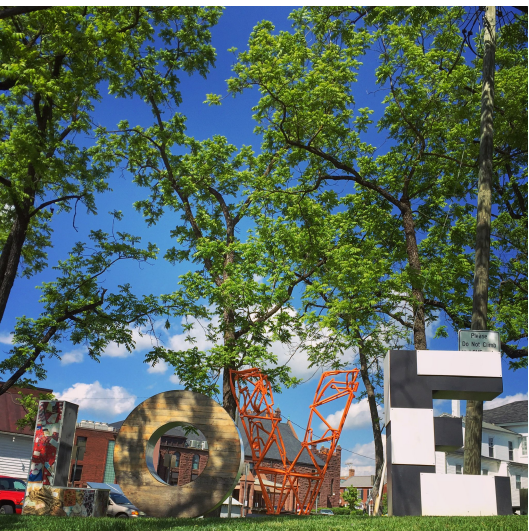


Budget in Brief

The City of Harrisonburg

Proposed

Fiscal Year 2019-2020



The **Fiscal Year 2019-2020** citywide budget amounts to **\$274,421,335**. 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 **\$11,612,073** in capital projects, including the renovation of Fire Station 4 and reconstruction of Kids Castle.



Budget FY19-20

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



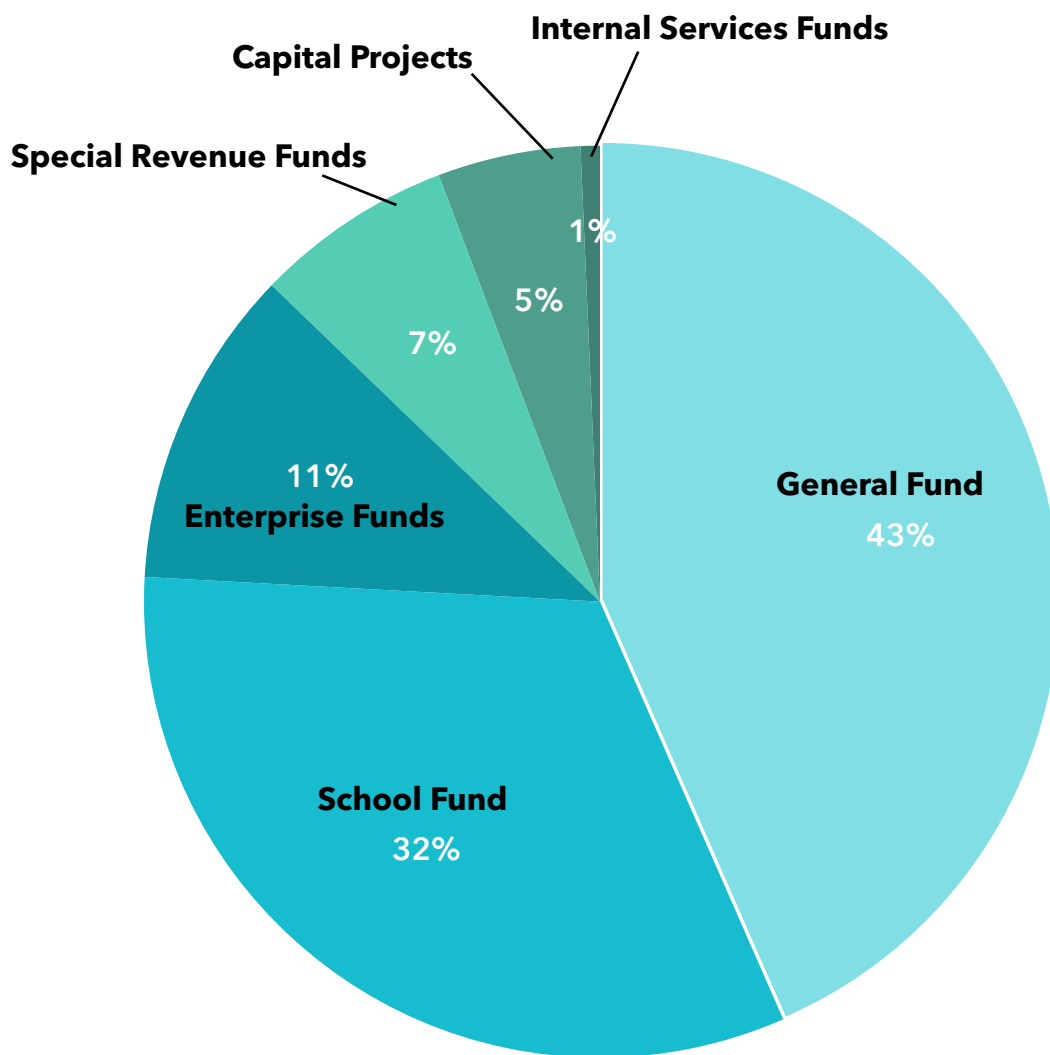
Public Participation

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



Contact

Manager's Office
 City Hall
 409 S. Main St.
 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

In preparing the budget, the city manager is often faced with the need to prioritize projects and needs within each department.



