



**HARRISONBURG** **VA**  
**FRIENDLY BY NATURE**

# **BUDGET IN BRIEF**

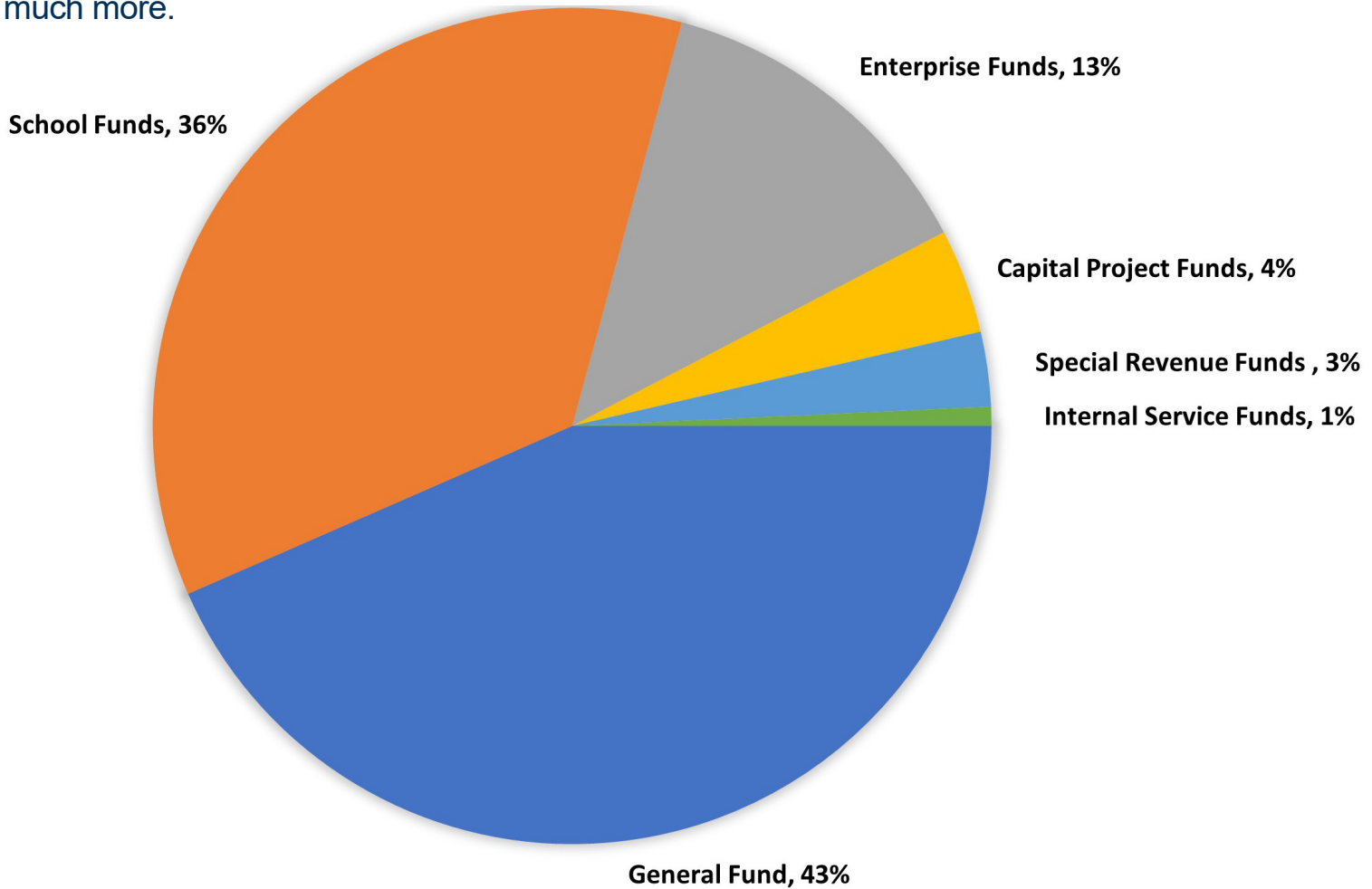
## **PROPOSED FISCAL YEAR 2023-2024**



# 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        | 175        |
| School                           | 114,369,093          | 7,771,863           | 125        |
| School Nutrition                 | 5,999,426            | 1,021,734           | 75         |
| Emergency Comms. Center          | 9,849,410            | 700,464             | 25         |
| Community Develop. Block Grant   | 506,946              | (33,473)            | 10         |
| School Transportation            | 6,256,723            | 637,843             | 10         |
| General Capital Projects         | 8,300,000            | 1,375,000           | 10         |
| School Capital Projects          | 3,000,000            | 2,400,000           | 10         |
| Emergency Comm. Capital Projects | 600,000              | (50,000)            | 10         |
| Water Capital Projects           | 1,606,627            | (1,431,032)         | 10         |
| Sewer Capital Projects           | 1,073,666            | (840,641)           | 10         |
| Sanitation Capital Projects      | 2,697,965            | 2,697,965           | 10         |
| Stormwater Capital Projects      | 358,500              | 358,500             | 10         |
| Water                            | 13,323,880           | (880,275)           | 10         |
| Sewer                            | 15,260,420           | 178,950             | 10         |
| Public Transportation            | 9,606,872            | (2,634,222)         | 10         |
| Sanitation                       | 7,865,808            | 2,926,221           | 10         |
| Business Loan Program            | 100,000              | --                  | 10         |
| Stormwater                       | 1,472,680            | 141,500             | 10         |
| Central Garage                   | 2,435,378            | 326,986             | 10         |
| Central Stores                   | 233,651              | 25,875              | 10         |
| <b>Total All Funds</b>           | <b>\$362,217,042</b> | <b>\$26,868,307</b> |            |

