



HARRISONBURG **VA**
FRIENDLY BY NATURE

BUDGET IN BRIEF

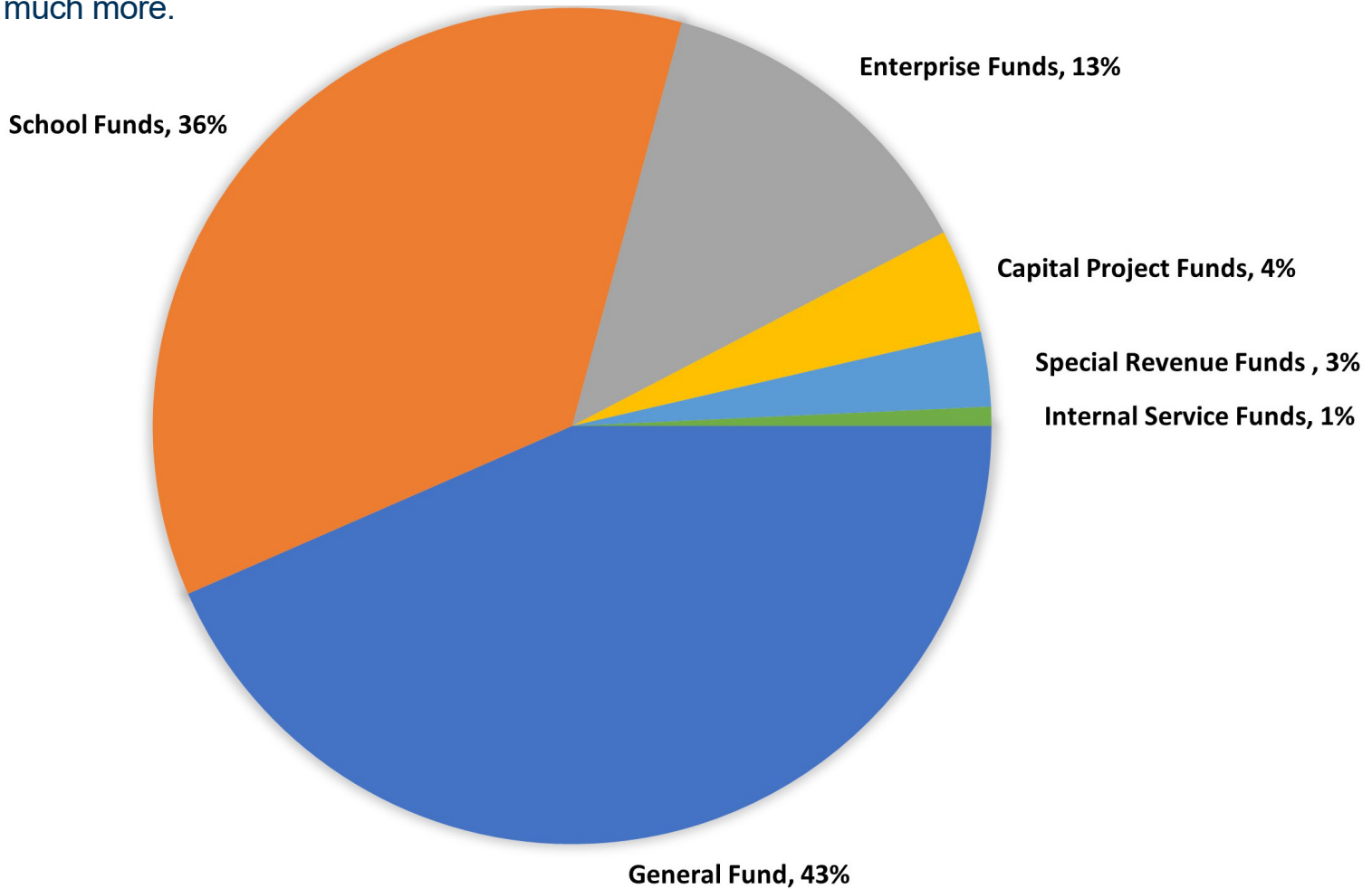
PROPOSED FISCAL YEAR 2023-2024



BUDGETING INTRODUCTORY INFORMATION

The proposed Fiscal Year 2023-2024 Citywide budget amounts to \$362.2 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 \$23.6 million in capital investments, including renovations to the old Municipal Building, water and sewer infrastructure improvements, a new HFD fire engine, and much more.



Budget FY23-24

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

As staff prepared this year's proposed budget, there were a number of outside factors to take into consideration.

