

City of Harrisonburg, Virginia Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



Morrison Park

City of Harrisonburg, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



This Report
Prepared by Department of Finance

Report Cover: The front cover is a section of Morrison Park. The Parks & Recreation Department converted under utilized tennis courts in Morrison Park to pickleball courts as demand for this recreational activity has increased.

CITY OF HARRISONBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended June 30, 2023

Introductory Section

Letter of Transmittal	1-5
Certificate of Achievement for Excellence in Financial Reporting - 2022	6
Organization Chart	7
Directory of Principal Officials	8

Financial Section

Independent Auditor's Report	9-12
Management's Discussion and Analysis	13-22

Basic Financial Statements

Exhibit 1	Statement of Net Position	23
Exhibit 2	Statement of Activities	24-25
Exhibit 3	Governmental Funds - Balance Sheet	26
Exhibit 4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Exhibit 5	Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances	28
Exhibit 6	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	29
Exhibit 7	General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	30
Exhibit 8	Proprietary Funds - Statement of Net Position	31
Exhibit 9	Proprietary Funds - Statement of Revenues, Expenses and Changes in Fund Net Position	32
Exhibit 10	Proprietary Funds - Statement of Cash Flows	33-34
Exhibit 11	Fiduciary Funds - Statement of Fiduciary Net Position	35
Exhibit 12	Fiduciary Funds - Statement of Changes in Fiduciary Net Position	36
	Notes to Financial Statements	37-81

Required Supplementary Information

Exhibit 13	Schedule of Changes in the Net Pension Liability and Related Ratios - Primary Government and Harrisonburg Electric Commission	82
Exhibit 14	Schedule of Pension Contributions - Primary Government and Harrisonburg Electric Commission	83
Exhibit 15	Schedule of Changes in the Net Pension Liability and Related Ratios - School Board Nonprofessional Employees	84
Exhibit 16	Schedule of Pension Contributions - School Board Nonprofessional Employees	85
Exhibit 17	Schedule of Proportionate Share of the Net Pension Liability - School Board Teacher Cost-Sharing Pool	86
Exhibit 18	Schedule of Pension Contributions - School Board Teacher Cost-Sharing Pool	87
	VRS Group Life Insurance Program	
Exhibit 19	Schedule of Proportionate Share of the Net OPEB Liability - Primary Government and Harrisonburg Electric Commission	88
Exhibit 20	Schedule of OPEB Contributions - Primary Government and Harrisonburg Electric Commission	89
Exhibit 21	Schedule of Proportionate Share of the Net OPEB Liability - School Board	90
Exhibit 22	Schedule of OPEB Contributions - School Board	91

CITY OF HARRISONBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended June 30, 2023

Financial Section (continued)

VRS Health Insurance Credit Program		
Exhibit 23	Schedule of Proportionate Share of the Net OPEB Liability - School Board Teacher Cost-Sharing	92
Exhibit 24	Schedule of OPEB Contributions - School Board Teacher Cost-Sharing	93
Exhibit 25	Schedule of Changes in the Net OPEB Liability and Related Ratios - School Board Nonprofessional Employees	94
Exhibit 26	Schedule of OPEB Contributions - School Board Nonprofessional Employees	95
Local Health Insurance Program		
Exhibit 27	Schedule of Changes in the Total OPEB Liability and Related Ratios - Primary Government	96
Exhibit 28	Schedule of Changes in the Total OPEB and Related Ratios - School Board	97
	Notes to Required Supplementary Information	98-99
Other Supplementary Information		
	Nonmajor Governmental Funds:	100
Exhibit A-1	Combining Balance Sheet	101
Exhibit A-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	102
Exhibit A-3	School Transportation Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	103
Exhibit A-4	Business Loan Program Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	104
	Internal Service Funds:	105
Exhibit B-1	Combining Statement of Net Position	106
Exhibit B-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	107
Exhibit B-3	Combining Statement of Cash Flows	108-109
	Custodial Funds:	110
Exhibit C-1	Combining Statement of Fiduciary Net Position	111
Exhibit C-2	Statement of Changes in Fiduciary Net Position	112
	Discretely Presented Component Unit - School Board:	113
Exhibit D-1	Balance Sheet	114
Exhibit D-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	115
Exhibit D-3	Statement of Revenues, Expenditures and Changes in Fund Balances	116
Exhibit D-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	117
Exhibit D-5	School Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	118
Exhibit D-6	School Nutrition Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	119
	Other Supplementary Schedules:	120
	Detail Schedules of Governmental Funds and Discretely Presented Component Unit - School Board:	
Schedule 1	Schedule of Revenues - Budget and Actual	121-126
Schedule 2	Schedule of Expenditures - Budget and Actual	127-132

CITY OF HARRISONBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended June 30, 2023

Statistical Section

Table 1	Net Position by Component - Last Ten Fiscal Years	133
Table 2	Changes in Net Position - Last Ten Fiscal Years	134-135
Table 3	Fund Balances (Governmental Funds) - Last Ten Fiscal Years	136
Table 4	Changes in Fund Balances (Governmental Funds) - Last Ten Fiscal Years	137-138
Table 5	Tax Revenue by Source - Last Ten Fiscal Years	139
Table 6	Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	140
Table 7	Property Tax Rates - Per \$100 of Assessed Value - Last Ten Fiscal Years	141
Table 8	Principal Property Taxpayers - Current Year and Nine Years Ago	142
Table 9	Property Tax Levies and Collections - Last Ten Fiscal Years	143
Table 10	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	144
Table 11	Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	145
Table 12	Legal Debt Margin Information - Last Ten Fiscal Years	146
Table 13	Demographic and Economic Statistics - Last Ten Fiscal Years	147
Table 14	Principal Employers - Current Year and Nine Years Ago	148
Table 15	Full-time Equivalent Employees by Function - Last Ten Fiscal Years	149
Table 16	Operating Indicators by Function - Last Ten Fiscal Years	150
Table 17	Capital Asset Statistics by Function - Last Ten Fiscal Years	151

Compliance Section

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 <i>Government Auditing Standards</i>	152-153
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	154-156
Summary of Compliance Matters	157
Schedule of Findings and Questioned Costs	158
Schedule of Expenditures of Federal Awards	159-161
Notes to Schedule of Expenditures of Federal Awards	162

THIS PAGE LEFT BLANK INTENTIONALLY

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.

THIS PAGE LEFT BLANK INTENTIONALLY



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 6, 2023

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, 2023 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, 2023, 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. This comparison is presented on page 29.

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 a total of \$21.7 million in federal American Rescue Plan Act (ARPA) funds. \$17.4 million of ARPA funds were appropriated for various capital purposes and \$4.3 million was appropriated for various nonprofit and affordable housing initiatives.
- Appropriated a total of \$7.8 million for the construction of a new Public Works Administration building.
- Appropriated \$4.1 million in the Public Transportation Fund for the purchase of seven replacement transit buses and two replacement paratransit buses with 96 percent of the funding provided by state and federal sources.
- Appropriated \$1.75 million for a replacement ladder truck for the Fire Department.
- Appropriated a total of \$3 million in the Water Fund for various infrastructure asset replacements.
- Appropriated a total of \$1.9 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 25,600. James Madison University, a state-supported school, is located near the geographic center of the City and has approximately 22,000 students. Eastern Mennonite University, a private institution with approximately 2,000 students is also located in the City. Bridgewater College, located just south of the City, is also private and has an approximate enrollment of 1,600 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.

The City was allocated a total of \$23.8 million in federal American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds. The City received \$11.9 million of this funding in June 2021 and \$11.9 million in June 2022. As of June 30, 2023, the City had expended approximately \$4.3 million and obligated approximately \$10.8 million of its ARPA funds.

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. Currently, the 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 \$20.2 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, fifth fire station to be located in the northwest section of the City, replacement of Kids' Castle at Purcell Park, a splashpad park at Ralph Sampson Park and improvements to athletic facilities within the parks and recreation system. Currently, \$17.6 million in federal ARPA funds 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. Currently, 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 million in the Water Fund and \$6.6 million in the Sewer Fund for these infrastructure projects. The City currently has \$10.2 million and \$4.5 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, 2022. This was the twenty-eighth 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**

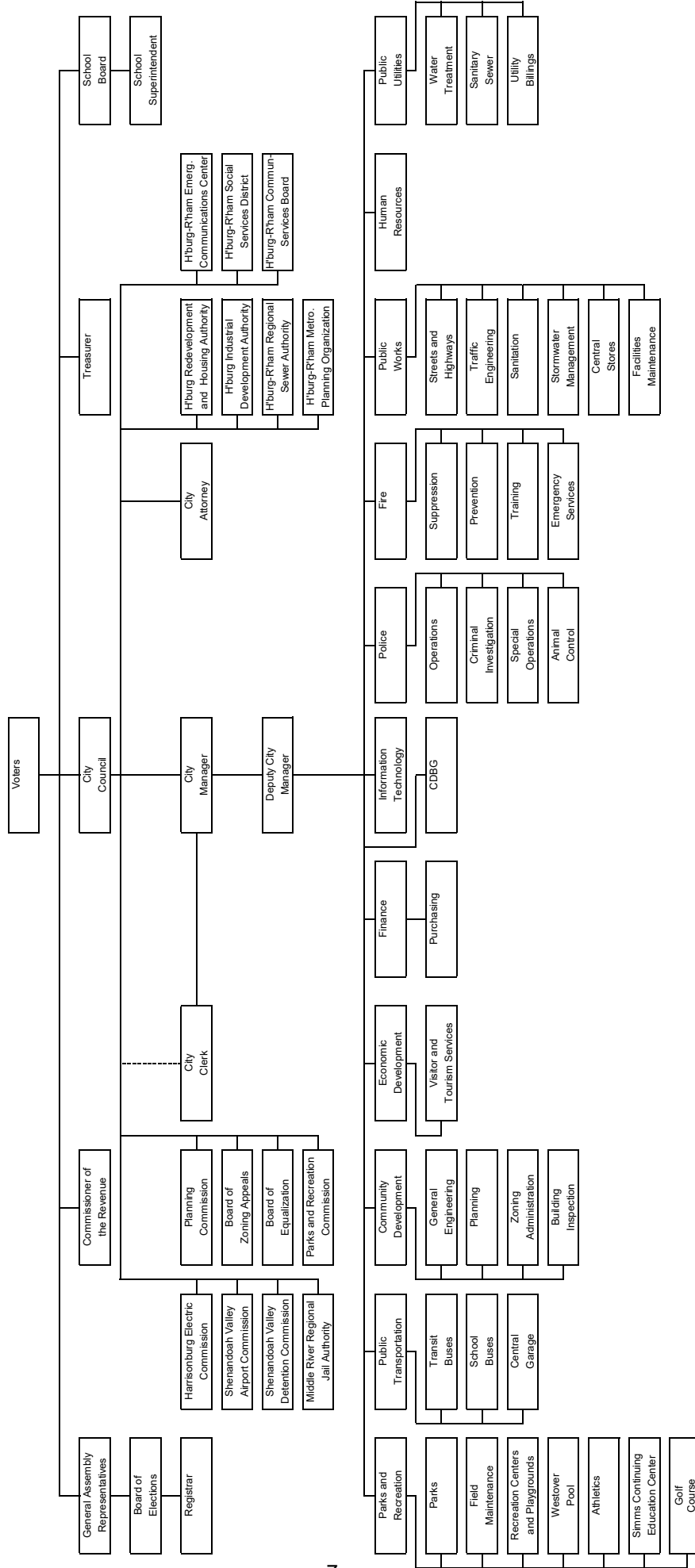
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Harrisonburg, Virginia Organization Chart



CITY OF HARRISONBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2023

CITY COUNCIL

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

Alexander "Ande" Banks, IV	City Manager
Amy E. Snider	Interim 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
Kelley D. Warner	Police Chief
Brian B. Mancini	Director of Parks and Recreation
Mark D. Finks	City Registrar

SCHOOL BOARD

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

Dr. Michael G. Richards	Superintendent of Schools
Lisa M. Knupp	Clerk
Tracy Shaver	Executive Director of Finance

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.

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023, 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, 2023, 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* and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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.

Change in Accounting Principle

As described in Notes 7 and 8 to the financial statements, in 2023, the City adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Agreements*. Our opinion is not modified with respect to this matter.

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 6, 2023 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 6, 2023

CITY OF HARRISONBURG, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. 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 \$340.2 million (net position). Of this amount, \$93.4 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 \$33.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100.8 million, a decrease of \$19 million in comparison with the previous year. Approximately 62.6 percent of this total amount, \$63.1 million, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$63.1 million, or 44.4 percent of total General Fund expenditures and other financing uses.
- The City's total long-term debt decreased by \$10.65 million during the current fiscal year. In addition, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 96, *Subscription-Based Information Technology Arrangements*, and has reported subscription liabilities totaling \$70,014.

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 \$340.2 million at the close of the most recent fiscal year.

The largest portion of the City's net position (72.2 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 \$93.4 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 228,328,776	\$ 240,039,850	\$ 57,774,865	\$ 61,679,863	\$ 286,103,641	\$ 301,719,713
Capital assets	367,455,523	336,803,897	108,703,366	100,923,473	476,158,889	437,727,370
Total assets	595,784,299	576,843,747	166,478,231	162,603,336	762,262,530	739,447,083
Total deferred outflows of resources	8,885,107	11,623,041	2,232,745	2,742,652	11,117,852	14,365,693
Current and other liabilities	38,309,249	39,028,721	3,223,202	2,800,885	41,532,451	41,829,606
Long-term liabilities	256,051,558	265,621,234	55,289,176	56,371,236	311,340,734	321,992,470
Total liabilities	294,360,807	304,649,955	58,512,378	59,172,121	352,873,185	363,822,076
Total deferred inflows of resources	78,845,806	79,611,816	1,423,311	3,413,346	80,269,117	83,025,162
Net position:						
Net investment in capital assets	160,847,568	152,840,766	84,692,516	79,676,659	245,540,084	232,517,425
Restricted	1,291,461	633,166	-	-	1,291,461	633,166
Unrestricted	69,323,764	50,731,085	24,082,771	23,083,862	93,406,535	73,814,947
Total net position	\$ 231,462,793	\$ 204,205,017	\$ 108,775,287	\$ 102,760,521	\$ 340,238,080	\$ 306,965,538

The information for the previous year has not been restated for the implementation of GASB Statement No. 96.

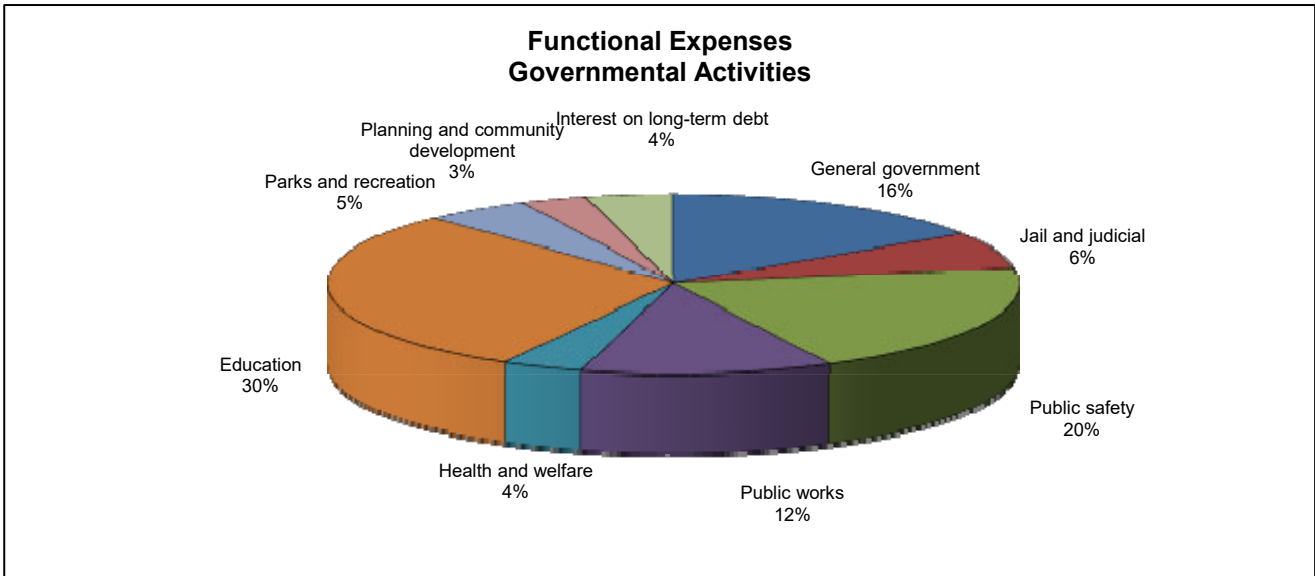
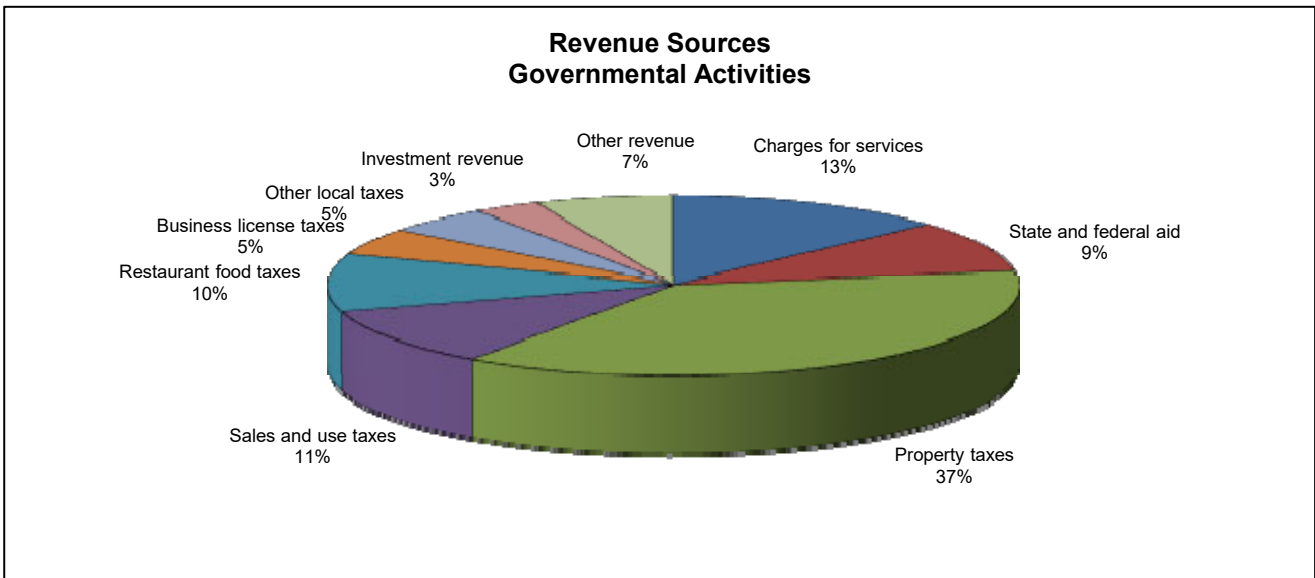
City of Harrisonburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 23,226,329	\$ 21,951,942	\$ 31,303,366	\$ 29,664,119	\$ 54,529,695	\$ 51,616,061
Operating grants and contributions	9,841,467	8,841,196	3,984,187	4,697,900	13,825,654	13,539,096
Capital grants and contributions	1,278,710	1,515,563	2,680,811	3,356,072	3,959,521	4,871,635
General revenues:						
Property taxes	65,256,422	57,858,874	-	-	65,256,422	57,858,874
Sales and use taxes	18,304,951	17,692,891	-	-	18,304,951	17,692,891
Restaurant food taxes	18,044,533	16,439,222	-	-	18,044,533	16,439,222
Business license taxes	8,682,280	8,026,003	-	-	8,682,280	8,026,003
Other local taxes	8,675,113	9,365,736	-	-	8,675,113	9,365,736
Grants and contributions not restricted to specific programs	5,735,887	5,025,679	-	-	5,735,887	5,025,679
Payment from component units	7,600,000	5,200,000	-	-	7,600,000	5,200,000
Investment revenue	5,485,950	413,954	1,887,794	130,339	7,373,744	544,293
Other revenue	3,353,392	2,086,414	791,900	505,628	4,145,292	2,592,042
Gain on disposal of capital assets	-	-	8,894	85,811	8,894	85,811
Total revenues	175,485,034	154,417,474	40,656,952	38,439,869	216,141,986	192,857,343
Expenses:						
General government administration	24,077,940	23,750,636	-	-	24,077,940	23,750,636
Jail and judicial administration	9,843,446	9,215,291	-	-	9,843,446	9,215,291
Public safety	30,723,448	29,563,308	-	-	30,723,448	29,563,308
Public works	17,725,094	14,876,514	-	-	17,725,094	14,876,514
Health and welfare	5,740,276	5,053,655	-	-	5,740,276	5,053,655
Education	45,215,499	45,893,475	-	-	45,215,499	45,893,475
Parks, recreation and cultural	7,602,457	6,579,662	-	-	7,602,457	6,579,662
Planning and community development	4,736,127	4,590,359	-	-	4,736,127	4,590,359
Interest on long-term debt	6,147,493	6,262,132	-	-	6,147,493	6,262,132
Water	-	-	7,825,501	7,242,152	7,825,501	7,242,152
Sewer	-	-	11,120,097	10,307,390	11,120,097	10,307,390
Public transportation	-	-	8,049,071	7,318,114	8,049,071	7,318,114
Sanitation	-	-	3,198,926	3,247,807	3,198,926	3,247,807
Stormwater	-	-	864,069	487,171	864,069	487,171
Total expenses	151,811,780	145,785,032	31,057,664	28,602,634	182,869,444	174,387,666
Excess before transfers	23,673,254	8,632,442	9,599,288	9,837,235	33,272,542	18,469,677
Transfers	3,584,522	3,610,064	(3,584,522)	(3,610,064)	-	-
Change in net position	27,257,776	12,242,506	6,014,766	6,227,171	33,272,542	18,469,677
Net position - beginning	204,205,017	191,962,511	102,760,521	96,533,350	306,965,538	288,495,861
Net position - ending	\$ 231,462,793	\$ 204,205,017	\$ 108,775,287	\$ 102,760,521	\$ 340,238,080	\$ 306,965,538

The information for the previous year has been restated as explained further in Note 28 of the notes to the financial statements. The information for the previous year has not been restated for the implementation of GASB Statement No. 96.

Governmental activities. Governmental activities increased the City's net position by \$27.3 million. Key elements affecting governmental activities are as follows:

- Property tax revenue increased \$7.4 million (12.8 percent) primarily the result of increasing real estate assessments and an increase in the real estate tax rate.
- Restaurant food tax revenue increased \$1.6 million (9.8 percent) as a result of improved economic activity.
- Other local taxes decreased \$690,623 primarily from the elimination of the motor vehicle license fee.
- The payment from component units increased \$2.4 million due to funding provided by the School Board to assist in the phase in of real estate tax rate increases required for debt service on Rocktown High School.
- Investment revenue increased \$5.1 million due to significantly increasing interest rates during the year.
- Expenses in the public works activity increased \$2.8 million (19.1 percent) primarily due to an increase in street paving and other street maintenance costs in the current year.



Business-type activities. Business-type activities increased the City's net position by \$6 million. Key elements affecting business-type activities are as follows:

- Charges for services increased \$1.6 million (5.5 percent) due to water and sewer charges for services from an increase in utility rates. In addition, the annual contract with James Madison University for transit bus services increased by \$300,000.
- Operating grants and contributions decreased \$713,713 (15.2 percent) primarily from a decrease in federal revenue in the public transportation activity due to a decrease in COVID-19 pandemic funding.
- Investment revenue increased \$1.8 million due to significantly increasing interest rates during the year.
- Expenses in the sewer activity increased \$812,707 (7.9 percent) primarily from an increase in contributions to the Harrisonburg-Rockingham Regional Sewer Authority and from general replacement and repair of existing sewer infrastructure.
- Expenses in the public transportation activity increased \$730,957 (10 percent) primarily from an increase in personnel costs as the level of services have returned to pre-pandemic levels and from increased pension costs.

Government-wide Financial Analysis (Component Units)

School Board activities. The net position of the School Board increased \$12.3 million during the year, as compared to a \$15.3 million increase in the previous year. School Board expenses increased \$14.7 million (15.4 percent) due to an increase in salaries, transportation costs, staffing levels and a \$2.4 million contribution to the City to assist in the phase in of real estate tax rate increases required for debt service on Rocktown High School. The School Board's funding from the City decreased \$723,702 (2 percent) compared to the previous year. State funding increased \$9.9 million from increased basic school aid, school construction and standard of quality funding, while federal funding increased \$579,610 from various ARPA revenue sources.

HEC activities. HEC's net position decreased \$514,374 during the year, as compared to a \$3.9 million increase in the previous year. Charges for services increased \$6.8 million (9.9 percent) during the current year due to an overall increase in the fuel adjustment factor, while expenses also increased \$11.8 million (18.3 percent). The increase in expenses was mostly a result of higher purchased power costs and an increase 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 \$63.1 million, while total fund balance was \$75.2 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 44.4 percent (43.2 percent in the prior year) of total General Fund expenditures and other financing uses, while total fund balance represents 52.9 percent (52.8 percent in the prior year) of that same amount.

Total fund balance in the General Fund increased \$10.3 million primarily from a better than anticipated increase in local tax revenue and investment revenue compared to budgeted projections. Local sales tax, business license tax, hotel room tax and restaurant food tax revenues collectively exceeded budget projections by \$5.1 million. Use of money revenue exceeded budget projections by \$1.9 million due to increasing interest rates. The City also retained \$2.1 million in budgeted School Board operating contributions as the School Board's state and federal revenue exceed budget projections combined with positive expenditure budget results.

