

# City of Harrisonburg, Virginia Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024



Rocktown High School



# **City of Harrisonburg, Virginia**

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024



This Report  
Prepared by Department of Finance

**Report Cover:** The front cover is the new Rocktown High School located on South Main Street. Opened in August 2024, this \$118.5 million project is the Harrisonburg City School Board's second high school.

**CITY OF HARRISONBURG, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
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# INTRODUCTORY SECTION

This part of the City's annual comprehensive financial report is intended to familiarize readers with the organizational structure of the City's government, the nature and scope of services that are provided and the specifics of the legal operating environment.

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**CITY OF HARRISONBURG**  
**OFFICE OF THE**  
**CITY MANAGER**

ALEXANDER "ANDE" BANKS, VI, CITY MANAGER  
409 SOUTH MAIN STREET, HARRISONBURG, VA 22801  
OFFICE (540) 432-7701 • FAX (540) 432-7778

December 4, 2024

To the Honorable Mayor, Members of the City Council and the  
Citizens of the City of Harrisonburg:

The Annual Comprehensive Financial Report of the City of Harrisonburg, Virginia (City), for the fiscal year ended June 30, 2024 is hereby submitted in accordance with Section 45 of the *City Charter* and Section 15.2-2511 of the *Code of Virginia*, 1950, as amended. The *City Charter* and the *Code of Virginia* require that the City issue annually a report on its financial position and operations, and that this report be audited by either the state auditor or an independent firm of certified public accountants in accordance with generally accepted auditing standards (GAAS). This report has been prepared by the Department of Finance to conform to the standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), generally accepted accounting principles (GAAP) and the Commonwealth of Virginia Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations for the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Brown, Edwards & Company, LLP, a firm of licensed certified public accountants, have audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by GAAS and the *Specifications for Audits of Counties, Cities and Towns*, issued by the APA. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements was also designed to meet the U. S. Office of Management and Budget's Uniform Guidance to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements set forth in the General Accounting Office's Government Auditing Standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Special emphasis is placed on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

## **Profile of the City of Harrisonburg**

**Background.** The City was established in 1780 and was named for Thomas Harrison, who donated the land for the Rockingham County Court House, which became the permanent county seat of Rockingham County in 1781. The City was incorporated in 1849 and became an independent city in 1916. It now encompasses 17.3 square miles and serves a population of approximately 55,700.

The City lies in the geographic center of the Shenandoah Valley of Virginia. The Blue Ridge Mountains on the East and the Alleghenies on the West provide protection, so the area is markedly free from climate extremes and disturbances. The Valley floor itself is at an elevation of 1,000 feet while the City's elevation is 1,329 feet. The City is equidistant from Washington, D.C. (124 miles), Richmond, Virginia (116 miles), and Roanoke, Virginia (111 miles).

The City is operated under the Council-Manager form of government. The City Council is the governing body, which formulates policies for the administration of the City. It is comprised of five members elected on an at-large basis to serve four-year terms. The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees.

**Services provided.** The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of streets and bridges; water and sewer services; public transportation; community development; and parks, recreational activities and cultural events.

The operation of primary and secondary education in the City is the responsibility of the Harrisonburg City School Board (School Board). The City voters elect the six members of the School Board on an at-large basis, who appoint the Superintendent of Schools. The local share of funds for operating public schools in the City is provided by an appropriation from the City's General Fund to the School Board. The School Board, however, is a separate legal entity and autonomous policy-making body in matters governing education.

The City provides court and jail facilities, as well as the services of the Sheriff, Commonwealth Attorney, and Clerk of the Circuit Court through Rockingham County (County). The City reimburses the County one-half of the net expenditures for providing these services. The City is also a member of the Middle River Regional Jail Authority.

The City provides social services through the Harrisonburg-Rockingham Social Services District (District), which is jointly governed with the County. The District is a separate legal entity and is a discretely presented component unit of the County. The City makes contributions to the District based upon its pro rata share of the population for the City and County as a whole.

The City provides emergency communications services through the Harrisonburg-Rockingham Emergency Communications Center (HRECC). The HRECC is a separate legal entity and is a joint venture of the City and the County with the City serving as the fiscal agent. Both the City and the County fund an equal share of HRECC's operations.

Electricity is provided by the Harrisonburg Electric Commission, created by ordinance of the City Council pursuant to the City Charter. The Commission is composed of five members appointed for three-year terms by the City Council and is a separate legal entity.

**Budgetary Compliance and Control.** The City prepares a budget in accordance with Section 60 of the *City Charter* and Section 15.2-2503 of the *Code of Virginia*, 1950, as amended. The *City Charter* requires the City Manager to submit a balanced budget to the City Council at least sixty days prior to the beginning of each fiscal year (July 1). City Council is required to convene a public hearing regarding the City Manager's proposed budget. The proposed budget, which may be modified by the City Council, is required to be adopted by a majority vote of the City Council members 30 days prior to the beginning of the ensuing fiscal year. City Council appropriates funds for expenditures and establishes tax rates sufficient to produce the revenues needed to pay such expenditures. The *City Charter* requires the annual budget to be balanced and prohibits expenditures for which funds are not available or reasonably expected to be forthcoming in time to meet such expenditures. The *City Charter* also requires the annual budget and the annual appropriation ordinance to make a provision for a reasonable contingency fund.

Budgetary control is maintained at the department level as delineated in the appropriation ordinance. The City Manager is authorized to transfer budgeted amounts within funds other than capital projects funds. Supplemental appropriations, transfers between funds and transfers within capital projects funds require the approval of City Council. Also, supplemental appropriations which exceed one percent of the total expenditures shown in the currently adopted budget require a public hearing prior to approval by City Council. All appropriations lapse at year-end except appropriations for capital projects funds and the Community Development Block Grant (CDBG) Fund. Appropriations for capital projects funds are valid until the end of the project and CDBG fund appropriations are valid until the grant period is completed. Encumbrances outstanding at year-end are generally reappropriated in the following fiscal year. A budget-to-actual comparison is provided in this report for the general fund.

### **Major Initiatives**

The City's staff, following specific directives of the City Council and the City Manager, has been involved in a variety of projects and activities throughout the year. These projects and activities reflect the City's commitment to ensuring that the citizens of Harrisonburg live and work in an enviable environment. The significant projects and activities are as follows:

- Appropriated \$5.8 million for the implementation of an employee compensation study.
- Appropriated a total of \$4 million for the purchase of land and to supplement ARPA funding for the construction of Fire Station No. 5.
- Appropriated \$3.5 million for the renovation of the old Municipal Building.
- Appropriated a total \$4 million to supplement ARPA funding for the construction of the Navigation Center.
- Appropriated \$1.2 million for a replacement fire truck for the Fire Department.
- Appropriated a total of \$1.6 million in the Water Fund for various infrastructure asset replacements.
- Appropriated a total of \$1.1 million in the Sewer Fund for various infrastructure asset replacements.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City is in the center of commerce and travel for the area, while the surrounding area is known for its poultry industry. The area is an educational center served by three institutions of higher learning located within or near the city with a total enrollment of approximately 25,400. James Madison University, a state-supported school, is located near the geographic center of the City and has approximately 22,700 students. Eastern Mennonite University, a private institution with approximately 1,300 students is also located in the City. Bridgewater College, located just south of the City, is also private and has an approximate enrollment of 1,400 students. State-supported Blue Ridge Community College is also located outside the city.

Sentara RMH Medical Center provides hospital and many other related healthcare services. Air, rail, passenger vehicle and bus transportation are available in the area. Interstate 81 runs North and South through the area and intersects with Interstate 64 East and West at Staunton, Virginia. Contour Airlines operates out of the Shenandoah Valley Regional Airport in Weyers Cave, Virginia and provides passenger and freight service. There are several private airfields located in the area including Bridgewater Air Park located in Bridgewater. The area is served by the Norfolk Southern Corporation railroad. There are locally based private and common carriers serving the nation with general freight and specialties. Parcel post services are available for shopping, mailing and delivery service.

**Global pandemic and current economic condition.** In March 2020, the World Health Organization classified a strain of novel coronavirus (COVID-19) as a global pandemic. Subsequently in January 2021, the WHO announced an additional global emergency due to a new variant of COVID-19. Due to the significant disruptions to the local economy, it is estimated that the City lost in excess of \$6 million in tax and other revenue in total from the beginning of the pandemic. As of the date of this report, the City's revenues have recovered and all of its major revenue sources have exceeded pre-pandemic levels.

**Long-term planning.** Each year the City prepares a comprehensive Capital Improvements Program (CIP). The CIP is prepared to prioritize capital improvement needs over a five-year period and to plan for the appropriate financing of these projects. Planning for capital improvements is an important process for the City to ensure that assets are acquired or constructed in time to meet specific needs and to spread costs over several fiscal years to avoid a large peak in capital expenditures during a single year.

The City is currently in the planning stage for the realignment of University Boulevard. It is estimated that this project will cost approximately \$10.7 million and is primarily being funded through the Virginia Department of Transportation and James Madison University. A projected completion date has not been determined.

The City is currently in the planning and design stages for a number of infrastructure improvement projects. These projects include South Main Street improvements, improvements to South Main Street I-81 Exit 245 intersection, Port Republic Road improvements, North Main Street sidewalks and University Boulevard improvements. Collectively, it is estimated that these projects will cost approximately \$32.2 million and are being funded through the Virginia Department of Transportation. Currently, the projected completion dates have not been determined.

The city is currently in the planning, design or construction stage for a number of different projects funded primarily by federal ARPA funds. These projects include construction of a homeless services center, Fire Station No. 5 located in the northwest section of the City, replacement of Kids' Castle at Purcell Park, a sprayground park at Ralph Sampson Park and improvements to athletic facilities within the parks and recreation system. Currently, \$17.6 million in federal ARPA funds and an additional \$6.7 million in available funds from the City have been committed to the completion of these projects.

The City is currently in the planning stage for the renovation of the old Municipal Building. It is currently planned that the building will be renovated for additional City Hall office space. The City currently has \$3.6 million in available funds in the General Capital Projects. A projected completion date or cost estimates have not been determined.

The City has implemented a long-term planning model for the replacement of its aging water and sewer infrastructure. Over the next five years, the City plans to cash fund approximately \$14.2 million in the Water Fund and \$5.8 million in the Sewer Fund for these infrastructure projects. The City currently has \$17.3 million and \$4.8 million in available funds in the Water and Sewer Funds, respectively. Future funding will be provided by phased in rate increases.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the twenty-ninth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City must publish an easily readable and organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. The preparation of this report would not have been accomplished without their efficient and dedicated services. We would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible, timely and progressive manner.

Respectfully submitted,

/s/

Ande Banks  
City Manager

/s/

Larry L. Propst, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Harrisonburg  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO





**CITY OF HARRISONBURG, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2024**

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**CITY COUNCIL**

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Deanna R. Reed	Mayor
Laura A. Dent	Vice Mayor
Daniel R. "Dany" Fleming	Council Member
Christopher B. Jones	Council Member
Monica L. Robinson	Council Member

**CITY OFFICIALS**

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Alexander "Ande" Banks, IV	City Manager
Amy E. Snider	Deputy City Manager
G. Chris Brown	City Attorney
Pamela S. Ulmer	City Clerk
Jeffrey L. Shafer	City Treasurer
Karen I. Rose	Commissioner of the Revenue
A. Michael Collins	Director of Public Utilities
Brian B. Shull	Director of Economic Development
Paul A. Malabad	Director of Information Technology
Larry L. Propst	Director of Finance
Adam L. Fletcher	Director of Community Development
Thomas A. Hartman	Director of Public Works
Michael E. Parks	Director of Communications
Gerald M. Gatobu	Director of Public Transportation
Matthew J. Tobia	Fire Chief
Angela K. Clem	Director of Human Resources
Brian B. Mancini	Director of Parks and Recreation
Vacant	Police Chief
Mark D. Finks	City Registrar

**SCHOOL BOARD**

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Deb Fitzgerald	Chairperson
Andrew Kohen	Vice Chairperson
Tom Domonoske	Board Member
Kristen Loflin	Board Member
Emma Phillips	Board Member
Kaylene Seigle	Board Member

**SCHOOL OFFICIALS**

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Dr. Michael G. Richards	Superintendent of Schools
Lisa M. Knupp	Clerk
Tracy Shaver	Chief Financial Officer

# FINANCIAL SECTION

This part of the City's annual comprehensive financial report contains the financial statements which include the basic financial statements, notes to financial statements and other supplementary information. This part also provides management's analysis of the City's current financial position and the outcome of its operations, as well as, the independent auditor's report.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
City of Harrisonburg, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonburg, Virginia (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Harrisonburg, Virginia, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Harrisonburg, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Harrisonburg's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisonburg's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Harrisonburg's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information (consisting of the combining and individual non-major fund financial statements and budgetary comparison schedules, the discretely presented component unit fund financial statements and budgetary comparison schedules, and the schedules of revenues and expenditures – budget to actual), and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
December 4, 2024



## **CITY OF HARRISONBURG, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of the City of Harrisonburg (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 5 of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$380.5 million (net position). Of this amount, \$117.4 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors.
- The City's total net position increased by \$40.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$102.2 million, an increase of \$1.4 million in comparison with the previous year. Approximately 64.9 percent of this total amount, \$66.4 million, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$66.4 million, or 42.1 percent of total General Fund expenditures and other financing uses.
- The City's total long-term debt decreased by \$19.55 million during the current fiscal year

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government administration, jail and judicial administration, public safety, public works, health and welfare, education, parks and recreation, and planning and community development. The business-type activities of the City include water, sewer, public transportation, sanitation and stormwater operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Harrisonburg City School Board (School Board) and the Harrisonburg Electric Commission (HEC) for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. To obtain a copy of the separately issued audited financial statements for HEC, contact the Harrisonburg Electric Commission, 89 West Bruce Street, Harrisonburg, Virginia 22801. The School Board does not issue separate financial statements.

The government-wide financial statements can be found on pages 23 through 25 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Capital Projects Fund and School Bond Capital Projects Fund which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information part of the financial section of this report.

The basic governmental fund financial statements can be found on pages 26 through 30 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, public transportation, sanitation and stormwater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions, as well as to some external organizations. The City uses internal service funds to account for the operations of its central garage, central stores and a self-insured health insurance plan. Because these services mainly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains five enterprise funds and three internal service funds. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Public Transportation Fund, Sanitation Fund and Stormwater Fund, which are considered to be major enterprise funds. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the other supplementary information part of the financial section of this report.

The basic proprietary fund financial statements can be found on pages 31 through 34 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of

those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 35 through 36 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 37 through 81 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligations to provide pension and postretirement healthcare benefits to its employees. This information is presented immediately following the notes to financial statements and can be found on pages 82 through 99 of this report.

**Other supplementary information.** This report also presents certain other supplementary information concerning the combining statements referred to earlier regarding nonmajor governmental funds, internal service funds, custodial funds and School Board individual fund financial statements. This information is presented immediately following required supplementary information. The combining and individual fund statements and schedules can be found on pages 100 through 119 of this report.

**Government-wide Financial Analysis (Primary Government)**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$380.5 million at the close of the most recent fiscal year.

The largest portion of the City’s net position (68.6 percent) reflects its investment in capital assets (e.g., land, buildings and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, which amounts to \$117.4 million, may be used to meet the City’s ongoing obligations to citizens and creditors.

**City of Harrisonburg's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 229,633,476	\$ 228,328,776	\$ 56,994,820	\$ 57,774,865	\$ 286,628,296	\$ 286,103,641
Capital assets	383,266,579	367,455,523	110,653,799	108,703,366	493,920,378	476,158,889
<b>Total assets</b>	<b>612,900,055</b>	<b>595,784,299</b>	<b>167,648,619</b>	<b>166,478,231</b>	<b>780,548,674</b>	<b>762,262,530</b>
<b>Total deferred outflows of resources</b>	<b>9,550,491</b>	<b>8,885,107</b>	<b>2,331,945</b>	<b>2,232,745</b>	<b>11,882,436</b>	<b>11,117,852</b>
Current and other liabilities	30,333,045	38,309,249	3,126,210	3,223,202	33,459,255	41,532,451
Long-term liabilities	240,467,902	256,051,558	51,322,607	55,289,176	291,790,509	311,340,734
<b>Total liabilities</b>	<b>270,800,947</b>	<b>294,360,807</b>	<b>54,448,817</b>	<b>58,512,378</b>	<b>325,249,764</b>	<b>352,873,185</b>
<b>Total deferred inflows of resources</b>	<b>85,328,703</b>	<b>78,845,806</b>	<b>1,340,425</b>	<b>1,423,311</b>	<b>86,669,128</b>	<b>80,269,117</b>
Net position:						
Net investment in capital assets	181,235,663	160,847,568	79,987,248	84,692,516	261,222,911	245,540,084
Restricted	1,907,865	1,291,461	-	-	1,907,865	1,291,461
Unrestricted	83,177,368	69,323,764	34,204,074	24,082,771	117,381,442	93,406,535
<b>Total net position</b>	<b>\$ 266,320,896</b>	<b>\$ 231,462,793</b>	<b>\$ 114,191,322</b>	<b>\$ 108,775,287</b>	<b>\$ 380,512,218</b>	<b>\$ 340,238,080</b>

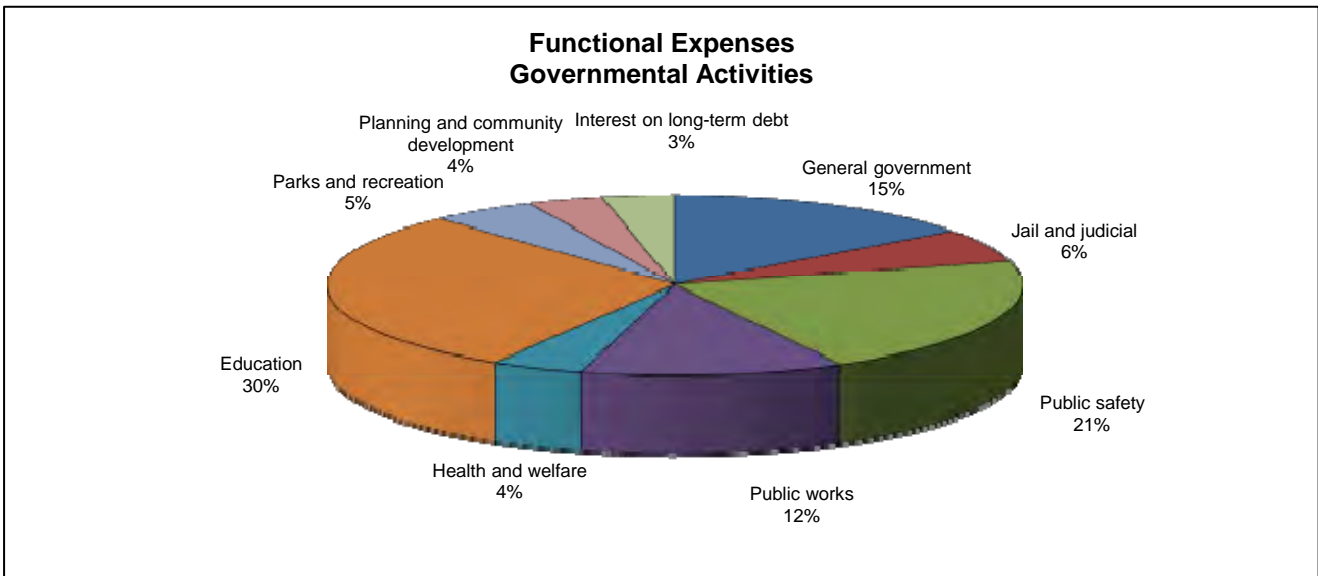
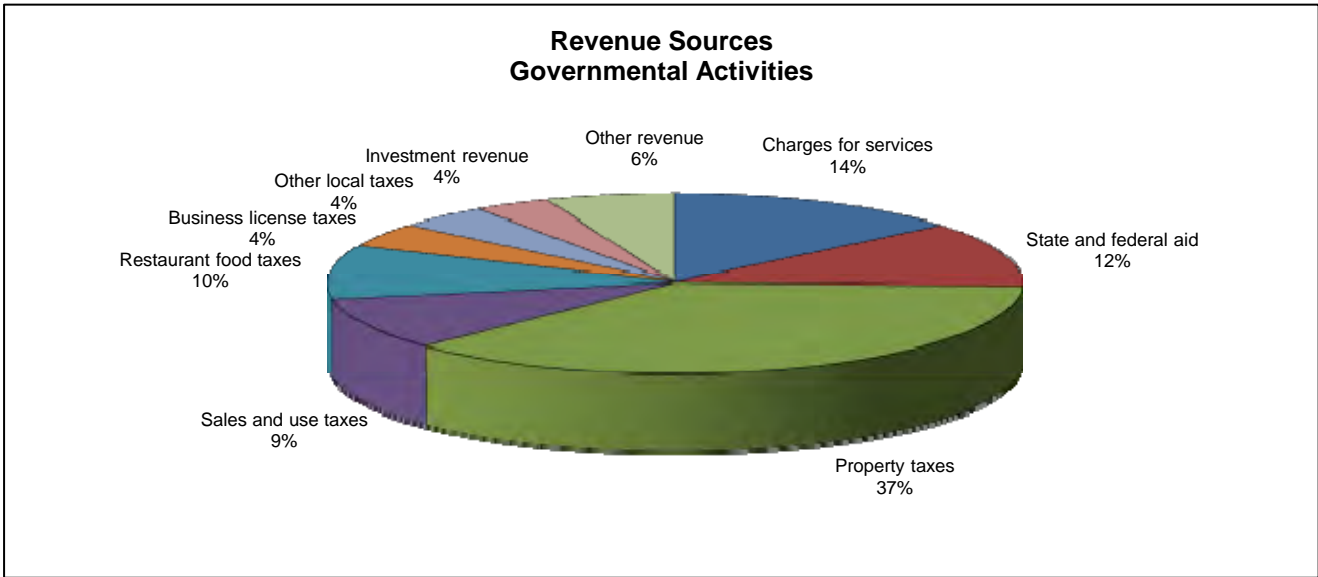
**City of Harrisonburg's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 27,530,323	\$ 23,226,329	\$ 33,095,961	\$ 31,303,366	\$ 60,626,284	\$ 54,529,695
Operating grants and contributions	10,405,955	9,841,467	4,240,897	3,984,187	14,646,852	13,825,654
Capital grants and contributions	6,549,421	1,278,710	1,237,863	2,680,811	7,787,284	3,959,521
General revenues:						
Property taxes	73,028,090	65,256,422	-	-	73,028,090	65,256,422
Sales and use taxes	18,582,222	18,304,951	-	-	18,582,222	18,304,951
Restaurant food taxes	18,923,739	18,044,533	-	-	18,923,739	18,044,533
Business license taxes	8,617,396	8,682,280	-	-	8,617,396	8,682,280
Other local taxes	8,492,420	8,675,113	-	-	8,492,420	8,675,113
Grants and contributions not restricted to specific programs	9,797,600	5,735,887	-	-	9,797,600	5,735,887
Payment from component units	5,200,000	7,600,000	-	-	5,200,000	7,600,000
Investment revenue	7,032,129	5,485,950	2,579,060	1,887,794	9,611,189	7,373,744
Other revenue	2,846,076	3,353,392	684,243	791,900	3,530,319	4,145,292
Gain on disposal of capital assets	-	-	54,451	8,894	54,451	8,894
<b>Total revenues</b>	<b>197,005,371</b>	<b>175,485,034</b>	<b>41,892,475</b>	<b>40,656,952</b>	<b>238,897,846</b>	<b>216,141,986</b>
Expenses:						
General government administration	24,546,150	24,077,940	-	-	24,546,150	24,077,940
Jail and judicial administration	10,021,988	9,843,446	-	-	10,021,988	9,843,446
Public safety	35,061,120	30,723,448	-	-	35,061,120	30,723,448
Public works	20,166,775	17,725,094	-	-	20,166,775	17,725,094
Health and welfare	7,045,699	5,740,276	-	-	7,045,699	5,740,276
Education	48,817,948	45,215,499	-	-	48,817,948	45,215,499
Parks, recreation and cultural	8,220,755	7,602,457	-	-	8,220,755	7,602,457
Planning and community development	5,859,686	4,736,127	-	-	5,859,686	4,736,127
Interest on long-term debt	5,560,306	6,147,493	-	-	5,560,306	6,147,493
Water	-	-	8,633,642	7,825,501	8,633,642	7,825,501
Sewer	-	-	11,640,314	11,120,097	11,640,314	11,120,097
Public transportation	-	-	9,029,203	8,049,071	9,029,203	8,049,071
Sanitation	-	-	3,158,807	3,198,926	3,158,807	3,198,926
Stormwater	-	-	861,315	864,069	861,315	864,069
<b>Total expenses</b>	<b>165,300,427</b>	<b>151,811,780</b>	<b>33,323,281</b>	<b>31,057,664</b>	<b>198,623,708</b>	<b>182,869,444</b>
Excess before transfers	31,704,944	23,673,254	8,569,194	9,599,288	40,274,138	33,272,542
Transfers	3,153,159	3,584,522	(3,153,159)	(3,584,522)	-	-
<b>Change in net position</b>	<b>34,858,103</b>	<b>27,257,776</b>	<b>5,416,035</b>	<b>6,014,766</b>	<b>40,274,138</b>	<b>33,272,542</b>
Net position - beginning	231,462,793	204,205,017	108,775,287	102,760,521	340,238,080	306,965,538
Net position - ending	\$ 266,320,896	\$ 231,462,793	\$ 114,191,322	\$ 108,775,287	\$ 380,512,218	\$ 340,238,080

**Governmental activities.** Governmental activities increased the City's net position by \$34.9 million. Key elements affecting governmental activities are as follows:

- Charges for services revenue increased \$4.3 million (18.5 percent) due to a \$2.4 million increase in revenue in the City's self-insured health insurance plan that is reported in governmental activities and \$2.1 million in revenue from speed camera fines.
- Capital grants and contributions revenue increased \$5.3 million (412.2 percent) due to an increase in grant reimbursements for various infrastructure payments and the contribution of property by James Madison University (JMU) for the University Boulevard realignment project.
- Property tax revenue increased \$7.8 million (11.9 percent) primarily from increasing real estate assessments and an increase in the real estate tax rate.
- Grants and contributions not restricted to specific programs revenue increased \$4.1 million (70.8 percent) due to the use of American Rescue Plan Act (ARPA) funds for various projects and programs.
- Investment revenue increased \$1.5 million due to increasing interest rates during the year.
- Expenses in the public safety activity increased \$4.3 million (14.1 percent) primarily from an increase in personnel costs from the implementation of a compensation study and employee overtime.
- Expenses in the public works activity increased \$2.4 million (13.8 percent) due to a loss on the demolition of buildings contributed by JMU for the University Boulevard realignment project.

- Expenses in the education activity increased \$3.6 million (8 percent) primarily from increased funding provided to the School Board for operations.



**Business-type activities.** Business-type activities increased the City’s net position by \$5.4 million. Key elements affecting business-type activities are as follows:

- Charges for services increased \$1.8 million (5.7 percent) due to an increase in utility rates for both the water and sewer activities.
- Capital grants and contributions decreased \$1.4 million (53.8 percent) primarily from a decrease in intergovernmental revenue in the public transportation activity due to a decrease in capital purchases.
- Expenses in the water activity increased \$808,141 (10.3 percent) primarily from an increase in personnel costs and interest expense.
- Expenses in the public transportation activity increased \$980,132 (12.2 percent) primarily from an increase in personnel costs as the level of services continue to increase to pre-pandemic levels and from the implementation of a compensation study.

## Government-wide Financial Analysis (Component Units)

**School Board activities.** The net position of the School Board increased \$9.75 million during the year, as compared to a \$12.3 million increase in the previous year. School Board expenses increased \$6.8 million (6.2 percent) due to an increase in salaries, transportation costs and staffing levels. The School Board's funding from the City increased \$3.4 million (9.5 percent) compared to the previous year. State funding increased \$2.8 million from increased basic school aid funding, while federal funding increased \$266,111 from various ARPA revenue sources.

**HEC activities.** HEC's net position increased \$811,386 during the year, as compared to a \$514,374 decrease in the previous year. Charges for services decreased \$3.2 million (4.3 percent) during the current year due to an overall decrease in the fuel adjustment factor, while expenses also increased \$3.5 million (4.5 percent). The decrease in expenses was primarily a result of a decrease in the fuel adjustment factor.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance (the total of committed, assigned and unassigned fund balance) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$66.4 million, while total fund balance was \$82.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 42.1 percent (44.4 percent in the prior year) of total General Fund expenditures and other financing uses, while total fund balance represents 52.3 percent (52.9 percent in the prior year) of that same amount.

Total fund balance in the General Fund increased \$7.2 million primarily from a better than anticipated increase in local tax revenue compared to budgeted projections. Local sales tax, hotel room tax and restaurant food tax revenues collectively exceeded budget projections by \$2.2 million. The City also retained \$3 million in budgeted School Board operating contributions as the School Board's state and federal revenue exceeded budget projections combined with positive expenditure budget results.

Total revenues increased \$12.2 million (8.2 percent). Real estate tax revenue increased \$7.7 million (16.7 percent) as the result of increasing real estate assessments and an increase in the real estate tax rate. Local sales tax revenue increased \$277,271 (1.5 percent) exceeding budget projections by \$656,922 while restaurant food taxes increased \$879,206 (4.9 percent) exceeding budget projections by \$1.2 million. Fines and forfeitures increased \$2.1 million from speed camera fines. Use of money revenue increased \$2.3 million due to increased interest rates.

Total expenditures increased \$12.6 million (9.5 percent). Public safety expenditures increased \$5.1 million (17.4 percent) primarily due to the implementation of a compensation study, an increase in the contribution to the Harrisonburg-Rockingham Emergency Communications Center, increased capital outlay expenditures, an increase in employee overtime and increasing police department staffing levels. Health and human services expenditures increased \$1.3 million (22.8 percent) primarily from an increase in the City's share of Children's Services Act costs. Education expenditures increased \$3.4 million (9.5 percent) primarily from an increase in the City's annual contribution to the School Board. Transfers out increased \$2.9 million (29.7 percent) from an increase in capital project funding.

Other financial factors affecting the General Fund have been included in the above discussion of the City's governmental activities.

**General Capital Projects Fund.** The General Capital Projects Fund has a total fund balance of \$15.65 million, of which the entire amount is either restricted or committed for various projects. Revenue, including other financing sources, totaled \$20.4 million, of which \$12.3 million was from transfers from other funds, \$7.6 million was from intergovernmental revenue and \$547,273 was from other sources. Expenditures totaled \$21.6 million, of which the most significant were the construction of a homeless services center, construction of a new public works administration building, street improvements related to the construction of Rocktown High School, shared use path improvements to Mt. Clinton Pike, the purchase of land for the construction of Fire Station No. 5 and the purchase of property for a planned court services expansion.

**School Bond Capital Projects Fund.** The School Bond Capital Projects Fund has a total fund balance of \$127,740, of which the entire amount is restricted. Revenues totaled \$96,720 which was entirely from investment revenue on unexpended bond proceeds. Expenditures totaled \$5.7 million for constructions costs of Rocktown High School.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Water Fund.** The net position of the Water Fund increased \$3.3 million compared to an increase of \$2.8 million in the previous year. Operating revenues increased \$748,489 (7 percent) primarily due to increased utility rates, while total operating expenses increased \$309,868 (4.7 percent) primarily from an increase in personnel costs.

**Sewer Fund.** The net position of the Sewer Fund increased \$1.4 million compared to an increase of \$824,796 in the previous year. Operating revenues increased \$935,852 (7.4 percent) primarily due to increased utility rates, while total operating expenses increased \$548,980 (4.9 percent) primarily due to increases in the contribution to the Harrisonburg-Rockingham Regional Sewer Authority and personnel costs.

**Public Transportation Fund.** The net position of the Public Transportation Fund decreased \$1.8 million compared to a decrease of \$235,286 in the previous year. Operating revenues remained essentially flat compared to the previous year, while total operating expenses increased \$1 million (12.9 percent) primarily due to increases in personnel costs and purchased services related to a strategic plan and a rebranding study. In addition, nonoperating intergovernmental revenue increased \$256,710 due to increased operating costs.

**Sanitation Fund.** The net position of the Sanitation Fund increased \$1.3 million compared to an increase of \$1.2 million in the previous year. Operating revenues remained essentially flat compared to the previous year, while total operating expenses increased \$55,424 (1.8%) compared to the previous year primarily due to increases in personnel costs.

**Stormwater Fund.** The net position of the Stormwater Fund increased \$1.2 million compared to an increase of \$1.5 million in the previous year. Operating revenues increased \$58,644 (4.4 percent) compared to the previous year, while operating expenses remained flat compared to the previous year.

### **General Fund Budgetary Highlights**

Differences between the original and the final amended General Fund budget amounted to \$18.1 million, or 11.5 percent of the original budget, and can be briefly summarized as follows:

- \$7.7 million appropriated for prior year encumbrances.
- \$3.3 million appropriated in unexpended ARPA funds for various purposes.
- \$2.7 million appropriated for construction of Fire Station No. 5.
- \$1.4 million appropriated from state and federal grants for public works purposes.
- \$1.3 million appropriated for the purchase of land for Fire Station No. 5.
- \$773,000 appropriated from state and federal grants for various fire department purposes.
- \$484,000 appropriated from state and federal grants for various police department purposes.
- \$486,000 appropriated for other purposes.

There were several significant variances between the final amended budget and the actual results in the General Fund, and can be briefly summarized as follows:

- Other local tax revenues were over the final amended budget by \$2.2 million. The variance was primarily the result of higher than projected local sales, business license, restaurant food and hotel room tax revenue.
- Public safety expenditures were under the final amended budget by \$6.2 million. The variance was the result of general budgetary savings in the police department. In addition, the timing of various police and fire department capital expenditures, including fire program expenditures in which the funds were budgeted but encumbered and reappropriated into the subsequent year.
- Public works expenditures were under the final amended budget by \$4 million. The variance was the result of the timing of capital outlay for paving, sidewalk replacements and various equipment expenditures. These funds were budgeted but encumbered and reappropriated into the subsequent year.
- Education expenditures were under the final amended budget by \$3 million as the School Board's state and federal revenue exceeded budgeted estimates combined with positive expenditure budget results.
- Community development expenditures were under the final amended budget by \$2.5 million. The variance was the result of unexpended ARPA funding that was budgeted for various programs such as business recovery grants, assistance to nonprofits and affordable housing funding.

### **Capital Asset and Debt Administration**

**Capital assets.** At the end of the current fiscal year, the City's investment in capital assets for its governmental and business-type activities totaled \$493.9 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, easements, buildings, improvements other than buildings, equipment, infrastructure (e.g., streets and bridges), intangible assets, right-to-use leased assets, subscription assets and construction in progress. The City's total investment in capital assets for the current fiscal year increased \$17.8 million.

Significant capital asset events during the current fiscal year included the following:

- Purchased property for the construction of Fire Station No. 5 increasing governmental activities' land by \$1.3 million.
- Purchased property for the planned court services expansion project increasing governmental activities' land and buildings by \$224,000 and \$1.2 million, respectively.
- James Madison University contributed property for right-of-way to be used in the University Boulevard realignment project increasing governmental activities' land by \$1 million.
- Construction was completed on street infrastructure associated with Rocktown High School increasing governmental activities' infrastructure while decreasing construction in progress by \$5.8 million.
- Construction continued on Rocktown High School increasing governmental activities' construction in progress by \$7.9 million.
- Construction continued on a new public works building increasing governmental activities' construction in progress by \$5.1 million.
- Construction began on a homeless services center increasing governmental activities' construction in progress by \$5.5 million.
- Construction continued on the water line project to the South Fork of the Shenandoah River increasing business-type activities' construction in progress by \$2 million.
- Construction was completed on the Mountain View Drive stream restoration project increasing business-type activities' improvements other than buildings and decreasing construction in progress by \$1.3 million.
- Construction continued on the Blacks Run restoration projects increasing business-type activities' construction in progress by \$1.1 million.



**City of Harrisonburg's Capital Assets**  
(net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 61,511,587	\$ 59,004,007	\$ 2,690,491	\$ 2,690,491	\$ 64,202,078	\$ 61,694,498
Easements	2,023,079	1,969,195	493,368	493,368	2,516,447	2,462,563
Construction in progress	118,458,036	104,015,938	42,286,942	40,686,302	160,744,978	144,702,240
Buildings	81,661,447	86,726,629	11,711,217	12,153,172	93,372,664	98,879,801
Improvements other than buildings	15,318,042	14,437,659	12,887,847	12,154,598	28,205,889	26,592,257
Equipment	12,556,108	12,771,822	8,909,760	9,391,295	21,465,868	22,163,117
Equipment - Leased	2,211,593	2,076,958	15,919	-	2,227,512	2,076,958
Intangibles	7,568,377	7,969,619	1,075,209	1,165,298	8,643,586	9,134,917
SBITA	118,870	69,405	-	-	118,870	69,405
Infrastructure	81,839,440	78,414,291	30,583,046	29,968,842	112,422,486	108,383,133
<b>Total capital assets</b>	<b>\$ 383,266,579</b>	<b>\$ 367,455,523</b>	<b>\$ 110,653,799</b>	<b>\$ 108,703,366</b>	<b>\$ 493,920,378</b>	<b>\$ 476,158,889</b>

Additional information on the City's capital assets can be found in Note 7 on pages 47 through 49 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$291.8 million. Of this amount, \$245.5 million comprises debt backed by the full faith and credit of the City. The City's total long-term debt decreased \$19.55 million during the current fiscal year.

Significant long-term debt events during the current fiscal year included the following:

- A decrease of \$3.7 million in OPEB liabilities primarily reflecting increasing interest rates used in the most recent actuarial valuation for the local health insurance program.
- An increase of \$4.1 million in pension liabilities.
- A decrease of \$900,000 in the county landfill obligation liability in business-type activities as the City made payments to Rockingham County for the City's share of their landfill cell closure costs.

