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**CITY OF STATESBORO  
COUNCIL BUDGET WORK SESSION MINUTES  
May 14, 2024**

A work session of the Statesboro City Council was held on May 14, 2024 at 2:00 p.m. in the Council Chambers at City Hall. Present were Mayor Jonathan McCollar, Council Members: Ginny Hendley and Shari Barr. Also present was City Clerk Leah Harden, City Attorney Cain Smith, City Manager Charles Penny, Assistant City Manager Jason Boyles, Finance Director Cindy West. Absent was Councilmembers, Phil Boyum, Paulette Chaves, and John Riggs.

Mayor Jonathan McCollar called the meeting to order.

**Review of the Proposed City of Statesboro Fiscal Year 2024 Operating Budget.**

City Manager Charles Penny presented the “City Manager’s Proposed FY 2025 Annual Operating Budget.” The FY 2025 budget objectives include, retaining and recruiting exceptional employees, emphasis on utility infrastructure growth, tax base and revenue growth, and an emphasis on public safety. The FY 2025 budget highlights include a 10% total decrease from FY2024, a 13.5% General Fund increase, a balanced budget, and an increase to the sewer rates, tap fees, and aid to construction fees.

Compensation and benefits review includes a full year of the new pay plan that was done by the City’s consulting firm Condrey and Associates that was implemented in January of this year. The federal inflation rates in 2022 was 6.5% in 2023 6% and in 2024 3.5%. In addition the continuation of pay for performance. The current & future opportunities are to position Statesboro for growth in the region, grow the downtown center, keep the pay plan up to date, and advance a creative, inclusive, and professional culture.

Mr. Penny continued with concerns and unknowns stating that a significant amount of fund balance will be necessary to balance this year’s budget and that nearly 20% of the total value for real and personal property is non-taxable. We are also looking at labor market challenges.

The projected FY 2025 Budget in brief includes the general fund, enterprise funds, special purpose sales tax funds, hotel/motel tax, and grant funds. The General Funder operating expenses, Fire Service, Water/Sewer, Stormwater, Natural Gas, Solid waste Collection, and Solid Waste Disposal came in at \$49,380,798 in FY 2024 and is proposed \$51,563,921 for FY 2025. Excluding internal funds and fund transfers total expenditures for FY 2025 comes in at \$93.5 million down from current fiscal years’ \$103.9 million. The General Fund expenditures will increase about \$1.2 million which is about 8% due to personnel, benefits, as well as increases in operating costs.

Revenue trends reflect an 8% overall increase in General Fund revenues and a 12% increase in the property tax digest while franchise fees remain flat. Mr. Penny presented a bar chart showing the City’s current property tax rate compared to other cities comparable to Statesboro. Statesboro is in the middle of the pack with a tax rate of 8.125. The City has a lower rate than that of Bulloch County Board of Commissioners and the Board of Education. A one mill increase for Statesboro would generate a little over \$900,000. In the proposed budget we are showing an increase in our property tax revenue, from growth and from a possible increase in the millage rate in order to balance the budget. The city is at a good place when it comes to debt service there is just a small amount of debt in the general fund.

When we look at balancing the budget \$730,755 of fund balance will be used to balance the General Fund and \$34,476 of fund balance for the Fire Fund. The General fund highlights include authorization for the police department to over hire 4 additional officers. The percentage of general fund budget applied to

salary and benefits is 62.7%. Projected increased expenditures include salaries and benefits, transfer to the fire fund, debt service, liability insurance, transfer to the CIP fund, and one new position in the planning department. The public safety highlights affecting the proposed budget include the five mile district agreement with Bulloch County in which we are in the last year of the agreement. The agreement automatically renews unless the county would choose to stop the district. Also is the need for a third fire station and the possibility of a fire fee.

City Manager Charles Penny reviewed the fund appropriation levels. The Statesboro Fire Service Fund includes a third fire station as well as a study for the feasibility of a fire fee. The General Capital Fund includes a \$50,000 GMA Lease Poll for replacement trucks in Public Works and the Parks Division. The water/sewer fund reflects a 10% fee increase for residential and commercial sewer usage, water and sewer tap fee increase, aide to construction fee increase, and utility infrastructure expansion. The stormwater fund does not include a fee increase but to maintain a fund reserve and to implement essential capital projects. The natural gas fund is to continue pursuing opportunities for expansion and system growth as well as to study the expansion of infrastructure trunk line. Solid waste collection is to meet increasing service demand, increase transfer to the General Fund, two new positions a refuse collection equipment operator and a refuse collector to add an additional route as we currently operate 2 routes per day, 1 truck per route, 4 days a week. Solid waste disposal fund has included expansion the inert landfill.

The capital project priorities include housing rehabilitation, using interest earned from ARPA funds for replacement housing, sewer installation in unserved areas, and enhanced roadways, sidewalks, and intersection improvements to accommodate growth.

Mr. Penny presented what a 1 mill rate increase would look like on a home valued at \$200,000. The taxes on a home valued at \$200,000 assess at 40% with the current rate of 8.125 is \$633.75. The same home with a 1 Mill increase comes out at \$711.75 and increase of \$78 a year. A 1 mill rate increase would provide the funding to balance this budget. With the current interest rates we have the ability to use about \$1 million in interest earnings to balance the budget and prior to FY 2023 we were averaging less than \$25,000. So we need to take caution on balancing the budget using interest.

In summary the FY 2025 budget is financially sound, has strong reserves, good growth in property values, new investment, and looking out for our employees. We could balance the budget without increasing the millage rate and would require the use of \$1.7 million in fund balance leaving the fund balance at 23% which is below the City's policy of a 25% fund balance. A millage rate increase would allow the city to balance the budget using \$700,000 in fund balance leaving us at 27% in fund balance.

The city must continue to expand the base and a way to do that is by accepting voluntary annexations and through development. The city has approved zoning for over 3100 residential units with potential for additional rezoning requests and new commercial/retail developments help to grow the tax base and revenue.

The next steps for the FY 2025 budget are holding a Public Hearing on June 4th during the regular council meeting followed by budget adoption set for the June 18th council meeting.

No action taken.

The meeting was adjourned at 3:24 pm

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Jonathan McCollar, Mayor

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Leah Harden, City Clerk