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**CITY OF STATESBORO  
COUNCIL BUDGET WORK SESSION MINUTES  
May 12, 2026**

A budget work session of the Statesboro City Council was held on May 12, 2026 at 2:00 p.m. in the Council Chambers at City Hall. Present were Mayor Jonathan McCollar, Council Members: Tangie Johnson, Paulette Chavers, John Riggs 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 Councilmember Ginny Hendley.

Mayor Jonathan McCollar called the meeting to order.

**Review of the Proposed City of Statesboro Fiscal Year 2026 Operating Budget.**

City Manager Charles Penny opened the budget presentation by characterizing the FY 2027 budget as the most challenging budget he had prepared to date, emphasizing that it contains no surprises but is a lean, foundational document focused on sustaining core city operations. The presentation covered budget priorities, revenue trends, expenditure increases, fund balances, and the primary fiscal challenge driving the proposed millage rate increase.

**Budget Priorities and Overview**

Mr. Penny outlined four central priorities for FY 2027: public safety, employee retention and recruitment, utility infrastructure investment focused on natural growth areas, and expansion of the city's tax base. He noted that employee turnover has remained below 5 percent for each of the past two years, which he credited to competitive compensation but also acknowledged means budgeted funds are fully expended with fewer vacancy savings. No new personnel positions are included in this budget.

The total proposed budget across all funds amounts to approximately \$110,865,965, compared to \$106,930,650 in FY 2026 — a roughly 5 percent overall increase. After netting out inter-fund transfers, total expenditures are approximately \$90,148,430, with total operating funds of \$62,780,440 for FY 2027, up from approximately \$59 million in FY 2026.

**Revenue Trends and Tax Base Growth**

Mr. Penny reported approximately \$700,000 in new revenue growth attributable to recent development activity, including major residential and mixed-use projects such as Charm (a \$62 million development), Grant Point apartments on Lovett Road, developments along Stockyard Road and Miller Street Extension, and Bryant Plan. He noted that the Old Register Tax Allocation District (TAD) revenue is not yet factored in, as that debt must first be retired. Commercial development growth was acknowledged as more limited.

For property tax revenue projections, the City is conservatively using an 8 percent property tax digest growth figure pending final numbers from the Tax Assessor's Office. Mr. Penny expressed optimism that the actual figure may be higher. Franchise fee revenue was also highlighted as a positive trend, projected to grow from approximately \$2.3 million to \$2.5 million.

The current millage rate stands at 8.625 mills. For context, Bulloch County's rate is 11.335 mills and the Board of Education's rate is 10.4 mills. The historical low for the City's millage rate was 6.358 mills.

**Compensation and Employee Benefits**

Staff recommended a 2 percent pay adjustment for all employees. This recommendation is below the 3 to 3.5 percent adjustment suggested by the City's compensation consultant, reflecting sensitivity to the

financial burden on citizens. The inflation rate as of March 2026 stood at 3.3 percent. Council was also informed that a 15 percent increase in employee-related insurance premiums is being recommended — the first such increase in seven years. Because these premiums are pre-tax deductions, staff noted the effective impact on employees is reduced. A separate discussion regarding retiree health insurance is planned for the next work session, as figures were still being finalized.

#### General Fund and Fire Service Fund

The General Fund budget (combined with the Statesboro Fire Service Fund) increases from approximately \$32.3 million in FY 2026 to approximately \$33.7 million in FY 2027, representing a 5 percent increase. Approximately 75 percent of the combined general fund and fire fund budget is comprised of salary and benefit costs.

Key expenditure increases within the general fund include:

- Flock License Plate Reader Equipment: \$170,000, previously covered by a grant that has expired. The technology has been instrumental in solving crimes and the City intends to continue the program at its own cost.
- Streetlight Electricity: An increase of \$100,000.
- Credit Card Processing Fees: An increase of \$80,000.
- Fusus Camera Network (Annual Contract): Previously grant-funded; now absorbed into the operating budget.
- Increased Transfer to Fire Service Fund: The single largest driver, rising from \$3,200,000 to \$7,400,000.