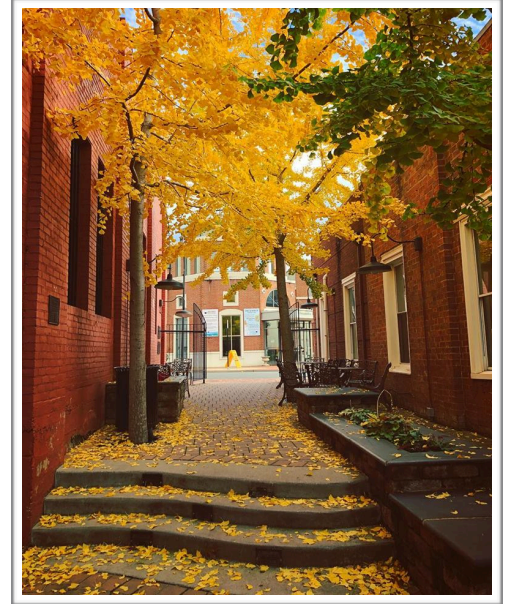
A significant challenge is always funding. The budget process comes down to balancing public expectation of service with a limited amount of money and prioritizing the needs of the city.



Technology serves as a great asset to the city but can be costly. There might be a need but factors that must also be considered are regular upgrades and maintenance and if the longterm investment justifies the expense.



Even the most well thought out budget must have room for unexpected repairs and maintenance on critical city assets.



Budget Highlights

Revenues

- \$0.01 increase in real estate tax rate
- 3.5% projected increase in real estate tax revenue due to growth in property assessment value
- \$1.1 million transfer from Health Insurance Fund

