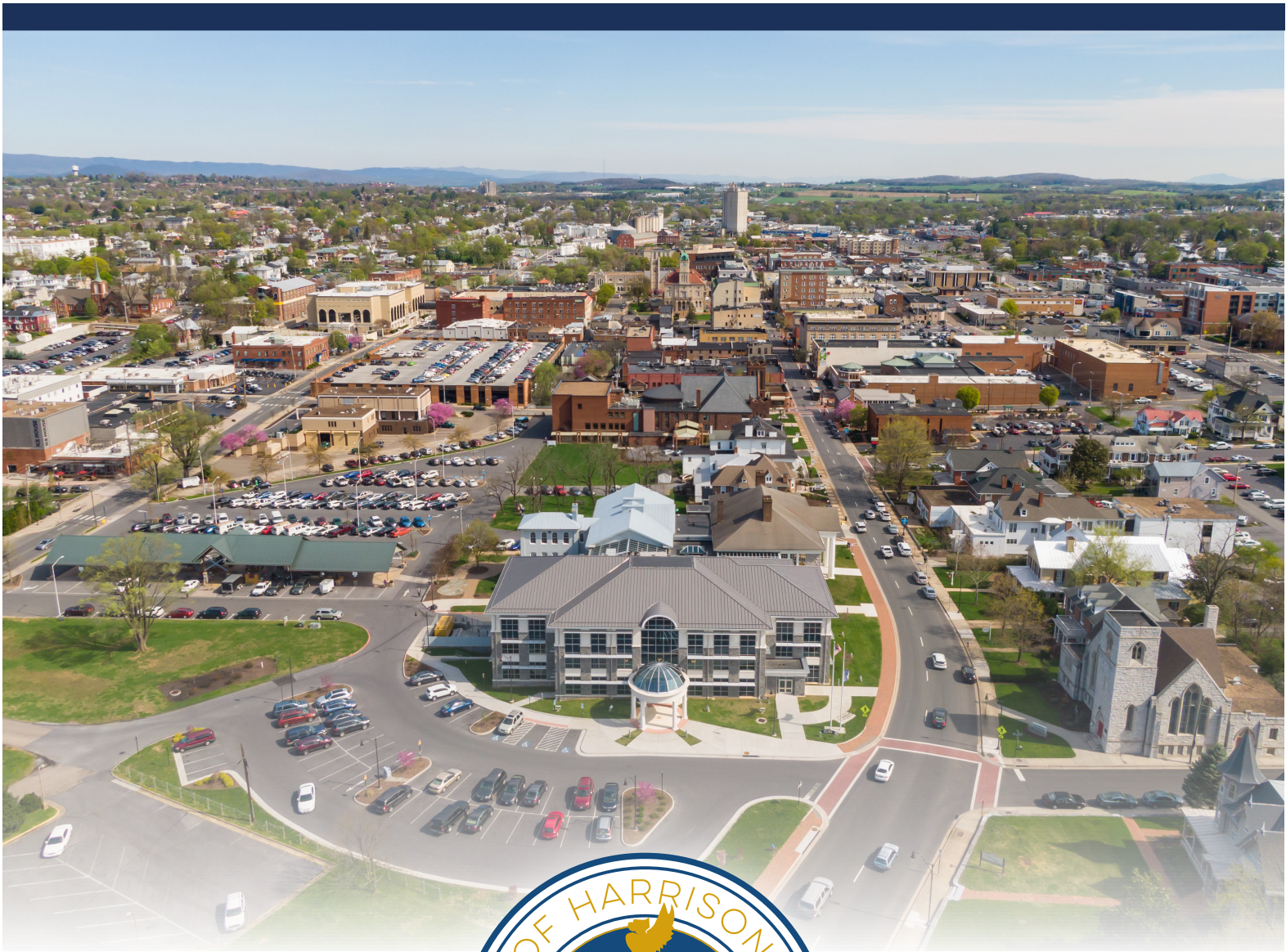




**HARRISONBURG** **VA**  
**FRIENDLY BY NATURE**

# **BUDGET IN BRIEF**

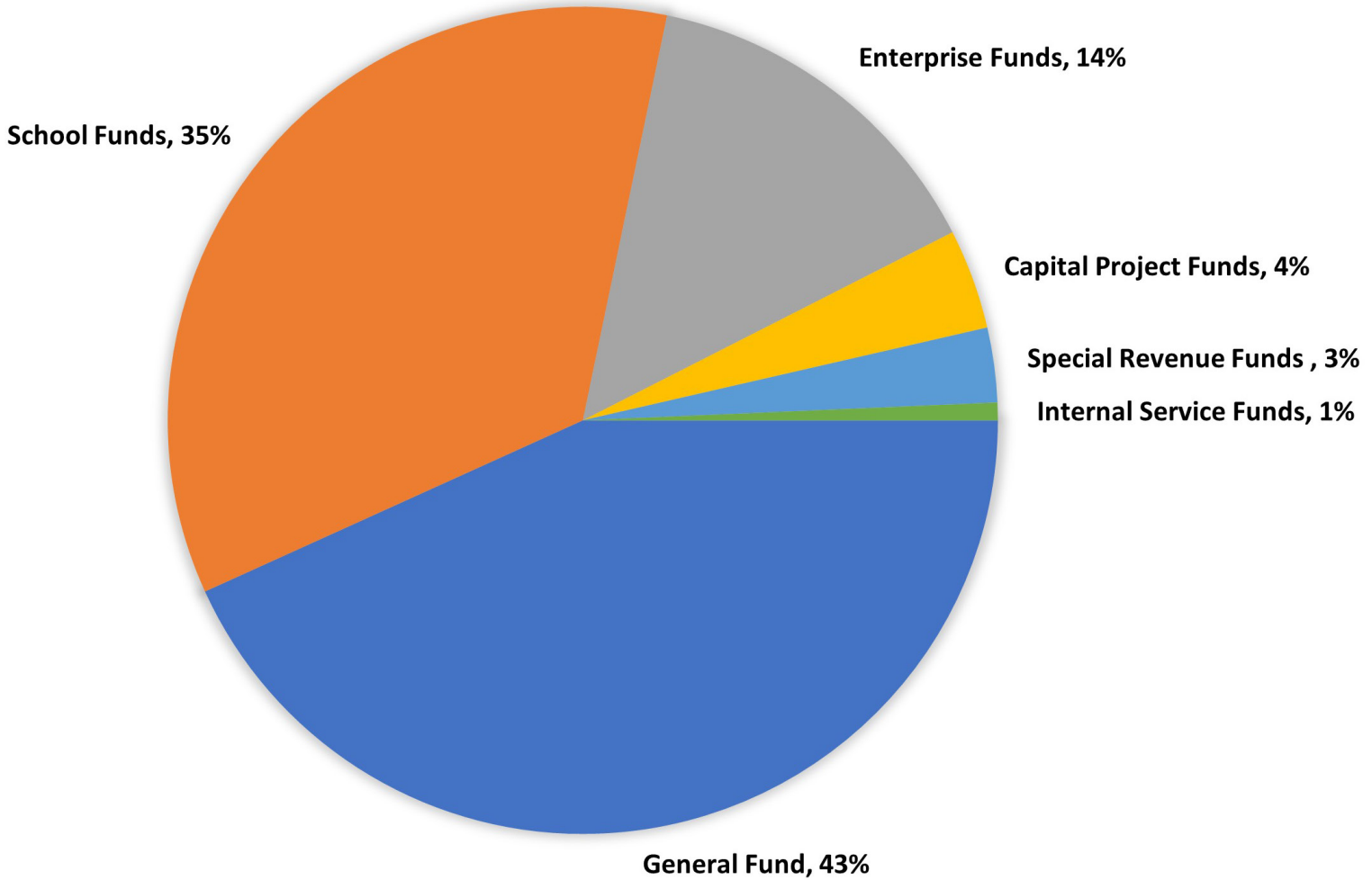
## **PROPOSED FISCAL YEAR 2022-2023**



# BUDGETING INTRODUCTORY INFORMATION

The proposed Fiscal Year 2022-2023 citywide budget amounts to \$335.8 million. The largest budget is the General Fund, which primarily funds police, fire, planning, parks and recreation services, and public works, as well as internal support functions. The second largest budget is the School Fund, which supports school administration, instruction, pupil transportation, maintenance, and technology.