**City of Harrisonburg's Long-term Debt Outstanding**  
(net of premiums/discounts)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 204,848,896	\$ 219,632,425	\$ 40,635,028	\$ 43,919,863	\$ 245,483,924	\$ 263,552,288
Leases	2,282,319	2,123,831	16,019	-	2,298,338	2,123,831
SBITA	115,252	70,014	-	-	115,252	70,014
Regional jail agreement	1,053,439	2,084,503	-	-	1,053,439	2,084,503
Equip purchase agreement	213,000	447,701	-	-	213,000	447,701
Compensated absences	4,222,208	4,119,469	1,015,018	1,030,213	5,237,226	5,149,682
Net OPEB liability	7,341,806	10,557,189	1,480,773	1,987,015	8,822,579	12,544,204
Net pension liability	20,390,982	17,016,426	5,066,820	4,385,673	25,457,802	21,402,099
City landfill liability	-	-	1,310,306	1,268,447	1,310,306	1,268,447
County landfill obligation	-	-	1,798,643	2,697,965	1,798,643	2,697,965
<b>Total long-term debt</b>	<b>\$ 240,467,902</b>	<b>\$ 256,051,558</b>	<b>\$ 51,322,607</b>	<b>\$ 55,289,176</b>	<b>\$ 291,790,509</b>	<b>\$ 311,340,734</b>

The City maintained its AA+ bond rating from Standard and Poor's and its Aa2 bond rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may incur to 10 percent of its total assessed real property valuation. The current debt limitation for the City is \$496.8 million of which \$255.1 million is available for use.

Additional information on the City's long-term debt can be found in Note 8 on pages 50 through 53 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The approved \$171.3 million fiscal year 2025 General Fund budget included the use of \$7.2 million of unassigned fund balance. The following were factors in the preparation and final approval of the fiscal year 2025 General Fund budget.

- The unemployment rate for the City in December 2023 was 3.2 percent, which was an increase from a rate of 2.7 percent in December 2022. This rate was higher than the 3.1 percent state rate but lower than the 3.7 percent national rate in December 2023.
- Appropriated \$7.2 million from unassigned fund balance primarily for the renovation of the old Municipal Building and the purchase of property for the planned expansion of court services.
- Approximate 5.5 percent increase in real estate assessments anticipated to provide an additional \$2.9 million in revenue compared to fiscal year 2024.
- Increased the real estate tax rate from \$0.96 to \$1.01. This tax rate increase is anticipated to provide an additional \$2.9 million in revenue. The real estate tax rate increase was for the operating costs of the new Rocktown High School.
- A total increase in other local tax revenue of \$2.4 million compared to the fiscal year 2024 approved budget. Specifically, this included projected increases in local sales tax revenue of \$348,300, restaurant food tax revenue of \$1.65 million and hotel room tax revenue of \$347,000.
- Budgeted \$1.5 million from speed camera fines to provide supplemental funding for ARPA funded projects.
- An increase of \$1 million in state highway maintenance funds.
- Salary increases for both City and School Board employees.

A water rate increase of \$0.22 per one thousand gallons (approximately 5.5 percent) was approved to provide continued funding for the rehabilitation and replacement of aging water infrastructure.

A sewer rate increase of \$0.18 per one thousand gallons (approximately 2.9 percent) was approved to provide continued funding for capital projects at the Harrisonburg-Rockingham Regional Sewer Authority and for the rehabilitation and replacement of aging sewer infrastructure.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. A copy of this report in its entirety may be downloaded from the City's website at [www.harrisonburgva.gov](http://www.harrisonburgva.gov). Questions concerning any of the information in this report or requests for additional financial information should be addressed to the City of Harrisonburg, Director of Finance, 409 South Main Street, Harrisonburg, VA 22801.

**BASIC  
FINANCIAL STATEMENTS**

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CITY OF HARRISONBURG, VIRGINIA  
STATEMENT OF NET POSITION  
At June 30, 2024

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	HEC
<b>Assets</b>					
Cash and cash equivalents	\$ 127,034,411	\$ 44,323,918	\$ 171,358,329	\$ 24,960,110	\$ 23,612,522
Investments	-	-	-	-	12,991,906
Receivables (net of allowance for uncollectibles)	85,266,535	3,396,234	88,662,769	328,674	6,777,211
Due from primary government	-	-	-	-	121,133
Due from component units	100,661	-	100,661	-	143,314
Due from other governments	6,153,250	1,614,714	7,767,964	4,452,492	-
Internal balances	2,219,495	(2,219,495)	-	-	-
Inventory	1,688,505	-	1,688,505	123,507	3,471,889
Prepaid expenses	578,077	75,938	654,015	495,727	222,718
Loans receivable	5,325,053	-	5,325,053	-	-
Restricted assets	1,267,489	9,803,511	11,071,000	-	-
Net pension asset	-	-	-	700,467	-
Capital assets:					
Capital assets, not being depreciated	181,992,702	45,470,801	227,463,503	13,602,724	14,153,954
Capital assets (net of accumulated depreciation)	201,273,877	65,182,998	266,456,875	54,282,488	50,532,914
<b>Total assets</b>	<u>612,900,055</u>	<u>167,648,619</u>	<u>780,548,674</u>	<u>98,946,189</u>	<u>112,027,561</u>
<b>Deferred outflows of resources</b>					
Deferred bond refunding charges	1,284,209	306,556	1,590,765	-	-
Deferred OPEB outflows	859,057	184,815	1,043,872	2,915,850	226,913
Deferred pension outflows	7,407,225	1,840,574	9,247,799	19,087,799	862,545
<b>Total deferred outflows of resources</b>	<u>9,550,491</u>	<u>2,331,945</u>	<u>11,882,436</u>	<u>22,003,649</u>	<u>1,089,458</u>
<b>Liabilities</b>					
Accounts payable	5,165,702	1,075,300	6,241,002	93,557	4,532,345
Accrued payroll	878,036	172,356	1,050,392	11,304,608	153,135
Accrued interest	3,060,746	581,279	3,642,025	-	-
Due to primary government	-	-	-	96,355	4,306
Due to component units	106,569	14,564	121,133	143,314	-
Due to other governments	3,950,262	40,892	3,991,154	-	-
Customer deposits	-	294,273	294,273	-	1,226,997
Unearned revenue	14,179,161	94,744	14,273,905	3,241,760	-
Other liabilities	2,527,561	-	2,527,561	2,076,765	289,174
Liabilities payable from restricted assets	465,008	852,802	1,317,810	-	-
Long-term liabilities:					
Due within one year	19,776,077	5,895,579	25,671,656	799,053	673,411
Due in more than one year	220,691,825	45,427,028	266,118,853	75,499,209	4,659,519
<b>Total liabilities</b>	<u>270,800,947</u>	<u>54,448,817</u>	<u>325,249,764</u>	<u>93,254,621</u>	<u>11,538,887</u>
<b>Deferred inflows of resources</b>					
Deferred property tax inflows	79,130,380	-	79,130,380	-	-
Deferred OPEB inflows	3,671,526	712,556	4,384,082	4,917,977	203,881
Deferred pension inflows	2,526,797	627,869	3,154,666	5,775,989	294,236
<b>Total deferred inflows of resources</b>	<u>85,328,703</u>	<u>1,340,425</u>	<u>86,669,128</u>	<u>10,693,966</u>	<u>498,117</u>
<b>Net position</b>					
Net investment in capital assets	181,235,663	79,987,248	261,222,911	66,254,066	64,677,300
Restricted for:					
Public safety	1,907,865	-	1,907,865	-	-
Net pension asset	-	-	-	700,467	-
Unrestricted	83,177,368	34,204,074	117,381,442	(49,953,282)	36,402,715
<b>Total net position</b>	<u>\$ 266,320,896</u>	<u>\$ 114,191,322</u>	<u>\$ 380,512,218</u>	<u>\$ 17,001,251</u>	<u>\$ 101,080,015</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HARRISONBURG, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government administration	\$ 24,546,150	\$ 16,915,495	\$ 495,316	\$ -
Jail and judicial administration	10,021,988	197,486	58,896	-
Public safety	35,061,120	2,348,425	2,447,883	-
Public works	20,166,775	-	6,721,908	5,979,091
Health and human services	7,045,699	-	-	-
Education	48,817,948	5,619,432	-	570,330
Parks, recreation and cultural	8,220,755	1,590,805	-	-
Community development	5,859,686	858,680	681,952	-
Interest on long-term debt	5,560,306	-	-	-
<b>Total governmental activities</b>	<b>165,300,427</b>	<b>27,530,323</b>	<b>10,405,955</b>	<b>6,549,421</b>
Business-type activities:				
Water	8,633,642	11,382,197	-	215,900
Sewer	11,640,314	13,590,781	-	157,290
Public transportation	9,029,203	2,267,108	4,240,897	348,230
Sanitation	3,158,807	4,459,099	-	-
Stormwater	861,315	1,396,776	-	516,443
<b>Total business-type activities</b>	<b>33,323,281</b>	<b>33,095,961</b>	<b>4,240,897</b>	<b>1,237,863</b>
<b>Total primary government</b>	<b>\$ 198,623,708</b>	<b>\$ 60,626,284</b>	<b>\$ 14,646,852</b>	<b>\$ 7,787,284</b>
<b>Component units:</b>				
School Board	\$ 116,452,643	\$ 105,756	\$ 48,364,498	\$ -
Harrisonburg Electric Commission (HEC)	72,926,990	71,912,864	-	537,670
<b>Total component units</b>	<b>\$ 189,379,633</b>	<b>\$ 72,018,620</b>	<b>\$ 48,364,498</b>	<b>\$ 537,670</b>

General revenues:  
Property taxes  
Sales and use taxes  
Restaurant food taxes  
Business license taxes  
Other local taxes  
Unrestricted grants and contributions  
Unrestricted contribution from primary government  
Unrestricted contribution from component units  
Investment revenue  
Other revenue  
Gain on disposal of capital assets  
Transfers

Total general revenues and transfers

**Change in net position**

Net position at beginning of year

Net position at end of year

The accompanying notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	HEC
\$ (7,135,339)	\$ -	\$ (7,135,339)	\$ -	\$ -
(9,765,606)	-	(9,765,606)	-	-
(30,264,812)	-	(30,264,812)	-	-
(7,465,776)	-	(7,465,776)	-	-
(7,045,699)	-	(7,045,699)	-	-
(42,628,186)	-	(42,628,186)	-	-
(6,629,950)	-	(6,629,950)	-	-
(4,319,054)	-	(4,319,054)	-	-
(5,560,306)	-	(5,560,306)	-	-
(120,814,728)	-	(120,814,728)	-	-
-	2,964,455	2,964,455	-	-
-	2,107,757	2,107,757	-	-
-	(2,172,968)	(2,172,968)	-	-
-	1,300,292	1,300,292	-	-
-	1,051,904	1,051,904	-	-
-	5,251,440	5,251,440	-	-
(120,814,728)	5,251,440	(115,563,288)	-	-
-	-	-	(67,982,389)	-
-	-	-	-	(476,456)
-	-	-	(67,982,389)	(476,456)
73,028,090	-	73,028,090	-	-
18,582,222	-	18,582,222	-	-
18,923,739	-	18,923,739	-	-
8,617,396	-	8,617,396	-	-
8,492,420	-	8,492,420	-	-
9,797,600	-	9,797,600	37,323,152	-
-	-	-	38,714,373	-
5,200,000	-	5,200,000	-	-
7,032,129	2,579,060	9,611,189	240,423	1,287,842
2,846,076	684,243	3,530,319	1,455,942	-
-	54,451	54,451	-	-
3,153,159	(3,153,159)	-	-	-
155,672,831	164,595	155,837,426	77,733,890	1,287,842
34,858,103	5,416,035	40,274,138	9,751,501	811,386
231,462,793	108,775,287	340,238,080	7,249,750	100,268,629
\$ 266,320,896	\$ 114,191,322	\$ 380,512,218	\$ 17,001,251	\$ 101,080,015

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
At June 30, 2024

Exhibit 3

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>School Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 94,153,691	\$ 18,498,871	\$ -	\$ 3,489,065	\$ 116,141,627
Receivables (net of allowance for uncollectibles)	85,200,598	58,043	-	765	85,259,406
Due from other funds	392,554	-	-	-	392,554
Due from component units	-	-	-	87,583	87,583
Due from other governments	4,127,929	1,263,348	-	761,973	6,153,250
Prepaid expenditures	573,491	-	-	3,763	577,254
Loans receivable	5,266,039	-	-	59,014	5,325,053
Restricted assets	-	1,139,749	127,740	-	1,267,489
<b>Total assets</b>	<b>\$ 189,714,302</b>	<b>\$ 20,960,011</b>	<b>\$ 127,740</b>	<b>\$ 4,402,163</b>	<b>\$ 215,204,216</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,826,703	\$ 2,542,589	\$ -	\$ 36,769	\$ 4,406,061
Accrued payroll	672,488	-	-	181,829	854,317
Due to other funds	-	-	-	160,581	160,581
Due to component units	101,461	-	-	1,823	103,284
Due to other governments	2,374,778	1,575,484	-	-	3,950,262
Unearned revenue	13,229,699	949,462	-	-	14,179,161
Other liabilities	2,527,561	-	-	-	2,527,561
Payable from restricted assets:					
Accounts payable	-	233,956	-	-	233,956
Total liabilities	<u>20,732,690</u>	<u>5,301,491</u>	<u>-</u>	<u>381,002</u>	<u>26,415,183</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	<u>86,511,124</u>	<u>-</u>	<u>-</u>	<u>59,014</u>	<u>86,570,138</u>
Total deferred inflows of resources	<u>86,511,124</u>	<u>-</u>	<u>-</u>	<u>59,014</u>	<u>86,570,138</u>
<b>Fund Balances</b>					
Nonspendable	869,530	-	-	3,763	873,293
Restricted	1,130,941	905,793	127,740	-	2,164,474
Committed	-	14,752,727	-	2,589,495	17,342,222
Assigned	14,095,273	-	-	1,368,889	15,464,162
Unassigned	66,374,744	-	-	-	66,374,744
Total fund balances	<u>82,470,488</u>	<u>15,658,520</u>	<u>127,740</u>	<u>3,962,147</u>	<u>102,218,895</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 189,714,302</b>	<b>\$ 20,960,011</b>	<b>\$ 127,740</b>	<b>\$ 4,402,163</b>	<b>\$ 215,204,216</b>

The accompanying notes to financial statements are an integral part of this statement.



**CITY OF HARRISONBURG, VIRGINIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**At June 30, 2024**

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**Exhibit 4**

Total fund balances of governmental funds (Exhibit 3)	\$ 102,218,895
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the funds.	7,439,758
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	377,932,538
Certain liabilities, including bonds and related accounts, are not payable from current financial resources and therefore are not reported in the funds.	(241,581,196)
Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are applicable to future periods and therefore are not reported in the funds.	1,955,652
Internal service funds are used by management to charge the costs of certain activities to other funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>18,355,249</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 266,320,896</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2024

Exhibit 5

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>School Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
General property taxes	\$ 72,948,245	\$ -	\$ -	\$ -	\$ 72,948,245
Other local taxes	54,615,777	-	-	-	54,615,777
Permits, privilege fees and regulatory licenses	679,658	-	-	-	679,658
Fines and forfeitures	2,405,167	-	-	-	2,405,167
Use of money and property	6,218,064	123,119	96,720	148,076	6,585,979
Charges for services	1,898,471	-	-	5,619,432	7,517,903
Miscellaneous	2,969,054	149,701	-	31,854	3,150,609
Recovered costs	-	274,453	-	-	274,453
Payments from component units	5,200,000	-	-	-	5,200,000
Intergovernmental	14,124,337	7,571,669	-	1,232,282	22,928,288
Total revenues	<u>161,058,773</u>	<u>8,118,942</u>	<u>96,720</u>	<u>7,031,644</u>	<u>176,306,079</u>
<b>Expenditures:</b>					
Current:					
General government administration	8,447,313	-	-	-	8,447,313
Jail and judicial administration	10,217,981	-	-	-	10,217,981
Public safety	34,525,244	-	-	-	34,525,244
Public works	12,782,314	-	-	-	12,782,314
Health and human services	7,023,834	-	-	-	7,023,834
Education	38,714,373	-	-	5,427,497	44,141,870
Parks, recreation and cultural	7,380,798	-	-	-	7,380,798
Community development	5,217,944	-	-	686,952	5,904,896
Debt service:					
Principal retirement	13,444,132	-	-	1,169	13,445,301
Interest and fiscal charges	7,130,702	-	-	152	7,130,854
Capital projects	-	21,577,552	5,659,906	-	27,237,458
Total expenditures	<u>144,884,635</u>	<u>21,577,552</u>	<u>5,659,906</u>	<u>6,115,770</u>	<u>178,237,863</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,174,138</u>	<u>(13,458,610)</u>	<u>(5,563,186)</u>	<u>915,874</u>	<u>(1,931,784)</u>
<b>Other financing sources (uses):</b>					
Long-term debt issued or incurred	421,839	-	-	12,382	434,221
Transfers in	3,358,342	12,320,000	-	-	15,678,342
Transfers out	<u>(12,720,000)</u>	<u>(38,834)</u>	-	-	<u>(12,758,834)</u>
Total other financing sources (uses)	<u>(8,939,819)</u>	<u>12,281,166</u>	<u>-</u>	<u>12,382</u>	<u>3,353,729</u>
<b>Net change in fund balances</b>	7,234,319	(1,177,444)	(5,563,186)	928,256	1,421,945
Fund balances at beginning of year	<u>75,236,169</u>	<u>16,835,964</u>	<u>5,690,926</u>	<u>3,033,891</u>	<u>100,796,950</u>
Fund balances at end of year	<u>\$ 82,470,488</u>	<u>\$ 15,658,520</u>	<u>\$ 127,740</u>	<u>\$ 3,962,147</u>	<u>\$ 102,218,895</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HARRISONBURG, VIRGINIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

**Exhibit 6**

Total net change in fund balances of governmental funds (Exhibit 5)	\$ 1,421,945
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Certain revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount is the net change in these revenues.	(142,229)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization expense.	18,609,278
The contribution (donation) of capital assets affects only the statement of activities. These transactions do not have an effect on current financial resources and, therefore, are not reported in governmental funds.	3,390,100
The disposal of capital assets at a loss affects only the statement of activities. These transactions do not have an effect on current financial resources and, therefore, is not reported in governmental funds.	(2,428,700)
The transfer of capital assets to the School Board (component unit) affects only the statement of activities. These transfers do not have an effect on current financial resources and, therefore, are not reported in governmental funds.	(3,664,324)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	15,692,295
Certain expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This amount is the net change in these expenses.	59,467
Governmental funds report employer OPEB and pension contributions as expenditures. However, in the statement of activities the cost of OPEB and pension benefits earned, net of employee contributions, are reported as OPEB and pension expense. This is the amount by which employer OPEB and pension contributions exceeded OPEB and pension expense.	286,469
Internal service funds are used by management to charge the costs of certain activities to other funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>1,633,802</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 34,858,103</u>

The accompanying notes to financial statements are an integral part of this statement.

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
General property taxes	\$ 72,065,600	\$ 72,065,600	\$ 72,948,245	\$ 882,645
Other local taxes	52,397,700	52,397,700	54,615,777	2,218,077
Permits, privilege fees and regulatory licenses	577,950	577,950	679,658	101,708
Fines and forfeitures	285,000	1,851,000	2,405,167	554,167
Use of money and property	3,000,000	5,920,000	6,218,064	298,064
Charges for services	1,550,800	1,550,800	1,898,471	347,671
Miscellaneous	2,496,748	2,531,612	2,969,054	437,442
Payments from component units	5,200,000	5,200,000	5,200,000	-
Intergovernmental	11,450,999	17,586,768	14,124,337	(3,462,431)
Total revenues	<u>149,024,797</u>	<u>159,681,430</u>	<u>161,058,773</u>	<u>1,377,343</u>
<b>Expenditures:</b>				
Current:				
General government administration	12,602,554	9,937,875	8,447,313	1,490,562
Jail and judicial administration	10,135,444	10,389,592	10,217,981	171,611
Public safety	33,633,355	40,817,553	34,525,244	6,292,309
Public works	12,517,193	16,776,279	12,782,314	3,993,965
Health and human services	6,039,983	7,094,499	7,023,834	70,665
Education	42,267,782	41,713,910	38,714,373	2,999,537
Parks, recreation and cultural	6,853,352	7,750,715	7,380,798	369,917
Community development	4,067,527	7,697,692	5,217,944	2,479,748
Debt service:				
Principal retirement	13,357,573	13,444,132	13,444,132	-
Interest and fiscal charges	7,125,234	7,132,993	7,130,702	2,291
Total expenditures	<u>148,599,997</u>	<u>162,755,240</u>	<u>144,884,635</u>	<u>17,870,605</u>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	<u>424,800</u>	<u>(3,073,810)</u>	<u>16,174,138</u>	<u>19,247,948</u>
<b>Other financing sources (uses):</b>				
Long-term debt issued or incurred	-	421,839	421,839	-
Transfers in	3,275,200	3,275,200	3,358,342	83,142
Transfers out	(8,700,000)	(12,720,000)	(12,720,000)	-
Total other financing sources (uses)	<u>(5,424,800)</u>	<u>(9,022,961)</u>	<u>(8,939,819)</u>	<u>83,142</u>
<b>Net change in fund balance</b>	<u>\$ (5,000,000)</u>	<u>\$ (12,096,771)</u>	7,234,319	<u>\$ 19,331,090</u>
Fund balances at beginning of year			<u>75,236,169</u>	
Fund balance at end of year			<u>\$ 82,470,488</u>	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HARRISONBURG, VIRGINIA  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**At June 30, 2024**

Exhibit 8

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 23,162,419	\$ 11,485,065	\$ 1,127,014	\$ 4,656,506	\$ 3,892,914	\$ 44,323,918	\$ 10,892,784
Receivables (net of allowance for uncollectibles)	1,391,045	1,594,985	6,692	363,426	40,086	3,396,234	7,129
Due from component units	-	-	-	-	-	-	13,078
Due from other governments	-	-	565,739	-	1,048,975	1,614,714	-
Interfund loan receivable	-	1,456,000	-	-	-	1,456,000	-
Inventory	-	-	-	-	-	-	1,688,505
Prepaid expenses	-	-	75,938	-	-	75,938	823
Restricted assets	9,803,511	-	-	-	-	9,803,511	-
<b>Total current assets</b>	<b>34,356,975</b>	<b>14,536,050</b>	<b>1,775,383</b>	<b>5,019,932</b>	<b>4,981,975</b>	<b>60,670,315</b>	<b>12,602,319</b>
Noncurrent assets:							
Capital assets (net of accumulated depreciation)	69,742,195	18,901,768	10,832,284	3,649,108	7,528,444	110,653,799	5,334,041
<b>Total noncurrent assets</b>	<b>69,742,195</b>	<b>18,901,768</b>	<b>10,832,284</b>	<b>3,649,108</b>	<b>7,528,444</b>	<b>110,653,799</b>	<b>5,334,041</b>
<b>Total assets</b>	<b>104,099,170</b>	<b>33,437,818</b>	<b>12,607,667</b>	<b>8,669,040</b>	<b>12,510,419</b>	<b>171,324,114</b>	<b>17,936,360</b>
<b>Deferred outflows of resources</b>							
Deferred bond refunding charges	304,495	-	-	2,061	-	306,556	-
Deferred OPEB outflows	60,950	44,475	38,414	39,282	1,694	184,815	19,321
Deferred pension outflows	580,360	382,366	550,702	299,334	27,812	1,840,574	231,567
<b>Total deferred outflows of resources</b>	<b>945,805</b>	<b>426,841</b>	<b>589,116</b>	<b>340,677</b>	<b>29,506</b>	<b>2,331,945</b>	<b>250,888</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	298,282	248,580	78,834	28,184	421,420	1,075,300	759,641
Accrued payroll	54,896	35,248	52,619	26,040	3,553	172,356	23,719
Accrued interest	547,591	-	-	33,688	-	581,279	-
Due to other funds	-	-	-	-	-	-	231,973
Due to component units	7,774	3,647	2,344	799	-	14,564	3,285
Due to other governments	-	-	-	40,892	-	40,892	-
Interfund loan payable	1,456,000	-	-	-	-	1,456,000	-
Customer deposits	294,273	-	-	-	-	294,273	-
Unearned revenue	60,344	34,400	-	-	-	94,744	-
Liabilities payable from restricted assets	852,802	-	-	-	-	852,802	-
Leases	-	-	3,403	-	-	3,403	1,021
Compensated absences	230,970	152,289	153,882	98,379	14,952	650,472	90,188
Net OPEB liability	-	7,560	9,720	4,200	-	21,480	300
Landfill closure	-	-	-	1,929,847	-	1,929,847	-
Current portion of bonds payable	1,814,749	-	-	1,475,628	-	3,290,377	-
<b>Total current liabilities</b>	<b>5,617,681</b>	<b>481,724</b>	<b>300,802</b>	<b>3,637,657</b>	<b>439,925</b>	<b>10,477,789</b>	<b>1,110,127</b>
Noncurrent liabilities:							
Leases	-	-	12,616	-	-	12,616	3,785
Compensated absences	168,043	96,450	19,578	80,475	-	364,546	26,060
Net OPEB liability	500,029	369,726	234,399	347,560	7,579	1,459,293	135,473
Net pension liability	1,597,642	1,052,594	1,515,999	824,023	76,562	5,066,820	637,468
Landfill closure	-	-	-	1,179,102	-	1,179,102	-
Bonds payable	37,344,651	-	-	-	-	37,344,651	-
<b>Total noncurrent liabilities</b>	<b>39,610,365</b>	<b>1,518,770</b>	<b>1,782,592</b>	<b>2,431,160</b>	<b>84,141</b>	<b>45,427,028</b>	<b>802,786</b>
<b>Total liabilities</b>	<b>45,228,046</b>	<b>2,000,494</b>	<b>2,083,394</b>	<b>6,068,817</b>	<b>524,066</b>	<b>55,904,817</b>	<b>1,912,913</b>
<b>Deferred inflows of resources</b>							
Deferred OPEB inflows	244,147	187,880	98,244	180,450	1,835	712,556	59,588
Deferred pension inflows	197,976	130,435	187,859	102,111	9,488	627,869	78,993
<b>Total deferred inflows of resources</b>	<b>442,123</b>	<b>318,315</b>	<b>286,103</b>	<b>282,561</b>	<b>11,323</b>	<b>1,340,425</b>	<b>138,581</b>
<b>Net position</b>							
Net investment in capital assets	39,661,620	18,710,070	10,816,265	3,649,108	7,150,185	79,987,248	5,329,236
Unrestricted	19,713,186	12,835,780	11,021	(990,769)	4,854,351	36,423,569	10,806,518
<b>Total net position</b>	<b>\$ 59,374,806</b>	<b>\$ 31,545,850</b>	<b>\$ 10,827,286</b>	<b>\$ 2,658,339</b>	<b>\$ 12,004,536</b>	<b>116,410,817</b>	<b>\$ 16,135,754</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(2,219,495)	
Net position of business-type activities (Exhibit 1)						\$ 114,191,322	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HARRISONBURG, VIRGINIA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended June 30, 2024

Exhibit 9

	Enterprise Funds					Total	Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund		
<b>Operating revenues:</b>							
Charges for services	\$ 11,313,342	\$ 13,584,065	\$ 2,267,108	\$ 4,459,099	\$ 1,396,776	\$ 33,020,390	\$ 28,942,655
Connection fees	68,855	6,716	-	-	-	75,571	-
Total operating revenues	<u>11,382,197</u>	<u>13,590,781</u>	<u>2,267,108</u>	<u>4,459,099</u>	<u>1,396,776</u>	<u>33,095,961</u>	<u>28,942,655</u>
<b>Operating expenses:</b>							
Personal services	2,607,716	1,697,050	3,501,461	1,267,680	152,968	9,226,875	1,094,480
Fringe benefits	1,031,719	567,002	971,265	548,718	50,224	3,168,928	370,108
Purchased services	214,012	185,591	566,788	763,975	194,587	1,924,953	1,149,461
Internal services	267,844	418,542	1,998,587	269,796	58,526	3,013,295	6,538
Other charges	545,331	97,515	367,953	56,353	133,412	1,200,564	996,036
Materials and supplies	461,480	150,918	44,176	27,741	11,257	695,572	55,391
Depreciation and amortization	1,799,982	1,184,247	1,665,062	251,764	262,026	5,163,081	209,511
Contributions to regional sewer authority	-	7,341,575	-	-	-	7,341,575	-
Cost of inventory issued	-	-	-	-	-	-	4,702,593
Claims related charges	-	-	-	-	-	-	19,483,898
Total operating expenses	<u>6,928,084</u>	<u>11,642,440</u>	<u>9,115,292</u>	<u>3,186,027</u>	<u>863,000</u>	<u>31,734,843</u>	<u>28,068,016</u>
<b>Operating income (loss)</b>	<u>4,454,113</u>	<u>1,948,341</u>	<u>(6,848,184)</u>	<u>1,273,072</u>	<u>533,776</u>	<u>1,361,118</u>	<u>874,639</u>
<b>Nonoperating revenues (expenses):</b>							
Intergovernmental revenue	-	-	4,240,897	-	-	4,240,897	-
Connection application fees	160,152	213,784	-	-	-	373,936	-
Miscellaneous revenue	43,587	656	196,479	22,803	46,782	310,307	3,962
Investment revenue	1,744,830	529,510	25,650	113,616	165,454	2,579,060	521,530
Interest expense	(1,597,329)	-	(217)	9,193	-	(1,588,353)	(65)
Gain (loss) on disposal of capital assets	-	16,101	38,350	-	-	54,451	(58,046)
Total nonoperating revenues (expenses)	<u>351,240</u>	<u>760,051</u>	<u>4,501,159</u>	<u>145,612</u>	<u>212,236</u>	<u>5,970,298</u>	<u>467,381</u>
<b>Income (loss) before contributions and transfers</b>	4,805,353	2,708,392	(2,347,025)	1,418,684	746,012	7,331,416	1,342,020
Capital contributions	215,900	157,290	348,230	-	516,443	1,237,863	-
Transfers in	-	-	400,000	-	-	400,000	233,651
Transfers out	<u>(1,748,738)</u>	<u>(1,436,313)</u>	<u>(204,308)</u>	<u>(134,800)</u>	<u>(29,000)</u>	<u>(3,553,159)</u>	<u>-</u>
<b>Change in net position</b>	3,272,515	1,429,369	(1,803,103)	1,283,884	1,233,455	5,416,120	1,575,671
Net position at beginning of year	<u>56,102,291</u>	<u>30,116,481</u>	<u>12,630,389</u>	<u>1,374,455</u>	<u>10,771,081</u>		<u>14,560,083</u>
Net position at end of year	<u>\$ 59,374,806</u>	<u>\$ 31,545,850</u>	<u>\$ 10,827,286</u>	<u>\$ 2,658,339</u>	<u>\$ 12,004,536</u>		<u>\$ 16,135,754</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(85)	
Change in net position of business-type activities (Exhibit 2)						\$ 5,416,035	

The accompanying notes to financial statements are an integral part of this statement.

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
<b>Cash flows from operating activities:</b>							
Receipts from customers	\$ 11,333,024	\$ 13,583,899	\$ 2,265,647	\$ 4,431,480	\$ 1,406,136	\$ 33,020,186	\$ 6,992,454
Receipts from premiums	-	-	-	-	-	-	21,948,498
Receipts from other sources	53,932	38	197,847	22,354	46,726	320,897	3,609
Receipts from customer deposits	166,630	-	-	-	-	166,630	-
Payments to employees	(2,579,327)	(1,683,516)	(3,521,111)	(1,311,758)	(149,137)	(9,244,849)	(1,086,022)
Payments for fringe benefits	(976,235)	(650,627)	(987,826)	(561,314)	(49,468)	(3,225,470)	(426,642)
Payments to vendors	(1,241,536)	(457,463)	(953,408)	(820,809)	(320,506)	(3,793,722)	(6,953,879)
Payments for internal services	(267,844)	(418,542)	(1,998,587)	(269,796)	(58,526)	(3,013,295)	(6,538)
Payments to other governmental units	-	(7,341,575)	-	(899,322)	-	(8,240,897)	-
Payments to refund customer deposits	(158,627)	-	-	-	-	(158,627)	-
Payments for claims related charges	-	-	-	-	-	-	(19,973,969)
Net cash provided by (used for) operating activities	<u>6,330,017</u>	<u>3,032,214</u>	<u>(4,997,438)</u>	<u>590,835</u>	<u>875,225</u>	<u>5,830,853</u>	<u>497,511</u>
<b>Cash flows from noncapital financing activities:</b>							
Operating grants	-	-	4,808,919	-	-	4,808,919	-
Transfers in	-	-	400,000	-	-	400,000	233,651
Transfers out	(1,748,738)	(1,436,313)	(204,308)	(134,800)	(29,000)	(3,553,159)	-
Interfund loan	-	-	-	-	-	-	(77,194)
Net cash provided by (used for) noncapital financing activities	<u>(1,748,738)</u>	<u>(1,436,313)</u>	<u>5,004,611</u>	<u>(134,800)</u>	<u>(29,000)</u>	<u>1,655,760</u>	<u>156,457</u>
<b>Cash flows from capital and related financing activities:</b>							
Capital grants and contributions	-	-	702,973	-	1,826,955	2,529,928	-
Connection application fees	229,101	220,500	-	-	-	449,601	-
Proceeds from sale of capital assets	-	16,101	55,135	-	-	71,236	-
Principal paid on long-term debt	(1,432,867)	-	(1,669)	(1,400,000)	-	(2,834,536)	(500)
Interest paid on long-term debt	(1,229,619)	-	(217)	(108,500)	-	(1,338,336)	(65)
Purchase and construction of capital assets	<u>(3,573,680)</u>	<u>(1,423,320)</u>	<u>(669,747)</u>	<u>(269,705)</u>	<u>(1,612,308)</u>	<u>(7,548,760)</u>	<u>(108,907)</u>
Net cash provided by (used for) capital and related financing activities	<u>(6,007,065)</u>	<u>(1,186,719)</u>	<u>86,475</u>	<u>(1,778,205)</u>	<u>214,647</u>	<u>(8,670,867)</u>	<u>(109,472)</u>
<b>Cash flows from investing activities:</b>							
Interest received	<u>1,743,365</u>	<u>529,265</u>	<u>25,607</u>	<u>113,636</u>	<u>165,241</u>	<u>2,577,114</u>	<u>521,566</u>
Net cash provided by investing activities	<u>1,743,365</u>	<u>529,265</u>	<u>25,607</u>	<u>113,636</u>	<u>165,241</u>	<u>2,577,114</u>	<u>521,566</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>317,579</b>	<b>938,447</b>	<b>119,255</b>	<b>(1,208,534)</b>	<b>1,226,113</b>	<b>1,392,860</b>	<b>1,066,062</b>
<b>Cash and cash equivalents:</b>							
Beginning	<u>32,648,351</u>	<u>10,546,618</u>	<u>1,007,759</u>	<u>5,865,040</u>	<u>2,666,801</u>	<u>52,734,569</u>	<u>9,826,722</u>
Ending	<u>\$ 32,965,930</u>	<u>\$ 11,485,065</u>	<u>\$ 1,127,014</u>	<u>\$ 4,656,506</u>	<u>\$ 3,892,914</u>	<u>\$ 54,127,429</u>	<u>\$ 10,892,784</u>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>							
Cash and cash equivalents - Current assets	\$ 23,162,419	\$ 11,485,065	\$ 1,127,014	\$ 4,656,506	\$ 3,892,914	\$ 44,323,918	\$ 10,892,784
Cash and cash equivalents - Restricted assets	9,803,511	-	-	-	-	9,803,511	-
	<u>\$ 32,965,930</u>	<u>\$ 11,485,065</u>	<u>\$ 1,127,014</u>	<u>\$ 4,656,506</u>	<u>\$ 3,892,914</u>	<u>\$ 54,127,429</u>	<u>\$ 10,892,784</u>

(continued)

	Enterprise Funds					Total	Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund		
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ 4,454,113	\$ 1,948,341	\$ (6,848,184)	\$ 1,273,072	\$ 533,776	\$ 1,361,118	\$ 874,639
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization	1,799,982	1,184,247	1,665,062	251,764	262,026	5,163,081	209,511
Connection fees	(68,855)	(6,716)	-	-	-	(75,571)	-
Miscellaneous revenue	54,837	656	198,639	22,803	46,782	323,717	3,962
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:							
(Increase) decrease in:							
Accounts receivable	(1,251)	(208)	(1,461)	(27,617)	9,360	(21,177)	(1,502)
Due from component units	-	-	-	-	-	-	25,399
Inventory	-	-	-	-	-	-	(63,857)
Prepaid expenses	-	-	(75,938)	25,194	-	(50,744)	(88)
Deferred outflows of resources	(48,408)	(7,765)	(109,065)	(13,966)	(2,307)	(181,511)	(34,744)
Increase (decrease) in:							
Accounts payable	50,278	37,432	(13,666)	4,233	24,042	102,319	(538,675)
Accrued payroll	(690)	(679)	(2,845)	110	55	(4,049)	2,050
Due to component units	902	(329)	121	65	-	759	137
Due to other governments	-	-	-	(14,453)	-	(14,453)	-
Customer deposits	8,003	-	-	-	-	8,003	-
Compensated absences	31,273	15,278	(18,276)	(47,536)	4,066	(15,195)	7,043
Landfill closure	-	-	-	(857,463)	-	(857,463)	-
Net OPEB liability	(116,531)	(224,002)	(23,411)	(142,204)	(94)	(506,242)	(77,621)
Net pension liability	181,036	96,859	306,539	90,319	6,394	681,147	118,825
Deferred inflows of resources	(14,672)	(10,900)	(74,953)	26,514	(8,875)	(82,886)	(27,568)
Net cash provided by (used for) operating activities	\$ 6,330,017	\$ 3,032,214	\$ (4,997,438)	\$ 590,835	\$ 875,225	\$ 5,830,853	\$ 497,511
<b>Non - cash capital and related financing activities:</b>							
Additions to capital assets:							
Contributed by developers	\$ 215,900	\$ 157,290	\$ -	\$ -	\$ -	\$ 373,190	\$ -
Purchase and construction on account	206,454	191,698	-	-	378,259	776,411	-
Lease	-	-	17,688	-	-	17,688	5,306
Capital grants due from other governments	-	-	8,618	-	1,048,975	1,057,593	-

The accompanying notes to financial statements are an integral part of this statement.