We have not seen a completed state budget from the General Assembly as of the date of the presentation of this proposed budget. It is unclear at this time what impacts the final Virginia budget could have on our efforts locally, especially as it concerns the Harrisonburg City Public Schools budget. HCPS has requested a \$5 million, or 13 percent, increase in City funding over the fiscal year 2022-2023 adopted budget.

Additionally, City departments continue to experience an increased cost in goods due to global supply and demand challenges. We have seen the impacts of these economic pressures on everything from our day-to-day purchases to large infrastructure projects.

This year's proposed budget also works to navigate increased funding requests from the City's partner agencies. In many cases, this is focused on compensation adjustments at those agencies, much like the City is working to accomplish through the implementation of our Classification & Compensation efforts.

Finally, this proposed budget incorporates the final tax increase related to the construction of Rocktown High School. With a proposed 3-cent increase in this budget, that will place the final tax increase related to the project at 10 cents.



BUDGET HIGHLIGHTS

\$5.8 Million

Classification & Compensation Study Implementation

Implementation of the study will help with the City's recruitment and retention efforts.

\$5 Million

Old Municipal Building Renovation Project

Renovating the building will provide more space at City Hall for delivery of City services

\$5 Million

Increased transfer to HCPS

\$2.7 Million

Investments in water & sewer infrastructure

\$1.2 Million

Purchase of new HFD engine to replace an outgoing unit

\$1 Million

Increase in employee health insurance contribution

\$600,000

Purchase of four replacement HCPS buses

\$350,000

Port Republic Road pedestrian improvements

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	FY24 PROPOSED BUDGET	INCREASE (DECREASE)	(Millions)
General	\$157,299,997	\$12,175,049	157.3
School	114,369,093	7,771,863	114.4
School Nutrition	5,999,426	1,021,734	6.0
Emergency Comms. Center	9,849,410	700,464	9.8
Community Develop. Block Grant	506,946	(33,473)	0.5
School Transportation	6,256,723	637,843	6.3
General Capital Projects	8,300,000	1,375,000	8.3
School Capital Projects	3,000,000	2,400,000	3.0
Emergency Comm. Capital Projects	600,000	(50,000)	0.6
Water Capital Projects	1,606,627	(1,431,032)	1.6
Sewer Capital Projects	1,073,666	(840,641)	1.1
Sanitation Capital Projects	2,697,965	2,697,965	2.7
Stormwater Capital Projects	358,500	358,500	0.4
Water	13,323,880	(880,275)	13.3
Sewer	15,260,420	178,950	15.3
Public Transportation	9,606,872	(2,634,222)	9.6
Sanitation	7,865,808	2,926,221	7.9
Business Loan Program	100,000	--	0.1
Stormwater	1,472,680	141,500	1.5
Central Garage	2,435,378	326,986	2.4
Central Stores	233,651	25,875	0.2
Total All Funds	\$362,217,042	\$26,868,307	362.2

