

# Your ROLE IN THE CITY'S BUDGET

As a unit of local government funded by the taxpayers, residents, citizens and visitors to our city, no budget cycle is ever easy. This is compounded when the local, state and national economies slow or decline. Most folks genuinely want wider sidewalks, more police officers on the street, greener parks, smoother streets; the list goes on. More times than not we expect government to do all of this while keeping taxes and user fees low. The budget process, whether here in Harrisonburg or in the halls of Congress, comes down to balancing public expectation of service with a limited amount of money. Finding that balance between limited available dollars and public pressure is the skill in budgeting.

## THE BUDGET TIMELINE

Be a savvy budget advocate and know when to speak to a department, the mayor or city council.

### NOVEMBER

Budget kick-off

### NOVEMBER - JANUARY

Departments develop initial budget proposals;  
Council engages in budget conversations with the community - BeHeardHarrisonburg budget survey goes live at <http://beheardharrisonburg.org>

### JANUARY

Outside agency requests due;  
Develop preliminary budget projections

### FEBRUARY

Meet with directors;  
Update revenue projections

### MARCH

Draft budget is presented to Council

### APRIL

Public hearing and first reading of budget

### MAY

Second reading and adoption of budget

### JULY 1

Newly adopted budget begins

Designing a city budget is the most important job 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. Thank you for joining us in this process!

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

1. The **revenue forecast** for the upcoming year determines how much funding is available. The city manager, finance director, and commissioner of the revenue look closely at trends and economic indicators.
2. The city's **budget** allocates funding for all city departments and city schools. The budget for 2015-2016 totaled \$220.9 million.
3. A **capital improvement plan** forecasts spending on capital projects over the next five years.

Visit <http://www.harrisonburgva.gov/budget> for more information and <http://beheardharrisonburg.org> to submit your ideas and comments about the budget.



Email City Manager Kurt Hodgen at [kurt.hodgen@harrisonburgva.gov](mailto:kurt.hodgen@harrisonburgva.gov)

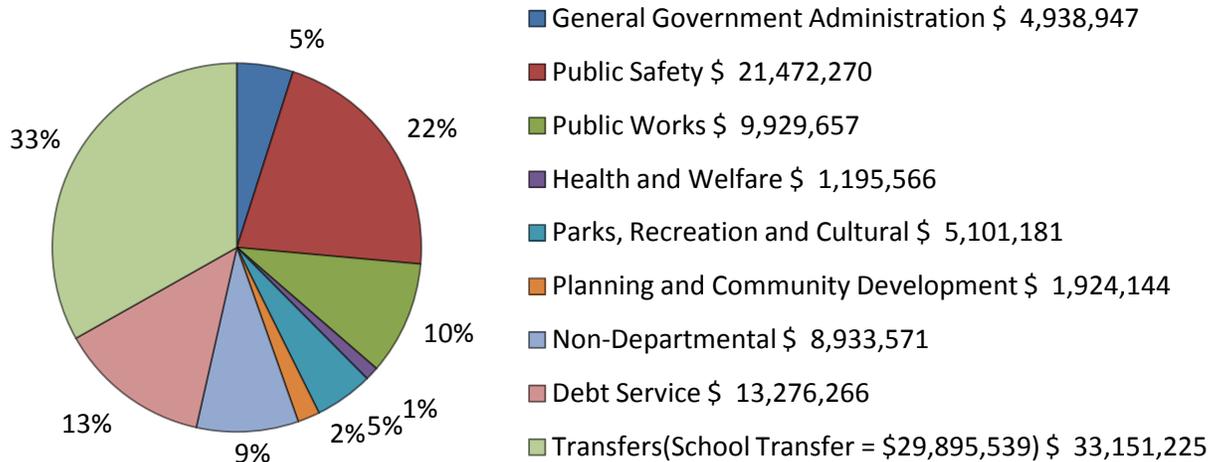
Mayor Christopher B. Jones | Vice Mayor Richard Baugh | Council Members: Ted Byrd | Kai Degner | Abe Shearer  
City Manager Kurt Hodgen | Deputy City Manager Anne Lewis



# HOW *Your* MONEY IS INVESTED IN *Your* COMMUNITY

Most of the city's general tax revenues and discretionary resources are pooled into a central \$99.2 million General Fund. The areas of human services, education, and transportation receive significant resources outside the general fund from state and federal sources. The city operates on a fiscal year (July 1 - June 30) instead of a calendar year (January - December).

## FUNCTIONAL EXPENSES (Fiscal Year 2015-2016)



## REVENUE SOURCES (Fiscal Year 2015-2016)

Property Taxes	40%	Other Local Taxes	8%
Sales and Use Taxes	13%	State and Federal	10%
Restaurant Food Taxes	11%	All Other Revenue	11%
Business License Taxes	7%		

## 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 that has been earmarked 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. Of the city's adopted budget, most of the big spending decisions occur within the city's General Fund.

## GENERAL FUND

The fund where the city has the most discretion is the General Fund. The two major sources of funding for the General Fund are general property taxes and other local taxes combined. These two sources make up 79% of the General Fund budget.

## CAPITAL IMPROVEMENT PLAN (CIP)

Every year, the city adopts a plan for capital improvements for the next five years. Capital improvements include projects such as street construction, traffic systems, park improvements, sewer and water infrastructure, etc. Capital projects tend to be costly, so the city issues bonds to help cover the cost. The city uses the cash received from bond sales to pay for capital projects, and repays investors over time at tax exempt interest rates determined by competitive bids received at the time the bonds were issued. This process is similar to a homeowner taking out a home improvement loan to complete a major home repair project.

## BOND RATINGS

In 2015, 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.