



HARRISONBURG **IVA** **FRIENDLY BY NATURE**

BUDGET IN BRIEF PROPOSED FISCAL YEAR 2021-2022



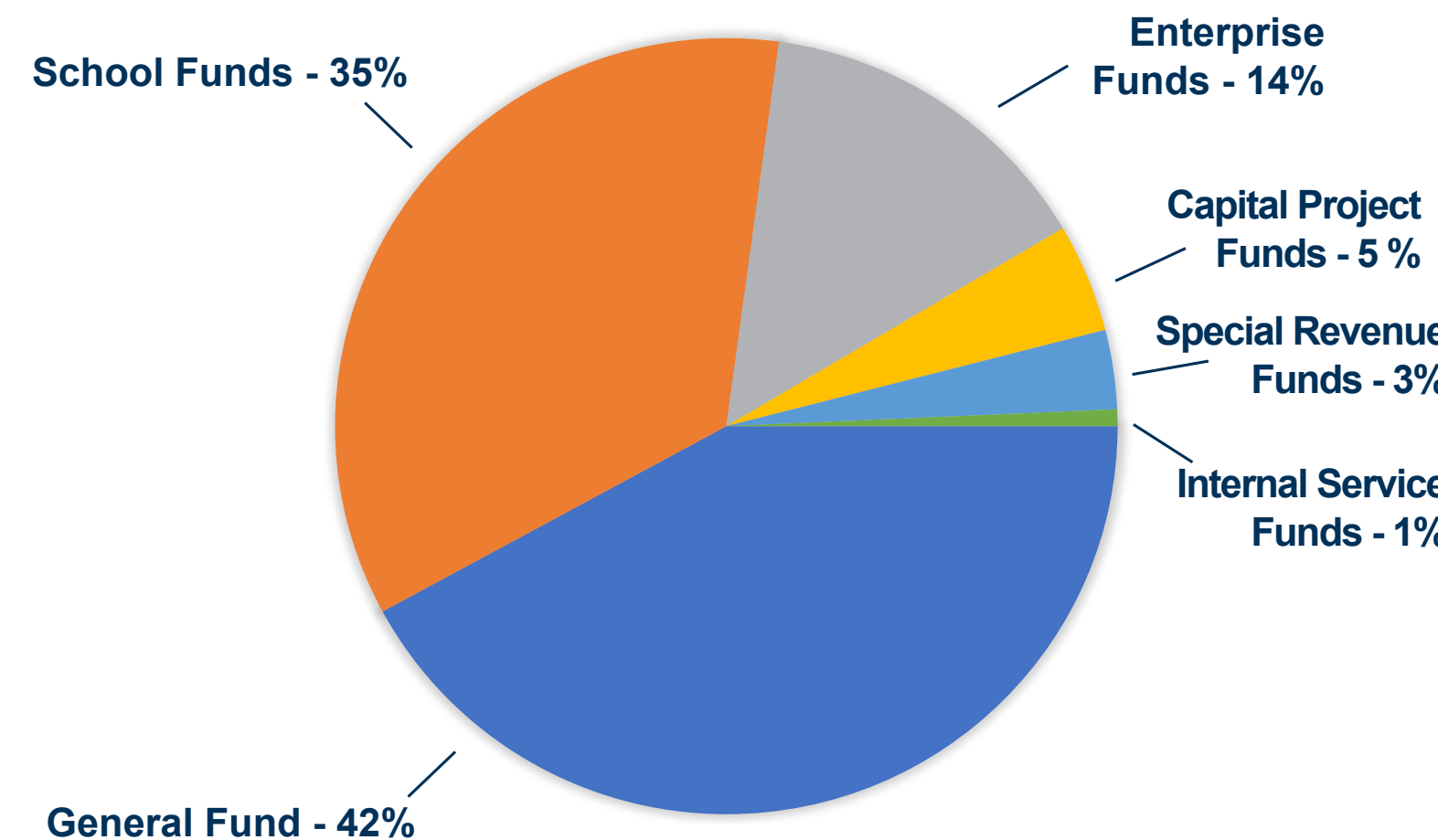
PRESENTED BY ERIC D. CAMPBELL
HARRISONBURG CITY MANAGER



BUDGETING INTRODUCTORY INFORMATION

The Fiscal Year 2021-2022 citywide budget amounts to \$293 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 \$13.3 million in capital projects, including Kids' Castle at Purcell Park, realignment of University Boulevard and continuation of the Eastern Raw Water Line.