GENERAL FUND REVENUES

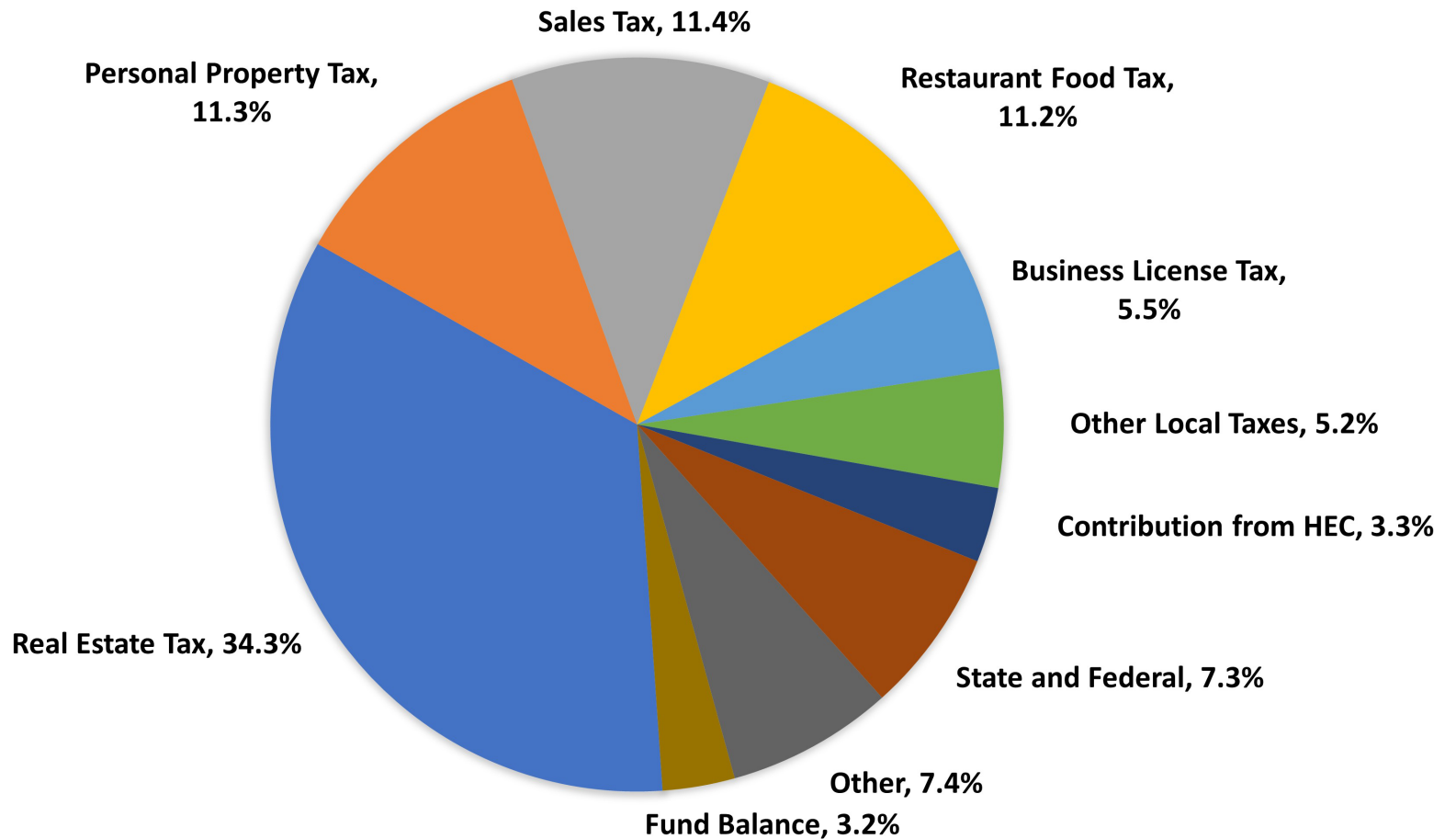
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

The largest source of funding for the General Fund is real estate tax, which makes up 34.3% of the fund's revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22.6% of revenue.

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

REVENUE SOURCE	FY24 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$53,947,200	\$8,101,000
Personal Property Tax	17,738,400	144,000
Sales Tax	17,925,300	968,500
Restaurant Food Tax	17,690,000	1,682,700
Business License Tax	8,605,900	971,400
Other Local Taxes	8,176,500	667,600
Contribution from HEC	5,200,000	--
State and Federal	11,450,999	567,500
Other	11,565,698	372,349
Fund Balance	5,000,000	(1,300,000)
Total General Funds	\$157,299,997	12,175,049



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	FY24 PROPOSED BUDGET	INCREASE (DECREASE)	(Millions)
Government Administration	\$8,215,354	\$52,628	Transfers - Education
Public Safety	32,777,344	422,043	Public Safety
Public Works	12,517,193	559,998	Debt Service - Education
Health and Welfare	1,759,183	247,230	Public Works
Parks, Recreation and Cultural	6,853,352	41,216	Transfers - Other
Community Development	2,010,719	63,411	Rockingham County Joint Operations
Joint Operations (w/Rockingham County)	11,480,800	66,500	Government Administration
Debt Service - General	6,831,959	(277,753)	Parks, Recreation, and Cultural
Debt Service - Education	13,650,848	4,320	Debt Service - General
Transfers - Others	12,491,455	2,059,694	Other
Transfers - Education	42,267,782	4,832,609	Community Development
Other	6,444,008	4,103,153	Health and Welfare
Total General Fund	\$157,299,997	\$12,175,049	

