



BUDGET MESSAGE

Fiscal Year 2013-2014

TO: Budget Committee
FROM: Robert Duncan, Mayor
DATE: April 29, 2013
**RE: City of Harrisburg Budget &
Harrisburg Redevelopment Agency Budget**

Welcome.

Thank you for agreeing to be a part of this budget process. You will be asked to consider the budgets for the next fiscal year for the City of Harrisburg and for the Harrisburg Redevelopment Agency ("HRA"). The fiscal year goes from July 1, 2013 through June 30, 2014. The HRA is a separate entity and therefore has its own budget. The Budget Committee for the City also serves as the Budget Committee for the HRA.

The Finance Officer and city staff has prepared a proposed budget. It is your responsibility to review it and make the changes that you think are appropriate.

Keep in mind these basic municipal budgeting principles:

- Budgets are divided into funds.
- Some funds, called "Enterprise Funds", are required to be self supporting. This includes the Water Fund and the Sewer Fund.
- Budgets are required to be balanced. The amount of money shown on the expense side must equal the amount shown on the revenue side.
- You cannot spend more money in a fund than is actually available.

You have been provided a copy of the proposed City budget and the HRA budget. The budget has charts and narrative statements about all of the funds. These tools are there to help you understand the key issues facing the City for the next budget year. It also gives us a historical comparison of the last three years history to help determine our needs for fiscal year 2013-2014 and future budget years. As they say a picture paints a thousand words and that is the idea behind using charts. The narrative highlights key issues.

Concerns for this budget include:

1. Assessed Property values for our City decreased this year as per the Linn County Tax Assessor's office. This results in a property tax revenue decrease from last year.
2. The H.A.R.T. Family Resource Center will not be receiving grant money from the Commissions on Children and Families (CCF) for FY 2013-2014.
3. The General Fund is transferring approximately 34% of the Cities property tax revenue out of the fund to support the H.A.R.T. Family Resource Center, the Library and Community and Economic Development. The General Fund cannot sustain this amount in the future years and remain healthy.
4. There is still a lack of construction. This reduces revenues from building permit fees, land use application fees and systems development charges.
5. The lack of construction also means we cannot count on much of an increase in the next few years in property tax revenues.
6. We have very few Public Works projects planned for this year, but plans for basic maintenance are included to protect our infrastructure investment. We need to find ways to fund some needed projects within the next couple of years to avoid problems and to be prepared for anticipated growth.

Not everything is bad news though:

1. We are in the process of expanding our Urban Growth Boundary. This may result in future construction that may increase the Cities property values. This would in turn increase our property tax revenue.
2. Our Sewer Fund appears to be stabilizing and the projection for FY 2013-2014 is good.
3. Our Water Fund has rebounded this year to allow us to transfer \$50,000 into the Water Reserve Fund and the Sewer Fund was able to transfer \$25,000 to the Sewer Reserve Fund. This is vital to these two funds ability to help reduce the amount of future bonds that will support the growth of our community in the future.

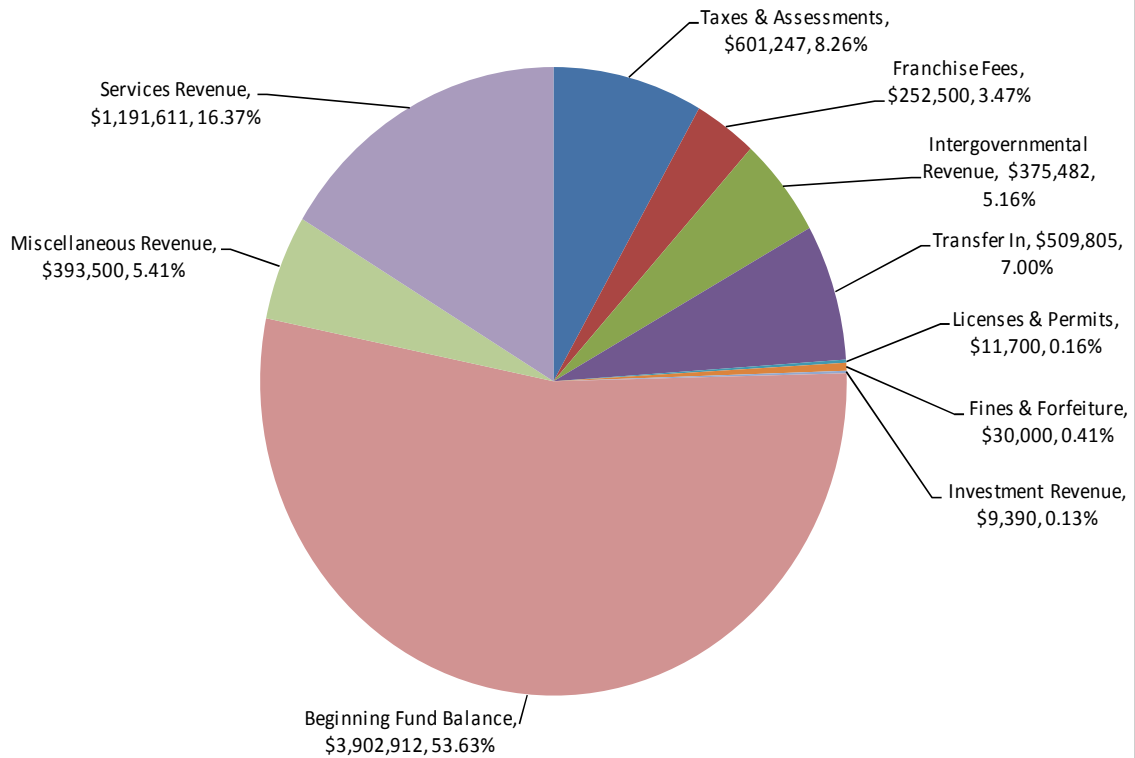
The proposed HRA budget is short and not very detailed. We have the goal of completing a street project within the HRA boundaries. To accomplish this goal in FY 2013-2014 we are not offering the Property Improvement Grant program that we have in the past. The budget includes a contribution from the HRA for the wastewater facility expansion and a contribution for the Community & Economic Development fund.

The proposed budgets for the City and the HRA are offered for your consideration and review.

Respectfully submitted,

Robert Duncan, Mayor

Where the Money Comes From



Where the Money Goes

