

Budget in Brief

The City of Harrisonburg's Proposed Budget Highlights



Budget FY18-19

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

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409 S. Main St.
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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 citizens.

The city's budget process is built around three key components:

1

REVENUE FORECAST

The revenue forecast for the upcoming year determines how much funding is available.

2

PRIORITIES

The city's budget allocates funding to meet prioritized needs of all city departments and schools.

3

CIP

A capital improvement plan (CIP) forecasts spending on capital projects over the next five years.

Budget Highlights

Citywide Summary

- 2.5% salary increase for all employees
- No increase in health insurance rates
- Slight decrease in VRS retirement rates

General Fund Revenues

- No unscheduled fee increases
- 3% increase in real estate tax revenue from increased assessments

General Fund Expenditures

- \$1M increase in transfer to schools
- Increase in debt service for mobile radio purchase
- Community Services Board (CSB) facility construction
- Funding for South Main/Port Republic Road upgrades; fire truck; city-county HVAC project at the jail; and study for Station 4 renovations
- Matching funding provided for VDOT projects: Park Road and Federal Street improvements and Downtown Streetscape

Water Fund

- Rate increase of 29¢/1,000 gallons for South Fork of the Shenandoah River project

Sewer Fund

- Rate increase of 9¢/1,000 gallons to begin phasing in HRRSA projects

Stormwater Fund

- Funding for two stormwater projects at Thomas Harrison Middle School and Mountain View Drive stream restoration



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.

ALL FUNDS	FY18 Adopted Budget	FY19 Proposed Budget	Increase (Decrease)
General <i>(see p. 4 for details)</i>	\$111,679,799	\$115,669,835	\$3,990,036
School	75,731,793	79,600,603	3,868,810
School Nutrition	4,190,500	4,428,105	237,605
Emergency Communications Center	5,550,574	5,614,416	63,842
Community Development Block Grant	540,000	505,968	(34,032)
School Transportation	3,828,270	4,177,128	348,858
General Capital Projects	825,000	1,422,627	597,627
Water Capital Projects	1,829,000	2,835,392	1,006,392
Sewer Capital Projects	515,000	1,336,000	821,000
Sanitation Capital Projects	265,000	73,500	(191,500)
Stormwater Capital Projects	825,000	1,079,000	254,000
Water	10,267,580	11,576,200	1,308,620
Sewer	12,351,522	13,389,160	1,037,638
Public Transportation	6,680,681	8,686,053	2,005,372
Sanitation	5,682,033	5,585,640	(96,393)
Business Loan Program	125,000	125,000	-
Stormwater	1,333,519	1,593,551	260,032
Central Garage	1,441,542	1,525,626	84,084
Central Stores	177,905	181,782	3,877
Total All Funds	\$243,839,718	\$259,405,586	\$15,565,868

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. That means the city may not raise water bills to pay for police services, for example.

GENERAL FUND

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. The two major sources of funding for the General Fund are general property taxes and other local taxes combined, which together make up 80% of the fund budget.

General Fund Revenues

REVENUE SOURCE	FY18 Adopted Budget	FY19 Proposed Budget	Increase (Decrease)
Real Estate Tax	\$34,630,000	\$35,770,900	\$1,140,900
Personal Property Tax	11,626,100	12,175,900	549,800
Sales Tax	13,452,100	13,677,800	225,700
Restaurant Food Tax	13,460,700	13,709,200	248,500
Business License Tax	6,800,000	6,938,300	138,300
Other Local Taxes	8,481,100	8,091,600	(389,500)
Contribution from HEC	5,000,000	5,200,000	200,000
State and Federal	10,285,641	10,332,991	47,350
Other	7,944,158	8,573,144	628,986
Fund Balance	-	1,200,000	1,200,000
Total	\$111,679,799	\$115,669,835	\$3,990,036