Total revenues increased \$16.6 million (12.55 percent). Real estate tax revenue increased \$5 million (12.2 percent) as the result of increasing real estate assessments and an increase in the real estate tax rate. Personal property tax revenue increased \$2.2 million (17.5 percent) due primarily from a significant increase in assessments in motor vehicles. In response to the increase in motor vehicle assessments, the City decreased the tax rate from \$3.50 to \$3.15 and also eliminated the motor vehicle license fee which generated approximately \$1.3 million in revenue annually. Local sales tax revenue increased \$612,060 (3.5 percent) exceeding budget projections by \$1.3 million while restaurant food taxes increased \$1.6 million (9.8 percent) exceeding budget projections by \$2 million. Use of money revenue increased \$3.65 million. The School Board contributed \$2.4 million in funding for increased debt service payments for the Rocktown High School construction project.

Total expenditures increased \$9.9 million (8.1 percent). Public safety expenditures increased \$1.5 million (5.5 percent) primarily due to an increase in the contribution to the Harrisonburg-Rockingham Emergency Communications Center, increased capital outlay expenditures, increased staffing levels in the police department, and a new community paramedic program in the fire department. Public works expenditures increase \$2.9 million (31.2 percent) due to an increase in street repaving and other infrastructure maintenance costs. Education expenditures de-

creased \$723,702 (2 percent) compared to the previous year. Debt service expenditures increased \$3.6 million from the first full year of payments on the bonds issued for the Rocktown High School construction project. 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 \$16.8 million, of which the entire amount is either restricted or committed for various projects. Revenue, including other financing sources, totaled \$13.4 million, of which \$9.8 million was from transfers from other funds, \$3.1 million was from intergovernmental revenue and \$544,838 was from other sources. Expenditures totaled \$9.5 million, of which the most significant were design and right-of-way costs for street improvements related to the construction of Rocktown High School, the purchase of property and subsequent design costs for a homeless services center and an improvement project to the MLK Way, Jr. bridge.

School Bond Capital Projects Fund. The School Bond Capital Projects Fund has a total fund balance of \$5.7 million, of which the entire amount is committed for the construction of Rocktown High School. Revenues totaled \$943,577 which was entirely from investment revenue on unexpended bond proceeds. Expenditures totaled \$34.8 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 \$2.8 million compared to an increase of \$2.1 million in the previous year. Operating revenues increased \$618,679 (6.2 percent) primarily due to increased utility rates, while total operating expenses increased \$402,020 (6.5 percent) primarily from an increase in personnel costs and infrastructure repair and replacement costs.

Sewer Fund. The net position of the Sewer Fund increased \$824,796 compared to an increase of \$1.1 million in the previous year. Operating revenues increased \$508,700 (4.2 percent) primarily due to increased utility rates, while total operating expenses increased \$802,328 (7.8 percent) primarily due to increases in the contribution to the Harrisonburg-Rockingham Regional Sewer Authority, personnel costs and infrastructure repair and replacement costs.

Public Transportation Fund. The net position of the Public Transportation Fund decreased \$235,286 compared to an increase of \$316,112 in the previous year. Operating revenues increased \$418,270 (22.7%) compared to the previous year primarily from a \$300,000 increase in the annual contract with James Madison University, while total operating expenses increased \$699,703 (9.5 percent) primarily due to increases in personnel costs and pension costs. In addition, nonoperating intergovernmental revenue decreased \$444,049 (10 percent) primarily due to a decrease in COVID-19 pandemic funding.

Sanitation Fund. The net position of the Sanitation Fund increased \$1.2 million compared to an increase of \$1.1 million in the previous year. Operating revenues increased \$68,830 (1.6 percent) compared to the previous year, while total operating expenses essentially remained flat compared to the previous year.

Stormwater Fund. The net position of the Stormwater Fund increased \$1.5 million compared to an increase of \$1.65 million in the previous year. Operating revenues increased \$24,768 (1.9 percent) compared to the previous year, while operating expenses increased \$375,545 (76.8 percent) due to an increase in personnel costs, several drainage improvement studies and the purchase of short-term nutrient credits.

General Fund Budgetary Highlights

Differences between the original and the final amended General Fund budget amounted to \$13.3 million, or 9.1 percent of the original budget, and can be briefly summarized as follows:

- \$5 million appropriated for prior year encumbrances.
- \$4.3 million appropriated in ARPA funds for various purposes.
- \$1.85 million appropriated for construction of a new Public Works administration building.
- \$845,000 appropriated from state and federal grants for public works purposes.
- \$841,000 appropriated from state and federal grants for various fire department purposes.
- \$426,000 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 \$5.6 million. The variance was primarily the result of higher than projected local sales, business license, restaurant food and hotel room tax revenue.
- Use of money and property revenue was over the final amended budget by \$2 million. The variance was the result of increasing interest rates over the course of the fiscal year.
- Public safety expenditures were under the final amended budget by \$5.6 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 \$3.2 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 \$2.1 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 \$4.1 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 \$476.2 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 \$38.4 million.

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

- Construction continued on Rocktown High School increasing governmental activities' construction in progress by \$37.2 million.
- Construction continued on the water line project to the South Fork of the Shenandoah River increasing business-type activities' construction in progress by \$4.5 million.
- Construction continued on two stream restoration projects increasing business-type activities' construction in progress by \$2.5 million.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 59,004,007	\$ 58,435,764	\$ 2,690,491	\$ 2,690,491	\$ 61,694,498	\$ 61,126,255
Easements	1,969,195	1,777,196	493,368	483,945	2,462,563	2,261,141
Construction in progress	104,015,938	60,775,564	40,686,302	30,820,551	144,702,240	91,596,115
Buildings	86,726,629	93,374,125	12,153,172	12,595,126	98,879,801	105,969,251
Improvements other than buildings	14,437,659	15,088,569	12,154,598	12,658,547	26,592,257	27,747,116
Equipment	12,771,822	14,107,875	9,391,295	9,148,345	22,163,117	23,256,220
Equipment - Leased	2,076,958	2,245,292	-	-	2,076,958	2,245,292
Intangibles	7,969,619	8,390,095	1,165,298	1,050,979	9,134,917	9,441,074
SBITA	69,405	-	-	-	69,405	-
Infrastructure	78,414,291	82,609,417	29,968,842	31,475,489	108,383,133	114,084,906
Total capital assets	\$ 367,455,523	\$ 336,803,897	\$ 108,703,366	\$ 100,923,473	\$ 476,158,889	\$ 437,727,370

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 \$311.3 million. Of this amount, \$263.55 million comprises debt backed by the full faith and credit of the City. The City's total long-term debt decreased \$10.65 million during the current fiscal year.

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

- An increase of \$7.8 million in pension liabilities.
- Implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and reported \$70,014 in SBITA liabilities in governmental activities.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 219,632,425	\$ 234,265,954	\$ 43,919,863	\$ 47,059,698	\$ 263,552,288	\$ 281,325,652
Leases	2,123,831	2,269,322	-	-	2,123,831	2,269,322
SBITA	70,014	-	-	-	70,014	-
Regional jail agreement	2,084,503	3,093,669	-	-	2,084,503	3,093,669
Equip purchase agreement	447,701	682,403	-	-	447,701	682,403
Compensated absences	4,119,469	3,730,025	1,030,213	891,883	5,149,682	4,621,908
Net OPEB liability	10,557,189	10,541,074	1,987,015	1,952,216	12,544,204	12,493,290
Net pension liability	17,016,426	11,038,787	4,385,673	2,585,117	21,402,099	13,623,904
City landfill liability	-	-	1,268,447	1,184,357	1,268,447	1,184,357
County landfill obligation	-	-	2,697,965	2,697,965	2,697,965	2,697,965
Total long-term debt	\$ 256,051,558	\$ 265,621,234	\$ 55,289,176	\$ 56,371,236	\$ 311,340,734	\$ 321,992,470

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 \$157.3 million fiscal year 2024 General Fund budget included the use of \$5 million of unassigned fund balance. The following were factors in the preparation and final approval of the fiscal year 2024 General Fund budget.

- The unemployment rate for the City in December 2022 was 2.9 percent, which was an increase from a rate of 2.8 percent in December 2021. This rate was higher than the 2.6 percent state rate but lower than the 3.3 percent national rate in December 2022.
- Appropriated \$5 million from unassigned fund balance for the renovation of the old Municipal Building.
- Approximate 13.7 percent increase in real estate assessments anticipated to provide an additional \$6.3 million in revenue compared to fiscal year 2023.
- Increased the real estate tax rate from \$0.93 to \$0.96. This tax rate increase is anticipated to provide an additional \$1.65 million in revenue. The real estate tax rate increase was the final increase of a planned three-year phase-in to fund the increase in debt service payments for the construction of Rocktown High School.
- A total increase in other local tax revenue of \$4.3 million compared to the fiscal year 2023 approved budget. Specifically, this included projected increases in local sales tax revenue of \$968,500, business license tax revenue of \$971,400, hotel room tax revenue of \$492,900 and restaurant food tax revenue of \$1.7 million.
- A budgeted increase of \$2.9 million in use of money and property revenue due to increased interest rates. These funds were used to provide additional funding for the construction of a homeless services center.
- Salary increases for both City and School Board employees.

A water rate increase of \$0.20 per one thousand gallons (approximately 5.3 percent) was approved to provide continued funding for the rehabilitation and replacement of aging water infrastructure.

A sewer rate increase of \$0.30 per one thousand gallons (approximately 5.1 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. 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**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF HARRISONBURG, VIRGINIA
STATEMENT OF NET POSITION
At June 30, 2023

Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type	Total	School	HEC
	Activities	Activities		Board	
Assets					
Cash and cash equivalents	\$ 122,178,028	\$ 34,587,848	\$ 156,765,876	\$ 26,221,624	\$ 30,023,220
Investments	-	-	-	-	12,381,569
Receivables (net of allowance for uncollectibles)	78,074,903	3,386,522	81,461,425	52,001	5,537,761
Due from primary government	-	-	-	-	114,602
Due from component units	134,059	-	134,059	-	101,421
Due from other governments	4,217,571	3,847,990	8,065,561	2,854,736	-
Internal balances	2,219,410	(2,219,410)	-	-	-
Inventory	1,650,248	-	1,650,248	128,526	3,811,318
Prepaid expenses	523,625	25,194	548,819	496,217	225,820
Loans receivable	5,863,685	-	5,863,685	-	-
Restricted assets	13,467,247	18,146,721	31,613,968	-	-
Capital assets:					
Capital assets, not being depreciated	164,989,140	43,870,161	208,859,301	7,341,462	10,326,579
Capital assets (net of accumulated depreciation)	202,466,383	64,833,205	267,299,588	50,825,606	52,393,786
Net pension asset	-	-	-	810,493	-
Total assets	595,784,299	166,478,231	762,262,530	88,730,665	114,916,076
Deferred outflows of resources					
Deferred bond refunding charges	1,442,288	388,867	1,831,155	-	-
Deferred OPEB outflows	1,247,080	247,040	1,494,120	3,112,450	289,596
Deferred pension outflows	6,195,739	1,596,838	7,792,577	16,120,799	859,864
Total deferred outflows of resources	8,885,107	2,232,745	11,117,852	19,233,249	1,149,460
Liabilities					
Accounts payable	3,747,334	1,539,904	5,287,238	88,482	7,998,496
Accrued payroll	803,398	176,407	979,805	10,524,006	646,369
Accrued interest	3,343,801	645,331	3,989,132	-	-
Due to primary government	-	-	-	65,791	68,268
Due to component units	100,797	13,805	114,602	101,421	-
Due to other governments	2,110,247	55,345	2,165,592	-	-
Customer deposits	-	286,270	286,270	-	1,132,834
Unearned revenue	20,882,052	94,650	20,976,702	-	-
Other liabilities	2,137,968	-	2,137,968	1,982,583	246,048
Liabilities payable from restricted assets	5,183,652	411,490	5,595,142	-	-
Long-term liabilities:					
Due within one year	18,909,026	4,020,584	22,929,610	589,473	153,016
Due in more than one year	237,142,532	51,268,592	288,411,124	74,420,585	4,692,323
Total liabilities	294,360,807	58,512,378	352,873,185	87,772,341	14,937,354
Deferred inflows of resources					
Deferred property tax inflows	73,004,196	-	73,004,196	-	-
Deferred OPEB inflows	1,343,932	264,115	1,608,047	2,746,960	235,351
Deferred pension inflows	4,497,678	1,159,196	5,656,874	10,194,863	624,202
Total deferred inflows of resources	78,845,806	1,423,311	80,269,117	12,941,823	859,553
Net position					
Net investment in capital assets	160,847,568	84,692,516	245,540,084	56,084,847	62,703,490
Restricted for:					
Public safety	1,291,461	-	1,291,461	-	-
Unrestricted	69,323,764	24,082,771	93,406,535	(48,835,097)	37,565,139
Total net position	\$ 231,462,793	\$ 108,775,287	\$ 340,238,080	\$ 7,249,750	\$ 100,268,629

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government administration	\$ 24,077,940	\$ 15,436,063	\$ 445,064	\$ -
Jail and judicial administration	9,843,446	230,479	-	-
Public safety	30,723,448	223,043	2,304,051	-
Public works	17,725,094	-	6,200,821	1,278,710
Health and human services	5,740,276	-	-	-
Education	45,215,499	5,165,429	-	-
Parks, recreation and cultural	7,602,457	1,351,432	-	-
Community development	4,736,127	819,883	891,531	-
Interest on long-term debt	6,147,493	-	-	-
Total governmental activities	151,811,780	23,226,329	9,841,467	1,278,710
Business-type activities:				
Water	7,825,501	10,633,708	-	49,000
Sewer	11,120,097	12,654,929	-	-
Public transportation	8,049,071	2,257,427	3,984,187	1,670,346
Sanitation	3,198,926	4,419,170	-	-
Stormwater	864,069	1,338,132	-	961,465
Total business-type activities	31,057,664	31,303,366	3,984,187	2,680,811
Total primary government	\$ 182,869,444	\$ 54,529,695	\$ 13,825,654	\$ 3,959,521
Component units:				
School Board	\$ 109,677,948	\$ 84,471	\$ 47,463,689	\$ -
Harrisonburg Electric Commission (HEC)	76,395,533	75,121,978	-	233,047
Total component units	\$ 186,073,481	\$ 75,206,449	\$ 47,463,689	\$ 233,047

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, as restated

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
\$ (8,196,813)	\$ -	\$ (8,196,813)	\$ -	\$ -
(9,612,967)	-	(9,612,967)	-	-
(28,196,354)	-	(28,196,354)	-	-
(10,245,563)	-	(10,245,563)	-	-
(5,740,276)	-	(5,740,276)	-	-
(40,050,070)	-	(40,050,070)	-	-
(6,251,025)	-	(6,251,025)	-	-
(3,024,713)	-	(3,024,713)	-	-
(6,147,493)	-	(6,147,493)	-	-
<u>(117,465,274)</u>	<u>-</u>	<u>(117,465,274)</u>	<u>-</u>	<u>-</u>
-	2,857,207	2,857,207	-	-
-	1,534,832	1,534,832	-	-
-	(137,111)	(137,111)	-	-
-	1,220,244	1,220,244	-	-
-	1,435,528	1,435,528	-	-
<u>-</u>	<u>6,910,700</u>	<u>6,910,700</u>	<u>-</u>	<u>-</u>
<u>(117,465,274)</u>	<u>6,910,700</u>	<u>(110,554,574)</u>	<u>-</u>	<u>-</u>
-	-	-	(62,129,788)	-
-	-	-	-	(1,040,508)
-	-	-	(62,129,788)	(1,040,508)
65,256,422	-	65,256,422	-	-
18,304,951	-	18,304,951	-	-
18,044,533	-	18,044,533	-	-
8,682,280	-	8,682,280	-	-
8,675,113	-	8,675,113	-	-
5,735,887	-	5,735,887	37,286,586	-
-	-	-	35,353,845	-
7,600,000	-	7,600,000	-	-
5,485,950	1,887,794	7,373,744	156,022	526,134
3,353,392	791,900	4,145,292	1,600,334	-
-	8,894	8,894	-	-
3,584,522	(3,584,522)	-	-	-
<u>144,723,050</u>	<u>(895,934)</u>	<u>143,827,116</u>	<u>74,396,787</u>	<u>526,134</u>
27,257,776	6,014,766	33,272,542	12,266,999	(514,374)
<u>204,205,017</u>	<u>102,760,521</u>	<u>306,965,538</u>	<u>(5,017,249)</u>	<u>100,783,003</u>
\$ <u>231,462,793</u>	\$ <u>108,775,287</u>	\$ <u>340,238,080</u>	\$ <u>7,249,750</u>	\$ <u>100,268,629</u>

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS
BALANCE SHEET
At June 30, 2023

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>
Assets					
Cash and cash equivalents	\$ 92,750,495	\$ 16,106,935	\$ 358,850	\$ 3,135,026	\$ 112,351,306
Receivables (net of allowance for uncollectibles)	78,068,544	-	-	697	78,069,241
Due from other funds	438,628	-	-	-	438,628
Due from component units	63,597	-	-	57,585	121,182
Due from other governments	3,638,211	416,866	-	162,494	4,217,571
Prepaid expenditures	521,402	-	-	1,487	522,889
Loans receivable	5,802,706	-	-	60,979	5,863,685
Restricted assets	-	3,104,550	10,362,697	-	13,467,247
Total assets	\$ 181,283,583	\$ 19,628,351	\$ 10,721,547	\$ 3,418,268	\$ 215,051,749
Liabilities					
Accounts payable	\$ 1,128,245	\$ 1,284,357	\$ -	\$ 36,416	\$ 2,449,018
Accrued payroll	625,777	-	-	155,950	781,727
Due to other funds	-	-	-	129,461	129,461
Due to component units	96,080	-	-	1,571	97,651
Due to other governments	1,848,231	262,016	-	-	2,110,247
Unearned revenue	19,685,909	1,196,143	-	-	20,882,052
Other liabilities	2,137,968	-	-	-	2,137,968
Payable from restricted assets:					
Accounts payable	-	49,871	5,030,621	-	5,080,492
Total liabilities	<u>25,522,210</u>	<u>2,792,387</u>	<u>5,030,621</u>	<u>323,398</u>	<u>33,668,616</u>
Deferred Inflows of Resources					
Unavailable revenue	80,525,204	-	-	60,979	80,586,183
Total deferred inflows of resources	<u>80,525,204</u>	<u>-</u>	<u>-</u>	<u>60,979</u>	<u>80,586,183</u>
Fund Balances					
Nonspendable	817,441	-	-	1,487	818,928
Restricted	830,316	3,054,680	5,332,076	-	9,217,072
Committed	63,402	13,781,284	358,850	2,066,447	16,269,983
Assigned	10,459,156	-	-	965,957	11,425,113
Unassigned	63,065,854	-	-	-	63,065,854
Total fund balances	<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>
Total liabilities, deferred inflows of resources and fund balances	\$ 181,283,583	\$ 19,628,351	\$ 10,721,547	\$ 3,418,268	\$ 215,051,749

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, 2023

Exhibit 4

Total fund balances of governmental funds (Exhibit 3)	\$ 100,796,950
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.	7,581,987
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	361,968,138
Certain liabilities, including bonds and related accounts, are not payable from current financial resources and therefore are not reported in the funds.	(257,214,989)
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.	1,551,214
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>16,779,493</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 231,462,793</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2023

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 65,020,687	\$ -	\$ -	\$ -	\$ 65,020,687
Other local taxes	53,706,877	-	-	-	53,706,877
Permits, privilege fees and regulatory licenses	636,085	-	-	-	636,085
Fines and forfeitures	330,112	-	-	-	330,112
Use of money and property	3,950,389	182,022	943,577	96,114	5,172,102
Charges for services	1,658,640	-	-	5,165,429	6,824,069
Miscellaneous	3,302,460	-	-	35,355	3,337,815
Recovered costs	-	362,816	-	-	362,816
Payments from component units	7,600,000	-	-	-	7,600,000
Intergovernmental	12,676,932	3,071,443	-	713,641	16,462,016
Total revenues	<u>148,882,182</u>	<u>3,616,281</u>	<u>943,577</u>	<u>6,010,539</u>	<u>159,452,579</u>
Expenditures:					
Current:					
General government administration	7,456,660	-	-	-	7,456,660
Jail and judicial administration	10,029,890	-	-	-	10,029,890
Public safety	29,420,612	-	-	-	29,420,612
Public works	12,231,952	-	-	-	12,231,952
Health and human services	5,718,411	-	-	-	5,718,411
Education	35,353,845	-	-	4,643,266	39,997,111
Parks, recreation and cultural	6,964,758	-	-	-	6,964,758
Community development	4,143,562	-	-	738,641	4,882,203
Debt service:					
Principal retirement	13,239,735	-	-	-	13,239,735
Interest and fiscal charges	7,737,228	-	-	-	7,737,228
Capital projects	-	9,476,240	34,773,908	-	44,250,148
Total expenditures	<u>132,296,653</u>	<u>9,476,240</u>	<u>34,773,908</u>	<u>5,381,907</u>	<u>181,928,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,585,529</u>	<u>(5,859,959)</u>	<u>(33,830,331)</u>	<u>628,632</u>	<u>(22,476,129)</u>
Other financing sources (uses):					
Long-term debt issued or incurred	104,258	-	-	-	104,258
Transfers in	3,376,746	9,807,312	-	-	13,184,058
Transfers out	<u>(9,807,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,807,312)</u>
Total other financing sources (uses)	<u>(6,326,308)</u>	<u>9,807,312</u>	<u>-</u>	<u>-</u>	<u>3,481,004</u>
Net change in fund balances	10,259,221	3,947,353	(33,830,331)	628,632	(18,995,125)
Fund balances at beginning of year, as restated	<u>64,976,948</u>	<u>12,888,611</u>	<u>39,521,257</u>	<u>2,405,259</u>	<u>119,792,075</u>
Fund balances at end 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>

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, 2023

Exhibit 6

Total net change in fund balances of governmental funds (Exhibit 5)	\$ (18,995,125)
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>	
<p>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.</p>	177,931
<p>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.</p>	34,433,947
<p>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.</p>	(3,637,052)
<p>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.</p>	15,794,795
<p>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.</p>	(217,162)
<p>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.</p>	403,283
<p>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.</p>	<u>(702,841)</u>
Change in net position of governmental activities (Exhibit 2)	\$ <u><u>27,257,776</u></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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
General property taxes	\$ 63,775,600	\$ 63,775,600	\$ 65,020,687	\$ 1,245,087
Other local taxes	48,107,500	48,107,500	53,706,877	5,599,377
Permits, privilege fees and regulatory licenses	577,950	577,950	636,085	58,135
Fines and forfeitures	485,000	485,000	330,112	(154,888)
Use of money and property	95,000	1,950,800	3,950,389	1,999,589
Charges for services	1,450,500	1,450,500	1,658,640	208,140
Miscellaneous	2,437,699	2,839,259	3,302,460	463,201
Payments from component units	7,600,000	7,600,000	7,600,000	-
Intergovernmental	10,883,499	16,799,641	12,676,932	(4,122,709)
Total revenues	<u>135,412,748</u>	<u>143,586,250</u>	<u>148,882,182</u>	<u>5,295,932</u>
Expenditures:				
Current:				
General government administration	8,387,726	8,258,691	7,456,660	802,031
Jail and judicial administration	10,186,677	10,301,147	10,029,890	271,257
Public safety	32,682,885	35,061,309	29,420,612	5,640,697
Public works	11,957,195	15,388,129	12,231,952	3,156,177
Health and human services	5,918,753	5,722,776	5,718,411	4,365
Education	37,435,173	37,435,173	35,353,845	2,081,328
Parks, recreation and cultural	6,812,136	7,218,651	6,964,758	253,893
Community development	4,063,163	8,215,473	4,143,562	4,071,911
Debt service:				
Principal retirement	13,060,000	13,239,735	13,239,735	-
Interest and fiscal charges	7,696,240	7,739,518	7,737,228	2,290
Total expenditures	<u>138,199,948</u>	<u>148,580,602</u>	<u>132,296,653</u>	<u>16,283,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,787,200)</u>	<u>(4,994,352)</u>	<u>16,585,529</u>	<u>21,579,881</u>
Other financing sources (uses):				
Long-term debt issued or incurred	-	-	104,258	104,258
Transfers in	3,412,200	3,412,200	3,376,746	(35,454)
Transfers out	(6,925,000)	(9,807,312)	(9,807,312)	-
Total other financing sources (uses)	<u>(3,512,800)</u>	<u>(6,395,112)</u>	<u>(6,326,308)</u>	<u>68,804</u>
Net change in fund balance	<u>\$ (6,300,000)</u>	<u>\$ (11,389,464)</u>	10,259,221	<u>\$ 21,648,685</u>
Fund balances at beginning of year, as restated			<u>64,976,948</u>	
Fund balance at end of year			<u>\$ 75,236,169</u>	

