Engagement Letter received from Mauldin & Jenkins is address to the Governing Body, and the Audit Results should be submitted to the Governing Body, noting she does not want to have the same issues, patterns and bad behaviors of the previous management team, and asked the Auditors to help the city by assuring that the Governing Body provides proper oversight; noted that for ten months she asked for financial information, and brought several questions and concerns to the attention of the auditors, an there was no response, noting the management team was not following policy and procedures; thanked Mr. Milazi, and requested to see all of the audit adjustments that were made; noted the mismanagement of funds could have been prevented; and stated that she is serious about her role and responsibilities, and requested the proper information to allow her to do her job

Councilmember Alexander stated there is no I in team, and that all members of the Governing Body should be provided with the same information; and believes the city is on good solid footing with the current team in place, and looks forward to working with Mauldin & Jenkins, who services more than seven hundred government entities.

Councilmember Berry stated there have been tremendous progress with the new management team and believes the right team is in place to oversee the city's finances; and thanked Mr. Milazi for what has been accomplished in a short period of time, noting we know where we were, where we have been, and where we are going; noted everyone must collaborate and support staff, and make adjustments in real time with real time data, responses and reports; and noted he is pleased by what has happened in the last few months.

Mr. Edmondson noted he received the audit report last night and went through it with a fine-toothed combed, noting the city is not running from what is in the report, stating there are issues, and it is understood what happened; and referenced pages 115 -119, regarding Internal Control Deficiencies and Implementation of Segregation of Duties, noting these changes are in process; noted page 11 – 17 Unassigned General Fund is below GFOA Best Practice; and recommended the city adopt a formal Reserve Policy Limits for discretionary spending to never drop below the reserve amount; noted page 41 Budget over expenditures, and recommended the city require quarterly to actual budget reports, and to train staff on maintaining department budgets; noting he will speak more on day 3 of the Retreat with the boards and committees to follow the footprint, noting ultimately, all of the budgets for each of the city's boards and committees fall on the city; referenced page 11, noting the Franchise Fees dropped, noted Compliance Audits, Diversifying Revenue, Enterprise Fund losses,

and noted the city need to develop a 5-year plan for sponsorships; and referenced page 11 SPLOST, TSPLOST, noting an increase in funding, however, it needs to be clear that these funds are over a specific period of time and projects need to be prioritized based on the year of collections, and that based on how money comes in, you cannot spend more than what is coming in; and noted the city must adopt and prioritize a multi-year CIP (Capital Improvement Plan).

Councilmember Barber asked Mauldin & Jenkins to honor her request to provide information directly to the Governing Body, and that she has rights to every document of the city.

Councilmember Alexander called for a point of order, stating a councilmember cannot direct the Auditor.

Mayor Pro Tem Gantt thank Mr. Edmondson and Mr. Milazi for putting the policies and procedures in place, noting she is confident the city is on the right track, and noted the polices and procedures were adopted by the City Council; and noted that she agrees that Mayor & Council are entitled to requested documents of the city, noting decisions are made based on information received; and referenced the city's Civility Pledge that was adopted by the city.

Mr. Edmondson noted the FY2024 Audit Reports were being distributed to the Mayor & Council today.

Councilmember Barber reiterated that she was seeking a response from Mauldin & Jenkins to her request, and noted the Audit Report was delivered last evening, and that she has not had sufficient time to review the report, however, she trusts the direction of Mr. Edmondson, and made the request that the Governing Body receive the audit report from the auditors when it is delivered to management simultaneously, and asked Mr. Milazi when did he receive the audit report.

Mr. Milazi responded that he received the report at 5pm on September 23, 2025, and forwarded the report to the Governing Body, City Manager and City Clerk.

Mr. Edmondson noted the importance of presenting the audit today for discussion.

Councilmember Barber stated that she wants to receive the report, have an opportunity to review the report, and prepare questions or comments.

Mr. Milazi stated he has worked through the Draft copy for weeks and reviewed with the auditors and City Manager.

