

City of Harrisonburg, Virginia Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025



Public Works Administration Building

City of Harrisonburg, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



This Report
Prepared by Department of Finance

Report Cover: The front cover is the new Public Works Administration building located on East Mosby Road. Opened in December 2024, this \$8.5 million project replaced an older outdated structure.

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INTRODUCTORY SECTION

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

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CITY OF HARRISONBURG
OFFICE OF THE
CITY MANAGER

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

November 26, 2025

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

The Annual Comprehensive Financial Report of the City of Harrisonburg, Virginia (City), for the fiscal year ended June 30, 2025 is hereby submitted in accordance with Section 45 of the *City Charter* and Section 15.2-2511 of the *Code of Virginia*, 1950, as amended. The *City Charter* and the *Code of Virginia* require that the City issue annually a report on its financial position and operations, and that this report be audited by either the state auditor or an independent firm of certified public accountants in accordance with generally accepted auditing standards (GAAS). This report has been prepared by the Department of Finance to conform to the standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), generally accepted accounting principles (GAAP) and the Commonwealth of Virginia Auditor of Public Accounts (APA).

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

Brown, Edwards & Company, L.L.P., a firm of licensed certified public accountants, have audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by GAAS and the *Specifications for Audits of Counties, Cities and Towns*, issued by the APA. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Harrisonburg

Background. The City was established in 1780 and was named for Thomas Harrison, who donated the land for the Rockingham County Court House, which became the permanent county seat of Rockingham County in 1781. The City was incorporated in 1849 and became an independent city in 1916. It now encompasses 17.3 square miles and serves a population of approximately 56,900.

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

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

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

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

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

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

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

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

Budgetary Compliance and Control. The City prepares a budget in accordance with Section 60 of the *City Charter* and Section 15.2-2503 of the *Code of Virginia*, 1950, as amended. The *City Charter* requires the City Manager to submit a balanced budget to the City Council at least sixty days prior to the beginning of each fiscal year (July 1). City Council is required to convene a public hearing regarding the City Manager's proposed budget.

The proposed budget, which may be modified by the City Council, is required to be adopted by a majority vote of the City Council members 30 days prior to the beginning of the ensuing fiscal year. City Council appropriates funds for expenditures and establishes tax rates sufficient to produce the revenues needed to pay such expenditures. The *City Charter* requires the annual budget to be balanced and prohibits expenditures for which funds are not available or reasonably expected to be forthcoming in time to meet such expenditures. The *City Charter* also requires the annual budget and the annual appropriation ordinance to make a provision for a reasonable contingency fund.

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

Major Initiatives

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

- Appropriated \$25.9 million for various street improvement projects.
- Appropriated \$5 million for the renovation of the old Municipal Building.
- Appropriated a total of \$2.6 million to supplement ARPA funding for the construction of the Navigation Center, Fire Station No. 5 and the Ralph Sampson Park Spraygrounds.
- Appropriated a total of \$1.9 million for the replacement of a traffic signal and for additional street paving from funding provided by the Virginia Department of Transportation.
- Appropriated a total of \$2.8 million in the Water Fund for various infrastructure asset replacements.
- Appropriated a total of \$1.3 million in the Sewer Fund for various infrastructure asset replacements.
- Appropriated a total of \$1.2 million in the School Transportation Fund for the purchase of three electric school buses with \$600,000 of the funding provided by a federal rebate program.
- Appropriated \$3.3 million in the Public Transportation Fund for the purchase of five replacement transit buses and three replacement paratransit buses with 96 percent of the funding provided by state and federal sources.

Factors Affecting Financial Condition

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

Local economy. The City is in the center of commerce and travel for the area, while the surrounding area is known for its poultry industry. The area is an educational center served by three institutions of higher learning located within or near the city with a total enrollment of approximately 25,600. James Madison University, a state-supported school, is located near the geographic center of the City and has approximately 22,900 students. Eastern Mennonite University, a private institution with approximately 1,300 students is also located in the City. Bridgewater College, located just south of the City, is also private and has an approximate enrollment of 1,400 students. State-supported Blue Ridge Community College is also located outside the city.

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

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

The City is currently in the planning and design stages for a number of infrastructure improvement projects. These projects include South Main Street improvements, improvements to South Main Street I-81 Exit 245 intersection, Port Republic Road improvements, North Main Street sidewalks, University Boulevard improvements and South Liberty Street improvements. Collectively, it is estimated that these projects will cost approximately \$55.3 million and are being funded through the Virginia Department of Transportation and the U.S. Department of Transportation. Currently, the projected completion dates have not been determined.

The city is currently in the construction stage for a number of different projects funded primarily by federal ARPA funds. These projects include construction of Fire Station No. 5 located in the northwest section of the City, replacement of Kids' Castle at Purcell Park, a sprayground park at Ralph Sampson Park and improvements to athletic facilities within the parks and recreation system. Currently, \$10.9 million in federal ARPA funds and an additional \$5.6 million in available funds from the City have been committed to the completion of these projects.

The City is currently in the design stage for the renovation of the old Municipal Building. It is currently planned that the building will be renovated for additional City Hall office space. The City currently has \$8.5 million in available funds in the General Capital Projects. A projected completion date or cost estimates have not been determined.

The City is currently in the planning stage for the replacement of Fire Station No. 4. It is currently planned that the existing building will be demolished and rebuilt. The City currently has \$1.9 million in available funds in the General Capital Projects. A projected completion date or cost estimates have not been determined.