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	
Assets							
Current assets:							
Cash and cash equivalents	\$ 14,501,630	\$ 10,546,618	\$ 1,007,759	\$ 5,865,040	\$ 2,666,801	\$ 34,587,848	\$ 9,826,722
Receivables (net of allowance for uncollectibles)	1,399,578	1,594,533	7,348	335,830	49,233	3,386,522	5,662
Due from component units	-	-	-	-	-	-	12,877
Due from other governments	-	-	1,488,503	-	2,359,487	3,847,990	-
Interfund loan receivable	-	1,456,000	-	-	-	1,456,000	-
Inventory	-	-	-	-	-	-	1,650,248
Prepaid expenses	-	-	-	25,194	-	25,194	736
Restricted assets	18,146,721	-	-	-	-	18,146,721	-
Total current assets	<u>34,047,929</u>	<u>13,597,151</u>	<u>2,503,610</u>	<u>6,226,064</u>	<u>5,075,521</u>	<u>61,450,275</u>	<u>11,496,245</u>
Noncurrent assets:							
Capital assets (net of accumulated depreciation)	68,322,543	18,513,624	12,205,196	3,631,167	6,030,836	108,703,366	5,487,385
Total noncurrent assets	<u>68,322,543</u>	<u>18,513,624</u>	<u>12,205,196</u>	<u>3,631,167</u>	<u>6,030,836</u>	<u>108,703,366</u>	<u>5,487,385</u>
Total assets	<u>102,370,472</u>	<u>32,110,775</u>	<u>14,708,806</u>	<u>9,857,231</u>	<u>11,106,357</u>	<u>170,153,641</u>	<u>16,983,630</u>
Deferred outflows of resources							
Deferred bond refunding charges	337,329	-	-	51,538	-	388,867	-
Deferred OPEB outflows	77,111	71,090	39,682	57,506	1,651	247,040	27,305
Deferred pension outflows	515,791	347,986	440,369	267,144	25,548	1,596,838	188,839
Total deferred outflows of resources	<u>930,231</u>	<u>419,076</u>	<u>480,051</u>	<u>376,188</u>	<u>27,199</u>	<u>2,232,745</u>	<u>216,144</u>
Liabilities							
Current liabilities:							
Accounts payable	575,534	219,368	471,000	23,951	250,051	1,539,904	1,298,316
Accrued payroll	55,586	35,927	55,465	25,930	3,499	176,407	21,671
Accrued interest	579,560	-	-	65,771	-	645,331	-
Due to other funds	-	-	-	-	-	-	309,167
Due to component units	6,872	3,976	2,222	735	-	13,805	3,146
Due to other governments	-	-	-	55,345	-	55,345	-
Interfund loan payable	1,456,000	-	-	-	-	1,456,000	-
Customer deposits	286,270	-	-	-	-	286,270	-
Unearned revenue	60,250	34,400	-	-	-	94,650	-
Liabilities payable from restricted assets	411,490	-	-	-	-	411,490	-
Compensated absences	199,471	128,622	163,099	106,624	10,886	608,702	83,048
Landfill closure	-	-	-	127,047	-	127,047	-
Current portion of bonds payable	1,749,749	-	-	1,535,086	-	3,284,835	-
Total current liabilities	<u>5,380,782</u>	<u>422,293</u>	<u>691,786</u>	<u>1,940,489</u>	<u>264,436</u>	<u>8,699,786</u>	<u>1,715,348</u>
Noncurrent liabilities:							
Compensated absences	168,269	104,839	28,636	119,767	-	421,511	26,157
Net OPEB liability	616,560	601,288	267,530	493,964	7,673	1,987,015	213,394
Net pension liability	1,416,606	955,735	1,209,460	733,704	70,168	4,385,673	518,643
Landfill closure	-	-	-	3,839,365	-	3,839,365	-
Bonds payable	39,159,400	-	-	1,475,628	-	40,635,028	-
Total noncurrent liabilities	<u>41,360,835</u>	<u>1,661,862</u>	<u>1,505,626</u>	<u>6,662,428</u>	<u>77,841</u>	<u>51,268,592</u>	<u>758,194</u>
Total liabilities	<u>46,741,617</u>	<u>2,084,155</u>	<u>2,197,412</u>	<u>8,602,917</u>	<u>342,277</u>	<u>59,968,378</u>	<u>2,473,542</u>
Deferred inflows of resources							
Deferred OPEB inflows	82,366	76,600	41,379	62,118	1,652	264,115	29,065
Deferred pension inflows	374,429	252,615	319,677	193,929	18,546	1,159,196	137,084
Total deferred inflows of resources	<u>456,795</u>	<u>329,215</u>	<u>361,056</u>	<u>256,047</u>	<u>20,198</u>	<u>1,423,311</u>	<u>166,149</u>
Net position							
Net investment in capital assets	45,121,044	18,313,707	11,826,695	3,631,167	5,799,903	84,692,516	5,487,385
Unrestricted	<u>10,981,247</u>	<u>11,802,774</u>	<u>803,694</u>	<u>(2,256,712)</u>	<u>4,971,178</u>	<u>26,302,181</u>	<u>9,072,698</u>
Total net position	<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>110,994,697</u>	<u>\$ 14,560,083</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>(2,219,410)</u>	
Net position of business-type activities (Exhibit 1)						<u>\$ 108,775,287</u>	

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, 2023

Exhibit 9

	Enterprise Funds					Total	Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund		
Operating revenues:							
Charges for services	\$ 10,557,912	\$ 12,631,111	\$ 2,257,427	\$ 4,419,170	\$ 1,338,132	\$ 31,203,752	\$ 26,577,848
Connection fees	75,796	23,818	-	-	-	99,614	-
Total operating revenues	<u>10,633,708</u>	<u>12,654,929</u>	<u>2,257,427</u>	<u>4,419,170</u>	<u>1,338,132</u>	<u>31,303,366</u>	<u>26,577,848</u>
Operating expenses:							
Personal services	2,312,756	1,529,416	2,977,017	1,127,337	147,240	8,093,766	894,572
Fringe benefits	818,078	551,779	741,231	477,558	41,375	2,630,021	270,448
Purchased services	306,923	178,739	228,264	784,672	145,238	1,643,836	1,086,102
Internal services	341,188	424,198	1,853,596	280,763	91,870	2,991,615	6,179
Other charges	605,033	249,563	543,456	127,215	172,385	1,697,652	863,194
Materials and supplies	451,687	129,891	59,426	76,375	37,428	754,807	66,141
Depreciation and amortization	1,782,551	1,091,903	1,673,363	256,683	228,704	5,033,204	214,925
Contributions to regional sewer authority	-	6,937,971	-	-	-	6,937,971	-
Cost of inventory issued	-	-	-	-	-	-	4,959,935
Claims related charges	-	-	-	-	-	-	19,607,289
Total operating expenses	<u>6,618,216</u>	<u>11,093,460</u>	<u>8,076,353</u>	<u>3,130,603</u>	<u>864,240</u>	<u>29,782,872</u>	<u>27,968,785</u>
Operating income (loss)	<u>4,015,492</u>	<u>1,561,469</u>	<u>(5,818,926)</u>	<u>1,288,567</u>	<u>473,892</u>	<u>1,520,494</u>	<u>(1,390,937)</u>
Nonoperating revenues (expenses):							
Intergovernmental revenue	-	-	3,984,187	-	-	3,984,187	-
Connection application fees	189,654	314,181	-	-	-	503,835	-
Miscellaneous revenue	46,249	1,956	217,052	22,692	116	288,065	3,674
Investment revenue	1,310,779	352,474	36,601	90,076	97,864	1,887,794	384,710
Interest expense	(1,122,195)	-	-	(60,661)	-	(1,182,856)	-
Gain on disposal of capital assets	5,334	3,560	-	-	-	8,894	-
Total nonoperating revenues (expenses)	<u>429,821</u>	<u>672,171</u>	<u>4,237,840</u>	<u>52,107</u>	<u>97,980</u>	<u>5,489,919</u>	<u>388,384</u>
Income (loss) before contributions and transfers	<u>4,445,313</u>	<u>2,233,640</u>	<u>(1,581,086)</u>	<u>1,340,674</u>	<u>571,872</u>	<u>7,010,413</u>	<u>(1,002,553)</u>
Capital contributions	49,000	-	1,670,346	-	961,465	2,680,811	-
Transfers in	-	-	-	-	-	-	207,776
Transfers out	<u>(1,690,632)</u>	<u>(1,408,844)</u>	<u>(324,546)</u>	<u>(138,000)</u>	<u>(22,500)</u>	<u>(3,584,522)</u>	<u>-</u>
Change in net position	<u>2,803,681</u>	<u>824,796</u>	<u>(235,286)</u>	<u>1,202,674</u>	<u>1,510,837</u>	<u>6,106,702</u>	<u>(794,777)</u>
Net position at beginning of year	<u>53,298,610</u>	<u>29,291,685</u>	<u>12,865,675</u>	<u>171,781</u>	<u>9,260,244</u>		<u>15,354,860</u>
Net position at end 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>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>(91,936)</u>	
Change in net position of business-type activities (Exhibit 2)						<u>\$ 6,014,766</u>	

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	
Cash flows from operating activities:							
Receipts from customers	\$ 10,484,995	\$ 12,730,706	\$ 2,257,427	\$ 4,427,481	\$ 1,403,810	\$ 31,304,419	\$ 7,007,919
Receipts from premiums	-	-	-	-	-	-	19,584,050
Receipts from other sources	32,314	262	212,435	21,341	-	266,352	2,554
Receipts from customer deposits	157,067	-	-	-	-	157,067	-
Payments to employees	(2,337,891)	(1,555,138)	(2,995,974)	(1,135,520)	(149,015)	(8,173,538)	(922,603)
Payments for fringe benefits	(852,315)	(579,301)	(792,906)	(490,950)	(45,654)	(2,761,126)	(352,879)
Payments to vendors	(1,349,287)	(483,512)	(474,520)	(917,881)	(354,538)	(3,579,738)	(7,162,002)
Payments for internal services	(341,188)	(424,198)	(1,853,596)	(280,763)	(91,870)	(2,991,615)	(6,179)
Payments to other governmental units	-	(6,937,971)	-	-	-	(6,937,971)	-
Payments to refund customer deposits	(157,687)	-	-	-	-	(157,687)	-
Payments for claims related charges	-	-	-	-	-	-	(19,664,452)
Net cash provided by (used for) operating activities	<u>5,636,008</u>	<u>2,750,848</u>	<u>(3,647,134)</u>	<u>1,623,708</u>	<u>762,733</u>	<u>7,126,163</u>	<u>(1,513,592)</u>
Cash flows from noncapital financing activities:							
Operating grants	-	-	3,676,763	-	-	3,676,763	-
Transfers in	-	-	-	-	-	-	207,776
Transfers out	(1,690,632)	(1,408,844)	(324,546)	(138,000)	(22,500)	(3,584,522)	-
Interfund loan	-	-	-	-	-	-	116,089
Net cash provided by (used for) noncapital financing activities	<u>(1,690,632)</u>	<u>(1,408,844)</u>	<u>3,352,217</u>	<u>(138,000)</u>	<u>(22,500)</u>	<u>92,241</u>	<u>323,865</u>
Cash flows from capital and related financing activities:							
Capital grants and contributions	-	-	1,522,986	-	309,852	1,832,838	-
Connection application fees	200,250	296,000	-	-	-	496,250	-
Proceeds from sale of capital assets	5,334	3,560	-	-	-	8,894	-
Principal paid on long-term debt	(1,357,867)	-	-	(1,330,000)	-	(2,687,867)	-
Interest paid on long-term debt	(1,297,494)	-	-	(176,750)	-	(1,474,244)	-
Purchase and construction of capital assets	(6,535,441)	(1,671,802)	(1,361,444)	-	(2,465,839)	(12,034,526)	(69,656)
Net cash provided by (used for) capital and related financing activities	<u>(8,985,218)</u>	<u>(1,372,242)</u>	<u>161,542</u>	<u>(1,506,750)</u>	<u>(2,155,987)</u>	<u>(13,858,655)</u>	<u>(69,656)</u>
Cash flows from investing activities:							
Interest received	<u>1,308,661</u>	<u>350,977</u>	<u>36,459</u>	<u>89,615</u>	<u>97,474</u>	<u>1,883,186</u>	<u>383,064</u>
Net cash provided by investing activities	<u>1,308,661</u>	<u>350,977</u>	<u>36,459</u>	<u>89,615</u>	<u>97,474</u>	<u>1,883,186</u>	<u>383,064</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,731,181)</u>	<u>320,739</u>	<u>(96,916)</u>	<u>68,573</u>	<u>(1,318,280)</u>	<u>(4,757,065)</u>	<u>(876,319)</u>
Cash and cash equivalents:							
Beginning	<u>36,379,532</u>	<u>10,225,879</u>	<u>1,104,675</u>	<u>5,796,467</u>	<u>3,985,081</u>	<u>57,491,634</u>	<u>10,703,041</u>
Ending	<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>
Reconciliation of cash and cash equivalents to the statement of net position:							
Cash and cash equivalents - Current assets	\$ 14,501,630	\$ 10,546,618	\$ 1,007,759	\$ 5,865,040	\$ 2,666,801	\$ 34,587,848	\$ 9,826,722
Cash and cash equivalents - Restricted assets	18,146,721	-	-	-	-	18,146,721	-
	<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>

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 4,015,492	\$ 1,561,469	\$ (5,818,926)	\$ 1,288,567	\$ 473,892	\$ 1,520,494	\$ (1,390,937)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization	1,782,551	1,091,903	1,673,363	256,683	228,704	5,033,204	214,925
Connection fees	(79,546)	(23,818)	-	-	-	(103,364)	-
Miscellaneous revenue	34,999	1,956	214,268	22,692	116	274,031	3,709
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:							
(Increase) decrease in:							
Accounts receivable	1,339	99,625	-	8,356	65,677	174,997	4,926
Due from component units	-	-	-	-	-	-	9,195
Inventory	-	-	-	-	-	-	(241,262)
Prepaid expenses	-	-	6,038	-	-	6,038	20,331
Deferred outflows of resources	196,952	99,626	20,114	112,799	(1,894)	427,597	101,478
Increase (decrease) in:							
Accounts payable	13,236	(16,422)	57,785	(8,556)	(23,038)	23,005	(32,835)
Accrued payroll	(72,853)	(44,795)	(61,788)	(38,773)	(6,163)	(224,372)	(33,903)
Due to component units	(1,964)	7	415	(40)	-	(1,582)	(125)
Due to other governments	-	-	-	44	-	44	-
Customer deposits	(620)	-	-	-	-	(620)	-
Other liabilities	(71,049)	-	-	-	-	(71,049)	-
Compensated absences	45,750	17,068	41,328	29,933	4,251	138,330	3,706
Landfill closure	-	-	-	84,090	-	84,090	-
Net OPEB liability	2,448	7,296	22,188	804	2,063	34,799	(3,296)
Net pension liability	505,089	394,085	605,018	257,950	38,414	1,800,556	146,694
Deferred inflows of resources	(735,816)	(437,152)	(406,937)	(390,841)	(19,289)	(1,990,035)	(316,198)
Net cash provided by (used for) operating activities	\$ 5,636,008	\$ 2,750,848	\$ (3,647,134)	\$ 1,623,708	\$ 762,733	\$ 7,126,163	\$ (1,513,592)
Non - cash capital and related financing activities:							
Additions to capital assets:							
Contributed by developers	\$ 49,000	\$ -	\$ -	\$ -	\$ -	\$ 49,000	\$ -
Purchase and construction on account	776,400	169,283	378,500	-	230,933	1,555,116	-
Capital grants due from other governments	-	-	363,360	-	2,359,487	2,722,847	-

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, 2023

Exhibit 11

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 6,366,458
Receivables	1,243,725
Prepaid expenses	241,948
Total assets	<u>7,852,131</u>
Liabilities	
Accounts payable	927,132
Accrued payroll	54,162
Total liabilities	<u>981,294</u>
Net Position	
Restricted for other organizations	<u>6,870,837</u>
Total net position	<u>\$ 6,870,837</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, 2023

Exhibit 12

	<u>Custodial Funds</u>
Additions:	
Funds received for benefit of other organizations	\$ 10,166,478
Total additions	<u>10,166,478</u>
Deductions:	
Funds disbursed for benefit of other organizations	<u>8,451,963</u>
Total deductions	<u>8,451,963</u>
Net increase in fiduciary net position	1,714,515
Net position at beginning of year	<u>5,156,322</u>
Net position at end of year	<u><u>\$ 6,870,837</u></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, 2023.

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 \$13,262,966. 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, 2021. 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, 2023 amounted to \$911,905.

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 \$3,637,052 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	\$ (200,200,000)
Bond issue premiums/discounts (net)	(19,432,425)
Deferred charge for bond refunding	1,442,288
Leases	(2,123,831)
SBITA	(70,014)
Middle River Regional Jail agreement	(2,084,503)
Equipment purchase agreement	(447,701)
Compensated absences (not including internal service funds)	(4,010,264)
Net OPEB liability (not including internal service funds)	(10,343,795)
Net pension liability (not including internal service funds)	(16,497,783)
Arbitrage rebate liability	(103,160)
Accrued interest	<u>(3,343,801)</u>
Net adjustment	\$ <u><u>(257,214,989)</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)	\$ 1,219,775
Deferred pension outflows (not including internal service funds)	6,006,900
Deferred OPEB inflows (not including internal service funds)	(1,314,867)
Deferred pension inflows (not including internal service funds)	<u>(4,360,594)</u>
Net adjustment	\$ <u>1,551,214</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	\$ 46,756,924
Depreciation/amortization expense (not including internal service funds)	<u>(12,322,977)</u>
Net adjustment	\$ <u>34,433,947</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	\$ (104,258)
Principal payments	13,239,735
Payment on Middle River Regional Jail agreement	1,009,166
Payment on equipment purchase agreement	234,702
Amortization of bond premiums/discounts (net)	1,573,529
Amortization of deferred bond refunding charges	<u>(158,079)</u>
Net adjustment	\$ <u>15,794,795</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)	\$ (385,737)
Arbitrage rebate liability	(103,160)
Accrued interest	<u>271,735</u>
Net adjustment	\$ <u>(217,162)</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)	\$ 598,638
Employer pension contributions (not including internal service funds)	3,405,940
Nonemployer OPEB contributions (not including internal service funds)	31,232
OPEB expense (not including internal service funds)	(633,969)
Pension expense (not including internal service funds)	<u>(2,998,558)</u>
Net adjustment	<u>\$ 403,283</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, 2023, 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, 2023, 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, 2023.

	Primary Government	Component Units		Total
		School Board	HEC	
Investments:				
Local Government Investment Pool (LGIP)	\$ 152,041,192	\$ 23,594,494	\$ 10,847,756	\$ 186,483,442
State Non-Arbitrage Pool (SNAP)	31,613,968	-	-	31,613,968
Certificates of Deposit	-	-	1,533,813	1,533,813
Deposits	<u>11,076,550</u>	<u>2,626,430</u>	<u>30,023,220</u>	<u>43,726,200</u>
Total deposits and investments	<u>\$ 194,731,710</u>	<u>\$ 26,220,924</u>	<u>\$ 42,404,789</u>	<u>\$ 263,357,423</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 \$13,467,247 and \$18,146,721, respectively, represent unspent bond proceeds.

Note 5. Receivables/Due from Other Governments

The following is a summary of receivables at June 30, 2023.

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	HEC
Receivables:					
Property taxes receivable	\$ 76,028,478	\$ 3,488,372	\$ 79,516,850	\$ -	\$ -
Other taxes receivable	2,295,721	-	2,295,721	-	-
Accounts receivable	4,016	-	4,016	-	5,537,761
Interest receivable	24,888	4,607	29,495	610	-
Other receivables	633,705	18,455	652,160	51,391	-
Allowance for uncollectibles	(911,905)	(124,912)	(1,036,817)	-	-
Totals	\$ 78,074,903	\$ 3,386,522	\$ 81,461,425	\$ 52,001	\$ 5,537,761
Due from other governments:					
Commonwealth of Virginia	\$ 3,272,226	\$ 2,477,528	\$ 5,749,754	\$ 1,376,545	\$ -
Federal Government	945,345	1,370,462	2,315,807	1,478,191	-
Totals	\$ 4,217,571	\$ 3,847,990	\$ 8,065,561	\$ 2,854,736	\$ -

Note 6. Loans Receivable

The following is a summary of loans receivable at June 30, 2023.

Borrowing Entity/Loan Number	Loan Date	Term (in years)	Interest Rate	Balance	Current Portion
HRHA**	September 21, 2021	7.75	5.00%	\$ 2,340,000	\$ 290,000
HRCSB*	August 14, 2019	14	2.30%	1,386,667	96,667
HRHA**	June 26, 2014	18	4.12%	1,780,000	150,000
Massanutten Regional Library	May 15, 2000	n/a	0.0%	296,039	-
Total General Fund				5,802,706	536,667
2023-01	March 21, 2022	5	4.75%	21,234	4,720
2022-01	March 21, 2022	5	4.75%	16,929	4,124
2021-01	March 26, 2021	4	4.75%	12,048	6,442
2020-01	November 27, 2019	4	4.75%	4,502	4,502
2019-04	May 3, 2019	4	4.75%	912	912
2019-03	May 3, 2019	5	4.75%	5,354	4,571
Total Business Loan Program Fund				60,979	25,271
Total Governmental Activities				\$ 5,863,685	\$ 561,938

*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 2023.

Primary Government (Governmental Activities)

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated/amortized:				
Land	\$ 58,435,764	\$ 568,243	\$ -	\$ 59,004,007
Easements	1,777,196	191,999	-	1,969,195
Construction in progress	60,775,564	43,748,834	(508,460)	104,015,938
Capital assets, not being depreciated/amortized	<u>\$ 120,988,524</u>	<u>\$ 44,509,076</u>	<u>\$ (508,460)</u>	<u>\$ 164,989,140</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 138,676,715	\$ 451,216	\$ (5,446,400)	\$ 133,681,531
Improvements other than buildings	26,137,075	453,999	(181,694)	26,409,380
Equipment	43,412,968	1,541,032	(432,233)	44,521,767
Equipment - Lease	2,409,041	-	-	2,409,041
Intangibles	12,232,608	-	-	12,232,608
SBITA	-	104,258	-	104,258
Infrastructure	189,009,991	275,459	-	189,285,450
Capital assets, being depreciated/amortized	<u>411,878,398</u>	<u>2,825,964</u>	<u>(6,060,327)</u>	<u>408,644,035</u>
Less accumulated depreciation/amortization:				
Buildings	(45,302,590)	(3,461,660)	1,809,348	(46,954,902)
Improvements other than buildings	(11,048,506)	(1,104,909)	181,694	(11,971,721)
Equipment	(29,305,093)	(2,877,085)	432,233	(31,749,945)
Equipment - Lease	(163,749)	(168,334)	-	(332,083)
Intangibles	(3,842,513)	(420,476)	-	(4,262,989)
SBITA	-	(34,853)	-	(34,853)
Infrastructure	(106,400,574)	(4,470,585)	-	(110,871,159)
Accumulated depreciation/amortization	<u>(196,063,025)</u>	<u>(12,537,902)</u>	<u>2,423,275</u>	<u>(206,177,652)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 215,815,373</u>	<u>\$ (9,711,938)</u>	<u>\$ (3,637,052)</u>	<u>\$ 202,466,383</u>

The beginning balances of equipment and accumulated amortization for equipment have been restated by \$1,037,703 and \$363,196, respectively for an unrecorded equipment purchase agreement.