#### Statesboro Fire Service Fund — Primary Budget Challenge

Mr. Penny identified the dissolution of the Bulloch County Fire District as the central fiscal challenge of the FY 2027 budget. The loss of the fire district agreement, which took effect in July 2025, eliminated approximately \$2,755,000 in revenue. Additionally, the SAFER grant — which funded 12 firefighter positions at approximately \$3,000,000 — is set to expire in August 2026. Together, these losses require the City to fully absorb the cost of a fire department that had previously been partially subsidized. He also noted that the department added dispatchers to improve fire ground management, removing reliance on the county 911 center during active incidents.

To bridge the gap in FY 2026, the City made inter-fund loans from enterprise funds — \$1,800,000 from the Water Fund, \$700,000 from the Solid Waste Collection Fund, and \$680,000 from the Natural Gas Fund — to be repaid over ten years. Staff advised that this approach was not sustainable and could not be repeated for FY 2027. The new fire station, funded through SPLOST, is anticipated to come online in late summer 2026, with a new quint fire truck expected for delivery around the same time.

Staff recommended completing a feasibility study for a fire service fee as a potential future funding mechanism, though this was not incorporated into the current budget calculation. Mr. Penny noted that any implementation of a fire service fee should ideally be supported by legislative clarity to avoid litigation risk.

#### Fund Balance and Millage Rate Recommendation

The budget is balanced using only \$205,210 from the General Fund, fund balance. The City's policy target is to maintain a 25 percent fund balance. With the General Fund budget rising to approximately \$32 million, the required fund balance to meet that target is approximately \$8,000,000. Staff acknowledged that the FY 2026 ending fund balance is projected to fall short of the 25 percent target — estimated at approximately 19 to 21 percent — due to the increased transfer to the fire fund. The FY 2026 fund balance is expected to close at approximately \$6.5 million, pending year-end reconciliation.

To fully fund operations for FY 2027, staff identified a required increase of \$3,835,000, driven entirely by the dissolution of the fire district and the expiration of the SAFER grant. Staff presented the alternative of not increasing the millage rate, concluding it would require the elimination of approximately 40 positions citywide — a step the City Manager stated he could not recommend, as it would severely degrade service delivery to residents.

The proposed millage rate increase would result in an estimated annual tax increase of approximately \$376 for a home valued at \$250,000 (taxed at 40 percent of assessed value, with homestead exemption applied), rising from approximately \$845 to approximately \$1,225 per year.

Critically, staff noted this is expected to be a one-year impact. Beginning in July 2027, the City anticipates receiving Floating Local Option Sales Tax (FLOST) funds — estimated at approximately \$3,500,000 annually — which would allow the millage rate to be rolled back to approximately its current level in FY 2028.

#### Enterprise and Utility Funds

No rate increases are proposed in the Water and Sewer Fund (\$12.3 million, a 3 percent budget increase), Stormwater Fund (\$1,016,000, a 5.8 percent budget increase), Natural Gas Fund (\$5.8 million, a 6.9 percent decrease driven by market conditions), Solid Waste Collection Fund (less than 1 percent increase), or Solid Waste Disposal Fund (10 percent increase). The City Manager noted that the Natural Gas Fund is market-sensitive and capacity expansion — particularly for industrial use in the southern corridor toward Highway 16 — will be a priority in future planning.

#### Capital Project Priorities

Staff identified housing rehabilitation and sewer installation in unserved areas as key capital priorities, funded in part through SPLOST and residual ARPA funds. Several neighborhoods — including Fox Lake, Ramblewood, and Quail Run — have already received sewer connections. Additional areas remain to be served and funds have been set aside for that work.

#### Next Steps

Mr. Penny indicated that the proposed budget will be made available to the public online beginning the following Monday and will be available in the City Clerk's office for public review. A public hearing is scheduled for June 2, 2026, with formal budget adoption anticipated on June 16, 2026. Additional discussion of retiree health insurance matters is planned for the next work session.

Mayor McCollar offered closing remarks, characterizing the budget situation as sobering but avoidable, and noting that the 47-year partnership with the county was disrupted by a decision made without the presence of senior county leadership.

No action was taken.

The meeting was adjourned at 3:07 pm

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Jonathan McCollar, Mayor

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Leah Harden, City Clerk