Councilmember Barber stated that she has trust issues, and stated the City Treasurer has had time to review the audit, the City Council has not, and is being asked to approve the document, noting she does not feel comfortable with such short notice; and asked Mauldin and Jenkins to respond to her previous request.

Mr. Wall referenced the Enron case where because of that, the rules were changed as it relates to Independent Auditors who cannot be judge and jury, and noted nothing in the audit as presented can be changed, and that regarding the Findings, the Response that is included in the Audit Report are from the Treasurer and include the Corrective Action in the audit.

Councilmember Barber stated that she is not asking for the report to make changes, and noted that as independent auditors, they did not inform the Governing Body, and submitted the report to the city's Financial Officer and City Manager; and noted her

request is not for a Draft copy of the audit and is requesting the final copy be sent to the Governing Body as well as the City Manager and City Treasurer with no interference and asked for Mauldin and Jenkins to respond that that request.

Mayor Ford directed Mauldin and Jenkins not to issue a response.

Mr. Milazi stated that he had no issue with adding the Governing Body to receive the Final Copy of the Audit, Engagement Letter, or MDA (Management, Discussion & Analysis).

Councilmember Alexander stated that he had no problem with Councilmember Barber's request, noting as with the Enron case, there could be ethical issues for the Governing Body contacting the auditors, where there could be undue influence with injecting opinions, and interfering with the results, and asked for a directive for the Treasurer and City Manager to release the documents to the Governing Body, stating that he only wants to see the Final report.

Councilmember Barber stated that her only reason for reaching out to Mauldin and Jenkins was due to the fact that she had to submit an open records request to receive the final audit report for 2022 and 2023, noting she never received the independent audit results and had to higher reach out to the state attorney general's office and pay a private attorney $5000 to issue a demand letter to the city which was ignored by legal, even though she has unfettered rights to receive the information.

The City Clerk stated the information received from the finance department and submitted to the Clerk's Office was provided to Councilmember Barber, noting the department could only provide what was submitted.

Mayor Pro Tem Gantt stated that she wants the city to follow the proper process of releasing information to the Governing Body as requested.

Councilmember Berry ask Mr. Edmondson if there were any legal ramifications on the Governing Body receiving documents at the same time as the City Manager and City Treasurer.

Mr. Edmondson stated that typically auditors shy away from that although there should not be a problem with submitting the final copy to the City Manager CFO and Governing Body.

Council member Berry asked Mauldin & Jenkins if their SOP can be changed to allow for that process to take place.

Mr. Arich noted the team would consult with their firm and share the results with the Mayor & Council.

Motion to approve the FY2024 Final Audit Report was made by Mayor Pro Tem Gantt; Seconded by Councilmember Alexander. The motion passed unanimously 4-0.

Councilmember Berry exited the meeting at 12:15 p.m.

<u>Estimated Revenues and Special Services District – Presented by: Frank Milazi, City Treasurer/CFO and Ed Wall, Financial Advisor</u>

Mr. Milazi presented estimated revenues of $32,027,508 for FY2026.

Mr. Wall noted he received an email from Henry County Tax Commissioner, Michael Harris with no movement, and that the tax bills were delayed and are due December 1, with a 95% collection projected by December 31.

Mr. Wall commended Mr. Milazi for moving city funds to an interest-bearing account, a gain of $10% or $2.7 million dollars; noted the city must be fiscally responsible going forward, noting the importance of restoring the Fund Balance, and that the city needs to squeeze its expenses.

Mr. Milazi noted the official proposed FY2026 Budget is required by the City Manager and presented to the Mayor & Council by October 31.

Councilmember Berry asked what the impact on the budget would be if the city moved with the recommendation to change the fiscal year to July to June.

Mr. Wall stated that when you transition from one fiscal year to another you have to complete an audit, and your property tax numbers will look off because those would be from June 30 to September 30.