CITY OF HARRISONBURG, VIRGINIA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 At June 30, 2024

Exhibit 11

	<u>Custodial Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,632,337
Receivables	1,381,124
Prepaid expenses	<u>162,045</u>
<b>Total assets</b>	<u>9,175,506</u>
<b>Liabilities</b>	
Accounts payable	1,918,342
Accrued payroll	<u>66,407</u>
<b>Total liabilities</b>	<u>1,984,749</u>
<b>Net Position</b>	
Restricted for other organizations	<u>7,190,757</u>
<b>Total net position</b>	<u>\$ 7,190,757</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HARRISONBURG, VIRGINIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2024**

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**Exhibit 12**

	<u><b>Custodial Funds</b></u>
<b>Additions:</b>	
Funds received for benefit of other organizations	\$ 11,882,042
Total additions	<u>11,882,042</u>
<b>Deductions:</b>	
Funds disbursed for benefit of other organizations	<u>11,562,122</u>
Total deductions	<u>11,562,122</u>
<b>Net increase in fiduciary net position</b>	319,920
Net position at beginning of year	<u>6,870,837</u>
Net position at end of year	<u>\$ 7,190,757</u>

The accompanying notes to financial statements are an integral part of this statement.

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the City of Harrisonburg, Virginia conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Government Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Reporting Entity**

The City of Harrisonburg (City) is a municipality governed by an elected five-member council (City Council). The accompanying financial statements present the City, the primary government, and its component units. The component units discussed in the section below are included in the City's reporting entity because of the significance of their operations, financial relationship and accountability to the City.

**Discretely presented component units.** The Harrisonburg City School Board (School Board) is responsible for elementary and secondary education within the City's jurisdiction. The School Board is comprised of six elected members. The City is financially accountable for the School Board in that the City Council must approve the School Board's budget, levies taxes to support the School Board's budget and issues debt on-behalf of the School Board. Additionally, the City is required by the Commonwealth of Virginia to provide annually a minimum level of financial support. The School Board does not issue separate financial statements.

The Harrisonburg Electric Commission (HEC) is responsible for the operations of the City owned electricity distribution system. HEC purchases electrical energy indirectly from Dominion Virginia Power through the Virginia Municipal Electric Association and resells it to city residents. HEC is managed by a five-member commission appointed by the City Council. HEC is financially accountable to the City in that HEC may not issue debt without the approval of City Council. Additionally, HEC is required by City Code to provide annually a minimum level of financial support to the City. To obtain a copy of the audited financial statements contact the Harrisonburg Electric Commission, 89 West Bruce Street, Harrisonburg, Virginia 22801.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## Note 1. Summary of Significant Accounting Policies (continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, other than expenditure driven grant revenue, to be available if they are collected within 60 days after June 30. The City considers expenditure driven grant reimbursements as revenue in the period in which the expenditure has been incurred and all eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recorded as receivables when assessed, net of allowances for uncollectible amounts, and as revenue when the property taxes become available. Sales, restaurant food, admission and amusement, hotel and motel, consumer utility and other like taxes are recognized as receivables and revenue upon collection by the merchant or utility since the taxes are generally remitted in time to be used as a current financial resource for the payment of obligations incurred during the year. Taxes not collected within 60 days after June 30 are reflected as a deferred inflow of resources.

The City reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the City. It accounts for all financial resources of the general government, except those accounted for in other funds.

**General Capital Projects Fund** – This fund accounts for the financial resources to be used for the acquisition and construction of major capital facilities of the general government.

**School Bond Capital Projects Fund** – This fund accounts for the financial resources obtained through bond issuances on behalf of the School Board to be used for the acquisition and construction of major capital school facilities.

The City reports the following major proprietary funds:

**Water Fund** – This fund accounts for the activities of the City's water treatment and distribution operations.

**Sewer Fund** – This fund accounts for the activities of the City's sewage collection, transmission and disposal operations.

**Public Transportation Fund** – This fund accounts for the activities of the City's transit bus operations.

**Sanitation Fund** – This fund accounts for the activities of the City's refuse collection and disposal, recycling and closed landfill operations.

**Stormwater Fund** – This fund accounts for the activities of the City's stormwater program.

## Note 1. Summary of Significant Accounting Policies (continued)

Additionally, the City reports the following fund types:

*Special revenue funds* account for the administration of the community development block grant, operations of the school bus system and the administration of a revolving loan program.

*Internal service funds* account for central garage, central stores and self-insured health insurance services provided to other departments or agencies of the City, or to other governments or agencies, on a cost reimbursement basis.

*Custodial funds* account for assets held by the City in the **Economic Development Authority Fund** and the **Emergency Communications Center Fund**.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue connection fees that cover the cost of connecting a customer to the City's water and sewer lines. Operating expenses for the City's proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, it is the City's policy to use restricted net position first, and then unrestricted net position as they are needed.

### D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the General Capital Projects Fund, which adopts a project-length budget, and the Community Development Block Grant Fund, which adopts a grant-length budget. Formal budgetary integration is employed in all funds as a management control device during the year except for the Health Insurance Fund, an internal service fund, and all fiduciary funds.

Prior to May 1, the City Manager submits to the City Council a balanced proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Prior to June 30, the City Council holds public hearings to obtain citizen comments, and a final budget is legally enacted through the passage of an Appropriation Ordinance. All budget data presented is the original budget and the final budget as of June 30, 2024.

The appropriated budget places legal restrictions on expenditures at the fund level. The City Manager is authorized to transfer budgeted amounts within funds as may best meet the needs and interests of the City. The City may increase total appropriations at the fund level through approval of City Council. Supplemental appropriations were

## Note 1. Summary of Significant Accounting Policies (continued)

made during the year in the General Fund totaling \$18,175,243. Supplemental appropriations that exceed one percent of the budget require a public hearing prior to approval. Appropriations lapse at June 30, except for capital projects funds and the Community Development Block Grant Fund.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to encumber that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General and General Capital Projects Funds. Encumbrances outstanding at the end of the fiscal year are reported as either commitments or assignments of fund balance since they do not constitute expenditures or liabilities but rather the City's intent to expend funds. Encumbered amounts are generally reappropriated by City Council in the next fiscal year.

### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

**1. Cash and cash equivalents.** For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less from the date of acquisition.

**2. Investments.** The City's investments are reported at fair value, which is obtained by using readily determinable quoted market valuations, except for pooled investments which are reported at amortized cost as described below. Interest earned on pooled investments held by the School Board is assigned to the General Fund.

The City is a voluntary participant in the Virginia State Local Government Investment Pool (LGIP), which is an external investment pool. The Virginia General Assembly has authorized the Treasury Board to administer the LGIP, which has delegated to the State Treasurer the administrative aspects of managing the pool. The City is also a voluntary participant in the Virginia State Non-Arbitrage Program (SNAP), which is an external investment pool. The Virginia General Assembly has authorized the Treasury Board to administer SNAP. The carrying value of the investment in these pools is determined by the pool's share price in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The LGIP and SNAP use amortized cost to value their portfolios. There are no withdrawal limitations or restrictions in the LGIP or SNAP.

**3. Interfund receivables/payables.** Activity between funds, including amounts that are anticipated to be repaid within one fiscal year, are reported as "due to/from other funds." All other activity between funds that are representative of long-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**4. Property taxes.** Property taxes are levied as of January 1 on property values assessed annually. The last effective general real property reassessment was January 1, 2023. Property taxes attach as an enforceable lien on property as of January 1 but are not collected until the following fiscal year. Real estate taxes are due and collectible twice a year, on December 5 and June 5. Personal property taxes are due and collectible annually on December 5. The portion of the tax receivable that is not collected within 60 days after June 30 is shown as a deferred inflow of resources in the fund financial statements. A penalty of ten percent of the tax is assessed after the applicable payment date. Interest at an annual rate of ten percent is charged on delinquent real estate property tax accounts beginning January 1 and July 1. Interest at an annual rate of four percent is charged on delinquent personal property tax accounts beginning January 1.

The City calculates its allowance for uncollectible delinquent property tax accounts using historical collection data and specific account analysis. The allowance at June 30, 2024 amounted to \$1,171,815.

**Note 1. Summary of Significant Accounting Policies (continued)**

**5. Inventory and prepaid items.** Inventories are valued at average cost. Inventory consists of expendable supplies held for consumption and is accounted for using the consumption method. The costs are recorded as expenditures or expenses at the time individual inventory items are used or issued. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**6. Restricted assets.** The City has certain assets presented on the statement of net position or balance sheet as restricted for specific purposes. These restrictions limit the use of these funds and typically represent bond construction accounts or debt service reserve requirements.

**7. Capital assets.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. In general, the City defines capital assets as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Infrastructure, water/sewer lines and certain other improvements have a capitalization threshold that ranges from \$50,000 to \$100,000. All purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition price at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Unless otherwise noted, depreciation and amortization for capital assets is computed over the following useful lives using the straight-line method.

Buildings	20-40 years
Improvements other than buildings	10-50 years
Equipment	2-30 years
Intangibles	3-30 years
Infrastructure	20-40 years
Lease right-to-use assets	Shorter of the lease term or useful life of the underlying asset
SBITA	Shorter of the subscription term or useful life of the underlying IT asset

**8. School Board capital assets.** Under current legislation enacted by the Commonwealth of Virginia, local governments have a "tenancy in common" with the School Board whenever the locality incurs "on-behalf" debt for school property. In order to match the capital asset with the related debt, the legislation permits the City to report the portion of the school property related to the outstanding financial obligation in the primary government. As principal is repaid, capital assets equal to the amount of principal debt reduction will be removed from the primary government's financial statements and reported in the School Board's financial statements. The School Board retains authority and responsibility over the operation and control of the property. The City transferred \$3,664,324 in net capital assets to the School Board during the current fiscal year on the government-wide statement of activities.

**9. Unearned revenue.** Unearned revenue is recorded when asset recognition criteria have been met, but revenue recognition criteria have not been met.

**10. Compensated absences.** It is the City's policy to permit employees to accumulate earned but not used vacation, paid time off and sick pay benefits. The City pays a benefit for accumulated sick leave upon an employee's separation from service to the extent the employee meets certain criteria. Vacation, paid time off and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations or retirements.

## **Note 1. Summary of Significant Accounting Policies (continued)**

**11. Long-term obligations.** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Bond premiums and discounts reported as other financing sources and uses. The face amount of debt issued is reported as other financing sources. Bond issuance costs are expended or expensed when incurred in both the fund and government-wide financial statements. The City uses the stated interest rate in lease agreements and subscription-based information technology agreements (SBITA) or its estimated incremental borrowing rate if not stated in the agreement as the discount rate.

**12. Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of pension plans, and the additions to/deductions from the pension plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**13. Other postemployment benefits (OPEB) - VRS programs.** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the VRS, and the additions to/deductions from the VRS OPEB's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**14. Deferred outflows/inflows of resources.** In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The City has several items in this reporting category. One item is the deferred charge on debt refundings reported in the government-wide and proprietary funds statement of net position. A deferred charge on a debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item consists of contributions subsequent to the measurement date for OPEB and pensions. These will be recognized as reductions to the net OPEB and pension liabilities in the subsequent fiscal year. The third consists of various deferred outflows related to OPEB and pensions. These outflows will generally be recognized in OPEB and pension expense over a closed five-year period or over the average expected remaining service lives of all employees determined as of the beginning of the measurement period.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has several items in this reporting category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. This item represents receivables not collected within 60 days after June 30 and are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, unearned property tax revenue, is reported on both the governmental funds balance sheet and on the government-wide statement of net position for governmental activities. This item represents property taxes levied on January 1 that are used to fund the subsequent fiscal year. The third consists of various deferred inflows related to OPEB and pensions. These inflows will generally be recognized in OPEB and pension expense over a closed five-year period or over the average expected remaining service lives of all employees determined as of the beginning of the measurement period.



**Note 1. Summary of Significant Accounting Policies (continued)**

**15. Fund balance.** In the fund financial statements, the City may report certain fund balance amounts as non-spendable, restricted, committed, assigned or unassigned. *Nonspendable fund balance* consists of amounts that cannot be spent because they are either not in spendable form such as inventories or prepaid items or amounts that are legally or contractually required to be maintained intact. *Restricted fund balance* is a constraint on fund balance that is externally imposed such as by creditors or grantors or imposed by law or enabling legislation for a specific purpose. *Committed fund balance* is a constraint imposed by formal action of City Council, as the highest level of decision making authority, for a specific purpose by amending the annual appropriation ordinance and may only be modified or rescinded by formal action of City Council. *Assigned fund balance* is a constraint imposed at a lower level of decision making authority for a specific purpose and only reflects the City's intent to expend funds for a specific purpose. Assigned fund balance also includes encumbrances reappropriated in the subsequent fiscal year by City Council and amounts used to balance the subsequent year's budget. There has been no formal policy established for any official to assign fund balance for specific purposes. *Unassigned fund balance* consists of amounts not assigned to other funds and that has not been restricted, committed or assigned for specific purposes within the same fund. The General Fund is the only fund that reports a positive unassigned fund balance.

The City considers restricted fund balance to be spent first when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. When unrestricted amounts are available for use, the City will first use committed, then assigned and finally unassigned fund balance when an expenditure is incurred.

The City's formally adopted General Fund minimum fund balance policy requires unassigned fund balance to be equal to no less than 14 percent of the total General Fund budget at the end of each fiscal year plus an additional four percent for liquidity purposes resulting in a total target amount of 18 percent of the General Fund budget.

**16. Use of estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

A reconciliation between the total fund balances as reported in the governmental fund balance sheet and the net position of governmental activities as reported in the government-wide statement of net position is provided on Exhibit 4. One element of that reconciliation explains that "Certain liabilities, including bonds and related accounts, are not payable from current financial resources and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$ (186,990,000)
Bond issue premiums/discounts (net)	(17,858,896)
Deferred charge for bond refunding	1,284,209
Leases (not including internal service funds)	(2,277,513)
SBITA	(115,252)
Middle River Regional Jail agreement	(1,053,439)
Equipment purchase agreement	(213,000)
Compensated absences (not including internal service funds)	(4,105,960)
Net OPEB liability (not including internal service funds)	(7,206,033)
Net pension liability (not including internal service funds)	(19,753,514)
Arbitrage rebate liability	(231,052)
Accrued interest	<u>(3,060,746)</u>
Net adjustment	\$ <u><u>(241,581,196)</u></u>

**Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)**

Another element of that reconciliation states that “Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are applicable to future periods and therefore are not reported in the funds.” The details of this difference are as follows:

Deferred OPEB outflows (not including internal service funds)	\$ 839,736
Deferred pension outflows (not including internal service funds)	(3,611,938)
Deferred OPEB inflows (not including internal service funds)	7,175,658
Deferred pension inflows (not including internal service funds)	<u>(2,447,804)</u>
Net adjustment	\$ <u>1,955,652</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

A reconciliation between the total net changes as reported in the fund balance on the governmental fund statement of revenues, expenditures and changes in fund balances and changes in net position of governmental activities as reported in the government-wide statement of activities is provided on Exhibit 6. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.” The details of this difference are as follows:

Capital outlay	\$ 30,390,252
Depreciation/amortization expense (not including internal service funds)	<u>(11,780,974)</u>
Net adjustment	\$ <u>18,609,278</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Long-term debt issued or incurred	\$ (434,221)
Principal payments	13,445,301
Payment on Middle River Regional Jail agreement	1,031,064
Payment on equipment purchase agreement	234,701
Amortization of bond premiums/discounts (net)	1,573,529
Amortization of deferred bond refunding charges	<u>(158,079)</u>
Net adjustment	\$ <u>15,692,295</u>

Another element of that reconciliation states that “Certain expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences (not including internal service funds)	\$ (95,696)
Arbitrage rebate liability	(127,892)
Accrued interest	<u>283,055</u>
Net adjustment	\$ <u>59,467</u>

## Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)

Another element of that reconciliation states that “Governmental funds report employer OPEB and pension contributions as expenditures. However, in the statement of activities the cost of OPEB and pension benefits earned, net of employee contributions, are reported as OPEB and pension expense.” The details of this difference are as follows:

Employer OPEB contributions (not including internal service funds)	\$ 551,781
Employer pension contributions (not including internal service funds)	4,090,686
Nonemployer OPEB contributions (not including internal service funds)	10,434
OPEB expense (not including internal service funds)	(101,563)
Pension expense (not including internal service funds)	<u>(4,264,869)</u>
Net adjustment	<u>\$ 286,469</u>

## Note 3. Deposits and Investments

**Deposits.** The entire bank balances of the City and its component units were covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks and savings institutions holding public deposits in excess of the amounts insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies, and depending upon that choice, will pledge collateral that ranges in amounts from 50 percent to 130 percent of excess deposits. Accordingly, all deposits are considered insured or fully collateralized. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by financial institutions.

**Investments.** *Interest rate risk.* In accordance with the City’s investment policy, the City manages its exposure to declines in fair values by investing only in securities maturing in three years or less from the time of purchase. As of June 30, 2024, there were no securities subject to interest rate risk.

*Credit risk.* Statutes authorize the City and its component units to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, the LGIP and SNAP. The City’s investment policy does not further limit these investment choices. As of June 30, 2024, all City investments in external investment pools and money market funds were rated AAAM by Standard & Poor’s.

The following is a summary of deposit and investment balances at June 30, 2024.

	Primary Government	Component Units		Total
		School Board	HEC	
Investments:				
Local Government Investment Pool (LGIP)	\$ 164,958,937	\$ 22,470,556	\$ 12,991,906	\$ 200,421,399
State Non-Arbitrage Pool (SNAP)	11,071,000	-	-	11,071,000
Certificates of Deposit	-	-	-	-
Deposits	<u>14,013,469</u>	<u>2,488,854</u>	<u>23,612,522</u>	<u>40,114,845</u>
Total deposits and investments	<u>\$ 190,043,406</u>	<u>\$ 24,959,410</u>	<u>\$ 36,604,428</u>	<u>\$ 251,607,244</u>

**Note 4. Restricted Assets**

The City has certain assets presented on the government-wide statement of net position, the governmental funds balance sheet and the proprietary funds statement of net position as restricted for specific purposes. Restricted assets for governmental and business-type activities in the amounts of \$1,267,489 and \$9,803,511, respectively, represent unspent bond proceeds.

**Note 5. Receivables/Due from Other Governments**

The following is a summary of receivables at June 30, 2024.

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	HEC
Receivables:					
Property taxes receivable	\$ 82,683,844	\$ -	\$ 82,683,844	\$ -	\$ -
Other taxes receivable	2,302,069	-	2,302,069	-	-
Accounts receivable	5,518	3,499,976	3,505,494	-	6,777,211
Interest receivable	28,202	6,550	34,752	558	-
Other receivables	1,418,717	5,046	1,423,763	328,116	-
Allowance for uncollectibles	(1,171,815)	(115,338)	(1,287,153)	-	-
<b>Totals</b>	<b>\$ 85,266,535</b>	<b>\$ 3,396,234</b>	<b>\$ 88,662,769</b>	<b>\$ 328,674</b>	<b>\$ 6,777,211</b>
Due from other governments:					
Commonwealth of Virginia	\$ 4,670,445	\$ 1,103,818	\$ 5,774,263	\$ 1,843,751	\$ -
Federal Government	1,482,805	510,896	1,993,701	2,608,741	-
<b>Totals</b>	<b>\$ 6,153,250</b>	<b>\$ 1,614,714</b>	<b>\$ 7,767,964</b>	<b>\$ 4,452,492</b>	<b>\$ -</b>

**Note 6. Loans Receivable**

The following is a summary of loans receivable at June 30, 2024.

Borrowing Entity/Loan Number	Loan Date	Term (in years)	Interest Rate	Balance	Current Portion
HRHA**	September 21, 2021	7.75	5.00%	\$ 2,050,000	\$ 300,000
HRCSB*	August 14, 2019	14	2.30%	1,290,000	101,667
HRHA**	June 26, 2014	18	4.12%	1,630,000	150,000
Massanutten Regional Library	May 15, 2000	n/a	0.0%	296,039	-
<b>Total General Fund</b>				<b>5,266,039</b>	<b>551,667</b>
2024-01	November 28, 2023	5	4.75%	22,758	4,646
2023-01	March 21, 2022	5	4.75%	16,513	4,950
2022-01	March 21, 2022	5	4.75%	12,805	4,324
2021-01	March 26, 2021	4	4.75%	6,155	6,155
2019-03	May 3, 2019	5	4.75%	783	783
<b>Total Business Loan Program Fund</b>				<b>59,014</b>	<b>20,858</b>
<b>Total Governmental Activities</b>				<b>\$ 5,325,053</b>	<b>\$ 572,525</b>

\*Harrisonburg-Rockingham Community Services Board \*\*Harrisonburg Redevelopment and Housing Authority

## Note 7. Capital Assets

The following are summaries of the changes in capital assets for fiscal year 2024.

### Primary Government (Governmental Activities)

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 59,004,007	\$ 2,507,580	\$ -	\$ 61,511,587
Easements	1,969,195	53,884	-	2,023,079
Construction in progress	<u>104,015,938</u>	<u>24,693,417</u>	<u>(10,251,319)</u>	<u>118,458,036</u>
Capital assets, not being depreciated/amortized	<u>\$ 164,989,140</u>	<u>\$ 27,254,881</u>	<u>\$ (10,251,319)</u>	<u>\$ 181,992,702</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 133,681,531	\$ 4,367,190	\$ (8,139,800)	\$ 129,908,921
Improvements other than buildings	26,409,380	2,059,398	-	28,468,778
Equipment	44,521,767	2,575,254	(352,351)	46,744,670
Equipment - Lease	2,409,041	318,542	-	2,727,583
Intangibles	12,232,608	-	-	12,232,608
SBITA	104,258	120,985	-	225,243
Infrastructure	<u>189,285,450</u>	<u>7,469,909</u>	<u>-</u>	<u>196,755,359</u>
Capital assets, being depreciated/amortized	<u>408,644,035</u>	<u>16,911,278</u>	<u>(8,492,151)</u>	<u>417,063,162</u>
Less accumulated depreciation/amortization:				
Buildings	(46,954,902)	(3,339,348)	2,046,776	(48,247,474)
Improvements other than buildings	(11,971,721)	(1,179,015)	-	(13,150,736)
Equipment	(31,749,945)	(2,790,968)	352,351	(34,188,562)
Equipment - Lease	(332,083)	(183,907)	-	(515,990)
Intangibles	(4,262,989)	(401,242)	-	(4,664,231)
SBITA	(34,853)	(71,520)	-	(106,373)
Infrastructure	<u>(110,871,159)</u>	<u>(4,044,760)</u>	<u>-</u>	<u>(114,915,919)</u>
Accumulated depreciation/amortization	<u>(206,177,652)</u>	<u>(12,010,760)</u>	<u>2,399,127</u>	<u>(215,789,285)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 202,466,383</u>	<u>\$ 4,900,518</u>	<u>\$ (6,093,024)</u>	<u>\$ 201,273,877</u>

The above total for additions to accumulated depreciation does not agree with the total depreciation by function/programs of governmental activities shown below by \$20,275. This difference represents accumulated depreciation on capital assets transferred from business-type activities.

Depreciation and amortization expense was charged to function/programs of governmental activities as follows:

General government administration	\$ 331,767
Jail and judicial administration	835,021
Public safety	2,176,217
Public works	5,294,055
Health and welfare	21,865
Education	1,964,247
Parks, recreation and culture	1,070,411
Planning and community development	87,391
Internal service funds (allocated to various functions)	<u>209,511</u>
Total governmental activities depreciation and amortization expense	<u>\$ 11,990,485</u>

**Note 7. Capital Assets (continued)**

**Primary Government (Business-type Activities)**

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 2,690,491	\$ -	\$ -	\$ 2,690,491
Easements	493,368	-	-	493,368
Construction in progress	40,686,302	5,024,355	(3,423,715)	42,286,942
Capital assets, not being depreciated	<u>\$ 43,870,161</u>	<u>\$ 5,024,355</u>	<u>\$ (3,423,715)</u>	<u>\$ 45,470,801</u>
Capital assets, being depreciated:				
Buildings	\$ 19,173,195	\$ -	\$ -	\$ 19,173,195
Improvements other than buildings	23,244,400	1,341,367	-	24,585,767
Equipment	31,255,909	1,826,757	(4,338,669)	28,743,997
Equipment - Lease	-	17,688	-	17,688
Intangibles	1,470,249	-	-	1,470,249
Infrastructure	88,655,168	2,455,537	-	91,110,705
Capital assets, being depreciated	<u>163,798,921</u>	<u>5,641,349</u>	<u>(4,338,669)</u>	<u>165,101,601</u>
Less accumulated depreciation:				
Buildings	(7,020,023)	(441,955)	-	(7,461,978)
Improvements other than buildings	(11,089,802)	(608,118)	-	(11,697,920)
Equipment	(21,864,614)	(2,217,373)	4,247,750	(19,834,237)
Equipment - Lease	-	(1,769)	-	(1,769)
Intangibles	(304,951)	(90,089)	-	(395,040)
Infrastructure	(58,686,326)	(1,841,333)	-	(60,527,659)
Accumulated depreciation	<u>(98,965,716)</u>	<u>(5,200,637)</u>	<u>4,247,750</u>	<u>(99,918,603)</u>
Capital assets, being depreciated (net)	<u>\$ 64,833,205</u>	<u>\$ 440,712</u>	<u>\$ (90,919)</u>	<u>\$ 65,182,998</u>

The above total for additions to accumulated depreciation does not agree with the total depreciation by function/programs of business-type activities shown below by \$37,556. This difference represents accumulated depreciation on capital assets transferred from governmental activities.

Depreciation expense was charged to function/programs of business-type activities as follows:

Water	\$ 1,799,982
Sewer	1,184,247
Public transportation	1,665,062
Sanitation	251,764
Stormwater	262,026
Total business-type activities depreciation expense	<u>\$ 5,163,081</u>

## Note 7. Capital Assets (continued)

### Component Unit – School Board

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 6,294,184	\$ -	\$ -	\$ 6,294,184
Construction in progress	1,047,278	7,844,103	(1,582,841)	7,308,540
Capital assets, not being depreciated/amortized	<u>\$ 7,341,462</u>	<u>\$ 7,844,103</u>	<u>\$ (1,582,841)</u>	<u>\$ 13,602,724</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 91,716,742	\$ 7,412,838	\$ -	\$ 99,129,580
Buildings - Lease	1,045,358	-	-	1,045,358
Improvements other than buildings	728,600	-	-	728,600
Equipment	8,958,325	2,244,357	(389,288)	10,813,394
Equipment - Lease	1,420,282	210,798	(565,532)	1,065,548
Intangibles	34,200	-	-	34,200
Capital assets, being depreciated/amortized	<u>103,903,507</u>	<u>9,867,993</u>	<u>(954,820)</u>	<u>112,816,680</u>
Less accumulated depreciation/amortization:				
Buildings	(47,263,622)	(4,500,243)	-	(51,763,865)
Buildings - Lease	(124,447)	(74,669)	-	(199,116)
Improvements other than buildings	(188,053)	(38,716)	-	(226,769)
Equipment	(5,215,340)	(1,198,112)	389,288	(6,024,164)
Equipment - Lease	(260,789)	(165,057)	138,058	(287,788)
Intangibles	(25,650)	-	(6,840)	(32,490)
Accumulated depreciation/amortization	<u>(53,077,901)</u>	<u>(5,976,797)</u>	<u>520,506</u>	<u>(58,534,192)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 50,825,606</u>	<u>\$ 3,891,196</u>	<u>\$ (434,314)</u>	<u>\$ 54,282,488</u>

### Component Unit – HEC

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 5,467,054	\$ -	\$ -	\$ 5,467,054
Construction in progress	4,859,525	5,245,252	(1,417,877)	8,686,900
Capital assets, not being depreciated/amortized	<u>\$ 10,326,579</u>	<u>\$ 5,245,252</u>	<u>\$ (1,417,877)</u>	<u>\$ 14,153,954</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 4,283,639	\$ 68,597	\$ -	\$ 4,352,236
Equipment	9,891,776	51,582	-	9,943,358
SBITA	81,750	-	-	81,750
Infrastructure	127,333,034	2,286,282	(393,567)	129,225,749
Capital assets, being depreciated/amortized	<u>141,590,199</u>	<u>2,406,461</u>	<u>(393,567)</u>	<u>143,603,093</u>
Less accumulated depreciation/amortization:				
Buildings	(2,549,380)	(100,059)	-	(2,649,439)
Equipment	(8,328,469)	(348,857)	-	(8,677,326)
SBITA	(12,555)	(26,880)	-	(39,435)
Infrastructure	(78,306,009)	(3,837,807)	439,837	(81,703,979)
Accumulated depreciation/amortization	<u>(89,196,413)</u>	<u>(4,313,603)</u>	<u>439,837</u>	<u>(93,070,179)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 52,393,786</u>	<u>\$ (1,907,142)</u>	<u>\$ 46,270</u>	<u>\$ 50,532,914</u>

## Note 8. Long-term Liabilities

### Primary Government

The following is a summary of the debt service requirements for the long-term liabilities of the governmental activities as of June 30, 2024.

Year Ending June 30,	General Obligation Bonds				Total			
	Public Offerings		Leases		SBITA		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 13,830,000	\$ 6,434,984	\$ 142,090	\$ 47,415	\$ 74,935	\$ 2,921	\$ 14,047,025	\$ 6,485,320
2026	14,005,000	5,789,452	119,715	44,857	40,317	1,209	14,165,032	5,835,518
2027	14,180,000	5,144,124	122,321	42,250	-	-	14,302,321	5,186,374
2028	11,760,000	4,554,451	124,985	39,587	-	-	11,884,985	4,594,038
2029	11,670,000	4,049,371	125,812	36,874	-	-	11,795,812	4,086,245
2030-2034	52,215,000	12,844,930	661,187	142,813	-	-	52,876,187	12,987,743
2035-2039	31,170,000	5,674,625	736,120	67,880	-	-	31,906,120	5,742,505
2040-2044	24,840,000	2,494,297	250,089	4,511	-	-	25,090,089	2,498,808
2045-2047	13,320,000	403,200	-	-	-	-	13,320,000	403,200
<b>Total</b>	<b>\$ 186,990,000</b>	<b>\$ 47,389,434</b>	<b>\$ 2,282,319</b>	<b>\$ 426,187</b>	<b>\$ 115,252</b>	<b>\$ 4,130</b>	<b>\$ 189,387,571</b>	<b>\$ 47,819,751</b>

The following is a summary of the debt service requirements for the long-term liabilities of the business-type activities as of June 30, 2024.

Year Ending June 30,	General Obligation Bonds				Total			
	Public Offerings		Leases		Business-type Activities			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,967,866	\$ 1,194,994	\$ 3,403	\$ 369	\$ 2,971,269	\$ 1,195,363		
2026	1,577,867	1,083,244	3,490	281	1,581,357	1,083,525		
2027	1,652,867	1,004,369	3,581	191	1,656,448	1,004,560		
2028	1,752,866	921,118	3,673	99	1,756,539	921,217		
2029	1,842,867	833,119	1,872	14	1,844,739	833,133		
2030-2034	9,514,333	2,785,019	-	-	9,514,333	2,785,019		
2035-2039	7,344,333	1,297,103	-	-	7,344,333	1,297,103		
2040-2044	6,017,867	689,387	-	-	6,017,867	689,387		
2045-2047	3,885,000	117,550	-	-	3,885,000	117,550		
<b>Total</b>	<b>\$ 36,555,866</b>	<b>\$ 9,925,903</b>	<b>\$ 16,019</b>	<b>\$ 954</b>	<b>\$ 36,571,885</b>	<b>\$ 9,926,857</b>		

The following is a summary of the changes to the long-term liabilities of governmental activities.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 200,200,000	\$ -	\$ (13,210,000)	\$ 186,990,000	\$ 13,830,000
Bond premiums/discounts (net)	19,432,425	-	(1,573,529)	17,858,896	1,573,529
<b>Total bonds payable</b>	<b>219,632,425</b>	<b>-</b>	<b>(14,783,529)</b>	<b>204,848,896</b>	<b>15,403,529</b>
Leases	2,123,831	318,542	(160,054)	2,282,319	142,090
SBITA	70,014	120,985	(75,747)	115,252	74,935
Middle River Regional Jail agreement	2,084,503	-	(1,031,064)	1,053,439	1,053,439
Equipment purchase agreement	447,701	-	(234,701)	213,000	213,000
Compensated absences	4,119,469	2,906,410	(2,803,671)	4,222,208	2,763,775
Net OPEB liability	10,557,189	973,021	(4,188,404)	7,341,806	125,309
Net pension liability	17,016,426	15,254,535	(11,879,979)	20,390,982	-
<b>Governmental activities long-term debt</b>	<b>\$ 256,051,558</b>	<b>\$ 19,573,493</b>	<b>\$ (35,157,149)</b>	<b>\$ 240,467,902</b>	<b>\$ 19,776,077</b>



**Note 8. Long-term Liabilities (continued)**

Long-term liabilities for governmental activities are generally liquidated by the General Fund. The Internal Service Funds are consolidated into the governmental activities in the government-wide financial statements. Accordingly, long-term liabilities for these funds are included as part of the above totals. At June 30, 2024, \$4,806, \$116,248, \$135,773 and \$637,468 of leases, compensated absences, net OPEB liability and net pension liability, respectively, are included in the above amounts for these internal service funds.

The following is a summary of the changes to the long-term liabilities of business-type activities.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 39,388,733	\$ -	\$ (2,832,867)	\$ 36,555,866	\$ 2,967,866
Bond premiums/discounts (net)	4,531,130	-	(451,968)	4,079,162	322,511
<b>Total bonds payable</b>	<b>43,919,863</b>	<b>-</b>	<b>(3,284,835)</b>	<b>40,635,028</b>	<b>3,290,377</b>
Leases	-	17,688	(1,669)	16,019	3,403
Compensated absences	1,030,213	749,397	(764,592)	1,015,018	650,472
Net OPEB liability	1,987,015	361,344	(867,586)	1,480,773	21,480
Net pension liability	4,385,673	3,742,995	(3,061,848)	5,066,820	-
City landfill closure costs	1,268,447	41,859	-	1,310,306	131,204
County landfill contractual obligation	2,697,965	-	(899,322)	1,798,643	1,798,643
<b>Business-type activities long-term debt</b>	<b>\$ 55,289,176</b>	<b>\$ 4,913,283</b>	<b>\$ (8,879,852)</b>	<b>\$ 51,322,607</b>	<b>\$ 5,895,579</b>

The following is the detail for the long-term liabilities of the governmental and business-type activities as of June 30, 2024.

	Governmental Activities	Business-type Activities
<b>General Obligation Bonds - Public Offerings:</b>		
\$41,500,000 School Bonds (Virginia Public School Authority), Series 2001C, issued November 15, 2001, maturing July 15, 2026 at 4.1% - 5.1% interest	\$ 8,400,000	\$ -
\$1,136,000 Water Bonds (VRA DWSRF), Series 2009, issued November 20, 2009, maturing February 1, 2040 at 0% interest	-	605,866
\$13,610,000 Public Improvement Bonds, Series 2014A, issued June 26, 2014, maturing July 15, 2034 at 2.0% - 5.0% interest	8,290,000	-
\$42,675,000 Public Improvement Refunding Bonds, Series 2014B, issued June 26, 2014, maturing July 15, 2032 at 2.0% - 5.0% interest	24,245,000	-
\$40,215,000 Public Improvement Bonds, Series 2016, issued May 18, 2016, maturing July 15, 2040 at 2.0% - 5.0% interest	31,405,000	-
\$4,540,000 School Bond (Virginia Public School Authority), Series 2018, issued November 6, 2018, maturing July 15, 2033 at 4.05% - 5.05% interest	3,420,000	-
\$4,950,000 Bond (Virginia Resources Authority), Series 2019, issued August 14, 2019, maturing October 1, 2033 at 4.510% - 5.125% interest	3,870,000	-
\$156,970,000 Public Improvement and Refunding Bonds, Series 2021A, issued September 21, 2021, maturing July 15, 2046 at 1.75% - 5.00% interest	106,540,000	35,950,000

## Note 8. Long-term Liabilities (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Bonds - Public Offerings (continued):</b>		
\$2,4700,000 Public Improvement Refunding Taxable Bonds, Series 2021B, issued September 21, 2021, maturing July 15, 2024 at 0.15% - 0.50% interest	820,000	-
Total General Obligation Bonds - Public Offerings	\$ 186,990,000	\$ 36,555,866
Total General Obligation Bonds	\$ 186,990,000	\$ 36,555,866

### Leases

The City, as a lessee, has entered into lease agreements involving the use of a fiber network, golf carts and office equipment. As of June 30, 2024, the City's lease liability in governmental and business-type activities for these payments totals \$2,282,319 and \$16,019, respectively. The City has included in its governmental activities' capital assets lease equipment in the amount of \$2,727,583 (\$515,990 in accumulated amortization) and in its business-type activities' capital assets lease equipment in the amount of \$17,688 (\$1,769 in accumulated amortization).

### SBITA

The City, as a subscriber, has entered into subscription agreements involving the use of vendor software. As of June 30, 2024, the City's SBITA liability in governmental activities for these payments totals \$115,252. The City has included in its governmental activities' capital assets a subscription asset in the amount of \$225,243 (\$106,373 in accumulated amortization).

### Additional information pertaining to the Primary Government's long-term debt:

The City is subject to a legal debt margin requirement based on the Constitution of Virginia. Under the requirement, the City's bonds or other interest-bearing obligations shall not exceed ten percent of its total taxable assessed real property valuation. As of June 30, 2024, the debt limitation for the City is \$564.2 million of which \$339.6 million is available for use.

In June 2014, the City issued \$42.7 million in general obligation refunding bonds, of which \$2.7 million was issued on behalf of and loaned to the Harrisonburg Redevelopment and Housing Authority (Authority) to advance refund a previous bond issue that was originally issued for the purpose of renovating public housing units owned by the Authority. The Authority has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$217,100. As of June 30, 2024, the outstanding balance of the loan is \$1,630,000.

In August 2019, the City issued \$4.95 million in general obligation bonds, of which \$1.65 million was issued on behalf of and loaned to the Harrisonburg-Rockingham Community Services Board (Board) for the purpose of constructing a new facility. The Board has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$162,123. As of June 30, 2024, the outstanding balance of the loan is \$1,290,000.

In September 2021, the City issued \$157 million in general obligation public improvement and refunding bonds, of which \$2.6 million was issued on behalf of and loaned to the Harrisonburg Redevelopment and Housing Authority (Authority) to advance refund a previous bond issue that was originally issued for the purpose of renovating public housing units owned by the Authority. The Authority has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$399,750. As of June 30, 2024, the outstanding balance of the loan is \$2,050,000.

