



# HARRISONBURG VA FRIENDLY BY NATURE

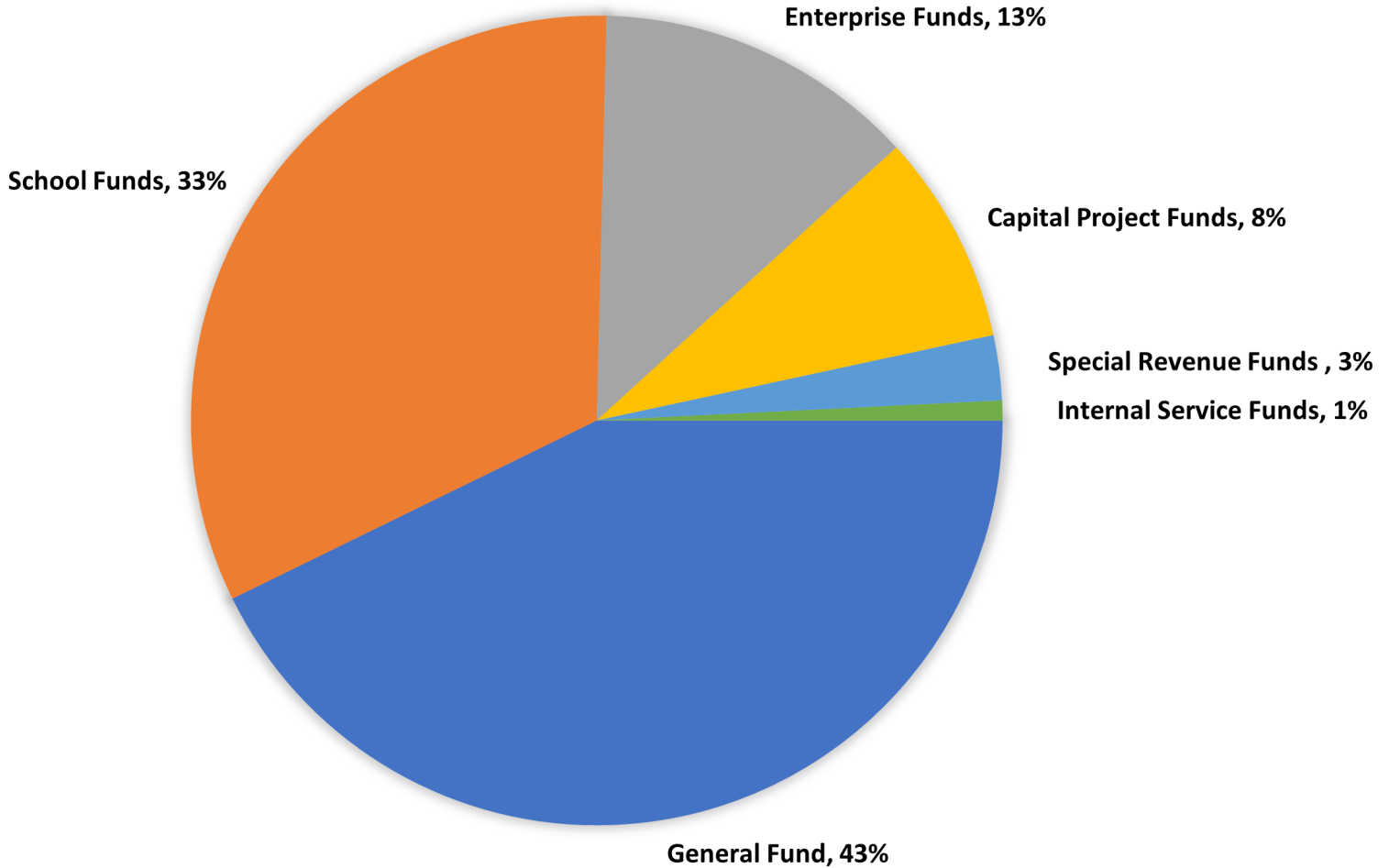
## BUDGET IN BRIEF PROPOSED FISCAL YEAR 2024-2025



# BUDGETING INTRODUCTORY INFORMATION

The proposed Fiscal Year 2024-2025 Citywide budget amounts to \$404.9 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 \$39.7 million in capital investments, including renovations to the City's historic Municipal Building in Downtown, multiple Parks & Recreation projects, and much more.



## Budget FY24-25

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

For some time, we have known that the 2024-2025 budget would need to accommodate staffing the soon-to-open Rocktown High School. That effort, in addition to other needs within Harrisonburg City Public Schools, resulted in the school system's ask for an additional budget transfer of \$6.6 million, equating to the 8-cent tax increase you will see in this year's budget proposal. Of the \$6.6 million increase, \$4.2 million is requested specifically for Rocktown High.