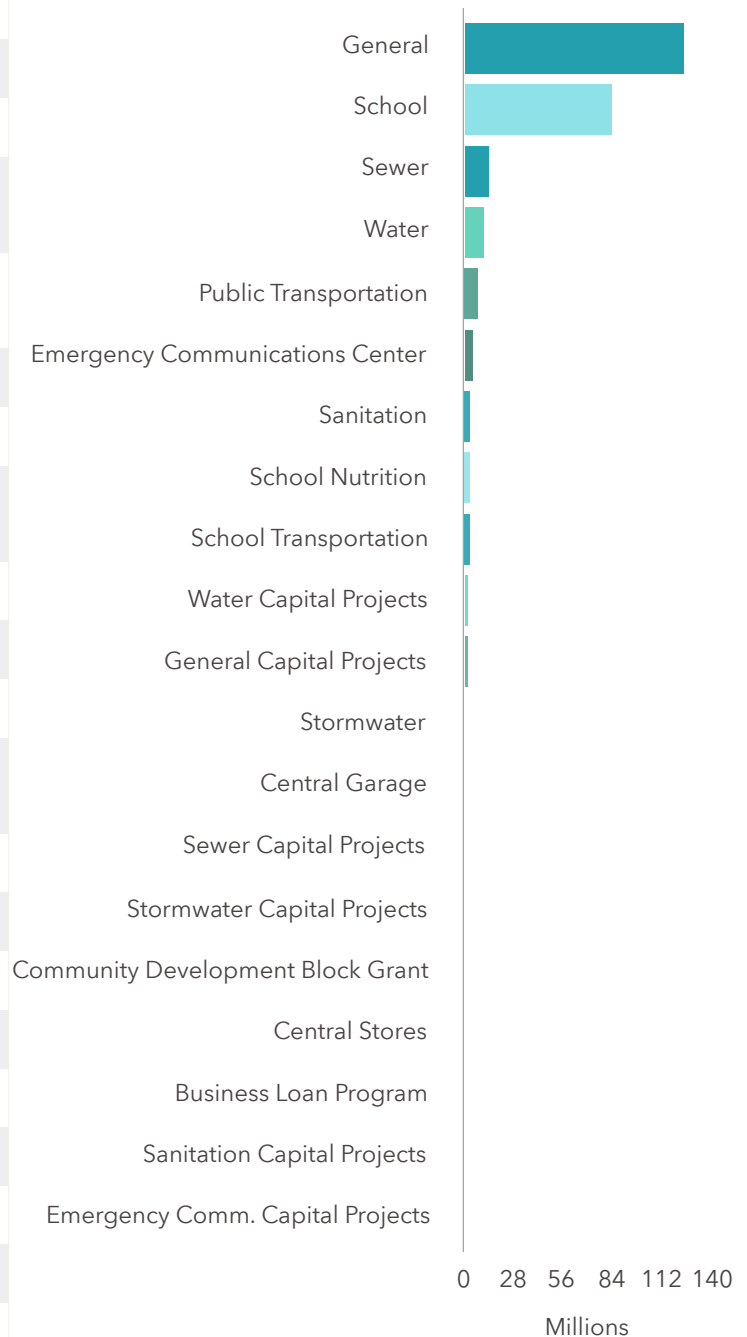
Expenditures

- 3% salary increase for City employees
- No increase in health insurance rates
- \$1.4 million increase in transfer to City Schools
- \$1 million increase in payments related to the Hotel Madison Conference Center

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.

