

**CITY OF EUHARLEE
CALLED CITY COUNCIL MEETING MINUTES
AUGUST 15, 2023**

Mayor Craig Guyton called the meeting to order with a prayer followed with the Pledge of Allegiance.

The following were present: Mayor Craig Guyton, Council Members Tim Abbott, Greg Free, David Duncan, Joe Turner, and City Manager James Stephens.

2022 Audit Presentation – Christian Hatch, Williamson & Co. CPAs

On behalf of Williamson, CPA's, Christian Hatch, CPA said thank you to Mayor, City Council, and management for allowing them to conduct the audit of the city's financial statements for fiscal year ending December 31, 2022. The audit was conducted in accordance with the auditing standards generally accepted in the United States and the standards that apply to financial audits of local government. The purpose of the audit was for them to issue their opinion of the city's basic financial statements, and to report on the city's internal controls over financial reporting and compliance. The document contains two audit reports. The independent auditors report on the financial statements on page 1, where their opinion on the financial statements is located. For the year-end December 31, 2022, the city received an unmodified audit opinion on its financial statements. It means the basic financial statements were fairly presented in all material respects in conformity with the general accepted accounting principles in local governments. In other words, they had a clean opinion. The other audit report is on page 31, relates to the city's internal controls over financial reporting and compliance and their responsibility in considering those items in the audit. For the 2022 audit period they identified no material weaknesses in the city's internal controls over financial reporting, no material compliance violations, and no financial statement findings. He reviewed some of the financial points of interest for the fiscal year ending December 31, 2022.

Page 4 – Statement of Net Position – Year-end the city assets exceeded total liabilities by \$12,349,552. It was an increase from net position in 2021 in the amount of \$1,087,168.

Page 5- Statement of Activities – The total tax revenue for 2022 including SPLOST collections was 3.52 million representing an increase of \$816,050 in overall tax revenue from 2021. In addition of the return of the property tax levy in 2022, sales tax, franchise tax, insurance premium tax, excise tax, and SPLOST receipts all increased from the prior year. The city also increased nontax revenue in the first year of collections of citations generated through speed zone cameras.

Page 7- Balance Sheet of Governmental Funds – The total cash balance at year end including cd's increased by \$1,892,593 and totaled a little over 4.78 million at year-end. Of that amount, 3.7 million was externally restricted for capital projects, debt service, local road maintenance improvements, and law enforcement activities and continuation of federal programs. The increase was driven by an accumulation of unspent SPLOST collections and the last draw down of the federal American Rescue Plan funds that were also unspent at year end. The city received \$815,098 in American Rescue Funds in 2022. These federal funds are considered deferred revenue until spent within the guidelines of the American Rescue Plan Act passed by Congress of March 2021. The funds will be recognized as revenue as they are spent down.

Page 10 - General Fund Budget and Actual Statement- The general fund which is the city's main operating fund ending 2022 with a balance of \$1,374,198. This was an increase of \$298,360 from the year-end fund balance. On the revenue side, the total general fund revenue increased by \$565,779 from 2021. The revenue increase was expected due to the city's decision to levy property tax in 2022 after skipping the

levy in 2021. The city also experienced a 23% increase in local option sales tax (LOST) tax collections for 2022. Overall, the general fund collected \$270,144 more than the final budgeted amount. On the expenditure side, the general fund came in at \$83,216 under the total final budgeted departmental expenditures for 2022. No department within itself went over budget in the 2022 line-items. The total actual general fund expenditures for 2022 were \$172,773 higher than the 2021 amount. The bulk of the general fund expenditures came from the concentration in the public works department for the improvement to the covered bridge paid out of the general fund.

Page 17 – Capital Assets – There were many capital additions during the fiscal period including (4) vehicle purchases, new mowing equipment, property improvements at the covered bridge, Joe Cowan Park, and Osborne Park. No new debt was issued in 2022 and the city was debt free at the end of the year.

