

**HARRISONBURG REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Harrisonburg Redevelopment and Housing Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Harrisonburg Redevelopment and Housing Authority'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 business-type activities and the aggregate discretely presented component units of the Harrisonburg Redevelopment and Housing Authority, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Harrisonburg Redevelopment and Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Harrisonburg Redevelopment and Housing Authority'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 GAAS 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 GAAS 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 Harrisonburg Redevelopment and Housing Authority'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 the Harrisonburg Redevelopment and Housing Authority'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 be presented to supplement the basic financial statements.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of the Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is 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 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 Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and compliance.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 24, 2025

Management Discussion and Analysis (MD&A)

Harrisonburg Redevelopment and Housing Authority December 31, 2024

As management of the Harrisonburg Redevelopment and Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for fiscal year ended December 31, 2024. We encourage readers to consider the information presented here and in conjunction with the Authority's financial statements.

The Authority's Mission

To promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination; and to foster redevelopment of blighted areas to ensure the economic, social and housing vitality of our community. This is accomplished through the following programs:

- Housing Choice Voucher Move To Work Demonstration Program
- Family Unification Program (FUP)
- Rental Assistance for Non-Elderly Persons with Disabilities (NED)
- HUD-Veterans Affairs Supportive Housing (HUD-VASH)
- Mainstream 5 Voucher Program (MS5)
- Project Based Housing, Franklin Heights LLC
- Project Based Housing, Commerce Village LLC
- Community Development Block Grant Funds
- Section 8 New Construction (JR "Polly" Lineweaver Apartments)
- Lineweaver Annex Apartments (LIHTC)
- Multi-Family Service Coordinator Grant Funds
- Family Self-Sufficiency Grant Funds (FSS)
- Homeless Management Information System (HMIS) Grant Funds
- Continuum of Care (COC) Planning Grant
- Virginia Homeless Solutions Program, VHSP Grant Funds
- Local Community Development/Business Activities
- Shenandoah Housing Corporation
- Lineweaver Annex Corporation
- Commerce Village Management, LLC (CVM)
- Equity Plus Harrisonburg Owner LLC (EPHO)

Program services are provided under the following philosophy: to treat all individuals with respect and dignity, to base all decisions on rational and provable data, and to operate with efficiency in the delivery of all services.

Financial Highlights

- The assets of the Authority exceeded its liabilities by \$5.5M.
- The Authority's net position decreased by 8.4%.
- The revenue income increased by 8.9%.
- The expenses of the Authority increased by 8.7%.

Our analysis begins by determining if the Authority is financially better or worse off because of this year's activities. We believe that improvements made in keeping our asset updated, participation in local activities to pursue more affordable housing and the overall operations of the Authority in general do show that we are better off than we were a year ago. However, with the uncertainty of federal support from HUD for the Housing Choice Voucher Program, it continues to be a challenge to manage the program with the necessary staff the appropriate financial support.

Condensed Comparative Financial Statements

	2024	2023	2022
Total Assets	\$23,595,817	\$24,545,737	\$18,359,630
Total Liabilities	\$18,002,461	\$17,821,833	\$11,079,159
Total Net Position	<u>\$5,593,356</u>	<u>\$6,633,489</u>	<u>\$7,280,471</u>
Total Liabilities & Net Position	\$23,595,817	\$24,455,322	\$18,359,630
Total Revenue	\$12,330,010	\$10,976,499	\$11,127,407
Total Expenses	<u>\$13,381,353</u>	<u>\$11,623,480</u>	<u>\$10,887,860</u>
Net Income (Loss)	<u>-\$1,051,343</u>	<u>-\$646,981</u>	<u>\$239,547</u>

This discussion and analysis is intended to serve as an introduction to the Authority's annual financial report. The financial report consists of the management's discussion and analysis, the basic financial statements, notes to financial statement, and other supplemental information. The financial statements in this annual report are presented on a full accrual basis of accounting and it is based on an Enterprise Method presentation. There are three types of financial statements used to help analyze the financial status of the Authority as one entity-wide organization

- Statement of Net Position - **reports the assets and liabilities, with the difference between the two reported as net position**
- Statement of Revenue, Expenses and Changes in Fund Net Position - **reports the operating and non-operating revenue by major source along with operating and non-operating expenses, with the difference between the two reported as a profit/loss**
- Comparison of Budget versus Actual - **reports the actual operating revenues and expenses versus the budgeted amounts**

Statement of Net Position

The following table shows you the breakdown of assets, liabilities, and net position in all the program areas and how they changed from the prior year.

Assets	2024	2023	2022
Housing Choice Voucher-MTW/MS5	\$144,821	\$604,497	\$493,815
JR "Polly" Lineweaver Apts./S8NC	\$769,327	\$862,670	\$968,621
Local Comm Dev/Bus Activities	\$3,607,015	\$3,954,188	\$4,478,628
Component Units-Blended Franklin Heights/EPHO	\$15,620,947	\$15,496,408	\$8,814,293
Component Units-Discretely Presented	<u>\$3,453,707</u>	<u>\$3,537,559</u>	<u>\$3,604,273</u>
Total Assets	\$23,595,817	\$24,455,322	\$18,359,630
Liabilities			
Housing Choice Voucher-MTW/MS5	\$47,195	\$54,840	\$133,266
JR "Polly" Lineweaver Apts./S8NC	\$1,274,060	\$1,324,090	\$1,341,182
Local Comm Dev/Bus Activities	\$1,685,008	\$1,415,381	\$1,581,285
Component Unit-Blended Franklin Heights/EPHO	\$13,656,868	\$13,332,796	\$6,358,821
Component Units-Discretely Presented	<u>\$1,659,908</u>	<u>\$1,694,726</u>	<u>\$1,664,605</u>
Total Liabilities	\$18,323,039	\$17,821,833	\$11,079,159
Net Position			
Housing Choice Voucher	\$97,626	\$549,656	\$360,549
JR "Polly" Lineweaver Apts./S8NC	(\$504,733)	(\$461,420)	(\$372,561)
Local Comm Dev/Bus Activities	\$1,922,007	\$2,538,809	\$2,897,343
Component Unit-Blended Franklin Heights/EPHO	\$1,964,079	\$2,163,611	\$2,455,472
Component Units-Discretely Presented	<u>\$1,793,799</u>	<u>\$1,842,833</u>	<u>\$1,939,668</u>
Total Net Position	\$5,272,778	\$6,633,489	\$7,280,471
Total Liabilities & Net Position	\$23,595,817	\$24,455,322	\$18,359,630

The assets decreased in the Housing Choice Voucher Program due to a request from HUD to return this year the additional administrative funds received from them the previous year.

The assets decreased in the Local Community Development Program due to the spending of funds to cover upfront costs for the Commerce Village II construction project and because of accumulated depreciation.

The assets decreased in the JR "Polly" Lineweaver Apts. and Component Units-Blended due to the annual accumulated depreciation.

The liabilities decreased in JR "Polly" Lineweaver Apartments due to paying down debt.

The liabilities in Component Units-Blended increased due to the expenditure of funds for the Bluestone Town Center.

Statement of Revenue, Expenses and Changes in Fund Net Position

The following table shows you an overview of all the programs' revenue and expenses as compared to the previous year.