The City has implemented a long-term planning model for the replacement of its aging water and sewer infrastructure. Over the next five years, the City plans to cash fund approximately \$31 million in the Water Fund and \$10.9 million in the Sewer Fund for these infrastructure projects. The City currently has \$8.2 million and \$4.3 million in available funds in the Water and Sewer Funds, respectively. Future funding will be provided by phased in rate increases.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the thirtieth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City must publish an easily readable and organized ACFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

/s/

Ande Banks
City Manager

/s/

Larry L. Propst, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Harrisonburg
Virginia**

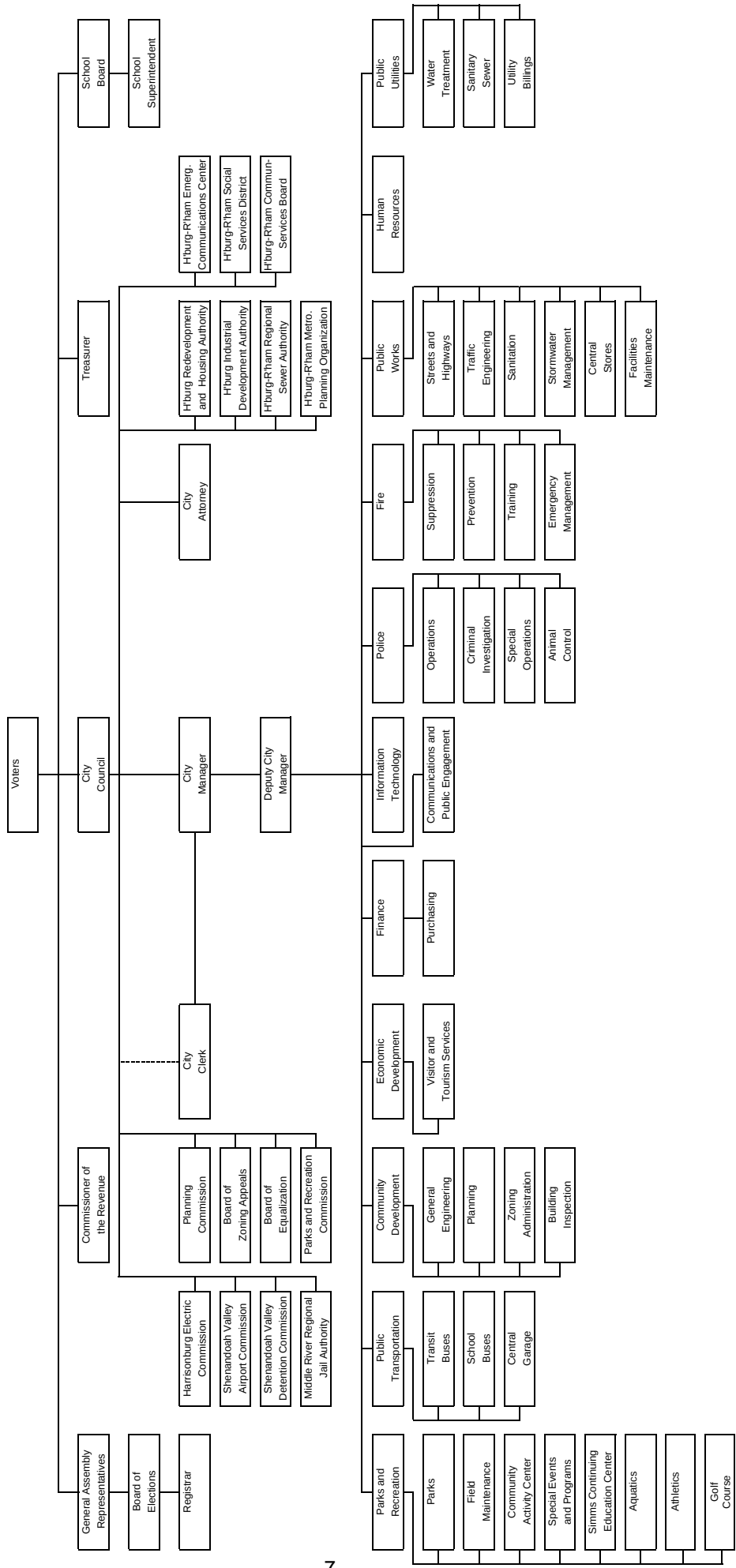
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO

City of Harrisonburg, Virginia
Organization Chart



CITY OF HARRISONBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2025

CITY COUNCIL

Deanna R. Reed	Mayor
Daniel R. "Dany" Fleming	Vice Mayor
Nasser A. Alsaadun	Council Member
Laura A. Dent	Council Member
Monica L. Robinson	Council Member

CITY OFFICIALS

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

SCHOOL BOARD

Emma Phillips	Chairperson
Timothy Howley	Vice Chairperson
Matthew Snyder	Board Member
Andrew Kohen	Board Member
Kristen Loflin	Board Member
Kaylene Seigle	Board Member

SCHOOL OFFICIALS

Dr. Michael G. Richards	Superintendent of Schools
Lisa M. Knupp	Clerk
Daniel Kirwan	Executive Director of Finance

FINANCIAL SECTION

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

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonburg, Virginia (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Harrisonburg, Virginia, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair



presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 26, 2025

CITY OF HARRISONBURG, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Harrisonburg (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$415.6 million (net position). Of this amount, \$122.6 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors.
- The City's total net position increased by \$35.1 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$102.4 million, an increase of \$210,016 in comparison with the previous year. Approximately 62.2 percent of this total amount, \$63.7 million, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$63.7 million, or 36.1 percent of total General Fund expenditures and other financing uses.
- The City's total long-term debt decreased by \$24 million during the current fiscal year

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis (Primary Government)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$415.6 million at the close of the most recent fiscal year.

The largest portion of the City's net position (70 percent) reflects its investment in capital assets (e.g., land, buildings and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, which amounts to \$122.6 million, may be used to meet the City's ongoing obligations to citizens and creditors.

City of Harrisonburg's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 226,783,505	\$ 229,633,476	\$ 52,077,890	\$ 56,994,820	\$ 278,861,395	\$ 286,628,296
Capital assets	384,517,979	383,266,579	128,679,093	110,653,799	513,197,072	493,920,378
Total assets	611,301,484	612,900,055	180,756,983	167,648,619	792,058,467	780,548,674
Total deferred outflows of resources	9,391,722	9,550,491	2,267,365	2,331,945	11,659,087	11,882,436
Current and other liabilities	24,605,872	30,333,045	5,667,176	3,126,210	30,273,048	33,459,255
Long-term liabilities	222,079,406	240,467,902	45,666,844	51,322,607	267,746,250	291,790,509
Total liabilities	246,685,278	270,800,947	51,334,020	54,448,817	298,019,298	325,249,764
Total deferred inflows of resources	88,604,275	85,328,703	1,483,337	1,340,425	90,087,612	86,669,128
Net position:						
Net investment in capital assets	198,618,298	181,235,663	92,220,727	79,987,248	290,839,025	261,222,911
Restricted	2,140,013	1,907,865	-	-	2,140,013	1,907,865
Unrestricted	84,645,342	83,177,368	37,986,264	34,204,074	122,631,606	117,381,442
Total net position	\$ 285,403,653	\$ 266,320,896	\$ 130,206,991	\$ 114,191,322	\$ 415,610,644	\$ 380,512,218