Pages 22, 23, and 24 contained statements for the activities related to 2014 SPLOST funds, and 2020 SPLOST funds for the 2022 year with additional information on prior year activities. The city collected \$1,144,142 dollars in SPLOST revenue for the fiscal year 2022. Total expenditures for this year was \$261,160; the majority was for property improvements and capacity fees. At year end there was \$4 million dollars unspent 2020 SPLOST funds available for restricted purposes. For a detailed look at current and historic SPLOST project activity you can also refer to the SPLOST schedules on page 33.

Mr. Hatch said the items he had spoken on were just a brief summary of the financial activities for the city of Euharlee for 2022 and asked if they had any specific questions, he would try to address them at that time or any time after the meeting.

Council Member Tim Abbott stated he asks the same question every year. It is a glowing report and Mr. Stephens is an excellent manager of the city funds and the citizens' funds. He asked if there were areas, he would see that are risks, and are they being too conservative. Mr. Hatch stated he did not feel the city is being too conservative. The only risk would be internal controls related to financial reporting. Without the debt service it takes a lot of the adjustments out they have to make at year end. The other things they look for is year-end accruals and financial closings and the internal controls behind those to see what has been going on which they feel good about. There were fewer auditing entries in the 2022 audit than in previous years. He asked Council Member Abbott if he was referring to too much cash as being too conservative. It being a small city you can only deploy so quickly, so he thinks it is fine to accumulate with all the federal funds received with the ARP funds alone.

Public Hearing – Millage Rate Discussion

Mayor Craig Guyton opened the public hearing for comments and discussion. Resident Ron Hartman asked if the 1.61 rollback rate the council would vote on represented the same revenue as the prior year and what is included in the rollback calculation. Mayor Guyton explained at the last meeting the council discussed the 1.729 roll back. He asked the City Manager, James Stephens, to add the second page that shows a rollback of 1.61 for the council to discuss as well. The 1.729 is 6% higher revenue collection than the prior year, and the 1.61 comes in at a negative .5%. Mr. Stephens explained the calculations. The 1.729 rollback takes in consideration property that has been reassessed and true growth. The 1.61 rollback takes out the true growth. The state code requires the reassessed increase to be included. This was presented to be totally transparent. There were no other discussions, and the public hearing was closed.

UNFINISHED AND NEW BUSINESS

1st Reading Noise Ordinance Amendment – Katie Gobbi

Katie Gobbi, Community Development Director presented the 1st reading amendment to the noise ordinance. The recommendation came from the police department for clarification and simplicity to the

table currently in the noise ordinance that include different times, days of the week and months of the year. The recommendation for the changes come from the Planning and Zoning Commission and the police department to remove the table and add in Section 7, Paragraph 11, specific times for residential property to comply from 11pm – 7am, and non-residential property from 10pm - 7am beyond 50 feet of the boundary. It will be easier for the officers to enforce it. After the discussion with the council and with Chief Matthews, it was agreed for residential, non-residential, and commercial property times and days to be 10pm - 8am, Monday - Thursday; and 11pm - 7am, Friday - Sunday. The changes will reflect at the 2nd reading.

1st Reading Section 6.7 Home Based Occupation Amendment – Katie Gobbi

Katie Gobbi, Community Development Director presented the council with a copy of Section 6.7 of the Zoning Ordinance that relates to the home occupation offices. The recommendation from the Planning and Zoning Commission at the July meeting to remove barber shops, beauty parlors and animal grooming from the home-based businesses that are prohibited and to allow them in residential with only one stylist. The assistant clerk noticed while doing business licenses, since COVID, a lot of stylists and barbers are not planning to go back into their salons. There are Secretary of State regulations that govern what they can and cannot do. The changes will be added for the second reading at the September 5th meeting.