Revenue	2024	2023	2022
Housing Choice Voucher-MTW/MS5	\$8,296,180	\$7,174,506	\$6,581,487
JR "Polly" Lineweaver/S8NC	\$483,218	\$428,804	\$529,113
Service Coordinator Grant	\$80,256	\$67,823	\$66,939
Local Community Dev/Bus Activities	\$893,267	\$988,317	\$1,195,039
Supportive Housing for Persons with Disabilities-HMIS Grant	\$135,442	\$144,673	\$112,049
Component Unit-Blended Franklin Heights/EPHO	\$2,093,765	\$1,791,113	\$2,257,032
Component Units-Discretely Presented	\$277,882	\$233,263	\$245,748
Community Development Block Grant	<u>\$70,000</u>	<u>\$148,000</u>	<u>\$140,000</u>
Total Revenue	\$12,330,010	\$10,976,499	\$11,127,407
Expenses			
Housing Choice Voucher-MTW/MS5	\$8,756,330	\$6,985,398	\$6,429,668
JR "Polly" Lineweaver/S8NC	\$526,530	\$517,663	\$520,700
Service Coordinator Grant	\$80,256	\$67,823	\$66,939
Local Community Dev/Bus Activities	\$1,153,244	\$1,381,690	\$1,624,166
Supportive Housing for Persons with Disabilities-HMIS Grant	\$135,442	\$109,835	\$133,210
Component Unit-Blended Franklin Heights/EPHO	\$2,293,298	\$2,082,973	\$1,667,401
Component Units-Discretely Presented	\$366,253	\$330,098	\$305,776
Community Development Block Grant	<u>\$70,000</u>	<u>\$148,000</u>	<u>\$140,000</u>
Total Expenses	\$13,381,353	\$11,623,480	\$10,887,860
Excess of Revenue Over Expenses	(\$1,051,343)	(\$646,981)	\$239,547

The revenue increased in the Housing Choice Voucher Program due to the receipt of additional administration and HAP funds received from HUD.

The expenses in Component Units-Franklin Heights/EPHO increased due to maintenance costs.

The expenses for the Authority, in most programs, were within the normal cost of living increase.

The Authority continues to make significant efforts to analyze all expenditures and make changes to continue to operate in the most efficient manner possible.

Overview of Program Budgets

	Housing Choice Voucher		JR Polly Lineweaver		Local Community Development		Component Units-Blended (FH/EPHO)		Component Units-Discretely Presented	
	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget
Income										
Rent	0	0	474,802	473,739	731,837	784,957	2,053,517	1,900,904	232,858	243,422
HAP	8,193,403	6,624,686	0	0	0	0	0	0	0	0
Grants	68,788	63,000	80,256	78,321	194,833	167,731	0	0	0	0
CDBG Funds	0	0	0	0	0	0	70,000	95,000	0	0
Investment Inc	0	0	0	0	2,331	0	996	2,500	6,614	3,000
Other/Misc.	33,989	14,000	8,416	19,662	99,708	276,500	39,253	40,000	38,410	6,060
Total	8,296,180	6,701,686	563,474	571,722	1,028,709	1,229,188	2,163,766	2,038,404	277,882	252,482
Expenses										
Administration	1,185,262	813,918	76,047	74,061	636,112	636,295	471,795	479,745	93,811	84,166
Tenant Services	5,345	3,000	100,161	98,321	21,521	20,000	1,291	1,500	28,173	19,750
Utilities	7,350	6,000	105,148	105,000	93,202	110,200	75,595	84,000	36,820	37,700
Maintenance	0	0	168,603	156,519	239,650	242,064	381,875	516,889	54,271	37,699
General	6,000	9,288	22,193	17,530	36,752	23,942	246,747	84,923	18,795	13,551
Interest	0	0	25,824	27,400	61,787	60,959	417,941	197,105	27,734	16,380
Depreciation	0	0	108,810	108,810	199,662	199,662	768,055	768,055	108,009	108,009
HAP Expenses	7,552,373	6,221,288	0	0	0	0	0	0	0	0
Total	8,756,330	7,053,494	606,786	587,641	1,288,686	1,293,122	2,363,299	2,132,217	367,613	317,255

The income for the Housing Choice Voucher Program was more than was budgeted due to additional HAP funds that HUD distributed to cover the increased rents. The administration expenses were over budget due to software upgrades, training costs and increased HAP expenses due to the increase in rents.

The income for JR "Polly" Lineweaver Apartments was less than budgeted but did have a lower number of vacancies as compared to last year. The expenses were slightly over budget in tenant services due to providing a coordinator to assist residents, maintenance was over budget due to an increase in maintenance supplies, unit turnover, and pest control costs.

The rental income for Local Community Development was under budget due to vacancies at the Lineweaver Annex Apartments. It was also under budget in Other Misc due to a decrease in bond fees and the loss of CHERP-HMIS grant funds. The expenses were over budget in the general category due to writing off bad debt and legal fees.

The income for Component Units-Blended was over budget due to the increase in project-based housing rents. The expenses for general and interest were over budget due to the Bluestone Town Center. These items were not budgeted in HRHA's FH budget.

The income for Component Units-Discretely Presented was within budget. The expenses were over budget in administration due to an increase in salary allocations to this property. The budget for tenant services went over due to adding additional resources for the tenant access. The maintenance category was over due to an increase in purchasing more supplies, HVAC services, and snow removal. The

general expense was over budget due to writing off bad debt.

Capital Asset and Long-Term Debt Activity

Planned initiatives which will impact the Authority's financial status include:

- Continuation of an affordable homeownership program
- Develop 16 permanent supportive housing units specifically targeted for the veterans, homeless, aging out foster youth, victims of domestic violence and developmentally disabled and intellectual disabled within the Department of Justice settlement with the Commonwealth; Targeted construction 2024 with completion December 2025
- Replace roofs on Franklin Heights housing units (10-15 units per year) and upgrade pavement and sidewalks at Lincoln Circle
- Development of Bluestone Town Center to include single family homes and town homes for first time homebuyers and affordable/workforce rental housing.
- Development of an exterior renovation and new roof plan to replace exterior Fascia siding and address the need for roof replacement for the Lineweaver Annex Apartments. Renovation of 5 units to ADA standards
- Pavement of parking lots behind the Lineweaver Annex Apartments and upgrades to the elevator
- Use of a Landlord Incentive Program to expand participating private owners in the HCV program
- Contracts with community service providers for housing stability and stabilization services
- Purchase of the Glens Fair Price building to expand office space and develop 16 single room occupancy units.

The Authority will continue to seek grant funds in partnership with other community agencies to address gaps and needs in our local community and to identify additional resources that will assist Authority's residents in becoming more financially self-sufficient.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is to provide users with a general overview of the Authority's finances, and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director at PO Box 1071, Harrisonburg, VA 22803, by telephone 540-434-7386, or by fax at 540-432-1113.