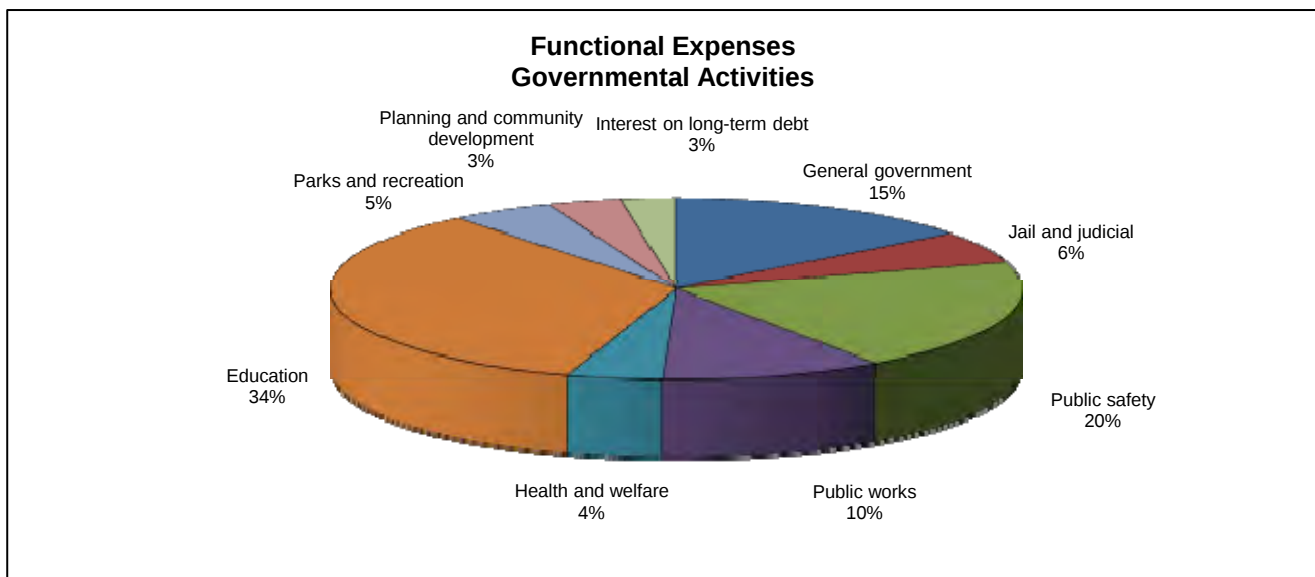
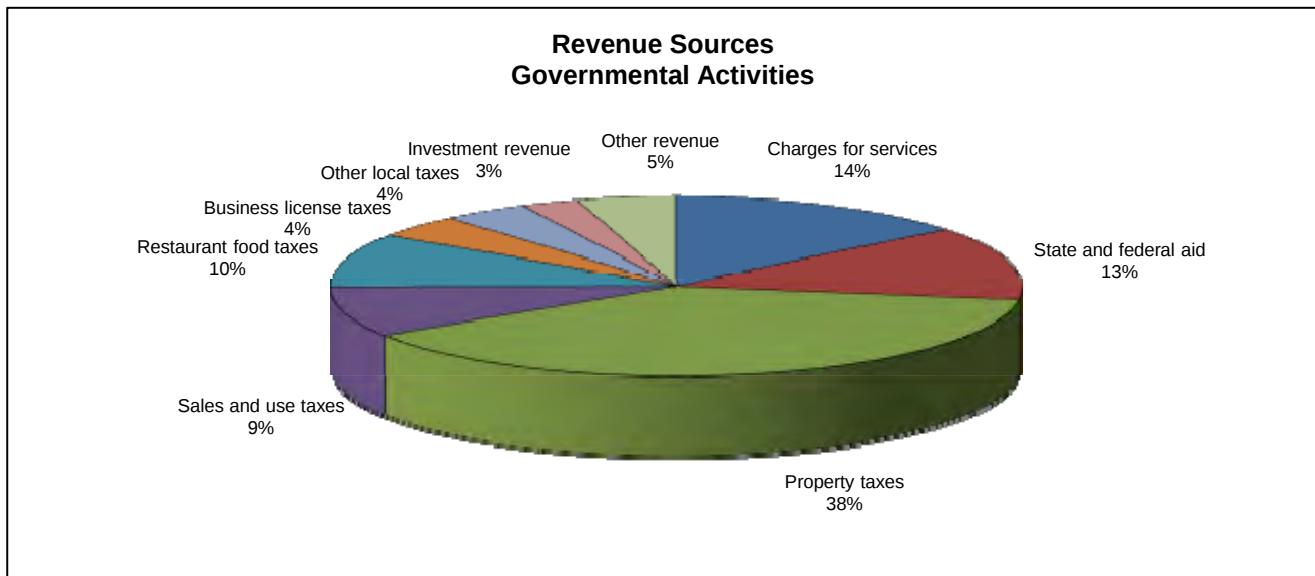
City of Harrisonburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 29,583,885	\$ 27,530,323	\$ 34,943,204	\$ 33,095,961	\$ 64,527,089	\$ 60,626,284
Operating grants and contributions	10,964,535	10,405,955	4,656,143	4,240,897	15,620,678	14,646,852
Capital grants and contributions	3,209,143	6,549,421	8,707,964	1,237,863	11,917,107	7,787,284
General revenues:						
Property taxes	79,378,681	73,028,090	-	-	79,378,681	73,028,090
Sales and use taxes	18,748,593	18,582,222	-	-	18,748,593	18,582,222
Restaurant food taxes	19,531,465	18,923,739	-	-	19,531,465	18,923,739
Business license taxes	8,721,716	8,617,396	-	-	8,721,716	8,617,396
Other local taxes	8,405,786	8,492,420	-	-	8,405,786	8,492,420
Grants and contributions not restricted to specific programs	13,334,612	9,797,600	-	-	13,334,612	9,797,600
Payment from component units	5,200,000	5,200,000	-	-	5,200,000	5,200,000
Investment revenue	5,642,937	7,032,129	2,274,741	2,579,060	7,917,678	9,611,189
Other revenue	3,796,954	2,846,076	965,971	684,243	4,762,925	3,530,319
Gain on disposal of capital assets	-	-	54,305	54,451	54,305	54,451
Total revenues	206,518,307	197,005,371	51,602,328	41,892,475	258,120,635	238,897,846
Expenses:						
General government administration	27,544,401	24,546,150	-	-	27,544,401	24,546,150
Jail and judicial administration	10,789,387	10,021,988	-	-	10,789,387	10,021,988
Public safety	37,524,304	35,061,120	-	-	37,524,304	35,061,120
Public works	19,428,736	20,166,775	-	-	19,428,736	20,166,775
Health and welfare	8,307,435	7,045,699	-	-	8,307,435	7,045,699
Education	64,054,301	48,817,948	-	-	64,054,301	48,817,948
Parks, recreation and cultural	9,162,781	8,220,755	-	-	9,162,781	8,220,755
Planning and community development	6,552,970	5,859,686	-	-	6,552,970	5,859,686
Interest on long-term debt	4,777,696	5,560,306	-	-	4,777,696	5,560,306
Water	-	-	8,717,088	8,633,642	8,717,088	8,633,642
Sewer	-	-	12,483,177	11,640,314	12,483,177	11,640,314
Public transportation	-	-	9,255,363	9,029,203	9,255,363	9,029,203
Sanitation	-	-	3,331,591	3,158,807	3,331,591	3,158,807
Stormwater	-	-	1,092,979	861,315	1,092,979	861,315
Total expenses	188,142,011	165,300,427	34,880,198	33,323,281	223,022,209	198,623,708
Excess before transfers	18,376,296	31,704,944	16,722,130	8,569,194	35,098,426	40,274,138
Transfers	706,461	3,153,159	(706,461)	(3,153,159)	-	-
Change in net position	19,082,757	34,858,103	16,015,669	5,416,035	35,098,426	40,274,138
Net position - beginning	266,320,896	231,462,793	114,191,322	108,775,287	380,512,218	340,238,080
Net position - ending	\$ 285,403,653	\$ 266,320,896	\$ 130,206,991	\$ 114,191,322	\$ 415,610,644	\$ 380,512,218

