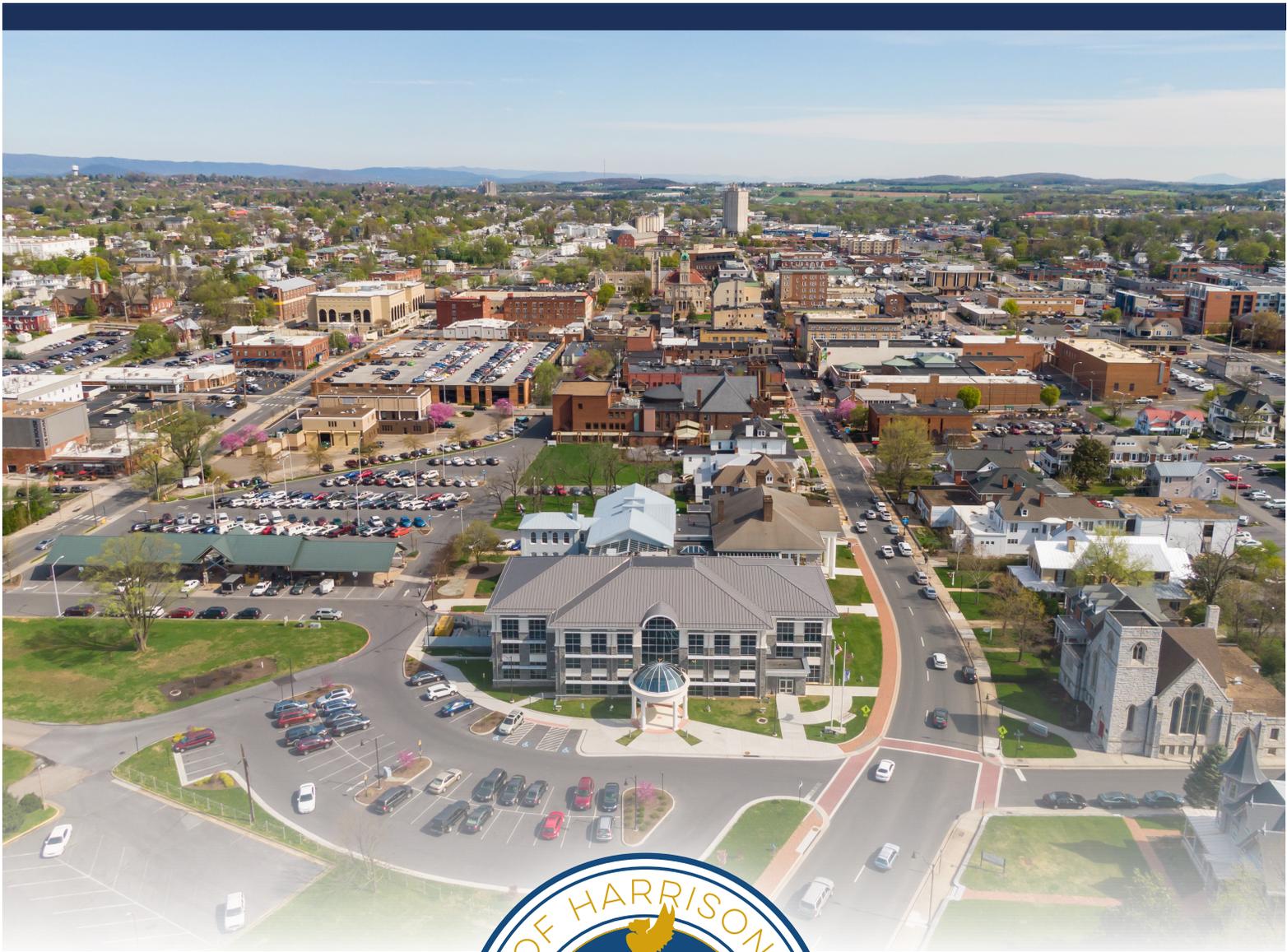




HARRISONBURG **VA**
FRIENDLY BY NATURE

BUDGET IN BRIEF

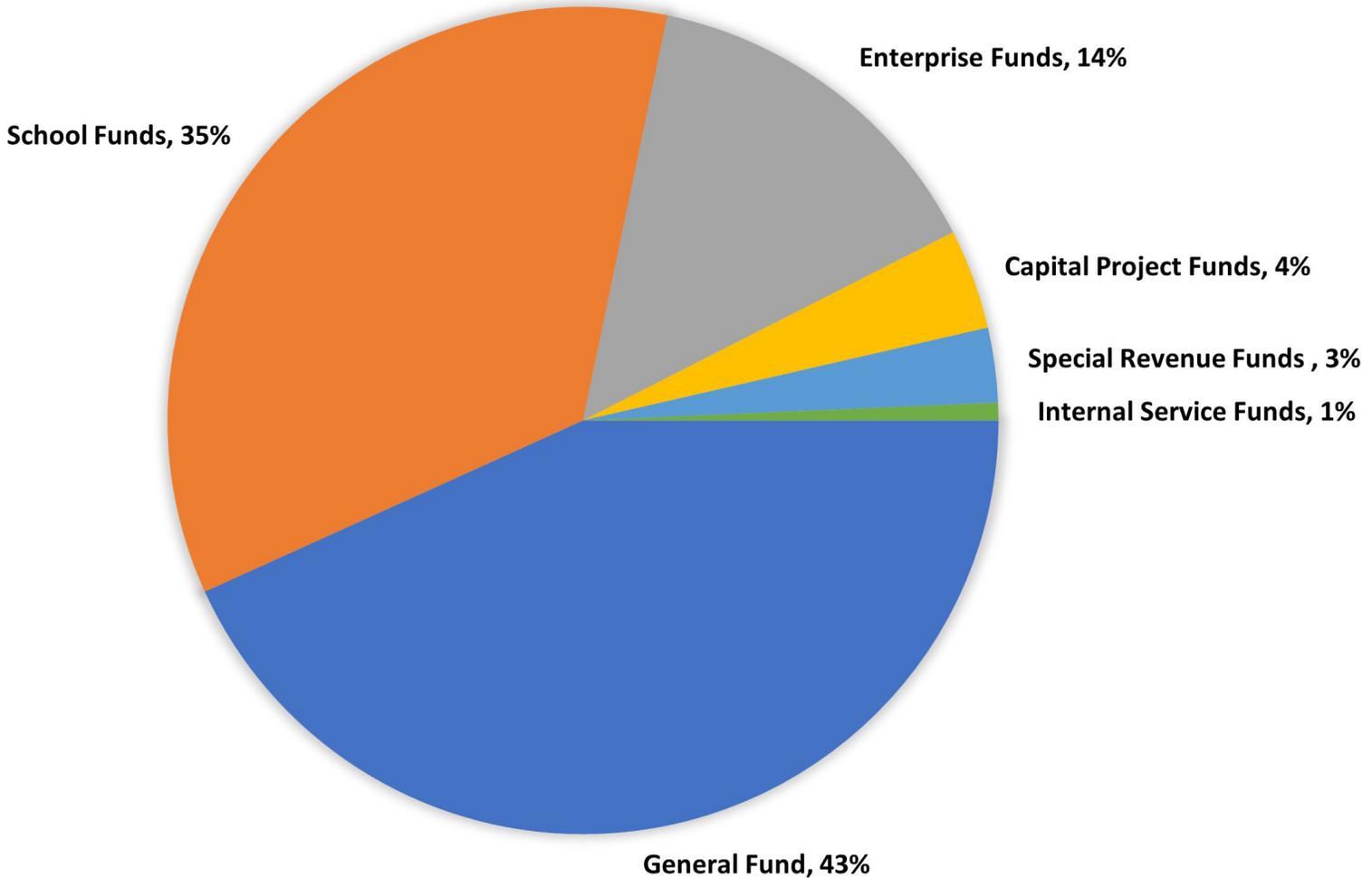
ADOPTED FISCAL YEAR 2022-2023



BUDGETING INTRODUCTORY INFORMATION

The adopted Fiscal Year 2022-2023 citywide budget amounts to \$335.8 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 \$12.5 million in capital projects, including a new Public Works building, street paving and sidewalk improvements, and much more.



Budget FY22-23

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

While we continue to move out of the COVID-19 pandemic and the uncertainty it caused in regard to budget planning, there are still challenges ahead of us as we move forward with this adopted budget.

As of the date of the adoption of the budget, we have not seen a completed state budget from the General Assembly. Additionally, there is the potential that the General Assembly may repeal grocery sales taxes, which could have a significant financial impact on the City's revenue.

We continue to see the impacts of national economic concerns on our local economy, such as the costs of goods like fuel. Various factors also are causing vehicle assessments to increase. Because of this, we have reduced the personal property tax for vehicles to \$3.15, and eliminated the vehicle license fee.

