



HARRISONBURG **IVA** **FRIENDLY BY NATURE**

BUDGET IN BRIEF

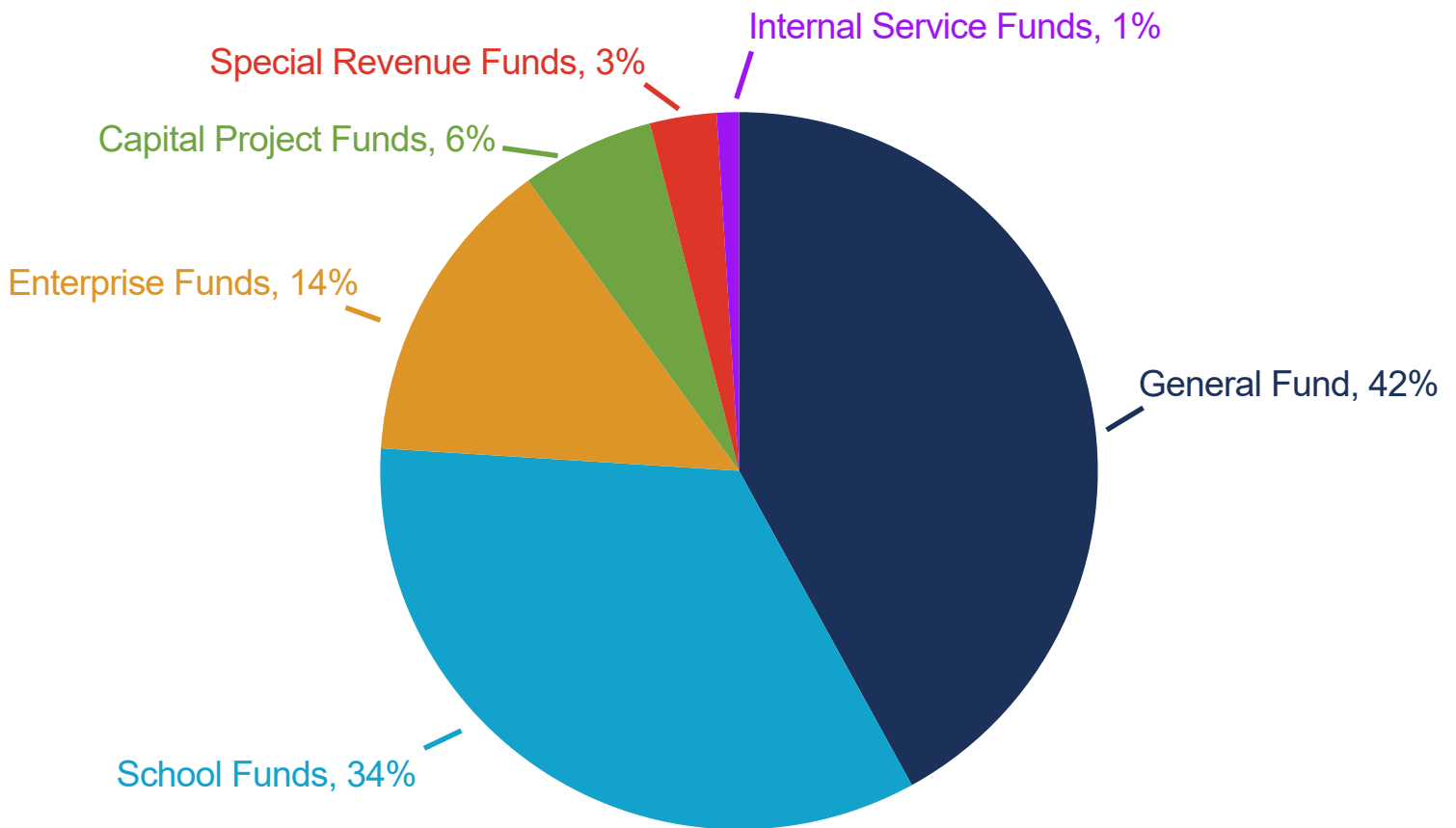
PROPOSED FISCAL YEAR 2025-2026



BUDGETING INTRODUCTORY INFORMATION

The proposed Fiscal Year 2025-2026 Citywide budget amounts to \$416.5 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 million in capital investments, including for the HVAC system at the Lucy F. Simms Continuing Education Center, renovations of the Municipal Building in Downtown, support for the Liberty Street reimagining project, and more.