With the weight of this proposed increase in mind, City budget planners sought to make sound financial decisions that would not add to that 8-cent request while still working to accommodate our goals for the upcoming fiscal year: enhancing City services in line with our Harrisonburg 2043 Vision, providing a salary increase to employees, and bolstering benefits to City employees following this year's internal Benefits Study.

We have worked to be judicious with our recommendations on new City staffing, and have identified some staffing requests as future year budget considerations. Despite that, this budget still proposes the addition of 29 new full-time positions - with more than half of those representing needs related to the new Harrisonburg Fire Department Station 5 that will serve the northern end of our community.

Additionally, this budget seeks to bring to a close many of the City projects started through American Rescue Plan Act funds. A contingency is proposed to help bring those efforts to fruition in 2024-25.



## BUDGET HIGHLIGHTS

### \$6.6 Million

#### Increased transfer to HCPS

The majority of this increase proposed by Harrisonburg City Public Schools will go toward filling positions at Rocktown High School before it opens next year.

### \$5 Million

#### City Municipal Building

This funding will continue the process of renovating the City's former Municipal Building so it can return to service for our community. This will allow space for departments needed through the growth of City services.

### \$4 Million

#### Water & Sewer Needs

Funding will support investments in water and sewer infrastructure currently scheduled by Harrisonburg Public Utilities.

### \$1.5 Million

#### ARPA Contingency

Funding will be set aside to assist as needed with the completion of ongoing ARPA projects.

### \$1.7 Million

#### City staff salary increase

A 3 percent compensation adjustment for City employees is proposed.

### \$555,000

#### Health Insurance Contributions

The City will increase the employer covered portion of employee's health insurance to 78 percent - an increase of 3 percent. This is one item identified as a need by staff in the City's Benefits Study conducted in early 2024.

# 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	FY25 PROPOSED BUDGET	INCREASE (DECREASE)	(Millions)
General	\$173,090,714	\$15,790,717	173
School	118,416,957	4,047,864	118
School Nutrition	6,454,027	454,601	6
Emergency Comms. Center	9,896,120	46,710	10
Community Develop. Block Grant	500,000	(6,946)	0.5
School Transportation	6,746,979	490,256	7
General Capital Projects	28,886,465	20,586,465	29
School Capital Projects	520,000	(2,480,000)	0.5
Emergency Comm. Capital Projects	-	(600,000)	0
Water Capital Projects	2,798,489	1,191,862	3
Sewer Capital Projects	1,304,998	231,332	1.3
Sanitation Capital Projects	-	(2,697,965)	0
Stormwater Capital Projects	1,007,325	648,825	1
Water	15,341,700	2,017,820	15
Sewer	15,889,190	628,770	16
Public Transportation	13,902,924	4,296,052	14
Sanitation	5,369,740	(2,496,068)	5
Business Loan Program	100,000	-	0.1
Stormwater	1,472,680	-	1.5
Central Garage	2,978,030	542,652	3
Central Stores	225,352	(8,299)	0.2
<b>Total All Funds</b>	<b>\$404,901,690</b>	<b>\$42,684,648</b>	<b>405</b>

