



HARRISONBURG **IVA**
FRIENDLY BY NATURE

BUDGET IN BRIEF

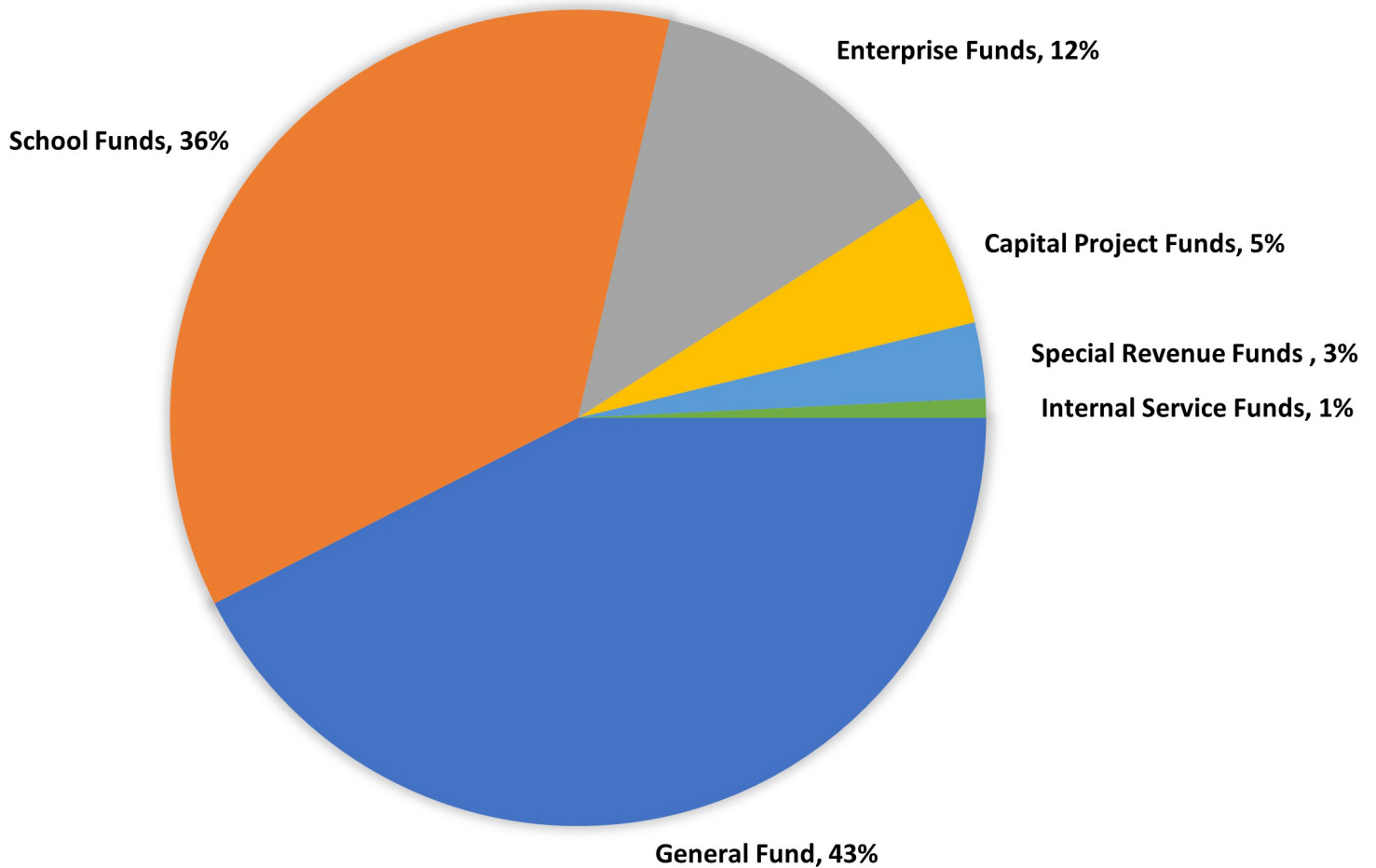
PROPOSED FISCAL YEAR 2026-2027



BUDGETING INTRODUCTORY INFORMATION

The proposed Fiscal Year 2026-2027 Citywide budget amounts to \$407.5 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 \$27 million in capital investments, including for vital water and sewer infrastructure projects, roof repairs at the popular Westover Park Community Activities Center, culvert work along South Avenue and many other important needs.



Budget FY26-27

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 and an increase to the City's portion of shared services with Rockingham County. Despite these challenges and the fact this proposed budget is a 2.2 percent decrease from the current fiscal year, 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.