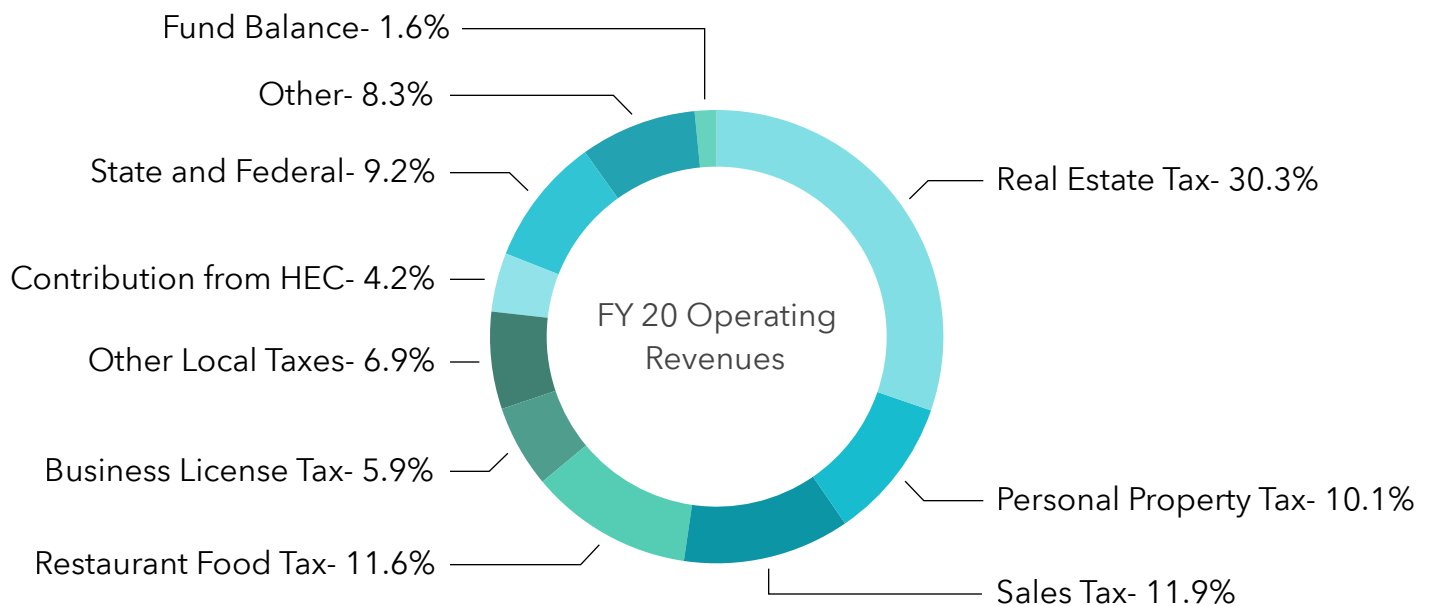
ALL FUNDS	FY20 Proposed Budget	Increase (Decrease)
General	\$123,655,115	\$7,828,597
School	83,538,256	3,587,653
School Nutrition	4,426,503	(1,602)
Emergency Communications Center	6,238,782	624,366
Community Development Block Grant	560,000	54,032
School Transportation	4,213,405	36,277
General Capital Projects	2,925,000	1,502,373
Emergency Comm. Capital Projects	550,000	550,000
Water Capital Projects	3,357,725	522,333
Sewer Capital Projects	1,186,848	(149,152)
Sanitation Capital Projects	-	(73,500)
Stormwater Capital Projects	667,500	(411,500)
Water	12,311,100	734,900
Sewer	14,126,700	737,540
Public Transportation	8,912,500	226,447
Sanitation	4,449,375	(1,136,265)
Business Loan Program	125,000	-
Stormwater	1,412,300	(181,251)
Central Garage	1,586,420	60,794
Central Stores	178,806	(2,976)
Total All Funds	\$ 274,421,335	\$14,509,066



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 30% of the fund's revenue. Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 23.5% of revenue. The fund balance-- considered the city's "savings account"-- is sometimes used to pay for one time capital expenditures.

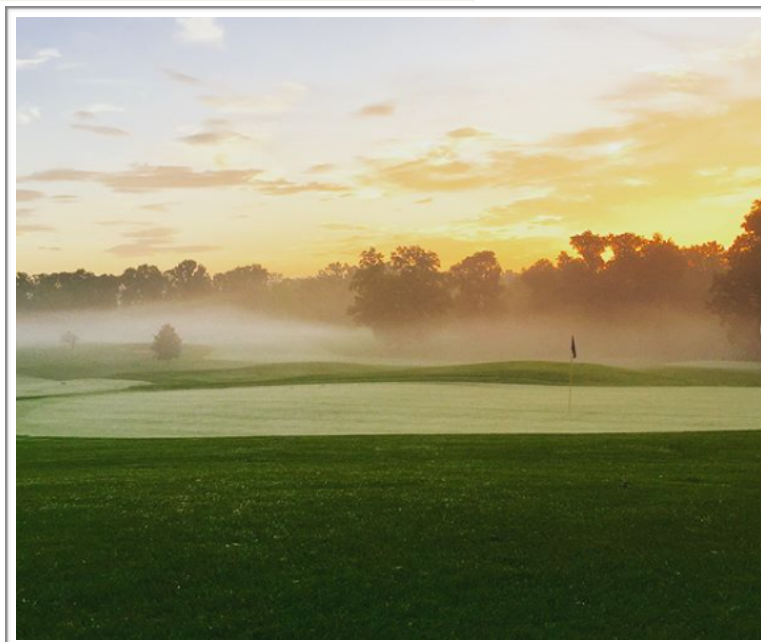
REVENUE SOURCE	FY20 Proposed Budget	Increase (Decrease)
Real Estate Tax	\$37,437,500	\$1,666,600
Personal Property Tax	12,530,300	306,700
Sales Tax	14,713,400	1,027,400
Restaurant Food Tax	14,389,000	585,700
Business License Tax	7,279,500	341,200
Other Local Taxes	8,582,200	490,600
Contribution from HEC	5,200,000	0
State and Federal	11,319,496	986,505
Other	10,275,119	1,701,975
Fund Balance	1,928,600	721,917
Total	\$123,655,115	\$7,828,597



