



City of Harrisonburg, Virginia

Department of Finance

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TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance
DATE: November 5, 2018
RE: Supplemental Appropriation and Budget Reallocation – VPSA Bond

Summary: Consider a supplemental appropriation and reallocation of budgeted funds for the Virginia Public School Authority (VPSA) bond sale.

Background: In August 2018, the City purchased from James Madison University land for the new school. At that time the City paid for the land from current reserves with the anticipation that permanent financing would be provided through the City's participation in the 2018 VPSA Fall Bond Sale.

Key Issues: The VPSA sold its bonds on October 16, 2018 and the closing will take place on November 6, 2018. The City's interest cost will be 3.25% over 15 years. This supplement appropriation and reallocation will budget the debt proceeds of the VPSA bonds and will return the reserve funds initially used back to the General Fund.

Environmental Impact: None

Fiscal Impact: The debt service payment on the VPSA bond will be approximately \$425,000 per year beginning in the Fiscal Year 2020 budget.

Prior Actions: None

Alternatives: Do not approve supplemental appropriation and reallocation.

Community Engagement: None.

Recommendation: Staff recommends approval of the supplemental appropriation and reallocation.

Attachments: Supplemental Appropriation and Reallocation of Budgeted Funds.

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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