Governmental activities. Governmental activities increased the City's net position by \$19.1 million. Key elements affecting governmental activities are as follows:

- Charges for services revenue increased \$2.1 million (7.5 percent) due to a \$1.6 million increase in revenue in the City's self-insured health insurance plan that is reported in governmental activities and an increase of \$575,000 in revenue from speed camera fines.
- Capital grants and contributions revenue decreased \$3.3 million (51 percent) due to the contribution of property by James Madison University (JMU) for the University Boulevard realignment project in the previous year.
- Property tax revenue increased \$6.35 million (8.7 percent) primarily from increasing real estate assessments and an increase in the real estate tax rate.
- Grants and contributions not restricted to specific programs revenue increased \$3.5 million (36.1 percent) due to the use of American Rescue Plan Act (ARPA) funds for various projects and programs.
- Investment revenue decreased \$1.4 million due to decreasing interest rates during the year.
- Expenses in the general government administration activity increased \$3 million (12.2 percent) primarily due to an increase in claim payments in the City's self-insured health insurance plan that is reported in governmental activities.
- Expenses in the public safety activity increased \$2.5 million (7 percent) primarily from 18 new hires in the fire department for the new Fire Station No. 5.

- Expenses in the health and human service activity increased \$1.3 million (17.9 percent) primarily from an increase in the City's share of Children's Services Act costs
- Expenses in the education activity increased \$15.2 million (31.2 percent) primarily from increased funding provided to the School Board for operations and from the transfer of capital assets related to the construction of Rocktown High School.



Business-type activities. Business-type activities increased the City's net position by \$16 million. Key elements affecting business-type activities are as follows:

- Charges for services increased \$1.8 million (5.6 percent) primarily due to an increase in utility rates and customer usage for both the water and sewer activities.
- Capital grants and contributions increased \$7.4 million primarily from intergovernmental revenue in the public transportation activity for the purchase of 15 transit and three paratransit buses.
- Expenses in the sewer activity increased \$842,863 (7.2 percent) primarily from increasing operational payments to the Harrisonburg-Rockingham Regional Sewer Authority, and for an infiltration/inflow and flow monitoring study.
- Expenses in the stormwater activity increased \$231,664 (26.9 percent) primarily for a Stormwater Improvement Plan update.

Government-wide Financial Analysis (Component Units)

School Board activities. The net position of the School Board increased \$9.8 million during the year, as compared to a \$9.75 million increase in the previous year. School Board expenses increased \$11.5 million (9.9 percent) primarily due to the opening of Rocktown High School. The School Board's funding from the City increased \$7.8 million (20.2 percent) compared to the previous year. State funding increased \$4.6 million from increased basic school aid funding, while federal funding decreased \$5.9 million from a decrease in ARPA revenue funding.

HEC activities. HEC's net position increased \$2.8 million during the year, as compared to a \$811,386 increase in the previous year. Charges for services decreased \$1.7 million (2.3 percent) during the current year due to an overall decrease in the fuel adjustment factor, while expenses also decreased \$3.8 million (5.2 percent). The decrease in expenses was primarily a result of a decrease in the fuel adjustment factor.

Financial Analysis of the Government's Funds

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

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

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$63.7 million, while total fund balance was \$80.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 36.1 percent (42.1 percent in the prior year) of total General Fund expenditures and other financing uses, while total fund balance represents 45.7 percent (52.3 percent in the prior year) of that same amount.

Total fund balance in the General Fund decreased \$2 million primarily from the use of fund balance for capital purposes. Property tax revenue collectively exceeded budget projections by \$1.4 million. The City also retained \$1.2 million in budgeted School Board operating contributions.

Total revenues increased \$9.5 million (5.9 percent). Real estate tax revenue increased \$5.9 million (11 percent) as the result of increasing real estate assessments and an increase in the real estate tax rate. Local sales tax revenue increased \$166,371 (0.9 percent) exceeding budget projections by \$474,993 while restaurant food taxes increased \$607,726 (3.2 percent) exceeding budget projections by \$190,665. Fines and forfeitures increased \$482,392 from speed camera fines. Use of money revenue decreased \$1.2 million due to decreasing interest rates.