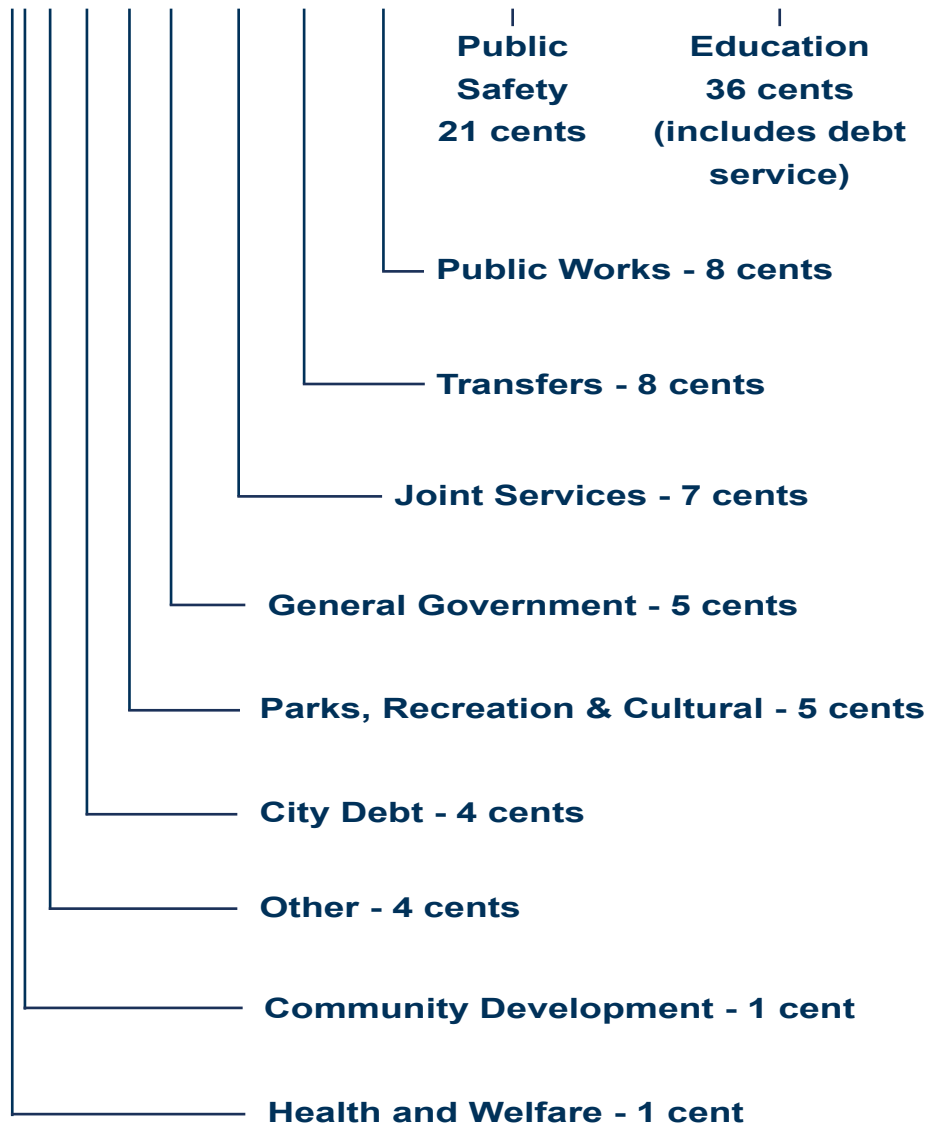
WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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

Real Estate Tax	96¢ per \$100 of assessed value
Personal Property Tax (vehicles)	\$3.45 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%
Cigarette Tax	35¢ per pack
Admissions Tax	5%
Water	5% increase
Sewer	5% increase
Stormwater Fee	\$6 per 500 square feet of impervious area
Sanitation Fee	
Refuse Collection Fee	\$13 per month
Solid Waste Management Fee	\$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 2023-24 proposed budget includes \$23.6 million in capital funding.

OLD MUNICIPAL BUILDING RENOVATIONS



\$5 Million

This project will move the City forward on refurbishing the old Municipal Building so City services can resume there.

FIRE ENGINE



\$1.2 Million

This purchase will replace a fire engine that serves our community through Station 4 at Rock Street.

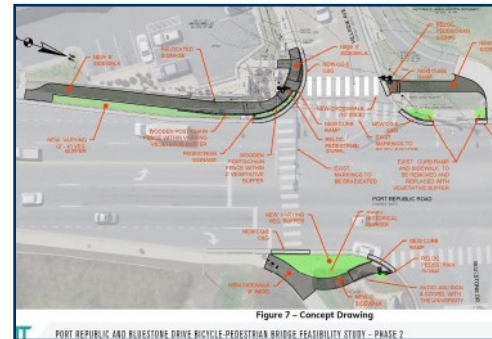
WATER & SEWER



\$2.7 Million

This investment will continue efforts to replace aging water and sewer lines throughout the city.

PEDESTRIAN SAFETY



\$350,000

This project will provide pedestrian ramp improvements at Port Republic Road/Hillside Drive/Bluestone Drive.

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 27th consecutive year. This certificate is the highest form of recognition in this area of government.

ANNUAL BUDGET CALENDAR - NOV. 2022 TO JULY 2023

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

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