## Note 8. Long-term Liabilities (continued)

### Component Unit – School Board

The following is a summary of the debt service requirements for the long-term liabilities of the School Board as of June 30, 2024.

Year Ending June 30,	Leases		Total School Board	
	Principal	Interest	Principal	Interest
2025	\$ 179,735	\$ 32,725	\$ 179,735	\$ 32,725
2026	133,624	29,782	133,624	29,782
2027	137,602	26,804	137,602	26,804
2028	142,309	23,729	142,309	23,729
2029	147,150	20,554	147,150	20,554
2030-2034	764,648	51,730	764,648	51,730
2035-2036	126,078	1,619	126,078	1,619
Total	<u>\$ 1,631,146</u>	<u>\$ 186,943</u>	<u>\$ 1,631,146</u>	<u>\$ 186,943</u>

The following is a summary of the changes to the long-term liabilities of the School Board.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Leases	\$ 2,082,221	\$ 210,798	\$ (661,873)	\$ 1,631,146	\$ 179,735
Compensated absences	2,079,608	676,350	(428,327)	2,327,631	482,551
Net OPEB liability	21,253,526	2,427,856	(5,241,599)	18,439,783	136,767
Net pension liability	49,594,703	30,191,105	(25,886,106)	53,899,702	-
School Board long-term debt	<u>\$ 75,010,058</u>	<u>\$ 33,506,109</u>	<u>\$ (32,217,905)</u>	<u>\$ 76,298,262</u>	<u>\$ 799,053</u>

### Leases

The School Board, as a lessee, has entered into lease agreements involving the use of a fiber network, an office building, a mobile trailer unit and various office equipment. As of June 30, 2024, the School Board's lease liability for these payments totals \$1,631,146. The School Board has included in capital assets leased buildings in the amount of \$1,045,358 (\$199,116 in accumulated amortization) and lease equipment in the amount of \$1,065,548 (\$287,788 in accumulated amortization).

### Component Unit – HEC

At June 30, 2024, HEC had \$5,332,930 in long-term liabilities outstanding. This long-term liability is comprised of \$665,832 in compensated absences, of which the entire amount is due within one year, \$9,568 in SBITA, of which \$7,579 is due within one year and \$1,989 is due in more than one year, and \$2,283,073 in net OPEB liabilities and \$2,374,457 in net pension liabilities, of which the entire amounts are due in more than one year.

## Note 9. Landfill Closure and Postclosure Care Costs

In accordance with state and federal laws and regulations, the City is required to perform certain maintenance and monitoring functions at the City's closed landfill site for 30 years after the date of closure. The City closed its landfill in 1994. \$1,310,306 of the amount reported as landfill closure and postclosure care liability at June 30, 2024 represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. Included in the total liability is an additional \$435,428 for groundwater remediation. These amounts are based on current year costs. Actual costs ultimately may differ due to inflation, changes in technology, or changes in regulations. The City plans to fund its landfill closure and postclosure care costs with available funds from the Sanitation Fund.

**Note 10. Rockingham County Landfill Liability Agreement**

Effective January 1, 2012, the City entered into a new agreement with Rockingham County (County) associated with solid waste activities of the two localities. As part of the agreement, the City will be considered a customer of the County landfill and will no longer make capital contributions for landfill expansion and other capital expenditures. The agreement also caps the City’s recognized share of the County’s closure and postclosure care costs as of the date of the agreement. Pursuant to the agreement, the City has recorded a \$1,798,643 contractual obligation to the County in the Sanitation Fund.

**Note 11. Unearned Revenue**

The following is a summary of unearned revenue at June 30, 2024 for governmental activities in the government-wide financial statements and for the fund financial statements.

	Governmental Activities			Component Unit School Board
	General		Total	
	General Fund	Capital Projects Fund		
Advance collection of parking leases	\$ 50,670	\$ -	\$ 50,670	\$ -
Golf course season passes	96,410	-	96,410	-
ARPA funds	13,082,619	-	13,082,619	-
State All-In funds	-	-	-	3,241,760
Construction reimbursement	-	949,462	949,462	-
<b>Total unearned revenue</b>	<b>\$ 13,229,699</b>	<b>\$ 949,462</b>	<b>\$ 14,179,161</b>	<b>\$ 3,241,760</b>

Unearned revenue for business-type activities in the amount of \$94,744 represents water and sewer connection application fees for which the services had not been provided as of year-end and prepaid rental revenue. This amount is comprised of \$60,344 in the Water Fund and \$34,400 in the Sewer Fund.

**Note 12. Interfund Balances**

The General Fund has due from other funds in the amount \$392,554. This amount is comprised of loans to the Community Development Block Grant Fund and Central Stores Fund in the amounts of \$160,581 and \$231,973, respectively. The purpose of the loans are to eliminate year-end cash and cash equivalents deficit balances and are anticipated to be repaid within the subsequent fiscal year. The Sewer Fund has an interfund loan receivable in the amount of \$1,456,000 while the Water Fund has an interfund loan payable in the amount of \$1,456,000 for funds loaned from the Sewer Fund to the Water Fund for the purchase of land by the Water Fund.

**Note 13. Interfund Transfers**

Interfund transfers are generally used to subsidize the operations, programs and capital activities of certain funds. The following is a summary of interfund transfers for the year ended June 30, 2024.

Transfer in	Transfer out							Total
	General Fund	General Capital Projects	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	
General Fund	\$ -	\$ 38,834	\$ 1,573,500	\$ 1,377,900	\$ 204,308	\$ 134,800	\$ 29,000	\$ 3,358,342
General Capital Projects	12,320,000	-	-	-	-	-	-	12,320,000
Public Transportation	400,000	-	-	-	-	-	-	400,000
Internal Service Funds	-	-	175,238	58,413	-	-	-	233,651
<b>Total</b>	<b>\$ 12,720,000</b>	<b>\$ 38,834</b>	<b>\$ 1,748,738</b>	<b>\$ 1,436,313</b>	<b>\$ 204,308</b>	<b>\$ 134,800</b>	<b>\$ 29,000</b>	<b>\$ 16,311,993</b>

**Note 14. Fund Balance**

The following is a summary of amounts that are reported on the governmental funds balance sheet identified as nonspendable, restricted, committed or assigned fund balance at June 30, 2024.

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 573,491	\$ -	\$ -	\$ 3,763	\$ 577,254
Loans receivable	296,039	-	-	-	296,039
Total nonspendable fund balance	<u>\$ 869,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,763</u>	<u>\$ 873,293</u>
Restricted for:					
Public safety	\$ 1,130,941	\$ -	\$ -	\$ -	\$ 1,130,941
Public works	-	905,793	-	-	905,793
Education	-	-	127,740	-	127,740
Total restricted fund balance	<u>\$ 1,130,941</u>	<u>\$ 905,793</u>	<u>\$ 127,740</u>	<u>\$ -</u>	<u>\$ 2,164,474</u>
Committed to:					
General government administration	\$ -	\$ 2,355,435	\$ -	\$ -	\$ 2,355,435
Jail and judicial administration	-	185,207	-	-	185,207
Public safety	-	4,618,849	-	-	4,618,849
Public works	-	4,705,280	-	-	4,705,280
Health and human services	-	2,362,956	-	-	2,362,956
Education	-	-	-	2,422,966	2,422,966
Parks, recreation and cultural	-	525,000	-	-	525,000
Community development	-	-	-	166,529	166,529
Total committed fund balance	<u>\$ -</u>	<u>\$ 14,752,727</u>	<u>\$ -</u>	<u>\$ 2,589,495</u>	<u>\$ 17,342,222</u>
Assigned to:					
General government administration	\$ 274,724	\$ -	\$ -	\$ -	\$ 274,724
Public safety	4,576,164	-	-	-	4,576,164
Public works	1,686,411	-	-	-	1,686,411
Education	-	-	-	1,292,089	1,292,089
Parks, recreation and cultural	308,140	-	-	-	308,140
Community development	79,834	-	-	76,800	156,634
Subsequent years' expenditures	7,170,000	-	-	-	7,170,000
Total assigned fund balance	<u>\$ 14,095,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,368,889</u>	<u>\$ 15,464,162</u>

**Note 15. Pension Plan - Agent Multiple-Employer**

**Plan Description.** All full-time, salaried permanent employees of the City, the non-professional employees of the Harrisonburg City School Board (School Board) and the Harrisonburg Electric Commission (HEC) are automatically covered by the VRS Retirement Plan upon employment. This plan is an agent multiple-employer pension plan administered by the Virginia Retirement System (System) along with plans for other employer groups in the Commonwealth of Virginia. The City and HEC employees participate in the same retirement plan. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly.

## Note 15. Pension Plan - Agent Multiple-Employer (continued)

**Benefits Provided.** VRS administers three different benefit structures for covered employees. Each benefit structure has different eligibility criteria.

**Plan 1.** Plan 1 is a defined benefit plan. Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Members become vested when they have at least five years of creditable service. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

**Plan 2.** Plan 2 is a defined benefit plan. Members hired between July 1, 2010 and December 31, 2013 or members hired before July 1, 2010 who were not vested as of January 1, 2013 are covered under Plan 2. Members become vested when they have at least five years of creditable service. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

**Hybrid Plan.** The Hybrid Plan combines features of a defined benefit plan and a defined contribution plan. Members hired after January 1, 2014 and Plan 1 and Plan 2 members who opted into the plan during a special election window are covered under the Hybrid Plan. Members become vested in the defined benefit portion of the Hybrid Plan when they have at least five years of creditable service and become 100 percent vested in employer contributions to the defined contribution portion of the Hybrid Plan after four years of creditable service. Members are eligible for an unreduced retirement benefit from the defined benefit component beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit from the defined benefit component as early as age 60 with at least five years of service credit. Members are eligible to receive distributions from the defined contribution component upon leaving employment, subject to restrictions.

**Hazardous duty members.** Under Plans 1 and 2, eligible hazardous duty members (police officers and firefighters) are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply. Hazardous duty members are not eligible for the Hybrid Plan.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation (AFC) multiplied by the member's total service credit. Under Plan 1, AFC is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, AFC is the average of the member's 60 consecutive months of highest compensation. The defined benefit retirement multiplier is 1.7 percent for non-hazardous duty Plan 1 members, 1.65 percent for non-hazardous duty Plan 2 members (1.7 percent for service earned, purchased or granted prior to January 1, 2013), 1 percent for Hybrid Plan members and 1.85 percent for eligible hazardous duty members. In addition, eligible hazardous duty members receive a monthly benefit supplement if they retire prior to age 65. At retirement, members can elect the Basic Benefit, the Survivor Option, the Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Members who retire with an unreduced benefit or a reduced benefit with at least 20 years of creditable service are eligible for an annual cost-of-living adjustment (COLA) effective July 1 after one full calendar year from the member's retirement date. Members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA is effective July 1 after one calendar year following the unreduced retirement eligibility date. Other exceptions also apply to the COLA effective date. Under Plan 1, the COLA matches the first three percent increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to four percent) for a maximum COLA of five percent. Under Plan 2 and the defined benefit component of the Hybrid

**Note 15. Pension Plan - Agent Multiple-Employer (continued)**

Plan, the COLA matches the first two percent increase in the CPI-U and half of any additional increase (up to two percent) for a maximum COLA of three percent.

The VRS also provides death and disability benefits to Plan 1 and Plan 2 members. Hybrid Plan members are covered by the Virginia Local Disability Program administered by VRS for disability benefits unless the local government provides an employer paid comparable program for its members. The City, School Board and HEC decided to provide an employer paid comparable program to its employees.

**Employees Covered by Benefit Terms.** At June 30, 2022, the following employees were covered by the benefit terms:

	Primary Government	Component Units	
		School Board	HEC
Inactive employees or beneficiaries currently receiving benefits	390	73	29
Inactive employees entitled to but not yet receiving benefits	475	97	36
Active employees	555	96	42
Total inactive and active employees	1,420	266	107

**Contributions.** The contribution requirement for active employees is governed by Section 51.1-145 the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute five percent of their annual reported compensation toward their retirement. The City and HEC's contractually required contribution rate for the fiscal year ended 2024 was 14.71 percent of covered employee compensation. The School Board non-professional employees' contribution rate for the fiscal year ended 2024 was 4.47 percent of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City, the School Board and HEC to the pension plans were \$5,271,967, \$100,783 and \$491,718, respectively, for the year ended June 30, 2024.

**Net Pension Liability.** The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

**Actuarial Assumptions – General Employees.** The total pension liability for general employees was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method. The following assumptions were applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation	3.50 percent – 5.35 percent
Investment rate of return, including inflation	6.75 percent (net of pension plan investment expense)

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward two years.

## Note 15. Pension Plan - Agent Multiple-Employer (continued)

### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward three years.

### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back three years; 90% of rates for females set back three years.

### Beneficiary and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward two years.

### Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

All Others (Non 10 Largest): Updated mortality rates to Pub-2010 public sector mortality tables and replaced mortality rates with a modified Mortality Improvement Scale MP-2020; adjusted retirement rates to better fit experience for Plan 1, set separate rates based on experience for Plan 2/Hybrid and changed the final retirement age; adjusted withdrawal rates to better fit experience at each year age and service through nine years of service.

**Actuarial Assumptions – Hazardous Duty Employees.** The total pension liability for hazardous duty employees was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method. The following assumptions were applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation	3.50 percent – 4.75 percent
Investment rate of return, including inflation	6.75 percent (net of pension plan investment expense*)

### Mortality rates:

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related.

### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward two years.

### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward three years.

### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back three years; 90% of rates for females set back three years.

### Beneficiary and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward two years.

### Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

All Others (Non 10 Largest) – Hazardous Duty: Updated mortality rates to Pub-2010 public sector mortality tables, increased disability life expectancy and replaced mortality rates with a modified Mortality Improvement Scale MP-



## Note 15. Pension Plan - Agent Multiple-Employer (continued)

2020; adjusted retirement rates to better fit experience and changed the final retirement age from 65 to 70; adjusted withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with the 10 Largest – Hazardous Duty employers.

**Long-term Expected Rate of Return.** The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
Multi-Asset Public Strategies (MAPS)	4.00%	4.50%	0.18%
Private Investment Partnersip (PIP)	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return*	8.25%

*\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.5%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.*

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Political subdivisions were provided with an opportunity to use an alternate employer contribution rate. For the fiscal year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100 percent of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuation, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 15. Pension Plan - Agent Multiple-Employer (continued)**

**Changes in the Net Pension Liability (Asset).** The following are the changes in net pension liability (asset) as of the measurement date of June 30, 2023:

**Primary Government**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 162,870,835	\$ 141,468,736	\$ 21,402,099
Changes for the year:			
Service cost	3,504,223	-	3,504,223
Interest	10,951,876	-	10,951,876
Differences between expected and actual experience	3,975,886	-	3,975,886
Contributions-employer	-	4,418,428	(4,418,428)
Contributions-employee	-	1,488,600	(1,488,600)
Net investment income	-	9,121,981	(9,121,981)
Benefit payments, including refunds of employee contributions	(8,250,070)	(8,250,070)	-
Administrative expense	-	(90,850)	90,850
Other changes	3,931,706	3,369,829	561,877
Net changes	<u>14,113,621</u>	<u>10,057,918</u>	<u>4,055,703</u>
Balances at June 30, 2023	<u>\$ 176,984,456</u>	<u>\$ 151,526,654</u>	<u>\$ 25,457,802</u>

**Component Unit – School Board**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2022	\$ 9,407,356	\$ 10,217,849	\$ (810,493)
Changes for the year:			
Service cost	229,576	-	229,576
Interest	633,472	-	633,472
Differences between expected and actual experience	134,809	-	134,809
Contributions-employer	-	102,837	(102,837)
Contributions-employee	-	137,141	(137,141)
Net investment income	-	654,185	(654,185)
Benefit payments, including refunds of employee contributions	(504,316)	(504,316)	-
Administrative expense	-	(6,595)	6,595
Other changes	-	263	(263)
Net changes	<u>493,541</u>	<u>383,515</u>	<u>110,026</u>
Balances at June 30, 2023	<u>\$ 9,900,897</u>	<u>\$ 10,601,364</u>	<u>\$ (700,467)</u>

**Note 15. Pension Plan - Agent Multiple-Employer (continued)**

**Component Unit – HEC**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 17,971,818	\$ 15,610,225	\$ 2,361,593
Changes for the year:			
Service cost	386,670	-	386,670
Interest	1,208,474	-	1,208,474
Differences between expected and actual experience	438,715	-	438,715
Contributions-employer	-	487,547	(487,547)
Contributions-employee	-	164,258	(164,258)
Net investment income	-	1,006,556	(1,006,556)
Benefit payments, including refunds of employee contributions	(910,346)	(910,346)	-
Administrative expense	-	(10,025)	10,025
Other changes	(2,587,938)	(2,215,279)	(372,659)
Net changes	<u>(1,464,425)</u>	<u>(1,477,289)</u>	<u>12,864</u>
Balances at June 30, 2023	<u>\$ 16,507,393</u>	<u>\$ 14,132,936</u>	<u>\$ 2,374,457</u>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the net pension liability (asset) using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Primary Government:</b>			
Net Pension Liability (Asset)	\$ 50,071,541	\$ 25,457,802	\$ 5,399,043
<b>Component Unit - School Board:</b>			
Net Pension Liability (Asset)	\$ 366,185	\$ (700,467)	\$ (1,608,785)
<b>Component Unit - HEC:</b>			
Net Pension Liability (Asset)	\$ 4,670,188	\$ 2,374,457	\$ 503,570

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2024, the City, the School Board and HEC recognized pension expense of \$5,370,240, \$151,500 and \$171,935, respectively. At June 30, 2024, the City, the School Board and HEC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Note 15. Pension Plan - Agent Multiple-Employer (continued)**

	Component Units					
	Primary Government		School Board		HEC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,834,029	\$ 863,097	\$ 116,328	\$ -	\$ 264,331	\$ 80,501
Changes in assumptions	1,141,803	-	-	-	106,496	-
Net difference between projected and actual earnings on pension plan investments	-	2,291,569	-	168,024	-	213,735
Employer contributions subsequent to the measurement date	5,271,967	-	100,783	-	491,718	-
<b>Total</b>	<b>\$ 9,247,799</b>	<b>\$ 3,154,666</b>	<b>\$ 217,111</b>	<b>\$ 168,024</b>	<b>\$ 862,545</b>	<b>\$ 294,236</b>

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Primary Government	Component Units	
		School Board	HEC
2025	\$ 107,631	\$ (24,284)	\$ 10,039
2026	(1,802,371)	(180,266)	(168,108)
2027	2,445,310	147,577	228,075
2028	70,596	5,277	6,585
2029	-	-	-
Thereafter	-	-	-

**Pension Plan Data.** Detailed information about the VRS Retirement Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf) or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payable to the Pension Plan**

At June 30, 2024, the City and School Board reported a payable of \$647,800 and \$20,501, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

**Note 16. Pension Plan - Teacher Cost-Sharing Pool**

**Plan Description.** All full-time, salaried permanent (professional) employees of the Harrisonburg City School Board (School Board) are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is a cost-sharing multiple-employer pension plan administered by the Virginia Retirement System (System) along with plans for other employer groups in the Commonwealth of Virginia (Commonwealth). Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly.

## Note 16. Pension Plan - Teacher Cost-Sharing Pool (continued)

**Benefits Provided.** VRS administers three different benefit structures for covered employees. Each benefit structure has different eligibility criteria and are substantially the same as described in Note 15.

**Contributions.** The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Members are required to contribute five percent of their annual reported compensation toward their retirement. The School Board's contractually required contribution rate for the year ended June 30, 2024 was 16.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$9,043,818 for the year ended June 30, 2024. In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. The School Board's proportionate share of this special contribution totaled \$786,359.

### Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the School Board reported a liability of \$53,899,702 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the net pension liability was based on the actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.53328%.

For the year ended June 30, 2024, the School Board recognized pension expense of \$6,808,611. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,630,030	\$ 2,103,397
Changes in assumptions	2,443,462	-
Net difference between projected and actual earnings on pension plan investments	-	3,504,568
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,753,378	-
Employer contributions subsequent to the measurement date	<u>9,043,818</u>	<u>-</u>
Total	<u>\$ 18,870,688</u>	<u>\$ 5,607,965</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Note 16. Pension Plan - Teacher Cost-Sharing Pool (continued)**

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2025	\$ 104,144
2026	(2,162,145)
2027	5,020,823
2028	1,256,083
2029	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation	3.50 percent – 5.95 percent
Investment rate of return, including inflation	6.75 percent (net of plan investment expense)

**Mortality rates (teachers):**

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward one year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiary and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions were substantially the same as described in Note 15.

**Long-term Expected Rate of Return.** The long-term expected rate of return on pension System investments is substantially the same as described in Note 15.

**Discount Rate.** The discount rate used to measure the total pension liability is substantially the same as described in Note 15.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the School Board's proportionate share of the net pension liability using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the net pension liability	\$ 95,544,946	\$ 53,899,702	\$ 19,663,885

## **Note 16. Pension Plan - Teacher Cost-Sharing Pool (continued)**

**Pension Plan Fiduciary Net Position.** Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the Pension Plan.** At June 30, 2024, the School Board reported a payable of \$978,731 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

## **Note 17. Other Postemployment Benefits**

### **VRS Group Life Insurance Program**

**Plan Description.** All full-time, salaried permanent employees of the City, the Harrisonburg City School Board (School Board) and the Harrisonburg Electric Commission (HEC) are automatically covered by the Group Life Insurance Program (GLI Program) upon employment. The GLI Program is a cost-sharing multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS) along with plans for other employer groups in the Commonwealth of Virginia and is considered other postemployment benefits (OPEB). The GLI Program provides a basic group life insurance benefit for participating employers. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly.

In addition to the GLI Program benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

**Benefits Provided.** The benefits payable under the GLI Program have several components. A natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled and an accidental death benefit is double the natural death benefit. In addition to the natural and accidental death benefits, additional benefits are provided under specific circumstances such as accidental dismemberment and an accelerated death benefit option.

The benefit amounts provided to covered employees are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value. For covered employees with at least 30 years of creditable service, there is a minimum benefit payable of \$9,254 that is based on the VRS Plan 2 pension cost-of-living adjustment.

**Contributions.** The contribution requirement for the GLI Program is governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent and the employer component was 0.54 percent. The contractually required employer contribution rate for the year ended June 30, 2024 was 0.54 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City, the School Board and HEC to the GLI Program were \$204,373, \$331,423 and \$18,958, respectively, for the year ended June 30, 2024. In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the GLI Program. The City's, the School Board's and HEC's proportionate share of this special contribution totaled \$13,607, \$24,542 and \$1,490, respectively,

**Note 17. Other Postemployment Benefits (continued)**

**VRS Group Life Insurance Program (continued)**

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2024, the City, the School Board and HEC reported a liability of \$1,643,853, \$2,900,899 and \$152,486, respectively, for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The City, the School Board and HEC's proportion of the net OPEB liability was based on the actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2023 measurement date, the City, the School Board and HEC's proportion was 0.13411%, 0.24188% and 0.01469%, respectively.

For the year ended June 30, 2024, the City, the School Board and HEC recognized OPEB expense of \$107,394, \$210,501 and negative \$16,738, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the City, the School Board and HEC reported deferred outflows of resources and deferred inflows of resources related to the GLI Program from the following sources:

	Primary Government		Component Units			
			School Board		HEC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,180	\$ 49,899	\$ 289,729	\$ 88,057	\$ 15,230	\$ 4,629
Changes of assumptions	35,138	113,892	62,008	200,986	3,259	10,565
Net difference between projected and actual earnings on OPEB plan investments	-	66,059	-	116,575	-	6,128
Changes in proportionate share Employer contributions subsequent to the measurement date	16,438	40,973	184,752	3,366	1,525	3,801
	<u>204,373</u>	<u>-</u>	<u>331,423</u>	<u>-</u>	<u>18,958</u>	<u>-</u>
Total	<u>\$ 420,129</u>	<u>\$ 270,823</u>	<u>\$ 867,912</u>	<u>\$ 408,984</u>	<u>\$ 38,972</u>	<u>\$ 25,123</u>

The deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Primary Government	Component Units	
		School Board	HEC
2024	\$ (14,339)	\$ 37,636	\$ (1,330)
2025	(75,925)	(73,587)	(7,043)
2026	19,565	89,043	1,814
2027	(1,819)	35,614	(169)
2028	17,451	38,799	1,619
Thereafter	-	-	-



**Note 17. Other Postemployment Benefits (continued)**

**VRS Group Life Insurance Program (continued)**

**Actuarial Assumptions.** The total OPEB liability was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 15 and Note 16.

**Long-term Expected Rate of Return.** The long-term expected rate of return on VRS investments is substantially the same as the VRS pension plans described in Note 15.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 15.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the proportionate share of the net OPEB liability using the discount rate of 6.75 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
<b>Primary Government:</b>			
Net OPEB Liability	\$ 2,436,702	\$ 1,643,853	\$ 1,002,827
<b>Component Unit - School Board:</b>			
Net OPEB Liability	\$ 4,300,039	\$ 2,900,899	\$ 1,769,685
<b>Component Unit - HEC:</b>			
Net OPEB Liability	\$ 226,032	\$ 152,486	\$ 93,024

**OPEB Plan Fiduciary Net Position.** Detailed information about the VRS GLI Program Plan's fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the OPEB Plan.** At June 30, 2024, the City and the School Board reported a payable of \$46,204 and \$69,119, respectively, for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

**VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool**

**Plan Description.** All full-time, salaried permanent (professional) employees of the Harrisonburg City School Board (School Board) are automatically covered by the Teacher Employee Health Insurance Credit Program (HIC Program) upon employment. The HIC Program is a cost-sharing multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS) along with plans for other employer groups in the Commonwealth of Virginia and is considered other postemployment benefits (OPEB). Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit to be used towards qualified health insurance premiums that a retiree pays for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premium and ends upon the retiree's death. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly.

## Note 17. Other Postemployment Benefits (continued)

### VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool (continued)

**Benefits Provided.** Eligible employees who have 15 or more years of creditable VRS service and are enrolled in a qualified health insurance plan may participate in the program. For employees who retire, the monthly benefit is \$4.00 per year of creditable service per month with no cap on the benefit amount. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either (1) \$4.00 per month, multiplied by twice the amount of service credit, or (2) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. The benefit cannot exceed the amount of the premium and ends upon the retiree's death.

**Contributions.** The contribution requirement for active employees is governed by Section 51.1-145(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. The School Board's contractually required contribution rate for the year ended June 30, 2024 was 1.21 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program were \$703,002 for the year ended June 30, 2024. Employees are not required to contribute to the HIC Program. In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher Employee Plan. The School Board's proportionate share of this special contribution totaled \$21,614.

### **OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2024, the School Board reported a liability of \$6,538,868 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the net OPEB liability was based on the actuarially determined employer contributions to the HIC Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.53977%.

For the year ended June 30, 2024, the School Board recognized OPEB expense of \$651,684. Since there was a change in the proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 287,808
Changes in assumptions	152,214	6,589
Net difference between projected and actual earnings on OPEB plan investments	3,281	-
Changes in proportionate share	485,705	218
Employer contributions subsequent to the measurement date	<u>703,002</u>	<u>-</u>
Total	<u>\$ 1,344,202</u>	<u>\$ 294,615</u>

The deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

## Note 17. Other Postemployment Benefits (continued)

### VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool (continued)

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2024	\$ 104,399
2025	75,150
2026	76,688
2027	45,149
2028	30,721
Thereafter	14,478

**Actuarial Assumptions.** The total OPEB liability was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 15 and Note 16.

**Long-term Expected Rate of Return.** The long-term expected rate of return on VRS investments is substantially the same as described in Note 15.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 15.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the School Board's proportionate share of the net OPEB liability using the discount rate of 6.75 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the net OPEB liability	\$ 7,396,190	\$ 6,538,868	\$ 5,812,362

**OPEB Plan Fiduciary Net Position.** Detailed information about the VRS HIC Program Plan's fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the OPEB Plan.** At June 30, 2024, the School Board reported a payable of \$59,056 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

### VRS Health Insurance Credit Program – Nonprofessional Employees

**Plan Description.** All full-time, salaried permanent (nonprofessional) employees of the Harrisonburg City School Board (School Board) are automatically covered by the Health Insurance Credit Program (HIC Program) upon employment. The HIC Program is an agent multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS) along with plans for other employer groups in the Commonwealth of Virginia and is considered other postemployment benefits (OPEB). Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance

## Note 17. Other Postemployment Benefits (continued)

### VRS Health Insurance Credit Program – Nonprofessional Employees (continued)

credit is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit to be used towards qualified health insurance premiums that a retiree pays for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premium and ends upon the retiree's death. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly.

**Benefits Provided.** Eligible employees who have 15 or more years of creditable VRS service and are enrolled in a qualified health insurance plan may participate in the program. For employees who retire, the monthly benefit is \$1.50 per year of creditable service per month with a maximum benefit of \$45 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45 per month. The benefit cannot exceed the amount of the premium and ends upon the retiree's death.

**Employees Covered by Benefit Terms.** At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>94</u>
Total inactive and active employees	<u><u>127</u></u>

**Contributions.** The contribution requirement for active employees is governed by Section 51.1-145(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. The School Board's contractually required contribution rate for the year ended June 30, 2024 was 0.82 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program were \$26,858 for the year ended June 30, 2024. Employees are not required to contribute to the HIC Program.

**Net OPEB Liability.** The net OPEB liability is calculated separately for each employer and represents that particular employer's total OPEB liability less that employer's fiduciary net position. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

**Actuarial Assumptions.** The total OPEB liability was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 15.

**Long-term Expected Rate of Return.** The long-term expected rate of return on VRS investments is substantially the same as the VRS pension plans described in Note 15.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 15.

**Note 17. Other Postemployment Benefits (continued)**

**VRS Health Insurance Credit Program – Nonprofessional Employees (continued)**

**Changes in the Net OPEB Liability.** The following are the changes in net OPEB liability as of the measurement date of June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 222,289	\$ 31,791	\$ 190,498
Changes for the year:			
Service cost	2,206	-	2,206
Interest	14,973	-	14,973
Differences between expected and actual experience	(102,935)	-	(102,935)
Contributions-employer	-	25,841	(25,841)
Net investment income	-	2,893	(2,893)
Benefit payments, including refunds of employee contributions	(5,336)	(5,336)	-
Administrative expense	-	(84)	84
Net changes	<u>(91,092)</u>	<u>23,314</u>	<u>(114,406)</u>
Balances at June 30, 2023	<u>\$ 131,197</u>	<u>\$ 55,105</u>	<u>\$ 76,092</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the School Board's net OPEB liability using the discount rate of 6.75 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 90,214	\$ 76,092	\$ 64,057

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2024, the School Board recognized pension expense of negative \$4,834. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 82,774
Changes in assumptions	5,903	-
Net difference between projected and actual earnings on pension plan investments	473	-
Employer contributions subsequent to the measurement date	<u>26,858</u>	<u>-</u>
Total	<u>\$ 33,234</u>	<u>\$ 82,774</u>

The deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Note 17. Other Postemployment Benefits (continued)**

**VRS Health Insurance Credit Program – Nonprofessional Employees (continued)**

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2024	\$ (19,262)
2025	(19,316)
2026	(20,299)
2027	(17,521)
2028	-
Thereafter	-

**HIC Program Data.** Detailed information about the VRS HIC Program is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf) or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the OPEB Plan.** At June 30, 2024, the School Board reported a payable of \$2,275 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

**Local Health Insurance Program**

**Plan Description**

**City of Harrisonburg.** The City provides certain healthcare benefits for retired employees through the City of Harrisonburg Postretirement Healthcare Benefit Plan (Plan). The plan is administered through a single-employer defined benefit plan and is considered other postemployment benefits (OPEB). The Plan provides for an option to eligible retirees and their eligible dependents to continue their coverage in the same health insurance program available to all City employees at the active employee rates. Eligible retirees must be 50 years of age and meet the Virginia Retirement System requirements for service or disability retirement. Retirees must have at least 15 years of consecutive eligible service with the City immediately prior to retirement. Also, retirees must have participated in the City’s health insurance program for a minimum of five years immediately prior to retirement. The benefit ends upon the retiree’s eligibility for Medicare coverage. There are no assets accumulated in a trust to pay the related benefits of this program. These benefit provisions are established and may be amended by the Harrisonburg City Council through the City’s Human Resources Policy Manual. The Plan does not issue a publicly available financial report.

**School Board.** The Harrisonburg City School Board provides certain healthcare benefits for retired employees through the Harrisonburg City School Board Postretirement Healthcare Benefit Plan (Plan). The plan is administered through a single-employer defined benefit plan and is considered other postemployment benefits (OPEB). The Plan provides for an option to eligible retirees and their eligible dependents to continue their coverage in the same health insurance program available to all School Board employees at the active employee rates. Eligible retirees must be 50 years of age and meet the Virginia Retirement System requirements for service or disability retirement. Retirees must have at least ten years of cumulative eligible service with the School Board with a minimum of five years immediately prior to retirement. Depending on the number of years of eligible service, the retiree may remain on the plan for a maximum of fifteen years but in all instances the benefit ends upon the retiree’s eligibility for Medicare coverage. There are no assets accumulated in a trust to pay the related benefits of this program. These benefit provisions are established and may be amended by the Harrisonburg City School Board through the School Board’s Human Resources Policy Manual. The Plan does not issue a publicly available financial report.

**Note 17. Other Postemployment Benefits (continued)**

**Local Health Insurance Program (continued)**

**Benefits Provided**

**City of Harrisonburg.** The City contributes \$10 for each full year of service up to a maximum of \$350 towards the retiree’s monthly premium. The retiree must contribute any remaining monthly premium amount based on the coverage that is selected.

**School Board.** The School Board contributes \$10 for each full year of service up to a maximum of \$350 towards the retiree’s monthly premium. The retiree must contribute the remaining monthly premium amount.

**Employees Covered by Benefit Terms.** At June 30, 2023, the following employees were covered by the benefit terms:

	<u>Primary Government</u>	<u>School Board</u>
Inactive employees or beneficiaries currently receiving benefits	51	56
Active employees	<u>608</u>	<u>1,023</u>
Total inactive and active employees	<u><u>659</u></u>	<u><u>1,079</u></u>

**Contributions.** The contribution requirements of the City Plan are established and may be amended by the Harrisonburg City Council through the City’s Human Resources Policy Manual. The contribution requirements of the School Board Plan are established and may be amended by the Harrisonburg City School Board through the School Board’s Human Resources Policy Manual. The City and the School Board currently pay for these benefits on a pay-as-you-go basis.

**Total OPEB Liability.** The total OPEB liabilities of \$7,178,726 and \$8,923,924 for the City and School Board, respectively, were measured as of June 30, 2024 and were determined by actuarial valuations performed as of June 30, 2024.

**Actuarial Assumptions.** The total OPEB liabilities were based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method. The following assumptions were applied to all periods included in the measurement.

Inflation	Not applicable
Salary increases	Not applicable
Investment rate of return	Not applicable
Healthcare cost trend rate	6.25 percent in 2023 and decreasing uniformly from 7 percent to 5.6 percent over the following three years. Afterwards follows the Getzen model to an ultimate rate of 4.04 percent in the year 2075.

The mortality, retirement, withdrawal, and disability assumptions are substantially the same as the assumptions used in the June 30, 2022 valuation of the Virginia Retirement System as described in Note 15.

Changes to the actuarial assumptions used for the June 30, 2023 actuarial valuation include updates to the discount rate, healthcare cost trend rate and to the withdrawal, retirement, mortality, and disability assumptions to be consistent with VRS’s actuarial assumptions.

**Discount Rate.** The discount rate used to measure the OPEB liabilities was 4.13 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023.

**Note 17. Other Postemployment Benefits (continued)**

**Local Health Insurance Program (continued)**

**Changes in the Total OPEB Liability.** The following are the changes in the total OPEB liability as of the measurement date of June 30, 2024:

	<u>Primary Government</u>	<u>School Board</u>
Balances at June 30, 2023	\$ 10,936,362	\$ 11,641,459
Changes for the year:		
Service cost	349,418	719,693
Interest	235,640	253,964
Differences between expected and actual experience	(2,042,536)	(1,896,052)
Changes in assumptions	(1,823,557)	(1,083,703)
Benefit payments	<u>(476,601)</u>	<u>(711,437)</u>
Net changes	<u>(3,757,636)</u>	<u>(2,717,535)</u>
Balances at June 30, 2024	<u>\$ 7,178,726</u>	<u>\$ 8,923,924</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the City and the School Board’s total OPEB liability using the discount rate of 4.13 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current rate:

	<u>1% Decrease (3.13%)</u>	<u>Current Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
<b>Primary Government:</b>			
Total OPEB liability	\$ 7,814,714	\$ 7,178,726	\$ 6,610,165
<b>School Board:</b>			
Total OPEB liability	\$ 9,761,955	\$ 8,923,924	\$ 8,178,230

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.** The following presents the City and the School Board’s total OPEB liability using the current healthcare cost trend, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<b>Primary Government:</b>			
Total OPEB liability	\$ 6,573,020	\$ 7,178,726	\$ 7,885,417
<b>School Board:</b>			
Total OPEB liability	\$ 8,081,505	\$ 8,923,924	\$ 9,924,159

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2024, the City and the School Board recognized OPEB expense of \$91,843 and \$515,399, respectively. At June 30, 2024, the City and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



**Note 17. Other Postemployment Benefits (continued)**

**Local Health Insurance Program (continued)**

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 429,508	\$ 2,524,706	\$ 449,933	\$ 3,016,674
Changes in assumptions	194,235	1,588,553	220,569	1,114,930
Total	<u>\$ 623,743</u>	<u>\$ 4,113,259</u>	<u>\$ 670,502</u>	<u>\$ 4,131,604</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Primary Government</u>	<u>School Board</u>
2025	\$ (493,215)	\$ (458,258)
2026	(853,801)	(458,259)
2027	(853,803)	(599,880)
2028	(644,349)	(599,880)
2029	(644,348)	(599,884)
Thereafter	-	(744,941)

**OPEB Aggregate Totals**

The following is a summary of the aggregate totals for deferred outflows of resources, deferred inflows of resources and net/total OPEB liability at June 30, 2024 and OPEB expense for the fiscal year ended June 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net/Total OPEB Liability	OPEB Expense
<b>Primary Government:</b>				
VRS Group Life Insurance Program	\$ 420,129	\$ 270,823	\$ 1,643,853	\$ 107,394
Local Health Insurance Program	623,743	4,113,259	7,178,726	91,843
Totals	<u>\$ 1,043,872</u>	<u>\$ 4,384,082</u>	<u>\$ 8,822,579</u>	<u>\$ 199,237</u>
<b>Component Unit - School Board:</b>				
VRS Group Life Insurance Program	\$ 867,912	\$ 408,984	\$ 2,900,899	\$ 210,501
VRS Health Insurance Credit Program	1,344,202	294,615	6,538,868	651,684
VRS Health Insurance Credit Program	33,234	82,774	76,092	(4,834)
Local Health Insurance Program	670,502	4,131,604	8,923,924	515,399
Totals	<u>\$ 2,915,850</u>	<u>\$ 4,917,977</u>	<u>\$ 18,439,783</u>	<u>\$ 1,372,750</u>
<b>Component Unit - HEC:</b>				
VRS Group Life Insurance Program	\$ 38,972	\$ 25,123	\$ 152,486	\$ (16,738)
Local Health Insurance Program	187,941	178,758	2,130,587	123,062
Totals	<u>\$ 226,913</u>	<u>\$ 203,881</u>	<u>\$ 2,283,073</u>	<u>\$ 106,324</u>

## Note 18. Joint Ventures

**Harrisonburg-Rockingham Regional Sewer Authority.** The City, Rockingham County, and the towns of Bridgewater, Dayton and Mt. Crawford have entered into an agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority), whereby the Authority agrees to operate a sewage disposal system for the participating municipalities. The municipalities have an ongoing financial responsibility based on an agreement to make annual contributions to the Authority for operations and maintenance based on their respective usage of the system. The municipalities also agree to make contributions to the Authority for debt service. In fiscal year 2024, the City's contributions totaled \$7,341,575 of which \$3,800,953 was for operations, \$2,693,039 was for debt service and \$847,583 was for capital purposes. These contributions are made from the Sewer Fund. The City does not have an ongoing financial interest in the Authority since it does not have access to the Authority's resources or surpluses, nor is it liable for the Authority's debts or deficits. To obtain a copy of the audited financial statements, contact the Authority at P.O. Box 8, 856 North River Road, Mt. Crawford, Virginia 22841.