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position December 31, 2024

ASSETS	Enterprise Fund	Component Units
Current Assets		
Cash and Cash Equivalents	\$ 600,557	\$ 215,180
Restricted Cash, Cash Equivalents	201,837	19,717
Investments	-	215,602
Receivables, Net	173,661	45,673
Inventories - Net of Allowance	10,163	-
Prepaid Charges and Other Assets	52,286	5,692
Interprogram Due From	36,246	-
Total Current Assets	1,074,750	501,864
Non-current Assets		
Capital Assets		
Land	1,632,886	300,000
Buildings	17,157,864	3,159,823
Furniture Equipment & Machinery- Dwellings	261,829	53,339
Furniture Equipment & Machinery- Admin	482,328	42,130
Leasehold Improvements	8,775,303	433,959
Less: Accumulated Depreciation	(19,020,867)	(1,037,500)
Construction in Progress	8,526,394	-
Fixed Assets - Net	17,815,737	2,951,751
Notes, Loans, & Mortgages Receivable	971,269	-
Other Assets	316,600	92
Total Non-current Assets	19,103,606	2,951,843
Deferred Outflow of Resources		
Deferred Outflow of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 20,178,356	\$ 3,453,707

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position December 31, 2024

LIABILITIES	Enterprise Fund	Component Units
Current Liabilities		
Accounts Payable	\$ 409,206	\$ 4,242
Accrued Liabilities	123,349	102,784
Tenant Security Deposits	201,266	17,502
Other Current Liabilities	47,363	-
Current Portion Long-term Debt	290,325	-
Unearned Revenue and Other Liabilities	5,880	639
Interprogram Due To	-	36,246
Total Current Liabilities	1,077,389	161,413
Noncurrent Liabilities		
Long-term Debt	15,019,338	1,450,000
Accrued Absences - Long-term	77,599	4,207
Non-current Other	168,228	80,534
Total Non-current Liabilities	15,265,165	1,534,741
Total Liabilities	16,342,554	1,696,154
Deferred Inflow of Resources		
Deferred Inflow of Resources	-	-
Net Position		
Invested in Capital Assets, Net of Related Debt	2,506,073	1,501,751
Restricted Net Position	25,913	-
Unrestricted Net Position	1,303,816	255,802
Total Net Position	3,835,802	1,757,553
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 20,178,356	\$ 3,453,707

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position For The Year Ended December 31, 2024

	Enterprise Fund	Component Units
Revenues		
Tenant Revenue	\$ 3,062,603	\$ 238,724
Program Grants/Subsidies	8,754,375	-
Other Governmental Grants	59,391	-
Other Income	102,431	32,544
Total Revenues	<u>11,978,800</u>	<u>271,268</u>
Expenses		
Administrative	2,369,216	93,811
Tenant Services	128,318	25,081
Utilities	281,294	36,820
Maintenance	790,128	54,270
General	311,691	17,437
Housing Assistance Payments	7,552,373	-
Depreciation	1,076,527	108,009
Total Expenses	<u>12,509,547</u>	<u>335,428</u>
Net Income (Loss)	<u>(530,747)</u>	<u>(64,160)</u>
Non-Operating Revenues (Expenses)		
Interest Expense	(505,553)	(27,734)
Interest and Investment Revenue	3,327	6,614
Total Nonoperating Revenues (Expenses)	<u>(502,226)</u>	<u>(21,120)</u>
Income (Loss) before Contributions and Transfers	<u>(1,032,973)</u>	<u>(85,280)</u>
Capital Grants	70,000	-
Change in Net Position	<u>(962,973)</u>	<u>(85,280)</u>
Beginning of Year Net Position	4,790,657	1,842,833
Prior Period Adjustments, Equity Transfers, and Corrections of Errors	8,118	-
Total Ending Net Position	<u><u>\$ 3,835,802</u></u>	<u><u>\$ 1,757,553</u></u>

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Cash Flows For The Year Ended December 31, 2024

	Enterprise Fund	Component Units
Cash Flows from Operating Activities:		
Cash Received from Tenants	\$ 3,103,895	\$ 228,240
Cash Received from Operating Grants	8,754,375	-
Cash Received from Other Sources	(103,322)	32,544
Cash Paid for Goods and Services	(784,747)	(430,711)
Cash Paid for Employees and Administrative	(2,497,534)	(118,892)
Housing Assistance Payments	(7,552,373)	-
Cash Paid for Other	(289,855)	(17,176)
Net Cash Provided (Used) By Operating Activities	<u>630,439</u>	<u>(305,995)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Grants received	70,000	-
Proceeds from the Sale of Assets	(56,315)	(8,163)
Purchases, Sales, and Construction of Capital Assets	(709,084)	-
Net Principal Paid on Capital Debt	-	300,000
Proceeds from Capital Debt	(134,798)	-
Interest Paid on Capital Debt	(505,553)	(27,734)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(1,335,750)</u>	<u>264,103</u>
Cash Flows from Investing Activities:		
Interest and Dividends	3,327	6,614
Net Cash Provided (Used) By Investing Activities	<u>3,327</u>	<u>6,614</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(701,984)	(35,278)
Cash and Cash Equivalents at Beginning of Year	1,504,378	270,175
Cash and Cash Equivalents at End of Year	<u>\$ 802,394</u>	<u>\$ 234,897</u>
Cash and Cash Equivalents:		
Unrestricted	\$ 600,557	\$ 215,180
Restricted	201,837	19,717
Total Cash and Cash Equivalents	<u>\$ 802,394</u>	<u>\$ 234,897</u>

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Cash Flows For The Year Ended December 31, 2024

	Enterprise Fund	Component Units
Reconciliation of Operating Income (Loss) to Net Cash Provided		
(Used) By Operating Activities:		
Operating Income (Loss)	\$ (530,747)	\$ (64,160)
Adjustments to Reconcile Operating Income to Net Cash Provided		
(Used) By Operating Activities:		
Depreciation Expense	1,076,527	108,009
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	41,292	(10,484)
(Increase) Decrease in Inventories	(1,515)	(40,788)
(Increase) Decrease in Prepaid Expenses	(22,422)	-
(Increase) Decrease in Interprogram Due From	8,997	-
(Increase) Decrease in Notes Receivable	(251,719)	-
Increase (Decrease) in Accounts Payable	244,507	(592)
Increase (Decrease) in Accrued Expenses	2,607	11,845
Increase (Decrease) in Tenant Security Deposits	17,941	261
Increase (Decrease) in Other Liabilities	47,363	-
Increase (Decrease) in Unearned Revenue	(6,287)	(1,267)
Increase (Decrease) in Interprogram Due To	-	(8,997)
Increase (Decrease) in Non-current Liabilities	3,895	(299,822)
Net Cash Provided (Used) By Operating Activities	<u>\$ 630,439</u>	<u>\$ (305,995)</u>

The accompanying notes are an integral part of these financial statements.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Reporting Entity - The Harrisonburg Redevelopment and Housing Authority (HRHA) was established by the Council of the City of Harrisonburg (City) as a political subdivision of the Commonwealth of Virginia. HRHA is responsible for operating a low rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs, and for the delivery of services to citizens of low rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of HRHA are appointed by City Council. As required by GAAP, these statements present the programs, activities and functions of HRHA (the primary government) and its component units. The component units discussed below are included in HRHA's reporting entity because of the significance of its operational and financial relationship with HRHA.
- b. Component Units - The Component Units purpose is to provide housing, social, and economic opportunities for the benefit of low to moderate income people. They are component units of HRHA because of the significance of their operational and financial relationships with HRHA. The disclosure requirements of GASB 61 are met by the combined financial statement presentation of the sole Component Unit. Footnotes regarding the policies of HRHA apply to the Component Unit unless otherwise noted. The Component Units consist of:
 1. Lineweaver Annex Corporation is a nonstock nonprofit Virginia corporation organized in 1991. The corporation is controlled by one member, the Shenandoah Housing Corporation. The Directors of the Lineweaver Annex Corporation and the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Lineweaver Annex Corporation are included in this report.
 2. Shenandoah Housing Corporation is a non-stock, non-membership Virginia corporation organized in 1991. The principal activity of the corporation is being the controlling member of the Lineweaver Annex Corporation. The Directors of the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Shenandoah Housing Corporation are included in this report.
 3. Franklin Heights, L.L.C. is a limited liability company organized on October 17, 2008. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low- and moderate-income individuals. Complete financial statements of Franklin Heights, L.L.C. are included in this report.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

b. Component Units - continued

4. Commerce Village, L.L.C. is a limited liability company organized on March 5, 2013. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low- and moderate-income individuals. Complete financial statements of Commerce Village, L.L.C. are included in this report.
5. Commerce Village Management, L.L.C. is a limited liability company organized on October 24, 2014. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is owning a managing interest in Commerce Village, L.L.C. Complete financial statements of Commerce Village Management, L.L.C. are included in this report.
6. Harrisonburg Managing Member, L.L.C. is a limited liability company organized to facilitate the development of a planned mixed use community. The company is majority controlled by the Authority. The company's sole asset is a 100% Ownership in EP Harrisonburg Owner, L.L.C.