Additionally, we are now in the middle of our three-year process for increasing the real estate tax rate related to construction of the second high school. This year's increase is three cents, increasing the rate to 93 cents, following last year's four-cent increase. An additional four-cent increase is currently expected for the 2023-2024 fiscal year budget, bringing the total to 11 cents for the project over three years.

We are eager to return focus to some projects that were postponed due to the pandemic and removed from past budgets. You will see some such projects represented in this budget.



BUDGET HIGHLIGHTS

\$6.3 Million

Public Safety Building

Includes space for HFD and HPD needs, as well

\$1.9 Million

Staff Compensation Increase

- City employees will receive a 3% COLA on July 1
- Sworn HPD officers, HFD firefighters and HRECC emergency communicators will receive an additional 2%

45 New Full-time Positions

30 of these are conversions of part-time positions to full-time

\$3.9 Million

Transit & Paratransit

Seven new transit buses and two new paratransit buses will be purchased

\$2.9 Million

Increased debt service payments related to the HHS2 project

\$1.7 Million

Increased contribution to Rockingham County for shared services

\$1.75 Million

Replacement of ladder truck

\$1.4 Million

Increased transfer to HCPS

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	FY23 ADOPTED BUDGET	INCREASE (DECREASE)	0 25 50 75 100 125 150 (Millions)
General	\$145,124,948	\$19,921,754	General
School	107,110,882	13,853,613	School
School Nutrition	4,977,692	249,492	Sewer
Emergency Comms. Center	9,148,946	457,462	Water
Community Develop. Block Grant	540,419	(320,399)	Public Transportation
School Transportation	5,618,880	834,658	Emergency Communication Center
General Capital Projects	6,925,000	(2,207,217)	General Capital Projects
School Capital Projects	600,000	600,000	School Transportation
Emergency Comm. Capital Projects	650,000	(200,000)	School Nutrition
Water Capital Projects	3,037,659	1,032,751	Sanitation
Sewer Capital Projects	1,914,307	1,914,307	Water Capital Projects
Sanitation Capital Projects	--	--	Central Garage
Stormwater Capital Projects	--	(1,279,979)	Sewer Capital Projects
Water	14,204,155	2,952,505	Stormwater
Sewer	15,081,470	2,671,321	Emergency Comm. Capital Projects
Public Transportation	12,241,094	(143,540)	School Capital Projects
Sanitation	4,939,587	333,474	Community Develop. Block Grants
Business Loan Program	100,000	--	Central Stores
Stormwater	1,331,180	500	Business Loan Program
Central Garage	2,108,392	255,322	Stormwater Capital Projects
Central Stores	207,776	17,349	Sanitation Capital Projects
Total All Funds	\$335,862,387	\$40,943,373	