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

General government administration	\$ 278,798
Jail and judicial administration	822,722
Public safety	2,282,960
Public works	5,747,807
Health and welfare	21,865
Education	2,066,354
Parks, recreation and culture	1,010,762
Planning and community development	91,709
Internal service funds (allocated to various functions)	<u>214,925</u>
Total governmental activities depreciation and amortization expense	<u>\$ 12,537,902</u>

Note 7. Capital Assets (continued)

Primary Government (Business-type Activities)

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 2,690,491	\$ -	\$ -	\$ 2,690,491
Easements	483,945	9,423	-	493,368
Construction in progress	30,820,551	11,941,682	(2,075,931)	40,686,302
Capital assets, not being depreciated	<u>\$ 33,994,987</u>	<u>\$ 11,951,105</u>	<u>\$ (2,075,931)</u>	<u>\$ 43,870,161</u>
Capital assets, being depreciated:				
Buildings	\$ 19,173,195	\$ -	\$ -	\$ 19,173,195
Improvements other than buildings	23,163,348	87,402	(6,350)	23,244,400
Equipment	29,521,527	2,364,704	(630,322)	31,255,909
Intangibles	1,728,211	172,740	(430,702)	1,470,249
Infrastructure	88,374,491	313,077	(32,400)	88,655,168
Capital assets, being depreciated	<u>161,960,772</u>	<u>2,937,923</u>	<u>(1,099,774)</u>	<u>163,798,921</u>
Less accumulated depreciation:				
Buildings	(6,578,069)	(441,954)	-	(7,020,023)
Improvements other than buildings	(10,504,801)	(591,351)	6,350	(11,089,802)
Equipment	(20,373,182)	(2,121,754)	630,322	(21,864,614)
Intangibles	(677,232)	(58,421)	430,702	(304,951)
Infrastructure	(56,899,002)	(1,819,724)	32,400	(58,686,326)
Accumulated depreciation	<u>(95,032,286)</u>	<u>(5,033,204)</u>	<u>1,099,774</u>	<u>(98,965,716)</u>
Capital assets, being depreciated (net)	<u>\$ 66,928,486</u>	<u>\$ (2,095,281)</u>	<u>\$ -</u>	<u>\$ 64,833,205</u>

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

Water	\$ 1,782,551
Sewer	1,091,903
Public transportation	1,673,363
Sanitation	256,683
Stormwater	228,704
Total business-type activities depreciation expense	<u>\$ 5,033,204</u>

Note 7. Capital Assets (continued)

Component Unit – School Board

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated/amortized:				
Land	\$ 6,294,184	\$ -	\$ -	\$ 6,294,184
Construction in progress	224,960	945,678	(123,360)	1,047,278
Capital assets, not being depreciated/amortized	<u>\$ 6,519,144</u>	<u>\$ 945,678</u>	<u>\$ (123,360)</u>	<u>\$ 7,341,462</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 85,993,996	\$ 5,722,746	\$ -	\$ 91,716,742
Buildings - Lease	1,045,358	-	-	1,045,358
Improvements other than buildings	728,600	-	-	728,600
Equipment	8,106,099	1,387,347	(535,121)	8,958,325
Equipment - Lease	1,420,282	-	-	1,420,282
Intangibles	34,200	-	-	34,200
Capital assets, being depreciated/amortized	<u>97,328,535</u>	<u>7,110,093</u>	<u>(535,121)</u>	<u>103,903,507</u>
Less accumulated depreciation/amortization:				
Buildings	(43,220,805)	(4,042,817)	-	(47,263,622)
Buildings - Lease	(49,779)	(74,668)	-	(124,447)
Improvements other than buildings	(149,337)	(38,716)	-	(188,053)
Equipment	(4,877,108)	(873,353)	535,121	(5,215,340)
Equipment - Lease	(109,642)	(151,147)	-	(260,789)
Intangibles	(18,810)	(6,840)	-	(25,650)
Accumulated depreciation/amortization	<u>(48,425,481)</u>	<u>(5,187,541)</u>	<u>535,121</u>	<u>(53,077,901)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 48,903,054</u>	<u>\$ 1,922,552</u>	<u>\$ -</u>	<u>\$ 50,825,606</u>

Component Unit – HEC

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated/amortized:				
Land	\$ 3,644,042	\$ 1,823,012	\$ -	\$ 5,467,054
Construction in progress	4,633,666	4,890,756	(4,664,897)	4,859,525
Capital assets, not being depreciated/amortized	<u>\$ 8,277,708</u>	<u>\$ 6,713,768</u>	<u>\$ (4,664,897)</u>	<u>\$ 10,326,579</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 4,269,555	\$ 14,084	\$ -	\$ 4,283,639
Equipment	9,454,476	437,300	-	9,891,776
SBITA	-	81,750	-	81,750
Infrastructure	125,449,720	2,974,770	(1,091,456)	127,333,034
Capital assets, being depreciated/amortized	<u>139,173,751</u>	<u>3,507,904</u>	<u>(1,091,456)</u>	<u>141,590,199</u>
Less accumulated depreciation/amortization:				
Buildings	(2,450,253)	(99,127)	-	(2,549,380)
Equipment	(7,720,319)	(608,150)	-	(8,328,469)
SBITA	-	(12,555)	-	(12,555)
Infrastructure	(76,121,729)	(3,544,238)	1,359,958	(78,306,009)
Accumulated depreciation/amortization	<u>(86,292,301)</u>	<u>(4,264,070)</u>	<u>1,359,958</u>	<u>(89,196,413)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 52,881,450</u>	<u>\$ (756,166)</u>	<u>\$ 268,502</u>	<u>\$ 52,393,786</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, 2023.

Year Ending June 30,	General Obligation Bonds				Total			
	Public Offerings		Leases		SBITA		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 13,210,000	\$ 7,076,037	\$ 147,573	\$ 41,196	\$ 34,221	\$ 1,050	\$ 13,391,794	\$ 7,118,283
2025	13,830,000	6,434,984	124,758	39,076	35,793	537	13,990,551	6,474,597
2026	14,005,000	5,789,453	101,898	37,002	-	-	14,106,898	5,826,455
2027	14,180,000	5,144,124	104,007	34,893	-	-	14,284,007	5,179,017
2028	11,760,000	4,554,451	106,159	32,741	-	-	11,866,159	4,587,192
2029-2033	55,985,000	15,201,044	564,671	129,829	-	-	56,549,671	15,330,873
2034-2038	33,130,000	6,504,007	625,566	68,934	-	-	33,755,566	6,572,941
2039-2043	26,515,000	3,049,122	349,199	9,626	-	-	26,864,199	3,058,748
2044-2047	17,585,000	712,250	-	-	-	-	17,585,000	712,250
Total	\$ 200,200,000	\$ 54,465,472	\$ 2,123,831	\$ 393,297	\$ 70,014	\$ 1,587	\$ 202,393,845	\$ 54,860,356

The following is a summary of the debt service requirements for the long-term liabilities of the business-type activities as of June 30, 2023.

Year Ending June 30,	General Obligation Bonds		Total	
	Public Offerings		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,832,867	\$ 1,338,119	\$ 2,832,867	\$ 1,338,119
2025	2,967,866	1,194,994	2,967,866	1,194,994
2026	1,577,867	1,083,244	1,577,867	1,083,244
2027	1,652,867	1,004,369	1,652,867	1,004,369
2028	1,752,866	921,118	1,752,866	921,118
2029-2033	9,384,334	3,238,344	9,384,334	3,238,344
2034-2038	8,149,333	1,471,903	8,149,333	1,471,903
2039-2043	5,940,733	804,231	5,940,733	804,231
2044-2047	5,130,000	207,700	5,130,000	207,700
Total	\$ 39,388,733	\$ 11,264,022	\$ 39,388,733	\$ 11,264,022

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 212,770,000	\$ -	\$ (12,570,000)	\$ 200,200,000	\$ 13,210,000
Direct placements	490,000	-	(490,000)	-	-
Bond premiums/discounts (net)	21,005,954	-	(1,573,529)	19,432,425	1,573,529
Total bonds payable	234,265,954	-	(14,633,529)	219,632,425	14,783,529
Leases	2,269,322	-	(145,491)	2,123,831	147,573
SBITA	-	104,258	(34,244)	70,014	34,221
Middle River Regional Jail agreement	3,093,669	-	(1,009,166)	2,084,503	1,031,064
Equipment purchase agreement	682,403	-	(234,702)	447,701	234,701
Compensated absences	3,730,025	2,753,136	(2,363,692)	4,119,469	2,677,938
Net OPEB liability	10,541,074	736,099	(719,984)	10,557,189	-
Net pension liability	11,038,787	9,733,926	(3,756,287)	17,016,426	-
Governmental activities long-term debt	\$ 265,621,234	\$ 13,327,419	\$ (22,897,095)	\$ 256,051,558	\$ 18,909,026

Note 8. Long-term Liabilities (continued)

The beginning balance of long-term liabilities has been restated by \$682,403 for an unrecorded equipment purchase agreement.

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, 2023, \$109,205, \$213,394 and \$518,643 of 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, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 42,076,600	\$ -	\$ (2,687,867)	\$ 39,388,733	\$ 2,832,867
Bond premiums/discounts (net)	4,983,098	-	(451,968)	4,531,130	451,968
Total bonds payable	47,059,698	-	(3,139,835)	43,919,863	3,284,835
Compensated absences	891,883	709,595	(571,265)	1,030,213	608,702
Net OPEB liability	1,952,216	179,798	(144,999)	1,987,015	-
Net pension liability	2,585,117	2,680,243	(879,687)	4,385,673	-
City landfill closure costs	1,184,357	84,090	-	1,268,447	127,047
County landfill contractual obligation	2,697,965	-	-	2,697,965	-
Business-type activities long-term debt	<u>\$ 56,371,236</u>	<u>\$ 3,653,726</u>	<u>\$ (4,735,786)</u>	<u>\$ 55,289,176</u>	<u>\$ 4,020,584</u>

The following is the detail for the long-term liabilities of the governmental and business-type activities as of June 30, 2023.

	Governmental Activities	Business-type Activities
General Obligation Bonds - Public Offerings:		
\$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	\$ 10,925,000	\$ -
\$1,136,000 Water Bonds (VRA DWSRF), Series 2009, issued November 20, 2009, maturing February 1, 2040 at 0% interest	-	643,733
\$13,610,000 Public Improvement Bonds, Series 2014A, issued June 26, 2014, maturing July 15, 2034 at 2.0% - 5.0% interest	8,955,000	-
\$42,675,000 Public Improvement Refunding Bonds, Series 2014B, issued June 26, 2014, maturing July 15, 2032 at 2.0% - 5.0% interest	26,800,000	-
\$40,215,000 Public Improvement Bonds, Series 2016, issued May 18, 2016, maturing July 15, 2040 at 2.0% - 5.0% interest	32,855,000	-
\$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	3,680,000	-
\$4,950,000 Bond (Virginia Resources Authority), Series 2019, issued August 14, 2019, maturing October 1, 2033 at 4.510% - 5.125% interest	4,160,000	-
\$156,970,000 Public Improvement and Refunding Bonds, Series 2021A, issued September 21, 2021, maturing July 15, 2046 at 1.75% - 5.00% interest	111,180,000	38,745,000

Note 8. Long-term Liabilities (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds - Public Offerings (continued):		
\$2,4700,000 Public Improvement Refunding Taxable Bonds, Series 2021B, issued September 21, 2021, maturing July 15, 2024 at 0.15% - 0.50% interest	<u>1,645,000</u>	<u>-</u>
Total General Obligation Bonds - Public Offerings	\$ <u>200,200,000</u>	\$ <u>39,388,733</u>
Total General Obligation Bonds	\$ <u><u>200,200,000</u></u>	\$ <u><u>39,388,733</u></u>

Leases

The City, as a lessee, has entered into lease agreements involving the use of a fiber network, golf carts and law enforcement equipment. As of June 30, 2023, the City’s lease liability in governmental activities for these payments totals \$2,123,831. The City has included in its governmental activities’ capital assets lease equipment in the amount of \$2,409,041 (\$332,083 in accumulated amortization).

SBITA

The City, as a subscriber, has entered into a subscription agreement involving the use of a vendor’s software. As of June 30, 2023, the City’s SBITA liability in governmental activities for these payments totals \$70,014. The City has included in its governmental activities’ capital assets a subscription asset in the amount of \$104,258 (\$34,853 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, 2023, the debt limitation for the City is \$496.8 million of which \$255.1 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 \$214,350. As of June 30, 2023, the outstanding balance of the loan is \$1,780,000.

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 \$161,949. As of June 30, 2023, the outstanding balance of the loan is \$1,386,667.

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 \$393,750. As of June 30, 2023, the outstanding balance of the loan is \$2,340,000.

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, 2023.

Year Ending June 30,	Leases		Total School Board	
	Principal	Interest	Principal	Interest
2024	\$ 197,946	\$ 36,733	\$ 197,946	\$ 36,733
2025	162,420	34,440	162,420	34,440
2026	115,582	32,224	115,582	32,224
2027	118,809	29,998	118,809	29,998
2028	122,738	27,700	122,738	27,700
2029-2034	676,476	101,365	676,476	101,365
2035-2038	519,308	38,128	519,308	38,128
2039-2041	168,942	4,657	168,942	4,657
Total	\$ 2,082,221	\$ 305,245	\$ 2,082,221	\$ 305,245

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Leases	\$ 2,309,426	\$ -	\$ (227,205)	\$ 2,082,221	\$ 197,946
Compensated absences	1,754,507	757,045	(431,944)	2,079,608	391,527
Net OPEB liability	20,880,112	2,050,279	(1,676,865)	21,253,526	-
Net pension liability	39,060,800	20,996,043	(10,462,140)	49,594,703	-
School Board long-term debt	\$ 64,004,845	\$ 23,803,367	\$ (12,798,154)	\$ 75,010,058	\$ 589,473

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, 2023, the School Board's lease liability for these payments totals \$2,082,221. The School Board has included in capital assets leased buildings in the amount of \$1,045,358 (\$124,447 in accumulated amortization) and lease equipment in the amount of \$1,420,282 (\$260,789 in accumulated amortization).

Component Unit – HEC

At June 30, 2023, HEC had \$4,845,339 in long-term liabilities outstanding. This long-term liability is comprised of \$145,709 in compensated absences, of which the entire amount is due within one year, \$16,875 in SBITA, of which \$7,307 is due within one year and \$9,568 is due in more than one year, and \$2,321,162 in net OPEB liabilities and \$2,361,593 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. \$1,268,447 of the amount reported as landfill closure and postclosure care liability at June 30, 2023 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 \$421,518 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 \$2,697,965 contractual obligation to the County in the Sanitation Fund.

Note 11. Unearned Revenue

The following is a summary of unearned revenue at June 30, 2023 for governmental activities in the government-wide financial statements and for the fund financial statements.

	Governmental Activities		
	General		Total
	General Fund	Capital Projects Fund	
Advance collection of parking leases	\$ 50,580	\$ -	\$ 50,580
Golf course season passes	74,214	-	74,214
ARPA funds	19,561,115	-	19,561,115
Construction reimbursement	-	1,196,143	1,196,143
Total unearned revenue	\$ 19,685,909	\$ 1,196,143	\$ 20,882,052

Unearned revenue for business-type activities in the amount of \$94,650 represents water and sewer connection application fees for which the services had not been provided as of year-end. This amount is comprised of \$60,250 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 \$438,628. This amount is comprised of loans to the Community Development Block Grant Fund and Central Stores Fund in the amounts of \$129,461 and \$309,167, 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, 2023.

Transfer in	Transfer out						Total
	General Fund	Water Fund	Sewer Funds	Public Transportation Fund	Sanitation Fund	Stormwater Fund	
General Fund	\$ -	\$ 1,534,800	\$ 1,356,900	\$ 324,546	\$ 138,000	\$ 22,500	\$ 3,376,746
General Capital Projects Fund	9,807,312	-	-	-	-	-	9,807,312
Internal Service Funds	-	155,832	51,944	-	-	-	207,776
Total	\$ 9,807,312	\$ 1,690,632	\$ 1,408,844	\$ 324,546	\$ 138,000	\$ 22,500	\$ 13,391,834

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, 2023.

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 521,402	\$ -	\$ -	\$ 1,487	\$ 522,889
Loans receivable	296,039	-	-	-	296,039
Total nonspendable fund balance	\$ 817,441	\$ -	\$ -	\$ 1,487	\$ 818,928
Restricted for:					
Public safety	\$ 830,316	\$ -	\$ -	\$ -	\$ 830,316
Public works	-	3,054,680	-	-	3,054,680
Education	-	-	5,332,076	-	5,332,076
Total restricted fund balance	\$ 830,316	\$ 3,054,680	\$ 5,332,076	\$ -	\$ 9,217,072
Committed to:					
General government administration	\$ -	\$ 318,667	\$ -	\$ -	\$ 318,667
Jail and judicial administration	-	279,737	-	-	279,737
Public safety	-	1,918,849	-	-	1,918,849
Public works	-	10,738,205	-	-	10,738,205
Education	-	-	358,850	1,912,438	2,271,288
Parks, recreation and cultural	63,402	525,826	-	-	589,228
Community development	-	-	-	154,009	154,009
Total committed fund balance	\$ 63,402	\$ 13,781,284	\$ 358,850	\$ 2,066,447	\$ 16,269,983
Assigned to:					
General government administration	\$ 232,649	\$ -	\$ -	\$ -	\$ 232,649
Public safety	3,205,967	-	-	-	3,205,967
Public works	1,524,963	-	-	-	1,524,963
Education	-	-	-	293,457	293,457
Parks, recreation and cultural	206,163	-	-	-	206,163
Community development	289,414	-	-	-	289,414
Subsequent years' expenditures	5,000,000	-	-	672,500	5,672,500
Total assigned fund balance	\$ 10,459,156	\$ -	\$ -	\$ 965,957	\$ 11,425,113

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.

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

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

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 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.

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

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, 2021, the following employees were covered by the benefit terms:

	Primary Government	Component Units	
		School Board	HEC
Inactive employees or beneficiaries currently receiving benefits	374	-	28
Inactive employees entitled to but not yet receiving benefits	429	-	32
Active employees	570	-	42
Total inactive and active employees	1,373	-	102

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 2023 was 14.71 percent of covered employee compensation. The School Board non-professional employees’ contribution rate for the fiscal year ended 2023 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 \$4,418,428, \$102,837 and \$487,547, respectively, for the year ended June 30, 2023.

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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees. The total pension liability for general employees was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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.

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.

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

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, 2021 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 Employee. The total pension liability for hazardous duty employees was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2021 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-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.

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

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies (MAPS)	6.00%	3.73%	0.22%
Private Investment Partnersip (PIP)	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

**The above allocation provides a one-year return of 7.83%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, 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, 2021, actuarial valuation, whichever was greater. From July 1, 2022 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, 2022:

Primary Government

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 156,257,364	\$ 142,633,460	\$ 13,623,904
Changes for the year:			
Service cost	3,135,828	-	3,135,828
Interest	10,499,478	-	10,499,478
Differences between expected and actual experience	(1,506,964)	-	(1,506,964)
Contributions-employer	-	3,501,405	(3,501,405)
Contributions-employee	-	1,362,500	(1,362,500)
Net investment income	-	(142,188)	142,188
Benefit payments, including refunds of employee contributions	(7,689,876)	(7,689,876)	-
Administrative expense	-	(89,023)	89,023
Other changes	2,175,005	1,892,458	282,547
Net changes	<u>6,613,471</u>	<u>(1,164,724)</u>	<u>7,778,195</u>
Balances at June 30, 2022	<u>\$ 162,870,835</u>	<u>\$ 141,468,736</u>	<u>\$ 21,402,099</u>

Component Unit – School Board

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	\$ 8,976,474	\$ 10,584,691	\$ (1,608,217)
Changes for the year:			
Service cost	211,603	-	211,603
Interest	601,872	-	601,872
Differences between expected and actual experience	160,306	-	160,306
Contributions-employer	-	78,311	(78,311)
Contributions-employee	-	113,245	(113,245)
Net investment income	-	(9,099)	9,099
Benefit payments, including refunds of employee contributions	(542,899)	(542,899)	-
Administrative expense	-	(6,640)	6,640
Other changes	-	240	(240)
Net changes	<u>430,882</u>	<u>(366,842)</u>	<u>797,724</u>
Balances at June 30, 2022	<u>\$ 9,407,356</u>	<u>\$ 10,217,849</u>	<u>\$ (810,493)</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, 2021	\$ 18,501,075	\$ 16,887,987	\$ 1,613,088
Changes for the year:			
Service cost	371,291	-	371,291
Interest	1,243,173	-	1,243,173
Differences between expected and actual experience	(178,429)	-	(178,429)
Contributions-employer	-	414,578	(414,578)
Contributions-employee	-	161,324	(161,324)
Net investment income	-	(16,835)	16,835
Benefit payments, including refunds of employee contributions	(910,507)	(910,507)	-
Administrative expense	-	(10,541)	10,541
Other changes	(1,054,785)	(915,781)	(139,004)
Net changes	<u>(529,257)</u>	<u>(1,277,762)</u>	<u>748,505</u>
Balances at June 30, 2022	<u>\$ 17,971,818</u>	<u>\$ 15,610,225</u>	<u>\$ 2,361,593</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%)
Primary Government:			
Net Pension Liability (Asset)	\$ 43,981,058	\$ 21,402,099	\$ 3,067,057
Component Unit - School Board:			
Net Pension Liability (Asset)	\$ 237,515	\$ (810,493)	\$ (1,682,131)
Component Unit - HEC:			
Net Pension Liability (Asset)	\$ 4,853,047	\$ 2,361,593	\$ 338,431

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

For the year ended June 30, 2023, the City, the School Board and HEC recognized pension expense of \$4,195,833, \$71,621 and \$305,963, respectively. At June 30, 2023, 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	\$ 662,800	\$ 1,517,788	\$ 109,403	\$ -	\$ 73,136	\$ 167,479
Changes in assumptions	2,711,349	-	86,539	-	299,181	-
Net difference between projected and actual earnings on pension plan investments	-	4,139,086	-	309,001	-	456,723
Employer contributions subsequent to the measurement date	4,418,428	-	102,837	-	487,547	-
Total	\$ 7,792,577	\$ 5,656,874	\$ 298,779	\$ 309,001	\$ 859,864	\$ 624,202

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
2024	\$ (38,468)	\$ 37,673	\$ (4,245)
2025	(1,168,600)	(86,442)	(128,948)
2026	(3,036,173)	(206,590)	(335,023)
2027	1,960,516	142,300	216,331
2028	-	-	-
Thereafter	-	-	-

Pension Plan Data. Detailed information about the VRS Retirement Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-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, 2023, the City and School Board reported a payable of \$568,201 and \$20,160, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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, 2023 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 \$8,418,095 for the year ended June 30, 2023. In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. The School Board's proportionate share of this special contribution totaled \$2,304,399.

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

At June 30, 2023, the School Board reported a liability of \$49,594,703 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.52092%.

For the year ended June 30, 2023, the School Board recognized pension expense of \$3,975,920. 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, 2023, 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	\$ -	\$ 3,419,751
Changes in assumptions	4,675,781	-
Net difference between projected and actual earnings on pension plan investments	-	6,466,111
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,728,144	-
Employer contributions subsequent to the measurement date	<u>8,418,095</u>	<u>-</u>
Total	<u>\$ 15,822,020</u>	<u>\$ 9,885,862</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>
2024	\$ (628,637)
2025	(1,476,765)
2026	(3,694,286)
2027	3,317,751
2028	-
Thereafter	-

Actuarial Assumptions. The total pension liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2021 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	\$ 88,579,935	\$ 49,594,703	\$ 17,852,150

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 2022 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-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, 2023, the School Board reported a payable of \$918,555 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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 \$8,984 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, 2023 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 \$170,580, \$307,670 and \$18,685, respectively, for the year ended June 30, 2023. In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the GLI Program. The City's, the School Board's and HEC's proportionate share of this special contribution totaled \$40,066, \$72,139 and \$4,718, 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, 2023, the City, the School Board and HEC reported a liability of \$1,607,842, \$2,853,708 and \$176,121, respectively, for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2022 measurement date, the City, the School Board and HEC's proportion was 0.13163%, 0.23700% and 0.01550%, respectively.

For the year ended June 30, 2023, the City, the School Board and HEC recognized OPEB expense of \$72,543, \$175,327 and negative \$5,860, 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, 2023, 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:

	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	\$ 127,321	\$ 64,503	\$ 225,978	\$ 114,484	\$ 13,947	\$ 7,065
Changes of assumptions	59,970	156,610	106,439	277,962	6,569	17,155
Net difference between projected and actual earnings on OPEB plan investments	-	100,466	-	178,315	-	11,005
Changes in proportionate share	18,254	51,835	201,006	4,059	2,000	5,678
Employer contributions subsequent to the measurement date	170,580	-	307,670	-	18,685	-
Total	<u>\$ 376,125</u>	<u>\$ 373,414</u>	<u>\$ 841,093</u>	<u>\$ 574,820</u>	<u>\$ 41,201</u>	<u>\$ 40,903</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	\$ (30,469)	\$ 20,331	\$ (3,338)
2025	(30,644)	-	(3,356)
2026	(90,664)	(109,218)	(9,930)
2027	2,364	50,025	259
2028	(18,456)	(2,535)	(2,022)
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, 2021, 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, 2022. 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>
Primary Government:			
Net OPEB Liability	\$ 2,339,599	\$ 1,607,842	\$ 1,016,483
Component Unit - School Board:			
Net OPEB Liability	\$ 4,152,480	\$ 2,853,708	\$ 1,804,123
Component Unit - HEC:			
Net OPEB Liability	\$ 256,276	\$ 176,121	\$ 111,344

OPEB Plan Fiduciary Net Position. Detailed information about the VRS GLI Program Plan’s fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-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, 2023, the City and the School Board reported a payable of \$40,315 and \$64,777, respectively, for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

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, 2023 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 \$651,231 for the year ended June 30, 2023. Employees are not required to contribute to the HIC Program. In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Employee Plan. The School Board's proportionate share of this special contribution totaled \$63,168.

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

At June 30, 2023, the School Board reported a liability of \$6,567,861 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.52583%.

For the year ended June 30, 2023, the School Board recognized OPEB expense of \$641,936. 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, 2023, 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	\$ -	\$ 267,716
Changes in assumptions	191,881	16,772
Net difference between projected and actual earnings on OPEB plan investments	-	6,592
Changes in proportionate share	453,876	260
Employer contributions subsequent to the measurement date	<u>651,231</u>	<u>-</u>
Total	<u>\$ 1,296,988</u>	<u>\$ 291,340</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	\$ 97,003
2025	88,857
2026	59,570
2027	60,581
2028	29,616
Thereafter	18,790

Actuarial Assumptions. The total OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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	\$ 7,402,055	\$ 6,567,861	\$ 5,860,736

OPEB Plan Fiduciary Net Position. Detailed information about the VRS HIC Program Plan's fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-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, 2023, the School Board reported a payable of \$55,267 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>94</u>
Total inactive and active employees	<u><u>126</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, 2023 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 \$25,841 for the year ended June 30, 2023. 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, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions. The total OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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, 2022:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	\$ 206,240	\$ 19,398	\$ 186,842
Changes for the year:			
Service cost	3,436	-	3,436
Interest	13,983	-	13,983
Changes in assumptions	5,714	-	5,714
Differences between expected and actual experience	(2,029)	-	(2,029)
Contributions-employer	-	17,812	(17,812)
Net investment income	-	(303)	303
Benefit payments, including refunds of employee contributions	(5,055)	(5,055)	-
Administrative expense	-	(61)	61
Net changes	<u>16,049</u>	<u>12,393</u>	<u>3,656</u>
Balances at June 30, 2022	<u>\$ 222,289</u>	<u>\$ 31,791</u>	<u>\$ 190,498</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	\$ 210,784	\$ 190,498	\$ 173,046

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

For the year ended June 30, 2023, the School Board recognized pension expense of \$17,848. At June 30, 2023, 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	\$ -	\$ 1,612
Changes in assumptions	8,370	-
Net difference between projected and actual earnings on pension plan investments	575	-
Employer contributions subsequent to the measurement date	<u>25,841</u>	<u>-</u>
Total	<u>\$ 34,786</u>	<u>\$ 1,612</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	\$ 2,106
2025	2,106
2026	2,052
2027	1,069
2028	-
Thereafter	-

HIC Program Data. Detailed information about the VRS HIC Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-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, 2023, the School Board reported a payable of \$2,186 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

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, 2021, the following employees were covered by the benefit terms:

	<u>Primary Government</u>	<u>School Board</u>
Inactive employees or beneficiaries currently receiving benefits	57	69
Active employees	<u>561</u>	<u>973</u>
Total inactive and active employees	<u><u>618</u></u>	<u><u>1,042</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 \$10,936,362 and \$11,641,459 for the City and School Board, respectively, were measured as of June 30, 2023 and were determined by actuarial valuations performed as of June 30, 2023.