All the component units are discretely presented, except for Franklin Heights, L.L.C. and Harrisonburg Managing Member, L.L.C., which are blended due to HRHA management having operational responsibility.

- c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government entity engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB 34.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income necessary for management accountability.

Enterprise funds distinguish operating revenues and expenses from non-operating 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 all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

- d. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- e. Cash and Cash Equivalents - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.
- f. Investments - Investments are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.
- g. Notes Receivable - Deed of Trust and rental rehabilitation loans are carried at their unpaid principal balance. No allowance for loan losses is considered necessary.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- h. Due from/Due to Other Programs - During the course of its operations, HRHA has numerous transactions between funds to finance operations and provide services, and the Component Unit may or may not have such transactions. To the extent that certain transactions between funds had not been paid or received as of December 31, 2024, balances of inter-programs amounts receivable and payable have been recorded.
- i. Land, Structures, and Equipment - Land, structures, and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

Real Property	40 years
Site Improvement	15 years
Office Furniture and Equipment	5 years
Data Processing Equipment	5 years
Automobiles	5 years
Maintenance Equipment	3 years

When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.

- j. Other Assets - Buildings held for resale are listed as "Other Assets" and are stated at the lower of cost or fair market value as of the acquisition or renovation completion date. Total land and redevelopment costs, where applicable, are allocated to total salable acreage under redevelopment, and are charged to the expense of sale on a prorated basis when the property is sold.
- k. Annual Contributions and Operating Subsidies - In accordance with the annual contributions contracts, HRHA receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements.
- l. Compensated Absences - Employees earn annual vacation leave at a rate ranging from 12 days per year, up to a maximum of 18 days per year after 20 years of service. Vacation leave shall be approved in advance by the Executive Director and shall be taken within one year after its accrual. The maximum carryover per year shall be 30 days. At termination, employees are paid for any accumulated annual vacation leave. The amount is included in the accrued liabilities of the Authority.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- m. Pension Plans - HRHA participates in a defined contribution plan administered by Mission Square Retirement. All Employees are vested at 20% after the first year of service and an additional 20% each year up to five years. The Authority contributes 7.5% of each eligible employee's salary. The Authority's contribution and pension expense for the year ending December 31, 2024; December 31, 2023; and December 31, 2022 were \$104,976; \$81,112; and \$80,263 respectively. As of December 31, 2024, the Authority had no liability related to the defined contribution plan.

The Authority also maintains a 457-deferred compensation plan administered by the Mission Square Retirement. The Authority does not contribute to this plan. Contributions are voluntary.

- n. Income Taxes - As a political subdivision of the State of Virginia, HRHA is exempt from Federal and State income taxes. The Component Units are exempt from Federal and State income tax under Internal Revenue Code Section 501(c)(3).
- o. Indirect Costs - Certain indirect costs are allocated to expenses in the various programs in accordance with cost allocation plans. These plans were approved by the appropriate grantors as of HRHA's overall operations budget for the fiscal year.
- p. Inventories - The inventories consist principally of maintenance supplies and are valued at cost (first-in, first-out). Inventories are recognized as expenditures when consumed or sold. Franklin Heights, a Blended Component Unit, maintains an inventory balance.
- q. Net Position - Net Position balances are designated by the Moving to Work program and Non-Major programs for future expenses, or must be returned to the grantor, and generally may not be used in any manner by HRHA except as specified under their respective contracts. The Net Position balance of the Business Activities program, and of the Component Unit are designated to provide for financial resource utilization in future periods. Deficit balances in net assets are primarily attributable to accumulated depreciation charges on fixed assets.
- r. Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has no items that meet the criterion for this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has no items that meet the criterion for this category.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2024, the carrying amount of the Authority's deposits was \$1,037,291 and the bank balance was \$1,568,667. Of the bank balance, \$1,568,667 was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires HRHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. HRHA follows HUD's guidelines for investment policy.

Investments - As of December 31, 2024, Commerce Village, L.L.C., part of the discretely presented component unit, had investments in restricted reserve accounts totaling \$215,602.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority had no investments at December 31, 2024.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2024, all of the Authority's investments were in U.S. Government Securities held in the Authority's name.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3: RESTRICTED CASH

The following is a summary of the portion of the cash referred to in Note 2 which is classified as restricted:

Enterprise Fund	
Security Deposits	\$ 201,831
MTW	<u>6</u>
	<u>\$ 201,837</u>
Component Units	
Security Deposits	<u>\$ 19,717</u>
Total	<u>\$ 221,554</u>

NOTE 4: RECEIVABLES

Receivables as of year-end for the Authority and Component Units, including the applicable allowances for uncollectible accounts, are as follows:

	Enterprise Fund	Component Units
Receivables		
Tenants	\$ 293,780	\$ 1,029
Gross Receivables	<u>293,780</u>	<u>1,029</u>
Other Receivables		
HUD - Other Projects	2,544	-
Miscellaneous	11,144	45,000
Current Notes & Mortgages Receivable	<u>9,091</u>	<u>-</u>
Less: Allowance for Uncollectibles	<u>(142,899)</u>	<u>(356)</u>
Total Receivables	<u>\$ 173,660</u>	<u>\$ 45,673</u>
L/T Notes and Mortgage Receivables	<u>\$ 971,268</u>	<u>\$ -</u>

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year ended December 31, 2024:

Enterprise Fund	12/31/2023	Increases	Transfers	Decreases	12/31/2024
Land	\$ 1,632,886	\$ -	\$ -	\$ -	\$ 1,632,886
Buildings	17,157,864	-	-	-	17,157,864
Equipment - Dwelling	161,668	100,161	-	-	261,829
Equipment - Administration	608,423	-	-	(126,095)	482,328
Leasehold Improvements	8,671,670	103,633	-	-	8,775,303
Construction in Progress	7,895,009	631,385	-	-	8,526,394
Accumulated Depreciation	(18,009,749)	(1,011,118)	-	-	(19,020,867)
	<u>\$ 18,117,771</u>	<u>\$ (175,939)</u>	<u>\$ -</u>	<u>\$ (126,095)</u>	<u>\$ 17,815,737</u>
Comp Unit - Discretely Presented	12/31/2023	Increases	Transfers	Decreases	12/31/2024
Land	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
Building	3,585,619	-	(425,796)	-	3,159,823
Equipment - Dwelling	53,339	-	-	-	53,339
Equipment - Administration	42,518	-	-	(388)	42,130
Leasehold Improvements	-	8,163	425,796	-	433,959
Construction in Progress	-	-	-	-	-
Accumulated Depreciation	(929,879)	(107,621)	-	-	(1,037,500)
	<u>\$ 3,051,597</u>	<u>\$ (99,458)</u>	<u>\$ -</u>	<u>\$ (388)</u>	<u>\$ 2,951,751</u>

NOTE 6: PREPAID CHARGES

Prepaid charges at December 31, 2024, consisted of the following:

	Enterprise Fund	Component Units
Prepaid Insurance	<u>\$ 52,287</u>	<u>\$ 5,692</u>
Total Prepaid Charges	<u>\$ 52,287</u>	<u>\$ 5,692</u>

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7: OTHER ASSETS

On November 5, 2010, the Authority leased the building at 715 North Main to Our Community Place. Total lease payments of \$200,000, are payable in monthly amounts of \$500. At December 31, 2024, the lease receivable was \$116,600.