Total expenditures increased \$18.7 million (12.9 percent). Public safety expenditures increased \$4 million (11.7 percent) primarily due to the addition of 18 fire department personnel for the upcoming opening of Fire Station No. 5 and for the purchase of two fire trucks. Public Works expenditures increase \$2.1 million (16.8 percent) primarily from increased paving costs and various capital purchases including the replacement of a traffic signal. Health and human services expenditures increased \$1.1 million (16 percent) primarily from an increase in the City's share of Children's Services Act costs. Education expenditures increased \$7.8 million (20.2 percent) from an increase in the City's annual operating contribution to the School Board with the opening of Rocktown High School.

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

General Capital Projects Fund. The General Capital Projects Fund has a total fund balance of \$16.8 million, of which the entire amount is either restricted or committed for various projects. Revenue, including other financing sources, totaled \$22.6 million, of which \$12 million was from transfers from other funds, \$10.1 million was from intergovernmental revenue and \$503,987 was from other sources. Expenditures, including other financing uses, totaled \$21.4 million, of which the most significant were the construction of a homeless services center, construction of a new public works administration building, construction of the Spraygrounds at Ralph Sampson Park, shared use path improvements to Mt. Clinton Pike and the construction of Fire Station No. 5.

School Bond Capital Projects Fund. The School Bond Capital Projects Fund has a total fund balance of \$127,740, of which the entire amount is restricted. No activity took place during the year.

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

Water Fund. The net position of the Water Fund increased \$6.1 million compared to an increase of \$3.3 million in the previous year. Operating revenues increased \$882,619 (7.8 percent) primarily due to increased utility rates and customer usage, while total operating expenses increased \$504,255 (7.3 percent) primarily from an increase in personnel costs, depreciation expense and costs related to various water line repairs.

Sewer Fund. The net position of the Sewer Fund increased \$1.7 million compared to an increase of \$1.4 million in the previous year. Operating revenues increased \$707,535 (5.2 percent) primarily due to increased utility rates and customer usage, while total operating expenses increased \$809,453 (7 percent) primarily due to increases in the contribution to the Harrisonburg-Rockingham Regional Sewer Authority and a sewer flow monitoring study.

Public Transportation Fund. The net position of the Public Transportation Fund increased \$6.7 million compared to a decrease of \$1.8 million in the previous year. Operating revenues increased \$311,116 (13.7 percent) primarily due to an increase in the James Madison University transit contract, while total operating expenses increased \$127,278 (1.4 percent) primarily due to an increase in depreciation expense from the purchase of 15 transit and five paratransit buses during the year.

Sanitation Fund. The net position of the Sanitation Fund increased \$1.1 million compared to an increase of \$1.3 million in the previous year. Operating revenues remained essentially flat compared to the previous year, while total operating expenses increased \$137,254 (4.3%) primarily due to increases in landfill tipping fees and general operating costs.

Stormwater Fund. The net position of the Stormwater Fund increased \$475,529 compared to an increase of \$1.2 million in the previous year. Operating revenues remained essentially flat compared to the previous year, while operating expenses increased \$229,248 (26.6 percent) primarily due to the Stormwater Improvement Plan update.

General Fund Budgetary Highlights

Differences between the original and the final amended General Fund budget amounted to \$19.3 million, or 11.3 percent of the original budget, and can be briefly summarized as follows:

- \$8.9 million appropriated for prior year encumbrances.
- \$3.2 million appropriated in unexpended ARPA funds for various purposes.
- \$2.1 million appropriated for various capital projects
- \$2.1 million appropriated from state and federal grants for public works purposes.
- \$1 million appropriated for additional expenses related to the City's share of the Children's Services Act (CSA).
- \$725,000 appropriated from state and federal grants for various fire department purposes.
- \$163,000 appropriated from state and federal grants for various police department purposes.
- \$1.1 million appropriated for other purposes.

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

- General property tax revenues were over the final amended budget by \$1.4 million. The variance was primarily the result of higher than projected personal property tax revenue.
- Public safety expenditures were under the final amended budget by \$6 million. The variance was the result of general budgetary savings in the police department. In addition, the timing of various police and fire department capital expenditures, including fire program expenditures in which the funds were budgeted but encumbered and reappropriated into the subsequent year.
- Public works expenditures were under the final amended budget by \$4.5 million. The variance was the result of the timing of capital outlay for paving, sidewalk replacements and various equipment expenditures. These funds were budgeted but encumbered and reappropriated into the subsequent year.
- Education expenditures were under the final amended budget by \$1.2 million as the School Board's state and federal revenue exceeded budgeted estimates combined with positive expenditure budget results.

Capital Asset and Debt Administration

Capital assets. At the end of the current fiscal year, the City's investment in capital assets for its governmental and business-type activities totaled \$513.2 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, easements, buildings, improvements other than buildings, equipment, infrastructure (e.g., streets and bridges), intangible assets, right-to-use leased assets, subscription assets and construction in progress. The City's total investment in capital assets for the current fiscal year increased \$19.3 million.

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

- Construction was completed on Rocktown High School increasing governmental activities' buildings and decreasing construction in progress by \$95.4 million.
- Construction was completed on a new public works administration building increasing governmental activities' buildings and decreasing construction in progress by \$7.7 million.
- Construction was completed on a homeless services center increasing governmental activities' buildings and decreasing construction in progress by \$8.1 million.
- Construction was completed on the Mt. Clinton Pike shared use path, an extension of the Northend Greenway, increasing governmental activities' improvements other than buildings and decreasing construction in progress by \$4.3 million.
- Construction began on Fire Station No. 5 increasing governmental activities' construction in progress by \$5.7 million.
- Construction began on the Ralph Sampson Park Spraygrounds increasing governmental activities' construction in progress by \$3.4 million.
- Construction continued on the water line project to the South Fork of the Shenandoah River increasing business-type activities' construction in progress by \$7.3 million.
- Construction was completed on an addition to the Water Operations Center increasing business-type activities' buildings and decreasing construction in progress by \$1 million.
- Construction was completed on various water and sewer projects increasing business-type activities' infrastructure and decreasing construction in progress by \$4.7 million.
- Construction continued on the Blacks Run restoration projects increasing business-type activities' construction in progress by \$409,000.
- 15 transit and eight paratransit buses were purchased increasing business-type activities equipment by \$8.7 million.