Budget FY25-26

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

This year's budget was developed in an environment of constrained revenue growth, economic uncertainty, and potential implications of federal policy.

City budget planners sought to make sound financial decisions, based around the Harrisonburg 2045 focus area of Fiscal Sustainability and Planning, that would address community needs while not increasing the current tax rate of \$1.01 per \$100 of assessed real estate value. Budget planners were cognizant of recent tax rate increases, totaling 15 cents between fiscal years 2021-2022 and 2024-2025, primarily related to the creation and operation of Rocktown High School, and the potential impacts those increases have had on community members' and local businesses' finances.

Constrained revenue growth, coupled with a desire to maintain the current tax rate, placed limitations on the ability for departments to increase staffing for added or enhanced City services. Departments were strongly urged to maintain existing levels of services and aim to keep expenses level this coming fiscal year. Additionally, these factors required conversations with our partners, such as HCPS, to ensure their budget proposals were mindful of our current fiscal reality.

Despite these challenges, this balanced budget maintains current tax rates while focusing on delivering high-quality services, recruiting and retaining an industry-leading workforce, and investing in capital improvements. We believe this is the best path forward for our community at this time.



BUDGET HIGHLIGHTS

\$7.2 Million

Investments in water and sewer infrastructure

Harrisonburg Public Utilities continues work on its long-range plan to replace aging infrastructure in our community.

\$3.6 Million

Investments in HCPS facilities

This includes \$2.5 million for renovations at the Massanutten Technical Center and \$1.1 million in HVAC replacements and roof repairs at multiple schools.

\$2.4 Million

4% pay increase to City employees

The City continues making investments to recruit and retain high-quality staff members to address City Council goals in the 2045 Vision

\$2.2 Million

Lucy Simms HVAC

This project will replace the heating and cooling system at the historic community center located in the Northeast Neighborhood.

\$1.5 Million

Municipal Building Renovations

Work continues on future renovations to the old Municipal Building in Downtown, in order to create more space for support needed for expanded City services.

