Village of HARRISON
WHERE OPPORTUNITY LIVES

MEMORANDUM

To: Village Board

From: Alissa Van Eperen, Finance Director/Treasurer

CC: Chad Pelishek, Village Manager

Date: September 22, 2026

Re: Fiscal Year 2027 Proposed Budget

On behalf of the Village of Harrison Executive Team, I am pleased to present the Fiscal Year 2027 Proposed Budget for Village Board consideration. The proposed budget continues the Village's commitment to providing high-quality services to residents, businesses, and visitors while maintaining long-term financial stability. The budget supports essential operations, strategic infrastructure investments, and the continued implementation of the Village's Capital Improvement Program, including improvements to streets, utilities, municipal facilities, and public safety equipment.

Development of the proposed budget involved departmental requests, management review, capital planning discussions, revenue and expenditure forecasting, and Village Board workshops. The resulting budget reflects current service needs, organizational priorities, and the Village's commitment to responsible fiscal stewardship.

The Village continues to experience strong growth, with net new construction of 3.607% and continued development within the Village’s tax increment districts. This growth has expanded the Village’s tax base and supported long-term economic development objectives. Continued residential and commercial investment positions the Village to maintain service levels while planning for future infrastructure and community needs.

As part of the Village's ongoing commitment to sound financial management, transparency, and effective budget practices, the Fiscal Year 2027 budget will be submitted to the Government Finance Officers Association (GFOA) for consideration through its Distinguished Budget Presentation Award Program. Participation in the program provides an opportunity for the Village to have its budget evaluated against nationally recognized guidelines for effective budget presentation, financial planning, and public communication. The Village's continued participation demonstrates its commitment to developing and presenting a budget that serves as a meaningful financial and policy document for the Village Board, staff, residents, and the community.

Factors Influencing the Proposed 2027 Budget

- **State-Imposed Levy Limits**: Wisconsin municipalities remain subject to restrictive property tax levy limits, which significantly constrain the ability to increase property tax revenue from year to year. For 2027, the Village's allowable levy increase is generally limited to net new construction from the previous year. This constraint continues to widen the gap between rising operating costs and inflation and the Village's ability to generate additional revenue to support operations. However, the Village may utilize the debt service component of the state levy limit worksheet to increase the levy beyond the base limit for the purpose of repaying existing and new general obligation debt. This provides an additional funding mechanism for capital improvements without affecting the operational levy limit.

- **Salary and Benefits:** The proposed budget continues implementation of the Village's 2025 salary study through a performance recognition and compensation program that complements the existing step matrix. The program provides one-time merit bonuses for exceptional performance while limiting the impact on long-term payroll costs. Wisconsin Retirement System employer contribution rates have been updated minimally for both general and protective employees. Health insurance premiums remain uncertain, with a 19% increase included in the budget based on current estimates pending final renewal rates. Estimated increases of 6% for dental insurance and 12% for life insurance have also been included. Vision insurance rates are expected to remain unchanged. These estimates are based on prior-year increases and current available information.

- **Debt Service:** No new debt issuances are anticipated during 2027. The Village will begin utilizing reimbursement resolutions for eligible capital projects, which will improve cash management and reduce the administrative requirements associated with issuing debt and managing debt proceeds.

- **Shared Revenues:** In 2023, the Governor signed Act 12, which increased state shared revenue for local governments. The legislation created a new Local Government Fund by reallocating a portion of the state's ongoing sales tax revenue, providing additional aid to counties and municipalities. As a result, the Village continues to receive increased shared revenue. Transportation aid figures were received on September 21, 2026, and are approximately $76,000 higher than the 2026 amount.

- **Fire-Rescue Contract:** The Village began negotiating a new fire-rescue contract with the Village of Sherwood and the Town of Woodville in 2026. The agreement with the Village of Sherwood has progressed, while negotiations with the Town of Woodville remain ongoing. The Village remains committed to continuing its fire-rescue partnerships with both communities. Because the Woodville contract has not yet been finalized, related references and budget amounts are identified in red throughout the budget document to indicate that they remain subject to change. Under the proposed new contract structure, operating and capital expenditures are specifically identified separately, and the corresponding amounts have been included in the appropriate sections of the budget.

2027 Proposed Budget Highlights

- **Property Tax Levy:** Beginning in 2025, levy amounts were allocated among the General Fund, Debt Service Fund, and, for the first time, the Capital Projects Fund. This approach will continue in 2027. The proposed budget reflects a total property tax levy increase of $123,900, primarily attributable to net new construction.