The Authority has \$48 million of total bonded debt outstanding at June 30, 2024. The City's share of the required principal and interest payments for the Authority's bond issues is projected as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,099,322	\$ 587,721	\$ 2,687,043
2026	2,159,451	527,592	2,687,043
2027	2,221,433	465,610	2,687,043
2028	2,285,329	401,714	2,687,043
2029	2,351,200	335,843	2,687,043
2030-2034	6,098,846	942,488	7,041,334
2035-2039	3,029,049	546,235	3,575,284
2040-2044	2,574,392	274,013	2,848,405
2045-2049	1,002,357	67,585	1,069,942
2050-2051	256,933	4,768	261,701
Total	<u>\$ 24,078,312</u>	<u>\$ 4,153,569</u>	<u>\$ 28,231,881</u>

The following information is a condensed statement of net position as of the end of the two most recent fiscal years for the Authority.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Current assets	\$ 10,860,371	\$ 10,063,080	\$ 797,291
Restricted assets	3,337,128	3,216,800	120,328
Capital assets	89,128,362	92,251,018	(3,122,656)
Other assets	855,903	855,471	432
Total assets	<u>104,181,764</u>	<u>106,386,369</u>	<u>(2,204,605)</u>
Deferred outflows of resources	<u>522,836</u>	<u>289,106</u>	<u>233,730</u>
Current liabilities	3,834,976	3,734,663	100,313
Liabilities payable from restricted assets	2,072,857	1,993,362	79,495
Long-term liabilities	<u>44,473,030</u>	<u>48,574,521</u>	<u>(4,101,491)</u>
Total liabilities	<u>50,380,863</u>	<u>54,302,546</u>	<u>(3,921,683)</u>
Deferred inflows of resources	<u>213,615</u>	<u>336,341</u>	<u>(122,726)</u>
Net position	<u>\$ 54,110,122</u>	<u>\$ 52,036,588</u>	<u>\$ 2,073,534</u>

## Note 18. Joint Ventures (continued)

**Harrisonburg-Rockingham Emergency Communications Center.** The City and Rockingham County (County) entered into an agreement that created the Harrisonburg-Rockingham Emergency Communications Center (HRECC), whereby the HRECC operates a joint emergency operations center and a joint two-way radio communications system. The City and County have an ongoing financial responsibility in that the City and County have agreed to equally provide any necessary funding for the HRECC. In fiscal year 2024, the City's contributions totaled \$3,791,455. These contributions are made from the General Fund. The City and County have equal undivided interests in any property purchased or used by the HRECC. The HRECC currently operates using certain capital assets of the City and County; however, the HRECC is responsible for the maintenance of these assets. To obtain a copy of the audited financial statements, contact the City of Harrisonburg Department of Finance, 409 South Main Street, Harrisonburg, Virginia 22801.

The following information is a condensed statement of net position as of the end of the two most recent fiscal years for the HRECC.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Current assets	\$ 10,182,351	\$ 9,242,835	\$ 939,516
Capital assets	<u>8,275,636</u>	<u>7,245,286</u>	<u>1,030,350</u>
Total assets	<u>18,457,987</u>	<u>16,488,121</u>	<u>1,969,866</u>
Deferred outflows of resources	<u>639,677</u>	<u>651,307</u>	<u>(11,630)</u>
Current liabilities	878,987	132,449	746,538
Long-term liabilities	<u>3,747,007</u>	<u>4,187,349</u>	<u>(440,342)</u>
Total liabilities	<u>4,625,994</u>	<u>4,319,798</u>	<u>306,196</u>
Deferred inflows of resources	<u>2,806,358</u>	<u>2,770,211</u>	<u>36,147</u>
Net position	<u>\$ 11,665,312</u>	<u>\$ 10,049,419</u>	<u>\$ 1,615,893</u>

## Note 19. Jointly Governed Organizations

**Harrisonburg-Rockingham Social Services District (District).** The District was established by the City and the County of Rockingham (County) to provide social services for the residents of the City and County. Both the City and County appoint one member each to the governing board. The District is a separate legal entity and is a discretely presented component unit of the County. The City contributed \$5,320,316 to the District in fiscal year 2024.

**Shenandoah Valley Juvenile Center Commission (Commission).** The Commission was established to provide a regional juvenile detention home. The Commission currently serves the Cities of Harrisonburg, Staunton, Waynesboro and Lexington, Virginia and the Counties of Augusta, Rockingham and Rockbridge, Virginia. The governing body is composed of one member appointed by each participating locality. The Commission is a separate legal entity with no participating locality having a voting majority. The Commission is perpetual and no participating locality has access to its resources or surpluses, nor is any participant liable for the Commission's debts or deficits. The City contributed \$225,248 to the Commission in fiscal year 2024.

**Middle River Regional Jail Authority (Authority).** The Authority was established to provide a regional inmate facility for the member jurisdictions. The Authority currently serves the Cities of Harrisonburg, Staunton and Waynesboro, Virginia and the Counties of Augusta and Rockingham, Virginia. The governing body is composed of three members appointed by each participating locality. The Authority is a separate legal entity with no participating

## Note 19. Jointly Governed Organizations (continued)

locality having a voting majority. The Authority is perpetual, and no participating locality has access to its resources or surpluses, nor is any participant liable for the Authority's debts or deficits. In accordance with a service agreement, the Authority will divide its charges to member jurisdictions into an operating and debt service component which will be allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. The City and County's annual contribution percentage will be combined based on the total number of prisoners between the two jurisdictions with the City and County each responsible for 50 percent of the contribution. The City contributed \$1,859,364 to the Authority in fiscal year 2024 of which \$1,607,359 was for operations and \$252,005 was for debt service.

## Note 20. Related Organization

The City created the Harrisonburg Redevelopment and Housing Authority (Authority) to provide low-income housing to the residents of the City. The Authority is a separate legal entity and is governed by five commissioners who are appointed solely by the City Council. The City does not have an ongoing financial interest or responsibility to the Authority.

## Note 21. Commitments

The City has several contracts outstanding for the continued construction of eastern source waterline project. The contracts total \$19.6 million, of which \$249,000 had been expended as of June 30, 2024. The contracts are a commitment of the Water Fund and are being financed through bond proceeds and currently available funds.

The City has a contract outstanding for the construction of a new public works administration building. The contract totals \$8.3 million, of which \$5.9 million had been expended as of June 30, 2024. The contract is a commitment of the General Capital Projects Fund and is being financed through currently available funds.

The City has a contract outstanding for the construction of a homeless service center. The contract totals \$7.3 million, of which \$5.3 million had been expended as of June 30, 2024. The contract is a commitment of the General Capital Projects Fund and is being financed through federal ARPA funds and currently available funds.

The City has a contract outstanding for the construction of a new fire station. The contract totals \$6.4 million, of which \$217,000 had been expended as of June 30, 2024. The contract is a commitment of the General Capital Projects Fund and is being financed through federal ARPA funds and currently available funds.

The following is a summary of significant encumbrances at June 30, 2024.

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fire trucks	\$ 3,713,586	\$ -	\$ -	\$ 3,713,586
Replacement vehicles	712,062	-	-	712,062
Street repaving	647,054	-	-	647,054
Safety barricades	460,150	-	-	460,150
Sidewalks, curbs and guttering replacements	217,655	-	-	217,655
Public Works administration building	-	2,327,353	-	2,327,353
Fire Station No. 5	-	2,191,803	-	2,191,803
Navigation Center	-	2,121,394	-	2,121,394
Replacement school buses	-	-	583,971	583,971
Other purposes	1,174,767	858,391	8,118	2,041,276
Total encumbrances	\$ 6,925,274	\$ 7,498,941	\$ 592,089	\$ 15,016,304

## **Note 22. Transactions with Component Units**

In fiscal year 2024, the City's General Fund made contributions to the School Board, a component unit, totaling \$38,714,373 for the purpose of funding the School Board's operating budget.

In fiscal year 2024, the Harrisonburg Electric Commission, a component unit, made contributions to the City's General Fund totaling \$5,200,000 for the purpose of funding the General Fund budget.

## **Note 23. Conduit Debt**

From time to time, the City has issued Harrisonburg Economic Development Authority (EDA) bonds and Harrisonburg Redevelopment and Housing Authority (HRHA) bonds that provide capital financing to private-sector entities for the acquisition and construction of industrial, commercial, and public and private facilities deemed to be in the public interest. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the EDA or RHA for any of the bonds. The City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there were five series of HRHA bonds outstanding, with an aggregate principal amount of \$20.9 million.

## **Note 24. Middle River Regional Jail Buy-In Agreement**

The City, along with Rockingham County (County), entered into a buy-in agreement with Augusta County, the City of Staunton and the City of Waynesboro in which the City and County have agreed to purchase from the existing member jurisdictions the right to use capacity in the jail and become member jurisdictions of the Authority for \$21,543,588 effective July 1, 2015. The City is responsible for \$10,771,794 or 50 percent of the purchase price. The terms of the agreement required a payment of ten percent of the purchase price prior to June 30, 2015 with the balance of the purchase price payable in ten annual installments of \$1,076,298 commencing December 15, 2015. At June 30, 2024, the City has recorded an intangible asset for the purchased capacity of the jail in the amount of \$7,540,256 (net of accumulated amortization) and a liability of \$1,053,439 in governmental activities on the government-wide statement of net position.

## **Note 25. Hotel and Conference Center**

The City has entered into a Memorandum of Understanding (MOU) and associated documents with the Harrisonburg Economic Development Authority (EDA), James Madison University (JMU), dpM Partners, LLC (Developer) and the James Madison University Foundation, Inc. (Foundation) for the construction of a hotel and conference center by the Developer on the campus of JMU. The Developer has financed and owns the hotel portion of the project while the Foundation financed the conference center portion of the project with the Developer retaining ownership of the conference center. The real estate occupied by the hotel and conference center will continue to be owned by JMU and leased to the Developer.

The City has entered into a support agreement with the EDA whereas the City has agreed to a non-binding moral obligation pledge to appropriate all tax and other revenue generated from the hotel and conference center to the EDA to the extent necessary to reimburse the Foundation for its annual debt payments and the EDA has a non-recourse note to pay to the Foundation such appropriated funds received from the City and generated by tax revenue from the hotel and conference center. The pledged tax revenue will be calculated every September 1. The agreement remains in force for a maximum of 21 years from the date of the Certificate of Occupancy. The City's obligation terminates upon the repayment of the Foundation's construction debt or if the hotel and conference center ceases operations for one year. The agreement does not legally obligate the City for any debt incurred by the Foundation. The conference center portion of the project cost an estimated \$11 million. For the year ended 2024, the City's reimbursement obligation to the EDA totaled \$1,184,858.

**Note 26. Risk Management**

The City is a member of the Virginia Risk Sharing Association (VRSA) for vehicles, property, inland marine, EDP, flood, general liability, line of duty, workman’s compensation, cybersecurity and boiler and machinery. Each VRSA member jointly and severally agrees to assume, pay and discharge any liability. The City makes contributions and assessments into a designated cash reserve fund. This reserve fund is used to pay claims and awards, as well as, expenses incurred by VRSA. In the event of a loss deficit and depletion of all available excess reserves, VRSA may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. However, since the inception of this insurance association, no additional assessments have been required. There has been no reduction in insurance coverage from coverage in the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years. The City insures its transit buses through the Virginia Transit Liability Pool.

The City is self-insured for health insurance purposes and has retained Anthem Blue Cross and Blue Shield to administer the program. The City currently reports these activities in the Health Insurance Fund, which is an internal service fund. This fund serves the City, primary government; Harrisonburg School Board and Harrisonburg Electric Commission, component units. Other external agencies also participate in the health insurance including Harrisonburg-Rockingham Emergency Communications Center, Harrisonburg-Rockingham Community Services Board, Harrisonburg-Rockingham Regional Sewer Authority, Harrisonburg-Rockingham Alcohol Safety Action Program, Harrisonburg Redevelopment and Housing Authority and the Massanutten Regional Library. This fund accounts for the health insurance activities of the aforementioned entities but does not constitute a transfer of risk from the City. Significant claims, over \$300,000, are covered by commercial insurance.

The City records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims, related claim adjustment expenses and an estimate for claims incurred but not reported (IBNR) based on historical experience. The following represents the change in approximate aggregate liabilities for the fund from July 1, 2022 to June 30, 2024:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2024	\$ 1,008,517	\$ 19,483,898	\$ 19,973,969	\$ 518,446
2023	1,065,680	19,607,289	19,664,452	1,008,517

**Note 27. Contingencies**

All major federal programs and certain other programs in which the City participates were tested, by our auditors, for compliance with applicable grant requirements pursuant to the provisions of the U.S. Office of Management and Budget’s Uniform Guidance. While no material matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The City may be subject to other legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the City’s financial position.

The City has certain debt instruments subject to arbitrage rebate calculations. In the opinion of management, there will be no material amounts required to be rebated.

## **Note 28. New Governmental Accounting Standards Board (GASB) Standards**

The GASB issues new financial reporting standards on an ongoing basis. The following are summaries of new standards that may be applicable to the City. Management has not yet determined the effects, if any, these standards will have on the City's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The provisions of this Statement are effective for fiscal year 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement defines and requires the disclosure of risks associated with the concentration of inflows and outflows of resources. The provisions of this Statement are effective for fiscal year 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement updates key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this Statement are effective for fiscal year 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement updates requirements that will provide users of government financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for fiscal year 2026.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
 PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION

Exhibit 13

Last Ten Plan Years

	Plan Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 3,890,893	\$ 3,507,119	\$ 3,401,780	\$ 3,453,675	\$ 3,004,555	\$ 2,927,437	\$ 3,022,461	\$ 3,026,951	\$ 2,906,016	\$ 2,799,358
Interest	12,160,350	11,742,651	10,718,735	10,204,291	9,842,472	9,390,900	9,266,705	8,791,188	8,375,607	7,980,324
Difference between expected and actual experience	4,414,601	(1,685,393)	(1,002,061)	3,398,610	307,442	399,173	(2,778,869)	1,637,704	173,707	-
Changes of assumptions	-	-	6,495,861	-	4,589,190	-	(1,001,160)	-	-	-
Benefit payments, including refunds of employee contributions	(9,160,416)	(8,600,383)	(8,156,295)	(7,624,250)	(7,217,461)	(6,175,039)	(6,597,062)	(5,552,156)	(5,214,037)	(4,954,890)
Other changes	1,343,768	1,120,220	411,266	(1,532,053)	173,692	503,292	(346,983)	(591,727)	(181,986)	44,008
Net change in total pension liability	12,649,196	6,084,214	11,869,286	7,900,273	10,699,890	7,045,763	1,565,092	7,311,960	6,059,307	5,868,800
Total pension liability - beginning	180,842,653	174,758,439	162,889,153	154,988,880	144,288,990	137,243,227	135,678,135	128,366,175	122,306,868	116,438,068
Total pension liability - ending	\$ 193,491,849	\$ 180,842,653	\$ 174,758,439	\$ 162,889,153	\$ 154,988,880	\$ 144,288,990	\$ 137,243,227	\$ 135,678,135	\$ 128,366,175	\$ 122,306,868
Plan fiduciary net position										
Contributions - employer	\$ 4,905,975	\$ 3,915,993	\$ 3,822,747	\$ 3,400,953	\$ 3,314,021	\$ 3,283,365	\$ 3,208,670	\$ 3,431,172	\$ 3,421,755	\$ 3,240,732
Contributions - employee	1,652,858	1,523,824	1,489,010	1,517,735	1,453,193	1,420,715	1,443,412	1,366,616	1,346,545	1,327,453
Net investment income	10,128,537	(159,023)	34,659,668	2,457,142	8,180,371	8,554,332	12,766,065	1,833,241	4,629,283	13,820,151
Benefit payments, including refunds of employee contributions	(9,160,416)	(8,600,383)	(8,156,295)	(7,624,250)	(7,217,461)	(6,175,039)	(6,597,062)	(5,552,156)	(5,214,037)	(4,954,890)
Administrative expense	(100,875)	(99,564)	(86,590)	(84,285)	(81,275)	(73,671)	(74,175)	(65,026)	(62,898)	(74,068)
Other changes	1,154,550	976,677	380,466	(1,201,380)	137,781	421,975	(304,054)	(460,018)	(149,841)	33,750
Net change in fiduciary net position	8,580,629	(2,442,486)	32,109,006	(1,534,085)	5,786,630	7,431,677	10,442,856	553,829	3,970,807	13,393,128
Plan fiduciary net position - beginning	157,078,961	159,521,447	127,412,441	128,946,526	123,159,896	115,728,219	105,285,363	104,731,534	100,760,727	87,367,599
Plan fiduciary net position - ending	\$ 165,659,590	\$ 157,078,961	\$ 159,521,447	\$ 127,412,441	\$ 128,946,526	\$ 123,159,896	\$ 115,728,219	\$ 105,285,363	\$ 104,731,534	\$ 100,760,727
Change in net pension liability	\$ 4,068,567	\$ 8,526,700	\$ (20,239,720)	\$ 9,434,358	\$ 4,913,260	\$ (385,914)	\$ (8,877,764)	\$ 6,758,131	\$ 2,088,500	\$ (7,524,328)
Net pension liability - beginning	23,763,692	15,236,992	35,476,712	26,042,354	21,129,094	21,515,008	30,392,772	23,634,641	21,546,141	29,070,469
Net pension liability - ending	\$ 27,832,259	\$ 23,763,692	\$ 15,236,992	\$ 35,476,712	\$ 26,042,354	\$ 21,129,094	\$ 21,515,008	\$ 30,392,772	\$ 23,634,641	\$ 21,546,141
Plan fiduciary net position as a percentage of the total pension liability	85.62%	86.86%	91.28%	78.22%	83.20%	85.36%	84.32%	77.60%	81.59%	82.38%
Covered payroll	\$ 34,909,049	\$ 31,774,027	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059	\$ 27,653,817	\$ 27,055,004	\$ 26,909,663	\$ 25,811,638
Net pension liability as a percentage of covered payroll	79.73%	74.79%	49.34%	113.37%	86.69%	74.16%	77.80%	112.34%	87.83%	83.47%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION  
 Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,066,338	\$ 5,135,122	\$ 4,082,962	\$ 3,968,511	\$ 3,526,663	\$ 3,385,684	\$ 3,350,666	\$ 3,252,089	\$ 3,453,068	\$ 3,432,558
Contributions in relation to the										
contractually required contribution	6,066,338	5,135,122	4,082,962	3,968,511	3,526,663	3,385,684	3,350,666	3,252,089	3,453,068	3,432,558
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 41,239,549	\$ 34,909,049	\$ 31,774,027	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059	\$ 27,653,817	\$ 27,055,004	\$ 26,909,663
Contributions as a percentage of covered payroll	14.71%	14.71%	12.85%	12.85%	11.27%	11.27%	11.76%	11.76%	12.76%	12.76%

CITY OF HARRISONBURG, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES  
Last Ten Plan Years

Exhibit 15

	Plan Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 229,576	\$ 211,603	\$ 210,686	\$ 220,684	\$ 211,475	\$ 201,048	\$ 199,527	\$ 204,651	\$ 211,969	\$ 215,283
Service cost	633,472	601,872	547,983	523,147	501,885	486,490	479,180	470,931	452,999	431,841
Interest	134,809	160,306	33,696	35,135	39,455	(115,580)	(180,228)	(161,984)	6,161	-
Difference between expected and actual experience	-	-	290,157	-	199,487	-	(31,097)	-	-	-
Changes of assumptions	(504,316)	(542,899)	(448,629)	(373,425)	(370,087)	(333,991)	(391,895)	(399,639)	(430,270)	(259,447)
Benefit payments, including refunds of employee contributions	493,541	430,882	633,893	405,541	582,215	237,967	75,487	113,959	240,859	387,677
Net change in total pension liability	9,407,356	8,976,474	8,342,581	7,937,040	7,354,825	7,116,858	7,041,371	6,927,412	6,686,553	6,298,876
Total pension liability - beginning	9,900,897	9,407,356	8,976,474	8,342,581	7,937,040	7,354,825	7,116,858	7,041,371	6,927,412	6,686,553
Total pension liability - ending	\$ 10,601,364	\$ 10,217,849	\$ 10,584,691	\$ 8,536,800	\$ 8,568,326	\$ 8,216,842	\$ 7,788,535	\$ 7,148,505	\$ 7,206,581	\$ 7,095,483
Plan fiduciary net position	\$ 110,026	\$ 797,724	\$ (1,413,998)	\$ 437,067	\$ 230,731	\$ (190,340)	\$ (564,543)	\$ 172,035	\$ 129,761	\$ (572,882)
Contributions - employer	(810,493)	(1,608,217)	(1,608,217)	(631,286)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)	163,952
Contributions - employee	(700,467)	(810,493)	(1,608,217)	(194,219)	(631,286)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)
Net investment income	263	240	217	(192)	(342)	(510)	(761)	(52)	(69)	51
Administrative expense	383,515	(366,842)	2,047,891	(31,526)	351,484	428,307	640,030	(58,076)	111,098	960,559
Other changes	10,217,849	10,584,691	8,536,800	8,568,326	8,216,842	7,788,535	7,148,505	7,206,581	7,095,483	6,134,924
Net change in fiduciary net position	10,601,364	10,217,849	10,584,691	8,536,800	8,568,326	8,216,842	7,788,535	7,148,505	7,206,581	7,095,483
Plan fiduciary net position - beginning	\$ 110,026	\$ 797,724	\$ (1,413,998)	\$ 437,067	\$ 230,731	\$ (190,340)	\$ (564,543)	\$ 172,035	\$ 129,761	\$ (572,882)
Plan fiduciary net position - ending	(810,493)	(1,608,217)	(1,608,217)	(631,286)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)	163,952
Change in net pension liability	(700,467)	(810,493)	(1,608,217)	(194,219)	(631,286)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)
Net pension liability (asset) - beginning	107.07%	108.62%	117.92%	102.33%	107.95%	111.72%	109.44%	101.52%	104.03%	106.12%
Net pension liability (asset) - ending	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448	\$ 2,319,940	\$ 2,157,068	\$ 1,956,491	\$ 1,927,977	\$ 1,921,153	\$ 1,941,438
Plan fiduciary net position as a percentage of the total pension liability	-22.23%	-31.85%	-65.69%	-8.10%	-27.21%	-39.96%	-34.33%	-5.56%	-14.53%	-21.06%
Covered payroll										
Net pension liability as a percentage of covered payroll										

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES  
 Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 146,407	\$ 140,866	\$ 102,032	\$ 98,175	\$ 91,065	\$ 88,158	\$ 100,951	\$ 91,564	\$ 135,537	\$ 135,057
Contributions in relation to the										
contractually required contribution	\$ 146,407	\$ 140,866	\$ 102,032	\$ 98,175	\$ 91,065	\$ 88,158	\$ 100,951	\$ 91,564	\$ 135,537	\$ 135,057
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448	\$ 2,319,940	\$ 2,157,068	\$ 1,956,491	\$ 1,927,977	\$ 1,921,153
Contributions as a percentage of covered payroll	4.47%	4.47%	4.01%	4.01%	3.80%	3.80%	4.68%	4.68%	7.03%	7.03%

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 SCHOOL BOARD TEACHER COST-SHARING POOL  
 Last Ten Plan Years

	Plan Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.53328%	0.52092%	0.50316%	0.49887%	0.49235%	0.48893%	0.47233%	0.45714%	0.44562%	0.44712%
Proportionate share of the net pension liability \$	53,899,702	\$ 49,594,703	\$ 39,060,800	\$ 72,598,687	\$ 64,796,058	\$ 57,498,000	\$ 58,087,000	\$ 64,064,000	\$ 56,088,000	\$ 54,033,000
Covered payroll	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,699,504	\$ 37,191,094	\$ 34,585,344	\$ 33,237,754	\$ 32,684,093
Proportionate share of the net pension liability as a percentage of covered payroll	100.15%	101.20%	87.17%	165.39%	156.01%	144.83%	156.19%	185.23%	168.75%	165.32%
Plan fiduciary net position as a percentage of the total pension liability	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 SCHOOL BOARD TEACHER COST-SHARING POOL  
 Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,656,112	\$ 8,945,009	\$ 8,145,234	\$ 7,447,297	\$ 6,882,902	\$ 6,512,298	\$ 6,478,959	\$ 5,452,215	\$ 4,862,700	\$ 4,819,475
Contributions in relation to the										
contractually required contribution	\$ 9,656,112	\$ 8,945,009	\$ 8,145,234	\$ 7,447,297	\$ 6,882,902	\$ 6,512,298	\$ 6,478,959	\$ 5,452,215	\$ 4,862,700	\$ 4,819,475
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,699,504	\$ 37,191,094	\$ 34,585,344	\$ 33,237,754
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%	14.50%



CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION VRS GROUP LIFE INSURANCE PROGRAM  
 Last Seven Plan Years

	Plan Year				
	2023	2022	2021	2020	2017
Proportion of the net OPEB liability	0.14880%	0.14713%	0.14993%	0.15215%	0.14999%
Proportionate share of the net OPEB liability	\$ 1,796,339	\$ 1,783,963	\$ 1,748,724	\$ 2,515,130	\$ 2,286,723
Covered payroll	\$ 35,049,182	\$ 32,009,597	\$ 30,883,351	\$ 31,292,489	\$ 28,492,059
Proportionate share of the net OPEB liability as a percentage of its covered payroll	5.13%	5.57%	5.66%	8.04%	8.03%
Plan fiduciary net position as a percentage of the total OPEB liability	69.30%	67.21%	67.45%	52.64%	51.22%
					48.86%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 (plan year 2017) was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF OPEB CONTRIBUTIONS  
 PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION VRS GROUP LIFE INSURANCE PROGRAM  
 Last Seven Fiscal Years

	Fiscal Year						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 223,331	\$ 189,265	\$ 171,572	\$ 165,828	\$ 164,163	\$ 157,904	\$ 149,509
Contributions in relation to the							
contractually required contribution	223,331	189,265	171,572	165,828	164,163	157,904	149,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 41,359,458	\$ 35,049,182	\$ 32,009,597	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059
Contributions as a percentage of covered payroll	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 SCHOOL BOARD VRS GROUP LIFE INSURANCE PROGRAM  
 Last Seven Plan Years

Exhibit 21

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.24188%	0.23700%	0.22889%	0.22503%	0.22371%	0.22044%	0.21406%
Proportionate share of the net OPEB liability	\$ 2,900,899	\$ 2,853,708	\$ 2,664,900	\$ 3,755,382	\$ 3,640,357	\$ 3,347,000	\$ 3,221,000
Covered payroll	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,312,246	\$ 43,852,452	\$ 41,916,791	\$ 39,484,045
Proportionate share of the net OPEB liability as a percentage of its covered payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 (plan year 2017) was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF OPEB CONTRIBUTIONS  
 SCHOOL BOARD VRS GROUP LIFE INSURANCE PROGRAM  
 Last Seven Fiscal Years

Exhibit 22

	Fiscal Year						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 331,423	\$ 307,670	\$ 278,387	\$ 255,191	\$ 240,824	\$ 228,033	\$ 217,967
Contributions in relation to the							
contractually required contribution	331,423	307,670	278,387	255,191	240,824	228,033	217,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 61,374,670	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,312,246	\$ 43,852,452	\$ 41,916,791
Contributions as a percentage of covered payroll	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 SCHOOL BOARD TEACHER COST-SHARING VRS HEALTH INSURANCE CREDIT PROGRAM  
 Last Seven Plan Years

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.53977%	0.52583%	0.50667%	0.50071%	0.49516%	0.49147%	0.47489%
Proportionate share of the net OPEB liability	\$ 6,538,868	\$ 6,567,861	\$ 6,503,460	\$ 6,531,844	\$ 6,482,126	\$ 6,240,000	\$ 6,025,000
Covered payroll	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,747,031	\$ 37,191,094
Proportionate share of the net OPEB liability as a percentage of its covered payroll	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.20%
Plan fiduciary net position as a percentage of the total OPEB liability	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 (plan year 2017) was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF OPEB CONTRIBUTIONS  
 SCHOOL BOARD TEACHER COST-SHARING VRS HEALTH INSURANCE CREDIT PROGRAM  
 Last Seven Fiscal Years

	Fiscal Year						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 703,002	\$ 651,231	\$ 593,004	\$ 542,192	\$ 526,753	\$ 498,390	\$ 488,888
Contributions in relation to the							
contractually required contribution	703,002	651,231	593,004	542,192	526,753	498,390	488,888
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,747,031
Contributions as a percentage of covered payroll	1.21%	1.21%	1.21%	1.21%	1.20%	1.20%	1.23%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 was the first year that information was available. Additional years will be included as they become available.

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES VRS HEALTH INSURANCE CREDIT PROGRAM**  
**Last Four Plan Years**

	Plan Year			
	2023	2022	2021	2020
Total OPEB liability				
Service cost	\$ 2,206	\$ 3,436	\$ 3,463	\$ -
Interest	14,973	13,983	12,416	-
Difference between expected and actual experience	(102,935)	(2,029)	-	-
Changes of assumptions	-	5,714	6,417	-
Changes of benefit terms	-	-	-	183,944
Benefit payments, including refunds of employee contributions	(5,336)	(5,055)	-	-
Net change in total OPEB liability	(91,092)	16,049	22,296	183,944
Total OPEB liability - beginning	222,289	206,240	183,944	-
Total OPEB liability - ending	\$ 131,197	\$ 222,289	\$ 206,240	\$ 183,944
Plan fiduciary net position				
Contributions - employer	\$ 25,841	\$ 17,812	\$ 17,137	\$ -
Net investment income	2,893	(303)	2,337	-
Benefit payments, including refunds of employee contributions	(5,336)	(5,055)	-	-
Administrative expense	(84)	(61)	(76)	-
Net change in fiduciary net position	23,314	12,393	19,398	-
Plan fiduciary net position - beginning	31,791	19,398	-	-
Plan fiduciary net position - ending	\$ 55,105	\$ 31,791	\$ 19,398	\$ -
Change in net OPEB liability	\$ (114,406)	\$ 3,656	\$ 2,898	\$ 183,944
Net OPEB liability (asset) - beginning	190,498	186,842	183,944	-
Net OPEB liability (asset) - ending	\$ 76,092	\$ 190,498	\$ 186,842	\$ 183,944
Plan fiduciary net position as a percentage of the total OPEB liability	42.00%	14.30%	9.41%	0.00%
Covered payroll	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448
Net OPEB liability as a percentage of covered payroll	2.41%	7.49%	7.63%	7.68%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2021 (plan year 2020) was the first year that this plan was available. Additional years will be included as they become available.

**CITY OF HARRISONBURG, VIRGINIA**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES VRS HEALTH INSURANCE CREDIT PROGRAM**  
**Last Four Fiscal Years**

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**Exhibit 26**

	Fiscal Year			
	2024	2023	2022	2021
Actuarially determined contribution	\$ 26,858	\$ 25,841	\$ 17,811	\$ 17,137
Contributions in relation to the actuarially determined contribution	26,858	25,841	17,811	17,137
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251
Contributions as a percentage of covered payroll	0.82%	0.82%	0.70%	0.70%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2021 was the first year that this plan was available. Additional years will be included as they become available.



CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 PRIMARY GOVERNMENT LOCAL HEALTH INSURANCE PROGRAM

Exhibit 27

Last Seven Plan Years

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability	\$ 349,418	\$ 335,850	\$ 666,698	\$ 634,950	\$ 604,714	\$ 417,069	\$ 397,209
Service cost	235,640	233,326	341,291	317,734	235,404	263,792	253,632
Interest	(2,042,536)	-	(1,645,184)	-	2,577,043	-	-
Difference between expected and actual experience	(1,823,557)	-	388,470	-	(413,527)	-	-
Changes of assumptions	(476,601)	(561,585)	(528,551)	(496,489)	(445,448)	(346,085)	(323,444)
Benefit payments	(3,757,636)	7,591	(777,276)	456,195	2,558,186	334,776	327,397
Net change in total OPEB liability	10,936,362	10,928,771	11,706,047	11,249,852	8,691,666	8,356,890	8,029,493
Total OPEB liability - beginning	7,178,726	10,936,362	10,928,771	11,706,047	11,249,852	8,691,666	8,356,890
Total OPEB liability - ending	\$ 31,448,999	\$ 28,400,178	\$ 27,533,665	\$ 28,056,808	\$ 26,874,560	\$ 25,454,327	\$ 24,715,319
Covered-employee payroll	22.83%	38.51%	39.69%	41.72%	41.86%	34.15%	33.81%
Total OPEB liability as a percentage of covered-employee payroll							

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 (plan year 2017) was the first year that information was available. Additional years will be included as they become available.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 SCHOOL BOARD LOCAL HEALTH INSURANCE PROGRAM  
 Last Seven Plan Years

Exhibit 28

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability	\$ 719,693	\$ 685,422	\$ 997,969	\$ 950,447	\$ 905,188	\$ 640,131	\$ 609,649
Service cost	253,964	248,369	371,777	345,273	288,277	324,811	318,768
Interest	(1,896,052)	-	(2,172,203)	-	1,574,768	-	-
Difference between expected and actual experience	(1,083,703)	-	352,911	-	(583,415)	-	-
Changes of assumptions	(711,437)	(817,242)	(746,204)	(770,630)	(691,406)	(765,839)	(715,737)
Benefit payments	(2,717,535)	116,549	(1,195,750)	525,090	1,493,412	199,103	212,680
Net change in total OPEB liability	11,641,459	11,524,910	12,720,660	12,195,570	10,702,158	10,503,055	10,290,375
Total OPEB liability - beginning	8,923,924	11,641,459	11,524,910	12,720,660	12,195,570	10,702,158	10,503,055
Total OPEB liability - ending	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,292,509	\$ 43,852,452	\$ 41,856,572	\$ 39,147,585
Covered-employee payroll	15.66%	22.58%	24.39%	27.48%	27.81%	25.57%	26.83%
Total OPEB liability as a percentage of covered-employee payroll							

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2022 information was presented in the fiscal year 2023 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2018 (plan year 2017) was the first year that information was available. Additional years will be included as they become available.

**Note 1. Pension Plans**

The Harrisonburg Electric Commission (HEC), a component unit, participates in the City's pension plan. The amounts provided for the primary government includes both the City and HEC's combined pension information.

**Changes of Benefit Terms.** There have been no significant changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

**Changes of Assumptions.** The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Updated mortality table to PUB2010 public sector mortality rates. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates for better fit experience for Plan 1, set separate retirement rates based on experience for Plan 2/Hybrid, and changed final retirement from 75 to 80 for all plans
- Adjusted withdrawal rates at each year age and service through 9 years of service

All Others (Non 10 Largest) – Hazardous Duty:

- Updated mortality table to PUB2010 public sector mortality rates and increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates for better fit experience and changed final retirement from 65 to 70
- Adjusted withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with the Largest 10 Hazardous Duty

Teacher Cost-Sharing Pool:

- Updated mortality table to PUB2010 public sector mortality rates. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates for better fit experience for Plan 1, set separate retirement rates based on experience for Plan 2/Hybrid, and changed final retirement from 75 to 80 for all plans
- Adjusted withdrawal rates at each year age and service through 9 years of service

**Note 2. Other Postemployment Benefit Plans**

**VRS Group Life Insurance Program**

The Harrisonburg Electric Commission (HEC), a component unit, participates in the City's Group Life Insurance plan. The amounts provided for the primary government includes both the City and HEC's combined OPEB information.

**Changes of Benefit Terms.** There have been no significant changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

**Changes of Assumptions.** The changes in actuarial assumptions used are substantially the same as described in Note 1.

## **Note 2. Other Postemployment Benefit Plans (continued)**

### **VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool**

**Changes of Benefit Terms.** There have been no significant changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

**Changes of Assumptions.** The changes in actuarial assumptions used are substantially the same as described in Note 1.

### **VRS Health Insurance Credit Program – Nonprofessional Employees**

**Changes of Benefit Terms.** There have been no significant changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

**Changes of Assumptions.** The changes in actuarial assumptions used are substantially the same as described in Note 1.

### **Local Health Insurance Program**

There are no assets accumulated in a trust to pay the related benefits of this program.