# GENERAL FUND REVENUES

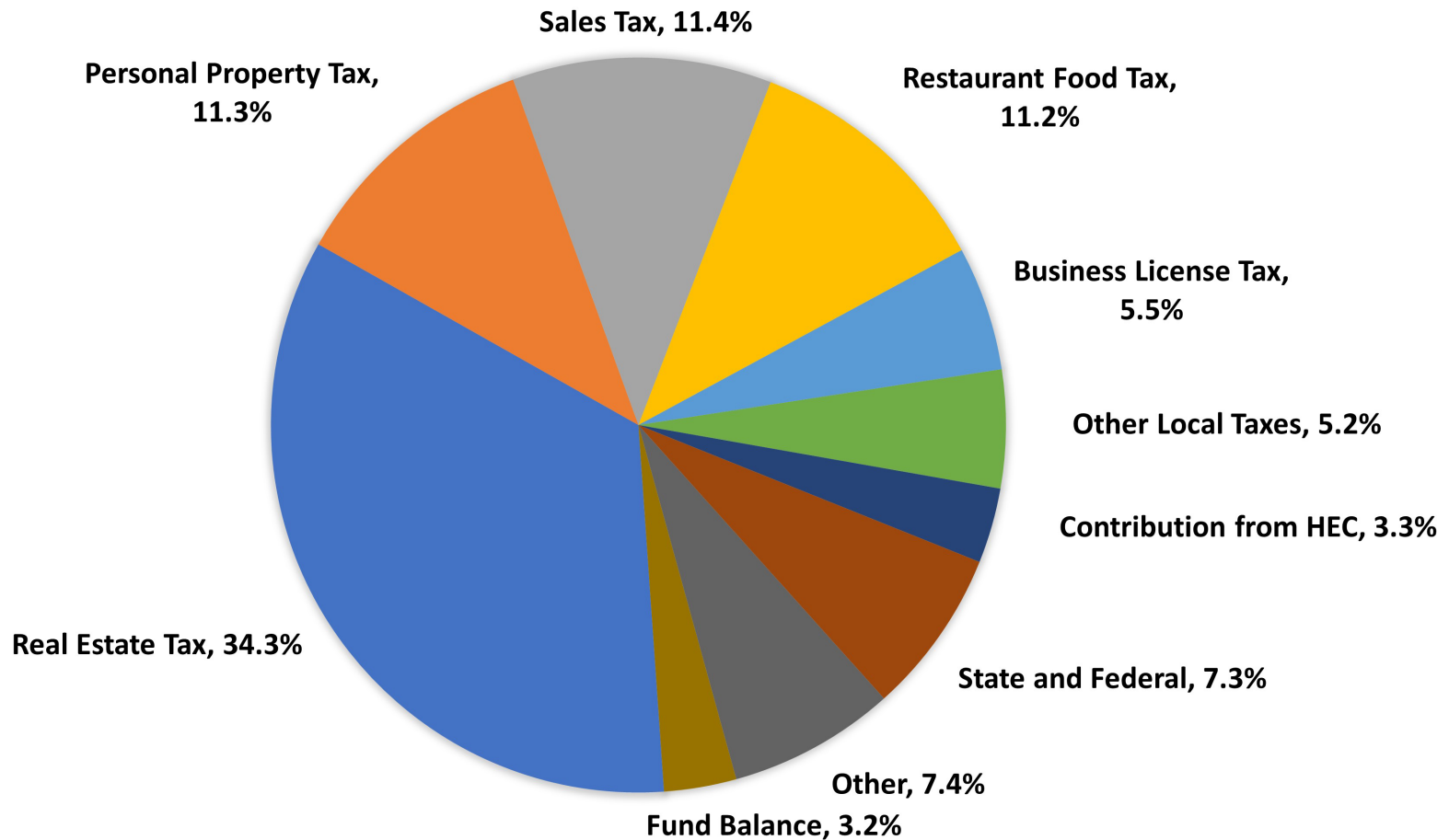
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

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)         |
| <b>Total General Funds</b> | <b>\$157,299,997</b> | <b>12,175,049</b>   |



## 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                 |
| <b>Total General Fund</b>              | <b>\$157,299,997</b> | <b>\$12,175,049</b> |                                    |