A main driving force in this year's proposed budget is the continued effort toward workforce recruitment and retention, which includes steps to improve employee compensation, address rising insurance costs, and complete benefits improvement requests that staff learned during the 2024 Comprehensive Benefits Study. Talented people are indispensable to public service delivery, and continuing to make these kinds of investments into our staff whenever possible is expected to remain a staple of each City of Harrisonburg budget proposal.

In order to achieve these goals while not impacting the current real estate tax rate of \$1.01 per \$100 valuation, this proposed budget strategically uses the City's fund balance to offset the costs of ongoing capital improvements and one-time expenditures. The proposal also includes an increase of \$2.05 per month in utility fees for the average residential customer in order to support the replacement and upgrade of water and sewer systems across the community. In addition, the proposed budget includes a \$2 per billing unit increase to the stormwater fee to fund upcoming stormwater projects.



BUDGET HIGHLIGHTS

\$3.7 million

WATER & SEWER NEEDS

Harrisonburg Public Utilities will continue efforts to replace and upgrade infrastructure across the community.

\$2.5 million

SHARED SERVICES

Economic impacts and other needs related to shared services continues driving increases in this area.

\$1.8 million

Employee Retention/Recruitment

City of Harrisonburg employees will see a 3 percent compensation increase.

\$1.4 million

STORMWATER IMPROVEMENTS

Stormwater improvements will focus on mitigating the impacts of flooding and improving water quality across the city.

\$1.4 million

EMPLOYEE HEALTH INSURANCE

The amount of health insurance premiums covered by the City will increase, reducing the expected insurance cost increase for covered employees from 15 percent to 3.5 percent

\$1 million

SOUTH AVENUE CULVERT

Harrisonburg Public Works will replace a Blacks Run culvert at South Avenue to improve water flow.

\$647,000+

CITY COUNCIL PRIORITIES

A number of City Council priorities will be addressed, ranging from business assistance programs to neighborhood traffic calming improvements.

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	FY27 PROPOSED BUDGET	INCREASE (DECREASE)	0255075100125150175 (Millions) <i>*Sorted by dollar amount</i>
General	\$174,889,124	(\$261,696)	General
School	129,547,142	5,905,038	School
School Nutrition	7,279,067	755,486	Sewer
Emergency Comms. Center	11,725,150	(569,094)	Water
Community Develop. Block Grant	490,000	(22,366)	General Capital Projects
School Transportation	7,694,900	618,320	Emergency Communication Center
General Capital Projects	15,489,635	(2,028,545)	Public Transportation
School Capital Projects	-	(3,269,000)	School Transportation
Emergency Comm. Capital Projects	1,200,000	600,000	School Nutrition
Water Capital Projects	2,599,300	(1,347,700)	Sanitation
Sewer Capital Projects	1,094,600	(2,180,400)	Central Garage
Stormwater Capital Projects	1,417,800	1,067,800	Water Capital Projects
Water	16,484,040	(57,340)	Stormwater
Sewer	16,561,980	(1,770,220)	Stormwater Capital Projects
Public Transportation	11,371,384	(4,334,448)	Emergency Comm. Capital Projects
Sanitation	4,047,040	(96,280)	Sewer Capital Projects
Business Loan Program	100,000	-	Community Develop. Block Grants
Stormwater	2,311,120	(2,059,780)	Central Stores
Central Garage	2,914,950	70,650	Business Loan Program
Central Stores	241,040	(1,210)	School Capital Projects
Total All Funds	\$407,458,272	(\$8,980,785)	