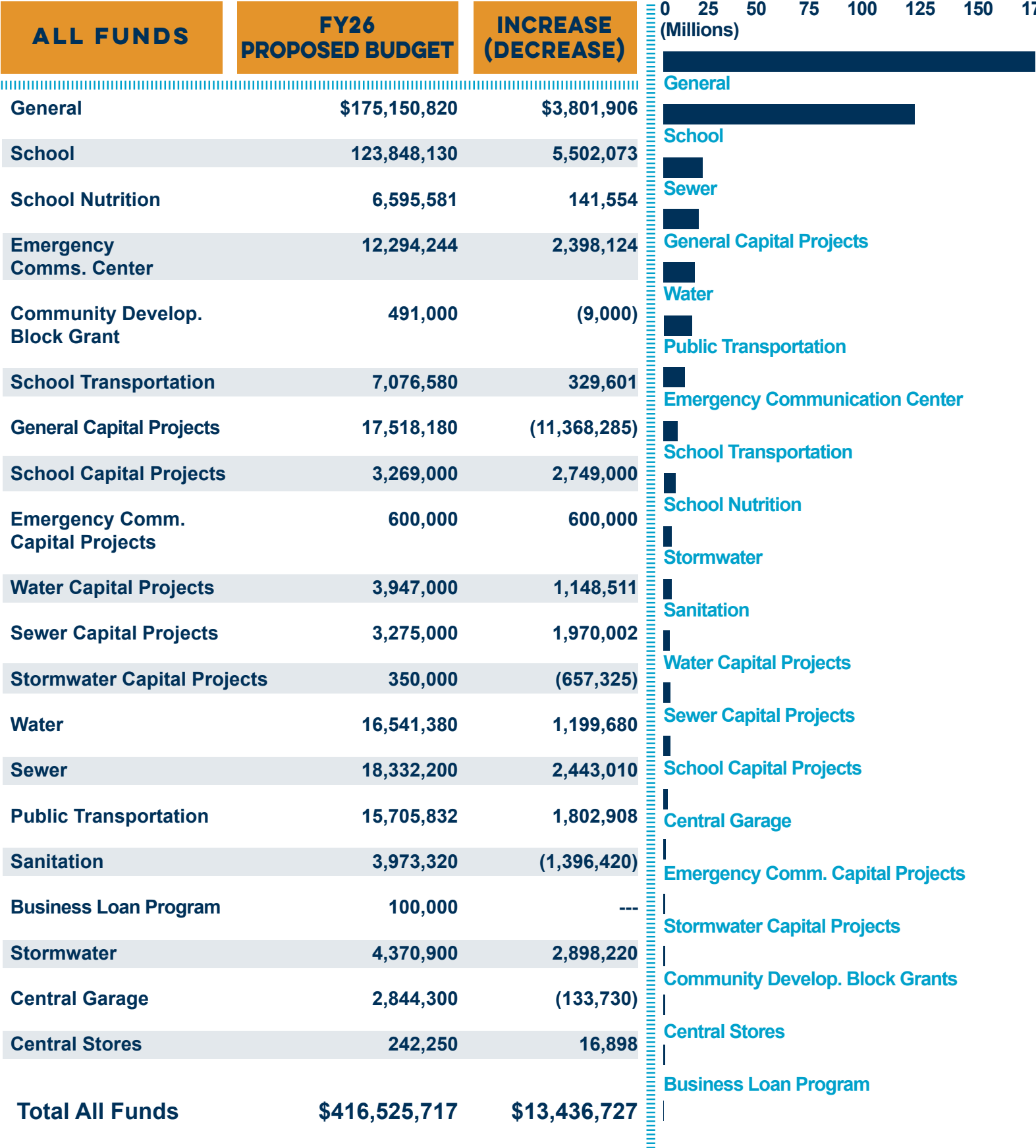
\$1.46 Million

Increased transfer to HCPS

Additional funds over the current 2024-2025 City budget to address needs at 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.



GENERAL FUND REVENUES

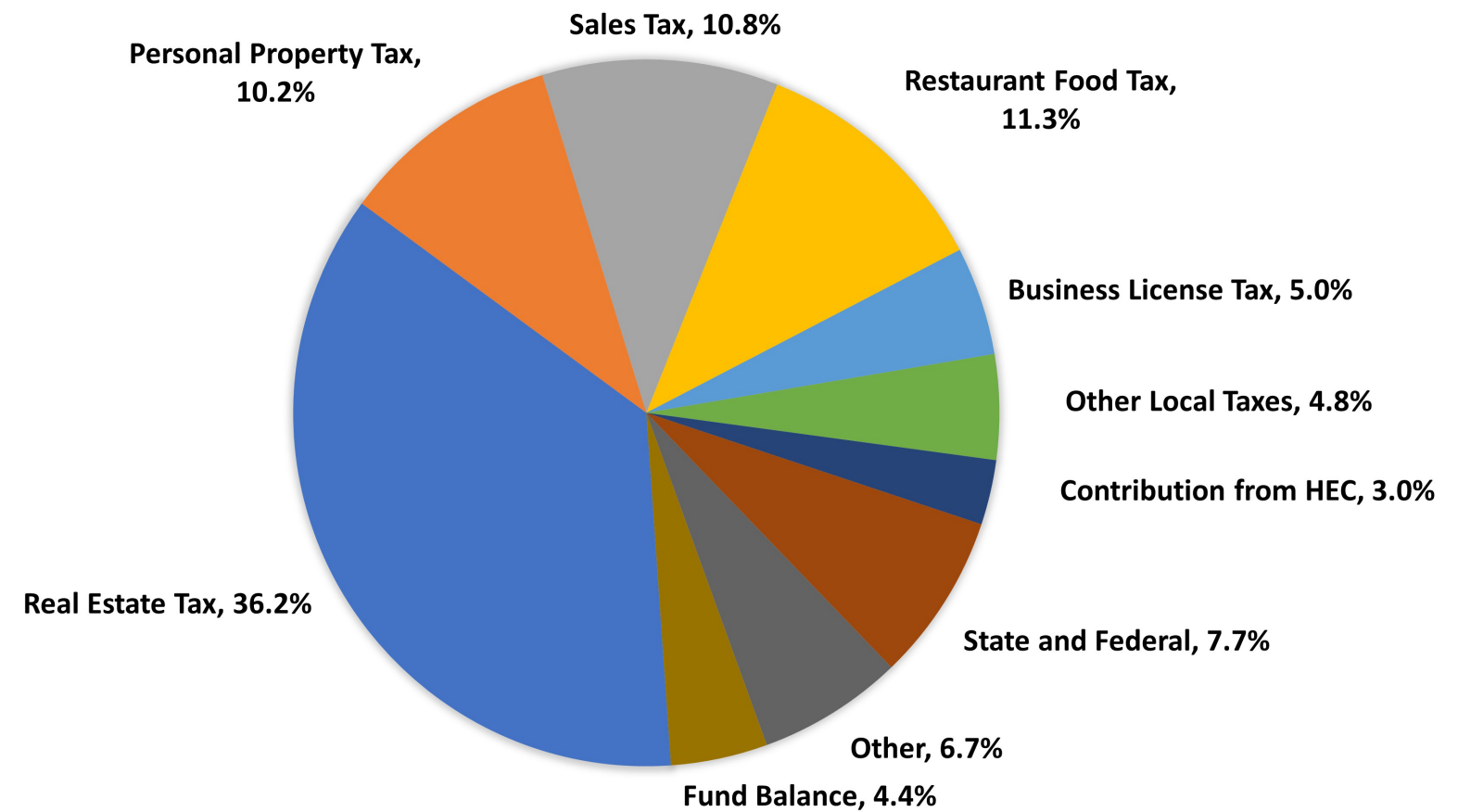
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