City of Harrisonburg's Capital Assets

(net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 61,645,287	\$ 61,511,587	\$ 2,690,491	\$ 2,690,491	\$ 64,335,778	\$ 64,202,078
Easements	2,073,351	2,023,079	493,368	493,368	2,566,719	2,516,447
Construction in progress	17,860,764	118,458,036	48,020,173	42,286,942	65,880,937	160,744,978
Buildings	182,864,602	81,661,447	12,221,696	11,711,217	195,086,298	93,372,664
Improvements other than buildings	18,824,861	15,318,042	13,216,271	12,887,847	32,041,132	28,205,889
Equipment	13,608,336	12,556,108	16,910,573	8,909,760	30,518,909	21,465,868
Equipment - Leased	2,340,850	2,211,593	12,382	15,919	2,353,232	2,227,512
Intangibles	7,181,196	7,568,377	985,119	1,075,209	8,166,315	8,643,586
SBITA	43,789	118,870	-	-	43,789	118,870
Infrastructure	78,074,943	81,839,440	34,129,020	30,583,046	112,203,963	112,422,486
Total capital assets	\$ 384,517,979	\$ 383,266,579	\$ 128,679,093	\$ 110,653,799	\$ 513,197,072	\$ 493,920,378

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

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$267.7 million. Of this amount, \$226.8 million comprises debt backed by the full faith and credit of the City. The City's total long-term debt decreased \$24 million during the current fiscal year.

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

- A decrease of \$2.5 million in pension liabilities.
- A decrease of \$1.8 million in the county landfill obligation liability in business-type activities as the City made its final payments to Rockingham County for the City's share of their landfill cell closure costs.

City of Harrisonburg's Long-term Debt Outstanding

(net of premiums/discounts)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 189,445,367	\$ 204,848,896	\$ 37,344,650	\$ 40,635,028	\$ 226,790,017	\$ 245,483,924
Leases	2,409,967	2,282,319	12,616	16,019	2,422,583	2,298,338
SBITA	40,317	115,252	-	-	40,317	115,252
Regional jail agreement	-	1,053,439	-	-	-	1,053,439
Equip purchase agreement	-	213,000	-	-	-	213,000
Compensated absences	4,419,580	4,222,208	1,035,936	1,015,018	5,455,516	5,237,226
Net OPEB liability	7,308,689	7,341,806	1,460,244	1,480,773	8,768,933	8,822,579
Net pension liability	18,455,486	20,390,982	4,468,203	5,066,820	22,923,689	25,457,802
City landfill liability	-	-	1,345,195	1,310,306	1,345,195	1,310,306
County landfill obligation	-	-	-	1,798,643	-	1,798,643
Total long-term debt	\$ 222,079,406	\$ 240,467,902	\$ 45,666,844	\$ 51,322,607	\$ 267,746,250	\$ 291,790,509

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

State statutes limit the amount of general obligation debt a governmental entity may incur to 10 percent of its total assessed real property valuation. The current debt limitation for the City is \$595.1 million of which \$388.3 million is available for use.

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

Economic Factors and Next Year's Budgets and Rates

The approved \$175.2 million fiscal year 2026 General Fund budget included the use of \$7.8 million of unassigned fund balance. The following were factors in the preparation and final approval of the fiscal year 2026 General Fund budget.

- The unemployment rate for the City in December 2024 was 2.7 percent, which was a decrease from a rate of 3.2 percent in December 2023. This rate was higher than the 2.5 percent state rate but lower than the 4.1 percent national rate in December 2024.
- Appropriated \$7.8 million from unassigned fund balance primarily for the renovation of the old Municipal Building, replacement of the HVAC system at the Lucy Simms Continuing Education Center and funding for the School Board's share of renovations to Massanutten Vocational Technical Center.
- No increase in tax rates.
- Approximate 5.7 percent increase in real estate assessments anticipated to provide an additional \$3.3 million in revenue compared to fiscal year 2025.
- An overall general decrease in the growth rate of other local tax revenue. There was projected to be a total increase in other local tax revenue of \$1.3 million when compared to the fiscal year 2025 approved budget. Specifically, this included projected increases in local sales tax revenue of \$650,000 and restaurant food tax revenue of \$503,000.
- Budgeted \$1.6 million from investment earnings to provide funding for capital purposes.
- Salary increases for both City and School Board employees.

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

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

Requests for Information

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

**BASIC
FINANCIAL STATEMENTS**

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CITY OF HARRISONBURG, VIRGINIA
STATEMENT OF NET POSITION
At June 30, 2025

