



# HARRISONBURG VA FRIENDLY BY NATURE

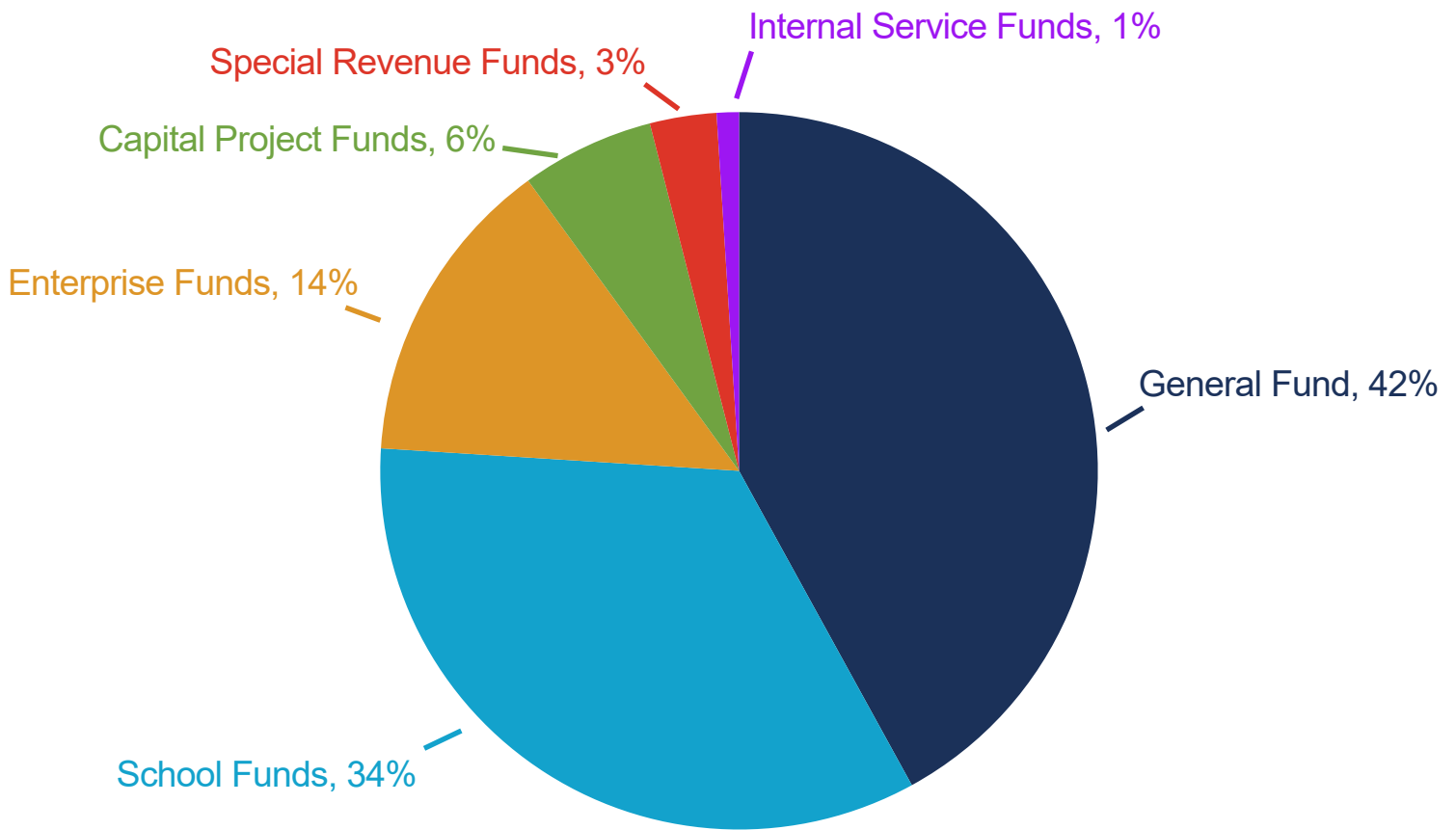
## BUDGET IN BRIEF PROPOSED FISCAL YEAR 2025-2026



# 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.

ALL FUNDS	FY26 PROPOSED BUDGET	INCREASE (DECREASE)	(Millions)
General	\$175,150,820	\$3,801,906	175
School	123,848,130	5,502,073	124
School Nutrition	6,595,581	141,554	7
Emergency Comms. Center	12,294,244	2,398,124	12
Community Develop. Block Grant	491,000	(9,000)	0.5
School Transportation	7,076,580	329,601	7
General Capital Projects	17,518,180	(11,368,285)	18
School Capital Projects	3,269,000	2,749,000	3
Emergency Comm. Capital Projects	600,000	600,000	0.6
Water Capital Projects	3,947,000	1,148,511	4
Sewer Capital Projects	3,275,000	1,970,002	3
Stormwater Capital Projects	350,000	(657,325)	0.4
Water	16,541,380	1,199,680	17
Sewer	18,332,200	2,443,010	18
Public Transportation	15,705,832	1,802,908	16
Sanitation	3,973,320	(1,396,420)	4
Business Loan Program	100,000	---	0.1
Stormwater	4,370,900	2,898,220	4
Central Garage	2,844,300	(133,730)	3
Central Stores	242,250	16,898	0.2
<b>Total All Funds</b>	<b>\$416,525,717</b>	<b>\$13,436,727</b>	<b>417</b>