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 adopted 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	FY20 Proposed Budget	Increase (Decrease)
Government Administration	\$6,613,242	\$834,999
Public Safety	26,010,872	576,347
Public Works	11,680,338	668,489
Health and Welfare	1,737,702	203,906
Parks, Recreation, and Cultural	6,672,887	101,554
Planning and Community Development	1,910,990	(52,045)
Joint Operations (w/ Rockingham County)	8,872,000	222,102
Debt Service - General	7,027,413	(65,628)
Debt Service - Education	8,863,305	407,527
Transfers - Other	5,500,651	1,583,906
Transfers - Education	35,803,308	1,384,086
Other	2,962,407	1,963,354
Total	\$123,655,115	\$7,828,597



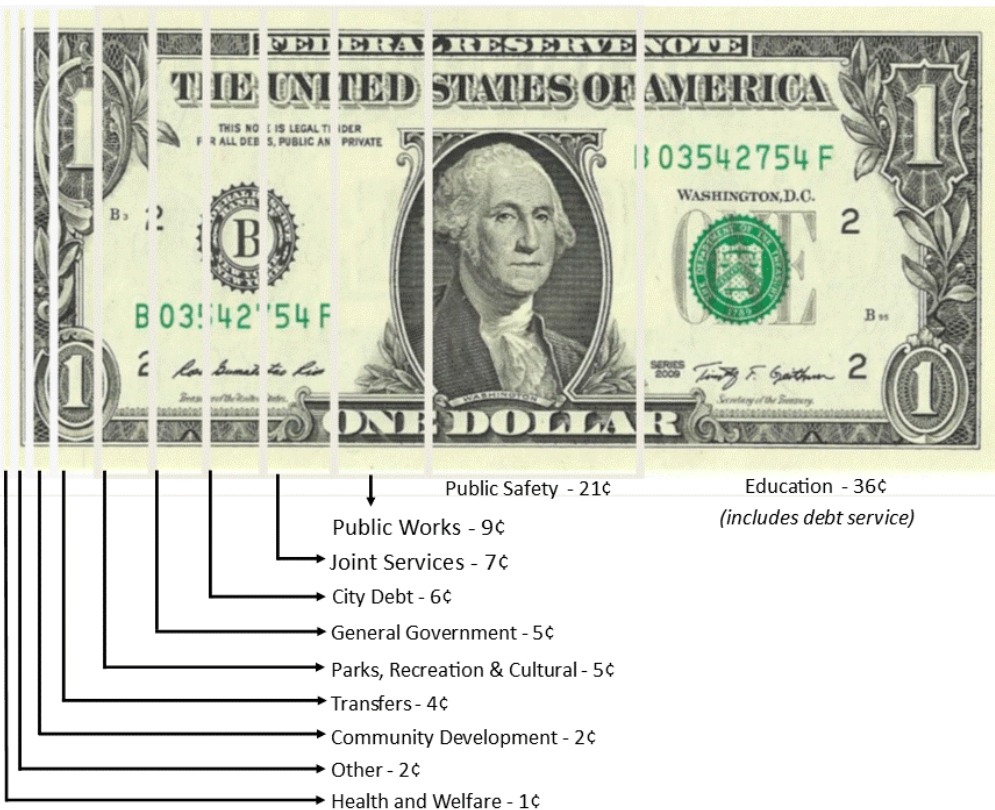
Where Do Your Tax Dollars and Fee Payments Go?