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	HEC
Assets					
Cash and cash equivalents	\$ 123,616,481	\$ 44,633,395	\$ 168,249,876	\$ 23,505,763	\$ 23,102,289
Investments	-	-	-	-	18,666,577
Receivables (net of allowance for uncollectibles)	88,085,030	3,482,788	91,567,818	176,883	6,556,466
Due from primary government	-	-	-	-	316,364
Due from component units	28,724	-	28,724	-	154,688
Due from other governments	5,830,100	1,484,537	7,314,637	2,623,804	-
Internal balances	2,394,688	(2,394,688)	-	-	-
Inventory	1,393,904	-	1,393,904	210,833	3,564,468
Prepaid expenses	461,826	75,939	537,765	461,672	148,229
Loans receivable	4,741,700	-	4,741,700	-	-
Restricted assets	231,052	4,795,919	5,026,971	-	-
Net pension asset	-	-	-	1,055,121	-
Capital assets:					
Capital assets, not being depreciated	81,579,402	51,204,032	132,783,434	6,930,646	13,541,576
Capital assets (net of accumulated depreciation)	302,938,577	77,475,061	380,413,638	69,438,634	50,451,704
Total assets	611,301,484	180,756,983	792,058,467	104,403,356	116,502,361
Deferred outflows of resources					
Deferred bond refunding charges	1,126,130	271,660	1,397,790	-	-
Deferred OPEB outflows	569,053	132,320	701,373	2,563,923	170,968
Deferred pension outflows	7,696,539	1,863,385	9,559,924	20,740,669	839,623
Total deferred outflows of resources	9,391,722	2,267,365	11,659,087	23,304,592	1,010,591
Liabilities					
Accounts payable	5,442,188	885,677	6,327,865	100,557	6,363,174
Accrued payroll	782,056	156,966	939,022	12,082,444	188,238
Accrued interest	2,762,522	514,133	3,276,655	-	-
Due to primary government	-	-	-	24,552	4,172
Due to component units	298,451	17,913	316,364	154,688	-
Due to other governments	3,002,432	77,411	3,079,843	-	-
Customer deposits	-	314,581	314,581	-	1,306,279
Unearned revenue	9,167,724	94,744	9,262,468	1,678,292	-
Other liabilities	2,919,447	-	2,919,447	2,068,698	369,813
Liabilities payable from restricted assets	231,052	3,605,751	3,836,803	-	-
Long-term liabilities:					
Due within one year	16,297,101	2,136,374	18,433,475	614,730	46,158
Due in more than one year	205,782,305	43,530,470	249,312,775	71,551,435	4,767,599
Total liabilities	246,685,278	51,334,020	298,019,298	88,275,396	13,045,433
Deferred inflows of resources					
Deferred property tax inflows	82,118,428	-	82,118,428	-	-
Deferred OPEB inflows	2,859,582	556,465	3,416,047	4,252,146	236,905
Deferred pension inflows	3,626,265	877,944	4,504,209	8,350,003	395,593
Lease related	-	48,928	48,928	55,107	-
Total deferred inflows of resources	88,604,275	1,483,337	90,087,612	12,657,256	632,498
Net position					
Net investment in capital assets	198,618,298	92,220,727	290,839,025	74,917,869	63,920,608
Restricted for:					
Public safety	2,140,013	-	2,140,013	-	-
Net pension asset	-	-	-	1,055,121	-
Unrestricted	84,645,342	37,986,264	122,631,606	(49,197,694)	39,914,413
Total net position	\$ 285,403,653	\$ 130,206,991	\$ 415,610,644	\$ 26,775,296	\$ 103,835,021

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

CITY OF HARRISONBURG, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government administration	\$ 27,544,401	\$ 17,681,013	\$ 516,112	\$ -
Jail and judicial administration	10,789,387	211,602	-	-
Public safety	37,524,304	2,918,191	2,538,276	-
Public works	19,428,736	-	7,236,314	3,209,143
Health and human services	8,307,435	-	168,476	-
Education	64,054,301	6,034,170	-	-
Parks, recreation and cultural	9,162,781	1,694,999	152	-
Community development	6,552,970	1,043,910	505,205	-
Interest on long-term debt	4,777,696	-	-	-
Total governmental activities	188,142,011	29,583,885	10,964,535	3,209,143
Business-type activities:				
Water	8,717,088	12,195,961	-	484,265
Sewer	12,483,177	14,291,600	-	119,510
Public transportation	9,255,363	2,578,224	4,656,143	8,069,517
Sanitation	3,331,591	4,491,634	-	-
Stormwater	1,092,979	1,385,785	-	34,672
Total business-type activities	34,880,198	34,943,204	4,656,143	8,707,964
Total primary government	\$ 223,022,209	\$ 64,527,089	\$ 15,620,678	\$ 11,917,107
Component units:				
School Board	\$ 127,940,014	\$ 52,728	\$ 44,380,273	\$ -
Harrisonburg Electric Commission (HEC)	69,124,252	70,240,223	-	485,482
Total component units	\$ 197,064,266	\$ 70,292,951	\$ 44,380,273	\$ 485,482

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

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously stated
Change in accounting principle
Net position at beginning of year, as restated

Net position at end of year

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	HEC	
\$ (9,347,276)	\$ -	\$ (9,347,276)	\$ -	\$ -	
(10,577,785)	-	(10,577,785)	-	-	
(32,067,837)	-	(32,067,837)	-	-	
(8,983,279)	-	(8,983,279)	-	-	
(8,138,959)	-	(8,138,959)	-	-	
(58,020,131)	-	(58,020,131)	-	-	
(7,467,630)	-	(7,467,630)	-	-	
(5,003,855)	-	(5,003,855)	-	-	
(4,777,696)	-	(4,777,696)	-	-	
(144,384,448)	-	(144,384,448)	-	-	
-	3,963,138	3,963,138	-	-	
-	1,927,933	1,927,933	-	-	
-	6,048,521	6,048,521	-	-	
-	1,160,043	1,160,043	-	-	
-	327,478	327,478	-	-	
-	13,427,113	13,427,113	-	-	
(144,384,448)	13,427,113	(130,957,335)	-	-	
-	-	-	(83,507,013)	-	
-	-	-	-	1,601,453	
-	-	-	(83,507,013)	1,601,453	
79,378,681	-	79,378,681	-	-	
18,748,593	-	18,748,593	-	-	
19,531,465	-	19,531,465	-	-	
8,721,716	-	8,721,716	-	-	
8,405,786	-	8,405,786	-	-	
13,334,612	-	13,334,612	44,585,751	-	
-	-	-	46,534,609	-	
5,200,000	-	5,200,000	-	-	
5,642,937	2,274,741	7,917,678	176,713	1,241,684	
3,796,954	965,971	4,762,925	1,983,985	-	
-	54,305	54,305	-	-	
706,461	(706,461)	-	-	-	
163,467,205	2,588,556	166,055,761	93,281,058	1,241,684	
19,082,757	16,015,669	35,098,426	9,774,045	2,843,137	
266,320,896	114,191,322	380,512,218	17,001,251	101,080,015	
-	-	-	-	(88,131)	
266,320,896	114,191,322	380,512,218	17,001,251	100,991,884	
\$ 285,403,653	\$ 130,206,991	\$ 415,610,644	\$ 26,775,296	\$ 103,835,021	

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS
BALANCE SHEET
At June 30, 2025