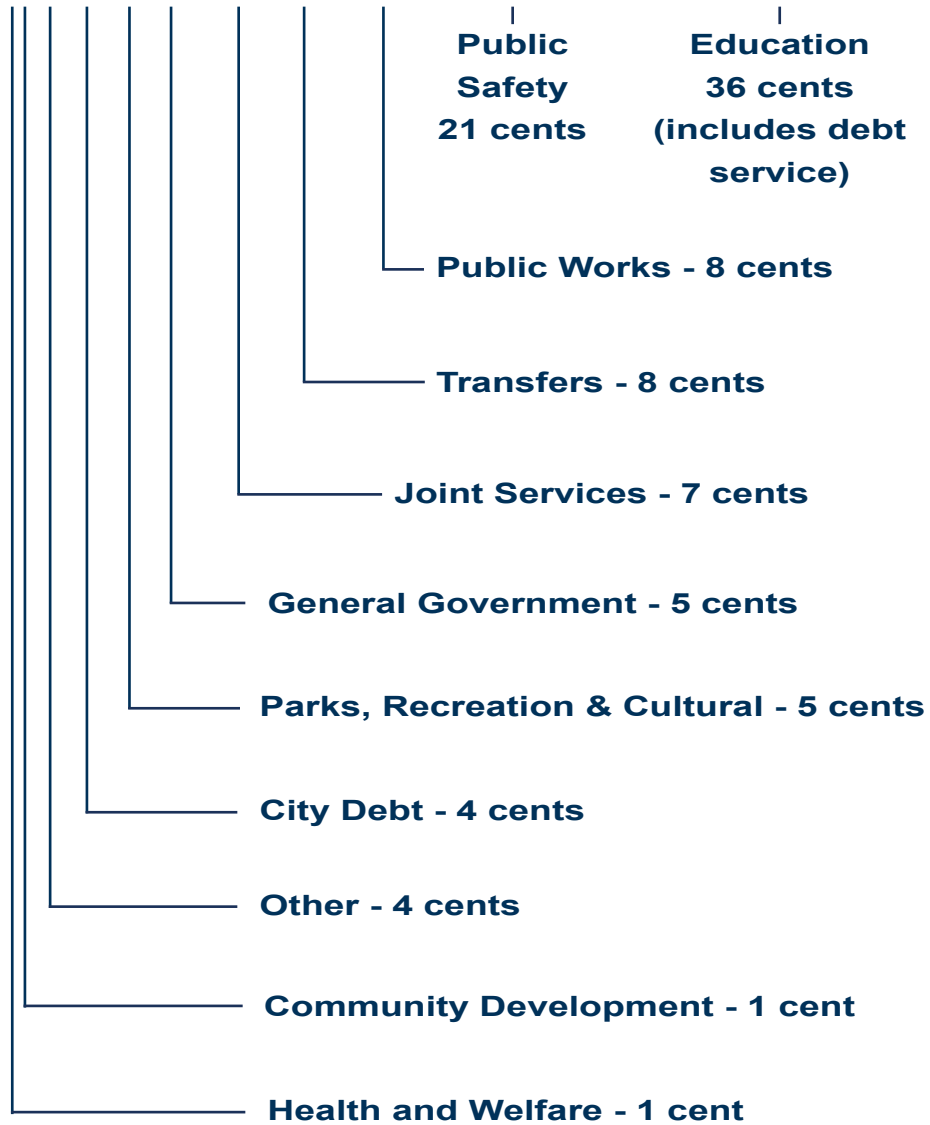
## WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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

|  |  |
|--|--|
| <b>Real Estate Tax</b>                   | 96¢ per \$100 of assessed value            |
| <b>Personal Property Tax (vehicles)</b>  | \$3.45 per \$100 of assessed value         |
| <b>Personal Property Tax (other)</b>     | \$2.12 per \$100 of assessed value         |
| <b>Restaurant Food (meals) Tax</b>       | 7%   |
| <b>Transient Occupancy (lodging) Tax</b> | 7%   |
| <b>Cigarette Tax</b>                     | 35¢ per pack                               |
| <b>Admissions Tax</b>                    | 5%   |
| <b>Water</b>                             | 5% increase                                |
| <b>Sewer</b>                             | 5% increase                                |
| <b>Stormwater Fee</b>                    | \$6 per 500 square feet of impervious area |
| <b>Sanitation Fee</b>                    |  |
| <b>Refuse Collection Fee</b>             | \$13 per month                             |
| <b>Solid Waste Management Fee</b>        | \$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.

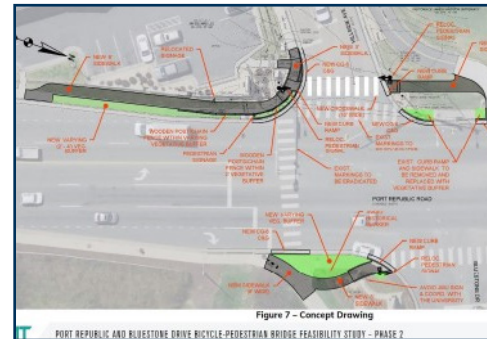
### WATER & SEWER



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

## HARRISONBURG CITY COUNCIL & STAFF

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