GENERAL FUND REVENUES

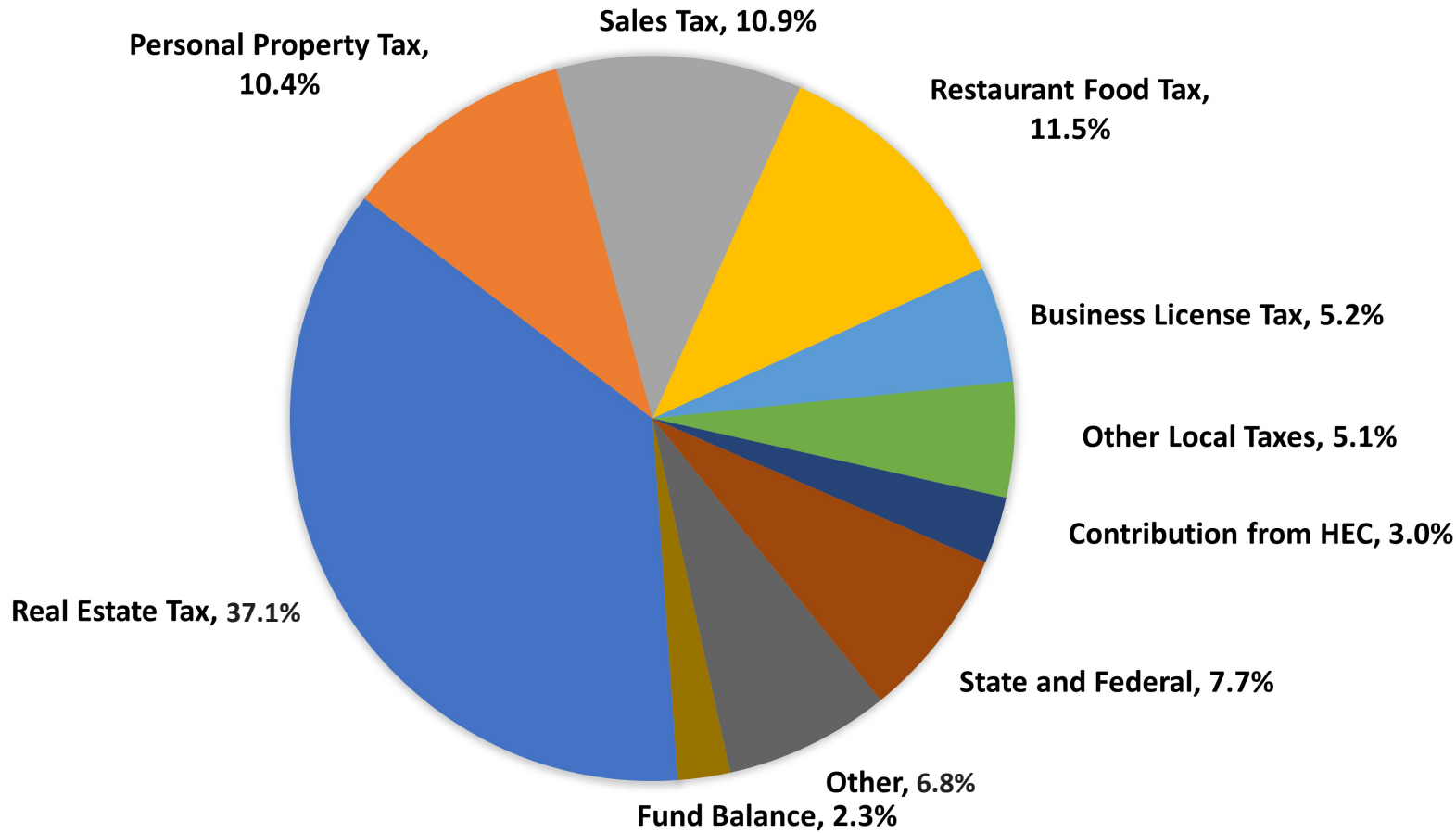
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

The largest source of funding for the General Fund is real estate tax, which makes up 37.1% of the fund’s revenue.

Other significant General Fund funding sources are sales tax and restaurant tax, which combined are 22.4% of revenue.

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

REVENUE SOURCE	FY27 PROPOSED BUDGET	INCREASE (DECREASE)
Real Estate Tax	\$64,809,400	\$1,405,600
Personal Property Tax	18,108,100	327,200
Sales Tax	19,144,500	220,900
Restaurant Food Tax	20,149,900	306,100
Business License Tax	9,043,300	353,400
Other Local Taxes	8,994,200	575,500
Contribution from HEC	5,200,000	---
State and Federal	13,425,333	(35,900)
Other	11,936,461	264,574
Fund Balance	4,077,930	(3,679,070)
Total General Funds	\$174,889,124	(261,696)



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	FY27 PROPOSED BUDGET	INCREASE (DECREASE)	0 10 20 30 40 50 (Millions)
Government Administration	\$10,875,463	\$320,863	Transfers - Education
Public Safety	39,301,111	2,156,672	Public Safety
Public Works	14,515,391	(789,693)	Rockingham County Joint Operations
Health and Welfare	2,153,676	(2,838)	Public Works
Parks, Recreation and Cultural	9,415,592	43,301	Debt Service - Education
Community Development	2,469,275	73,010	Government Administration
Joint Operations (w/Rockingham County)	16,431,960	2,568,360	Parks, Recreation, and Cultural
Debt Service - General	6,065,088	1,533	Transfers - Other
Debt Service - Education	13,999,456	(4,627)	Debt Service - General
Transfers - Others	8,255,910	(1,288,462)	Other
Transfers - Education	48,742,305	(3,572,700)	Community Development
Other	2,663,897	232,885	Health and Welfare
Total General Fund	\$174,889,124	(\$261,696)	

