

City of Harrisonburg

Debt Information





City of Harrisonburg, VA

Financial Management Debt Policies

1. Net general bonded debt as a percentage of the assessed value of real taxable property should not exceed 6%.

Assessed Value of Real Taxable Property (FY 2018) = \$4.1 billion

Net General Bonded Debt (June 30, 2018) = \$145,629,831

Policy Limit = \$248,106,804

Available = \$102,476,973

- Principal retirement approximately \$9.3 million in FY 2019 increasing in increments to \$10.3 million in FY 2023.
- Using CIP estimates of \$94 million (plus costs of issuing the debt), the ***available capacity would be \$8 million.***



City of Harrisonburg, VA

Financial Management Debt Policies

2. Net general bonded debt expenditures as a percentage of expenditures shall not exceed 15% (inclusive of the school board expenditures net of City transfer to the school board).

Total Net Budgeted Expenditures (FY 2018 Adopted Budget) = \$158,339,553

Net General Bonded Debt Expenditures = \$12,972,053

Policy Limit = \$23,750,933

Available = \$10,778,880

- Annual debt service fully phased in is approximately \$6 million.

City of Harrisonburg, VA

Real Estate Tax Rate Equivalents



Fiscal Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
2019	1 ¢	-	-	-	-	-
2020	6.5 ¢	0.7 ¢	-	-	-	-
2021	5.9 ¢	5.2 ¢	-	-	-	-
2022	-	6.7 ¢	6 ¢	0.2 ¢	-	-
2023	-	-	7.2 ¢	6.4 ¢	0.7 ¢	-
2024	-	-	-	6.2 ¢	5.5 ¢	-
2025	-	-	-	-	7.4 ¢	6.7 ¢
2026	-	-	-	-	-	4.1 ¢
Total	13.4 ¢	12.6 ¢	13.2 ¢	12.8 ¢	13.6 ¢	10.8 ¢

*Scenario 1 assumes HCPS timeline. Remaining scenarios pushes borrowings out one full fiscal year.

**Details at end of presentation.

City of Harrisonburg, VA

Real Estate Taxes



Real estate taxes for a \$100,000 home and per year increase in real estate taxes to be paid for each scenario:

	<u>Current</u>	<u>Increase</u>	<u>Total</u>
• Scenario 1	\$850.00	\$134.00	\$984.00
• Scenario 2	\$850.00	\$126.00	\$976.00
• Scenario 3	\$850.00	\$132.00	\$982.00
• Scenario 4	\$850.00	\$128.00	\$978.00
• Scenario 5	\$850.00	\$136.00	\$986.00
• Scenario 6	\$850.00	\$108.00	\$958.00



City of Harrisonburg, VA

Real Estate Tax Rate Comparisons

Select locality real estate tax rates (per \$100 of assessed value):

- Harrisonburg \$0.85
- Charlottesville \$0.95
- Lynchburg \$1.11
- Staunton \$0.97
- Waynesboro \$0.87
- Winchester \$0.91
- Rockingham County \$0.74

City of Harrisonburg, VA

Other Considerations



- **The increase in operating costs of the second high school estimated by HCPS to be approximately \$1 million. This is equivalent to 2.5¢ on the real estate tax rate.**
- **Consider phasing in tax rates regardless of the timing of the borrowing scenario.**

City of Harrisonburg, VA

Detailed Borrowing Scenarios



10-Year Debt Service Schedules with Scenarios 1-6

City of Harrisonburg, VA

Scenario 1



General Fund (Tax Supported)

Fiscal Year	Existing Debt		New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)	School Borrowing	Increase (Decrease)	
2019	\$ 16,551,943	\$ 445,380	\$ 380,000	\$ 825,380	1 ¢
2020	16,469,314	(82,629)	3,055,000	2,592,371	6.5 ¢
2021	15,873,866	(595,448)	6,025,000	2,374,552	5.9 ¢
2022	15,591,171	(282,695)	6,025,000	(282,695)	-
2023	15,487,116	(104,055)	6,025,000	(104,055)	-
2024	15,010,848	(476,268)	6,025,000	(476,268)	-
2025	15,013,067	2,219	6,025,000	2,219	-
2026	13,693,382	(1,319,685) A	6,025,000	(1,319,685)	-
2027	13,211,771	(481,611)	6,025,000	(481,611)	-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)	-

A: Middle River Regional Jail Agreement

B: Current High School

Total 13.4 ¢

City of Harrisonburg, VA

Scenario 2



General Fund (Tax Supported)