- **Property Tax Rate:** The Village continues to experience growth in overall property valuation. The proposed assessed tax rate of $2.3616 per $1,000 of assessed value represents a slight increase of $0.0230 from the prior year's rate of $2.3386.

  The tax rate remains subject to finalization, as the Wisconsin Department of Revenue has not yet posted the Aggregate Ratio Report. The current estimated aggregate ratio is 92%, compared with 101.05% in 2025 following the market update.

  Example calculation: Assuming an assessed property value of $322,900, the estimated Village of Harrison portion of the property tax was $755 in 2025 and is projected to be $763 in 2026, reflecting a slight increase of $8.

- **General Fund Unassigned Fund Balance:** The proposed budget includes projections of the General Fund balance at year-end 2026 and 2027. The Village's Fund Balance Policy recommends maintaining an unassigned fund balance equal to 30% of the following year's expenditures. Based on projected 2027 expenditures of $6,872,085, the 30% target would be approximately $2,061,625. The proposed 2027 budget includes $1,015,000 of fund balance designated for the Village Hall renovation project. Despite this planned use, the Village's fund balance remains strong. Continued adherence to the Fund Balance Policy has also supported the Village's strong Aa1 bond rating.

- **General Fund Overview:** The 2027 budget includes several notable changes to the General Fund resulting from updated actual expenditures, contractual adjustments, increased service needs, and inflationary cost pressures. Overall, General Fund expenditures are projected to increase by approximately 4.075%.

  Revenues:
  - Notable Increases from the 2027 Budget:
    - Parking Violations: Following the fee increase implemented in 2026, parking violation revenues have increased modestly. The Village anticipates that the increased fee will also encourage greater compliance with posted parking regulations.
    - Park Shelter Rental Fee: Revenues are expected to increase as Farmers Field is now available as a rentable facility following completion of the improvements.
  - Notable Decreases from the 2027 Budget:
    - Special Assessments and Special Assessment Interest: Revenues are reduced due to the absence of new special assessments and the continued collection of principal and interest payments associated with existing assessments billed on the tax roll.
    - Earned Interest: A decrease in earned interest revenue is budgeted based on current interest rate trends. In addition, the Village anticipates lower available cash

balances during the year because debt proceeds will not be received until eligible projects are completed and the Village reimburses itself from the debt proceeds.
        - Municipal Hall Rental Fee: No rental revenue is budgeted for Municipal Hall, as Village Hall will no longer be available for rentals. Future facility rental revenues will be budgeted under Park Shelter Rentals.
        - Fire Contracts: The General Fund reflects a reduction in fire contract revenue due to a change in the allocation of contract revenues. A portion of the contract amount is now allocated to the Capital Projects Fund to correspond with capital-related expenditures.

    Expenditures:
    The 2027 proposed budget adds two new positions, Fleet Manager/Mechanic and a GIS Analyst.
    - Key expenditure highlights include:
        - Wages and Benefits: Wage and benefit costs are increasing due to the addition of the two new positions and a proposed 3% cost-of-living adjustment for full-time employees. The budget also includes a proposed fire paid-on-call incentive program, along with typical increases in benefit-related costs.
        - Contingency: The 2027 budget includes $95,000 for contingency, an increase of $20,000 from 2026. The contingency allocation is intended to provide funding for unforeseen expenditures that may arise during the year while allowing departments to budget conservatively.
        - General Administration: Contractual services have increased due to additional software subscriptions and technology-related services, including GovAI, Canva, Adobe, and IT support. The budget also includes the annual cost of the new Enterprise Resource Planning (ERP) system while maintaining the Village's existing system through the anticipated conversion.
        - Public Works – Road Maintenance: Funding is included for seal coating and crack sealing on High Cliff Road.
        - Building Inspection: The Village will continue to utilize contracted building inspection services while the current inspector completes the necessary commercial certifications.

    Each department's individual cover sheet provides additional highlights and details regarding its proposed 2027 budget.

- **Capital Projects:** As part of the 2027 budget process, staff continued to enhance the five-year Capital Improvement Plan (CIP) and engaged in detailed discussions regarding potential funding sources for each project. The 2027 capital budget also includes equipment replacements based on the age and condition of items within the Village's fleet.