# GENERAL FUND REVENUES

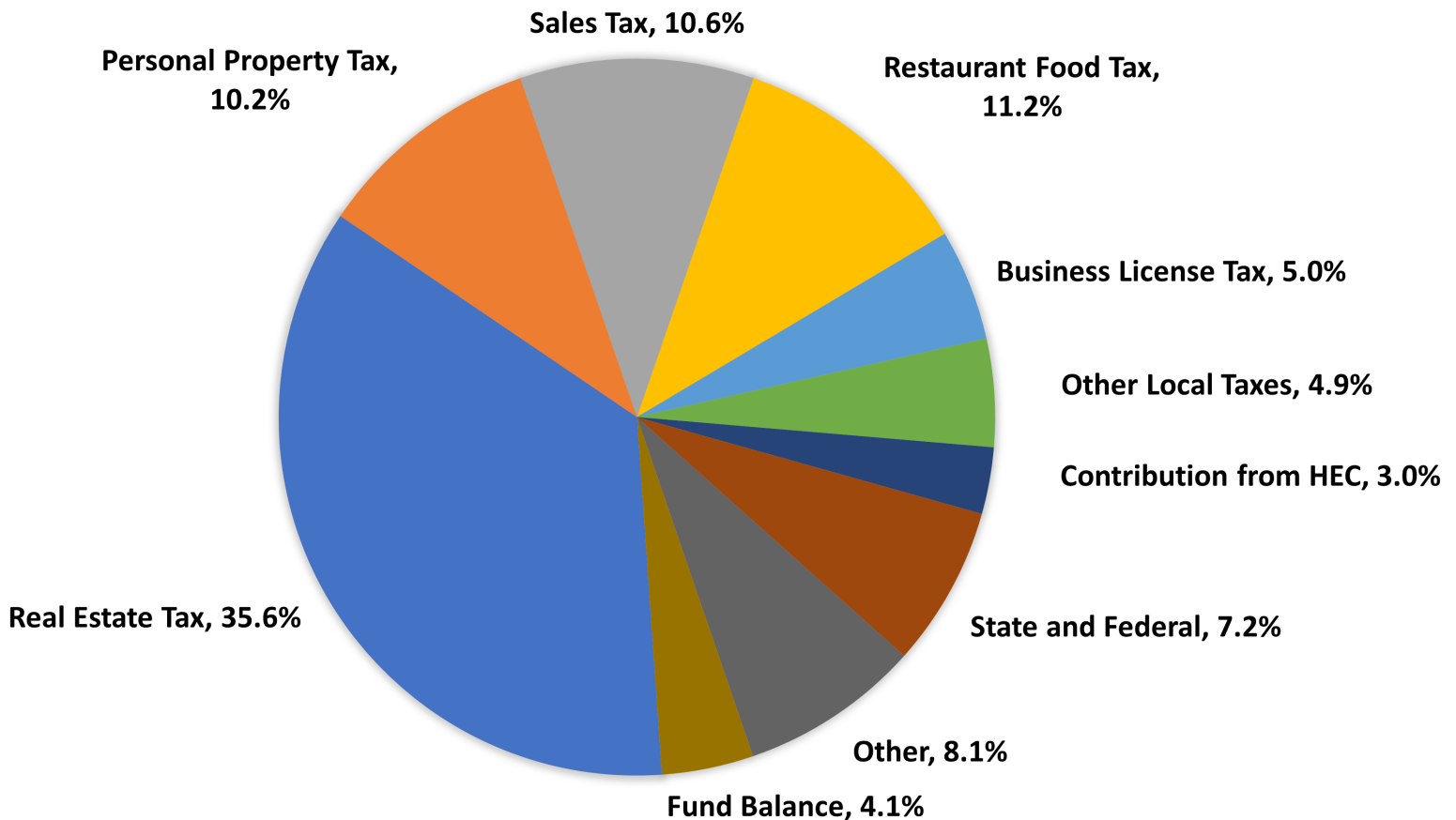
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

The largest source of funding for the General Fund is real estate tax, which makes up 35.6% of the fund's revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 21.8% of revenue.

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

REVENUE SOURCE	FY25 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$61,600,700	\$7,653,500
Personal Property Tax	17,733,800	(4,600)
Sales Tax	18,273,600	348,300
Restaurant Food Tax	19,340,800	1,650,800
Business License Tax	8,689,900	84,000
Other Local Taxes	8,434,400	257,900
Contribution from HEC	5,200,000	--
State and Federal	12,547,749	1,096,750
Other	14,099,765	2,534,067
Fund Balance	7,170,000	2,170,000
<b>Total General Funds</b>	<b>\$173,090,714</b>	<b>15,790,717</b>



## GENERAL FUND EXPENDITURES

The General Fund expenditures are the funds from which the departments expend money to provide quality services to community members 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	FY25 PROPOSED BUDGET	INCREASE (DECREASE)	
Government Administration	\$9,397,934	\$1,182,580	Transfers - Education
Public Safety	36,183,243	3,405,899	Public Safety
Public Works	14,056,668	1,539,475	Transfers - Other
Health and Welfare	1,869,202	110,019	Public Works
Parks, Recreation and Cultural	8,462,764	1,609,412	Debt Service - Education
Community Development	2,269,387	258,668	Rockingham County Joint Operations
Joint Operations (w/Rockingham County)	12,687,470	1,206,670	Government Administration
Debt Service - General	6,917,272	85,313	Parks, Recreation, and Cultural
Debt Service - Education	13,644,998	(5,850)	Debt Service - General
Transfers - Others	15,018,190	2,526,735	Other
Transfers - Education	48,931,357	6,663,575	Community Development
Other	3,652,229	(2,791,779)	Health and Welfare
<b>Total General Fund</b>	<b>\$173,090,714</b>	<b>\$15,790,717</b>	