Budget FY21-22

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

The uncertainty of when COVID-19 impacts on our community will recede has made it difficult to move forward with confidence that pre-pandemic revenue numbers will return this fiscal year, and that our citizens will be in a better financial state than they experienced during the 2020-2021 fiscal year.

Due to that, it was staff's goal to balance the budget with no tax increases or utility fee increases.

That has required the use of fund balance to cover capital project expenses and to make up for lost revenue due to the pandemic. Meals & Lodging revenue, as well as Water & Sewer revenue, are at levels the City has not witnessed in many years and that has put increased pressure on capital funding and ensuring essential City services can continue unchanged.

Additionally, at the time this budget proposal was prepared, City staff had still not received definitive information concerning the American Rescue Plan Act - both in terms of the amount of funding Harrisonburg will receive, when those funds will be eligible for use, and what regulations will be attached to that use.

As such, we must move cautiously as we seek to return focus to some projects that were postponed due to the pandemic and removed from the 2020-2021 fiscal year budget. While a small number of those projects have been added back to this proposed budget, many remain on hold for the time being.



BUDGET HIGHLIGHTS

\$1.29 Million
Cost of Living Increase
City employees will receive a 3% COLA on July 1

2 New Positions
Housing Coordinator
Human Resources Generalist

\$1.1 Million
Shenandoah Valley Conference Center

\$722,200
Increased debt service payments related to the HHS2 project

\$592,900
Increased contribution to Rockingham County for shared services

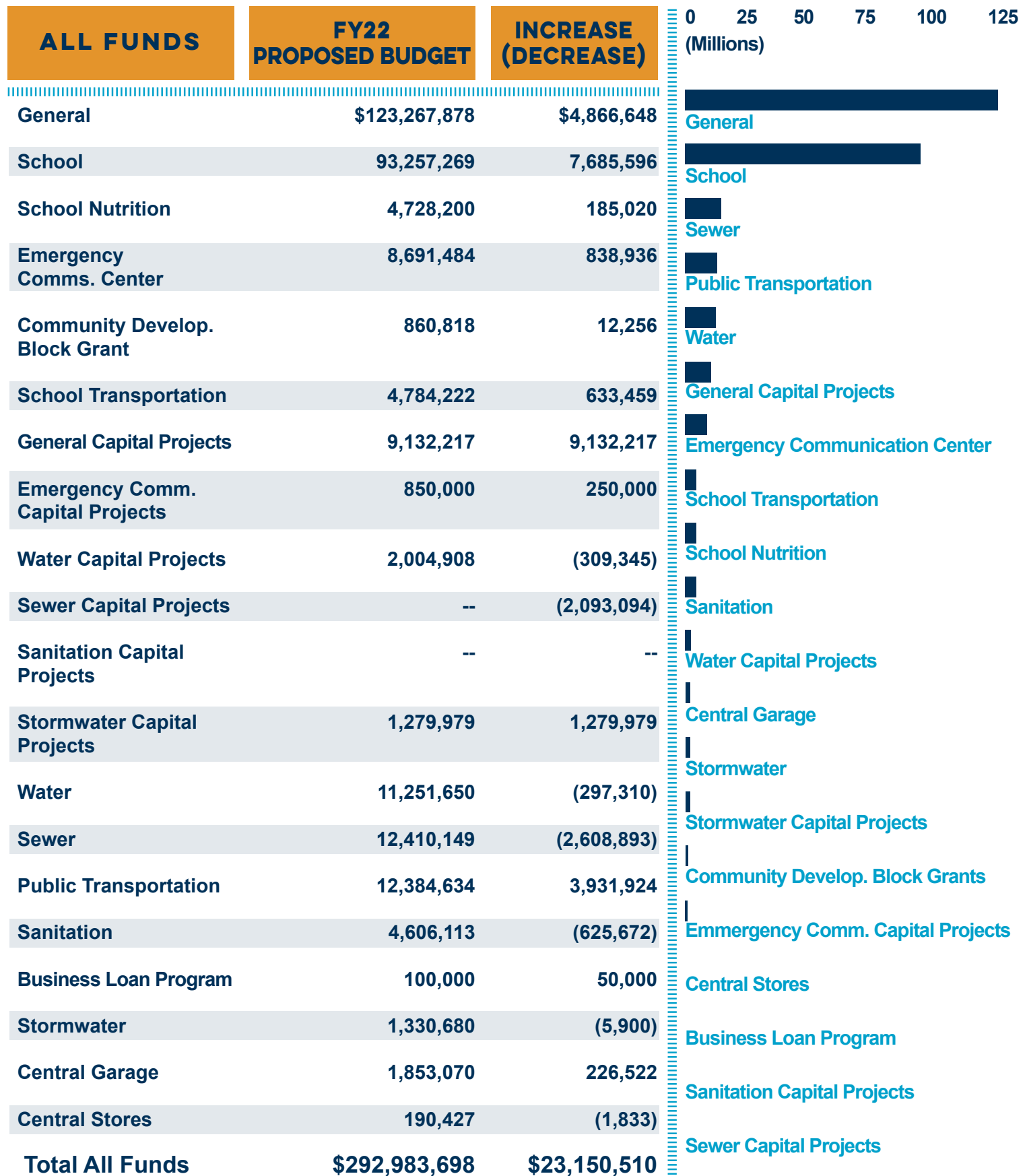
\$600,000
Contingency for vehicle & equipment replacement