The largest source of funding for the General Fund is real estate tax, which makes up 36.2% of the fund's revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22.1% of revenue.

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

REVENUE SOURCE	FY26 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$63,403,800	\$3,544,900
Personal Property Tax	17,780,900	35,700
Sales Tax	18,923,600	650,000
Restaurant Food Tax	19,843,800	503,000
Business License Tax	8,689,900	---
Other Local Taxes	8,418,700	(15,700)
Contribution from HEC	5,200,000	---
State and Federal	13,461,233	913,484
Other	11,671,887	(2,416,478)
Fund Balance	7,757,000	587,000
Total General Funds	\$175,150,820	3,801,906



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	FY26 PROPOSED BUDGET	INCREASE (DECREASE)	01020304050 (Millions)
Government Administration	\$10,554,600	\$981,823	Transfers - Education
Public Safety	37,144,439	372,943	Public Safety
Public Works	15,305,084	1,072,771	Public Works
Health and Welfare	2,156,514	287,312	Debt Service - Education
Parks, Recreation and Cultural	9,372,291	797,303	Rockingham County Joint Operations
Community Development	2,396,265	125,873	Government Administration
Joint Operations (w/Rockingham County)	13,863,600	1,176,130	Transfers - Other
Debt Service - General	6,063,555	(853,717)	Parks, Recreation, and Cultural
Debt Service - Education	14,004,083	359,085	Debt Service - General
Transfers - Others	9,544,372	(5,473,818)	Other
Transfers - Education	52,315,005	5,054,548	Community Development
Other	2,431,012	(98,347)	Health and Welfare
Total General Fund	\$175,150,820	\$3,801,906	