# GENERAL FUND REVENUES

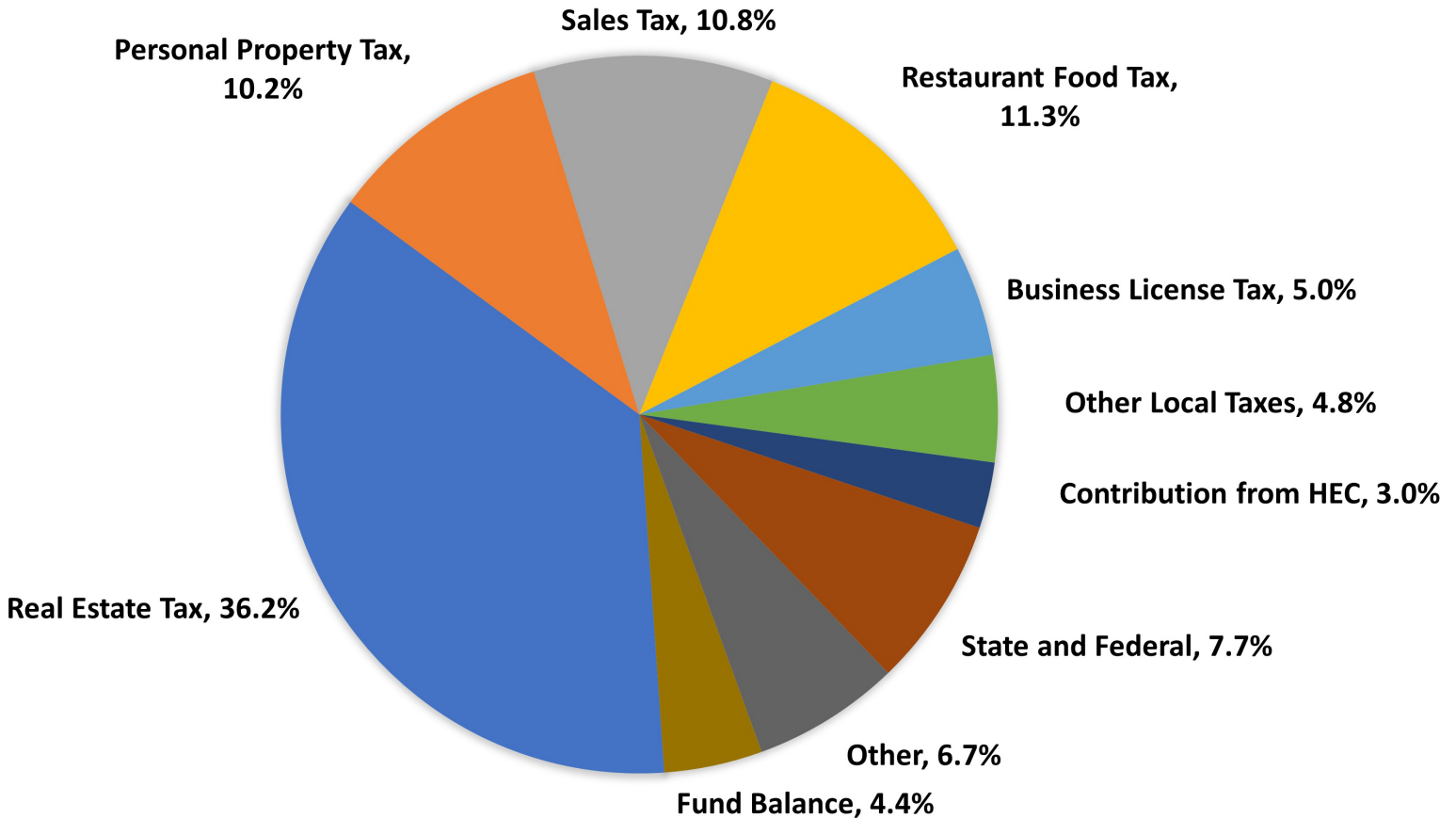
The General Fund revenues are the different taxes, fees, and other sources of money that come in to the City.