Actuarial Assumptions. The total OPEB liabilities were based on an actuarial valuation as of June 30, 2021, 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 graded uniformly to 5.75 percent over three years and following the Getzen model thereafter 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, 2020 valuation of the Virginia Retirement System as described in Note 15.

Changes to the actuarial assumptions used for the June 30, 2021 actuarial valuation include an adjustment to the healthcare cost trend rate and changes 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 2.18 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

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, 2023:

	<u>Primary Government</u>	<u>School Board</u>
Balances at June 30, 2022	\$ 10,928,771	\$ 11,524,910
Changes for the year:		
Service cost	335,850	685,422
Interest	233,326	248,369
Benefit payments	<u>(561,585)</u>	<u>(817,242)</u>
Net changes	<u>7,591</u>	<u>116,549</u>
Balances at June 30, 2023	<u>\$ 10,936,362</u>	<u>\$ 11,641,459</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 2.18 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 (1.18 percent) or one percentage point higher (3.18 percent) than the current rate:

	<u>1% Decrease (1.18%)</u>	<u>Current Rate (2.18%)</u>	<u>1% Increase (3.18%)</u>
Primary Government:			
Total OPEB liability	\$ 12,006,355	\$ 10,936,362	\$ 9,969,840
School Board:			
Total OPEB liability	\$ 12,774,165	\$ 11,641,459	\$ 10,617,685

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 healthcare cost trend rate of 6.25 percent decreasing to 5.75 percent over two years, 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 (5.25 percent decreasing to 3.04 percent over two years) or one percentage point higher (7.25 percent decreasing to 5.04 percent over two years) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Primary Government:			
Total OPEB liability	\$ 9,741,330	\$ 10,936,362	\$ 12,366,026
School Board:			
Total OPEB liability	\$ 10,301,224	\$ 11,641,459	\$ 13,268,056

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

For the year ended June 30, 2023, the City and the School Board recognized OPEB expense of \$720,310 and \$848,002, respectively. At June 30, 2023, 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	\$ 859,015	\$ 1,096,790	\$ 674,900	\$ 1,629,153
Changes in assumptions	258,980	137,843	264,683	250,035
Total	<u>\$ 1,117,995</u>	<u>\$ 1,234,633</u>	<u>\$ 939,583</u>	<u>\$ 1,879,188</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>
2024	\$ 151,134	\$ (85,789)
2025	151,134	(85,789)
2026	(209,452)	(85,790)
2027	(209,454)	(227,411)
2028	-	(227,411)
Thereafter	-	(227,415)

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, 2023 and OPEB expense for the fiscal year ended June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net/Total OPEB Liability	OPEB Expense
Primary Government:				
VRS Group Life Insurance Program	\$ 376,125	\$ 373,414	\$ 1,607,842	\$ 72,543
Local Health Insurance Program	1,117,995	1,234,633	10,936,362	720,310
Totals	<u>\$ 1,494,120</u>	<u>\$ 1,608,047</u>	<u>\$ 12,544,204</u>	<u>\$ 792,853</u>
Component Unit - School Board:				
VRS Group Life Insurance Program	\$ 841,093	\$ 574,820	\$ 2,853,708	\$ 175,327
VRS Health Insurance Credit Program	1,296,988	291,340	6,567,861	641,936
VRS Health Insurance Credit Program	34,786	1,612	190,498	17,848
Local Health Insurance Program	939,583	1,879,188	11,641,459	848,002
Totals	<u>\$ 3,112,450</u>	<u>\$ 2,746,960</u>	<u>\$ 21,253,526</u>	<u>\$ 1,683,113</u>
Component Unit - HEC:				
VRS Group Life Insurance Program	\$ 41,201	\$ 40,903	\$ 176,121	\$ (5,860)
Local Health Insurance Program	248,395	194,448	2,145,041	123,490
Totals	<u>\$ 289,596</u>	<u>\$ 235,351</u>	<u>\$ 2,321,162</u>	<u>\$ 117,630</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 2023, the City's contributions totaled \$6,937,971 of which \$3,141,841 was for operations, \$2,671,007 was for debt service and \$1,125,123 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 \$52.5 million of total bonded debt outstanding at June 30, 2023. 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>
2024	\$ 2,040,989	\$ 646,054	\$ 2,687,043
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
2029-2033	7,736,123	1,131,822	8,867,945
2034-2038	3,260,094	605,941	3,866,035
2039-2043	2,520,286	328,119	2,848,405
2044-2048	1,371,953	93,203	1,465,156
2049-2051	424,321	11,847	436,168
Total	<u>\$ 26,119,301</u>	<u>\$ 4,799,623</u>	<u>\$ 30,918,924</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, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Current assets	\$ 10,063,080	\$ 8,880,453	\$ 1,182,627
Restricted assets	3,216,800	3,015,564	201,236
Capital assets	92,251,018	96,208,199	(3,957,181)
Other assets	855,471	1,078,342	(222,871)
Total assets	<u>106,386,369</u>	<u>109,182,558</u>	<u>(2,796,189)</u>
Deferred outflows of resources	289,106	472,282	(183,176)
Current liabilities	3,734,663	3,418,864	315,799
Liabilities payable from restricted assets	1,993,362	1,982,626	10,736
Long-term liabilities	48,574,521	52,782,432	(4,207,911)
Total liabilities	<u>54,302,546</u>	<u>58,183,922</u>	<u>(3,881,376)</u>
Deferred inflows of resources	336,341	1,072,668	(736,327)
Net position	<u>\$ 52,036,588</u>	<u>\$ 50,398,250</u>	<u>\$ 1,638,338</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 2023, the City’s contributions totaled \$3,506,761. 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, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Current assets	\$ 9,242,835	\$ 8,013,212	\$ 1,229,623
Capital assets	<u>7,245,286</u>	<u>8,542,947</u>	<u>(1,297,661)</u>
Total assets	<u>16,488,121</u>	<u>16,556,159</u>	<u>(68,038)</u>
Deferred outflows of resources	<u>651,307</u>	<u>925,803</u>	<u>(274,496)</u>
Current liabilities	132,449	266,446	(133,997)
Long-term liabilities	<u>4,187,349</u>	<u>3,916,301</u>	<u>271,048</u>
Total liabilities	<u>4,319,798</u>	<u>4,182,747</u>	<u>137,051</u>
Deferred inflows of resources	<u>2,770,211</u>	<u>3,959,657</u>	<u>(1,189,446)</u>
Net position	<u>\$ 10,049,419</u>	<u>\$ 9,339,558</u>	<u>\$ 709,861</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 \$4,180,533 to the District in fiscal year 2023.

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 \$196,028 to the Commission in fiscal year 2023.

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

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 \$2,102,878 to the Authority in fiscal year 2023 of which \$1,817,901 was for operations and \$284,977 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 Harrisonburg City School Board (School Board) entered into an agreement pursuant to the Virginia Public-Private Education and Infrastructure Act (PPEA) for the construction of a second high school. The PPEA agreement totals \$102.1 million, of which \$91.2 million had been expended as of June 30, 2023. This contract is a commitment of the General Capital Projects Fund and School Bond Capital Projects Fund and was financed through the issuance of bonds and currently available funds.

The City has a contract outstanding for the construction of a new Public Works administration building. The contract totals \$7.9 million, of which \$893,000 had been expended as of June 30, 2023. The contract is a commitment of the Water Fund and is being financed through the issuance of bonds.

The following is a summary of significant encumbrances at June 30, 2023.

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fire trucks	\$ 2,513,705	\$ -	\$ -	\$ 2,513,705
Street repaving	876,506			
Replacement vehicles	683,858	-	-	683,858
Sidewalks, curbs and guttering replacements	217,218	-	-	217,218
Economic development incentive	200,000	-	-	200,000
Public Works administration building	-	7,006,710	-	7,006,710
Dogwood Drive culvert	-	519,020	-	519,020
Public Safety building elevator	-	313,100	-	313,100
Replacement school buses	-	-	248,152	248,152
Other purposes	967,869	103,980	45,305	1,117,154
Total encumbrances	\$ 5,459,156	\$ 7,942,810	\$ 293,457	\$ 12,818,917

Note 22. Transactions with Component Units

In fiscal year 2023, the City’s General Fund made contributions to the School Board, a component unit, totaling \$35,353,845 for the purpose of funding the School Board’s operating budget.

Note 22. Transactions with Component Units (continued)

In fiscal year 2023, the School Board, a component unit, made contributions to the City's General Fund totaling \$2,400,000 for the purpose of assisting in the funding of the first full year debt service payment for Rocktown High School.

In fiscal year 2023, 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, 2023, there were five series of HRHA bonds outstanding, with an aggregate principal amount of \$21.7 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, 2023, the City has recorded an intangible asset for the purchased capacity of the jail in the amount of \$7,899,316 (net of accumulated amortization) and a liability of \$2,084,503 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 2023, the City's reimbursement obligation to the EDA totaled \$1,087,893.

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, 2021 to June 30, 2023:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2023	\$ 1,065,680	\$ 19,607,289	\$ 19,664,452	\$ 1,008,517
2022	635,879	18,633,601	18,203,800	1,065,680

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. Restatement of Beginning Net Position/Fund Balance

The following is a summary of a restatement made to the beginning net position of the government-wide governmental activities financial statements and to the fund balance of the fund financial statements at June 30, 2022. This restatement is the effect of an unrecorded equipment purchase agreement.

	Primary Government	
	Government-wide Governmental Activities	General Fund
Net position/fund balance at beginning of year, as previously reported	\$ 204,322,824	\$ 65,086,859
Restatement to:		
Correct prepaid expenditures/expenses	(109,911)	(109,911)
Record equipment (net of accumulated depreciation)	674,507	-
Record equipment purchase agreement liability	(682,403)	-
Net position/fund balance at beginning of year, as restated	\$ 204,205,017	\$ 64,976,948

Note 29. 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. 100, *Accounting Changes and Error Corrections*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information. The provisions of this Statement are effective for fiscal year 2024.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

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

Exhibit 13

	Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 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
Service cost	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
Interest	(1,685,393)	(1,002,061)	3,398,610	307,442	399,173	(2,778,869)	1,637,704	173,707	-
Difference between expected and actual experience	-	6,495,861	-	4,589,190	-	(1,001,160)	-	-	-
Changes of assumptions	(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)
Benefit payments, including refunds of employee contributions	1,120,220	411,266	(1,532,053)	173,692	503,292	(346,983)	(591,727)	(181,986)	44,008
Other changes	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
Net change in total pension liability	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 - 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
Total pension liability - ending	\$ 3,915,983	\$ 3,822,747	\$ 3,400,953	\$ 3,314,021	\$ 3,283,365	\$ 3,208,670	\$ 3,431,172	\$ 3,421,755	\$ 3,240,732
Plan fiduciary net position	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
Contributions - employer	(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
Net investment income	(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)
Benefit payments, including refunds of employee contributions	(99,564)	(86,590)	(84,285)	(81,275)	(73,671)	(74,175)	(65,026)	(62,898)	(74,068)
Administrative expense	976,677	380,466	(1,201,380)	137,781	421,975	(304,054)	(460,018)	(149,841)	33,750
Other changes	(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
Net change in fiduciary net position	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 - 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
Plan fiduciary net position - ending	\$ 8,526,700	\$ (20,299,720)	\$ 9,434,358	\$ 4,913,260	\$ (385,914)	\$ (8,877,764)	\$ 6,758,131	\$ 2,088,500	\$ (7,524,328)
Change in net pension liability	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 - 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
Net pension liability - ending	\$ 86,866%	\$ 91.28%	\$ 78.22%	\$ 83.20%	\$ 85.36%	\$ 84.32%	\$ 77.60%	\$ 81.59%	\$ 82.38%
Plan fiduciary net position as a percentage of the total pension liability									
Covered payroll	\$ 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	74.79%	49.34%	113.37%	86.69%	74.16%	77.80%	112.34%	87.83%	83.47%

Plan fiduciary net position as a percentage of the total pension liability

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 2021 information was presented in the fiscal year 2022 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 (plan year 2014) was the first year that information was available. Additional years will be included as they become available.

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

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	\$ 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	\$ 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%	12.85%	12.85%	11.27%	11.27%	11.76%	11.76%	12.76%	12.76%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 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 NET PENSION LIABILITY AND RELATED RATIOS
SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES
Last Nine Plan Years

Exhibit 15

	Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 211,603	\$ 210,686	\$ 220,684	\$ 211,475	\$ 201,048	\$ 199,527	\$ 204,651	\$ 211,969	\$ 215,283
Service cost	601,872	547,983	523,147	501,885	486,490	479,180	470,931	452,999	431,841
Interest	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	(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	430,882	633,893	405,541	582,215	237,967	75,487	113,959	240,859	387,677
Net change in total pension liability	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	\$ 9,407,356	\$ 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	\$ 78,311	\$ 79,026	\$ 74,576	\$ 76,225	\$ 91,995	\$ 84,555	\$ 131,249	\$ 132,185	\$ 156,508
Plan fiduciary net position	113,245	111,349	110,067	107,536	101,840	92,741	92,983	93,767	97,148
Contributions - employer	(9,099)	2,311,772	163,050	543,586	573,959	860,467	121,916	320,003	971,483
Net investment income	(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	(6,640)	(5,844)	(5,602)	(5,434)	(4,976)	(5,077)	(4,533)	(4,518)	(5,184)
Administrative expense	240	217	(192)	(342)	(510)	(761)	(52)	(69)	51
Other changes	(366,842)	2,047,891	(31,526)	351,484	428,307	640,030	(58,076)	111,098	960,559
Net change in fiduciary net position	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
Plan fiduciary net position - beginning	\$ 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 - ending	\$ 797,724	\$ (1,413,998)	\$ 437,067	\$ 230,731	\$ (190,340)	\$ (564,543)	\$ 172,035	\$ 129,761	\$ (572,882)
Change in net pension liability	(810,493)	(1,608,217)	(194,219)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)	163,952
Net pension liability (asset) - beginning	\$ (810,493)	\$ (1,608,217)	\$ (194,219)	\$ (631,286)	\$ (862,017)	\$ (671,677)	\$ (107,134)	\$ (279,169)	\$ (408,930)
Net pension liability (asset) - ending	\$ 108,62%	\$ 117.92%	\$ 102.33%	\$ 107.95%	\$ 111.72%	\$ 109.44%	\$ 101.52%	\$ 104.03%	\$ 106.12%
Plan fiduciary net position as a percentage of the total pension liability	\$ 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
Covered payroll	-31.85%	-65.69%	-8.10%	-27.21%	-39.96%	-34.33%	-5.56%	-14.53%	-21.06%
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 2021 information was presented in the fiscal year 2022 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 (plan year 2014) was the first year that information was available. Additional years will be included as they become available.

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

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	\$ 140,866	\$ 102,032	\$ 98,175	\$ 91,065	\$ 88,158	\$ 100,951	\$ 91,564	\$ 135,537	\$ 135,057
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%	4.01%	4.01%	3.80%	3.80%	4.68%	4.68%	7.03%	7.03%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 was the first year that information was available. Additional years will be included as they become av

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

	Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	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	\$ 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	\$ 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 its covered payroll	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	82.61%	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 2021 information was presented in the fiscal year 2022 financial statements.

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 (plan year 2014) was the first year that information was available. Additional years will be included as they become available.

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

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	\$ 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	\$ 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%	15.68%	15.68%	16.32%	14.66%	14.06%	14.50%

Current financial reporting standards require ten years of required supplementary information. However, fiscal year 2015 was the first year that information was available. Additional years will be included as they become available.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION VRS GROUP LIFE INSURANCE PROGRAM

Last Six Plan Years

	Plan Year					
	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.14713%	0.14993%	0.15215%	0.15365%	0.14999%	0.14998%
Proportionate share of the net OPEB liability	\$ 1,783,963	\$ 1,748,724	\$ 2,515,130	\$ 2,502,491	\$ 2,286,723	\$ 2,251,536
Covered payroll	\$ 32,009,597	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059	\$ 27,653,817
Proportionate share of the net OPEB liability as a percentage of its covered payroll	5.57%	5.66%	8.04%	8.33%	8.03%	8.14%
Plan fiduciary net position as a percentage of the total OPEB liability	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 2021 information was presented in the fiscal year 2022 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.

PRIMARY GOVERNMENT AND HARRISONBURG ELECTRIC COMMISSION VRS GROUP LIFE INSURANCE PROGRAM

Last Six Fiscal Years

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 189,265	\$ 171,572	\$ 165,828	\$ 164,163	\$ 157,904	\$ 149,509
Contributions in relation to the contractually required contribution	189,265	171,572	165,828	164,163	157,904	149,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%	0.52%	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 Six Plan Years

Exhibit 21

	Plan Year					
	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.23700%	0.22889%	0.22503%	0.22371%	0.22044%	0.21406%
Proportionate share of the net OPEB liability	\$ 2,853,708	\$ 2,664,900	\$ 3,755,382	\$ 3,640,357	\$ 3,347,000	\$ 3,221,000
Covered payroll	\$ 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	5.54%	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	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 2021 information was presented in the fiscal year 2022 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 Six Fiscal Years

Exhibit 22

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 307,670	\$ 278,387	\$ 255,191	\$ 240,824	\$ 228,033	\$ 217,967
Contributions in relation to the contractually required contribution	307,670	278,387	255,191	240,824	228,033	217,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%	0.52%	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 Six Plan Years

Exhibit 23

	Plan Year					
	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.52583%	0.50667%	0.50071%	0.49516%	0.49147%	0.47489%
Proportionate share of the net OPEB liability	\$ 6,567,861	\$ 6,503,460	\$ 6,531,844	\$ 6,482,126	\$ 6,240,000	\$ 6,025,000
Covered payroll	\$ 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	13.40%	14.51%	14.88%	15.61%	15.70%	16.20%
Plan fiduciary net position as a percentage of the total OPEB liability	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 2021 information was presented in the fiscal year 2022 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 Six Fiscal Years

Exhibit 24

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 651,231	\$ 593,004	\$ 542,192	\$ 526,753	\$ 498,390	\$ 488,888
Contributions in relation to the contractually required contribution	651,231	593,004	542,192	526,753	498,390	488,888
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%	1.20%	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 Three Plan Years

	Plan Year		
	2022	2021	2020
Total OPEB liability			
Service cost	\$ 3,436	\$ 3,463	\$ -
Interest	13,983	12,416	-
Difference between expected and actual experience	(2,029)	-	-
Changes of assumptions	5,714	6,417	-
Changes of benefit terms	-	-	183,944
Benefit payments, including refunds of employee contributions	(5,055)	-	-
Net change in total OPEB liability	16,049	22,296	183,944
Total OPEB liability - beginning	206,240	183,944	-
Total OPEB liability - ending	\$ 222,289	\$ 206,240	\$ 183,944
Plan fiduciary net position			
Contributions - employer	\$ 17,812	\$ 17,137	\$ -
Net investment income	(303)	2,337	-
Benefit payments, including refunds of employee contributions	(5,055)	-	-
Administrative expense	(61)	(76)	-
Net change in fiduciary net position	12,393	19,398	-
Plan fiduciary net position - beginning	19,398	-	-
Plan fiduciary net position - ending	\$ 31,791	\$ 19,398	\$ -
Change in net OPEB liability	\$ 3,656	\$ 2,898	\$ 183,944
Net OPEB liability (asset) - beginning	186,842	183,944	-
Net OPEB liability (asset) - ending	\$ 190,498	\$ 186,842	\$ 183,944
Plan fiduciary net position as a percentage of the total OPEB liability	14.30%	9.41%	0.00%
Covered payroll	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448
Net OPEB liability as a percentage of covered payroll	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 2021 information was presented in the fiscal year 2022 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 Three Fiscal Years

Exhibit 26

	Fiscal Year		
	2023	2022	2021
Actuarially determined contribution	\$ 25,841	\$ 17,811	\$ 17,137
Contributions in relation to the actuarially determined contribution	25,841	17,811	17,137
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251
Contributions as a percentage of covered payroll	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
Last Six Plan Years

Exhibit 27

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

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2021 information was presented in the fiscal year 2022 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 Six Plan Years

Exhibit 28

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

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2021 information was presented in the fiscal year 2022 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates at each year age and service through 9 years of service
- Decreased disability rates
- Increased line of duty disability rates from 14% to 15%
- Decreased the discount rate from 7% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

- Updated mortality table to RP-2014 projected to 2020
- Increased retirement rates at age 50 and lowered rates at older ages
- Adjusted withdrawal rates at each year age and service through 9 years of service
- Adjusted disability rates
- Decreased line of duty disability rates from 60% to 45%
- Decreased the discount rate from 7% to 6.75%

Teacher Cost-Sharing Pool:

- Updated mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates at each year age and service through 9 years of service
- Adjusted disability rates
- Decreased the discount rate from 7% to 6.75%

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, 2021 actuarial valuation for the City and School Board:

- Decreased the discount rate from 2.79% to 2.18% based on the S&P Municipal Bond 20 Year High Grade Rate Index.
- The assumed healthcare cost trend rate was changed from 7.5% grading uniformly to 6.75% over three years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075 to 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.
- Mortality, retirement, withdrawal and disability assumptions were changed to be consistent with the most recent VRS report for GASB 68 issued in July 2020.