**Changes of Benefit Terms.** There have been no significant changes to the benefit provisions since the prior actuarial valuation.

**Changes of Assumptions.** The following changes were made to the actuarial assumptions and methods used in the June 30, 2023 actuarial valuation for the City and School Board:

- Increased the discount rate from 2.18% to 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index.
- The assumed healthcare cost trend rate was changed from 6.25% grading uniformly to 5.75% over two years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075 to 6.25% in 2023, and then decreased uniformly from 7% to 5.6% over the next three years to then follow the Getzen model to an ultimate rate of 4.04% in 2075.
- Mortality, retirement, withdrawal and disability assumptions were changed to be consistent with the most recent VRS report for GASB 68 issued in July 2022.

**OTHER  
SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Community Development Block Grant Fund** - This fund accounts for the administration of the community development block grant funds received from the Federal Government.

**School Transportation Fund** - This fund accounts for the operations of the City's school bus system. Financing is provided by payments for services from the Harrisonburg City School Board. Funding is a committed revenue source and is used only for the operations of the school bus system.

**Business Loan Program Fund** - This fund accounts for the administration of the Harrisonburg Business Loan Program which is a revolving loan program. This program provides microloans to qualifying local businesses. Financing originally has been provided by the Federal Government along with additional funding from the City.

CITY OF HARRISONBURG, VIRGINIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
At June 30, 2024

Exhibit A-1

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development Block Grant Fund</u>	<u>School Transportation Fund</u>	<u>Business Loan Program Fund</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 3,246,009	\$ 243,056	\$ 3,489,065
Receivables	-	492	273	765
Due from component units	-	87,583	-	87,583
Due from other governments	191,643	570,330	-	761,973
Prepaid expenditures	-	3,763	-	3,763
Loans receivable	-	-	59,014	59,014
<b>Total assets</b>	<u>\$ 191,643</u>	<u>\$ 3,908,177</u>	<u>\$ 302,343</u>	<u>\$ 4,402,163</u>
<b>Liabilities</b>				
Accounts payable	\$ 30,634	\$ 6,135	\$ -	\$ 36,769
Accrued payroll	428	181,401	-	181,829
Due to other funds	160,581	-	-	160,581
Due to component units	-	1,823	-	1,823
Total liabilities	<u>191,643</u>	<u>189,359</u>	<u>-</u>	<u>381,002</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	59,014	59,014
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>59,014</u>	<u>59,014</u>
<b>Fund Balances</b>				
Nonspendable	-	3,763	-	3,763
Committed	-	2,422,966	166,529	2,589,495
Assigned	-	1,292,089	76,800	1,368,889
Total fund balances	<u>-</u>	<u>3,718,818</u>	<u>243,329</u>	<u>3,962,147</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 191,643</u>	<u>\$ 3,908,177</u>	<u>\$ 302,343</u>	<u>\$ 4,402,163</u>



CITY OF HARRISONBURG, VIRGINIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2024

Exhibit A-2

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development Block Grant Fund</u>	<u>School Transportation Fund</u>	<u>Business Loan Program Fund</u>	
<b>Revenues:</b>				
Use of money and property	\$ -	\$ 136,178	\$ 11,898	\$ 148,076
Charges for services	-	5,619,432	-	5,619,432
Miscellaneous	-	1,932	29,922	31,854
Intergovernmental	661,952	570,330	-	1,232,282
Total revenues	<u>661,952</u>	<u>6,327,872</u>	<u>41,820</u>	<u>7,031,644</u>
<b>Expenditures:</b>				
Current:				
Education	-	5,427,497	-	5,427,497
Community development	661,952	-	25,000	686,952
Debt service:				
Principal retirement	-	1,169	-	1,169
Interest and fiscal charges	-	152	-	152
Total expenditures	<u>661,952</u>	<u>5,428,818</u>	<u>25,000</u>	<u>6,115,770</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>899,054</u>	<u>16,820</u>	<u>915,874</u>
<b>Other financing sources:</b>				
Long-term debt issued or incurred	-	12,382	-	12,382
Total other financing sources	<u>-</u>	<u>12,382</u>	<u>-</u>	<u>12,382</u>
<b>Net change in fund balances</b>	-	911,436	16,820	928,256
Fund balances at beginning of year	<u>-</u>	<u>2,807,382</u>	<u>226,509</u>	<u>3,033,891</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 3,718,818</u>	<u>\$ 243,329</u>	<u>\$ 3,962,147</u>

CITY OF HARRISONBURG, VIRGINIA  
SCHOOL TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Exhibit A-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 19,760	\$ 19,760	\$ 136,178	\$ 116,418
Charges for services	5,621,963	5,621,963	5,619,432	(2,531)
Miscellaneous	15,000	15,000	1,932	(13,068)
Intergovernmental	-	570,330	570,330	-
Total revenues	<u>5,656,723</u>	<u>6,227,053</u>	<u>6,327,872</u>	<u>100,819</u>
<b>Expenditures:</b>				
Current:				
Education	6,256,723	7,119,189	5,427,497	1,691,692
Debt service:				
Principal retirement	-	1,169	1,169	-
Interest and fiscal charges	-	152	152	-
Total expenditures	<u>6,256,723</u>	<u>7,120,510</u>	<u>5,428,818</u>	<u>1,691,692</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(600,000)</u>	<u>(893,457)</u>	<u>899,054</u>	<u>1,792,511</u>
<b>Other financing sources:</b>				
Long-term debt issued or incurred	-	-	12,382	12,382
Total other financing sources	-	-	12,382	12,382
<b>Net change in fund balances</b>	<u>\$ (600,000)</u>	<u>\$ (893,457)</u>	911,436	<u>\$ 1,804,893</u>
Fund balance at beginning of year			<u>2,807,382</u>	
Fund balance at end of year			<u>\$ 3,718,818</u>	

BUSINESS LOAN PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 11,898	\$ 11,898
Miscellaneous	27,500	27,500	29,922	2,422
Total revenues	<u>27,500</u>	<u>27,500</u>	<u>41,820</u>	<u>14,320</u>
<b>Expenditures:</b>				
Current:				
Community development	100,000	100,000	25,000	75,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>25,000</u>	<u>75,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ <u><u>(72,500)</u></u>	\$ <u><u>(72,500)</u></u>	16,820	\$ <u><u>89,320</u></u>
Fund balance at beginning of year			<u>226,509</u>	
Fund balance at end of year			\$ <u><u>243,329</u></u>	

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## Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

**Central Garage Fund** - This fund accounts for the operations of the City's central garage. Financing is provided by charges to other departments and agencies for services rendered and transfers from other funds for overhead costs.

**Central Stores Fund** - This fund accounts for the operations of the City's central stores. Financing is provided by charges to other departments and agencies for the sale of materials and supplies and transfers from other funds for overhead costs.

**Health Insurance Fund** - This fund accounts for the health insurance premium collections and claims payments related to the operation of the City's self-insured health insurance program. Financing is provided by premiums paid by departments, employees and organizations which participate in the insurance plan.

CITY OF HARRISONBURG, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
At June 30, 2024

Exhibit B-1

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,167,837	\$ -	\$ 8,724,947	\$ 10,892,784
Receivables	5,851	-	1,278	7,129
Due from component units	13,078	-	-	13,078
Inventory	204,242	1,484,263	-	1,688,505
Prepaid expenses	823	-	-	823
<b>Total current assets</b>	<u>2,391,831</u>	<u>1,484,263</u>	<u>8,726,225</u>	<u>12,602,319</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	4,932,828	401,213	-	5,334,041
<b>Total noncurrent assets</b>	<u>4,932,828</u>	<u>401,213</u>	<u>-</u>	<u>5,334,041</u>
<b>Total assets</b>	<u>7,324,659</u>	<u>1,885,476</u>	<u>8,726,225</u>	<u>17,936,360</u>
<b>Deferred outflows of resources</b>				
Deferred OPEB outflows	16,706	2,615	-	19,321
Deferred pension outflows	210,650	20,917	-	231,567
<b>Total deferred outflows of resources</b>	<u>227,356</u>	<u>23,532</u>	<u>-</u>	<u>250,888</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	205,964	35,231	518,446	759,641
Accrued payroll	20,823	2,896	-	23,719
Due to other funds	-	231,973	-	231,973
Due to component units	2,985	300	-	3,285
Leases	1,021	-	-	1,021
Compensated absences	79,544	10,644	-	90,188
Net OPEB liability	-	300	-	300
<b>Total current liabilities</b>	<u>310,337</u>	<u>281,344</u>	<u>518,446</u>	<u>1,110,127</u>
Noncurrent liabilities:				
Leases	3,785	-	-	3,785
Compensated absences	26,060	-	-	26,060
Net OPEB liability	114,643	20,830	-	135,473
Net pension liability	579,888	57,580	-	637,468
<b>Total noncurrent liabilities</b>	<u>724,376</u>	<u>78,410</u>	<u>-</u>	<u>802,786</u>
<b>Total liabilities</b>	<u>1,034,713</u>	<u>359,754</u>	<u>518,446</u>	<u>1,912,913</u>
<b>Deferred inflows of resources</b>				
Deferred OPEB inflows	49,366	10,222	-	59,588
Deferred pension inflows	71,858	7,135	-	78,993
<b>Total deferred inflows of resources</b>	<u>121,224</u>	<u>17,357</u>	<u>-</u>	<u>138,581</u>
<b>Net position</b>				
Net investment in capital assets	4,928,023	401,213	-	5,329,236
Unrestricted	1,468,055	1,130,684	8,207,779	10,806,518
<b>Total net position</b>	<u>\$ 6,396,078</u>	<u>\$ 1,531,897</u>	<u>\$ 8,207,779</u>	<u>\$ 16,135,754</u>

CITY OF HARRISONBURG, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2024

Exhibit B-2

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
<b>Operating revenues:</b>				
Charges for services	\$ 5,598,255	\$ 1,395,902	\$ 21,948,498	\$ 28,942,655
Total operating revenues	<u>5,598,255</u>	<u>1,395,902</u>	<u>21,948,498</u>	<u>28,942,655</u>
<b>Operating expenses:</b>				
Personal services	980,963	113,517	-	1,094,480
Fringe benefits	314,370	55,738	-	370,108
Purchased services	422,182	19,629	707,650	1,149,461
Internal services	4,419	2,119	-	6,538
Other charges	116,359	32,063	847,614	996,036
Materials and supplies	52,823	2,568	-	55,391
Depreciation and amortization	190,630	18,881	-	209,511
Cost of inventory issued	3,306,344	1,396,249	-	4,702,593
Claims related charges	-	-	19,483,898	19,483,898
Total operating expenses	<u>5,388,090</u>	<u>1,640,764</u>	<u>21,039,162</u>	<u>28,068,016</u>
<b>Operating income (loss)</b>	<u>210,165</u>	<u>(244,862)</u>	<u>909,336</u>	<u>874,639</u>
<b>Nonoperating revenues:</b>				
Miscellaneous revenue	3,936	26	-	3,962
Investment revenue	101,195	-	420,335	521,530
Interest expense	(65)	-	-	(65)
Loss on disposal of capital assets	(58,046)	-	-	(58,046)
Total nonoperating revenues	<u>47,020</u>	<u>26</u>	<u>420,335</u>	<u>467,381</u>
<b>Income (loss) before transfers</b>	257,185	(244,836)	1,329,671	1,342,020
Transfers in	-	233,651	-	233,651
<b>Change in net position</b>	257,185	(11,185)	1,329,671	1,575,671
Net position at beginning of year	<u>6,138,893</u>	<u>1,543,082</u>	<u>6,878,108</u>	<u>14,560,083</u>
Net position at end of year	<u>\$ 6,396,078</u>	<u>\$ 1,531,897</u>	<u>\$ 8,207,779</u>	<u>\$ 16,135,754</u>

CITY OF HARRISONBURG, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2024

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 5,596,552	\$ 1,395,902	\$ -	\$ 6,992,454
Receipts from premiums	-	-	21,948,498	21,948,498
Receipts other sources	3,609	-	-	3,609
Payments to employees	(974,757)	(111,265)	-	(1,086,022)
Payments for fringe benefits	(374,626)	(52,016)	-	(426,642)
Payments to vendors	(4,011,656)	(1,386,959)	(1,555,264)	(6,953,879)
Payments for internal services	(4,419)	(2,119)	-	(6,538)
Payments for claims related charges	-	-	(19,973,969)	(19,973,969)
Net cash provided by (used for) operating activities	<u>234,703</u>	<u>(156,457)</u>	<u>419,265</u>	<u>497,511</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	233,651	-	233,651
Interfund loan	-	(77,194)	-	(77,194)
Net cash provided by noncapital financing activities	<u>-</u>	<u>156,457</u>	<u>-</u>	<u>156,457</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on long-term debt	(500)	-	-	(500)
Interest paid on long-term debt	(65)	-	-	(65)
Purchase and construction of capital assets	(108,907)	-	-	(108,907)
Net cash used for noncapital financing activities	<u>(109,472)</u>	<u>-</u>	<u>-</u>	<u>(109,472)</u>
<b>Cash flows from investing activities:</b>				
Interest received	<u>101,145</u>	<u>-</u>	<u>420,421</u>	<u>521,566</u>
Net cash provided by investing activities	<u>101,145</u>	<u>-</u>	<u>420,421</u>	<u>521,566</u>
<b>Net increase in cash and cash equivalents</b>	<b>226,376</b>	<b>-</b>	<b>839,686</b>	<b>1,066,062</b>
<b>Cash and cash equivalents:</b>				
Beginning	<u>1,941,461</u>	<u>-</u>	<u>7,885,261</u>	<u>9,826,722</u>
Ending	<u>\$ 2,167,837</u>	<u>\$ -</u>	<u>\$ 8,724,947</u>	<u>\$ 10,892,784</u>

(continued)



**CITY OF HARRISONBURG, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2024**

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 210,165	\$ (244,862)	\$ 909,336	\$ 874,639
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	190,630	18,881	-	209,511
Miscellaneous revenue	3,936	26	-	3,962
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in:				
Accounts receivable	(1,502)	-	-	(1,502)
Due from component units	(201)	25,600	-	25,399
Inventory	(63,857)	-	-	(63,857)
Prepaid expenses	(88)	-	-	(88)
Deferred outflows of resources	(26,496)	(8,248)	-	(34,744)
Increase (decrease) in:				
Accounts payable	(69,148)	20,544	(490,071)	(538,675)
Accrued payroll	1,456	594	-	2,050
Due to component units	208	(71)	-	137
Compensated absences	5,209	1,834	-	7,043
Net OPEB liability	(79,224)	1,603	-	(77,621)
Net pension liability	96,615	22,210	-	118,825
Deferred inflows of resources	(33,000)	5,432	-	(27,568)
Net cash provided by (used for) operating activities	<u>\$ 234,703</u>	<u>\$ (156,457)</u>	<u>\$ 419,265</u>	<u>\$ 497,511</u>
<b>Non - cash capital and related financing activities:</b>				
Additions to capital assets:				
Lease	\$ 5,306	\$ -	\$ -	\$ 5,306

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## **Custodial Funds**

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds or private-purpose trust funds.

**Economic Development Authority Fund** - This fund accounts for assets held by the City for the Harrisonburg Economic Development Authority.

**Emergency Communications Center Fund** - This fund accounts for assets held by the City for the Harrisonburg-Rockingham Emergency Communications Center (HRECC). The City acts as the fiscal agent for the HRECC.

CITY OF HARRISONBURG, VIRGINIA  
 CUSTODIAL FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 At June 30, 2024

Exhibit C-1

	<u>Economic Development Authority Fund</u>	<u>Emergency Communications Center Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 131,331	\$ 7,501,006	\$ 7,632,337
Receivables	1,105,782	275,342	1,381,124
Prepaid expenses	-	162,045	162,045
<b>Total assets</b>	<u>1,237,113</u>	<u>7,938,393</u>	<u>9,175,506</u>
<b>Liabilities</b>			
Accounts payable	1,105,762	812,580	1,918,342
Accrued payroll	-	66,407	66,407
<b>Total liabilities</b>	<u>1,105,762</u>	<u>878,987</u>	<u>1,984,749</u>
<b>Net Position</b>			
Restricted for other organizations	<u>131,351</u>	<u>7,059,406</u>	<u>7,190,757</u>
<b>Total net position</b>	<u>\$ 131,351</u>	<u>\$ 7,059,406</u>	<u>\$ 7,190,757</u>

CITY OF HARRISONBURG, VIRGINIA  
 CUSTODIAL FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 For the Year Ended June 30, 2024

Exhibit C-2

	<u>Economic Development Authority Fund</u>	<u>Emergency Communications Center Fund</u>	<u>Total</u>
<b>Additions:</b>			
Funds received for benefit of other organizations	\$ 2,284,264	\$ 9,597,778	\$ 11,882,042
Total additions	<u>2,284,264</u>	<u>9,597,778</u>	<u>11,882,042</u>
<b>Deductions:</b>			
Funds disbursed for benefit of other organizations	<u>2,277,703</u>	<u>9,284,419</u>	<u>11,562,122</u>
Total deductions	<u>2,277,703</u>	<u>9,284,419</u>	<u>11,562,122</u>
<b>Net increase in fiduciary net position</b>	6,561	313,359	319,920
Net position at beginning of year	<u>124,790</u>	<u>6,746,047</u>	<u>6,870,837</u>
Net position at end of year	<u>\$ 131,351</u>	<u>\$ 7,059,406</u>	<u>\$ 7,190,757</u>

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## **Discretely Presented Component Unit – School Board**

### **General Fund**

**School Fund** - This fund accounts for the operations of the School Board's elementary, middle and high schools not accounted for and reported in other funds.

### **Special Revenue Fund**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

**School Nutrition Fund** - This fund accounts for the operations of the School Board's centralized cafeterias.

**School Activity Fund** - This fund accounts for the financial resources received from extracurricular school activities, such as from entertainment, athletic contests, club dues and from all school sponsored activities that involve school personnel, students or property.

CITY OF HARRISONBURG, VIRGINIA  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
At June 30, 2024

Exhibit D-1

	<u>School Fund</u>	<u>School Nutrition Fund</u>	<u>School Activity Fund</u>	<u>School Capital Projects Fund</u>	<u>Totals</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 16,947,083	\$ 3,605,494	\$ 722,627	\$ 3,684,906	\$ 24,960,110
Receivables	328,116	558	-	-	328,674
Due from other governments	3,690,145	762,347	-	-	4,452,492
Inventory	-	123,507	-	-	123,507
Prepaid expenditures	479,432	16,295	-	-	495,727
<b>Total assets</b>	<b>\$ 21,444,776</b>	<b>\$ 4,508,201</b>	<b>\$ 722,627</b>	<b>\$ 3,684,906</b>	<b>\$ 30,360,510</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 92,161	\$ 1,396	\$ -	\$ -	\$ 93,557
Accrued payroll	11,024,619	279,989	-	-	11,304,608
Due to primary government	96,355	-	-	-	96,355
Due to component units	143,314	-	-	-	143,314
Unearned revenue	3,241,760	-	-	-	3,241,760
Other liabilities	2,076,765	-	-	-	2,076,765
<b>Total liabilities</b>	<b>16,674,974</b>	<b>281,385</b>	<b>-</b>	<b>-</b>	<b>16,956,359</b>
Fund Balances:					
Nonspendable:					
Inventory	-	123,507	-	-	123,507
Prepaid expenditures	479,432	16,295	-	-	495,727
Committed to:					
Food services	-	3,455,008	-	-	3,455,008
Capital projects	-	-	-	3,684,906	3,684,906
Assigned to:					
Instruction	1,735,503	-	-	-	1,735,503
Administration, attendance and health	69,299	-	722,627	-	791,926
Pupil transportation	8,310	-	-	-	8,310
Operations and maintenance	530,260	-	-	-	530,260
Food services	-	632,006	-	-	632,006
Technology	763,538	-	-	-	763,538
Unassigned	1,183,460	-	-	-	1,183,460
<b>Total fund balances</b>	<b>4,769,802</b>	<b>4,226,816</b>	<b>722,627</b>	<b>3,684,906</b>	<b>13,404,151</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,444,776</b>	<b>\$ 4,508,201</b>	<b>\$ 722,627</b>	<b>\$ 3,684,906</b>	<b>\$ 30,360,510</b>



**CITY OF HARRISONBURG, VIRGINIA**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**At June 30, 2024**

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**Exhibit D-2**

Total fund balances of governmental funds (Exhibit D-1)		\$ 13,404,151
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		67,885,212
Net pension assets are not current financial resources and, therefore, are not reported in the funds.		700,467
Long-term liabilities, and related accounts, are not payable from current financial resources and, therefore, are not reported in the funds.		(76,298,262)
Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred OPEB outflows	\$ 2,915,850	
Deferred pension outflows	19,087,799	
Deferred OPEB inflows	(4,917,977)	
Deferred pension inflows	<u>(5,775,989)</u>	
Net adjustment	<u>\$ 11,309,683</u>	<u>11,309,683</u>
Net position of governmental activities (Exhibit 1)		<u>\$ 17,001,251</u>

CITY OF HARRISONBURG, VIRGINIA  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2024

Exhibit D-3

	<u>School Fund</u>	<u>School Nutrition Fund</u>	<u>School Activity Fund</u>	<u>School Capital Projects Fund</u>	<u>Totals</u>
<b>Revenues:</b>					
Use of money and property	\$ 38,917	\$ 201,506	\$ -	\$ -	\$ 240,423
Charges for services	28,867	76,889	-	-	105,756
Miscellaneous	505,746	20,744	905,661	-	1,432,151
Payment from primary government	38,714,373	-	-	-	38,714,373
Intergovernmental	75,361,733	5,829,078	-	-	81,190,811
Total revenues	<u>114,649,636</u>	<u>6,128,217</u>	<u>905,661</u>	<u>-</u>	<u>121,683,514</u>
<b>Expenditures:</b>					
Current:					
Instruction	82,851,410	-	-	-	82,851,410
Administration, attendance and health	6,662,925	-	940,511	-	7,603,436
Pupil transportation	5,883,068	-	-	-	5,883,068
Operations and maintenance	8,347,529	-	-	-	8,347,529
Food services	-	6,124,372	-	-	6,124,372
Technology	5,958,999	1,102	-	-	5,960,101
Debt service:					
Principal retirement	210,608	-	-	-	210,608
Interest and fiscal charges	38,071	-	-	-	38,071
Capital projects	-	-	-	8,462,387	8,462,387
Total expenditures	<u>109,952,610</u>	<u>6,125,474</u>	<u>940,511</u>	<u>8,462,387</u>	<u>125,480,982</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,697,026</u>	<u>2,743</u>	<u>(34,850)</u>	<u>(8,462,387)</u>	<u>(3,797,468)</u>
<b>Other financing sources (uses):</b>					
Long-term debt issued or incurred	210,798	-	-	-	210,798
Transfers in	-	-	-	3,424,985	3,424,985
Transfers out	(3,424,985)	-	-	-	(3,424,985)
Total other financing sources (uses)	<u>(3,214,187)</u>	<u>-</u>	<u>-</u>	<u>3,424,985</u>	<u>210,798</u>
<b>Net change in fund balances</b>	1,482,839	2,743	(34,850)	(5,037,402)	(3,586,670)
Fund balances at beginning of year	<u>3,286,963</u>	<u>4,224,073</u>	<u>757,477</u>	<u>8,722,308</u>	<u>16,990,821</u>
Fund balances at end of year	<u>\$ 4,769,802</u>	<u>\$ 4,226,816</u>	<u>\$ 722,627</u>	<u>\$ 3,684,906</u>	<u>\$ 13,404,151</u>

**CITY OF HARRISONBURG, VIRGINIA**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

**Exhibit D-4**

Total net change in fund balances of governmental funds (Exhibit D-3) \$ (3,586,670)

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization expense.

Capital outlay expenditures	\$ 10,418,155	
Depreciation and amortization expense	<u>(3,936,861)</u>	
Net adjustment	\$ <u>6,481,294</u>	6,481,294

The transfer of capital assets between the primary government and the School Board affects only the statement of activities. These transfers do not have an effect on current financial resources and, therefore, are not reported in governmental funds. 3,664,324

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Long-term debt incurred	\$ (210,798)	
Principal payments	<u>210,608</u>	
Net adjustment	\$ <u>(190)</u>	(190)

The net effect of a lease modification involving capital assets and long-term debt increased net position on the statement of activities. 23,791

Certain expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This amount is the net change in these expenses. (248,023)

Governmental funds report employer OPEB and contributions as expenditures. However, in the statement of activities the cost of OPEB and pension benefits earned, net of employee contributions, are reported as OPEB and pension expense. This is the amount by which employer and nonemployer OPEB and pension contributions exceeded OPEB and pension expense.

Employer OPEB contributions	\$ 1,772,720	
Employer pension contributions	9,144,601	
Nonemployer OPEB contributions	46,156	
Nonemployer pension contributions	786,359	
OPEB expense	(1,372,750)	
Pension expense	<u>(6,960,111)</u>	
Net adjustment	\$ <u>3,416,975</u>	3,416,975

Change in net position of governmental activities (Exhibit 2) \$ 9,751,501

CITY OF HARRISONBURG, VIRGINIA  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHOOL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Exhibit D-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 30,000	\$ 30,000	\$ 38,917	\$ 8,917
Charges for services	7,500	7,500	28,867	21,367
Miscellaneous	441,042	441,042	505,746	64,704
Payment from primary government	42,267,782	41,713,910	38,714,373	(2,999,537)
Intergovernmental	71,622,769	76,482,201	75,361,733	(1,120,468)
Total revenues	<u>114,369,093</u>	<u>118,674,653</u>	<u>114,649,636</u>	<u>(4,025,017)</u>
<b>Expenditures:</b>				
Current:				
Instruction	84,840,879	87,753,197	82,851,410	4,901,787
Administration, attendance and health	6,385,932	6,979,943	6,662,925	317,018
Pupil transportation	5,938,229	6,489,721	5,883,068	606,653
Operations and maintenance	7,889,293	8,975,389	8,347,529	627,860
Technology	6,080,081	7,257,006	5,958,999	1,298,007
Debt service:				
Principal retirement	197,946	210,608	210,608	-
Interest and fiscal charges	36,733	38,071	38,071	-
Total expenditures	<u>111,369,093</u>	<u>117,703,935</u>	<u>109,952,610</u>	<u>7,751,325</u>
<b>Excess of revenues over expenditures</b>	<u>3,000,000</u>	<u>970,718</u>	<u>4,697,026</u>	<u>3,726,308</u>
<b>Other financing sources (uses):</b>				
Long-term debt issued or incurred	-	210,798	210,798	-
Transfers out	(3,000,000)	(3,424,985)	(3,424,985)	-
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>(3,214,187)</u>	<u>(3,214,187)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (2,243,469)</u>	<u>1,482,839</u>	<u>\$ 3,726,308</u>
Fund balance at beginning of year			<u>3,286,963</u>	
Fund balance at end of year			<u>\$ 4,769,802</u>	

CITY OF HARRISONBURG, VIRGINIA  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHOOL NUTRITION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Exhibit D-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 75,000	\$ 75,000	\$ 201,506	\$ 126,506
Charges for services	26,000	26,000	76,889	50,889
Miscellaneous	40,000	40,000	20,744	(19,256)
Intergovernmental	5,420,000	5,420,000	5,829,078	409,078
Total revenues	<u>5,561,000</u>	<u>5,561,000</u>	<u>6,128,217</u>	<u>567,217</u>
<b>Expenditures:</b>				
Current:				
Food services	5,969,426	5,969,426	6,124,372	(154,946)
Technology	30,000	30,000	1,102	28,898
Total expenditures	<u>5,999,426</u>	<u>5,999,426</u>	<u>6,125,474</u>	<u>(126,048)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (438,426)</u>	<u>\$ (438,426)</u>	2,743	<u>\$ 441,169</u>
Fund balance at beginning of year			<u>4,224,073</u>	
Fund balance at end of year			<u>\$ 4,226,816</u>	

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## Other Supplementary Schedules

**Schedule of Revenues – Budget to Actual** - This schedule provides additional detailed final budget and actual revenue information for the City's governmental funds and discretely presented component unit – School Board.

**Schedule of Expenditures – Budget to Actual** - This schedule provides additional detailed final budget and actual expenditure information for the City's governmental funds and discretely presented component unit – School Board.

**CITY OF HARRISONBURG, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2024**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Primary Government:</b>			
<b>General Fund:</b>			
General property taxes:			
Real property taxes	\$ 53,320,000	\$ 53,448,541	\$ 128,541
Real and personal public service corporation property taxes	628,800	666,471	37,671
Personal property taxes	14,793,600	15,342,288	548,688
Mobile home taxes	10,900	12,151	1,251
Machinery and tools taxes	2,932,300	2,850,506	(81,794)
Penalties and interest	380,000	628,288	248,288
Total general property taxes	<u>72,065,600</u>	<u>72,948,245</u>	<u>882,645</u>
Other local taxes:			
Local sales and use taxes	17,925,300	18,582,222	656,922
Consumer utility taxes	2,018,400	1,990,858	(27,542)
Business license taxes	8,605,900	8,617,396	11,496
Motor vehicle license taxes	-	14,552	14,552
Bank stock taxes	1,033,400	1,046,227	12,827
Taxes on recordation and wills	550,000	627,210	77,210
Tobacco taxes	420,800	404,550	(16,250)
Admission and amusement taxes	149,800	136,336	(13,464)
Hotel and motel room taxes	3,767,000	4,033,138	266,138
Restaurant food taxes	17,690,500	18,923,739	1,233,239
Short-term rental taxes	110,400	124,002	13,602
Public right-of-way use fee	126,200	115,547	(10,653)
Total other local taxes	<u>52,397,700</u>	<u>54,615,777</u>	<u>2,218,077</u>
Permits, privilege fees and regulatory licenses:			
Animal licenses	4,000	4,085	85
Permits and other licenses	573,950	675,573	101,623
Total permits, privilege fees and regulatory licenses	<u>577,950</u>	<u>679,658</u>	<u>101,708</u>
Fines and forfeitures:			
Court fines	200,000	197,486	(2,514)
Parking fines	45,000	43,567	(1,433)
E-summons fee	30,000	26,326	(3,674)
Speed camera fines	1,566,000	2,112,037	546,037
Asset forfeiture	-	15,181	15,181
Other fines and forfeitures	10,000	10,570	570
Total fines and forfeitures	<u>1,851,000</u>	<u>2,405,167</u>	<u>554,167</u>
Use of money and property:			
Use of money	5,905,000	6,142,684	237,684
Use of property	15,000	75,380	60,380
Total use of money and property	<u>5,920,000</u>	<u>6,218,064</u>	<u>298,064</u>

(continued)



**CITY OF HARRISONBURG, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2024**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Primary Government: (continued)</b>			
<b>General Fund: (continued)</b>			
Charges for services:			
Charges for law enforcement and traffic control	\$ 65,000	\$ -	\$ (65,000)
Charges for fire and rescue	9,500	13,556	4,056
Charges for parking	125,000	139,540	14,540
Charges for rescue services	120,000	154,570	34,570
Charges for parks and recreation	409,900	468,327	58,427
Charges for golf course	821,400	1,122,478	301,078
Total charges for services	<u>1,550,800</u>	<u>1,898,471</u>	<u>347,671</u>
Miscellaneous:			
Payments in lieu of taxes:			
Electric plant and equipment	653,900	689,593	35,693
Service charge on tax exempt property	124,000	151,394	27,394
Debt service reimbursement from HRHA	616,850	616,850	-
Debt service reimbursement from HRCSB	162,123	162,123	-
Donations - JMU	275,000	300,185	25,185
Donations	99,364	94,393	(4,971)
Other miscellaneous	600,375	954,516	354,141
Total miscellaneous	<u>2,531,612</u>	<u>2,969,054</u>	<u>437,442</u>
Payments from component units:			
Payment from Harrisonburg Electric Commission	5,200,000	5,200,000	-
Total payments from component units	<u>5,200,000</u>	<u>5,200,000</u>	<u>-</u>
Intergovernmental:			
Revenue from the Commonwealth:			
Non-categorical aid:			
Railroad rolling stock taxes	16,000	18,935	2,935
Mobile home titling taxes	3,000	2,190	(810)
Personal property tax reimbursement	1,522,583	1,522,583	-
Communication sales and use taxes	1,103,600	1,055,064	(48,536)
Auto rental taxes	445,800	417,029	(28,771)
Animal friendly license plate	500	456	(44)
Total non-categorical aid	<u>3,091,483</u>	<u>3,016,257</u>	<u>(75,226)</u>
Categorical aid:			
Shared expenses:			
Commissioner of the revenue	176,000	198,923	22,923
Treasurer	155,000	177,658	22,658
Registrar	81,000	89,523	8,523
Total shared expenses	<u>412,000</u>	<u>466,104</u>	<u>54,104</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>General Fund: (continued)</b>			
Intergovernmental: (continued)			
Revenue from the Commonwealth: (continued)			
Other categorical aid:			
Fire programs fund	\$ 208,000	\$ 233,290	\$ 25,290
Fire department grants	43,600	10,000	(33,600)
Police department grants	108,000	32,659	(75,341)
Litter control grant	9,000	20,032	11,032
State aid to localities, police	1,600,000	1,683,162	83,162
Street and highway maintenance	6,696,446	6,696,446	-
Other categorical aid	98,946	108,236	9,290
Total other categorical aid	<u>8,763,992</u>	<u>8,783,825</u>	<u>19,833</u>
 Total categorical aid	 <u>9,175,992</u>	 <u>9,249,929</u>	 <u>73,937</u>
 Total revenue from the Commonwealth	 <u>12,267,475</u>	 <u>12,266,186</u>	 <u>(1,289)</u>
 Revenue from the Federal Government:			
Categorical aid:			
ARPA coronavirus state and local fiscal recovery funds	4,599,627	1,364,077	(3,235,550)
Fire department grants	605,284	399,430	(205,854)
Police department grants	102,135	89,214	(12,921)
Other categorical aid	12,247	5,430	(6,817)
 Total revenue from the Federal Government	 <u>5,319,293</u>	 <u>1,858,151</u>	 <u>(3,461,142)</u>
 Total intergovernmental	 <u>17,586,768</u>	 <u>14,124,337</u>	 <u>(3,462,431)</u>
 <b>Total General Fund</b>	 <b><u>\$ 159,681,430</u></b>	 <b><u>\$ 161,058,773</u></b>	 <b><u>\$ 1,377,343</u></b>
 <b>Special Revenue Funds:</b>			
<b>Community Development Block Grant Fund:</b>			
Intergovernmental:			
Revenue from the Federal Government:			
Community Development Block Grant	\$ 1,187,043	\$ 661,952	\$ (525,091)
 Total revenue from the Federal Government	 <u>1,187,043</u>	 <u>661,952</u>	 <u>(525,091)</u>
 Total intergovernmental	 <u>1,187,043</u>	 <u>661,952</u>	 <u>(525,091)</u>
 <b>Total Community Development Block Grant Fund</b>	 <b><u>\$ 1,187,043</u></b>	 <b><u>\$ 661,952</u></b>	 <b><u>\$ (525,091)</u></b>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>Special Revenue Funds: (continued)</b>			
<b>School Transportation Fund:</b>			
Use of money and property	\$ 19,760	\$ 136,178	\$ 116,418
Charges for services	5,621,963	5,619,432	(2,531)
Miscellaneous	15,000	1,932	(13,068)
Intergovernmental:			
Revenue from the Commonwealth:			
DEQ grant	<u>570,330</u>	<u>570,330</u>	<u>-</u>
<b>Total School Transportation Fund</b>	<b><u>\$ 6,227,053</u></b>	<b><u>\$ 6,327,872</u></b>	<b><u>\$ 100,819</u></b>
<b>Business Loan Program Fund:</b>			
Use of money and property	\$ -	\$ 11,898	\$ 11,898
Miscellaneous	<u>27,500</u>	<u>29,922</u>	<u>2,422</u>
<b>Total Business Loan Program Fund</b>	<b><u>\$ 27,500</u></b>	<b><u>\$ 41,820</u></b>	<b><u>\$ 14,320</u></b>
<b>Total Special Revenue Funds</b>	<b><u>\$ 7,441,596</u></b>	<b><u>\$ 7,031,644</u></b>	<b><u>\$ (409,952)</u></b>
<b>Capital Projects Fund:</b>			
<b>General Capital Projects Fund:</b>			
Use of money and property	\$ 283,611	\$ 123,119	\$ (160,492)
Miscellaneous	164,228	149,701	(14,527)
Recovered costs	3,538,201	274,453	(3,263,748)
Intergovernmental:			
Revenue from the Commonwealth:			
VDOT revenue sharing	<u>6,654,379</u>	<u>980,190</u>	<u>(5,674,189)</u>
Total revenue from the Commonwealth	<u>6,654,379</u>	<u>980,190</u>	<u>(5,674,189)</u>
Revenue from the Federal Government:			
ARPA coronavirus state and local fiscal recovery funds	16,286,688	5,406,832	(10,879,856)
VDOT transportation alternatives program grant	1,173,967	203,810	(970,157)
VDOT smart scale grant	<u>19,945,765</u>	<u>980,837</u>	<u>(18,964,928)</u>
Total revenue from the Federal Government	<u>37,406,420</u>	<u>6,591,479</u>	<u>(30,814,941)</u>
Total intergovernmental	<u>44,060,799</u>	<u>7,571,669</u>	<u>(36,489,130)</u>
<b>Total General Capital Projects Fund</b>	<b><u>\$ 48,046,839</u></b>	<b><u>\$ 8,118,942</u></b>	<b><u>\$ (39,927,897)</u></b>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>Capital Projects Fund: (continued)</b>			
<b>School Bond Capital Projects Fund:</b>			
Use of money and property	\$ 1,189,112	\$ 96,720	\$ (1,092,392)
<b>Total School Bond Capital Projects Fund</b>	<u>\$ 1,189,112</u>	<u>\$ 96,720</u>	<u>\$ (1,092,392)</u>
<b>Total Capital Projects Fund</b>	<u>\$ 49,235,951</u>	<u>\$ 8,215,662</u>	<u>\$ (41,020,289)</u>
<b>Grand Total Revenues (Primary Government)</b>	<u>\$ 216,358,977</u>	<u>\$ 176,306,079</u>	<u>\$ (40,052,898)</u>
<b>Component Unit - School Board:</b>			
<b>School Fund:</b>			
Use of money and property	\$ 30,000	\$ 38,917	\$ 8,917
Charges for services	7,500	28,867	21,367
Miscellaneous	441,042	505,746	64,704
Payment from primary government	41,713,910	38,714,373	(2,999,537)
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	7,863,827	8,551,424	687,597
Basic school aid	24,792,491	24,274,889	(517,602)
Other state funds	34,257,295	32,234,355	(2,022,940)
Total categorical aid	<u>66,913,613</u>	<u>65,060,668</u>	<u>(1,852,945)</u>
Total revenue from the Commonwealth	<u>66,913,613</u>	<u>65,060,668</u>	<u>(1,852,945)</u>
Revenue from the Federal Government:			
Categorical aid:			
Title I	1,441,981	1,530,567	88,586
Special education	1,378,164	1,420,246	42,082
ESSER funds	5,906,927	6,517,029	610,102
Other federal funds	841,516	833,223	(8,293)
Total revenue from the Federal Government	<u>9,568,588</u>	<u>10,301,065</u>	<u>732,477</u>
Total intergovernmental	<u>76,482,201</u>	<u>75,361,733</u>	<u>(1,120,468)</u>
<b>Total School Fund</b>	<u>\$ 118,674,653</u>	<u>\$ 114,649,636</u>	<u>\$ (4,025,017)</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
<b>Component Unit - School Board: (continued)</b>			
<b>School Nutrition Fund:</b>			
Use of money and property	\$ 75,000	\$ 201,506	\$ 126,506
Charges for services	26,000	76,889	50,889
Miscellaneous	40,000	20,744	(19,256)
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
School food program	185,000	188,993	3,993
Total categorical aid	<u>185,000</u>	<u>188,993</u>	<u>3,993</u>
Total revenue from the Commonwealth	<u>185,000</u>	<u>188,993</u>	<u>3,993</u>
Revenue from the Federal Government:			
Categorical aid:			
School food program	5,235,000	5,343,635	108,635
USDA donated food	-	296,450	296,450
Total revenue from the Federal Government	<u>5,235,000</u>	<u>5,640,085</u>	<u>405,085</u>
Total intergovernmental	<u>5,420,000</u>	<u>5,829,078</u>	<u>409,078</u>
<b>Total School Nutrition Fund</b>	<u>\$ 5,561,000</u>	<u>\$ 6,128,217</u>	<u>\$ 567,217</u>
<b>School Activity Fund:</b>			
Miscellaneous	\$ -	\$ 905,661	\$ 905,661
<b>Total School Activity Fund</b>	<u>\$ -</u>	<u>\$ 905,661</u>	<u>\$ 905,661</u>
<b>Grand Total Revenues (Component Unit - School Board)</b>	<u>\$ 124,235,653</u>	<u>\$ 121,683,514</u>	<u>\$ (2,552,139)</u>