Commerce Village Management, L.L.C. owns a .009% managing member interest in Commerce Village, L.L.C. At December 31, 2024, this interest had a carrying value of \$92.

During 2022, the Authority invested \$200,000 in Harrisonburg Managing Member, L.L.C. This investment is in conjunction with additional investors to create a planned multi use planned community.

NOTE 8: CURRENT LIABILITIES

Current liabilities at December 31, 2024, consisted of the following:

<u>Totals Primary Government</u>		<u>Discretely Presented Component Unit</u>	
Accounts Payable	\$ 409,206	Accounts Payable	\$ 4,242
Other Current Liabilities	47,362	Other Current Liabilities	-
Current Portion - Long Term Debt	290,325	Current Portion - Long Term Debt	-
Due to Affiliates	-	Due to Affiliates	36,246
Accrued Liabilities	123,349	Accrued Liabilities	102,784
Unearned Revenue	5,880	Unearned Revenue	639
Tenant Security Deposits	201,266	Tenant Security Deposits	17,502
Total Current Liabilities	<u>\$ 1,077,388</u>	Total Current Liabilities	<u>\$ 161,413</u>

NOTE 9: CONTINGENCIES AND OTHER MATTERS

a. Litigation and Other Matters

Certain claims, suits and complaints may arise in the ordinary course of business. In the opinion of the Authority's management, any such matters are adequately covered by insurance.

b. Grants

The Authority has received various other grants for specific purposes. These grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Authority's management is of the opinion that disallowances, if any, will not be material.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for all claims.

NOTE 11: ECONOMIC DEPENDENCY

The Moving to Work program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

NOTE 12: IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, "Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. There were no permanent impairments experienced by the Authority that required material adjustments to the Statement of Net Assets.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund activity was incurred during normal operating activities:

	Due To	Due From
Business Activities	\$ -	\$ 356,824
N/C S/R Section 8 Programs	320,578	-
Component Units	36,246	-
Interfund Eliminations	(356,824)	(356,824)
	<u>\$ -</u>	<u>\$ -</u>

NOTE 14: DEFINED CONTRIBUTION PENSION PLAN

The Authority offers a defined contribution pension plan for eligible employees administered by the American Funds. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals' account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and the forfeitures of other participants' benefits that may be allocated to such participant's account. All Employees shall participate in the Plan on the first day of the month after attaining age 21 and completing one year of continuous and uninterrupted employment. Participating employees shall vest in the employer's contributions at the rate of twenty percent for each full year of continuous employment.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14: DEFINED CONTRIBUTION PENSION PLAN – Continued

Forfeitures of the accounts of partially vested terminated participants in excess of plan expenses shall be reallocated among the accounts of remaining participants. There were no forfeitures during fiscal year ended December 31, 2024, and no outstanding liability due to the plan. The Authority contributes an amount equal to 7.5% of each participating employee's annual compensation to the plan. Pension costs are expensed as incurred and the Authority recognized total pension expense of \$104,976 for the year ended December 31, 2024. The total covered payroll for the year ended December 31, 2024, was \$1,549,590.

NOTE 15: NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2024, consisted of the following:

	Balance 12/31/2023	Increases	Decreases	Long-Term Balance 12/31/2024	Current Portion
Long-Term Debt, Net of Current	\$ 16,317,864	\$ 977,031	\$ (825,557)	\$ 16,469,338	\$ 290,325
Long-Term Compensated Absences	77,734	-	4,072	81,806	8,917
Non-Current Liabilities - Other	548,761	-	(300,000)	248,761	-
Total Non-Current Liabilities	<u>\$ 16,944,359</u>	<u>\$ 977,031</u>	<u>\$ (1,121,485)</u>	<u>\$ 16,799,905</u>	<u>\$ 299,242</u>

Notes Payable: Section 8 New Construction/Substantial Rehabilitation

The Authority originally issued a Renovation and Refinancing Project Revenue bond in 2011, in the amount of \$1,730,000 to finance the complete renovations and refinance debt on the 61-unit JR Polly Lineweaver building. The bonds are payable through United Bank. The bond was refinanced in 2017 in the amount of \$1,347,171. Principal and interest payment (3.10% per annum) is due monthly beginning August 21, 2017, and ends October 21, 2031. The interest rate reset to 3.20% as of January 1, 2022. As of December 31, 2024, the balance on the bond was \$742,446.

	Principal	Interest
2025	\$ 95,165	\$ 22,435
2026	98,255	19,345
2027	101,446	16,154
2028	104,740	12,859
2029	108,142	9,458
2030 to 2031	234,698	8,293
	<u>\$ 742,446</u>	<u>\$ 88,544</u>

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Blended Component Unit

The \$3,500,000 General Obligation Public Improvement Bonds, Series 2006, will be used to renovate certain housing units that it owns and to refinance loans in the Local Community Development Fund. The Bond was issued by the City of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end July 2032 with an average interest cost of 4.3%. As of December 31, 2024, the Authority owes \$1,480,000 to the City of Harrisonburg on the bonds.

	<u>Principal</u>	<u>Interest</u>
2025	\$ 165,000	\$ 63,350
2026	170,000	55,850
2027	170,000	50,900
2028	180,000	45,800
2029	185,000	31,800
2030 to 2032	610,000	88,400
	<u>\$ 1,480,000</u>	<u>\$ 336,100</u>

The \$6,436,515 General Obligation Public Improvement Bonds, Series 2009A-2, will be used to renovate certain housing units that it owns and to refinance the Authority's outstanding Revenue Note issued to Newbridge Bank in the original principal amount of \$2,000,000. The Bond was issued by the City Of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end August 2029 with an average interest cost of 4.5%. On September 21, 2021, the Authority refunded the outstanding bonds with a new principal balance of \$2,610,000, bear interest of 5.00%. The bonds remain due August 2029 and were issued with a premium of \$519,693, resulting in an average interest cost of 3.25%. As of December 31, 2024, the Authority owes \$1,750,000 to the City of Harrisonburg on the bonds.

	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 315,000	\$ 76,096	\$ 11,404	\$ 402,500
2026	330,000	62,399	9,351	401,750
2027	350,000	48,049	7,201	407,400
2028	370,000	32,830	4,920	407,750
2029	385,000	16,742	2,509	404,251
	<u>\$ 1,750,000</u>	<u>\$ 236,116</u>	<u>\$ 35,385</u>	<u>\$ 2,023,651</u>

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Blended Component Unit – Continued

As of December 31, 2024, the Authority has an outstanding note payable from Commerce Village, L.L.C. in the amount of \$300,000. The note bears interest at 2.74% per annum, compounding annually, and is payable from available net cash flow. Interest accrued on the note, as of December 31, 2024, was \$93,112. The outstanding principle and any accrued interest shall be due and payable in full on December 9, 2044.