\$287,100
Middle River Regional Increase in Contributions

\$300,000
Kids' Castle Replacement

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.



GENERAL FUND REVENUES

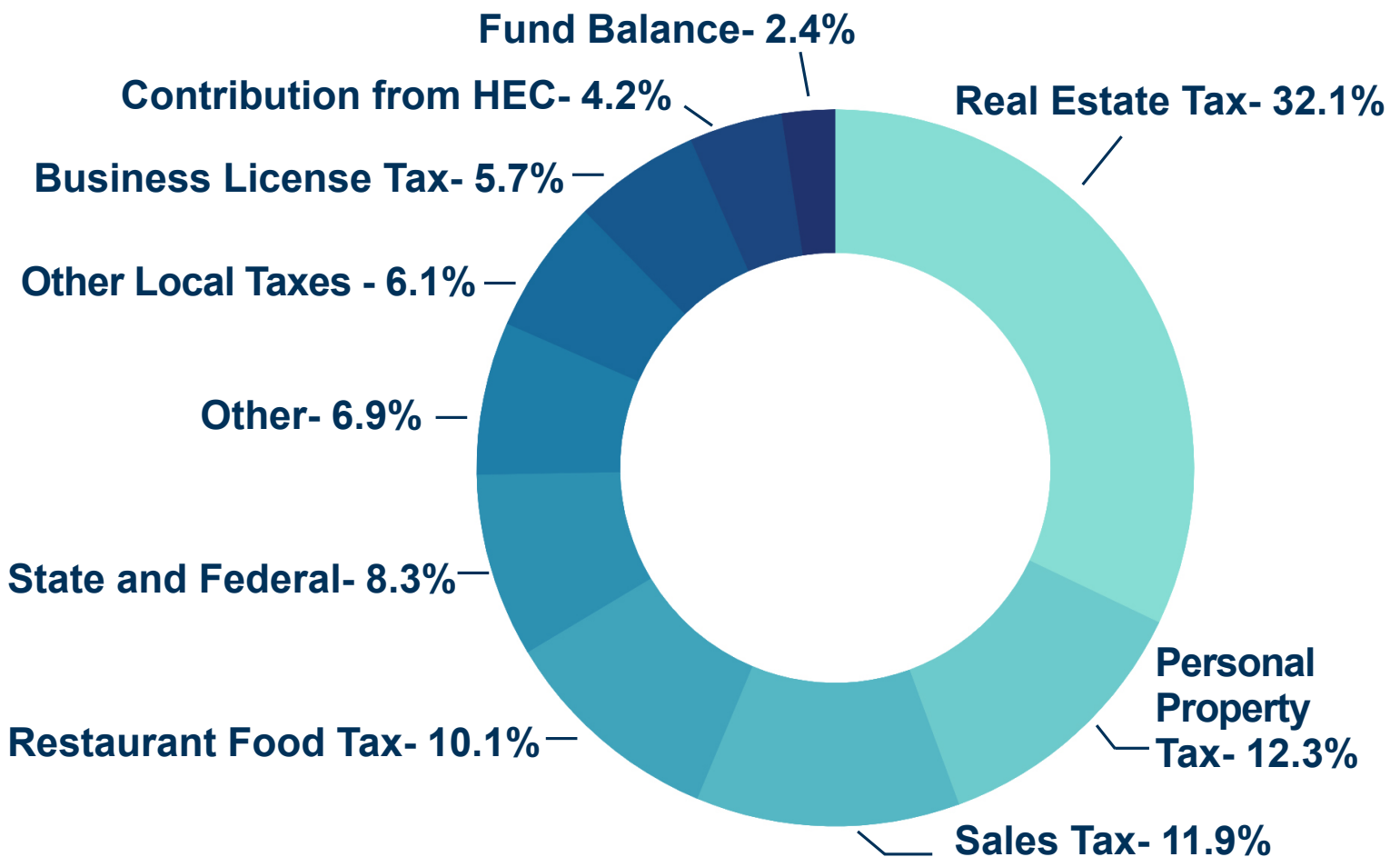
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the city.