    Major capital projects in 2027 include various Tax Increment District projects, as outlined in the Tax Increment District Fund section; resurfacing the Memory Meadows subdivision; and the design and construction of North Shore Road. The Village will also utilize Park Impact Fees to construct basketball and volleyball courts at Farmers Field and develop a trail in the Mader Subdivision. Another significant project is the construction of a trail along Old Highway Road, which will be funded primarily through grant funds.

    Certain capital projects may result in a temporary negative fund balance during the project period. This is due to the Village's use of reimbursement resolutions, under which the Village initially advances funds for project costs and subsequently reimburses the fund once the project is

complete and final project costs are known. This approach allows the Village to accurately document total project costs and helps avoid potential arbitrage issues associated with borrowing funds before the final project costs are established.

Other significant initiatives include the renovation of Village Hall to provide a more cohesive and efficient layout. The project will be funded through fund balance, with a small portion funded through the Law Enforcement Impact Fee for the buildout of an interview room and evidence room.

The Village will also continue implementation of new Enterprise Resource Planning (ERP) accounting software, which is intended to enhance internal efficiency and potentially provide new features for residents. The 2027 budget includes the second half of the software payment, with an anticipated launch date of June 2027.

Additionally, the Village plans to pre-order a new fire engine in 2027 to remain on schedule with its established replacement plan. Given current lead times of approximately three years for fire apparatus, early action is necessary. Once a formal quote is presented to the Board, staff will also prepare a reimbursement resolution so that the purchase can be included in a future debt issuance.

- **Debt Service:** In 2027, the Village anticipates an increase in principal payments and a decrease in interest payments, resulting in a net increase of approximately $77,000 compared with 2026. The Village's oldest outstanding debt, which was issued at the end of 2020, is currently scheduled to be fully paid off in 2030.

- **Water, Sewer, and Stormwater Utility Districts:** The Water and Sewer Utility Districts will undertake several infrastructure, technology, and system improvement projects in 2027. These include a parking lot resurfacing project at Harrison Utilities and continued partnership with the Village on upgrading the Enterprise Resource Planning (ERP) system.
    - Water Utility: The City of Appleton Water Utility, the Village's wholesale water provider, has notified the Village of its intent to file a Conventional Rate Case with the Public Service Commission (PSC). When Appleton completes its rate case, the Village will need to submit a Purchased Water Adjustment Clause (PWAC) application to the PSC. The PWAC will adjust customer water rates using a predetermined formula. While the timing of the rate implementation remains uncertain, the 2027 budget assumes a fourth-quarter effective date for planning purposes.

      The Village will also begin replacing select utility-owned service lines within the original lakeshore system area, which date back to the mid-1980s. This maintenance activity will provide an opportunity to assess the condition of infrastructure in the oldest portions of the system. In addition, the utility will continue meter deliveries for new construction and its annual meter replacement program, which typically runs from January through April.

    - Sewer Utility: The Village plans to complete the Lift Station 3 force main replacement and SCADA and electrical upgrades at five lift stations. The utility will also continue efforts to implement the Geographic Information System (GIS). The Neenah Menasha Sewerage Commission (NMSC) is expected to finalize its Clean Water Fund Loan in 2027 to begin planned wastewater treatment plant upgrades. Harrison Utilities is paying more now for

the projects that happened over 10 years ago due to the constant recalculation of the loan repayments.

- Stormwater Utility: The Stormwater Utility was moved from a Special Revenue Fund to a Utility Fund because its revenues are generated through user fees or charges. Capital costs have been budgeted to address Total Maximum Daily Load (TMDL) requirements. Additionally, the GIS Analyst will help manage stormwater mapping and Department of Natural Resources (DNR) requirements, with a portion of their time allocated to the Stormwater Utility.

- **Tax Increment District (TID) Funds:** The proposed budget continues strategic investment within the Village's Tax Increment Districts to support infrastructure expansion, commercial development, and future tax base growth. In 2027, planned TID-funded roadway improvements include the extension of Unison Way, final roadway improvements in Crossroads Business Park, and resurfacing of Friendship Drive in TID 2; construction of Eisenhower Road and urbanization of portions of Midway and Coop Roads in TID 3; and reconstruction of Mary Drive, Otte Court, and surrounding streets in TID 6. Staff will continue to monitor district performance, project costs, developer obligations, and long-term closure projections in coordination with the Village's financial advisor.

Conclusion

The Fiscal Year 2027 Proposed Budget begins the Board's review of essential operating and capital funding. Despite ongoing economic challenges, it positions the Village for responsible growth. Staff looks forward to the upcoming workshop(s) and continued collaboration with the Board to adopt a balanced budget.