GENERAL FUND REVENUES

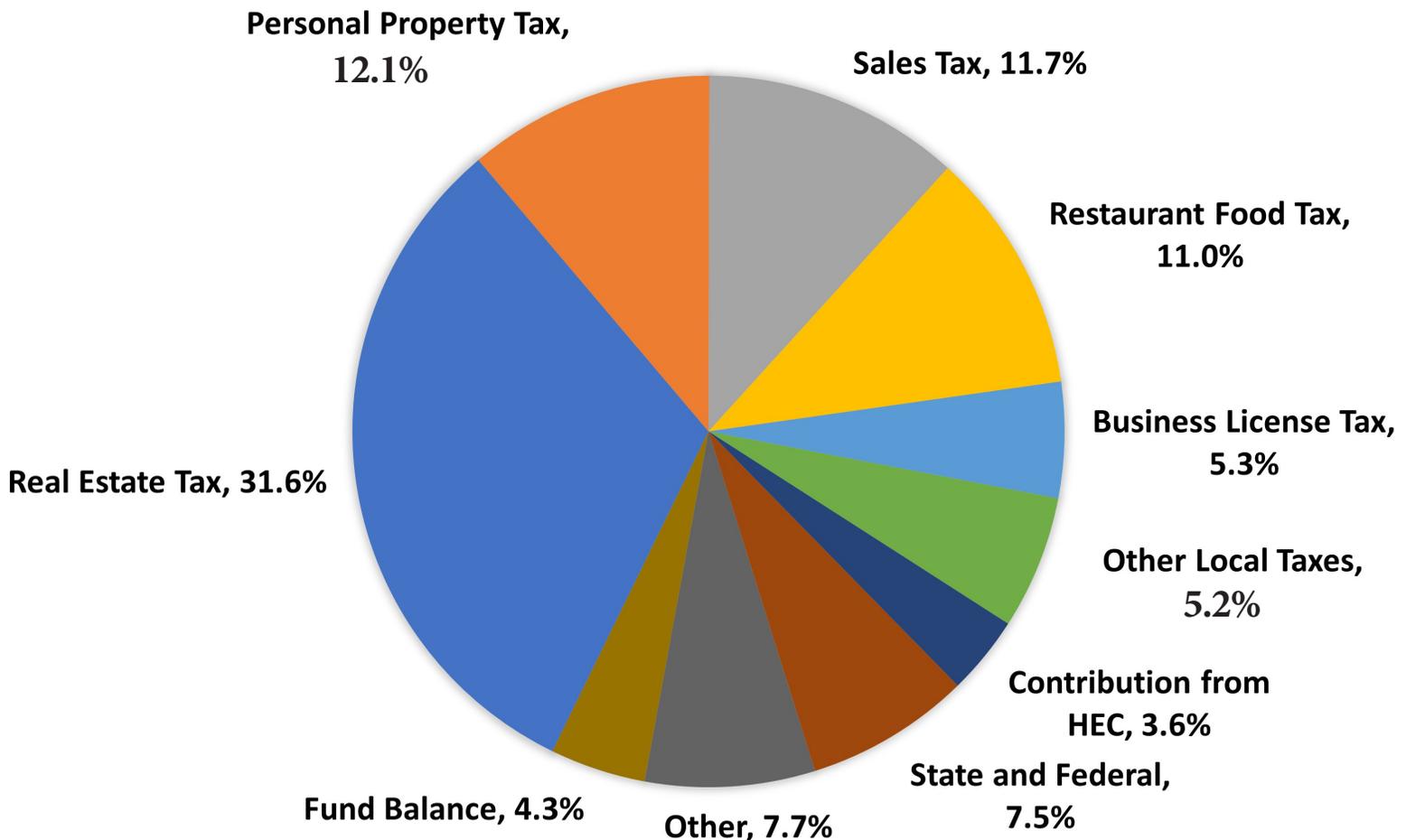
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the city.

The largest source of funding for the General Fund is real estate tax, which makes up 31.6% of the fund’s revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22.7% of revenue.

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

REVENUE SOURCE	FY23 ADOPTED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$45,846,200	\$4,475,800
Personal Property Tax	17,594,400	2,396,200
Sales Tax	16,956,800	2,279,400
Restaurant Food Tax	16,007,300	3,523,500
Business License Tax	7,634,500	662,800
Other Local Taxes	7,508,900	49,000
Contribution from HEC	5,200,000	--
State and Federal	10,883,499	640,950
Other	11,193,349	2,618,249
Fund Balance	6,300,000	3,275,855
Total General Funds	\$145,124,948	19,921,754



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 adopted 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 ADOPTED BUDGET	INCREASE (DECREASE)	0 10 20 30 40 (Millions)
Government Administration	\$8,013,808	\$1,031,895	Transfers - Education
Public Safety	31,550,693	3,850,157	Public Safety
Public Works	11,808,466	1,114,353	Debt Service - Education
Health and Welfare	1,511,953	147,161	Public Works
Parks, Recreation and Cultural	6,728,405	317,714	Rockingham County Joint Operations
Community Development	1,919,724	182,331	Transfers - Other
Joint Operations (w/Rockingham County)	11,414,300	1,723,400	Government Administration
Debt Service - General	7,109,712	(345,447)	Debt Service - General
Debt Service - Education	13,646,528	2,868,034	Parks, Recreation, and Cultural
Transfers - Others	10,431,761	6,873,784	Other
Transfers - Education	37,435,173	1,426,914	Community Development
Other	3,554,425	731,458	Health and Welfare
Total General Fund	\$145,124,948	\$19,921,754	