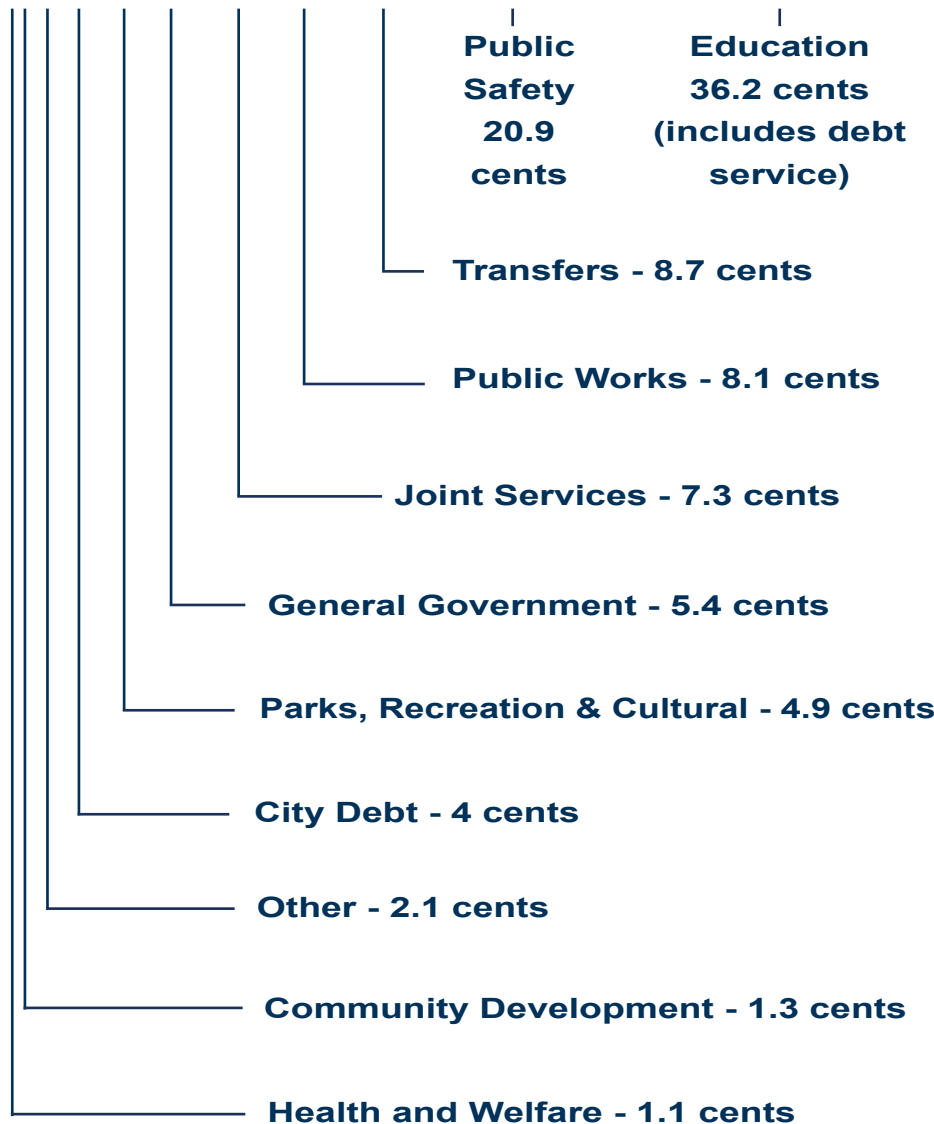
# WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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 the community.

## PROPOSED TAX & FEE RATES

<b>Real Estate Tax</b>	\$1.04 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>	5.5% Increase
<b>Sewer</b>	2.9% 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 2024-25 proposed budget includes \$39.7 million in capital funding.

## OLD MUNICIPAL BUILDING RENOVATIONS



**\$5 Million**

This funding will continue work to renovate the City's Municipal Building so City departments can operate there.

### WESTERN RAW WATER LINE



**\$500,000**

This will support the ongoing Western Raw Water Line replacement project from Public Utilities.

### WESTOVER PARK POOL DOME



**\$575,000**

This will support the year-round services offered at the Westover swim complex.

### MORRISON PARK RESTROOM REPLACEMENT



**\$300,000**

This will support visitors to the Morrison Park pickleball courts and surrounding amenities.



# 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 28th consecutive year. This certificate is the highest form of recognition in this area of government.

## ANNUAL BUDGET CALENDAR - NOV. 2023 TO JULY 2024

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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