



BUDGET MESSAGE

Fiscal Year 2014-2015

TO: Budget Committee
FROM: Robert Duncan, Mayor
DATE: May 12, 2014
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, 2014 through June 30, 2015. 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 2014-2015 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 increased this year as per the Linn County Tax Assessor's office. This results in a property tax revenue increase 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 2014-2015. The City has reduced the amount of General Fund transfer this year. The H.A.R.T. Center has a three year operating bond on the May 2014 ballot. We will know the results prior to adopting the budget. The outcome of the election may impact the H.A.R.T budget.
3. The General Fund is transferring approximately 31% of the Cities property tax and Franchise Fee 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. The process of expanding our Urban Growth Boundary is almost complete. This may result in future construction that may increase the Cities property values. This would in turn increase our property tax revenue.
2. Our Water and Sewer Funds revenue appears to continue to be trending up and the projection for FY 2014-2015 is good.
3. Our Water Fund is able to transfer \$23,000 into the Water Reserve Fund and the Sewer Fund is able to transfer \$35,000 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.

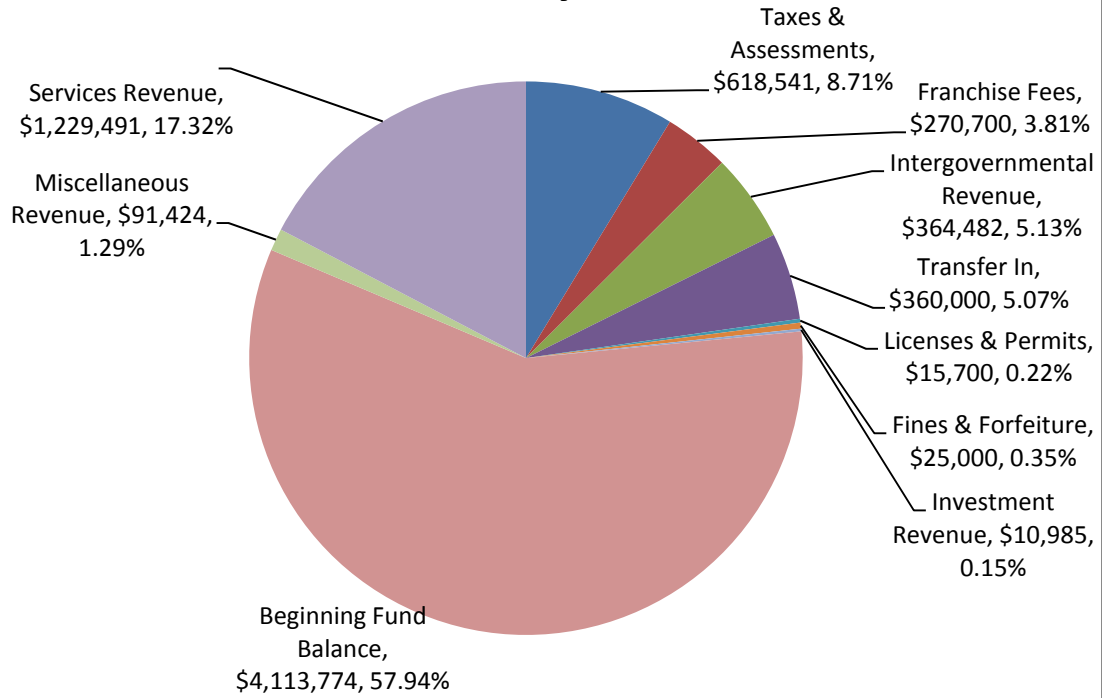
The proposed HRA budget is short and not very detailed. We are going to try to complete a Substantial Amendment to the HRA. This will allow us to increase our Maximum Indebtedness and we will be able to extend the life of the HRA. This will allow us to complete new projects within the HRA boundaries. The budget does not include any funds being transferred out of the HRA to any other entities. We will not be making any transfers out of the HRA in future years.

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