**OTHER
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023

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>	
Assets				
Cash and cash equivalents	\$ -	\$ 2,908,795	\$ 226,231	\$ 3,135,026
Receivables	-	419	278	697
Due from component units	-	57,585	-	57,585
Due from other governments	162,494	-	-	162,494
Prepaid expenditures	-	1,487	-	1,487
Loans receivable	-	-	60,979	60,979
Total assets	<u>\$ 162,494</u>	<u>\$ 2,968,286</u>	<u>\$ 287,488</u>	<u>\$ 3,418,268</u>
Liabilities				
Accounts payable	\$ 32,716	\$ 3,700	\$ -	\$ 36,416
Accrued payroll	317	155,633	-	155,950
Due to other funds	129,461	-	-	129,461
Due to component units	-	1,571	-	1,571
Total liabilities	<u>162,494</u>	<u>160,904</u>	<u>-</u>	<u>323,398</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	60,979	60,979
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>60,979</u>	<u>60,979</u>
Fund Balances				
Nonspendable	-	1,487	-	1,487
Committed	-	1,912,438	154,009	2,066,447
Assigned	-	893,457	72,500	965,957
Total fund balances	<u>-</u>	<u>2,807,382</u>	<u>226,509</u>	<u>3,033,891</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 162,494</u>	<u>\$ 2,968,286</u>	<u>\$ 287,488</u>	<u>\$ 3,418,268</u>

CITY OF HARRISONBURG, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2023

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>	
Revenues:				
Use of money and property	\$ -	\$ 88,758	\$ 7,356	\$ 96,114
Charges for services	-	5,165,429	-	5,165,429
Miscellaneous	-	44	35,311	35,355
Intergovernmental	713,641	-	-	713,641
Total revenues	<u>713,641</u>	<u>5,254,231</u>	<u>42,667</u>	<u>6,010,539</u>
Expenditures:				
Current:				
Education	-	4,643,266	-	4,643,266
Community development	713,641	-	25,000	738,641
Total expenditures	<u>713,641</u>	<u>4,643,266</u>	<u>25,000</u>	<u>5,381,907</u>
Net change in fund balances	-	610,965	17,667	628,632
Fund balances at beginning of year	<u>-</u>	<u>2,196,417</u>	<u>208,842</u>	<u>2,405,259</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,807,382</u>	<u>\$ 226,509</u>	<u>\$ 3,033,891</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, 2023

Exhibit A-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 500	\$ 500	\$ 88,758	\$ 88,258
Charges for services	5,126,400	5,126,400	5,165,429	39,029
Miscellaneous	15,000	15,000	44	(14,956)
Intergovernmental	-	570,330	-	(570,330)
Total revenues	<u>5,141,900</u>	<u>5,712,230</u>	<u>5,254,231</u>	<u>(457,999)</u>
Expenditures:				
Current:				
Education	<u>5,618,880</u>	<u>6,596,129</u>	<u>4,643,266</u>	<u>1,952,863</u>
Total expenditures	<u>5,618,880</u>	<u>6,596,129</u>	<u>4,643,266</u>	<u>1,952,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (476,980)</u>	<u>\$ (883,899)</u>	610,965	<u>\$ (2,410,862)</u>
Fund balance at beginning of year			<u>2,196,417</u>	
Fund balance at end of year			<u>\$ 2,807,382</u>	

BUSINESS LOAN PROGRAM FUND

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

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 7,356	\$ 7,356
Miscellaneous	30,500	30,500	35,311	4,811
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>42,667</u>	<u>12,167</u>
Expenditures:				
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>
Excess (deficiency) of revenues over (under) expenditures	\$ <u><u>(69,500)</u></u>	\$ <u><u>(69,500)</u></u>	17,667	\$ <u><u>(62,833)</u></u>
Fund balance at beginning of year			<u>208,842</u>	
Fund balance at end of year			\$ <u><u>226,509</u></u>	

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023

Exhibit B-1

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,941,461	\$ -	\$ 7,885,261	\$ 9,826,722
Receivables	4,298	-	1,364	5,662
Due from component units	12,877	-	-	12,877
Inventory	140,385	1,509,863	-	1,650,248
Prepaid expenses	736	-	-	736
Total current assets	<u>2,099,757</u>	<u>1,509,863</u>	<u>7,886,625</u>	<u>11,496,245</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	5,067,291	420,094	-	5,487,385
Total noncurrent assets	<u>5,067,291</u>	<u>420,094</u>	<u>-</u>	<u>5,487,385</u>
Total assets	<u>7,167,048</u>	<u>1,929,957</u>	<u>7,886,625</u>	<u>16,983,630</u>
Deferred outflows of resources				
Deferred OPEB outflows	24,899	2,406	-	27,305
Deferred pension outflows	175,961	12,878	-	188,839
Total deferred outflows of resources	<u>200,860</u>	<u>15,284</u>	<u>-</u>	<u>216,144</u>
Liabilities				
Current liabilities:				
Accounts payable	275,112	14,687	1,008,517	1,298,316
Accrued payroll	19,368	2,303	-	21,671
Due to other funds	-	309,167	-	309,167
Due to component units	2,776	370	-	3,146
Compensated absences	74,238	8,810	-	83,048
Total current liabilities	<u>371,494</u>	<u>335,337</u>	<u>1,008,517</u>	<u>1,715,348</u>
Noncurrent liabilities:				
Compensated absences	26,157	-	-	26,157
Net OPEB liability	193,867	19,527	-	213,394
Net pension liability	483,273	35,370	-	518,643
Total noncurrent liabilities	<u>703,297</u>	<u>54,897</u>	<u>-</u>	<u>758,194</u>
Total liabilities	<u>1,074,791</u>	<u>390,234</u>	<u>1,008,517</u>	<u>2,473,542</u>
Deferred inflows of resources				
Deferred OPEB inflows	26,488	2,577	-	29,065
Deferred pension inflows	127,736	9,348	-	137,084
Total deferred inflows of resources	<u>154,224</u>	<u>11,925</u>	<u>-</u>	<u>166,149</u>
Net position				
Net investment in capital assets	5,067,291	420,094	-	5,487,385
Unrestricted	1,071,602	1,122,988	6,878,108	9,072,698
Total net position	<u>\$ 6,138,893</u>	<u>\$ 1,543,082</u>	<u>\$ 6,878,108</u>	<u>\$ 14,560,083</u>

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023

Exhibit B-2

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 5,509,441	\$ 1,484,357	\$ 19,584,050	\$ 26,577,848
Total operating revenues	<u>5,509,441</u>	<u>1,484,357</u>	<u>19,584,050</u>	<u>26,577,848</u>
Operating expenses:				
Personal services	825,680	68,892	-	894,572
Fringe benefits	250,630	13,818	-	264,448
Purchased services	413,583	9,850	662,669	1,086,102
Internal services	3,512	2,667	-	6,179
Other charges	146,026	3,345	719,823	869,194
Materials and supplies	63,276	2,865	-	66,141
Depreciation	196,044	18,881	-	214,925
Cost of inventory issued	3,476,419	1,483,516	-	4,959,935
Claims related charges	-	-	19,607,289	19,607,289
Total operating expenses	<u>5,375,170</u>	<u>1,603,834</u>	<u>20,989,781</u>	<u>27,968,785</u>
Operating income (loss)	<u>134,271</u>	<u>(119,477)</u>	<u>(1,405,731)</u>	<u>(1,390,937)</u>
Nonoperating revenues:				
Miscellaneous revenue	3,539	135	-	3,674
Investment revenue	61,479	-	323,231	384,710
Gain on disposal of capital assets	-	-	-	-
Total nonoperating revenues	<u>65,018</u>	<u>135</u>	<u>323,231</u>	<u>388,384</u>
Income (loss) before transfers	199,289	(119,342)	(1,082,500)	(1,002,553)
Transfers in	<u>-</u>	<u>207,776</u>	<u>-</u>	<u>207,776</u>
Change in net position	199,289	88,434	(1,082,500)	(794,777)
Net position at beginning of year	<u>5,939,604</u>	<u>1,454,648</u>	<u>7,960,608</u>	<u>15,354,860</u>
Net position at end of year	<u>\$ 6,138,893</u>	<u>\$ 1,543,082</u>	<u>\$ 6,878,108</u>	<u>\$ 14,560,083</u>

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 5,523,562	\$ 1,484,357	\$ -	\$ 7,007,919
Receipts from premiums	-	-	19,584,050	19,584,050
Receipts other sources	2,554	-	-	2,554
Payments to employees	(840,411)	(82,192)	-	(922,603)
Payments for fringe benefits	(317,747)	(35,132)	-	(352,879)
Payments to vendors	(4,091,279)	(1,688,231)	(1,382,492)	(7,162,002)
Payments for internal services	(3,512)	(2,667)	-	(6,179)
Payments for claims related charges	-	-	(19,664,452)	(19,664,452)
Net cash provided by (used for) operating activities	<u>273,167</u>	<u>(323,865)</u>	<u>(1,462,894)</u>	<u>(1,513,592)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	207,776	-	207,776
Interfund loan	-	116,089	-	116,089
Net cash provided by noncapital financing activities	<u>-</u>	<u>323,865</u>	<u>-</u>	<u>323,865</u>
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	<u>(69,656)</u>	<u>-</u>	<u>-</u>	<u>(69,656)</u>
Net cash used for noncapital financing activities	<u>(69,656)</u>	<u>-</u>	<u>-</u>	<u>(69,656)</u>
Cash flows from investing activities:				
Interest received	<u>61,197</u>	<u>-</u>	<u>321,867</u>	<u>383,064</u>
Net cash provided by investing activities	<u>61,197</u>	<u>-</u>	<u>321,867</u>	<u>383,064</u>
Net increase (decrease) in cash and cash equivalents	264,708	-	(1,141,027)	(876,319)
Cash and cash equivalents:				
Beginning	<u>1,676,753</u>	<u>-</u>	<u>9,026,288</u>	<u>10,703,041</u>
Ending	<u>\$ 1,941,461</u>	<u>\$ -</u>	<u>\$ 7,885,261</u>	<u>\$ 9,826,722</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

	<u>Central Garage Fund</u>	<u>Central Stores Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 134,271	\$ (119,477)	\$ (1,405,731)	\$ (1,390,937)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	196,044	18,881	-	214,925
Miscellaneous revenue	3,574	135	-	3,709
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in:				
Accounts receivable	4,926	-	-	4,926
Due from component units	9,195	-	-	9,195
Inventory	(54,933)	(186,329)	-	(241,262)
Prepaid expenses	20,331	-	-	20,331
Deferred outflows of resources	80,779	20,699	-	101,478
Increase (decrease) in:				
Accounts payable	15,380	8,948	(57,163)	(32,835)
Accrued payroll	(29,536)	(4,367)	-	(33,903)
Due to component units	(141)	16	-	(125)
Compensated absences	13,656	(9,950)	-	3,706
Net OPEB liability	(1,154)	(2,142)	-	(3,296)
Net pension liability	153,996	(7,302)	-	146,694
Deferred inflows of resources	(273,221)	(42,977)	-	(316,198)
Net cash provided by (used for) operating activities	<u>\$ 273,167</u>	<u>\$ (323,865)</u>	<u>\$ (1,462,894)</u>	<u>\$ (1,513,592)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023

Exhibit C-1

	<u>Economic Development Authority Fund</u>	<u>Emergency Communications Center Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 124,772	\$ 6,241,686	\$ 6,366,458
Receivables	848,863	394,862	1,243,725
Prepaid expenses	-	241,948	241,948
Total assets	<u>973,635</u>	<u>6,878,496</u>	<u>7,852,131</u>
Liabilities			
Accounts payable	848,845	78,287	927,132
Accrued payroll	-	54,162	54,162
Total liabilities	<u>848,845</u>	<u>132,449</u>	<u>981,294</u>
Net Position			
Restricted for other organizations	<u>124,790</u>	<u>6,746,047</u>	<u>6,870,837</u>
Total net position	<u>\$ 124,790</u>	<u>\$ 6,746,047</u>	<u>\$ 6,870,837</u>

CITY OF HARRISONBURG, VIRGINIA
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2023

Exhibit C-2

	<u>Economic Development Authority Fund</u>	<u>Emergency Communications Center Fund</u>	<u>Total</u>
Additions:			
Funds received for benefit of other organizations	\$ 1,723,833	\$ 8,442,645	\$ 10,166,478
Total additions	<u>1,723,833</u>	<u>8,442,645</u>	<u>10,166,478</u>
Deductions:			
Funds disbursed for benefit of other organizations	<u>1,719,525</u>	<u>6,732,438</u>	<u>8,451,963</u>
Total deductions	<u>1,719,525</u>	<u>6,732,438</u>	<u>8,451,963</u>
Net increase in fiduciary net position	4,308	1,710,207	1,714,515
Net position at beginning of year	<u>120,482</u>	<u>5,035,840</u>	<u>5,156,322</u>
Net position at end of year	<u>\$ 124,790</u>	<u>\$ 6,746,047</u>	<u>\$ 6,870,837</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023

Exhibit D-1

	School Fund	School Nutrition Fund	School Activity Fund	School Capital Projects Fund	Totals
Assets					
Cash and cash equivalents	\$ 12,571,722	\$ 4,170,117	\$ 757,477	\$ 8,722,308	\$ 26,221,624
Receivables	51,391	610	-	-	52,001
Due from other governments	2,633,809	220,927	-	-	2,854,736
Inventory	-	128,526	-	-	128,526
Prepaid expenditures	479,922	16,295	-	-	496,217
Total assets	\$ 15,736,844	\$ 4,536,475	\$ 757,477	\$ 8,722,308	\$ 29,753,104
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 44,597	\$ 43,885	\$ -	\$ -	\$ 88,482
Accrued payroll	10,256,419	267,587	-	-	10,524,006
Due to primary government	64,861	930	-	-	65,791
Due to component units	101,421	-	-	-	101,421
Other liabilities	1,982,583	-	-	-	1,982,583
Total liabilities	12,449,881	312,402	-	-	12,762,283
Fund Balances:					
Nonspendable:					
Inventory	-	128,526	-	-	128,526
Prepaid expenditures	479,922	16,295	-	-	496,217
Committed to:					
Food services	-	3,640,826	-	-	3,640,826
Capital projects	-	-	-	8,722,308	8,722,308
Assigned to:					
Instruction	594,925	-	-	-	594,925
Administration, attendance and health	55,072	-	757,477	-	812,549
Pupil transportation	151,492	-	-	-	151,492
Operations and maintenance	342,535	-	-	-	342,535
Food services	-	438,426	-	-	438,426
Technology	519,327	-	-	-	519,327
Unassigned	1,143,690	-	-	-	1,143,690
Total fund balances	3,286,963	4,224,073	757,477	8,722,308	16,990,821
Total liabilities and fund balances	\$ 15,736,844	\$ 4,536,475	\$ 757,477	\$ 8,722,308	\$ 29,753,104

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, 2023

Exhibit D-2

Total fund balances of governmental funds (Exhibit D-1)		\$ 16,990,821
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.		58,167,068
Net pension assets are not current financial resources and, therefore, are not reported in the funds.		810,493
Long-term liabilities, and related accounts, are not payable from current financial resources and, therefore, are not reported in the funds.		(75,010,058)
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	\$ 3,112,450	
Deferred pension outflows	16,120,799	
Deferred OPEB inflows	(2,746,960)	
Deferred pension inflows	<u>(10,194,863)</u>	
Net adjustment	<u>\$ 6,291,426</u>	<u>6,291,426</u>
Net position of governmental activities (Exhibit 1)		<u>\$ 7,249,750</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, 2023

Exhibit D-3

	School Fund	School Nutrition Fund	School Activity Fund	School Capital Projects Fund	Totals
Revenues:					
Use of money and property	\$ 37,786	\$ 156,022	\$ -	\$ -	\$ 193,808
Charges for services	18,828	65,643	-	-	84,471
Miscellaneous	581,040	21,025	960,483	-	1,562,548
Payment from primary government	35,353,845	-	-	-	35,353,845
Intergovernmental	72,859,767	5,813,750	-	-	78,673,517
Total revenues	<u>108,851,266</u>	<u>6,056,440</u>	<u>960,483</u>	<u>-</u>	<u>115,868,189</u>
Expenditures:					
Current:					
Instruction	77,342,918	-	-	-	77,342,918
Administration, attendance and health	6,085,191	-	960,948	-	7,046,139
Pupil transportation	5,401,754	-	-	-	5,401,754
Operations and maintenance	8,037,127	-	-	-	8,037,127
Food services	-	5,912,432	-	-	5,912,432
Technology	6,034,749	22,183	-	-	6,056,932
Payment to primary government	2,400,000	-	-	-	2,400,000
Debt service:					
Principal retirement	227,205	-	-	-	227,205
Interest and fiscal charges	39,097	-	-	-	39,097
Capital projects	-	-	-	816,528	816,528
Total expenditures	<u>105,568,041</u>	<u>5,934,615</u>	<u>960,948</u>	<u>816,528</u>	<u>113,280,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,283,225</u>	<u>121,825</u>	<u>(465)</u>	<u>(816,528)</u>	<u>2,588,057</u>
Other financing sources (uses):					
Transfers in	-	-	-	4,238,836	4,238,836
Transfers out	(3,521,152)	(717,684)	-	-	(4,238,836)
Total other financing sources (uses)	<u>(3,521,152)</u>	<u>(717,684)</u>	<u>-</u>	<u>4,238,836</u>	<u>-</u>
Net change in fund balances	(237,927)	(595,859)	(465)	3,422,308	2,588,057
Fund balances at beginning of year	<u>3,524,890</u>	<u>4,819,932</u>	<u>757,942</u>	<u>5,300,000</u>	<u>14,402,764</u>
Fund balances at end 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>

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, 2023

Exhibit D-4

Total net change in fund balances of governmental funds (Exhibit D-3) \$ 2,588,057

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 depreciation and amortization expense exceeded capital outlay expenditures

Capital outlay expenditures	\$	2,486,011	
Depreciation and amortization expense		<u>(3,378,193)</u>	
Net adjustment	\$	<u>(892,182)</u>	(892,182)

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. 3,637,052

The repayment of the principal of long-term debt (e.g. bonds, leases) consumes the current financial resources of governmental funds, however, these transactions have no effect on net position. This amount is the net effect of the differences in the treatment of long-term debt. 227,205

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. (325,101)

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	\$	1,801,984	
Employer pension contributions		8,520,932	
Nonemployer OPEB contributions		135,307	
Nonemployer pension contributions		2,304,399	
OPEB expense		(1,683,113)	
Pension expense		<u>(4,047,541)</u>	
Net adjustment	\$	<u>7,031,968</u>	<u>7,031,968</u>

Change in net position of governmental activities (Exhibit 2) \$ 12,266,999

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, 2023

Exhibit D-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 30,000	\$ 30,000	\$ 37,786	\$ 7,786
Charges for services	7,500	7,500	18,828	11,328
Miscellaneous	341,042	393,042	581,040	187,998
Payment from primary government	37,435,173	37,435,173	35,353,845	(2,081,328)
Intergovernmental	69,297,167	72,157,954	72,859,767	701,813
Total revenues	<u>107,110,882</u>	<u>110,023,669</u>	<u>108,851,266</u>	<u>(1,172,403)</u>
Expenditures:				
Current:				
Instruction	79,724,058	79,156,250	77,342,918	1,813,332
Administration, attendance and health	6,028,533	6,271,971	6,085,191	186,780
Pupil transportation	5,271,082	5,653,502	5,401,754	251,748
Operations and maintenance	7,223,060	8,669,032	8,037,127	631,905
Technology	5,864,149	6,659,880	6,034,749	625,131
Payment to primary government	2,400,000	2,400,000	2,400,000	-
Debt service:				
Principal retirement	-	227,205	227,205	-
Interest and fiscal charges	-	39,097	39,097	-
Total expenditures	<u>106,510,882</u>	<u>109,076,937</u>	<u>105,568,041</u>	<u>3,508,896</u>
Excess of revenues over expenditures	<u>600,000</u>	<u>946,732</u>	<u>3,283,225</u>	<u>(4,681,299)</u>
Other financing sources (uses):				
Transfers out	<u>(600,000)</u>	<u>(3,521,152)</u>	<u>(3,521,152)</u>	<u>-</u>
Total other financing sources (uses)	<u>(600,000)</u>	<u>(3,521,152)</u>	<u>(3,521,152)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,574,420)</u>	<u>(237,927)</u>	<u>\$ (4,681,299)</u>
Fund balance at beginning of year			<u>3,524,890</u>	
Fund balance at end of year			<u>\$ 3,286,963</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, 2023

Exhibit D-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 10,000	\$ 135,000	\$ 156,022	\$ 21,022
Charges for services	26,000	26,000	65,643	39,643
Miscellaneous	40,000	40,000	21,025	(18,975)
Intergovernmental	4,901,692	5,176,692	5,813,750	637,058
Total revenues	<u>4,977,692</u>	<u>5,377,692</u>	<u>6,056,440</u>	<u>678,748</u>
Expenditures:				
Current:				
Food services	4,947,692	5,847,692	5,912,432	(64,740)
Technology	30,000	30,000	22,183	7,817
Total expenditures	<u>4,977,692</u>	<u>5,877,692</u>	<u>5,934,615</u>	<u>(56,923)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(500,000)</u>	<u>121,825</u>	<u>735,671</u>
Other financing uses:				
Transfers out	-	(717,684)	(717,684)	-
Total other financing uses	<u>-</u>	<u>(717,684)</u>	<u>(717,684)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,217,684)</u>	<u>(595,859)</u>	<u>\$ 735,671</u>
Fund balance at beginning of year			<u>4,819,932</u>	
Fund balance at end of year			<u>\$ 4,224,073</u>	

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government:			
General Fund:			
General property taxes:			
Real property taxes	\$ 45,266,300	\$ 45,789,814	\$ 523,514
Real and personal public service corporation property taxes	580,600	603,020	22,420
Personal property taxes	14,621,600	15,031,240	409,640
Mobile home taxes	10,600	11,912	1,312
Machinery and tools taxes	2,961,500	2,966,117	4,617
Penalties and interest	335,000	618,584	283,584
Total general property taxes	<u>63,775,600</u>	<u>65,020,687</u>	<u>1,245,087</u>
Other local taxes:			
Local sales and use taxes	16,956,800	18,304,951	1,348,151
Consumer utility taxes	1,988,700	2,000,493	11,793
Business license taxes	7,634,500	8,682,280	1,047,780
Motor vehicle license taxes	-	75,987	75,987
Bank stock taxes	890,500	1,062,445	171,945
Taxes on recordation and wills	550,000	756,529	206,529
Tobacco taxes	459,200	441,121	(18,079)
Admission and amusement taxes	98,200	145,801	47,601
Hotel and motel room taxes	3,274,100	3,980,465	706,365
Restaurant food taxes	16,007,300	18,044,533	2,037,233
Short-term rental taxes	98,200	105,944	7,744
Public right-of-way use fee	150,000	106,328	(43,672)
Total other local taxes	<u>48,107,500</u>	<u>53,706,877</u>	<u>5,599,377</u>
Permits, privilege fees and regulatory licenses:			
Animal licenses	4,000	5,061	1,061
Permits and other licenses	573,950	631,024	57,074
Total permits, privilege fees and regulatory licenses	<u>577,950</u>	<u>636,085</u>	<u>58,135</u>
Fines and forfeitures:			
Court fines	400,000	230,479	(169,521)
Parking fines	45,000	52,779	7,779
E-summons fee	30,000	25,317	(4,683)
Asset forfeiture	-	15,178	15,178
Other fines and forfeitures	10,000	6,359	(3,641)
Total fines and forfeitures	<u>485,000</u>	<u>330,112</u>	<u>(154,888)</u>
Use of money and property:			
Use of money	1,935,800	3,879,527	1,943,727
Use of property	15,000	70,862	55,862
Total use of money and property	<u>1,950,800</u>	<u>3,950,389</u>	<u>1,999,589</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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Charges for services:			
Charges for law enforcement and traffic control	\$ 65,000	\$ 20,974	\$ (44,026)
Charges for fire and rescue	9,500	6,248	(3,252)
Charges for parking	125,000	136,080	11,080
Charges for rescue services	100,000	143,906	43,906
Charges for parks and recreation	409,900	373,986	(35,914)
Charges for golf course	741,100	977,446	236,346
Total charges for services	<u>1,450,500</u>	<u>1,658,640</u>	<u>208,140</u>
Miscellaneous:			
Payments in lieu of taxes:			
Electric plant and equipment	625,000	653,875	28,875
Service charge on tax exempt property	118,350	124,405	6,055
Debt service reimbursement from HRHA	608,100	608,100	-
Debt service reimbursement from HRCSE	161,949	161,949	-
Donations - JMU	260,000	277,266	17,266
Donations	127,960	124,531	(3,429)
Other miscellaneous	937,900	1,352,334	414,434
Total miscellaneous	<u>2,839,259</u>	<u>3,302,460</u>	<u>463,201</u>
Payments from component units:			
Payment from Harrisonburg School Board	2,400,000	2,400,000	-
Payment from Harrisonburg Electric Commission	5,200,000	5,200,000	-
Total payments from component units	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>
Intergovernmental:			
Revenue from the Commonwealth:			
Non-categorical aid:			
Railroad rolling stock taxes	16,000	17,269	1,269
Mobile home titling taxes	3,000	6,204	3,204
Personal property tax reimbursement	1,522,583	1,522,583	-
Communication sales and use taxes	1,095,900	1,122,718	26,818
Auto rental taxes	393,200	443,497	50,297
Animal friendly license plate	500	569	69
Total non-categorical aid	<u>3,031,183</u>	<u>3,112,840</u>	<u>81,657</u>
Categorical aid:			
Shared expenses:			
Commissioner of the revenue	157,000	167,063	10,063
Treasurer	137,000	144,920	7,920
Registrar	91,000	84,118	(6,882)
Total shared expenses	<u>385,000</u>	<u>396,101</u>	<u>11,101</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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Intergovernmental: (continued)			
Revenue from the Commonwealth: (continued)			
Other categorical aid:			
Fire programs fund	\$ 198,000	\$ 207,883	\$ 9,883
Other fire department	41,000	81,247	40,247
Internet crimes against children grant	-	14,163	14,163
Litter control grant	9,000	17,843	8,843
State aid to localities, police	1,455,500	1,600,293	144,793
Street and highway maintenance	6,150,542	6,150,542	-
Other categorical aid	87,104	121,425	34,321
Total other categorical aid	<u>7,941,146</u>	<u>8,193,396</u>	<u>252,250</u>
 Total categorical aid	 <u>8,326,146</u>	 <u>8,589,497</u>	 <u>263,351</u>
 Total revenue from the Commonwealth	 <u>11,357,329</u>	 <u>11,702,337</u>	 <u>345,008</u>
 Revenue from the Federal Government:			
Categorical aid:			
ARPA coronavirus state and local fiscal recovery funds	4,672,694	436,266	(4,236,428)
Fire grants	517,008	297,622	(219,386)
Police grants	102,610	92,763	(9,847)
Other categorical aid	150,000	147,944	(2,056)
 Total revenue from the Federal Government	 <u>5,442,312</u>	 <u>974,595</u>	 <u>(4,467,717)</u>
 Total intergovernmental	 <u>16,799,641</u>	 <u>12,676,932</u>	 <u>(4,122,709)</u>
 Total General Fund	 <u>\$ 143,586,250</u>	 <u>\$ 148,882,182</u>	 <u>\$ 5,295,932</u>
 Special Revenue Funds:			
Community Development Block Grant Fund:			
Intergovernmental:			
Revenue from the Federal Government:			
Community Development Block Grant	\$ 1,503,505	\$ 713,641	\$ (789,864)
 Total revenue from the Federal Government	 <u>1,503,505</u>	 <u>713,641</u>	 <u>(789,864)</u>
 Total intergovernmental	 <u>1,503,505</u>	 <u>713,641</u>	 <u>(789,864)</u>
 Total Community Development Block Grant Fund	 <u>\$ 1,503,505</u>	 <u>\$ 713,641</u>	 <u>\$ (789,864)</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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
Special Revenue Funds: (continued)			
School Transportation Fund:			
Use of money and property	\$ 500	\$ 88,758	\$ 88,258
Charges for services	5,126,400	5,165,429	39,029
Miscellaneous	<u>15,000</u>	<u>44</u>	<u>(14,956)</u>
Total School Transportation Fund	<u>\$ 5,141,900</u>	<u>\$ 5,254,231</u>	<u>\$ 112,331</u>
Business Loan Program Fund:			
Use of money and property	\$ -	\$ 7,356	\$ 7,356
Miscellaneous	<u>30,500</u>	<u>35,311</u>	<u>4,811</u>
Total Business Loan Program Fund	<u>\$ 30,500</u>	<u>\$ 42,667</u>	<u>\$ 12,167</u>
Total Special Revenue Funds	<u>\$ 6,675,905</u>	<u>\$ 6,010,539</u>	<u>\$ (665,366)</u>
Capital Projects Fund:			
General Capital Projects Fund:			
Use of money and property	\$ -	\$ 182,022	\$ 182,022
Miscellaneous	114,228	-	(114,228)
Recovered costs	4,893,783	362,816	(4,530,967)
Intergovernmental:			
Revenue from the Commonwealth:			
VDOT revenue sharing	<u>7,121,795</u>	<u>249,594</u>	<u>(6,872,201)</u>
Total revenue from the Commonwealth	<u>7,121,795</u>	<u>249,594</u>	<u>(6,872,201)</u>
Revenue from the Federal Government:			
ARPA coronavirus state and local fiscal recovery funds	17,416,506	2,155,549	(15,260,957)
VDOT transportation alternatives program grant	1,204,235	23,632	(1,180,603)
DCR recreational trail program grant	13,893	-	(13,893)
VDOT smart scale grant	<u>20,192,865</u>	<u>642,668</u>	<u>(19,550,197)</u>
Total revenue from the Federal Government	<u>38,827,499</u>	<u>2,821,849</u>	<u>(36,005,650)</u>
Total intergovernmental	<u>45,949,294</u>	<u>3,071,443</u>	<u>(42,877,851)</u>
Total General Capital Projects Fund	<u>\$ 50,957,305</u>	<u>\$ 3,616,281</u>	<u>\$ (47,341,024)</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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
Capital Projects Fund: (continued)			
School Bond Capital Projects Fund:			
Use of money and property	\$ -	\$ 943,577	\$ 943,577
Total School Bond Capital Projects Fund	<u>\$ -</u>	<u>\$ 943,577</u>	<u>\$ 943,577</u>
Total Capital Projects Fund	<u>\$ 50,957,305</u>	<u>\$ 4,559,858</u>	<u>\$ (46,397,447)</u>
Grand Total Revenues (Primary Government)	<u>\$ 201,219,460</u>	<u>\$ 159,452,579</u>	<u>\$ (41,766,881)</u>
Component Unit - School Board:			
School Fund:			
Use of money and property	\$ 30,000	\$ 37,786	\$ 7,786
Charges for services	7,500	18,828	11,328
Miscellaneous	393,042	581,040	187,998
Payment from primary government	37,435,173	35,353,845	(2,081,328)
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	7,765,987	8,315,772	549,785
Basic school aid	23,024,328	22,894,056	(130,272)
Other state funds	31,263,813	31,061,481	(202,332)
Total categorical aid	<u>62,054,128</u>	<u>62,271,309</u>	<u>217,181</u>
Total revenue from the Commonwealth	<u>62,054,128</u>	<u>62,271,309</u>	<u>217,181</u>
Revenue from the Federal Government:			
Categorical aid:			
Title I	1,441,981	1,737,066	295,085
Special education	1,307,088	1,469,922	162,834
ESSER funds	5,632,006	5,715,670	83,664
Other federal funds	1,722,751	1,665,800	(56,951)
Total revenue from the Federal Government	<u>10,103,826</u>	<u>10,588,458</u>	<u>484,632</u>
Total intergovernmental	<u>72,157,954</u>	<u>72,859,767</u>	<u>701,813</u>
Total School Fund	<u>\$ 110,023,669</u>	<u>\$ 108,851,266</u>	<u>\$ (1,172,403)</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, 2023