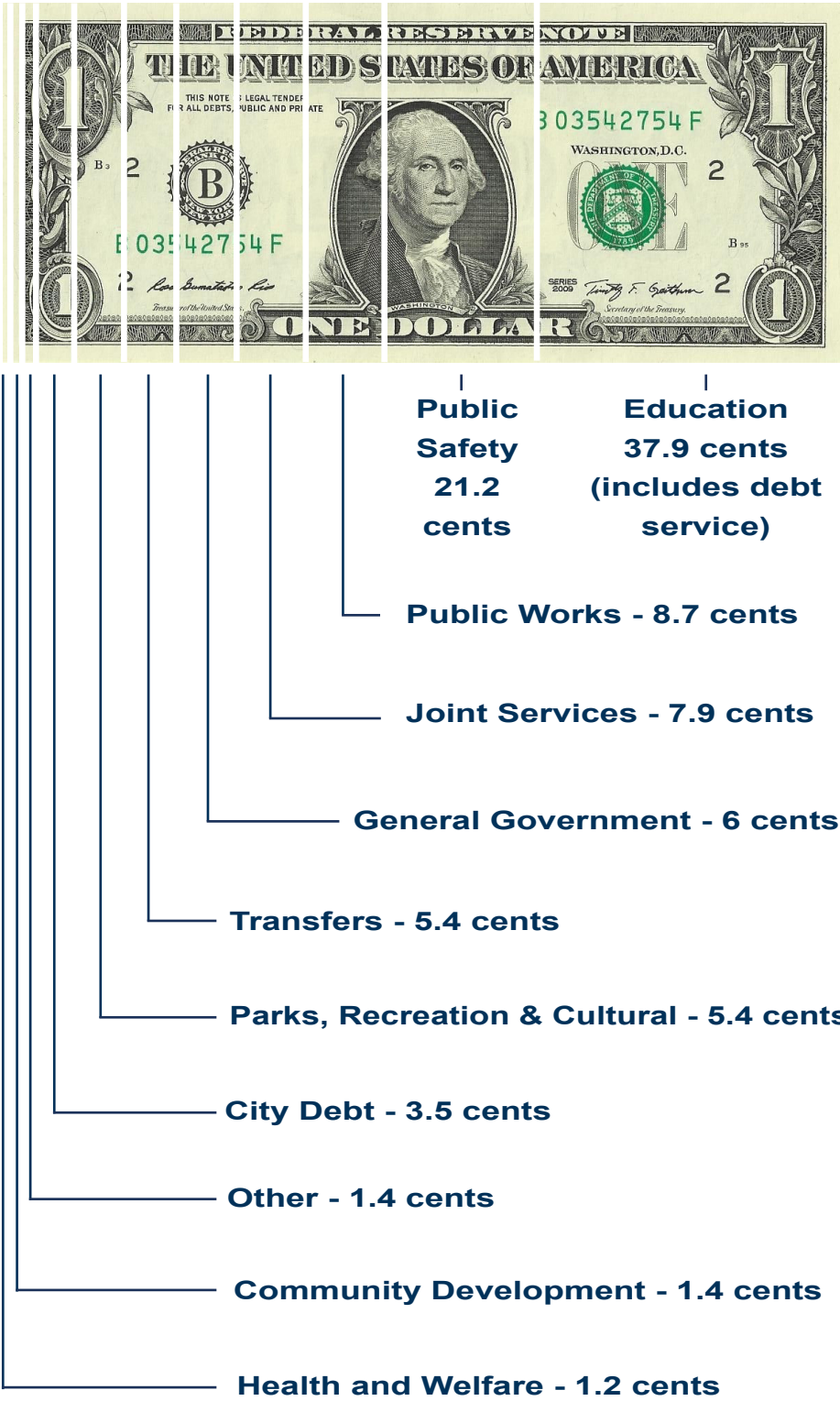
WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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

Real Estate Tax	\$1.01 per \$100 of assessed value
Personal Property Tax (vehicles)	\$3.45 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	5.5% Increase
Sewer	2.5% Increase
Stormwater Fee	\$8 per 500 square feet of impervious area
Sanitation Fee	
Solid Waste Collection Fee	\$21 per month
Solid Waste Management Fee	\$10 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 2025-26 proposed budget includes \$39 million in capital funding.

SIMMS CENTER HVAC REPLACEMENT



\$2.25 Million

The City will replace the heating and air conditioning system at the Lucy F. Simms Continuing Education Center.

LIBERTY STREET “RAISE” PROJECT



\$12.2 Million

Harrisonburg Public Works will reimagine Liberty Street in Downtown as part of a federal RAISE Grant.

WESTOVER PARK OLYMPIC POOL DOME



\$500,000

Harrisonburg Parks & Rec will add a dome over the olympic pool, which expands year-round swimming.

HPU WATER & SEWER INFRASTRUCTURE



\$7.2 Million

Harrisonburg Public Utilities continues work on upgrading and replacing aging lines across the city.

FINANCIAL REPORTING RECOGNITION



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.



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 29th consecutive year. This certificate is the highest form of recognition in this area of government.

ANNUAL BUDGET CALENDAR - NOV. 2024 TO JULY 2025

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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