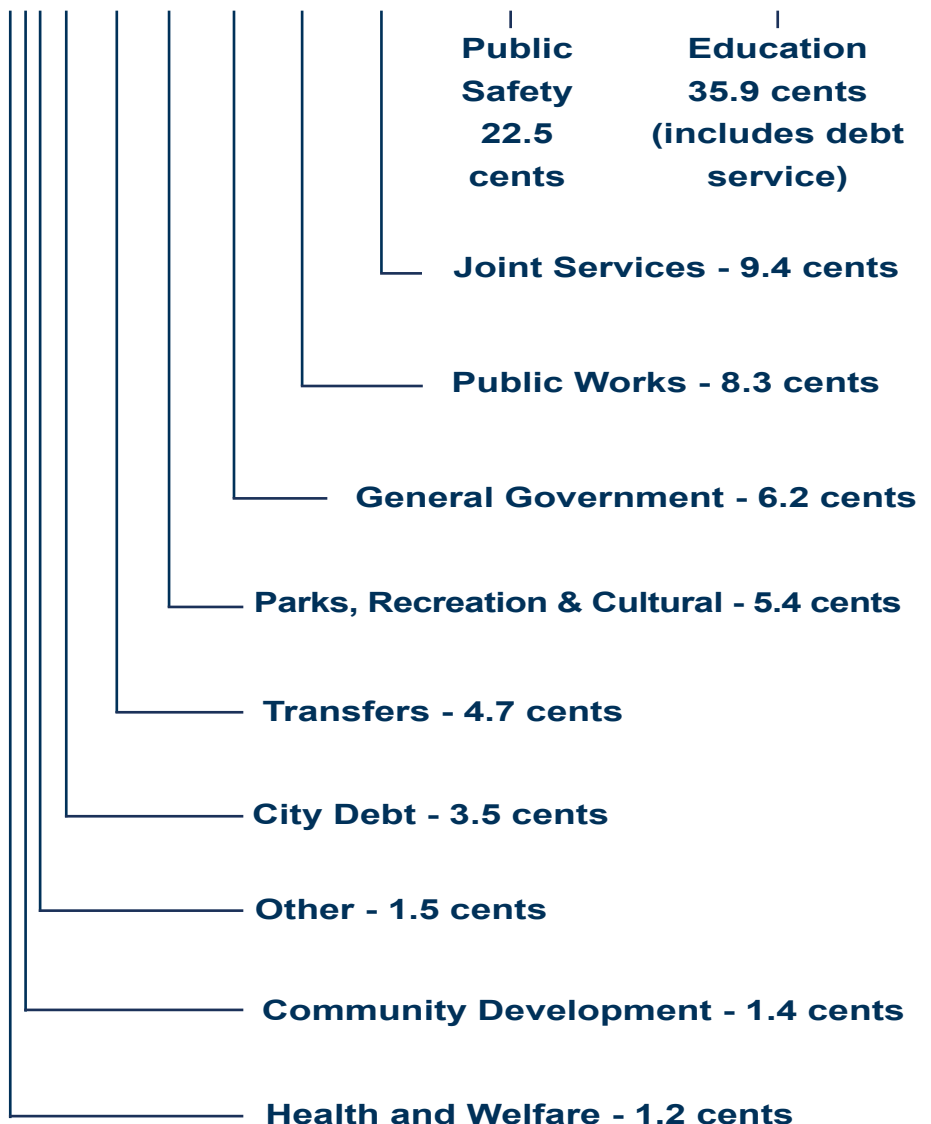
WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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% Increase
Sewer	2% Increase
Stormwater Fee	\$10 per 500 square feet of impervious area
Sanitation Fee	
Solid Waste Collection Fee	\$22 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 2026-27 proposed budget includes \$27 million in capital funding.

INVESTMENTS IN OUR COMMUNITY'S WATER & SEWER



\$3.7 million

Harrisonburg Public Utilities continues to identify aging infrastructure in need of replacement and new upgrades needed.

COMMUNITY ACTIVITIES CENTER ROOF



\$250,000

Project will address aging infrastructure in need of replacement.

RESERVOIR STREET SIDEWALK OVER INTERSTATE 81



\$6.5 Million (from VDOT)

In partnership with VDOT, this will provide a safe path for community.

STORMWATER NEEDS & SOUTH AVENUE CULVERT PROJECT



\$2.4 Million

This includes multiple projects, including some HCPS facilities.

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 30th consecutive year. This certificate is the highest form of recognition in this area of government.

ANNUAL BUDGET CALENDAR - NOV. 2025 TO JULY 2026

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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