On July 1, 2021, the Authority received a promissory note payable to Bank of the James (BOJ) in the amount of \$1,559,000. Principal and interest (2.40% per annum) in the form of payments of \$10,347.98 is due monthly beginning July 1, 2021 and ending June 1, 2036, when the note is due in full. As of December 31, 2024, the Authority owes BOJ \$1,243,928.

	Principal	Interest	Total
2025	\$ 95,164	\$ 29,012	\$ 124,176
2026	97,473	26,702	124,175
2027	99,839	24,337	124,176
2028	102,261	21,914	124,175
2029	104,743	19,433	124,176
2030 to 2033	445,012	51,691	496,703
2034 to 2036	299,436	9,852	309,288
	<u>\$ 1,243,928</u>	<u>\$ 182,941</u>	<u>\$ 1,426,869</u>

EP Harrisonburg Owner (EPHO), in which the Authority has a 51% managing member interest by its investment in Harrisonburg Managing Member, L.L.C. has the following debt outstanding:

On April 27, 2023, EPHO entered into a acquisition bridge loan with the National Housing Trust Community Development Fund (NHT-CDF) for \$6,480,000. This loan bear accruing interest of 6.85% and is due April 27, 2025. As of December 31, 2024, this loan had \$122,971 of unamortized loan costs for a net presentation balance of \$6,357,029.

During 2023, EPHO entered into a seller financing agreement with the original owners of the land purchased by EPHO. This loan accrued interest only and is due October 2024. As of December 31, 2024, the loan balance was \$1,270,717.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Business Activities

On September 21, 2017, The Authority issued a Bank Qualified Series 2017 Revenue bond in the amount of \$650,000 at 3.02% to finance the renovation of the basement of the Bridgeport Building in order to lease such space to the Harrisonburg Rockingham Social Services District. The bonds are payable through Bank of the James, with principal and interest being payable in 240 monthly installments commencing on October 21, 2017. As of December 31, 2024, the balance on the bond was \$471,025.

	<u>Principal</u>	<u>Interest</u>
2025	\$ 25,432	\$ 27,413
2026	26,992	25,854
2027	28,647	24,199
2028	30,403	22,442
2029	32,268	20,578
2030 to 2032	109,167	49,370
2033 to 2037	218,116	32,901
	<u>\$ 471,025</u>	<u>\$ 202,757</u>

On March 23, 2022, the Authority entered into a mortgage with the Bank of the James in the amount of \$1,270,000. The loan term is for 15 years and is due in full March 2037. The loan bears interest of 2.88% and principal and interest payments of \$8,724 are due monthly. As of December 31, 2024, the balance of the loan was \$1,076,767.

	<u>Principal</u>	<u>Interest</u>
2025	\$ 74,694	\$ 29,989
2026	76,873	27,809
2027	79,117	25,566
2028	81,426	23,257
2029	83,802	20,880
2030 to 2033	361,829	60,651
2034 to 2037	319,026	15,281
	<u>\$ 1,076,767</u>	<u>\$ 203,433</u>

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15: NONCURRENT LIABILITIES – Continued

Commerce Village, L.L.C.

HRHA is owed a note payable by CV in the amount of \$58,000 for the permanent financing of the project. The note is secured by a deed of trust in the project and accrues interest at 1.50% per annum. At December 31, 2024, the balance of accrued interest is \$7,758. The note is administered by the Virginia Department of Housing and Community Development (DHCD) through the Permanent Supportive Housing grant program.

CV also has a DHCD HOME loan in the amount of \$342,000 and is secured by a deed of trust. The loan has a stated interest rate of 1.50% and Interest only payments of \$428 are due monthly and the mortgage is due and payable in full on March 1, 2036.

CV has another DHCD Housing Trust Fund loan in the amount of \$750,000 and is secured by a deed of trust and has a stated interest rate of 1.50%. Interest only payments of \$938 are due monthly and the mortgage is due and payable in full on March 1, 2036.

Conduit Debt:

HRHA serves as a financing conduit for the issuance of Tax-Exempt Revenue Bonds used for the development of various Housing Projects. HRHA receives an origination fee as well as yearly administration fees for performing this service. The respective properties are used as collateral for payment of these bonds and HRHA is not liable for payment in the event of default. All principal is guaranteed through Governmental insurance (ex. FHA) or private insurance. All projects are for 103b(4)A Housing projects. The Bonds issued to date, which are not part of these financial statements, are as follows:

<u>Type of Bond</u>	<u>Date Issued</u>	<u>Amount of Issue</u>	<u>Balance Outstanding</u>
Revenue Bonds-Oakemeade Apts	2/9/2012	\$ 4,700,000	\$ 3,920,000
Revenue Bonds-NewBridge Village Apts	2/27/2020	15,000,000	14,190,942

NOTE 16: COMPONENT UNITS

A condensed presentation of the component units financial statements can be found on the following page.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16: COMPONENT UNITS – Continued

	Shenandoah Housing Corp	Lineweaver Annex Corp	Commerce Village Mgt, LLC	Commerce Village, LLC	Discretely Presented Component Units TOTAL
<u>Statement of Net Assets- Balance Sheet</u>					
Cash	\$ -	\$ -	\$ -	\$ 234,897	\$ 234,897
Other Current Assets	710	710	-	265,547	266,967
Noncurrent Assets	-	-	92	2,951,751	2,951,843
Total Assets	710	710	92	3,452,195	3,453,707
<u>Liabilities</u>					
Current Liabilities	(13,874)	46,340	3,845	125,102	161,413
Long Term Liabilities	-	-	-	1,534,741	1,534,741
Total Liabilities	(13,874)	46,340	3,845	1,659,843	1,696,154
<u>Net Assets - Equity</u>					
Net Assets	\$ 14,584	\$ (45,630)	\$ (3,753)	\$ 1,792,352	\$ 1,757,553
<u>Statement of Activities - Income Statement</u>					
Revenues	\$ -	\$ -	\$ -	\$ 238,724	\$ 238,724
Other	32,294	-	-	250	32,544
Total Revenue	32,294	-	-	238,974	271,268
<u>Expenses</u>					
Administrative	21,150	400	245	97,097	118,892
Maintenance and Operations	-	-	-	91,090	91,090
General	800	800	-	15,837	17,437
Depreciation	-	-	-	108,009	108,009
Total Expenses	21,950	1,200	245	312,033	335,428
Operating Income <Loss>	10,344	(1,200)	(245)	(73,059)	(64,160)
Investment Revenue	-	-	-	6,614	6,614
Less: Interest Expense	-	-	-	(27,734)	(27,734)
Income <Loss>	10,344	(1,200)	(245)	(94,179)	(85,280)
Beginning Net Assets (Equity)	4,240	(44,430)	(3,508)	1,886,531	1,842,833
Ending Net Assets (Equity)	\$ 14,584	\$ (45,630)	\$ (3,753)	\$ 1,792,352	\$ 1,757,553

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16: COMPONENT UNITS – Continued