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Component Unit - School Board: (continued)			
School Nutrition Fund:			
Use of money and property	\$ 135,000	\$ 156,022	\$ 21,022
Charges for services	26,000	65,643	39,643
Miscellaneous	40,000	21,025	(18,975)
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
School food program	155,000	194,947	39,947
Total categorical aid	<u>155,000</u>	<u>194,947</u>	<u>39,947</u>
Total revenue from the Commonwealth	<u>155,000</u>	<u>194,947</u>	<u>39,947</u>
Revenue from the Federal Government:			
Categorical aid:			
School food program	5,021,692	5,350,218	328,526
USDA donated food	-	268,585	268,585
Total revenue from the Federal Government	<u>5,021,692</u>	<u>5,618,803</u>	<u>597,111</u>
Total intergovernmental	<u>5,176,692</u>	<u>5,813,750</u>	<u>637,058</u>
Total School Nutrition Fund	<u>\$ 5,377,692</u>	<u>\$ 6,056,440</u>	<u>\$ 678,748</u>
School Activity Fund:			
Miscellaneous	\$ -	\$ 960,483	\$ 960,483
Total School Activity Fund	<u>\$ -</u>	<u>\$ 960,483</u>	<u>\$ 960,483</u>
Grand Total Revenues (Component Unit - School Board)	<u>\$ 115,401,361</u>	<u>\$ 115,868,189</u>	<u>\$ 466,828</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
City Council	\$ 326,369	\$ 316,335	\$ 10,034
Total legislative	<u>326,369</u>	<u>316,335</u>	<u>10,034</u>
General and financial administration:			
City manager	906,465	791,534	114,931
City attorney	383,386	376,007	7,379
Human resources	880,661	738,449	142,212
Independent auditor	24,895	24,895	-
Commissioner of the revenue	562,392	515,370	47,022
Assessor	391,183	381,255	9,928
Equalization	3,300	3,145	155
Treasurer	786,940	777,856	9,084
Finance	715,896	665,134	50,762
Information technology	2,789,958	2,471,972	317,986
Purchasing agent	195,964	127,205	68,759
Total general and financial administration	<u>7,641,040</u>	<u>6,872,822</u>	<u>768,218</u>
Board of elections:			
Registrar	291,282	267,503	23,779
Total board of elections	<u>291,282</u>	<u>267,503</u>	<u>23,779</u>
Total general government administration	<u>8,258,691</u>	<u>7,456,660</u>	<u>802,031</u>
Jail and judicial administration:			
Joint expenditures with Rockingham County	7,121,970	6,850,713	271,257
Middle River Regional Jail	3,179,177	3,179,177	-
Total jail and judicial administration	<u>10,301,147</u>	<u>10,029,890</u>	<u>271,257</u>
Public safety:			
Law enforcement and traffic control:			
Administration	4,552,326	3,791,725	760,601
Operations	5,271,741	5,205,683	66,058
Criminal investigations	1,843,125	1,686,794	156,331
Special operations	2,040,909	1,780,333	260,576
Grants	165,362	157,317	8,045
Total law enforcement and traffic control	<u>13,873,463</u>	<u>12,621,852</u>	<u>1,251,611</u>
Fire and rescue services:			
Administration	1,162,754	1,151,372	11,382
Suppression	12,240,281	8,484,646	3,755,635
Prevention	787,770	751,013	36,757
Training	315,992	306,690	9,302
Total fire and rescue services	<u>14,506,797</u>	<u>10,693,721</u>	<u>3,813,076</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Public safety: (continued)			
Correction and detention:			
Court appointed attorneys	\$ 60,000	\$ 38,251	\$ 21,749
Shenandoah Valley Juvenile Center	196,028	196,028	-
Total correction and detention	<u>256,028</u>	<u>234,279</u>	<u>21,749</u>
Inspections:			
Building	1,132,043	919,274	212,769
Total inspections	<u>1,132,043</u>	<u>919,274</u>	<u>212,769</u>
Other protection:			
Animal control	153,090	148,169	4,921
Animal control - SPCA	463,917	463,917	-
Emergency services	308,549	163,721	144,828
Community paramedic	394,931	226,471	168,460
Public safety building	465,730	442,447	23,283
Harrisonburg-Rockingham ECC	3,506,761	3,506,761	-
Total other protection	<u>5,292,978</u>	<u>4,951,486</u>	<u>341,492</u>
Total public safety	<u>35,061,309</u>	<u>29,420,612</u>	<u>5,640,697</u>
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
General engineering	867,034	653,219	213,815
Administration	1,734,403	1,602,115	132,288
Highway and street maintenance	7,961,674	6,085,231	1,876,443
Street lights	619,703	598,921	20,782
Snow and ice removal	311,076	164,747	146,329
Traffic engineering	2,117,064	1,597,115	519,949
Highway and street beautification	707,759	700,231	7,528
Downtown parking maintenance	173,727	167,141	6,586
Total maintenance of highways, streets, bridges and sidewalks	<u>14,492,440</u>	<u>11,568,720</u>	<u>2,923,720</u>
Sanitation and waste removal:			
Street and road cleaning	382,014	211,382	170,632
Total sanitation and waste removal	<u>382,014</u>	<u>211,382</u>	<u>170,632</u>
Maintenance of general buildings and grounds:			
General properties	513,675	451,850	61,825
Total maintenance of general buildings and grounds	<u>513,675</u>	<u>451,850</u>	<u>61,825</u>
Total public works	<u>15,388,129</u>	<u>12,231,952</u>	<u>3,156,177</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Health and human services:			
Health:			
Local health department	\$ 344,470	\$ 344,470	\$ -
Total health	<u>344,470</u>	<u>344,470</u>	<u>-</u>
Mental health and mental retardation:			
Community services board	1,020,773	1,020,773	-
Total mental health and mental retardation	<u>1,020,773</u>	<u>1,020,773</u>	<u>-</u>
Welfare/social services:			
Tax relief for the elderly and disabled veterans	177,000	172,635	4,365
Joint expenditures with Rockingham County	4,180,533	4,180,533	-
Total welfare/social services	<u>4,357,533</u>	<u>4,353,168</u>	<u>4,365</u>
Total health and human services	<u>5,722,776</u>	<u>5,718,411</u>	<u>4,365</u>
Education:			
Payment to Harrisonburg City School Board	37,435,173	35,353,845	2,081,328
Total education	<u>37,435,173</u>	<u>35,353,845</u>	<u>2,081,328</u>
Parks, recreation and cultural:			
Parks and recreation:			
Administration	741,011	738,219	2,792
Parks	1,874,973	1,767,951	107,022
Field maintenance	512,550	491,135	21,415
Recreation centers and playgrounds	466,924	454,001	12,923
Special events/programs	542,183	539,105	3,078
Simms continuing education center	445,726	444,357	1,369
Westover pool	716,937	643,469	73,468
Athletics	427,647	409,615	18,032
Golf course grounds management	533,625	530,678	2,947
Golf course clubhouse management	350,543	339,696	10,847
Total parks and recreation	<u>6,612,119</u>	<u>6,358,226</u>	<u>253,893</u>
Cultural:			
Massanutten Regional Library	606,532	606,532	-
Total cultural	<u>606,532</u>	<u>606,532</u>	<u>-</u>
Total parks, recreation and cultural	<u>7,218,651</u>	<u>6,964,758</u>	<u>253,893</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Parks, recreation and cultural: (continued)			
Community development:			
Planning and community development:			
Planning	\$ 375,986	\$ 235,936	\$ 140,050
Zoning administrator	298,477	145,807	152,670
Board of zoning appeals	5,878	1,795	4,083
Economic development	1,199,986	787,473	412,513
Tourism and visitors services	707,100	540,469	166,631
Blacks run greenway	108,782	66,662	42,120
Shenandoah Valley Conference Center	1,200,000	1,087,893	112,107
Total planning and community development	<u>3,896,209</u>	<u>2,866,035</u>	<u>1,030,174</u>
Contributions:			
Harrisonburg Downtown Renaissance	143,151	143,151	-
Shenandoah Valley Airport	67,923	67,923	-
Blue Ridge Community College	67,672	67,672	-
ARPA community assistance	1,246,000	250,000	996,000
ARPA housing assistance	2,000,000	-	2,000,000
Other contributions	794,518	748,781	45,737
Total contributions	<u>4,319,264</u>	<u>1,277,527</u>	<u>3,041,737</u>
Total community development	<u>8,215,473</u>	<u>4,143,562</u>	<u>4,071,911</u>
Debt service:			
Principal retirement	13,239,735	13,239,735	-
Interest and fiscal charges	7,739,518	7,737,228	2,290
Total debt service	<u>20,979,253</u>	<u>20,976,963</u>	<u>2,290</u>
Total General Fund	<u>\$ 148,580,602</u>	<u>\$ 132,296,653</u>	<u>\$ 16,283,949</u>
Special Revenue Funds:			
Community Development Block Grant Fund:			
Community development:			
Planning and community development:			
Community development block grant	\$ 1,503,505	\$ 713,641	\$ 789,864
Total planning and community development	<u>1,503,505</u>	<u>713,641</u>	<u>789,864</u>
Total community development	<u>1,503,505</u>	<u>713,641</u>	<u>789,864</u>
Total Community Development Block Grant Fund	<u>\$ 1,503,505</u>	<u>\$ 713,641</u>	<u>\$ 789,864</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
School Transportation Fund:			
Education:			
School bus services	\$ 5,778,472	\$ 3,997,813	\$ 1,780,659
Field trips and charters	219,671	143,591	76,080
Administration	<u>597,986</u>	<u>501,862</u>	<u>96,124</u>
Total education	<u>6,596,129</u>	<u>4,643,266</u>	<u>1,952,863</u>
Total School Transportation Fund	<u>\$ 6,596,129</u>	<u>\$ 4,643,266</u>	<u>\$ 1,952,863</u>
Business Loan Program Fund:			
Community development:			
Planning and community development:			
Revolving loan program	\$ <u>100,000</u>	\$ <u>25,000</u>	\$ <u>75,000</u>
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>
Total Business Loan Program Fund	<u>\$ 100,000</u>	<u>\$ 25,000</u>	<u>\$ 75,000</u>
Total Special Revenue Funds	<u>\$ 8,199,634</u>	<u>\$ 5,381,907</u>	<u>\$ 2,817,727</u>
Capital Projects Fund:			
General Capital Projects Fund:			
Capital projects	\$ <u>73,672,753</u>	\$ <u>9,476,240</u>	\$ <u>64,196,513</u>
Total General Capital Projects Fund	<u>\$ 73,672,753</u>	<u>\$ 9,476,240</u>	<u>\$ 64,196,513</u>
School Bond Capital Projects Fund:			
Capital projects	\$ <u>50,409,207</u>	\$ <u>34,773,908</u>	\$ <u>15,635,299</u>
Total School Bond Capital Projects Fund	<u>\$ 50,409,207</u>	<u>\$ 34,773,908</u>	<u>\$ 15,635,299</u>
Total Capital Projects Fund	<u>\$ 124,081,960</u>	<u>\$ 44,250,148</u>	<u>\$ 79,831,812</u>
Grand Total Expenditures (Primary Government)	<u>\$ 280,862,196</u>	<u>\$ 181,928,708</u>	<u>\$ 98,933,488</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, 2023

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Component Unit - School Board:			
School Fund:			
Education:			
Instruction	\$ 79,156,250	\$ 77,342,918	\$ 1,813,332
Administration, attendance and health	6,271,971	6,085,191	186,780
Pupil transportation	5,653,502	5,401,754	251,748
Operations and maintenance	8,669,032	8,037,127	631,905
Technology	6,659,880	6,034,749	625,131
Payment to primary government	2,400,000	2,400,000	-
Debt service:			
Principal retirement	227,205	227,205	-
Interest and fiscal charges	39,097	39,097	-
 Total education	 <u>109,076,937</u>	 <u>105,568,041</u>	 <u>3,508,896</u>
 Total School Fund	 <u>\$ 109,076,937</u>	 <u>\$ 105,568,041</u>	 <u>\$ 3,508,896</u>
 School Nutrition Fund:			
Education:			
Food services	\$ 5,847,692	\$ 5,912,432	\$ (64,740)
Technology	30,000	22,183	7,817
 Total education	 <u>5,877,692</u>	 <u>5,934,615</u>	 <u>(56,923)</u>
 Total School Nutrition Fund	 <u>\$ 5,877,692</u>	 <u>\$ 5,934,615</u>	 <u>\$ (56,923)</u>
 School Activity Fund:			
Education:			
Administration, attendance and health	\$ -	\$ 960,948	\$ (960,948)
 Total School Activity Fund	 <u>\$ -</u>	 <u>\$ 960,948</u>	 <u>\$ (960,948)</u>
 School Capital Projects Fund:			
Capital projects	\$ 4,238,836	\$ 816,528	\$ 3,422,308
 Total School Capital Projects Fund	 <u>\$ 4,238,836</u>	 <u>\$ 816,528</u>	 <u>\$ 3,422,308</u>
 Grand Total Expenditures (Component Unit - School Board)	 <u>\$ 119,193,465</u>	 <u>\$ 113,280,132</u>	 <u>\$ 5,913,333</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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.*

THIS PAGE LEFT BLANK INTENTIONALLY

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

Table 1

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 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	\$ 143,056,305
Restricted	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736	450,639	418,955
Unrestricted	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	36,848,497
Total governmental activities net position	\$ 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	\$ 180,323,757
Business-type activities										
Net investment in capital assets	\$ 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	\$ 59,661,294
Unrestricted	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	16,501,295
Total business-type activities net position	\$ 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	\$ 76,162,589
Primary government										
Net investment in capital assets	\$ 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	\$ 202,717,599
Restricted	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736	450,639	418,955
Unrestricted	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	53,349,792
Total primary government net position	\$ 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	\$ 256,486,346

Notes: The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* in fiscal year 2015. 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities:										
General government administration	\$ 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	\$ 17,537,393
Jail and judicial administration	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	4,175,900
Public safety	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	21,008,014
Public works ^a	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	19,723,564
Health and human services ^b	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	3,941,088
Education	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	34,574,455
Parks, recreation and cultural	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	5,850,222
Community development ^c	4,736,127	4,590,359	7,196,267	4,048,273	3,833,626	3,246,006	3,193,150	3,765,197	2,799,236	2,957,093
Interest on long-term debt	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	5,071,941
Business-type activities:										
Water	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	5,351,441
Sewer	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	9,536,716
Public transportation	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	5,218,865
Steam plant/sanitation ^d	3,198,926	3,247,807	2,982,866	2,845,875	2,285,700	3,110,955	3,319,439	4,208,851	7,185,575	7,397,708
Stormwater	864,069	487,171	570,987	357,121	334,676	454,261	414,677	255,371	-	-
Total expenses	\$ 182,869,444	\$ 174,288,139	\$ 175,035,600	\$ 165,425,130	\$ 157,407,664	\$ 151,540,430	\$ 146,770,962	\$ 144,686,246	\$ 141,790,591	\$ 142,344,400
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 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	\$ 11,197,390
Jail and judicial administration	230,479	306,673	312,002	504,769	567,202	691,717	553,894	515,404	549,825	651,517
Public works ^a	-	-	-	-	-	-	-	-	-	5,891,879
Education	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	2,712,725
Parks, recreation and cultural	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	1,143,398
Other activities	1,042,926	905,584	808,362	1,086,967	1,087,725	1,117,096	1,377,659	848,873	891,990	1,201,568
Operating grants and contributions	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	7,242,059
Capital grants and contributions ^{e,1,g}	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	6,052,309
Business-type activities:										
Charges for services:										
Water	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	6,204,657
Sewer	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	9,654,399
Public transportation	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	1,834,284
Steam plant/sanitation ^a	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	5,122,980
Stormwater	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	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	2,160,125
Capital grants and contributions ^b	2,680,811	3,356,072	4,401,654	630,166	201,124	606,769	4,199,180	606,645	2,689,399	6,506,406
Total program revenues	\$ 72,314,870	\$ 70,026,792	\$ 66,566,146	\$ 64,026,127	\$ 61,291,058	\$ 63,609,166	\$ 64,896,075	\$ 58,457,047	\$ 58,233,450	\$ 67,575,696
Net (expense) revenue:										
Governmental activities	\$ (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)	\$ (78,746,825)
Business-type activities	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	3,978,121
Total net (expense) revenue	\$ (110,554,574)	\$ (104,261,347)	\$ (108,469,454)	\$ (101,399,003)	\$ (96,116,606)	\$ (87,931,264)	\$ (81,874,887)	\$ (86,229,199)	\$ (83,557,141)	\$ (74,768,704)

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

Table 2

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General revenues and other changes in net position:										
Governmental activities:										
General revenues:										
Property taxes	\$ 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	\$ 33,682,085
Sales and use taxes	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	11,956,912
Restaurant food taxes	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	10,398,660
Business license taxes	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	6,246,573
Other local taxes	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	6,105,467
Unrestricted grants and contributions ^a	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	3,521,348
Unrestricted payment from component units	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	4,900,000
Investment revenue	5,485,950	413,954	239,283	922,992	1,203,377	683,838	480,911	206,899	75,041	50,039
Other revenue	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	2,698,759
Transfers	3,584,522	3,610,064	3,547,427	3,095,543	2,951,216	1,558,037	2,586,264	2,603,868	2,527,927	1,574,046
Business-type activities:										
General revenues:										
Investment revenue	1,887,794	130,339	90,899	552,598	776,589	392,616	131,300	55,180	15,198	19,563
Other revenue	791,900	505,628	719,084	821,500	1,324,397	1,203,620	857,222	1,237,883	1,286,114	1,117,388
Gain on disposal of capital assets	8,894	85,811	5,325	505	5,763	49,966	-	41,058	2,550	28,554
Special item ^k	-	-	-	-	-	-	-	-	(1,916,812)	(10,078,503)
Transfers	(3,584,522)	(3,610,064)	(3,547,427)	(3,095,543)	(2,951,216)	(1,558,037)	(2,586,264)	(2,603,868)	(2,527,927)	(1,574,046)
Total general revenues and other changes in net position	\$ 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	\$ 70,646,845
Change in net position:										
Governmental activities	\$ 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	\$ 2,387,064
Business-type activities	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)	(6,508,923)
Total change in net position	\$ 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	\$ (4,121,859)

Notes: The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* in fiscal year 2015. 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.

^aFor 2015, the changes in public works and steam plant/sanitation activity charges for services and expenses reflected the reclassification of refuse collection, recycling and landfill activities.

^bFor 2020 and 2021, the increase in the health and human services activity reflected contributions made to the Harrisonburg-Rockingham Community Services Board (HRCSB) for the City's share of a new HRCSB facility.

^cFor 2021, the increase in the community development activity reflected community and business assistance payments provided by the City from its federal CARES Act funding.

^dFor 2016, the changes in steam plant/sanitation activity expenses reflect the discontinued operations of the resource recovery facility.

^eFor 2015, the decrease in capital grants and contributions reflected decreasing right-of-way and easement purchases for the Reservoir Street project which were eligible for state funding.

^fFor 2017, the increase in capital grants and contributions reflected increased state and federal funding for several capital projects including the Reservoir Street project.

^gFor 2019, the decrease 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.

^hFor 2017 and 2021, the increase in capital grants and contributions reflected state and federal funding from the purchase of new transit buses and other public transportation projects.

ⁱFor 2020 and 2021, the increase in unrestricted grants and contributions reflected funding provided to the City through the federal CARES Act.

^jFor 2014, the City agreed to sell the resource recovery facility to James Madison University. This is the net result of an impairment to the resource recovery facility.

^kFor 2015, the City recorded an additional impairment loss on the resource recovery facility for decommissioning costs.

THIS PAGE LEFT BLANK INTENTIONALLY

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 817,441	\$ 776,998	\$ 701,622	\$ 681,708	\$ 811,931	\$ 835,475	\$ 874,897	\$ 745,877	\$ 623,774	\$ 652,688
Restricted	830,316	633,166	715,006	574,269	543,135	624,155	552,091	461,736	450,639	432,852
Committed	63,402	63,402	63,402	63,402	63,402	63,402	63,402	63,402	63,402	2,761,367
Assigned ^a	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	1,612,151
Unassigned	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	26,595,398
Total general fund	\$ 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	\$ 32,054,456
All other governmental funds										
Nonspendable	\$ 1,487	\$ 24,013	\$ 42,826	\$ -	\$ 36,341	\$ 34,666	\$ 50,508	\$ 16,652	\$ -	\$ 4,705
Restricted ^b	8,386,756	44,469,185	-	3,728,628	-	93,683	4,712,073	40,156,421	1,464,504	11,210,744
Committed	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	12,928,163
Assigned	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	\$ 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	\$ 24,143,612

Notes: Any significant increases or decreases for 2023 are explained in Management's Discussion and Analysis.

^aFor 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.

^bThe 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)

Table 4

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
General property taxes	\$ 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	\$ 33,559,753
Other local taxes	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	34,740,681
Permits, privilege fees and regulatory licenses	636,085	491,060	563,800	608,529	626,348	643,501	916,716	443,489	507,040	455,881
Fines and forfeitures	330,112	403,910	378,174	657,077	750,846	870,541	749,623	623,390	666,029	1,127,606
Use of money and property	5,172,102	458,503	266,542	853,812	1,128,111	701,781	540,939	262,328	187,061	162,014
Charges for services ^a	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	10,020,649
Miscellaneous	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	2,465,008
Recovered costs	362,816	184,789	-	913,476	617,164	1,110,065	632,746	59,225	201,177	291,795
Payments from component units	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	4,900,000
Intergovernmental ^b	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	16,414,070
Total revenues	\$ 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	\$ 104,137,457
Expenditures:										
Current:										
General government administration	\$ 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	\$ 4,583,135
Jail and judicial administration ^c	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	3,878,939
Public safety	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	20,335,693
Public works ^a	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	13,484,504
Health and human services	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	3,919,223
Education	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	29,912,639
Parks, recreation and cultural	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	5,198,170
Community development ^f	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	3,258,461
Debt service:										
Principal retirement	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	7,159,619
Interest and fiscal charges	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	5,179,111
Bond issuance costs	-	167,708	-	-	-	-	-	-	-	257,393
Capital projects	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	18,893,701
Total expenditures	\$ 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	\$ 116,060,588
Excess (deficiency) of revenues over (under) expenditures	\$ (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)	\$ (11,923,131)

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

Table 4

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other financing sources (uses):										
Long-term debt issued or incurred	\$ 104,258	\$ 84,769,547	\$ -	\$ 18,450,000	\$ 4,540,000	\$ 2,350,000	\$ -	\$ 44,305,000	\$ -	\$ 14,150,000
Refunding debt issued	-	33,440,000	-	-	-	-	-	-	-	42,675,000
Premium on long-term debt issued	-	14,295,403	-	1,066,864	506,435	-	-	3,995,417	-	5,650,348
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	(42,327,820)
Payment for current bond refunding	-	(39,865,944)	-	-	-	-	-	-	-	(5,146,875)
Sale of capital assets	-	-	-	-	-	-	125,215	-	-	-
Transfers in	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	4,445,856
Transfers out	(9,807,312)	(721,581)	-	(5,399,328)	(5,580,256)	(3,772,873)	(2,825,532)	(1,427,109)	(6,358,740)	(3,470,988)
Total other financing sources (uses)	\$ 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)	\$ 15,975,521
Net change in fund balances	\$ (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)	\$ 4,052,390
Debt service as a percentage of noncapital expenditures	15.52%	13.84%	12.55%	12.88%	13.25%	13.46%	13.53%	13.01%	12.79%	12.74%

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 2023 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.