**CITY OF HARRISONBURG, VIRGINIA**  
**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2024**

<b>Fund, Function, Activity and Elements</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Primary Government:</b>			
<b>General Fund:</b>			
General government administration:			
Legislative:			
City Council	\$ 381,229	\$ 379,585	\$ 1,644
Total legislative	<u>381,229</u>	<u>379,585</u>	<u>1,644</u>
General and financial administration:			
City manager	899,357	794,797	104,560
City attorney	429,851	427,697	2,154
Human resources	845,881	725,521	120,360
Independent auditor	25,520	25,520	-
Commissioner of the revenue	676,980	665,347	11,633
Assessor	429,669	422,578	7,091
Equalization	3,300	3,276	24
Treasurer	884,880	844,367	40,513
Finance	757,181	713,393	43,788
Information technology	3,148,353	2,838,030	310,323
Purchasing agent	220,424	158,067	62,357
Reserve for contingencies	736,600	-	736,600
Total general and financial administration	<u>9,057,996</u>	<u>7,618,593</u>	<u>1,439,403</u>
Board of elections:			
Registrar	498,650	449,135	49,515
Total board of elections	<u>498,650</u>	<u>449,135</u>	<u>49,515</u>
Total general government administration	<u>9,937,875</u>	<u>8,447,313</u>	<u>1,490,562</u>
Jail and judicial administration:			
Joint expenditures with Rockingham County	7,453,930	7,282,319	171,611
Middle River Regional Jail	2,935,662	2,935,662	-
Total jail and judicial administration	<u>10,389,592</u>	<u>10,217,981</u>	<u>171,611</u>
Public safety:			
Law enforcement and traffic control:			
Administration	5,735,679	5,136,953	598,726
Operations	6,729,246	6,688,274	40,972
Criminal investigations	1,909,066	1,872,249	36,817
Special operations	1,687,963	1,611,454	76,509
Grants	567,466	457,813	109,653
Total law enforcement and traffic control	<u>16,629,420</u>	<u>15,766,743</u>	<u>862,677</u>
Fire and rescue services:			
Administration	1,259,475	1,229,614	29,861
Suppression	14,382,532	9,581,267	4,801,265
Prevention	937,415	844,855	92,560
Training	360,765	325,013	35,752
Total fire and rescue services	<u>16,940,187</u>	<u>11,980,749</u>	<u>4,959,438</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>General Fund: (continued)</b>			
Public safety: (continued)			
Correction and detention:			
Court appointed attorneys	\$ 40,000	\$ 28,527	\$ 11,473
Shenandoah Valley Juvenile Center	233,639	225,248	8,391
Total correction and detention	<u>273,639</u>	<u>253,775</u>	<u>19,864</u>
Inspections:			
Building	1,114,843	1,099,043	15,800
Total inspections	<u>1,114,843</u>	<u>1,099,043</u>	<u>15,800</u>
Other protection:			
Animal control	178,119	173,803	4,316
Animal control - SPCA	432,532	432,532	-
Emergency management	723,425	453,237	270,188
Community paramedic	242,345	124,752	117,593
Public safety building	491,588	449,155	42,433
Harrisonburg-Rockingham ECC	3,791,455	3,791,455	-
Total other protection	<u>5,859,464</u>	<u>5,424,934</u>	<u>434,530</u>
Total public safety	<u>40,817,553</u>	<u>34,525,244</u>	<u>6,292,309</u>
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
General engineering	887,377	787,073	100,304
Administration	1,938,900	1,907,481	31,419
Highway and street maintenance	8,085,608	5,186,700	2,898,908
Street lights	576,063	572,722	3,341
Snow and ice removal	424,057	417,831	6,226
Traffic engineering	2,676,655	2,063,106	613,549
Highway and street beautification	746,037	707,913	38,124
Downtown parking maintenance	229,695	154,467	75,228
Total maintenance of highways, streets, bridges and sidewalks	<u>15,564,392</u>	<u>11,797,293</u>	<u>3,767,099</u>
Sanitation and waste removal:			
Street and road cleaning	424,392	386,549	37,843
Total sanitation and waste removal	<u>424,392</u>	<u>386,549</u>	<u>37,843</u>
Maintenance of general buildings and grounds:			
General properties	687,495	592,054	95,441
Navigation center	100,000	6,418	93,582
Total maintenance of general buildings and grounds	<u>787,495</u>	<u>598,472</u>	<u>189,023</u>
Total public works	<u>16,776,279</u>	<u>12,782,314</u>	<u>3,993,965</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>General Fund: (continued)</b>			
Health and human services:			
Health:			
Local health department	\$ 313,410	\$ 242,955	\$ 70,455
Total health	<u>313,410</u>	<u>242,955</u>	<u>70,455</u>
Mental health and mental retardation:			
Community services board	1,185,773	1,185,773	-
Total mental health and mental retardation	<u>1,185,773</u>	<u>1,185,773</u>	<u>-</u>
Welfare/social services:			
Tax relief for the elderly and disabled veterans	275,000	274,790	210
Joint expenditures with Rockingham County	5,320,316	5,320,316	-
Total welfare/social services	<u>5,595,316</u>	<u>5,595,106</u>	<u>210</u>
Total health and human services	<u>7,094,499</u>	<u>7,023,834</u>	<u>70,665</u>
Education:			
Payment to Harrisonburg City School Board	41,713,910	38,714,373	2,999,537
Total education	<u>41,713,910</u>	<u>38,714,373</u>	<u>2,999,537</u>
Parks, recreation and cultural:			
Parks and recreation:			
Administration	863,561	842,356	21,205
Parks	1,762,482	1,679,636	82,846
Field maintenance	457,579	431,691	25,888
Recreation centers and playgrounds	490,163	445,532	44,631
Special events/programs	670,341	639,097	31,244
Simms continuing education center	522,073	479,538	42,535
Westover pool	811,657	804,097	7,560
Athletics	499,469	450,435	49,034
Golf course grounds management	659,199	604,245	54,954
Golf course clubhouse management	395,528	385,508	10,020
Total parks and recreation	<u>7,132,052</u>	<u>6,762,135</u>	<u>369,917</u>
Cultural:			
Massanutten Regional Library	618,663	618,663	-
Total cultural	<u>618,663</u>	<u>618,663</u>	<u>-</u>
Total parks, recreation and cultural	<u>7,750,715</u>	<u>7,380,798</u>	<u>369,917</u>

(continued)



CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>General Fund: (continued)</b>			
Community development:			
Planning and community development:			
Planning	\$ 406,895	\$ 310,119	\$ 96,776
Zoning administrator	317,639	288,535	29,104
Board of zoning appeals	5,761	1,474	4,287
Economic development	1,161,674	1,042,147	119,527
Tourism and visitors services	610,437	593,529	16,908
Blacks run greenway	118,981	115,181	3,800
Shenandoah Valley Conference Center	1,200,000	1,184,858	15,142
Total planning and community development	<u>3,821,387</u>	<u>3,535,843</u>	<u>285,544</u>
Contributions:			
Harrisonburg Downtown Renaissance	143,151	143,151	-
Shenandoah Valley Airport	103,733	103,733	-
Blue Ridge Community College	67,672	67,672	-
ARPA community assistance	996,000	147,540	848,460
ARPA housing assistance	2,000,000	665,000	1,335,000
Other contributions	565,749	555,005	10,744
Total contributions	<u>3,876,305</u>	<u>1,682,101</u>	<u>2,194,204</u>
Total community development	<u>7,697,692</u>	<u>5,217,944</u>	<u>2,479,748</u>
Debt service:			
Principal retirement	13,444,132	13,444,132	-
Interest and fiscal charges	7,132,993	7,130,702	2,291
Total debt service	<u>20,577,125</u>	<u>20,574,834</u>	<u>2,291</u>
<b>Total General Fund</b>	<u>\$ 162,755,240</u>	<u>\$ 144,884,635</u>	<u>\$ 17,870,605</u>
<b>Special Revenue Funds:</b>			
<b>Community Development Block Grant Fund:</b>			
Community development:			
Planning and community development:			
Community development block grant	\$ 1,187,043	\$ 661,952	\$ 525,091
Total planning and community development	<u>1,187,043</u>	<u>661,952</u>	<u>525,091</u>
Total community development	<u>1,187,043</u>	<u>661,952</u>	<u>525,091</u>
<b>Total Community Development Block Grant Fund</b>	<u>\$ 1,187,043</u>	<u>\$ 661,952</u>	<u>\$ 525,091</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
<b>Primary Government: (continued)</b>			
<b>School Transportation Fund:</b>			
Education:			
School bus services	\$ 6,219,766	\$ 4,727,726	\$ 1,492,040
Field trips and charters	221,663	161,562	60,101
Administration	<u>677,760</u>	<u>538,209</u>	<u>139,551</u>
Total education	<u>7,119,189</u>	<u>5,427,497</u>	<u>1,691,692</u>
Debt service:			
Principal retirement	1,169	1,169	-
Interest and fiscal charges	<u>152</u>	<u>152</u>	<u>-</u>
Total debt service	<u>1,321</u>	<u>1,321</u>	<u>-</u>
<b>Total School Transportation Fund</b>	<u><u>\$ 7,120,510</u></u>	<u><u>\$ 5,428,818</u></u>	<u><u>\$ 1,691,692</u></u>
<b>Business Loan Program Fund:</b>			
Community development:			
Planning and community development:			
Revolving loan program	\$ 100,000	\$ 25,000	\$ 75,000
Total planning and community development	<u>100,000</u>	<u>25,000</u>	<u>75,000</u>
Total community development	<u>100,000</u>	<u>25,000</u>	<u>75,000</u>
<b>Total Business Loan Program Fund</b>	<u><u>\$ 100,000</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 75,000</u></u>
<b>Total Special Revenue Funds</b>	<u><u>\$ 8,407,553</u></u>	<u><u>\$ 6,115,770</u></u>	<u><u>\$ 2,291,783</u></u>
<b>Capital Projects Fund:</b>			
<b>General Capital Projects Fund:</b>			
Capital projects	\$ 78,316,359	\$ 21,577,552	\$ 56,738,807
<b>Total General Capital Projects Fund</b>	<u><u>\$ 78,316,359</u></u>	<u><u>\$ 21,577,552</u></u>	<u><u>\$ 56,738,807</u></u>
<b>School Bond Capital Projects Fund:</b>			
Capital projects	\$ 10,818,267	\$ 5,659,906	\$ 5,158,361
<b>Total School Bond Capital Projects Fund</b>	<u><u>\$ 10,818,267</u></u>	<u><u>\$ 5,659,906</u></u>	<u><u>\$ 5,158,361</u></u>
<b>Total Capital Projects Fund</b>	<u><u>\$ 89,134,626</u></u>	<u><u>\$ 27,237,458</u></u>	<u><u>\$ 61,897,168</u></u>
<b>Grand Total Expenditures (Primary Government)</b>	<u><u>\$ 260,297,419</u></u>	<u><u>\$ 178,237,863</u></u>	<u><u>\$ 82,059,556</u></u>

(continued)

CITY OF HARRISONBURG, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
<b>Component Unit - School Board:</b>			
<b>School Fund:</b>			
Education:			
Instruction	\$ 87,753,197	\$ 82,851,410	\$ 4,901,787
Administration, attendance and health	6,979,943	6,662,925	317,018
Pupil transportation	6,489,721	5,883,068	606,653
Operations and maintenance	8,975,389	8,347,529	627,860
Technology	7,257,006	5,958,999	1,298,007
Debt service:			
Principal retirement	210,608	210,608	-
Interest and fiscal charges	38,071	38,071	-
Total education	<u>117,703,935</u>	<u>109,952,610</u>	<u>7,751,325</u>
<b>Total School Fund</b>	<u>\$ 117,703,935</u>	<u>\$ 109,952,610</u>	<u>\$ 7,751,325</u>
<b>School Nutrition Fund:</b>			
Education:			
Food services	\$ 5,969,426	\$ 6,124,372	\$ (154,946)
Technology	30,000	1,102	28,898
Total education	<u>5,999,426</u>	<u>6,125,474</u>	<u>(126,048)</u>
<b>Total School Nutrition Fund</b>	<u>\$ 5,999,426</u>	<u>\$ 6,125,474</u>	<u>\$ (126,048)</u>
<b>School Activity Fund:</b>			
Education:			
Administration, attendance and health	\$ -	\$ 940,511	\$ (940,511)
<b>Total School Activity Fund</b>	<u>\$ -</u>	<u>\$ 940,511</u>	<u>\$ (940,511)</u>
<b>School Capital Projects Fund:</b>			
Capital projects	\$ 12,147,293	\$ 8,462,387	\$ 3,684,906
<b>Total School Capital Projects Fund</b>	<u>\$ 12,147,293</u>	<u>\$ 8,462,387</u>	<u>\$ 3,684,906</u>
<b>Grand Total Expenditures (Component Unit - School Board)</b>	<u>\$ 135,850,654</u>	<u>\$ 125,480,982</u>	<u>\$ 10,369,672</u>

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# STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and other supplementary information says about the City's overall financial health.

**Financial Trends.** Tables 1 through 5 contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity.** Tables 6 through 9 present information to help the reader assess the factors affecting the City's ability to generate property tax revenue which is the City's most significant local revenue source.

**Debt Capacity.** Tables 10 through 12 present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City does not have any overlapping debt.

**Demographic and Economic Information.** Tables 13 and 14 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.

**Operating Information.** Tables 15 through 17 contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.*

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CITY OF HARRISONBURG, VIRGINIA  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

Table 1

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 181,235,663	\$ 160,847,568	\$ 152,848,662	\$ 152,753,329	\$ 156,353,667	\$ 153,994,976	\$ 151,215,449	\$ 150,611,197	\$ 145,194,280	\$ 146,765,571
Restricted	1,907,865	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736	450,639
Unrestricted	83,177,368	69,323,764	50,840,996	38,512,456	32,225,419	30,055,992	25,264,435	20,679,052	19,107,622	15,778,923
Total governmental activities net position	\$ 266,320,896	\$ 231,462,793	\$ 204,322,824	\$ 191,980,791	\$ 189,153,355	\$ 184,580,633	\$ 177,101,461	\$ 171,842,341	\$ 164,763,638	\$ 162,995,133
<b>Business-type activities</b>										
Net investment in capital assets	\$ 79,987,248	\$ 84,692,516	\$ 79,676,659	\$ 81,774,322	\$ 74,718,260	\$ 72,830,573	\$ 74,517,218	\$ 74,997,991	\$ 62,658,600	\$ 61,417,998
Unrestricted	34,204,074	24,082,771	23,083,862	14,759,028	15,854,032	13,725,834	7,828,771	3,263,530	10,156,014	9,413,613
Total business-type activities net position	\$ 114,191,322	\$ 108,775,287	\$ 102,760,521	\$ 96,533,350	\$ 90,572,292	\$ 86,556,407	\$ 82,345,989	\$ 78,261,521	\$ 72,814,614	\$ 70,831,611
<b>Primary government</b>										
Net investment in capital assets	\$ 261,222,911	\$ 245,540,084	\$ 232,525,321	\$ 234,527,651	\$ 231,071,927	\$ 226,825,549	\$ 225,732,667	\$ 225,609,188	\$ 207,852,880	\$ 208,183,569
Restricted	1,907,865	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736	450,639
Unrestricted	117,381,442	93,406,535	73,924,858	53,271,484	48,079,451	43,781,826	33,093,206	23,942,582	29,263,636	25,192,536
Total primary government net position	\$ 380,512,218	\$ 340,238,080	\$ 307,083,345	\$ 288,514,141	\$ 279,725,647	\$ 271,137,040	\$ 259,447,450	\$ 250,103,862	\$ 237,578,252	\$ 233,826,744

**Notes:** The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018. The City implemented GASB Statement No. 87, *Leases* in fiscal year 2022. The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2023. Prior year information has not been restated.

**CITY OF HARRISONBURG, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Table 2

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government administration	\$ 24,546,150	\$ 24,077,940	\$ 23,750,636	\$ 21,661,494	\$ 19,874,767	\$ 19,001,711	\$ 18,287,937	\$ 18,413,671	\$ 18,543,556	\$ 16,257,293
Jail and judicial administration	10,021,988	9,843,446	9,215,291	8,901,359	7,862,409	6,944,879	6,533,114	6,398,698	5,822,848	5,137,399
Public safety	35,061,120	30,723,448	29,463,781	29,906,040	27,899,118	25,954,253	23,971,425	23,583,838	22,969,794	21,525,960
Public works	20,166,775	17,725,094	14,876,514	18,224,718	15,225,728	15,338,219	14,989,905	14,407,248	14,709,122	15,158,769
Health and human services <sup>a</sup>	7,045,699	5,740,276	5,053,655	8,097,217	6,661,856	4,928,872	4,793,211	4,757,945	4,579,647	4,103,981
Education	48,817,948	45,215,499	45,893,475	41,403,674	44,874,482	43,763,915	42,928,333	38,328,364	36,565,819	37,481,649
Parks, recreation and cultural	8,220,755	7,602,457	6,579,662	6,823,509	6,799,136	6,932,596	6,188,413	6,494,875	6,671,939	5,952,441
Community development <sup>b</sup>	5,859,686	4,736,127	4,590,359	7,196,267	4,048,273	3,833,626	3,193,150	3,193,150	3,765,197	2,799,236
Interest on long-term debt	5,560,306	6,147,493	6,262,132	4,946,081	5,175,505	5,351,030	5,612,005	5,914,313	5,046,788	5,116,339
<b>Business-type activities:</b>										
Water	8,633,642	7,825,501	7,242,152	6,389,098	6,564,988	6,036,280	5,637,611	5,329,601	5,496,737	5,218,201
Sewer	11,640,314	11,120,097	10,307,390	10,797,106	10,561,152	10,232,327	9,534,683	9,850,111	9,702,160	9,526,208
Public transportation	9,029,203	8,049,071	7,318,114	7,135,184	6,674,720	6,469,580	6,252,571	6,365,032	6,348,417	6,327,540
Sanitation <sup>c</sup>	3,158,807	3,198,926	3,247,807	2,982,866	2,845,875	2,285,700	3,110,955	3,319,439	4,208,851	7,188,575
Stormwater	861,315	864,069	487,171	570,987	357,121	334,676	454,261	414,677	255,371	-
<b>Total expenses</b>	<b>\$ 198,623,708</b>	<b>\$ 182,869,444</b>	<b>\$ 174,288,139</b>	<b>\$ 175,035,600</b>	<b>\$ 165,425,130</b>	<b>\$ 157,407,664</b>	<b>\$ 151,540,430</b>	<b>\$ 146,770,962</b>	<b>\$ 144,686,246</b>	<b>\$ 141,790,591</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government administration	\$ 16,915,495	\$ 15,436,063	\$ 15,160,696	\$ 13,647,248	\$ 15,197,693	\$ 15,308,060	\$ 15,254,826	\$ 14,033,150	\$ 13,413,592	\$ 12,092,994
Jail and judicial administration	197,486	230,479	306,673	312,002	504,769	567,202	691,717	553,894	515,404	549,825
Education	5,619,432	5,165,429	4,447,667	3,853,040	4,076,465	4,028,807	3,751,213	3,361,589	3,099,596	3,018,032
Parks, recreation and cultural	1,590,805	1,351,432	1,131,322	809,418	713,263	1,045,925	1,067,881	1,170,361	1,130,856	1,132,452
Other activities	3,207,105	1,042,926	905,584	808,362	1,086,967	1,087,725	1,117,096	1,377,659	848,873	891,990
Operating grants and contributions	10,405,955	9,841,467	8,841,196	8,750,337	7,639,056	8,037,308	7,599,076	7,499,993	8,071,894	7,733,498
Capital grants and contributions <sup>d,e</sup>	6,549,421	1,278,710	1,515,563	1,817,321	2,067,233	802,583	4,422,820	4,575,920	2,112,546	2,511,563
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water	11,382,197	10,633,708	10,015,029	9,513,077	9,682,661	8,594,711	8,049,249	7,621,237	6,866,608	6,566,279
Sewer	13,590,781	12,654,929	12,146,229	11,396,745	11,519,472	11,016,661	10,692,114	10,580,345	10,249,003	10,135,852
Public transportation	2,267,108	2,257,427	1,839,157	1,941,875	1,939,257	1,944,618	1,960,187	1,820,130	1,810,732	1,897,980
Sanitation <sup>c</sup>	4,459,099	4,419,170	4,350,340	4,265,339	4,169,200	4,140,571	4,214,492	4,303,069	5,104,242	6,784,257
Stormwater	1,396,776	1,338,132	1,313,364	1,314,369	1,325,321	1,360,716	1,302,218	1,258,959	2,345,292	-
Operating grants and contributions	4,240,897	3,984,187	4,697,900	3,735,359	3,474,604	3,155,047	2,879,508	2,540,589	2,281,764	2,229,329
Capital grants and contributions <sup>d</sup>	1,237,863	2,680,811	3,356,072	4,401,654	630,166	201,124	606,769	4,199,180	606,645	2,689,399
<b>Total program revenues</b>	<b>\$ 83,060,420</b>	<b>\$ 72,314,870</b>	<b>\$ 70,026,792</b>	<b>\$ 66,566,146</b>	<b>\$ 64,026,127</b>	<b>\$ 61,291,058</b>	<b>\$ 63,609,166</b>	<b>\$ 64,896,075</b>	<b>\$ 58,457,047</b>	<b>\$ 58,233,450</b>
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (120,814,728)	\$ (117,465,274)	\$ (113,376,804)	\$ (117,162,631)	\$ (107,135,828)	\$ (101,171,491)	\$ (92,645,720)	\$ (88,919,536)	\$ (89,481,949)	\$ (85,602,713)
Business-type activities	5,251,440	6,910,700	9,115,457	8,693,177	5,736,825	5,054,885	4,714,456	7,044,649	3,252,750	2,045,572
<b>Total net (expense) revenue</b>	<b>\$ (115,563,288)</b>	<b>\$ (110,554,574)</b>	<b>\$ (104,261,347)</b>	<b>\$ (108,469,454)</b>	<b>\$ (101,399,003)</b>	<b>\$ (96,116,606)</b>	<b>\$ (87,931,264)</b>	<b>\$ (81,874,887)</b>	<b>\$ (86,229,199)</b>	<b>\$ (83,557,141)</b>



**CITY OF HARRISONBURG, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Table 2

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General revenues and other changes in net position:										
Governmental activities:										
General revenues:										
Property taxes	\$ 73,028,090	\$ 65,256,422	\$ 57,858,874	\$ 54,171,307	\$ 51,447,886	\$ 48,878,038	\$ 47,490,931	\$ 43,640,018	\$ 39,574,723	\$ 37,522,303
Sales and use taxes	18,582,222	18,304,951	17,692,891	15,756,075	13,971,040	14,336,901	13,609,547	13,207,791	12,994,784	12,532,757
Restaurant food taxes	18,923,739	18,044,533	16,439,222	13,266,178	12,628,014	14,225,678	13,623,551	12,257,672	11,914,152	11,026,410
Business license taxes	8,617,396	8,682,280	8,026,003	7,148,413	7,224,775	7,155,016	6,894,312	6,689,192	6,653,830	6,275,116
Other local taxes	8,492,420	8,675,113	9,365,736	8,034,724	8,020,291	8,644,605	8,296,309	7,083,413	7,119,400	6,798,376
Unrestricted grants and contributions <sup>a</sup>	9,797,600	5,735,887	5,025,679	8,977,259	6,932,654	3,408,497	3,407,878	3,464,103	3,501,028	3,569,638
Unrestricted payment from component units <sup>b</sup>	5,200,000	7,600,000	5,200,000	6,700,000	5,200,000	5,999,506	5,000,000	5,000,000	5,000,000	4,900,000
Investment revenue <sup>c</sup>	7,032,129	5,485,950	413,954	239,283	922,992	1,203,377	683,838	480,911	206,899	75,041
Other revenue	2,846,076	3,353,392	2,086,414	2,149,401	2,265,355	1,847,829	1,725,662	1,588,875	1,681,770	1,742,779
Transfers	3,153,159	3,584,522	3,610,064	3,547,427	3,095,543	2,951,216	1,556,037	2,586,264	2,603,868	2,527,927
Business-type activities:										
General revenues:										
Investment revenue <sup>d</sup>	2,579,060	1,887,794	130,339	90,899	552,598	776,589	392,616	131,300	55,180	15,198
Other revenue	684,243	791,900	505,628	719,084	821,500	1,324,397	1,203,620	857,222	1,237,883	1,286,114
Gain on disposal of capital assets	54,451	8,894	85,811	5,325	505	5,763	49,966	-	41,058	2,550
Special item <sup>e</sup>	-	-	-	-	-	-	-	-	-	(1,916,812)
Transfers	(3,153,159)	(3,584,522)	(3,610,064)	(3,547,427)	(3,095,543)	(2,951,216)	(1,556,037)	(2,586,264)	(2,603,868)	(2,527,927)
Total general revenues and other changes in net position	\$ 155,837,426	\$ 143,827,116	\$ 122,830,551	\$ 117,257,948	\$ 109,987,610	\$ 107,806,196	\$ 102,378,230	\$ 94,400,497	\$ 89,980,707	\$ 83,829,470
Change in net position:										
Governmental activities	\$ 34,858,103	\$ 27,257,776	\$ 12,342,033	\$ 2,827,436	\$ 4,572,722	\$ 7,479,172	\$ 9,642,345	\$ 7,078,703	\$ 1,768,505	\$ 1,367,634
Business-type activities	5,416,036	6,014,766	6,227,171	5,961,058	4,015,885	4,210,418	4,804,621	5,446,907	1,983,003	(1,095,305)
Total change in net position	\$ 40,274,139	\$ 33,272,542	\$ 18,569,204	\$ 8,788,494	\$ 8,588,607	\$ 11,689,590	\$ 14,446,966	\$ 12,525,610	\$ 3,751,508	\$ 272,329

**Notes:** The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018. The City implemented GASB Statement No. 87, *Leases* in fiscal year 2022. The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2023. Prior year information has not been restated.

<sup>a</sup>For 2020 and 2021, the increase in the health and human services activity reflected contributions made to the Harrisonburg-Rockingham Community Services Board (HRCBSB) for the City's share of a new HRCBSB facility.

<sup>b</sup>For 2021, the increase in the community development activity reflected community and business assistance payments provided by the City from its federal CARES Act funding.

<sup>c</sup>For 2016, the changes in sanitation activity expenses reflect the discontinued operations of the resource recovery facility.

<sup>d</sup>For 2017, the increase in capital grants and contributions reflected increased state and federal funding for several capital projects including the Reservoir Street project.

<sup>e</sup>For 2017 and 2021, the increase in capital grants and contributions reflected decreased state and federal funding for several completed capital projects including the Reservoir Street and MLK, Jr. Way projects.

<sup>f</sup>For 2020 and 2021, the increase in unrestricted grants and contributions reflected state and federal funding from the purchase of new transit buses and other public transportation projects.

<sup>g</sup>For 2023, the increase in unrestricted payments from component units reflected \$2.4 million provided by the School Board for debt service on Rocktown High School.

<sup>h</sup>For 2023, the increase in investment revenue reflected significantly increasing interest rates.

<sup>i</sup>For 2015, the City recorded an additional impairment loss on the resource recovery facility for decommissioning costs.

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CITY OF HARRISONBURG, VIRGINIA  
 FUND BALANCES (GOVERNMENTAL FUNDS)  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 869,530	\$ 817,441	\$ 776,998	\$ 701,622	\$ 681,708	\$ 811,931	\$ 835,475	\$ 874,897	\$ 745,877	\$ 623,774
Restricted	1,130,941	830,316	633,166	715,006	574,269	543,135	624,155	552,091	461,736	450,639
Committed	-	63,402	63,402	63,402	63,402	63,402	63,402	63,402	63,402	63,402
Assigned <sup>a</sup>	14,095,273	10,459,156	10,504,545	5,183,948	1,515,092	3,718,174	3,707,702	980,493	649,393	1,629,279
Unassigned	66,374,744	63,065,854	53,108,748	45,459,532	36,632,322	30,561,724	31,239,773	30,226,183	28,435,301	24,214,042
Total general fund	\$ 82,470,488	\$ 75,236,169	\$ 65,086,859	\$ 52,123,510	\$ 39,466,793	\$ 35,698,366	\$ 36,470,507	\$ 32,697,066	\$ 30,355,709	\$ 26,981,136
All other governmental funds										
Nonspendable	\$ 3,763	\$ 1,487	\$ 24,013	\$ 42,826	\$ -	\$ 36,341	\$ 34,666	\$ 50,508	\$ 16,652	\$ -
Restricted <sup>b</sup>	1,033,533	8,386,756	44,469,185	-	3,728,628	-	93,683	4,712,073	40,156,421	1,464,504
Committed	17,342,222	16,206,581	9,368,530	9,861,916	10,933,208	11,291,474	9,652,568	8,247,053	9,729,172	11,102,093
Assigned	1,368,889	965,957	953,399	535,161	199,310	169,000	142,000	204,500	134,000	38,897
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	(184)	-	-
Total all other governmental funds	\$ 19,748,407	\$ 25,560,781	\$ 54,815,127	\$ 10,439,903	\$ 14,861,146	\$ 11,496,815	\$ 9,922,917	\$ 13,213,950	\$ 50,036,245	\$ 12,605,494

<sup>a</sup>Notes: Any significant increases or decreases for 2024 are explained in Management's Discussion and Analysis.

<sup>b</sup>For 2018, 2021 and 2022, the increases in general fund assigned fund balance was the result of approximately \$1.4 million, \$3 million and \$6.3 million, respectively, of fund balance used to balance the subsequent year's budget.

<sup>c</sup>The increases and decreases in other governmental funds' restricted fund balance are the result of bond proceeds that are used for various capital project purposes.

CITY OF HARRISONBURG, VIRGINIA  
 CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS)  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
General property taxes	\$ 72,948,245	\$ 65,020,687	\$ 57,570,297	\$ 54,138,251	\$ 51,574,257	\$ 48,977,152	\$ 47,667,485	\$ 43,233,944	\$ 39,444,384	\$ 37,481,440
Other local taxes	54,615,777	53,706,877	51,523,852	44,205,390	41,844,120	44,362,200	42,423,719	39,238,068	38,722,176	36,644,704
Permits, privilege fees and regulatory licenses	679,658	636,085	491,060	563,800	608,529	626,348	643,501	916,716	443,489	507,040
Fines and forfeitures	2,405,167	330,112	403,910	378,174	657,077	750,846	870,541	749,623	623,390	666,029
Use of money and property <sup>a</sup>	6,585,979	5,172,102	458,503	266,542	853,812	1,128,111	701,781	540,939	262,328	187,061
Charges for services	7,517,903	6,824,069	5,896,276	4,840,848	5,116,462	5,351,861	5,117,290	4,797,424	4,556,674	4,427,549
Miscellaneous	3,150,609	3,337,815	2,575,289	2,667,488	2,599,620	2,192,919	2,001,736	2,084,949	1,871,712	1,938,839
Recovered costs	274,453	362,816	184,789	-	913,476	617,164	1,110,065	632,746	59,225	201,177
Payments from component units <sup>b</sup>	5,200,000	7,600,000	5,200,000	6,700,000	5,200,000	5,999,506	5,000,000	5,000,000	5,000,000	4,900,000
Intergovernmental <sup>c</sup>	22,928,288	16,462,016	15,141,617	20,054,840	18,499,297	13,179,815	15,955,862	15,672,199	13,563,043	13,613,522
Total revenues	\$ 176,306,079	\$ 159,452,579	\$ 139,445,593	\$ 133,815,333	\$ 127,866,650	\$ 123,185,922	\$ 121,491,980	\$ 112,866,608	\$ 104,546,421	\$ 100,567,361
Expenditures:										
Current:										
General government administration	\$ 8,447,313	\$ 7,456,660	\$ 6,919,980	\$ 6,376,268	\$ 6,528,256	\$ 5,499,582	\$ 5,369,900	\$ 5,211,161	\$ 4,974,666	\$ 4,641,047
Jail and judicial administration	10,217,981	10,029,890	9,398,928	9,145,721	8,149,311	7,429,582	6,783,548	6,629,878	6,147,289	5,917,618
Public safety	34,525,244	29,420,612	27,884,292	26,367,798	26,153,150	25,511,647	23,687,182	22,234,145	21,754,032	20,940,401
Public works <sup>d</sup>	12,782,314	12,231,952	9,320,915	10,754,405	9,341,442	10,968,921	9,920,031	9,699,316	10,243,873	11,386,544
Health and human services	7,023,834	5,718,411	5,031,654	5,202,298	5,063,287	4,907,007	4,771,346	4,736,080	4,557,782	4,082,115
Education	44,141,870	39,997,111	40,049,300	35,342,970	38,993,046	37,922,728	37,054,957	34,216,338	32,379,286	32,119,407
Parks, recreation and cultural	7,380,798	6,964,758	6,191,871	6,031,396	6,350,431	6,371,964	5,728,400	5,488,895	5,528,431	5,291,977
Community development <sup>e</sup>	5,904,896	4,882,203	4,758,016	7,068,715	3,963,011	4,334,386	3,208,191	3,294,797	2,956,282	3,069,972
Debt service:										
Principal retirement	13,445,301	13,239,735	11,311,379	10,355,247	10,230,236	9,750,840	8,961,622	8,337,450	8,101,624	7,917,919
Interest and fiscal charges	7,130,854	7,737,228	6,102,042	5,347,806	5,767,384	5,731,121	6,073,912	5,869,531	5,105,619	4,371,146
Bond issuance costs	-	-	167,708	-	-	-	-	-	-	-
Capital projects	27,237,458	44,250,148	50,932,997	6,942,402	23,759,339	11,772,256	14,338,170	44,180,894	12,693,604	16,918,207
Total expenditures	\$ 178,237,863	\$ 181,928,708	\$ 178,069,082	\$ 128,935,026	\$ 144,298,893	\$ 130,200,034	\$ 125,897,259	\$ 149,898,485	\$ 114,442,488	\$ 116,656,353
Excess (deficiency) of revenues over (under) expenditures	\$ (1,931,784)	\$ (22,476,129)	\$ (38,623,489)	\$ 4,880,307	\$ (16,432,243)	\$ (7,014,112)	\$ (4,405,279)	\$ (37,031,877)	\$ (9,896,067)	\$ (16,088,992)

CITY OF HARRISONBURG, VIRGINIA  
 CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS)  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Other financing sources (uses):										
Long-term debt issued or incurred	\$ 434,221	\$ 104,258	\$ 84,769,547	\$ -	\$ 18,450,000	\$ 4,540,000	\$ 2,350,000	\$ -	\$ 44,305,000	\$ -
Refunding debt issued	-	-	33,440,000	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	14,295,403	-	1,066,864	506,435	-	-	3,995,417	-
Payment for current bond refunding	-	-	(39,865,944)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	125,215	-	-
Transfers in	15,678,342	13,184,058	4,044,637	3,355,167	9,447,465	8,349,690	6,310,560	5,251,256	3,828,083	5,836,294
Transfers out	(12,758,834)	(9,807,312)	(721,581)	-	(5,399,328)	(5,580,256)	(3,772,873)	(2,825,532)	(1,427,109)	(6,358,740)
Total other financing sources (uses)	\$ 3,353,729	\$ 3,481,004	\$ 95,962,062	\$ 3,355,167	\$ 23,565,001	\$ 7,815,869	\$ 4,887,687	\$ 2,550,939	\$ 50,701,391	\$ (522,446)
Net change in fund balances	\$ 1,421,945	\$ (18,995,125)	\$ 57,338,573	\$ 8,235,474	\$ 7,132,758	\$ 801,757	\$ 482,408	\$ (34,480,938)	\$ 40,805,324	\$ (16,611,438)
Debt service as a percentage of noncapital expenditures	13.92%	15.52%	13.84%	12.55%	12.88%	13.25%	13.46%	13.53%	13.01%	12.79%

**Notes:** The City implemented GASB Statement No. 87, Leases in fiscal year 2022. The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements in fiscal year 2023. Prior year information has not been restated. Any significant increases or decreases for 2024 are explained in Management's Discussion and Analysis. Any significant increases or decreases in general property taxes and other local taxes revenue are provided in Table 5. Any significant increases or decreases in long-term debt issued or incurred are provided in Table 10.