The City expects to fund approximately \$12.5 million in capital projects, including a new Public Works building, street paving and sidewalk improvements, and much more.



## Budget FY22-23

The budget operates on a fiscal year, which runs July 1 through June 30.



## Public Participation

The City invites members of the public to provide feedback in this process.



## Contact

Call the City Manager's Office at 540.432.7701

## DEVELOPING THE CITY'S BUDGET

Designing a city budget is one of the most important jobs of a city manager and the city council. It requires a great deal of effort, a lot of time, a careful ordering of priorities, consultation with the comprehensive plan and capital improvement plan, and considerable input from residents.

## BUDGET CHALLENGES

While we continue to move out of the COVID-19 pandemic and the uncertainty it caused in regard to budget planning, there are still challenges ahead of us as we bring this proposed budget before City Council.

As of the date of the proposed budget presentation, we have not seen a completed state budget from the General Assembly. Additionally, there is the potential that the General Assembly may repeal grocery sales taxes, which could have a significant financial impact on the City's revenue.

We continue to see the impacts of national economic concerns on our local economy, such as the costs of goods like fuel. Various factors also are causing vehicle assessments to increase, and later adjustments to personal property tax rates may be proposed prior to budget adoption as our Commissioner of the Revenue continues to look into recently obtained data.

Additionally, we are now in the middle of our three-year process for increasing the real estate tax rate related to construction of the second high school. This year's proposed increase is three cents, increasing the rate to 93 cents, following last year's four-cent increase. An additional four-cent increase is currently expected for the 2023-2024 fiscal year budget, bringing the total to 11 cents for the project over three years.

We are eager to return focus to some projects that were postponed due to the pandemic and removed from past budgets. You will see some such projects represented in this proposed budget.



## BUDGET HIGHLIGHTS

**\$6.3 Million**

### Public Safety Building

Includes space for HFD and HPD needs, as well

**\$1.9 Million**

### Staff Compensation Increase

- City employees will receive a 3% COLA on July 1
- Sworn HPD officers, HFD firefighters and HRECC emergency communicators will receive an additional 2%

### 45 New Full-time Positions

30 of these are conversions of part-time positions to full-time

**\$3.9 Million**

### Transit & Paratransit

Seven new transit buses and two new paratransit buses will be purchased

**\$2.9 Million**

### Increased debt service payments related to the HHS2 project

**\$1.7 Million**

### Increased contribution to Rockingham County for shared services

**\$1.75 Million**

### Replacement of ladder truck

**\$1.4 Million**

### Increased transfer to HCPS

# THE CITY'S FUNDS

The accounts of the city are organized into funds. A fund is a group of related accounts used to control money marked for specific activities or objectives. By keeping revenue in its appropriate funds, the city is able to obey laws that require certain money to be spent on specific uses.