	Shenandoah Housing Corp	Lineweaver Annex Corp	Commerce Village Mgt, LLC	Commerce Village, L.L.C.	Discretely Presented Component Units
Cash flows from operating activities:					
Cash received from tenants	\$ -	\$ -	\$ -	\$ 228,240	\$ 228,240
Cash received from other sources	-	-	-	32,544	32,544
Cash paid for goods and services	-	-	-	(430,711)	(430,711)
Cash paid for employees and administrative	-	-	-	(118,892)	(118,892)
Cash paid for other	-	-	-	(17,176)	(17,176)
Net cash provided (used) by operating activities	-	-	-	(305,995)	(305,995)
Cash flows from capital and related financing activities:					
Proceeds from the sale of assets	-	-	-	(8,163)	(8,163)
Principal paid on capital debt	-	-	-	300,000	300,000
Interest Paid on Capital Debt	-	-	-	(27,734)	(27,734)
Net cash (used) for capital and related financing activities	-	-	-	264,103	264,103
Cash flows from investing activities:					
Interest and dividends	-	-	-	6,614	6,614
Net cash provided by investing activities	-	-	-	6,614	6,614
Net increase (decrease) in cash and cash equivalents	-	-	-	(35,278)	(35,278)
Cash and cash equivalents at beginning of year	-	-	-	270,175	270,175
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ 234,897	\$ 234,897
Cash and Cash Equivalents:					
Unrestricted	\$ -	\$ -	\$ -	\$ 215,180	\$ 215,180
Restricted	-	-	-	19,717	19,717
Total Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 234,897	\$ 234,897
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 10,344	\$ (1,200)	\$ (245)	\$ (73,059)	\$ (64,160)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	108,009	108,009
Changes in assets and liabilities:					
(Increase) Decrease in Receivables	-	-	-	(10,484)	(10,484)
(Increase) Decrease in Inventories	-	-	-	(40,788)	(40,788)
Increase (Decrease) in Accounts payable	-	-	-	(592)	(592)
Increase (Decrease) in Accrued expenses	-	-	-	11,845	11,845
Increase (Decrease) in Tenant Security Deposits	-	-	-	261	261
Increase (Decrease) in Unearned Revenue	-	-	-	(1,267)	(1,267)
Increase (Decrease) in Interprogram due to	(10,344)	1,200	245	(98)	(8,997)
Increase (Decrease) in Noncurrent liabilities	-	-	-	(299,822)	(299,822)
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ (305,995)	\$ (305,995)

SUPPLEMENTAL INFORMATION

Harrisonburg Redevelopment & Housing Authorit (VA014)
Harrisonburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End 12/31/2024

	14 EFA FSS Escrow Fund/Lease Account	14 219 Community Development Block Grants/Small Cities Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14 896 PH Family Self-Sufficiency Program	14 182 N/C B/R Section 8 Programs	1 Business Activities	2 State/Local	14 267 Continuum of Care Program	14 191 Multifamily Housing Service Coordinators	14 879 Mainstream Vouchers	14 HCV MTW Demonstration Program for HCV program	14 081 Moving to Work Demonstration Program	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$215,180	\$460,695		\$43	\$3,040				\$22,658		\$114,126	\$815,737	\$0	\$815,737
112 Cash - Restricted - Modernization and Development																
113 Cash - Other Restricted													\$6	\$6		\$6
114 Cash - Tenant Security Deposits			\$19,717	\$142,288		\$16,481	\$42,972							\$291,548		\$291,548
115 Cash - Restricted for Payment of Current Liabilities																
100 Total Cash	\$0	\$0	\$234,897	\$603,083	\$0	\$16,504	\$48,012	\$0	\$0	\$0	\$22,658	\$0	\$114,126	\$1,037,291	\$0	\$1,037,291
121 Accounts Receivable - PHA Projects																
122 Accounts Receivable - HUD Other Projects						\$0					\$2,544		\$0	\$2,544		\$2,544
124 Accounts Receivable - Other Government																
125 Accounts Receivable - Miscellaneous			\$45,000	\$10,000									\$1,144	\$56,144		\$56,144
126 Accounts Receivable - Tenants			\$1,029	\$148,414		\$64,365	\$80,980							\$294,809		\$294,809
126.1 Allowance for Doubtful Accounts - Tenants			-\$376	-\$66,945		-\$29,359	-\$48,585							-\$143,255		-\$143,255
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0										\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							\$9,091				\$0			\$9,091		\$9,091
128 Fraud Recovery																
128.1 Allowance for Doubtful Accounts - Fraud														\$33,459		\$33,459
129 Accrued Interest Receivable														-\$33,459		-\$33,459
120 Total Receivables, Net of Allowance for Doubtful Accounts	\$0	\$0	\$45,673	\$91,469	\$0	\$36,027	\$43,476	\$0	\$0	\$0	\$2,544	\$0	\$1,144	\$219,333	\$0	\$219,333
131 Investments - Unrestricted																
132 Investments - Restricted				\$219,602										\$219,602		\$219,602
135 Investments - Restricted for Payment of Current Liability																
142 Prepaid Expenses and Other Assets			\$5,692	\$34,620		\$4,636	\$8,803							\$4,348		\$57,979
143 Inventories				\$11,292												\$11,292
143.1 Allowance for Obsolete Inventories				-\$1,129										-\$1,129		-\$1,129
144 Inter Program Due From							\$56,824							\$56,824	-\$56,824	\$0
145 Assets Held for Sale																
150 Total Current Assets	\$0	\$0	\$501,864	\$739,325	\$0	\$56,067	\$455,115	\$0	\$0	\$0	\$25,203	\$0	\$119,618	\$1,887,182	-\$356,824	\$1,540,368
161 Land			\$300,000	\$900,064		\$225,580	\$507,242							\$1,932,586		\$1,932,586
162 Buildings			\$3,159,823	\$10,338,046		\$1,853,881	\$4,995,937							\$20,317,687		\$20,317,687
163 Furniture, Equipment & Machinery - Buildings			\$53,339	\$106,652		\$155,177								\$316,168		\$316,168
164 Furniture, Equipment & Machinery - Administration			\$42,130	\$86,046		\$9,237	\$36,092							\$574,458		\$574,458
165 Leasehold Improvements			\$433,959	\$6,803,242		\$1,254,317	\$715,844							\$9,209,282		\$9,209,282
166 Accumulated Depreciation			-\$1,037,500	-\$11,878,822		-\$2,782,832	-\$4,327,760							-\$31,953		-\$20,058,367
167 Construction in Progress				\$8,526,394										\$8,526,394		\$8,526,394
168 Infrastructure																
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$2,951,751	\$14,861,622	\$0	\$713,260	\$2,220,855	\$0	\$0	\$0	\$0	\$0	\$0	\$20,787,488	\$0	\$20,787,488
171 Notes, Loans and Mortgages Receivable - Non-Current							\$971,268							\$971,268		\$971,268
172 Notes, Loans & Mortgages Receivable - Non-Current - Past Due																
173 Grants Receivable - Non-Current																
174 Other Assets							\$116,600							\$116,600		\$116,600
176 Investments in Joint Ventures				\$92			\$200,000							\$200,092		\$200,092
180 Total Non-Current Assets	\$0	\$0	\$2,951,843	\$14,861,822	\$0	\$713,260	\$3,508,723	\$0	\$0	\$0	\$0	\$0	\$0	\$22,055,448	\$0	\$22,055,448
200 Deferred Outflow of Resources																
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$3,453,707	\$15,620,947	\$0	\$769,327	\$3,963,838	\$0	\$0	\$0	\$25,203	\$0	\$119,618	\$23,952,640	-\$356,824	\$23,595,816
311 Bank Overdraft																
312 Accounts Payable <= 90 Days				\$18,637		\$16,976	\$18,581							\$54,394		\$54,394
313 Accounts Payable >90 Days Past Due			\$4,242	\$254,812										\$259,054		\$259,054
321 Account Wages/Payroll Taxes Payable			\$1,447	\$15,433		\$2,570	\$11,511				\$1,433		\$14,848	\$47,242		\$47,242
322 Accrued Compensated Absences - Current Period			\$467	\$3,185		\$538	\$1,754				\$38		\$2,935	\$8,917		\$8,917
324 Accrued Contingency Liability																
325 Accrued Interest Payable			\$100,870	\$69,104										\$169,974		\$169,974
331 Accounts Payable - HUD PHA Programs																
332 Account Payable - PHA Projects																
333 Accounts Payable - Other Government																
341 Tenant Security Deposits			\$17,502	\$144,858		\$16,504	\$39,904							\$218,768		\$218,768
342 Unearned Revenue			\$679	\$3,098		\$1,014	\$1,807							\$6,519		\$6,519
343 Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue				\$95,364		\$94,605	\$100,356							\$290,325		\$290,325