Fiscal Year	Existing Debt		School Borrowing	New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)		Increase (Decrease)		
2019	\$ 16,551,943	\$ 445,380	\$ 0	\$ 445,380		-
2020	16,469,314	(82,629)	380,000	297,371		0.7 ¢
2021	15,873,866	(595,448)	3,055,000	2,079,552		5.2 ¢
2022	15,591,171	(282,695)	6,025,000	2,687,305		6.7 ¢
2023	15,487,116	(104,055)	6,025,000	(104,055)		-
2024	15,010,848	(476,268)	6,025,000	(476,268)		-
2025	15,013,067	2,219	6,025,000	2,219		-
2026	13,693,382	(1,319,685) A	6,025,000	(1,319,685)		-
2027	13,211,771	(481,611)	6,025,000	(481,611)		-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)		-

A: Middle River Regional Jail Agreement

B: Current High School

Total 12.6 ¢

City of Harrisonburg, VA

Scenario 3



General Fund (Tax Supported)

Fiscal Year	Existing Debt		School Borrowing	New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)		Increase (Decrease)		
2019	\$ 16,551,943	\$ 445,380	\$ 0	\$ 445,380		-
2020	16,469,314	(82,629)	0	(82,629)		-
2021	15,873,866	(595,448)	380,000	(215,448)		-
2022	15,591,171	(282,695)	3,055,000	2,392,305		6 ¢
2023	15,487,116	(104,055)	6,025,000	2,865,945		7.2 ¢
2024	15,010,848	(476,268)	6,025,000	(476,268)		-
2025	15,013,067	2,219	6,025,000	2,219		-
2026	13,693,382	(1,319,685) A	6,025,000	(1,319,685)		-
2027	13,211,771	(481,611)	6,025,000	(481,611)		-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)		-

A: Middle River Regional Jail Agreement

B: Current High School

Total 13.2 ¢

City of Harrisonburg, VA

Scenario 4



General Fund (Tax Supported)

Fiscal Year	Existing Debt		School Borrowing	New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)		Increase (Decrease)		
2019	\$ 16,551,943	\$ 445,380	\$ 0	\$ 445,380		-
2020	16,469,314	(82,629)	0	(82,629)		-
2021	15,873,866	(595,448)	0	(595,448)		-
2022	15,591,171	(282,695)	380,000	97,305		0.2 ¢
2023	15,487,116	(104,055)	3,055,000	2,570,945		6.4 ¢
2024	15,010,848	(476,268)	6,025,000	2,493,732		6.2 ¢
2025	15,013,067	2,219	6,025,000	2,219		-
2026	13,693,382	(1,319,685) A	6,025,000	(1,319,685)		-
2027	13,211,771	(481,611)	6,025,000	(481,611)		-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)		-

A: Middle River Regional Jail Agreement

B: Current High School

Total 12.8 ¢

City of Harrisonburg, VA

Scenario 5



General Fund (Tax Supported)

Fiscal Year	Existing Debt		School Borrowing	New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)		Increase (Decrease)		
2019	\$ 16,551,943	\$ 445,380	\$ 0	\$ 445,380		-
2020	16,469,314	(82,629)	0	(82,629)		-
2021	15,873,866	(595,448)	0	(595,448)		-
2022	15,591,171	(282,695)	0	(282,695)		-
2023	15,487,116	(104,055)	380,000	275,945		0.7 ¢
2024	15,010,848	(476,268)	3,055,000	2,198,732		5.5 ¢
2025	15,013,067	2,219	6,025,000	2,972,219		7.4 ¢
2026	13,693,382	(1,319,685) A	6,025,000	(1,319,685)		-
2027	13,211,771	(481,611)	6,025,000	(481,611)		-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)		-

A: Middle River Regional Jail Agreement

B: Current High School

Total 13.6 ¢

City of Harrisonburg, VA

Scenario 6



General Fund (Tax Supported)

Fiscal Year	Existing Debt		School Borrowing	New Debt		RE Tax Rate Equivalent
	Total Debt Service	Increase (Decrease)		Increase (Decrease)		
2019	\$ 16,551,943	\$ 445,380	\$ 0	\$ 445,380		-
2020	16,469,314	(82,629)	0	(82,629)		-
2021	15,873,866	(595,448)	0	(595,448)		-
2022	15,591,171	(282,695)	0	(282,695)		-
2023	15,487,116	(104,055)	0	(104,055)		-
2024	15,010,848	(476,268)	380,000	(96,268)		-
2025	15,013,067	2,219	3,055,000	2,677,219		6.7 ¢
2026	13,693,382	(1,319,685) A	6,025,000	1,650,315		4.1 ¢
2027	13,211,771	(481,611)	6,025,000	(481,611)		-
2028	10,201,806	(3,009,965) B	6,025,000	(3,009,965)		-

A: Middle River Regional Jail Agreement

B: Current High School

Total 10.8 ¢