The largest source of funding for the General Fund is real estate tax, which makes up 32.1% of the fund's revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22% of revenue.

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

REVENUE SOURCE	FY22 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$39,576,000	\$1,534,800
Personal Property Tax	15,197,200	1,696,300
Sales Tax	14,677,400	1,234,600
Restaurant Food Tax	12,483,800	(460,800)
Business License Tax	6,971,700	784,100
Other Local Taxes	7,459,900	(889,900)
Contribution from HEC	5,200,000	(1,500,000)
State and Federal	10,201,633	(229,300)
Other	8,576,100	(227,297)
Fund Balance	2,924,145	2,924,145
Total General Funds	\$123,267,878	4,866,648



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)	010203040 (Millions)
Government Administration	\$6,804,705	\$288,059	Transfers - Education
Public Safety	27,260,626	799,967	Public Safety
Public Works	10,553,886	344,588	Public Works
Health and Welfare	1,364,792	(167,981)	Rockingham County Joint Operations
Parks, Recreation and Cultural	6,322,111	82,267	Debt Service - Education
Community Development	1,711,402	(29,681)	Debt Service - General
Joint Operations (w/Rockingham County)	9,690,900	592,850	Government Administration
Debt Service - General	7,455,159	486,029	Parks, Recreation, and Cultural
Debt Service - Education	8,984,094	236,139	Transfers - Other
Transfers - Others	3,557,977	634,194	Other
Transfers - Education	36,008,259	--	Community Development
Other	3,553,967	1,600,217	Health and Welfare
Total General Fund	\$123,267,878	\$4,866,648	