ALL FUNDS	FY23 PROPOSED BUDGET	INCREASE (DECREASE)	
			0 25 50 75 100 125 150 (Millions)
			General
General	\$145,124,948	\$19,921,754	
			School
School	107,110,882	13,853,613	
			Sewer
School Nutrition	4,977,692	249,492	
			Water
Emergency Comms. Center	9,148,946	457,462	
			Public Transportation
Community Develop. Block Grant	540,419	(320,399)	
			Emergency Communication Center
			General Capital Projects
School Transportation	5,618,880	834,658	
			School Transportation
General Capital Projects	6,925,000	(2,207,217)	
			School Nutrition
School Capital Projects	600,000	600,000	
			Sanitation
Emergency Comm. Capital Projects	650,000	(200,000)	
			Water Capital Projects
Water Capital Projects	3,037,659	1,032,751	
			Sewer Capital Projects
Sewer Capital Projects	1,914,307	1,914,307	
			Central Garage
Sanitation Capital Projects	--	--	
			Sewer Capital Projects
Stormwater Capital Projects	--	(1,279,979)	
			Stormwater
Water	14,204,155	2,952,505	
			Emergency Comm. Capital Projects
Sewer	15,081,470	2,671,321	
			School Capital Projects
Public Transportation	12,241,094	(143,540)	
			Community Develop. Block Grants
Sanitation	4,939,587	333,474	
			Central Stores
Business Loan Program	100,000	--	
			Business Loan Program
Stormwater	1,331,180	500	
			Stormwater Capital Projects
Central Garage	2,108,392	255,322	
			Sanitation Capital Projects
Central Stores	207,776	17,349	
<b>Total All Funds</b>	<b>\$335,862,387</b>	<b>\$40,943,373</b>	

# GENERAL FUND REVENUES

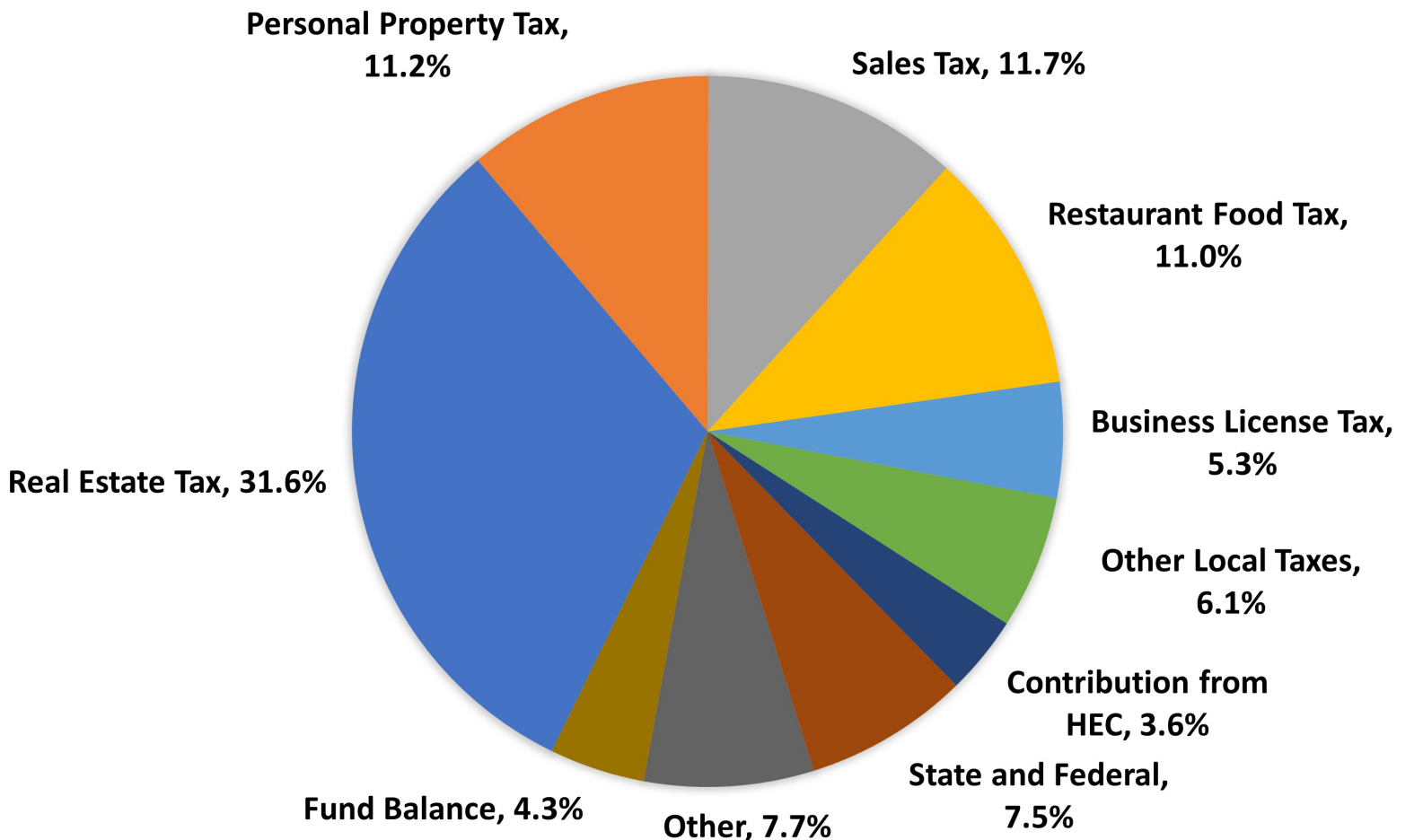
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the city.