The largest source of funding for the General Fund is real estate tax, which makes up 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
<b>Total General Funds</b>	<b>\$175,150,820</b>	<b>3,801,906</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	FY26 PROPOSED BUDGET	INCREASE (DECREASE)	
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
<b>Total General Fund</b>	<b>\$175,150,820</b>	<b>\$3,801,906</b>	



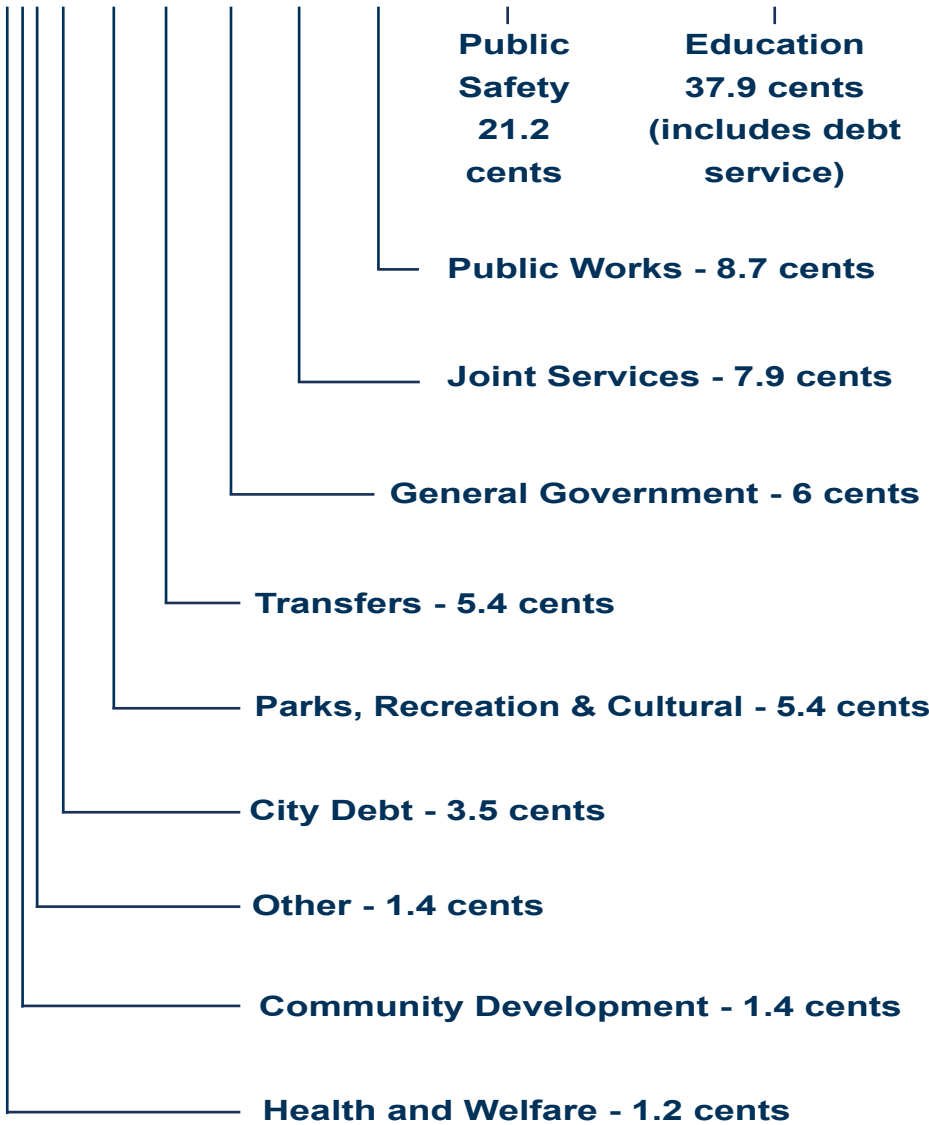
# WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?

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>	\$1.01 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>	2.5% Increase
<b>Stormwater Fee</b>	\$8 per 500 square feet of impervious area
<b>Sanitation Fee</b>	
<b>Solid Waste Collection Fee</b>	\$21 per month
<b>Solid Waste Management Fee</b>	\$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 re-imagine 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

<p><b>November</b></p> <p>Internal budget discussions begin</p>	<p><b>December</b></p> <p>Departments submit budget requests for review</p>	<p><b>January</b></p> <p>Outside agency requests are due and preliminary budget projections are made</p>	<p><b>February</b></p> <p>Meetings with directors take place and projections are updated</p>
<p><b>March</b></p> <p>City Manager prepares proposed budget</p>	<p><b>April</b></p> <p>Proposed budget is presented to City Council and public</p> <p>Budget public hearing</p>	<p><b>May</b></p> <p>Public hearing for real estate tax rate</p> <p>Second reading is held and the budget is adopted</p>	<p><b>July 1</b></p> <p>Newly adopted budget begins</p>

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