1st Reading Land Subdivision Regulation Amendment - Katie Gobbi

Katie Gobbi, Community Development Director provided the full ordinance of 50 pages with changes and recommendations that came from the Third-Party reviewer. Aside from the amendment that was passed early in the year, the last time the ordinance was amended was 2006. There are several changes that were recommended from the reviewer and the Planning and Zoning Commission. Due to it being a large document, Ms. Gobbi suggested the council take it with them and send questions or review at the next meeting. Council Member Joe Turner stated that he would like to receive the documents prior to the meeting and at the 2nd reading they will be able to vote on the finished product. The council agreed with Council Member Turner. The 2nd reading will be included on the agenda for the September 5th meeting.

Millage Rate Discussion – Mayor Craig Guyton

Mayor Craig Guyton stated that he already alluded to it after Mr. Hartman spoke to it in the public hearing discussed two weeks ago, and once the 5-year digest was prepared for him; the 1.729 mills comes to 6.4% of new growth. It was explained to him perfectly by Mr. Stephens. Take away the new growth and it is basically 0%, which is what he would prefer, and asked him to advertise 1.61 mills. They were able to do so because it was lower, side by side. If it were higher, a public hearing would be required.

Mayor Guyton shared an example Mr. Stephens shared with him; if a home was valued at \$200,000, the 1.729 mills come out to \$135 per year and a fraction of over \$10 per month. The 1.61 rate comes out to \$125 per year. At either rate, the budget will be fine with a \$18,000 decrease at the lower rate. Mayor Guyton stated he was in favor for the 1.61 mills.

Council Member David Duncan stated it was his first-time hearing about the 1.61 mills and personally would like to stay with the 1.729 mills. He does not want the city to go under.

Council Member Greg Free asked if the 1.61 mills would keep them in the ball game with projects and ongoing maintenance. Mr. Stephens said he was comfortable, and the total tax levy would come in at \$276,409.

Mayor Guyton added he was aware of the road improvements and other repairs that will take them over budget and have to use some of the fund balance; and with one-hundred percent transparency, the \$20,000 will come out of the fund balance, which may involve raising the rate next year depending on what is needed to fix roads and desperately needed repairs.

Council Member Free said he received feedback in reference to the millage rate, and people do not have a problem with a millage rate when they see their money being reinvested back into the community. He is okay with the 1.61 mills as long as the city continues to improve.

Council Member David Duncan motioned to approve the 1.729 millage rate. There was no seconded to the motion. Council Member Greg Free motioned to accept the 1.61 millage rate. Council Member Tim Abbott seconded the motion. The motion carried with all voting in favor.

Public Comments

Resident Steve Gray stated after speaking at the previous meeting, he would like to increase the cost for the amphitheater to \$75,000 if the city did the work. He said \$50,000 previously. He asked about the size and the cost of the stage. Mr. Stephens said the seating area is 522 square feet and they did not have the cost for only the stage. Mr. Gray said would like to have further discussion about the cost. He shared about flood plain with mosquitos, and the safety of the children with the location of the playground and the amphitheater.

Resident Ron Hartman asked the current cash balance, how close is the city to the 2 million reserves, and how many months. Mr. Stephens said 6.22 months. The cash balance is about 1.892 million and 1.3 million of that is restricted. The ARP funds and SPLOST funds are designated for Frankie Harris Park. The total cash on the balance sheet for the beginning of the year was \$1,892,593.

Mr. Hartman was trying to determine how well the city was doing compared to the policy that is in place. It sounds like the city is in great shape. Mr. Stephens added the bottom threshold is 4 months up to 2 million and currently at 1.3 million.

Fred Werner asked were drawings submitted with the proposals for Osborne Park and are they available. He would love to see the difference between each firm. Mr. Stephens said they are available to review.

Peter Piliero shared that the noise ordinance for 11 pm should be only for Friday and Saturday night.

Council Member Tim Abbott motioned to adjourn. Council Member Greg Free seconded the motion. The motion carried with all voting in favor.

With no further discussion the meeting adjourned at 7:59 pm.