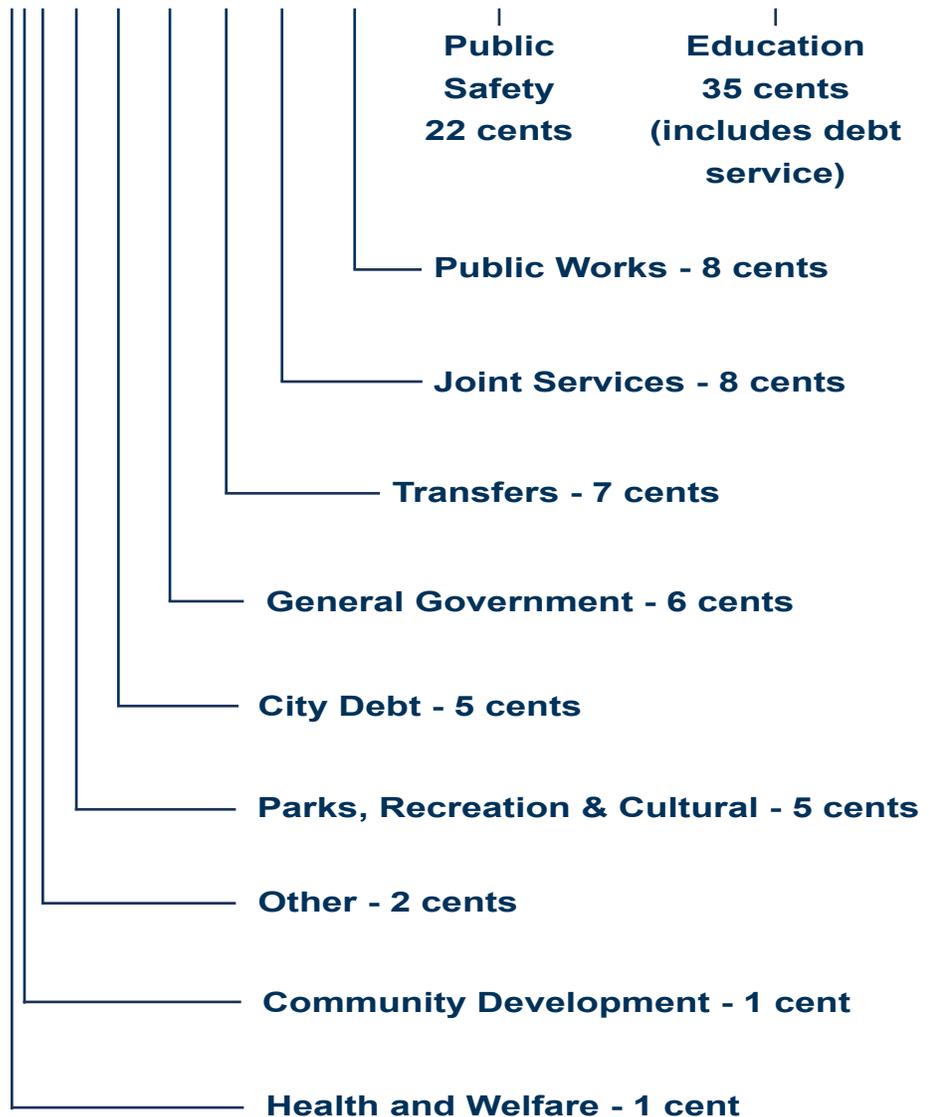
WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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.

ADOPTED TAX & FEE RATES

Real Estate Tax	93¢ per \$100 of assessed value
Personal Property Tax (vehicles)	\$3.15 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	2% 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 2022-23 adopted budget includes \$12.5 million in capital project funding.

PUBLIC WORKS BUILDING



\$6.3 Million

A new Public Works building will be constructed near the current building, which has reached the end of its life. Space also will be included for HPD and HFD inside.

WATER & SEWER INFRASTRUCTURE



\$4.9 Million

This will support general infrastructure needs across the City that Harrisonburg Public Utilities maintains throughout the year

NEW TRANSIT & PARATRANSIT VEHICLES



\$3.9 Million

Seven new transit buses and two paratransit buses will be purchased for HDPT to support community transportation needs.

LADDER TRUCK REPLACEMENT



\$1.75 Million

This will replace a 1996 ladder truck that has reached the end of its service life. The unit, based at Station 1, handles approximately 1,200 calls per year. It is an extremely specialized vehicle, carrying a compliment of personnel and equipment.

STREET PAVING & SIDEWALK WORK



Increase of \$550,000

Public Works has numerous street paving projects scheduled, in addition to needed sidewalk improvements across the city.

NEW HDPT SCHOOL BUSES



\$450,000

HDPT will add four new school buses to its fleet to serve Harrisonburg City Public Schools.

FINANCIAL REPORTING RECOGNITION



Aa2



AA+

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.



ACFR

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 26th consecutive year. This certificate is the highest form of recognition in this area of government.

ANNUAL BUDGET CALENDAR - NOV. 2021 TO JULY 2022

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 prepares proposed budget

April

Proposed budget is presented to City Council and public

Budget public hearing

May

Public hearing for real estate tax rate

Second reading is held and the budget is adopted

July 1

Newly adopted budget begins

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