^aFor 2015, the change in charges for services and public works expenditures was the result of the reclassification of refuse collection, recycling and landfill activities.

^bFor 2020, the increase in intergovernmental revenues reflected funding provided to the City through the federal CARES Act.

^cFor 2015, the City made its first payment associated with the Middle River Regional Jail buy-in agreement.

^dFor 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)

Table 5

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General property taxes										
Real estate taxes ^a	\$ 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	\$ 24,246,195
Real and personal public service corporation property taxes	603,020	561,967	507,809	503,888	491,573	474,656	440,408	393,020	448,017	294,775
Personal property taxes ^b	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	6,926,126
Mobile home taxes	11,912	11,008	10,271	10,251	9,654	10,013	8,778	8,475	7,033	6,485
Machinery and tools taxes	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	1,869,428
Penalties and interest	618,584	392,183	298,231	357,942	319,730	398,682	275,497	248,362	265,766	216,744
Total general property taxes	\$ 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	\$ 33,559,753
Other local taxes										
Local sales and use taxes ^c	\$ 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	\$ 11,956,912
Consumer utility taxes ^d	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	1,099,063
Business license taxes	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	6,246,573
Motor vehicle license taxes ^e	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	888,410
Bank stock taxes	1,062,445	917,972	836,616	665,686	836,191	787,205	761,882	757,086	580,676	562,403
Taxes on recordation and wills	756,529	707,464	578,628	489,922	492,631	444,493	442,184	408,096	603,848	443,901
Tobacco taxes	441,121	474,150	504,600	548,631	533,382	543,750	569,850	680,937	632,433	634,796
Admission and amusement taxes	145,801	129,922	21,481	116,113	171,011	190,133	175,755	181,678	172,616	144,475
Hotel and motel room taxes ^{f1}	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	2,110,603
Restaurant food taxes ^{f1}	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	10,436,529
Short-term rental taxes	105,944	105,554	113,074	136,392	104,274	100,731	109,110	119,579	115,248	103,840
Public right-of-way use fee	106,328	173,912	146,580	148,754	87,790	110,743	93,715	123,602	105,507	113,176
Total other local taxes	\$ 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	\$ 34,740,681

Notes: Any significant increases or decreases for 2023 are explained in Management's Discussion and Analysis.

^aFor 2015, 2016, 2017, 2018, 2020 and 2022, the increases in real estate taxes were the result of an increase in the real estate tax rate.

^bFor 2015, the increase in personal property taxes was the result of an increase in the personal property tax rate.

^cFor 2020, the decrease in tax revenue was the result of negative economic effects of the COVID-19 pandemic.

^dFor 2018, the increase in consumer utility taxes was the result of an increase in the tax rates.

^eFor 2015, the increase in motor vehicle license taxes was the result of an increase in the tax rates.

^fFor 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

Table 6

Fiscal Year	Real Estate ¹			Personal Property				Total Assessed Values	Total Direct Tax Rate
	Residential	Commercial/Industrial	Public Service Corporations ⁴	Personal Property ²	Machinery and Tools ³	Mobile Homes ¹	Public Service Corporations ⁴		
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	5,128,821,645	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	4,616,187,953	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	4,539,870,242	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	4,430,664,309	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	4,352,461,251	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	4,334,808,802	0.92
2015	2,463,332,515	1,407,562,622	52,607,250	332,061,200	95,391,700	1,042,700	463,264	4,339,323,834	0.89
2014	2,461,494,084	1,393,309,162	53,751,656	330,936,077	93,454,600	1,031,496	831,727	4,388,533,563	0.81

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

Notes: ¹Assessed at 100% of fair market value. ²Vehicles 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. ³Assessed values are based upon depreciation schedule, year of purchase and cost. ⁴Assessed 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 ¹			
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	
2014	0.63	0.63	0.63	2.00	2.00	0.63	3.00	3.00	3.00	0.81	

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.¹ 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 2023			Fiscal Year 2014		
	Property Taxes	Rank	Percent of Total Property Taxes	Property Taxes	Rank	Percent of Total Property Taxes
Anthem Inc	\$ 828,927	1	1.28%	\$ -	-	-
Packaging Corporation of America	792,423	2	1.23%	309,407	5	0.92%
Tenneco Inc	786,184	3	1.22%	590,342	1	1.76%
George's Foods LLC	698,965	4	1.08%	344,329	4	1.03%
Asset Campus Housing, Inc.	580,881	5	0.90%	-	-	-
Shenandoah Valley Organic LLC	512,891	6	0.79%	-	-	-
The Scion Group LLC	465,786	7	0.72%	-	-	-
Hotel Madison LLC	387,054	8	0.60%	-	-	-
Kerry Group plc	366,308	9	0.57%	183,657	10	0.55%
Virginia Mennonite Retirement Community	363,688	10	0.56%	216,495	9	0.65%
American Campus Communities Inc	-	-	-	421,218	2	1.26%
Copper Beech Townhome Communities, LLC	-	-	-	352,139	3	1.05%
Graham Packaging Company LP	-	-	-	299,758	6	0.90%
RR Donnelley & Sons Company	-	-	-	260,398	7	0.78%
Simon Property Group, Inc.	-	-	-	255,600	8	0.76%
Total	\$ 5,783,107		8.95%	\$ 3,233,343		9.66%

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	Percentage of Levy	
2023	\$ 64,571,060	\$	- \$	64,571,060	\$	62,960,784	97.51%	\$	-	\$	62,960,784	97.51%
2022	57,484,253		54,568	57,538,821		56,312,485	97.96%		818,031		57,130,516	99.29%
2021	54,116,941		117,731	54,234,672		53,013,472	97.96%		800,303		53,813,775	99.22%
2020	51,411,484		73,365	51,484,849		50,377,781	97.99%		893,575		51,271,356	99.59%
2019	48,793,283		49,542	48,842,825		47,934,023	98.24%		721,252		48,655,275	99.62%
2018	47,285,573		(47,771)	47,237,802		46,313,920	97.95%		708,333		47,022,253	99.54%
2017	43,406,093		16,726	43,422,819		42,331,311	97.52%		884,472		43,215,783	99.52%
2016	39,427,910		38,993	39,466,903		38,629,078	97.97%		685,178		39,314,256	99.61%
2015	37,288,334		(5,849)	37,282,485		36,588,785	98.12%		566,669		37,155,454	99.66%
2014	33,472,734		18,164	33,490,898		32,671,163	97.61%		683,170		33,354,333	99.59%

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

Table 10

Type of debt	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
General obligation bonds ^{a,b}	\$ 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	\$ 143,420,307
Leases	2,123,831	2,269,322	-	-	-	-	-	-	-	-
SBITA	70,014	-	-	-	-	-	-	-	-	-
Bank loans (previously capital leases)	-	-	-	-	489,000	960,000	1,414,000	2,032,839	2,723,162	3,391,389
Middle River Regional Jail agreement	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	447,701	682,403	889,565	-	-	-	-	-	-	-
Business-type activities:										
General obligation bonds ^c	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	30,485,783
Total primary government	\$ 268,278,337	\$ 287,371,046	\$ 182,711,728	\$ 196,262,086	\$ 190,959,628	\$ 200,004,961	\$ 203,585,654	\$ 215,801,932	\$ 176,097,518	\$ 177,297,479
Percentage of personal income ¹	9.77%	11.02%	7.67%	9.29%	8.78%	9.56%	10.29%	11.01%	9.49%	10.17%
Per capita ¹	\$ 4,816	\$ 5,204	\$ 3,329	\$ 3,788	\$ 3,471	\$ 3,639	\$ 3,752	\$ 4,027	\$ 3,326	\$ 3,415

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. ¹See Table 13 for personal income and population data. Population estimates and personal income were adjusted on Table 13 for 2014-2019 and 2021-2022.

^aFor 2016, the City issued \$44.3 million in general obligation bonds primarily for school construction projects.

^bFor 2022, the City issued \$84.6 million in general obligation bonds for a school construction project.

^cFor 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General obligation bonds ^{a,b}	\$ 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	\$ 173,906,090
Total	\$ 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	\$ 173,906,090
Percentage of assessed real property value ¹	5.30%	6.11%	3.96%	4.37%	4.34%	4.68%	4.80%	5.15%	4.17%	4.45%
Per capita ²	\$ 4,732	\$ 5,095	\$ 3,238	\$ 3,690	\$ 3,353	\$ 3,496	\$ 3,582	\$ 3,827	\$ 3,091	\$ 3,350

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. ¹See Table 6 for assessed real property data. ²See Table 13 for population data. Population estimates were adjusted on Table 13 for 2014-2019 and 2021-2022.

^aFor 2016, the City issued \$44.3 million in general obligation bonds primarily for school construction projects.

^bFor 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										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Debt limit	\$ 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	\$ 390,855,490	
Total debt applicable to limit	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	169,502,922	
Legal debt margin	\$ 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	\$ 221,352,568	
Total debt applicable to the limit as percentage of debt limit	48.64%	56.12%	38.49%	42.66%	42.72%	46.38%	47.78%	51.45%	43.01%	43.37%	
Legal Debt Margin Calculation for Fiscal Year 2023											
Total assessed value of taxed real property	\$ 4,968,195,034										
Debt limit (10% of total assessed value)	\$ 496,819,503										
Debt applicable to limit:											
General obligation bonds	239,588,733										
Middle River Regional Jail agreement	2,084,503										
Legal debt margin	\$ 255,146,267										

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

Fiscal Year	Population¹	Personal Income (in thousands)	Per Capita Personal Income²	School Enrollment³	Unemployment Rate Percentage⁴
2023	55,700	\$ 2,745,175	\$ 49,285	6,379	3.5
2022	55,220	2,607,323	47,217	6,270	3.4
2021	54,892	2,383,685	43,425	6,141	5.5
2020	51,814	2,112,457	40,770	5,910	3.3
2019	55,011	2,174,420	39,527	5,793	3.9
2018	54,959	2,092,344	38,071	5,660	4.7
2017	54,263	1,977,886	36,450	5,423	4.7
2016	53,588	1,960,035	36,576	5,158	5.7
2015	52,946	1,855,704	35,049	4,956	6.4
2014	51,918	1,743,458	33,581	4,709	6.4

Sources: ¹ University of Virginia Weldon Cooper Center for Public Service for 2014-2019 and 2021-2023. United States States Census Bureau for 2020. ² Bureau of Economic Analysis, United States Department of Commerce. Amounts for 2014-2022 have been adjusted based upon the latest available data. Data for 2023 has been estimated based on per capita personal income trends for the previous ten years. ³ City of Harrisonburg School Board. ⁴ Virginia Employment Commission. The unemployment rate is an annual average.

Notes: Population estimates have been adjusted for 2014-2019 and 2021-2022 using estimates from the University of Virginia Weldon Cooper Center for Public Policy. Personal income has been adjusted accordingly.

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

Table 14

Employers	Fiscal Year 2023			Fiscal Year 2014		
	Approximate Employees	Rank	Percent of Total City Employment	Approximate Employees	Rank	Percent of Total City Employment
James Madison University	> 999	1	> 3.23%	>999	1	> 3.35%
Harrisonburg City Public Schools	> 999	2	> 3.23%	500 - 999	2	1.68% - 3.34%
Shenandoah Valley Organic LLC	500 - 999	3	1.62% - 3.23%	-	-	-
City of Harrisonburg	500 - 999	4	1.62% - 3.23%	500 - 999	4	1.68% - 3.34%
Aramark Campus LLC	500 - 999	5	1.62% - 3.23%	500 - 999	3	0.84% - 1.67%
George's Foods LLC	500 - 999	6	1.62% - 3.23%	500 - 999	7	1.68% - 3.34%
Tenneco Inc	250 - 499	7	0.81% - 1.61%	500 - 999	5	1.68% - 3.34%
Eastern Mennonite University	250 - 499	8	0.81% - 1.61%	250 - 499	8	-
Walmart Stores Inc	250 - 499	9	0.81% - 1.61%	250 - 499	10	0.84% - 1.67%
Virginia Mennonite Retirement Community	250 - 499	10	0.81% - 1.61%	250 - 499	9	0.84% - 1.67%
Rosetta Stone Inc.	-	-	-	500 - 999	6	1.68% - 3.34%
Total City Employment	30,916			29,879		

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government administration	63.9	60.0	58.6	56.1	55.2	53.6	51.0	48.6	48.6	48.6
Public safety:										
Police ^a	137.4	136.6	136.6	136.6	134.6	130.4	125.9	118.4	114.4	114.2
Fire ^a	87.7	87.2	86.4	85.4	84.0	83.7	82.9	81.9	81.8	80.7
Other	19.1	16.0	16.0	16.0	16.0	16.0	15.0	14.0	14.0	14.0
Public works ^b	84.1	85.7	84.4	79.9	79.9	79.6	77.1	75.2	75.2	99.7
Education ^d	62.0	57.7	57.2	55.7	53.3	50.0	44.3	38.7	43.0	42.5
Parks, recreation and cultural	77.8	80.0	79.1	82.5	84.0	78.1	71.9	71.1	72.4	72.2
Planning and community development	14.4	13.5	13.7	14.4	13.6	16.7	16.7	16.2	17.0	17.0
Water	40.2	37.9	37.2	37.0	37.0	35.5	35.0	34.5	33.9	33.9
Sewer	28.9	28.3	28.1	28.1	28.1	28.7	26.0	24.5	24.6	24.4
Public transportation ^d	72.8	72.9	71.2	67.1	69.7	60.2	58.3	60.0	58.8	50.9
Steam plant/sanitation ^{b,c}	24.1	25.4	25.0	25.7	25.2	25.2	25.2	25.2	58.9	31.0
Stormwater	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	-	-
Central garage	19.7	19.0	16.2	15.5	15.6	15.7	15.6	15.5	14.8	15.1
Central stores	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	737.8	725.9	715.4	705.7	701.9	679.1	650.5	629.5	659.4	646.2

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

Notes: Full-time equivalent amounts are budgeted positions.

^aThe City has added additional police and fire department personnel over the past ten years as demand for services continue to increase.

^bIn 2015, the City reclassified refuse collection, recycling and landfill employees from public works into sanitation.

^cIn 2015, the City discontinued the operations of the resource recovery facility.

^dThe City has added additional public 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Calls answered ^a	93,736	96,863	110,466	55,086	42,999	42,900	41,536	42,686	40,099	39,132
Traffic citations	5,430	11,135	10,000	8,940	10,089	9,369	8,280	8,442	7,648	10,683
Fire										
Calls answered	9,601	6,065	5,135	5,458	5,493	5,636	5,310	5,574	5,246	4,708
Inspections	2,100	2,250	2,038	2,300	3,488	3,593	4,041	2,987	1,351	1,568
Public works										
Streets repaved (total miles)	8.36	6.12	12.00	10.65	6.97	7.85	8.88	8.22	11.69	9.98
Parks and recreation										
Pool admissions	57,038	32,586	18,247	21,831	32,155	28,890	38,873	34,651	37,398	37,258
Rounds of golf played	27,614	24,326	21,168	19,142	24,708	27,248	29,819	30,001	29,488	28,995
Planning and community development										
Building permits issued	631	474	578	616	580	648	702	664	691	651
Water										
Daily consumption (millions of gallons)	6.60	6.42	5.89	5.90	5.63	5.95	5.88	5.74	5.61	5.38
New customer connections	107	36	54	65	97	103	100	44	61	59
Sewer										
Daily consumption (millions of gallons)	5.28	5.24	4.86	4.87	4.76	4.89	4.74	4.68	4.57	4.40
New customer connections	92	22	46	27	17	14	77	13	15	12
Public transportation										
Transit bus passengers ^b	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	2,773,561
Sanitation										
Avg. daily steam plant intake (tons) ^c	-	-	-	-	-	-	-	-	-	67.8
Materials recycled (tons)	-	-	-	-	-	-	-	-	737.0	709.5
Solid waste collected (tons)	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.

^aIn 2020, the Police Department transitioned to a new reporting system and the manner in which calls are received and data captured has changed.

^bIn 2020, the City significant decrease in transit bus passengers was due to the COVID-19 pandemic.

^cIn 2015, the City discontinued operations at the resource recovery facility.

CITY OF HARRISONBURG, VIRGINIA
 CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Table 17

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Police stations	3	3	3	3	3	3	3	3	3	3
Patrol units (including motorcycles)	77	69	64	56	48	49	48	48	48	48
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	12	13	12	12	12	12	12	12	12	12
Public works:										
Streets (centerline miles)	142.85	139.38	139.78	139.78	139.44	140.27	138.99			
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 ^a	193	193	193	193	193	204	204	204	204	204
Water:										
Water lines (linear feet) ^c	1,544,236	1,705,440	1,694,719	1,680,534	1,664,446	1,610,400	1,608,662			
Storage capacity (millions of gallons)	28.50	28.50	25.25	25.25	25.25	25.25	25.25	25.25	25.25	25.25
Sewer:										
Sewer lines (linear feet) ^c	981,879	1,082,400	1,075,269	1,066,269	1,059,020	1,024,320	1,024,591			
Public transportation:										
Transit buses	54	51	51	50	50	48	44			
Sanitation:										
Steam plant capacity (tons per day) ^b	-	-	-	-	-	-	-	-	-	-
Refuse collection trucks	7	7	7	7	7	8	7	7	7	7
Recycling collection trucks	3	3	3	4	4	2	4	4	4	4

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

^aIn 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.

^bIn 2015, the City discontinued operations at the resource recovery facility.

^cIn 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.

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2023, 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 6, 2023.

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 or significant deficiencies 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 6, 2023

**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, 2023. 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, 2023.

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 6, 2023

CITY OF HARRISONBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2023

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
Stormwater Utility Program

State Agency Requirements

Education
Highway Maintenance Funds
Fire Programs Aid to Localities
Stormwater Management 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, 2023

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 were 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>
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Title I Grants to Local Educational Agencies	84.010
COVID-19 – Elementary and Secondary School Emergency Relief	84.425D
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U
Special Education-Grants to States Cluster	84.027
Special Education-Preschool Grants	84.173

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.

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
Department of Agriculture:					
Pass-through payments:					
Child Nutrition Cluster:					
Virginia Department of Education:					
School Breakfast Program	10.553	202221N119941	\$ -	\$ 237,931	
School Breakfast Program	10.553	202323N119941	-	1,458,739	
National School Lunch Program	10.555	202221N119941	-	458,722	
National School Lunch Program	10.555	202222N890341	-	111,154	
National School Lunch Program	10.555	202322N890341	-	52,021	
National School Lunch Program	10.555	202323N119941	-	2,620,792	
COVID-19 - Summer Food Service Program for Children	10.559	202221N119941	-	90,023	
Fresh Fruit and Vegetable Program	10.582	202221L160341	-	18,046	
Fresh Fruit and Vegetable Program	10.582	202320L160341	-	142,598	
Virginia Department of Agriculture and Consumer Services:					
National School Lunch Program (donated commodities)	10.555	Not Provided	-	280,636	
Total Child Nutrition Cluster					5,470,662
Virginia Department of Education:					
Child and Adult Care Food Program	10.558	202221N202041	-	-	1,377
Child and Adult Care Food Program	10.558	202222N119941	-	-	18,502
Child and Adult Care Food Program	10.558	202323N119941	-	-	125,161
Child and Adult Care Food Program	10.558	202323N202041	-	-	9,202
COVID-19 - Pandemic EBT Administrative Costs	10.649	202222S900941	-	-	5,950
Department of Housing and Urban Development:					
Direct payments:					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218		221,056	567,246	
COVID-19 - Community Development Block Grants/Entitlement Grant:	14.218		146,394	146,394	
Total CDBG - Entitlement Grants Cluster					713,640
Department of Justice:					
Direct payments:					
Bulletproof Vest Partnership Program	16.607				12,470
Edward Byrne Memorial Justice Assistance Grant Program	16.738				14,235
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838				43,411
Pass-through payments:					
Virginia Department of Criminal Justice Services:					
Violence Against Women Formula Grants	16.588	22-G3245VA21	-	-	14,162
Violence Against Women Formula Grants	16.588	23-H3245VA21	-	-	30,044
Department of Transportation:					
Direct payments:					
Federal Transit Cluster:					
Federal Transit-Formula Grants	20.507		-	1,810,205	
COVID-19 - Federal Transit-Formula Grants	20.507		-	959,110	
Total Federal Transit Cluster					2,769,315
Pass-through payments:					
Virginia Department of Transportation:					
Highway Planning and Construction	20.205	UPC 115139	-	-	129,635
Highway Planning and Construction	20.205	UPC 116860	-	-	16,368
Highway Planning and Construction	20.205	UPC 119645	-	-	92,140
Highway Planning and Construction	20.205	UPC 119647	-	-	175,364
Highway Planning and Construction	20.205	UPC 119652	-	-	62,985
Highway Planning and Construction	20.205	UPC 119661	-	-	125,067
Highway Planning and Construction	20.205	UPC 119662	-	-	57,477
Harrisonburg-Rockingham Metropolitan Planning Organization:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	46023-12	-	-	58,013

(continued)

CITY OF HARRISONBURG, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

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
Department of Transportation: (continued)					
Virginia Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2022-52312-22312	-	3,638	
State and Community Highway Safety	20.600	FPS-2022-52315-22315	-	3,262	
State and Community Highway Safety	20.600	BSC-2023-53391-23391	-	5,521	
National Priority Safety Programs	20.616	SFHLE-2023-53392-23392	-	1,165	
Total Highway Safety Cluster				<u>13,586</u>	13,586
Alcohol Open Container Requirements	20.607	154AL-2022-52310-22310	-	-	2,948
Alcohol Open Container Requirements	20.607	ENF_AL-2023-53283-23283	-	-	3,384
Department of the Treasury:					
Direct payments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	-	2,258,940
Pass-through payments:					
Virginia Department of Education:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	-	-	683,976
Virginia Tourism Corporation:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	-	-	82,875
Virginia Department of Historical Resources					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	-	-	250,000
Environmental Protection Agency:					
Pass-through payments:					
Virginia Department of Forestry:					
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	22VTCW41	-	-	27,554
Department of Education:					
Pass-through payments:					
Virginia Department of Education:					
Title I Grants to Local Educational Agencies	84.010	S010A190046	-	-	28,485
Title I Grants to Local Educational Agencies	84.010	S010A210046	-	-	314,169
Title I Grants to Local Educational Agencies	84.010	S010A220046	-	-	1,375,528
Career and Technical Education - Basic Grants to States	84.048	V048A210046	-	-	123,552
English Language Acquisition State Grants	84.365	S365A210046	-	-	110,428
English Language Acquisition State Grants	84.365	S365A220046	-	-	115,653
Improving Teacher Quality State Grants	84.367	S367A210044	-	-	89,191
Improving Teacher Quality State Grants	84.367	S367A220044	-	-	152,570
Student Support and Academic Enrichment Program	84.424	S424A210048	-	-	8,921
Student Support and Academic Enrichment Program	84.424	S424A220048	-	-	101,790
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	S425D200008	-	-	3,413
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	S425D210008	-	-	835,056
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	S425U210008	-	-	4,877,201
Special Education Cluster (IDEA):					
Special Education-Grants to States	84.027	H027X210107	-	90,000	
Special Education-Grants to States	84.027	H027A210107	-	245,576	
Special Education-Grants to States	84.027	H027A220107	-	1,102,854	
Special Education-Preschool Grants	84.173	H173A220112	-	31,491	
Total Special Education Cluster				<u>1,469,921</u>	1,469,921
State Council of Higher Education for Virginia:					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Provided	-	-	40,107
Department of Health and Human Services:					
Pass-through payments:					
Virginia Department of Education:					
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922153	-	-	158,098
Virginia Department of Social Services:					
Social Services Block Grant	93.667	2201VASOSR	-	-	120,390

(continued)

CITY OF HARRISONBURG, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

<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>
Department of Homeland Security:					
Direct payments:					
Assistance to Firefighters Grant	97.044		-	-	179,284
Pass-through payments:					
Virginia Department of Emergency Management:					
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006-64	-	-	7,500
Homeland Security Grant Program	97.067	EMW-2021-SS-00034-62	-	-	3,661
Homeland Security Grant Program	97.067	EMW-2021-SS-00034-78	7,506	-	7,506
Homeland Security Grant Program	97.067	EMW-2021-SS-00034-83	-	-	41,866
Homeland Security Grant Program	97.067	EMW-2022-SS-00082-73	-	-	21,900
Department of Defense:					
Direct payments:					
JROTC Funds		12.VA 170853			<u>100,276</u>
Total expenditures of federal awards					\$ <u>23,554,909</u>

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, 2023

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, 2023, the School Board, a component unit, had food commodities totaling \$8,254 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, 2023.

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Outstanding Loan Amount</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 643,733

THIS PAGE LEFT BLANK INTENTIONALLY