	14 EFA FSS Escrow Forfeiture Account	14.219 Community Development Block Grant/Small Cities Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blinded	14.896 PIH Family Self-Sufficiency Program	14.162 NAC S/R Section 8 Programs	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.191 Multifamily Housing Serv co Coordinators	14.879 Mainstream Vouchers	14 HCV/MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	Subtotal	ELIM	Total
344 Current Portion of Long-term Debt - Operating Borrowings																
349 Other Current Liabilities							\$47,362							\$47,362		\$47,362
348 Accrued Liabilities - Other																
347 Inter Program - Due To			\$36,246			\$320,578								\$356,824	-\$356,824	\$0
348 Loan Liability - Current																
310 Total Current Liabilities	\$0	\$0	\$181,413	\$704,652	\$0	\$452,785	\$221,225	\$0	\$0	\$0	\$1,471	\$0	\$17,783	\$1,559,379	-\$298,874	\$1,260,505
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$1,450,000	\$12,923,554		\$647,841	\$1,441,843							\$16,469,338		\$16,469,338
352 Long-term Debt, Net of Current - Operating Borrowings																
353 Non-current Liabilities - Other			\$82,534			\$168,227								\$248,761		\$248,761
354 Accrued Compensated Absence - Non Current			\$4,207	\$28,862		\$5,206	\$15,780				\$374		\$27,568	\$41,806		\$41,806
355 Loan Liability - Non Current																
356 PACE S Liabilities																
357 Accrued Pension and OPEB Liabilities																
350 Total Non-Current Liabilities	\$0	\$0	\$1,534,741	\$12,952,216	\$0	\$821,274	\$1,463,732	\$0	\$0	\$0	\$374	\$0	\$27,568	\$16,799,905	\$0	\$16,799,905
300 Total Liabilities	\$0	\$0	\$1,696,154	\$13,658,868	\$0	\$1,274,059	\$1,685,007	\$0	\$0	\$0	\$1,845	\$0	\$45,351	\$18,359,284	-\$356,824	\$18,002,460
400 Deferred Inflow of Resources																
506.4 Net Investment in Capital Assets			\$1,501,751	\$1,862,704		-\$29,186	\$872,555						\$0	\$4,007,824		\$4,007,824
511.4 Restricted Net Position											\$0		\$25,913	\$25,913		\$25,913
512.4 Unrestricted Net Position	\$0	\$0	\$255,802	\$101,275	\$0	-\$475,846	\$1,606,276	\$0	\$0	\$0	\$23,398	\$0	\$48,254	\$1,359,619		\$1,559,619
513 Total Equity - Net Assets / Position	\$0	\$0	\$1,757,553	\$1,964,079	\$0	-\$504,732	\$2,278,831	\$0	\$0	\$0	\$23,398	\$0	\$74,267	\$5,993,356	\$0	\$5,993,356
800 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$3,453,707	\$15,620,947	\$0	\$769,327	\$3,963,838	\$0	\$0	\$0	\$25,203	\$0	\$119,618	\$23,952,640	-\$356,824	\$23,595,816

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

DIRECT FEDERAL ASSISTANCE	Assistance Listing Number	<u>FEDERAL EXPENDITURES</u>
<u>FEDERAL GRANTOR/PROGRAM</u> Grant Passthrough Identification		
<u>U.S. DEPARTMENT OF HUD</u>		
Mainstream Vouchers	14.879	\$ <u>480,228</u>
Housing Voucher Cluster		480,228
N/C S/R Section 8 Program	14.182	276,486
Moving to Work – Housing Choice Voucher	14.881*	7,713,175
Multifamily Housing Coordinator	14.191	80,256
PIH Family Self-Sufficiency Program	14.896	68,788
Continuum of Care Program	14.267	<u>135,442</u>
TOTAL DIRECT U.S. DEPARTMENT OF HUD		<u>8,754,375</u>
Pass-Through from the City of Harrisonburg Community Development Block Grants # - 22CDBG01 & 23CDBG02	14.219	<u>70,000</u>
TOTAL CITY OF HARRISONBURG		<u>70,000</u>
TOTAL HUD		<u>8,824,375</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 8,824,375</u>
*Major program		

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1: Basis of Accounting

The accompanying Schedule of Financial Assistance is prepared on the accrual basis of accounting. The information on this Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2: Major Programs

The (*) to the right of a assistance listing number (ALN) identifies the grant as a major federal program as defined by the Uniform Guidance.

Note 3: Award Balance

On the Mainstream Vouchers and Moving to Work programs, the Authority receives annual funds based on an annual estimate of need. Unexpended grant funds are available to meet subsequent year HAP shortfalls.

Note 4: Program Costs

The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the housing Authority's portion, may be more than shown.

Note 5: Indirect Cost Allocation

The Authority has not elected to use the 10-percent de minimus indirect cost rate as allowed under Uniform Guidance.

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2024. Harrisonburg Redevelopment and Housing Authority'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, Harrisonburg Redevelopment and Housing Authority 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 December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harrisonburg Redevelopment and Housing Authority 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 Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority's federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities 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 Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority'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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

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.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 24, 2025



**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**

Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Harrisonburg Redevelopment and Housing Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Harrisonburg Redevelopment and Housing Authority's basic financial statements, and have issued our report thereon dated September 24, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrisonburg Redevelopment and Housing Authority'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 Harrisonburg Redevelopment and Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrisonburg Redevelopment and Housing Authority'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, during our audit 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.

**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
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrisonburg Redevelopment and Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 Harrisonburg Redevelopment and Housing Authority' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 24, 2025

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

No prior audit findings.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified: yes no

• Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported
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Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified: yes no

• Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2, Part 200 (Uniform Guidance): yes no

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

Identification of major programs:

*Assistance Listing Number(s)**Name of Federal Program or Cluster*

14.881

Moving to Work

Dollar threshold used to distinguish
between type A and B programs:\$ 750,000

Auditee qualified as low-risk auditee?

 yes no

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

Section II -- Financial Statement Findings

No financial statement findings.

Section III -- Federal Awards Findings and Questioned Costs

No federal awards findings or questioned costs.