Proposed Select Tax and Fee Rates

Real Estate Tax	85¢ 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

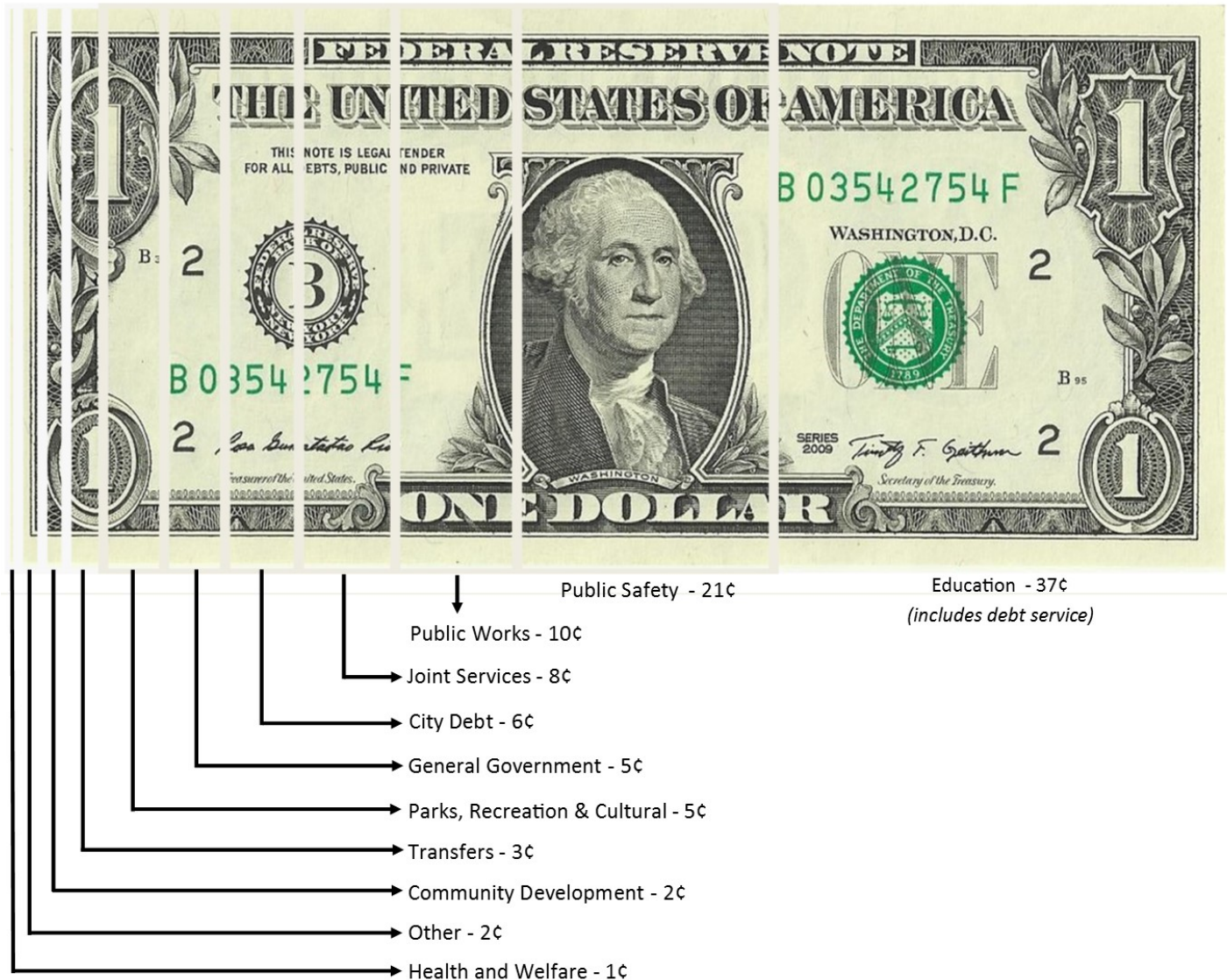
General Fund Expenditures

GENERAL FUND	FY18 Adopted Budget	FY19 Proposed Budget	Increase (Decrease)
General Government Administration	\$5,648,111	\$5,693,239	\$45,128
Public Safety	24,069,872	24,762,849	692,977
Public Works	10,879,162	10,908,165	29,003
Health and Welfare	1,412,488	1,533,796	121,308
Parks, Recreation, and Cultural	5,651,568	5,958,176	306,608
Planning and Community Development	1,933,109	1,944,197	11,088
Joint Operations (w/ Rockingham County)	8,561,816	8,649,898	88,082
Debt Service - General	6,610,112	7,093,041	482,929
Debt Service - Education	8,480,210	8,455,778	(24,432)
Transfers - Other	3,350,703	3,916,745	566,042
Transfers - Education	33,262,539	34,262,539	1,000,000
Other	1,820,109	2,491,412	671,303
Total	\$111,679,799	\$115,669,835	\$3,990,036

The General Fund **revenues** are essentially the different taxes, fees, and other sources of money that come in to the city. The fund balance is sometimes used to pay for one time capital expenditures and it would be considered the city's "savings account." The General Fund **expenditures** are the funds from which the departments expend money to provide quality services to residents on a daily basis.



Where Your Local Tax Dollar Goes...



This graphic shows how many cents of each dollar go toward the various General Fund expenditures. A few notes...

- **Joint services** includes the joint operations with Rockingham County for the jail, courts, social services, and Children Services Act.
- The **education** category includes the city's operating funding to the Harrisonburg School Board and debt service related to school facilities.
- **City debt** is the debt payments for city facilities, where money has been borrowed.
- The "**other**" category includes funding for outside agencies and the reserve for contingencies.

Financial Reporting Recognition

Aa2

AA

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.

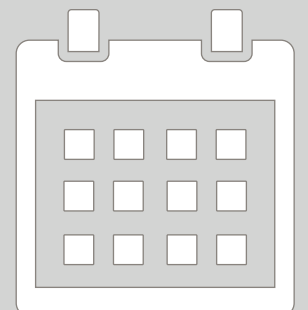
CAFR

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 23rd 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
- MAY Public hearing and first reading of the budget
Second reading is held and the budget is adopted
- JULY 1 Newly adopted budget begins



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