The largest source of funding for the General Fund is real estate tax, which makes up 31.6% of the fund's revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22.7% of revenue.

The fund balance -- considered the city's "savings account" -- is sometimes used to pay for one time capital expenditures.

REVENUE SOURCE	FY23 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$45,846,200	\$4,475,800
Personal Property Tax	16,293,400	1,095,200
Sales Tax	16,956,800	2,279,400
Restaurant Food Tax	16,007,300	3,523,500
Business License Tax	7,634,500	662,800
Other Local Taxes	8,809,900	1,350,000
Contribution from HEC	5,200,000	--
State and Federal	10,883,499	640,950
Other	11,193,349	2,618,249
Fund Balance	6,300,000	3,275,855
<b>Total General Funds</b>	<b>\$145,124,948</b>	<b>19,921,754</b>



## GENERAL FUND EXPENDITURES

The General Fund expenditures are the funds from which the departments expend money to provide quality services to residents on a daily basis. Of the city’s proposed budget, most of the big spending decisions occur within the General Fund. This fund is also where the city has the most discretion.

GENERAL FUND	FY22 PROPOSED BUDGET	INCREASE (DECREASE)	0 10 20 30 40 (Millions)
Government Administration	\$8,013,808	\$1,031,895	Transfers - Education
Public Safety	31,550,693	3,850,157	Public Safety
Public Works	11,808,466	1,114,353	Debt Service - Education
Health and Welfare	1,511,953	147,161	Public Works
Parks, Recreation and Cultural	6,728,405	317,714	Rockingham County Joint Operations
Community Development	1,919,724	182,331	Transfers - Other
Joint Operations (w/Rockingham County)	11,414,300	1,723,400	Government Administration
Debt Service - General	7,109,712	(345,447)	Debt Service - General
Debt Service - Education	13,646,528	2,868,034	Parks, Recreation, and Cultural
Transfers - Others	10,431,761	6,873,784	Other
Transfers - Education	37,435,173	1,426,914	Community Development
Other	3,554,425	731,458	Health and Welfare
<b>Total General Fund</b>	<b>\$145,124,948</b>	<b>\$19,921,754</b>	