<sup>a</sup>For 2023, the increase in use of money and property reflected significantly increasing interest rates.

<sup>b</sup>For 2023, the increase in payments from component units reflected \$2.4 million provided by the School Board for debt service on Rocktown High School.

<sup>c</sup>For 2020, the increase in intergovernmental revenues reflected funding provided to the City through the federal CARES Act.

<sup>d</sup>For 2023, the increase in public works expenditures was from an increase in street repaving and other infrastructure maintenance costs.

<sup>e</sup>For 2021, the increase in community development expenditures reflected community and business assistance payments provided by the City from its federal CARES Act funding.

**CITY OF HARRISONBURG, VIRGINIA**  
**TAX REVENUES BY SOURCE**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General property taxes	\$ 53,448,541	\$ 45,789,814	\$ 40,799,049	\$ 38,261,010	\$ 37,052,907	\$ 35,616,728	\$ 34,459,758	\$ 30,947,602	\$ 28,256,207	\$ 26,712,101
Real estate taxes <sup>a</sup>	666,471	603,020	561,967	507,809	503,888	491,573	474,656	440,408	393,020	448,017
Real and personal public service corporation property taxes	15,342,288	15,031,240	12,793,064	12,278,821	10,876,336	10,197,508	10,017,035	9,374,180	8,407,623	8,021,019
Personal property taxes	12,151	11,912	11,008	10,271	10,251	9,654	10,013	8,778	8,475	7,033
Mobile home taxes	2,850,506	2,966,117	3,013,026	2,782,109	2,772,933	2,341,959	2,307,341	2,187,479	2,130,697	2,027,504
Machinery and tools taxes	628,288	618,584	392,183	298,231	357,942	319,730	398,682	275,497	248,362	265,766
Penalties and interest										
<b>Total general property taxes</b>	<b>\$ 72,948,245</b>	<b>\$ 65,020,687</b>	<b>\$ 57,570,297</b>	<b>\$ 54,138,251</b>	<b>\$ 51,574,257</b>	<b>\$ 48,977,152</b>	<b>\$ 47,667,485</b>	<b>\$ 43,233,944</b>	<b>\$ 39,444,384</b>	<b>\$ 37,481,440</b>
Other local taxes	\$ 18,582,222	\$ 18,304,951	\$ 17,692,891	\$ 15,756,075	\$ 13,971,040	\$ 14,336,901	\$ 13,609,547	\$ 13,207,791	\$ 12,994,784	\$ 12,532,757
Local sales and use taxes <sup>b</sup>	1,990,858	2,000,493	1,979,451	1,974,312	1,998,550	1,999,498	1,875,594	1,139,113	1,108,436	1,114,465
Consumer utility taxes <sup>c</sup>	8,617,396	8,682,280	8,026,003	7,148,413	7,224,775	7,155,016	6,894,312	6,689,192	6,653,830	6,275,116
Business license taxes	14,552	75,987	1,279,704	1,305,606	1,286,175	1,283,426	1,293,518	1,166,441	1,178,948	1,185,099
Motor vehicle license taxes <sup>d</sup>	1,046,227	1,062,445	917,972	836,616	665,686	836,191	787,205	761,882	757,086	580,676
Bank stock taxes	627,210	756,529	707,464	578,628	489,922	492,631	444,493	442,184	408,096	603,848
Taxes on recordation and wills	404,550	441,121	474,150	504,600	548,631	533,382	543,750	569,850	680,937	632,433
Tobacco taxes	136,336	145,801	129,922	21,481	116,113	171,011	190,133	175,755	181,678	172,616
Admission and amusement taxes	4,033,138	3,980,465	3,597,607	2,553,827	2,630,068	3,136,402	2,950,142	2,625,363	2,577,891	2,276,431
Hotel and motel room taxes <sup>e</sup>	18,923,739	18,044,533	16,439,222	13,266,178	12,628,014	14,225,678	13,623,551	12,257,672	11,937,309	11,050,508
Restaurant food taxes <sup>o</sup>	124,002	105,944	105,554	113,074	136,392	104,274	100,731	109,110	119,579	115,248
Short-term rental taxes	115,547	106,328	173,912	146,580	148,754	87,790	110,743	93,715	123,602	105,507
Public right-of-way use fee										
<b>Total other local taxes</b>	<b>\$ 54,615,777</b>	<b>\$ 53,706,877</b>	<b>\$ 51,523,852</b>	<b>\$ 44,205,390</b>	<b>\$ 41,844,120</b>	<b>\$ 44,362,200</b>	<b>\$ 42,423,719</b>	<b>\$ 39,238,068</b>	<b>\$ 38,722,176</b>	<b>\$ 36,644,704</b>

**Notes:** Any significant increases or decreases for 2024 are explained in Management's Discussion and Analysis.

<sup>a</sup>For 2016, 2017, 2018, 2020, 2022 and 2023, the increases in real estate taxes were the result of an increase in the real estate tax rate.

<sup>b</sup>For 2020, the decrease in tax revenue was the result of negative economic effects of the COVID-19 pandemic.

<sup>c</sup>For 2018, the increase in consumer utility taxes was the result of an increase in the tax rates.

<sup>d</sup>For 2023, the decrease in motor vehicle license taxes was the result of the elimination of this tax.

<sup>e</sup>For 2018, the increases in hotel and motel room taxes and restaurant food taxes was the result of an increase in the tax rates.

CITY OF HARRISONBURG, VIRGINIA  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years

Fiscal Year	Real Estate <sup>1</sup>			Personal Property				Total	
	Residential	Commercial/Industrial	Public Service Corporations <sup>4</sup>	Personal Property <sup>2</sup>	Machinery and Tools <sup>3</sup>	Mobile Homes <sup>1</sup>	Public Service Corporations <sup>4</sup>	Assessed Values	Total Direct Tax Rate
2024	\$ 3,608,930,931	\$ 1,963,487,601	\$ 69,286,445	\$ 587,466,006	\$ 134,529,171	\$ 1,284,700	\$ 40,830	\$ 6,365,025,684	1.16
2023	3,169,133,064	1,734,399,851	64,662,119	612,182,205	138,732,710	1,259,200	52,778	5,720,421,927	1.15
2022	2,879,333,087	1,663,457,156	62,360,852	508,935,104	139,703,211	1,264,300	20,558	5,255,074,268	1.12
2021	2,782,886,650	1,649,108,907	58,944,000	500,829,435	135,804,213	1,223,000	25,440	4,616,187,953	1.08
2020	2,703,149,330	1,611,049,491	58,486,945	437,293,336	129,870,724	1,213,000	25,733	4,539,870,242	1.07
2019	2,639,449,190	1,552,749,097	57,558,115	408,242,550	109,866,156	1,196,200	66,550	4,430,664,309	1.05
2018	2,556,995,612	1,493,403,527	55,537,248	401,659,827	107,328,559	1,189,200	73,980	4,352,461,251	1.06
2017	2,521,144,415	1,470,670,436	55,740,297	388,479,303	102,466,936	1,207,900	160,955	4,334,808,802	0.99
2016	2,498,733,655	1,431,075,425	53,497,350	346,261,665	99,654,700	1,217,550	223,964	4,339,323,834	0.92
2015	2,463,332,515	1,407,562,622	52,607,250	332,061,200	96,391,700	1,042,700	463,264	4,388,533,563	0.89

Source: City of Harrisonburg Commissioner of the Revenue Property Tax Records.

Notes: <sup>1</sup> Assessed at 100% of fair market value. <sup>2</sup> Vehicles assessed at average trade-in value, as of January 1, as determined by the National Automobile Dealers Association (NADA). Business equipment assessed values are based upon depreciation schedule, year of purchase and cost. <sup>3</sup> Assessed values are based upon depreciation schedule, year of purchase and cost. <sup>4</sup> Assessed values are established by the State Corporation Commission.

CITY OF HARRISONBURG, VIRGINIA  
PROPERTY TAX RATES - PER \$100 OF ASSESSED VALUE  
Last Ten Fiscal Years

Table 7

Fiscal Year	Real Estate			Personal Property							Total Direct Tax Rate
	Residential	Commercial/ Industrial	Public Service Corporations	Business Equipment	Machinery and Tools	Mobile Homes	Public Service Corporations	Other <sup>1</sup>			
2024	\$ 0.96	\$ 0.96	\$ 0.96	\$ 2.12	\$ 2.12	\$ 0.96	\$ 3.15	\$ 3.15	\$ 3.15	\$ 1.16	
2023	0.93	0.93	0.93	2.12	2.12	0.93	3.15	3.15	3.15	1.15	
2022	0.90	0.90	0.90	2.12	2.12	0.90	3.50	3.50	3.50	1.12	
2021	0.86	0.86	0.86	2.12	2.12	0.86	3.50	3.50	3.50	1.08	
2020	0.86	0.86	0.86	2.12	2.12	0.86	3.50	3.50	3.50	1.07	
2019	0.85	0.85	0.85	2.12	2.12	0.85	3.50	3.50	3.50	1.06	
2018	0.85	0.85	0.85	2.12	2.12	0.85	3.50	3.50	3.50	1.06	
2017	0.78	0.78	0.78	2.12	2.12	0.78	3.50	3.50	3.50	0.99	
2016	0.72	0.72	0.72	2.12	2.12	0.72	3.50	3.50	3.50	0.92	
2015	0.69	0.69	0.69	2.12	2.12	0.69	3.50	3.50	3.50	0.89	

**Source:** City of Harrisonburg Commissioner of the Revenue Property Tax Records.

**Notes:** The City does not set property tax rates by various components such as by operations and debt service and has not included this information in the above table. The City does not have overlapping governments and has not included this information in the above table.<sup>1</sup> Other personal property includes business vehicles.



**CITY OF HARRISONBURG, VIRGINIA  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago**

**Table 8**

Property Taxpayer	Fiscal Year 2024			Fiscal Year 2015		
	Property Taxes	Rank	Percent of Total Property Taxes	Property Taxes	Rank	Percent of Total Property Taxes
George's Foods LLC	\$ 847,295	1	1.14%	\$ 401,605	3	1.08%
Tenneco Inc	760,807	2	1.03%	606,321	1	1.63%
Packaging Corporation of America	754,363	3	1.02%	372,850	5	1.00%
Copper Beech Townhome Communities, LLC	672,697	4	0.91%	385,676	4	1.03%
Shenandoah Valley Organic LLC	580,256	5	0.78%	-	-	-
The Elevance Companies Inc	547,121	6	0.74%	-	-	-
1191 Devon Lane Group Owner LLC	492,188	7	0.66%	-	-	-
Sunchase Harrisonburg LLC	414,708	8	0.56%	-	-	-
Virginia Mennonite Retirement Community	409,510	9	0.55%	239,816	9	0.64%
Hotel Madison LLC	403,033	10	0.54%	-	-	-
American Campus Communities Inc	-	-	-	461,334	2	1.24%
Graham Packaging Company LP	-	-	-	347,675	6	0.93%
The Macerich Company	-	-	-	280,143	7	0.75%
RR Donnelley & Sons Company	-	-	-	256,214	8	0.69%
Ariake USA, Inc	-	-	-	188,877	10	0.51%
<b>Total</b>	<b>\$ 5,881,978</b>		<b>7.93%</b>	<b>\$ 3,540,511</b>		<b>9.50%</b>

**Source:** City of Harrisonburg Commissioner of the Revenue Property Tax Records.

CITY OF HARRISONBURG, VIRGINIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

Table 9

Fiscal Year	Taxes Levied for the		Adjustments	Total Adjusted Levy	Collected within the		Collections in		Total Collections to Date	
	Fiscal Year (Original Levy)	Fiscal Year			Fiscal Year of the Levy	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	Amount
2024	\$ 74,140,700	\$	- \$	74,140,700	\$ 70,788,850	95.48%	\$	-	\$ 70,788,850	95.48%
2023	64,571,060	33,816		64,604,876	62,960,784	97.51%		1,081,554	64,042,338	99.13%
2022	57,484,253	73,394		57,557,647	56,312,485	97.96%		939,909	57,252,394	99.47%
2021	54,116,941	133,663		54,250,604	53,013,472	97.96%		871,807	53,885,279	99.33%
2020	51,411,484	80,550		51,492,034	50,377,781	97.99%		928,228	51,306,009	99.64%
2019	48,793,283	49,248		48,842,531	47,934,023	98.24%		730,366	48,664,389	99.64%
2018	47,285,573	(47,771)		47,237,802	46,313,920	97.95%		712,231	47,026,151	99.55%
2017	43,406,093	16,726		43,422,819	42,331,311	97.52%		887,071	43,218,382	99.53%
2016	39,427,910	38,993		39,466,903	38,629,078	97.97%		686,899	39,315,977	99.62%
2015	37,288,334	(5,849)		37,282,485	36,588,785	98.12%		567,286	37,156,071	99.66%

**CITY OF HARRISONBURG, VIRGINIA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

Table 10

Type of debt	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities:										
General obligation bonds <sup>a,b</sup>	\$ 204,848,896	\$ 219,632,425	\$ 234,265,954	\$ 154,647,871	\$ 165,660,849	\$ 156,533,967	\$ 161,338,577	\$ 168,044,998	\$ 176,312,408	\$ 135,804,398
Leases	2,282,319	2,123,831	2,269,322	-	-	-	-	-	-	-
SBITA	115,252	70,014	-	-	-	-	-	-	-	-
Bank loans (previously capital leases)	-	-	-	-	-	489,000	960,000	1,414,000	2,032,839	2,723,162
Middle River Regional Jail agreement	1,053,439	2,084,503	3,093,669	4,081,401	5,048,154	5,994,375	6,920,498	7,826,952	8,714,153	9,694,615
Equipment purchase agreement	213,000	447,701	682,403	889,565	-	-	-	-	-	-
Business-type activities:										
General obligation bonds <sup>c</sup>	40,635,028	43,919,863	47,059,698	23,092,891	25,553,083	27,942,286	30,785,886	26,299,704	28,742,532	27,875,343
Leases	16,019	-	-	-	-	-	-	-	-	-
<b>Total primary government</b>	<b>\$ 249,163,953</b>	<b>\$ 268,278,337</b>	<b>\$ 287,371,046</b>	<b>\$ 182,711,728</b>	<b>\$ 196,262,086</b>	<b>\$ 190,959,628</b>	<b>\$ 200,004,961</b>	<b>\$ 203,585,654</b>	<b>\$ 215,801,932</b>	<b>\$ 176,097,518</b>
Percentage of personal income <sup>1</sup>	8.22%	9.36%	10.83%	7.68%	9.34%	8.86%	9.67%	10.50%	10.99%	9.60%
Per capita <sup>1</sup>	\$ 4,450	\$ 4,816	\$ 5,204	\$ 3,329	\$ 3,788	\$ 3,471	\$ 3,639	\$ 3,752	\$ 4,027	\$ 3,326

**Notes:** The City does not have overlapping governments and has not included this information in the above table. Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City implemented GASB Statement No. 87, *Leases* in fiscal year 2022. The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Agreements* in fiscal year 2023. Prior year information has not been restated. <sup>1</sup>See Table 13 for personal income and population data. Personal income was adjusted on Table 13 for 2015-2023.

<sup>a</sup>For 2016, the City issued \$44.3 million in general obligation bonds primarily for school construction projects.

<sup>b</sup>For 2022, the City issued \$84.6 million in general obligation bonds for a school construction project.

<sup>c</sup>For 2022, the City issued \$24.7 million in general obligation bonds for the construction of a water line (and related infrastructure) to the South Fork of the Shenandoah River.

CITY OF HARRISONBURG, VIRGINIA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years

Table 11

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General obligation bonds <sup>a,b</sup>	\$ 245,483,924	\$ 263,552,288	\$ 281,325,652	\$ 177,740,762	\$ 191,213,932	\$ 184,476,253	\$ 192,124,463	\$ 194,344,702	\$ 205,054,940	\$ 163,679,741
Total	\$ 245,483,924	\$ 263,552,288	\$ 281,325,652	\$ 177,740,762	\$ 191,213,932	\$ 184,476,253	\$ 192,124,463	\$ 194,344,702	\$ 205,054,940	\$ 163,679,741
Percentage of assessed real property value <sup>1</sup>	4.35%	5.30%	6.11%	3.96%	4.37%	4.34%	4.68%	4.80%	5.15%	4.17%
Per capita <sup>2</sup>	\$ 4,384	\$ 4,732	\$ 5,095	\$ 3,238	\$ 3,690	\$ 3,353	\$ 3,496	\$ 3,582	\$ 3,827	\$ 3,091

**Notes:** The City does not have overlapping governments and has not included this information in the above table. Details regarding the City's outstanding debt can be found in the notes to the financial statements. There is no restricted net position for debt service available for the repayment of principal on bonded debt. <sup>1</sup>See Table 6 for assessed real property data. <sup>2</sup>See Table 13 for population data.

<sup>a</sup>For 2016, the City issued \$44.3 million in general obligation bonds primarily for school construction projects.

<sup>b</sup>For 2022, the City issued \$109.3 million in general obligation bonds for a school construction project and for the construction of a water line (and related infrastructure) to the South Fork of the Shenandoah River.

CITY OF HARRISONBURG, VIRGINIA  
 LEGAL DEBT MARGIN INFORMATION  
 Last Ten Fiscal Years

Table 12

	Fiscal Year										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Debt limit	\$ 564,170,498	\$ 496,819,503	\$ 460,515,110	\$ 449,093,956	\$ 437,268,577	\$ 424,975,640	\$ 410,593,639	\$ 404,755,515	\$ 398,330,643	\$ 392,350,239	
Total debt applicable to limit	224,599,305	241,673,236	258,430,269	172,837,868	186,527,487	181,550,575	190,438,565	193,377,886	204,952,793	168,768,444	
Legal debt margin	\$ 339,571,193	\$ 255,146,267	\$ 202,084,841	\$ 276,256,088	\$ 250,741,090	\$ 243,425,065	\$ 220,155,074	\$ 211,377,629	\$ 193,377,850	\$ 223,581,795	
Total debt applicable to the limit as percentage of debt limit	39.81%	48.64%	56.12%	38.49%	42.66%	42.72%	46.38%	47.78%	51.45%	43.01%	
<b>Legal Debt Margin Calculation for Fiscal Year 2024</b>											
Total assessed value of taxed real property	\$ 5,641,704,977										
Debt limit (10% of total assessed value)	\$ 564,170,498										
Debt applicable to limit:											
General obligation bonds	223,545,866										
Middle River Regional Jail agreement	1,053,439										
Legal debt margin	\$ 339,571,193										

**Notes:** Under the Constitution of Virginia, the City's bonds or other interest-bearing obligations shall not exceed ten percent of the total assessed value of taxed real property.

**CITY OF HARRISONBURG, VIRGINIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

**Table 13**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate Percentage<sup>4</sup></b>
2024	55,990	\$ 3,029,467	\$ 54,107	6,511	3.6
2023	55,700	2,866,656	51,466	6,379	3.5
2022	55,220	2,653,652	48,056	6,270	3.4
2021	54,892	2,379,513	43,349	6,141	5.5
2020	51,814	2,100,332	40,536	5,910	3.3
2019	55,011	2,154,451	39,164	5,793	3.9
2018	54,959	2,068,382	37,635	5,660	4.7
2017	54,263	1,938,763	35,729	5,423	4.7
2016	53,588	1,963,357	36,638	5,158	5.7
2015	52,946	1,834,473	34,648	4,956	6.4

**Sources:** <sup>1</sup> University of Virginia Weldon Cooper Center for Public Service for 2015-2019 and 2021-2024. United States States Census Bureau for 2020. <sup>2</sup> Bureau of Economic Analysis, United States Department of Commerce. Amounts for 2015-2023 have been adjusted based upon the latest available data. Data for 2024 has been estimated based on per capita personal income trends for the previous ten years. <sup>3</sup> City of Harrisonburg School Board. <sup>4</sup> Virginia Employment Commission. The unemployment rate is an annual average.

**CITY OF HARRISONBURG, VIRGINIA  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

**Table 14**

Employers	Fiscal Year 2024			Fiscal Year 2015		
	Approximate Employees	Rank	Percent of Total City Employment	Approximate Employees	Rank	Percent of Total City Employment
James Madison University	> 999	1	> 3.24%	>999	1	> 3.32%
Harrisonburg City Public Schools	> 999	2	> 3.24%	500 - 999	2	> 3.32%
Shenandoah Valley Organic LLC	500 - 999	3	1.62% - 3.24%	-	-	-
City of Harrisonburg	500 - 999	4	1.62% - 3.24%	500 - 999	4	1.66% - 3.32%
Aramark Campus LLC	500 - 999	5	1.62% - 3.24%	500 - 999	3	1.66% - 3.32%
George's Foods LLC	250 - 499	6	0.81% - 1.61%	500 - 999	7	1.66% - 3.32%
Tenneco Inc	250 - 499	7	0.81% - 1.61%	500 - 999	5	1.66% - 3.32%
Eastern Mennonite University	250 - 499	8	0.81% - 1.61%	250 - 499	8	0.83% - 1.65%
Virginia Mennonite Retirement Community	250 - 499	9	0.81% - 1.61%	250 - 499	9	0.83% - 1.65%
Walmart Stores Inc	250 - 499	10	0.81% - 1.61%	250 - 499	10	0.83% - 1.65%
Rosetta Stone Inc.	-	-	-	500 - 999	6	1.66% - 3.31%
Total City Employment	30,844			30,091		

**Source:** *Virginia Employment Commission.*

**Notes:** "n/a" means that the information is not available.

CITY OF HARRISONBURG, VIRGINIA  
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
 Last Ten Fiscal Years

Table 15

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government administration	65.1	63.9	60.0	58.6	56.1	55.2	53.6	51.0	48.6	48.6
Public safety:										
Police <sup>a</sup>	138.6	137.4	136.6	136.6	136.6	134.6	130.4	125.9	118.4	114.4
Fire <sup>a</sup>	87.7	87.7	87.2	86.4	85.4	84.0	83.7	82.9	81.9	81.8
Other	19.6	19.1	16.0	16.0	16.0	16.0	16.0	15.0	14.0	14.0
Public works	84.8	84.1	85.7	84.4	79.9	79.9	79.6	77.1	75.2	75.2
Education <sup>b</sup>	65.9	62.0	57.7	57.2	55.7	53.3	50.0	44.3	38.7	43.0
Parks, recreation and cultural	76.2	77.8	80.0	79.1	82.5	84.0	78.1	71.9	71.1	72.4
Planning and community development	14.6	14.4	13.5	13.7	14.4	13.6	16.7	16.7	16.2	17.0
Water	41.1	40.2	37.9	37.2	37.0	37.0	35.5	35.0	34.5	33.9
Sewer	29.8	28.9	28.3	28.1	28.1	28.1	28.7	26.0	24.5	24.6
Public transportation <sup>b</sup>	78.3	72.8	72.9	71.2	67.1	69.7	60.2	58.3	60.0	58.8
Sanitation	23.4	24.1	25.4	25.0	25.7	25.2	25.2	25.2	25.2	58.9
Stormwater	3.5	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	-
Central garage	21.0	19.7	19.0	16.2	15.5	15.6	15.7	15.6	15.5	14.8
Central stores	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>751.6</b>	<b>737.8</b>	<b>725.9</b>	<b>715.4</b>	<b>705.7</b>	<b>701.9</b>	<b>679.1</b>	<b>650.5</b>	<b>629.5</b>	<b>659.4</b>

**Source:** City of Harrisonburg Proposed Budget for the relevant year.

**Notes:** Full-time equivalent amounts are budgeted positions.

<sup>a</sup>The City has added additional police and fire department personnel over the past ten years as demand for services continue to increase.

<sup>b</sup>The City has added additional transportation personnel over the past ten years as demand for transit and school bus services continue to increase.



CITY OF HARRISONBURG, VIRGINIA  
 OPERATING INDICATORS BY FUNCTION  
 Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Calls answered <sup>a</sup>	98,528	93,736	96,863	110,466	55,086	42,999	42,900	41,536	42,686	40,099
Traffic citations	4,747	5,430	11,135	10,000	8,940	10,089	9,369	8,280	8,442	7,648
Fire										
Calls answered	6,522	6,350	6,065	5,135	5,458	5,493	5,636	5,310	5,574	5,246
Inspections	2,900	2,100	2,250	2,038	2,300	3,488	3,593	4,041	2,987	1,351
Public works										
Streets repaved (total miles)	9.73	8.36	6.12	12.00	10.65	6.97	7.85	8.88	8.22	11.69
Parks and recreation										
Pool admissions	46,509	57,038	32,586	18,247	21,831	32,155	28,890	38,873	34,651	37,398
Rounds of golf played	31,110	27,614	24,326	21,168	19,142	24,708	27,248	29,819	30,001	29,488
Planning and community development										
Building permits issued	678	632	474	578	616	580	683	700	564	671
Water										
Daily consumption (millions of gallons)	6.94	6.60	6.42	5.89	5.90	5.63	5.95	5.88	5.74	5.61
New customer connections	61	107	36	54	65	97	103	100	44	61
Sewer										
Daily consumption (millions of gallons)	5.58	5.28	5.24	4.86	4.87	4.76	4.89	4.74	4.68	4.57
New customer connections	61	92	22	46	27	17	14	77	13	15
Public transportation										
Transit bus passengers <sup>b</sup>	1,877,126	1,522,746	1,360,066	503,759	1,872,845	2,120,458	2,116,785	2,572,937	2,807,730	2,820,419
Sanitation										
Solid waste collected (tons)	9,771	10,146	9,523	9,823	10,101	10,507	10,681	12,363	10,113	-

**Source:** Various City of Harrisonburg departments.

**Notes:** Operating indicators are not available for the general government function.

<sup>a</sup>In 2020, the Police Department transitioned to a new reporting system and the manner in which calls are received and data captured has changed.

<sup>b</sup>In 2020, the City significant decrease in transit bus passengers was due to the COVID-19 pandemic.

CITY OF HARRISONBURG, VIRGINIA  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 Last Ten Fiscal Years

Table 17

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Police stations	3	3	3	3	3	3	3	3	3	3
Patrol units (including motorcycles)	84	77	76	72	70	69	64	56	48	49
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	12	12	12	13	14	13	12	12	12	12
Public works:										
Streets (centerline miles)	142.85	142.85	142.82	140.85	139.38	139.38	139.78	139.78	139.44	140.27
Parks, recreation and cultural										
Parks (including athletic facilities)	12	12	12	12	12	12	12	12	12	12
Parks acreage	877	877	877	877	877	877	877	877	877	877
Golf course acreage <sup>a</sup>	193	193	193	193	193	193	193	193	193	204
Water:										
Water lines (linear feet) <sup>b</sup>	1,560,326	1,544,236	1,735,522	1,733,878	1,722,475	1,705,440	1,694,719	1,680,534	1,664,446	1,610,400
Storage capacity (millions of gallons)	28.50	28.50	28.50	28.50	28.50	28.50	25.25	25.25	25.25	25.25
Sewer:										
Sewer lines (linear feet) <sup>b</sup>	982,114	981,879	1,098,602	1,098,405	1,095,104	1,082,400	1,075,269	1,066,269	1,059,020	1,024,320
Public transportation:										
Transit buses	55	54	51	51	51	51	51	50	50	48
Sanitation:										
Refuse collection trucks	7	7	7	7	7	7	7	7	7	8
Recycling collection trucks	3	3	3	3	3	3	3	4	4	2

**Source:** Various City of Harrisonburg departments.

**Notes:** Capital assets indicators are not available for the general government function and the planning and community development function. "n/a" means that the information is not available.  
 1The methodology in the way the amount of water and sewer lines calculated

<sup>a</sup>In 2016, the City transferred approximately ten acres of golf course property to the Harrisonburg City School Board for the construction of a new elementary school.  
<sup>b</sup>In 2023, the Public Utilities Department changed the manner in which the linear feet of water and sewer lines are calculated.

# COMPLIANCE SECTION

This part of the City's annual comprehensive financial report is intended to demonstrate the City's compliance with various state and federal legal matters, as well as, compliance with federal grant funding requirements. It is prepared in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Guidance.

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of City Council  
City of Harrisonburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonburg, Virginia (the “City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 4, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City’s internal control. Accordingly, we do not express an opinion on the effectiveness of City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
December 4, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Honorable Members of City Council  
City of Harrisonburg, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Harrisonburg, Virginia’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Harrisonburg, Virginia’s major federal programs for the year ended June 30, 2024. The City of Harrisonburg, Virginia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Harrisonburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Harrisonburg, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Harrisonburg, Virginia’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Harrisonburg, Virginia’s federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Harrisonburg, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Harrisonburg, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Harrisonburg, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Harrisonburg, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisonburg, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
December 4, 2024

## CITY OF HARRISONBURG, VIRGINIA

### SUMMARY OF COMPLIANCE MATTERS

June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

#### STATE COMPLIANCE MATTERS

##### Code of Virginia

Budget and Appropriation Laws  
Cash and Investment Laws  
Conflicts of Interest Act  
Local Retirement Systems  
Debt Provisions  
Procurement Laws  
Governor's Opportunity Funds  
Uniform Disposition of Unclaimed Property Act

##### State Agency Requirements

Education  
Urban Highway Maintenance  
Fire Programs Aid to Localities  
Stormwater Management Program  
Opioid Abatement Program

#### FEDERAL COMPLIANCE MATTERS

##### Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF HARRISONBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>Assistance Listing #</u>
Highway Planning and Construction	20.205
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The City was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through Payments to Subrecipients	Cluster Expenditures	Federal Expenditures
<b>Department of Agriculture:</b>					
Pass-through payments:					
Child Nutrition Cluster:					
Virginia Department of Education:					
School Breakfast Program	10.553	202323N119941	\$ -	\$ 265,294	\$ -
School Breakfast Program	10.553	202423N119941	-	209,150	-
School Breakfast Program	10.553	202424N119941	-	1,290,065	-
National School Lunch Program	10.555	202323N119941	-	478,059	-
National School Lunch Program	10.555	202423N119941	-	362,326	-
National School Lunch Program	10.555	202424N119941	-	2,234,104	-
National School Lunch Program	10.555	202322N890341	-	1,425	-
National School Lunch Program	10.555	202323N890341	-	131,908	-
Summer Food Service Program for Children	10.559	202323N119941	-	48,447	-
Summer Food Service Program for Children	10.559	202424N109941	-	31,069	-
Fresh Fruit and Vegetable Program	10.582	202320L160341	-	9,794	-
Fresh Fruit and Vegetable Program	10.582	202423L160341	-	101,910	-
Virginia Department of Agriculture and Consumer Services:					
National School Lunch Program (donated commodities)	10.555	Not Provided	-	295,967	-
Total Child Nutrition Cluster					5,459,518
Virginia Department of Education:					
Child and Adult Care Food Program	10.558	202323N119941	-	-	23,103
Child and Adult Care Food Program	10.558	202424N119941	-	-	139,520
Child and Adult Care Food Program	10.558	202323N202041	-	-	1,604
Child and Adult Care Food Program	10.558	202424N202041	-	-	9,677
COVID-19 - Pandemic EBT Administrative Costs	10.649	202323S900941	-	-	6,180
<b>Department of Housing and Urban Development:</b>					
Direct payments:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218		234,612	583,257	-
COVID-19 - Community Development Block Grants/Entitlement Grant:	14.218		78,695	78,695	-
Total CDBG - Entitlement Grants Cluster					661,952
<b>Department of Justice:</b>					
Direct payments:					
Bulletproof Vest Partnership Program	16.607				9,928
Edward Byrne Memorial Justice Assistance Grant Program	16.738				16,860
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838				127,757
Pass-through payments:					
Virginia Department of Criminal Justice Services:					
Violence Against Women Formula Grants	16.588	23-H3245VA21	-	-	9,956
Violence Against Women Formula Grants	16.588	24-H3245VA22	-	-	29,211
<b>Department of Transportation:</b>					
Direct payments:					
Federal Transit Cluster:					
Federal Transit-Formula Grants	20.507		-	2,539,483	-
Total Federal Transit Cluster					2,539,483
Pass-through payments:					
Virginia Department of Transportation:					
Highway Planning and Construction	20.205	UPC 115139	-	-	92,346
Highway Planning and Construction	20.205	UPC 116860	-	-	184,197
Highway Planning and Construction	20.205	UPC 119645	-	-	123,018
Highway Planning and Construction	20.205	UPC 119647	-	-	246,051
Highway Planning and Construction	20.205	UPC 119652	-	-	103,320
Highway Planning and Construction	20.205	UPC 119661	-	-	3,810
Highway Planning and Construction	20.205	UPC 119662	-	-	87,563
Highway Planning and Construction	20.205	UPC 121206	-	-	1,672
Highway Planning and Construction	20.205	UPC 121207	-	-	4,032
Highway Planning and Construction	20.205	UPC 124006	-	-	111,271
Highway Planning and Construction	20.205	UPC 124008	-	-	69,907
Highway Planning and Construction	20.205	UPC 124203	-	-	143,552

(continued)

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through Payments to Subrecipients	Cluster Expenditures	Federal Expenditures
<b>Department of Transportation: (continued)</b>					
Pass-through payments: (continued)					
Harrisonburg-Rockingham Metropolitan Planning Organization:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	46023-12	-	-	80,097
Virginia Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	BSC-2023-53391-23391	-	1,187	
State and Community Highway Safety	20.600	BSC-2024-54313-24313	-	6,976	
National Priority Safety Programs	20.616	SFHLE-2023-53392-23392	-	768	
National Priority Safety Programs	20.616	SFHLE-2024-54331-24331	-	3,087	
Total Highway Safety Cluster					12,018
Alcohol Open Container Requirements	20.607	ENF_AL-2023-53283-23283	-	-	3,532
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54330-24330	-	-	7,415
<b>Department of the Treasury:</b>					
Direct payments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		754,655	-	6,464,345
Pass-through payments:					
Virginia Department of Criminal Justice Services:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	509205	-	-	290,209
Virginia Tourism Corporation:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	-	-	2,205
<b>Environmental Protection Agency:</b>					
Pass-through payments:					
Virginia Department of Forestry:					
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	22VTCW41	-	-	5,430
<b>Department of Education:</b>					
Pass-through payments:					
Virginia Department of Education:					
Title I Grants to Local Educational Agencies	84.010	S010A220046	-	-	295,631
Title I Grants to Local Educational Agencies	84.010	S010A230046	-	-	1,234,936
Career and Technical Education - Basic Grants to States	84.048	V048A220046	-	-	1,128
Career and Technical Education - Basic Grants to States	84.048	V048A230046	-	-	120,744
English Language Acquisition State Grants	84.365	S365A200046	-	-	95
English Language Acquisition State Grants	84.365	S365A220046	-	-	164,312
English Language Acquisition State Grants	84.365	S365A230046	-	-	149,558
Improving Teacher Quality State Grants	84.367	S367A220044	-	-	75,388
Improving Teacher Quality State Grants	84.367	S367A230044	-	-	132,449
Student Support and Academic Enrichment Program	84.424	S424A200048	-	-	2,900
Student Support and Academic Enrichment Program	84.424	S424A220048	-	-	28,841
Student Support and Academic Enrichment Program	84.424	S424A230048	-	-	56,995
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	S425U210008	-	-	6,488,565
Special Education Cluster (IDEA):					
COVID-19 - Special Education-Grants to States	84.027	H027X210107	-	220,769	
Special Education-Grants to States	84.027	H027A210107	-	21,841	
Special Education-Grants to States	84.027	H027A220107	-	213,760	
Special Education-Grants to States	84.027	H027A230107	-	907,663	
COVID-19 - Special Education-Preschool Grants	84.173	H173X210112	-	24,076	
Special Education-Preschool Grants	84.173	H173A230112	-	32,137	
Total Special Education Cluster					1,420,246
State Council of Higher Education for Virginia:					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Provided	-	-	45,693
The College of William & Mary:					
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	S425W210048	-	-	28,464

(continued)

CITY OF HARRISONBURG, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Pass-through Payments to Subrecipients</u>	<u>Cluster Expenditures</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services:</b>					
Pass-through payments:					
Virginia Department of Education:					
COVID-19 - Child Care and Development Block Grant	93.575	Not Provided	-	-	14,150
Virginia Department of Behavioral Health and Developmental Services:					
COVID-19 - Block Grants for Community Mental Health Services	93.958	0000119700	-	-	9,205
<b>Department of Homeland Security:</b>					
Pass-through payments:					
Virginia Department of Emergency Management:					
Emergency Management Performance Grants	97.042	EMP-2023-EP-00006-18	-	-	7,500
Homeland Security Grant Program	97.067	EMW-2021-SS-00034-83	-	-	40,783
Homeland Security Grant Program	97.067	EMW-2022-SS-00082-18	-	-	73,390
Homeland Security Grant Program	97.067	EMW-2022-SS-00082-81	82,558	-	82,558
Homeland Security Grant Program	97.067	EMW-2023-SS-00109-20	-	-	150,000
<b>Department of Defense:</b>					
Direct payments:					
JROTC Funds	12.VA 170853				<u>46,038</u>
<b>Total expenditures of federal awards</b>					<b><u>\$ 27,740,308</u></b>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF HARRISONBURG, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2024**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Harrisonburg, Virginia and its component units, and is presented on the modified accrual basis of accounting. The information contained in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget’s Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**Note 2. Indirect Cost Allocation Rate**

The City of Harrisonburg has not elected to use the de minimis indirect cost allocation rate.

**Note 3. Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed as determined by the U.S. Department of Agriculture. At June 30, 2024, the School Board, a component unit, had food commodities totaling \$8,738 in inventory.

**Note 4. Loan Programs**

Included in prior year schedules were loan proceeds obtained through the Virginia Water Supply Revolving Fund in the total amount of \$1,136,000. The following is the federal award program and the outstanding balance on the loan at June 30, 2024.

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Outstanding Loan Amount</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 605,866

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