Councilmember Berry noted that the city has made a concerted effort to change the contract renewals to coincide with the current budget cycle.

Mr. Milazi noted contracts are one year and must be renewed annually.

Mr. Wall noted that with a change to the fiscal year, the contracts would be renewed for six months or 1 ½ years to get on the new schedule and fund them one year at a time.

Mr. Edmondson agreed, noting the contracts are only for one year.

Mr. Wall noted per the Georgia Constitution, you cannot bind your successors in office.

Councilmember Alexander noted the payment schedule for the bonds were aggressive with paying off the Amphitheater with a low interest rate.

Mayor Ford noted while this is a public meeting, there are no public comments from attendees.

Mr. Edmondson stated that at a 95% rate, penalty fees offset the 5% gap.

Councilmember Alexander noted the city needs to pass off events to sponsorships and be more aggressive in securing outside funding for events.

Mayor Pro Tem Gantt stated that in the past fees were lower for vendors, and that the fees need to reflect the demand.

Mr. Milazi stated the city needs to reverse the free credit card fees and pass a Resolution to reflect that, noting the city is absorbing the fees.

SSD - Special Services District – Mr. Ed Wall, and John Ernst

Mr. Wall referenced the SSD map approved by the City Council, noting the idea is patterned after Brookhaven, and is a new tool in the toolbox that could help the city generate an estimated $600 million dollars, noting the Tax Assessor shows $400 million and that there is $200 million missing that needs to get resolve with the Tax Commissioner.

Mr. Wall noted the SSD could fund projects such as the Community Center, the Cultural Arts, Center and take the pressure off the General Fund; noting 1 mil = $400,000 to $600,000, and the projects need to be identified.

Mr. Ernst noted once the SSD budget is produced, you then need to determine the project budget and that process is: 1) Bottom Line Number is given to the Architect 2) Architect determines programming budget, depending on funding 3) Nail down a strategy.

Mr. Milazi noted this is separate from the city's General Fund Budget, and the two are not intertwined, noting the city's millage rate of 3.77 for 2026.

Councilmember Alexander noted the SSD applies to current commercial and stated the city needs has momentum and stated there is $10 million in the current SPLOST and noted the city should repurpose the $24 million dollars bonded for the Cultural Arts Center, noting the designed has already been prepared by TSW, and could go toward a multi-generational community center; along with improvements to the downtown infrastructure.

Mayor Ford asked if SSD funds could be used to pay off city hall.

Mr. Ernst's response was yes.

Mayor Ford asked if TSPLOST Projects could be paid with SSD funds.

Mr. Ernst's response was yes.

Mr. Wall noted the City Hall bonds will mature in 2031.

Councilmember noted that the SSD consist of commercial and industrial properties, and are non-homesteaded properties, and that the downtown area is her duly elected district, and noted the map was difficult to read, and asked that the map be updated to include Stockbridge Lakes, if it is not already included.

Mr. Anderson noted his department GIS personnel would create a revised map with better visibility.

Mr. Wall thought the location may have been captured, and noted Apartments and Townhomes are considered commercial as well.

Mr. Ernst noted that if any additional properties are added to the map, their must be a new map adopted prior to December 31.

Mr. Wall noted this is not a replacement tax, but instead a brand new tax for commercial businesses, noting with the amenities that can be brought to the community, they will reap the benefits.

Mayor Pro Tem Gantt asked what the estimated revenue will be.

Mr. Wall noted that every 1 mil = $400,000 - $600,000.

Mr. Ernst stated that if there are no changes, the city can move forward.

Mayor Pro Tem Gantt asked for the next steps.

Mr. Wall stated their needs to be a more detailed map created by the city's GIS department.

Mr. Ernst stated the city needs to get a real digest resolved in October.

Attorney Washington noted the map included annexed properties from the 2022 Referendum.

Mr. Ernst noted the city needs to prioritize the projects.

The City Clerk read the list of prioritized projects from the March 2025 Retreat: Community Center, TSPLOST Projects, Downtown Development, Wayfinding, and City/Municipal Buildings.