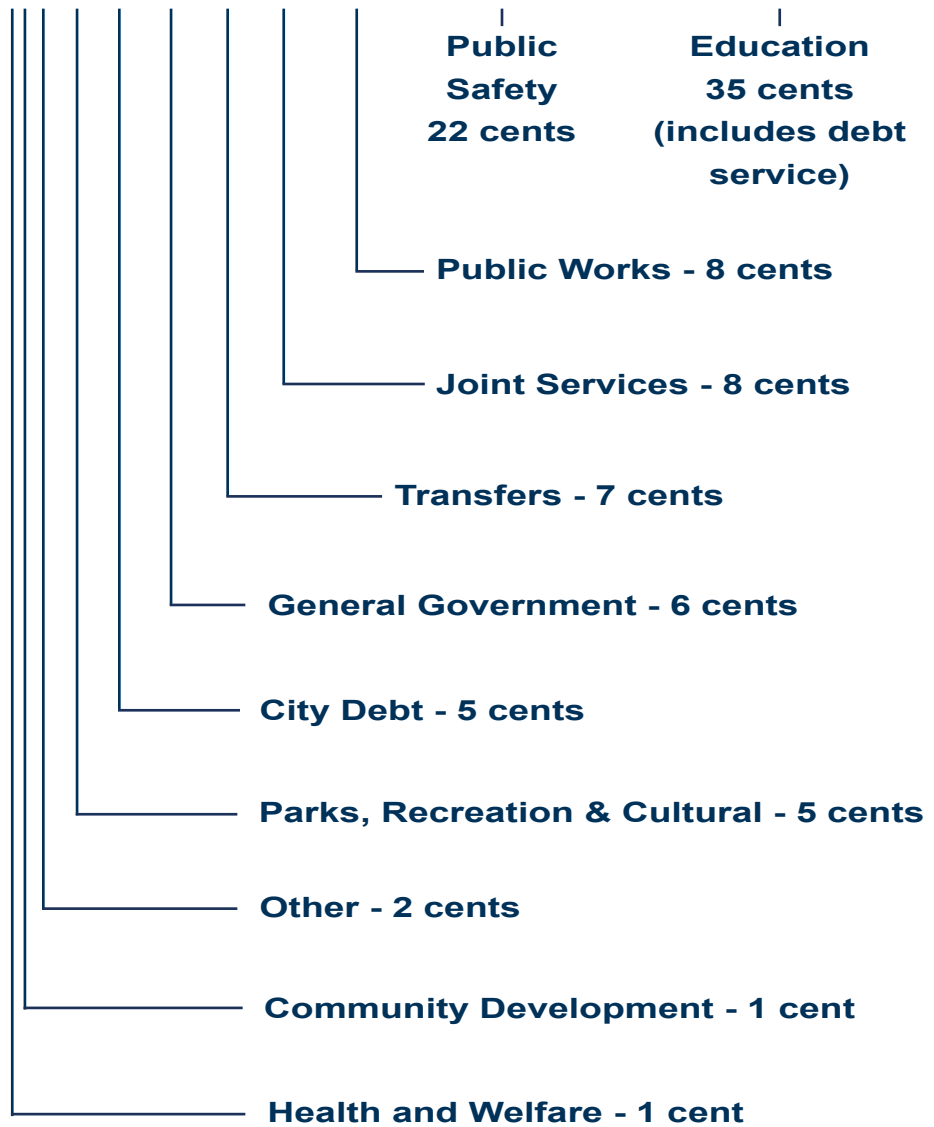
## WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

The City's General Fund revenue is diversified. More than half of the City's revenue is generated by taxes such as real estate, sales, and restaurant food. User fees for services are another key source of funding, including charges for refuse collection and stormwater management. The dollar graphic below demonstrates how many cents of each dollar received by the City's General Fund is used to support the many services received by residents and businesses.

### PROPOSED TAX & FEE RATES

<b>Real Estate Tax</b>	93¢ per \$100 of assessed value
<b>Personal Property Tax (vehicles)</b>	\$3.50 per \$100 of assessed value
<b>Personal Property Tax (other)</b>	\$2.12 per \$100 of assessed value
<b>Restaurant Food (meals) Tax</b>	7%
<b>Transient Occupancy (lodging) Tax</b>	7%
<b>Motor Vehicle License Tax</b>	\$40 per passenger vehicle per year
<b>Cigarette Tax</b>	35¢ per pack
<b>Admissions Tax</b>	5%
<b>Water</b>	5% increase
<b>Sewer</b>	2% increase
<b>Stormwater Fee</b>	\$6 per 500 square feet of impervious area
<b>Sanitation Fee</b>	
<b>Refuse Collection Fee</b>	\$13 per month
<b>Solid Waste Management Fee</b>	\$11 per month