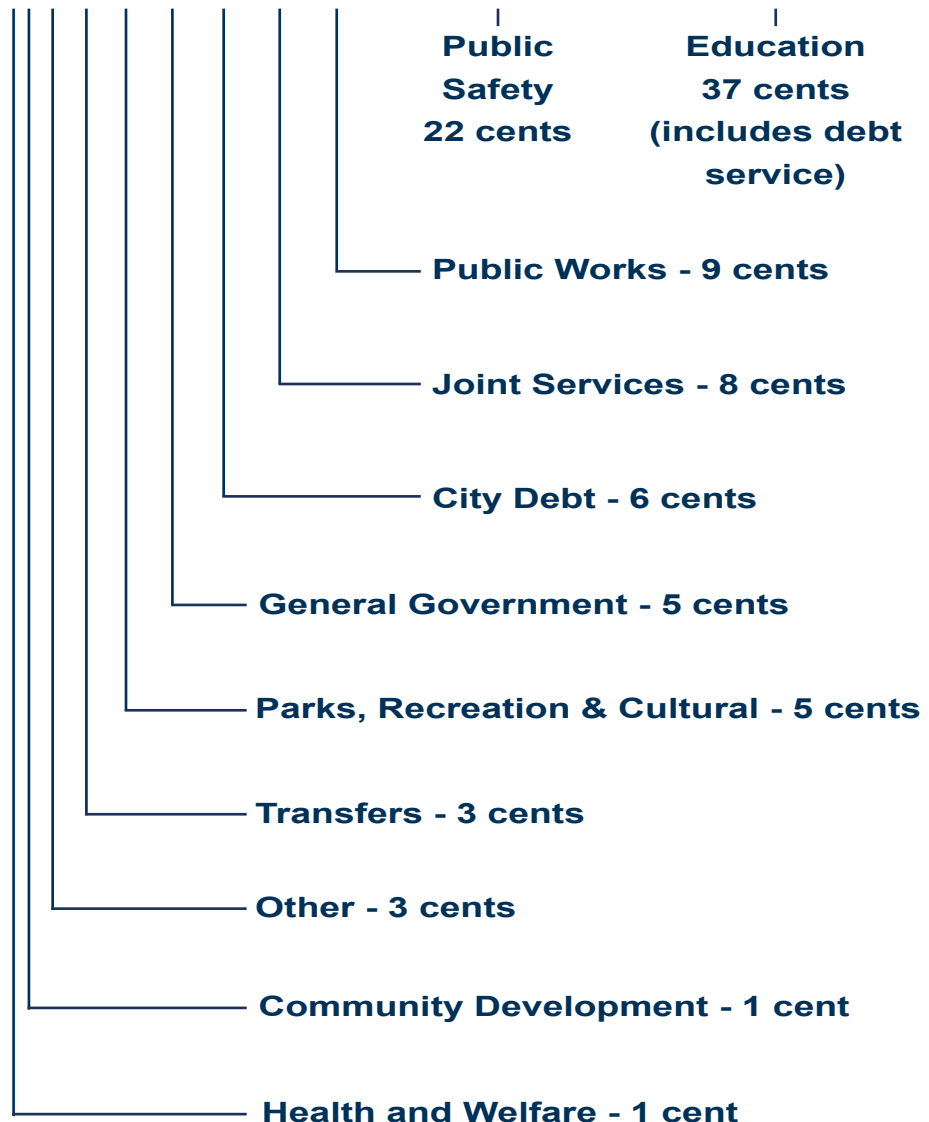
WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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	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
Cigarette Tax	35¢ per pack
Admissions Tax	5%
Sanitation Fee	
Refuse Collection Fee	\$13 per month
Solid Waste Management Fee	\$11 per month
Stormwater Fee	\$6 per 500 square feet of impervious area

PUTTING THAT DOLLAR TO WORK



CAPITAL IMPROVEMENT PROJECTS

Planning for capital equipment and improvements is a matter of prudent fiscal management. The City Council will soon vote on the pending 2022-2026 Capital Improvement Plan. 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 2021-22 proposed budget includes \$13.3 million in capital project funding.

KIDS' CASTLE AT PURCELL PARK - \$300,000

Following completion of the Purcell Park Master Plan, we now have recommendations based on resident and expert input on the playground's future.



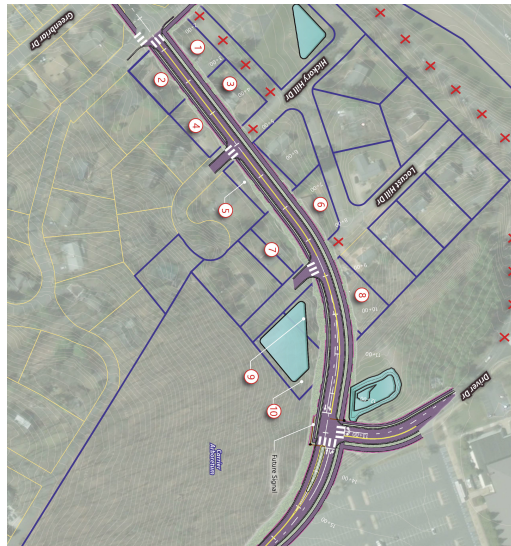
CONTINUATION OF PUBLIC UTILITIES EASTERN RAW WATER LINE



\$805,000

The project will consist of a river intake, two pump stations and some 90,000 linear feet of pipeline from the South Fork Shenandoah River.

JOINT PROJECT - REALIGNMENT OF UNIVERSITY BOULEVARD



\$8.7 Million

This is a joint project with VDOT and JMU. Engineering for this project will take place through 2023. Construction is planned to begin in 2025.

NEW TRANSIT VEHICLES & INTELLIGENT TRANSPORTATION SYSTEM



\$5.5 Million

Eight new transit buses will be purchased for HDPT for \$4 million, plus new technology to support the service, costing \$1.5 million.

FINANCIAL REPORTING RECOGNITION



In 2020, 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 25th consecutive year. This certificate is the highest form of recognition in this area of government.

ANNUAL BUDGET CALENDAR - NOV. 2020 TO JULY 2021

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

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