Mr. Wall noted there needs to be an amount to determine the SSD millage rate and instruct staff to assign estimated costs for the projects.

Mr. Milazi noted money has been borrowed from the General Fund to pay for SPLOST and TSPLOST projects, and as that revenue comes in, it has to be paid back to the General Fund.

<u>FY2026 Proposed Budget Presentations – Presented by Frank Milazi, Treasurer/CFO</u>

Mr. Milazi noted the requests from the department budgets are to serve the residents and businesses of the city; noted salaries and benefits have all been updated with the exception of pension and insurance, which has a projected 8% increase.

<u>Financial Administration Department Budget – Presented by Frank Milazi, Treasurer/CFO</u>

Mr. Milazi noted Drug Testing is moving to the HR Budget, Software is moving to the IT Budget, and that the Finance/Administration bottom line will increase due to health insurance, pension, and increased auditing duet to the extra work related to the Amphitheater, investigations and other request of staff; noted Tyler maintenance agreements and the Grant Writer moved from Executive to Finance; not bank charges will reduce now that the funds have been moved to an interest-bearing account; noted there was no training in 2025, and that account will increase noting the importance of staff education and training; and noted several staff members will require memberships.

Mr. Milazi noted there will be segregation of duties assigned, noting the department is currently understaffed, and has no administrative staff person and no Grants Administrator.

Mayor Ford asked about the Homestead Exemption staffing.

Mr. Milazi noted that job description was revised and converted to an Accounts Receivable position, noting the city did not have a segregated A/R person; and now all funds received are collected through that position; noted there are now two Accounts Payable staff personnel.

Councilmember Barber asked if personnel are being requested.

Mr. Milazi noted the requests for additional finance personnel will be made to the City Manager.

Mr. Milazi referenced the OpenGov software that the city has spent $250,000 to date and nothing has been done to implement it, and that he will meet with the vendor and City Manager on going forward, noting the city's former Management Analyst was the project lead and point of contact.

Councilmember Barber asked if there is a clause to terminate.

Mr. Edmondson noted his request to review all department contracts, and will assess OpenGov, along with other contracts.

<u>Non-Departmental Budget – Presented by Frank Milazi, Treasurer/CFO</u>

Mr. Milazi noted the Website line item was moving to the IT Budget.

Councilmember Alexander requested decorations in District 5 in the Bridges of Jodeco area.

Ms. Fareed noted Main Street has requested lights in the trees in the downtown area year-round to enhance the area.

Mr. Sanders noted there was a request for $4500 for outlets being added to the poles along M L King Sr. Heritage Trail in 2025.

Councilmember Barber noted the downtown area is Council District 4 that she represents and is requesting that decorations be placed in every corner of the city, in every district.

Councilmember Alexander referenced the VyStar contract where an electronic/digital sign is required to be installed by December 31.

Attorney Washington exited the meeting at 2:15 p.m.

<u>Executive Department Budget – Presented by Frank Milazi, Treasurer/CFO</u>

Mr. Milazi noted the Copier Rental line item was moving to IT; noted an increase in membership expenses; noted miscellaneous will be adjusted to $1000.00; noted Contingency has never been more than 5% of the total budget; and stated in 2025, personnel was underestimated.

<u>Day One Recap – Presented by Shawn Edmondson, City Manager</u>

Mr. Edmondson stated there was great information provided, and that the biggest item being the revenue, noting it to be conservative; noted the biggest takeaway is moving forward and finish what has been started in 2026, noting the resources and the ability to get it done is there, and that there needs to be proper planning and map it out; and to also be responsive to the residents of the community that we serve.

Motion to adjourn at 2:25 p.m. was made by Councilmember Alexander; seconded by Mayor Pro Tem Gantt. The motion passed 3-0.

Respectfully submitted by:

Vanessa Holiday, City Clerk	Anthony S. Ford, Mayor