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 and Fee Rates

Real Estate Tax	86¢ per \$100 of assessed value
Personal Property Tax (vehicles)	\$3.50 per \$100 of assessed value
Personal Property Tax (other)	\$2.12 per \$100 of assessed value
Restaurant Food (meals) Tax	7%
Transient Occupancy (lodging) Tax	7%
Motor Vehicle License Tax	\$40 per passenger vehicle per year
Consumer Utility Tax (water, electric, natural gas)	
Residential	\$2 per month maximum
Commercial/Industrial	\$20 per month maximum
Cigarette Tax	35¢ per pack
Admissions Tax	5%
Sanitation Fee	
Refuse Collection Fee	\$10 per month
Solid Waste Management Fee	\$15 per month
Stormwater Fee	\$6 per 500 square feet of impervious area



*The graphic totals to 98¢. Several services receive the equivalent of a half penny or less in addition to the amounts shown in the figure. This accounts for the two cents not displayed.

Capital Projects

Planning for capital equipment and improvements is a matter of prudent fiscal management. The City Council approved the 2019-2024 Capital Improvement Plan on March 12, 2019. The plan prioritizes capital improvement needs over the next five years. 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 2019-2020 proposed budget includes \$11.6 million in capital project funding.

CAPITAL HIGHLIGHTS



Renovation of Fire Station 4
\$2,000,000



Replacement of Kids Castle
\$225,000



Eastern Raw Water Line
\$1,323,000



Martin Luther King, Jr. Bridge Repair
\$450,000



Phase 1 Text to 911
\$350,000

	FY20 Proposed Budget
General Fund Projects	\$2,925,000
Emergency Communications Center Capital Projects	550,000
Water Capital Projects	3,357,725
Sewer Capital Projects	1,186,848
Sanitation Capital Projects	-
Stormwater Capital Projects	667,500
General Capital Projects	2,925,000
Total	\$11,612,073



Financial Reporting Recognition



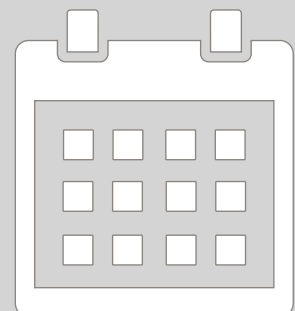
In 2017, the city was rated Aa2 from Moody's and AA from Standard & Poor's rating agencies. The ratings represent the strength of the city's credit and thus the safety of investing in city bonds. The city's top bond ratings reflect the sound financial management of the city and allow the city to borrow 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 Comprehensive Annual Financial Report (CAFR). The city has received this for the 24th consecutive year. This certificate is the highest form of recognition in the area of governmental accounting and financial reporting.



ANNUAL BUDGET CALENDAR

- NOVEMBER Internal budget discussions begin
- DECEMBER Departments submit budget requests for review
- JANUARY Outside agency requests are due and preliminary budget projections are made
- FEBRUARY Meetings with directors take place and projections are updated
- MARCH City Manager finalizes proposed budget
- APRIL Draft budget is presented to City Council
Public hearing and first reading of the budget
- MAY Public hearing for real estate tax rate
Second reading is held and the budget is adopted
- JULY 1 Newly adopted budget begins



Harrisonburg City Council

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Vice Mayor Sal Romero

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Council Member Richard Baugh

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Council Member George Hirschmann

George.Hirschmann@HarrisonburgVA.gov

Council Member Christopher Jones

Christopher.Jones@HarrisonburgVA.gov

www.HarrisonburgVA.gov/budget

Contact Us

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Finance Department

Larry Propst, Finance Director

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