### PUTTING THAT DOLLAR TO WORK



# CAPITAL IMPROVEMENT PROJECTS

Planning for capital equipment and improvements is a matter of prudent fiscal management. During each budget cycle the City reviews maintenance, replacement, and repair needs in the Capital Improvement Plan and selects projects to incorporate into the budget based on priority and availability of funds. The 2022-23 proposed budget includes \$12.5 million in capital project funding.

## PUBLIC WORKS BUILDING



**\$6.3 Million**

A new Public Works building will be constructed near the current building, which has reached the end of its life. Space also will be included for HPD and HFD inside.

## WATER & SEWER INFRASTRUCTURE



**\$4.9 Million**

This will support general infrastructure needs across the City that Harrisonburg Public Utilities maintains throughout the year

## NEW TRANSIT & PARATRANSIT VEHICLES



**\$3.9 Million**

Seven new transit buses and two paratransit buses will be purchased for HDPT to support community transportation needs.

## LADDER TRUCK REPLACEMENT



**\$1.75 Million**

This will replace a 1996 ladder truck that has reached the end of its service life. The unit, based at Station 1, handles approximately 1,200 calls per year. It is an extremely specialized vehicle, carrying a compliment of personnel and equipment.

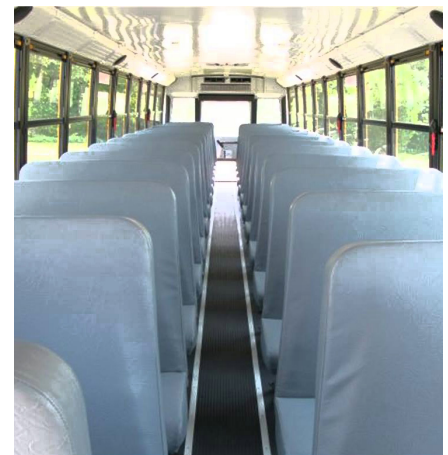
## STREET PAVING & SIDEWALK WORK



**Increase of \$550,000**

Public Works has numerous street paving projects scheduled, in addition to needed sidewalk improvements across the city.

## NEW HDPT SCHOOL BUSES



**\$450,000**

HDPT will add four new school buses to its fleet to serve Harrisonburg City Public Schools.



# FINANCIAL REPORTING RECOGNITION



In 2021, the city was rated Aa2 from Moody's and AA+ from Standard & Poor's rating agencies. The ratings represent the strength of the city's credit and thus the safety of investing in city bonds. The city's top bond ratings reflect the sound financial management of the city and allow the city to borrow money from investors at low interest rates.



The Government Finance Officers Association of the United States and Canada awarded a certificate of achievement for excellence in financial reporting to the city for its Annual Comprehensive Financial Report (ACFR). The city has received this for the 26th consecutive year. This certificate is the highest form of recognition in this area of government.

## ANNUAL BUDGET CALENDAR - NOV. 2021 TO JULY 2022

<p><b>November</b></p> <p>Internal budget discussions begin</p>	<p><b>December</b></p> <p>Departments submit budget requests for review</p>	<p><b>January</b></p> <p>Outside agency requests are due and preliminary budget projections are made</p>	<p><b>February</b></p> <p>Meetings with directors take place and projections are updated</p>
<p><b>March</b></p> <p>City Manager prepares proposed budget</p>	<p><b>April</b></p> <p>Proposed budget is presented to City Council and public</p> <p>Budget public hearing</p>	<p><b>May</b></p> <p>Public hearing for real estate tax rate</p> <p>Second reading is held and the budget is adopted</p>	<p><b>July 1</b></p> <p>Newly adopted budget begins</p>

## HARRISONBURG CITY COUNCIL & STAFF

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