Exhibit 3

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 83,566,786	\$ 23,391,300	\$ -	\$ 5,344,494	\$ 112,302,580
Receivables (net of allowance for uncollectibles)	88,077,333	-	-	984	88,078,317
Due from other funds	18,529	-	-	-	18,529
Due from component units	-	-	-	9,476	9,476
Due from other governments	3,828,081	1,845,772	-	156,247	5,830,100
Prepaid expenditures	457,040	-	-	3,875	460,915
Loans receivable	4,714,372	-	-	27,328	4,741,700
Restricted assets	-	103,312	127,740	-	231,052
Total assets	\$ 180,662,141	\$ 25,340,384	\$ 127,740	\$ 5,542,404	\$ 211,672,669
Liabilities					
Accounts payable	\$ 1,642,653	\$ 2,159,456	\$ -	\$ 289,851	\$ 4,091,960
Accrued payroll	579,615	-	-	183,315	762,930
Due to other funds	-	-	-	18,529	18,529
Due to component units	104,996	182,125	-	4,567	291,688
Due to other governments	3,002,432	-	-	-	3,002,432
Unearned revenue	2,966,348	6,201,376	-	-	9,167,724
Other liabilities	2,919,447	-	-	-	2,919,447
Total liabilities	11,215,491	8,542,957	-	496,262	20,254,710
Deferred Inflows of Resources					
Unavailable revenue	88,961,720	-	-	27,328	88,989,048
Total deferred inflows of resources	88,961,720	-	-	27,328	88,989,048
Fund Balances					
Nonspendable	753,079	-	-	3,875	756,954
Restricted	1,343,251	103,312	127,740	-	1,574,303
Committed	-	16,694,115	-	2,498,228	19,192,343
Assigned	14,693,438	-	-	2,516,711	17,210,149
Unassigned	63,695,162	-	-	-	63,695,162
Total fund balances	80,484,930	16,797,427	127,740	5,018,814	102,428,911
Total liabilities, deferred inflows of resources and fund balances	\$ 180,662,141	\$ 25,340,384	\$ 127,740	\$ 5,542,404	\$ 211,672,669

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

CITY OF HARRISONBURG, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
At June 30, 2025

Exhibit 4

Total fund balances of governmental funds (Exhibit 3)	\$ 102,428,911
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the funds.	6,870,620
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	379,227,185
Certain liabilities, including bonds and related accounts, are not payable from current financial resources and therefore are not reported in the funds.	(223,039,668)
Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are applicable to future periods and therefore are not reported in the funds.	1,670,705
Internal service funds are used by management to charge the costs of certain activities to other funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>18,245,900</u>
Net position of governmental activities (Exhibit 1)	\$ <u><u>285,403,653</u></u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2025

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 79,439,519	\$ -	\$ -	\$ -	\$ 79,439,519
Other local taxes	55,407,560	-	-	-	55,407,560
Permits, privilege fees and regulatory licenses	829,155	-	-	-	829,155
Fines and forfeitures	2,887,559	-	-	-	2,887,559
Use of money and property	5,045,386	-	-	180,465	5,225,851
Charges for services	2,024,555	-	-	6,034,170	8,058,725
Miscellaneous	3,211,347	199,896	-	33,388	3,444,631
Recovered costs	-	304,091	-	-	304,091
Payments from component units	5,200,000	-	-	-	5,200,000
Intergovernmental	16,495,490	10,052,608	-	456,205	27,004,303
Total revenues	<u>170,540,571</u>	<u>10,556,595</u>	<u>-</u>	<u>6,704,228</u>	<u>187,801,394</u>
Expenditures:					
Current:					
General government administration	9,114,729	-	-	-	9,114,729
Jail and judicial administration	10,959,427	-	-	-	10,959,427
Public safety	38,570,006	-	-	-	38,570,006
Public works	14,927,514	-	-	-	14,927,514
Health and human services	8,146,716	-	-	-	8,146,716
Education	46,534,609	-	-	5,188,723	51,723,332
Parks, recreation and cultural	8,583,943	-	-	-	8,583,943
Community development	6,155,011	-	-	456,205	6,611,216
Debt service:					
Principal retirement	14,074,012	-	-	2,382	14,076,394
Interest and fiscal charges	6,496,812	-	-	251	6,497,063
Capital projects	-	20,559,588	-	-	20,559,588
Total expenditures	<u>163,562,779</u>	<u>20,559,588</u>	<u>-</u>	<u>5,647,561</u>	<u>189,769,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,977,792</u>	<u>(10,002,993)</u>	<u>-</u>	<u>1,056,667</u>	<u>(1,968,534)</u>
Other financing sources (uses):					
Long-term debt issued or incurred	300,128	-	-	-	300,128
Transfers in	3,398,652	12,002,130	-	-	15,400,782
Transfers out	(12,662,130)	(860,230)	-	-	(13,522,360)
Total other financing sources (uses)	<u>(8,963,350)</u>	<u>11,141,900</u>	<u>-</u>	<u>-</u>	<u>2,178,550</u>
Net change in fund balances	<u>(1,985,558)</u>	<u>1,138,907</u>	<u>-</u>	<u>1,056,667</u>	<u>210,016</u>
Fund balances at beginning of year	<u>82,470,488</u>	<u>15,658,520</u>	<u>127,740</u>	<u>3,962,147</u>	<u>102,218,895</u>
Fund balances at end of year	<u>\$ 80,484,930</u>	<u>\$ 16,797,427</u>	<u>\$ 127,740</u>	<u>\$ 5,018,814</u>	<u>\$ 102,428,911</u>

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

CITY OF HARRISONBURG, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Exhibit 6

Total net change in fund balances of governmental funds (Exhibit 5)	\$ 210,016
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Certain revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount is the net change in these revenues.	(569,138)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization expense.	10,256,808
The contribution (donation) of capital assets affects only the statement of activities. These transactions do not have an effect on current financial resources and, therefore, are not reported in governmental funds.	1,069,300
The disposal of capital assets at a loss affects only the statement of activities. These transactions do not have an effect on current financial resources and, therefore, is not reported in governmental funds.	(78,431)
The transfer of capital assets to other funds affects only the statement of activities. These transfers do not have an effect on current financial resources and, therefore, are not reported in governmental funds.	(1,397,313)
The transfer of capital assets to the School Board (component unit) affects only the statement of activities. These transfers do not have an effect on current financial resources and, therefore, are not reported in governmental funds.	(8,555,717)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	16,458,155
Certain expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This amount is the net change in these expenses.	120,417
Governmental funds report employer OPEB and pension contributions as expenditures. However, in the statement of activities the cost of OPEB and pension benefits earned, net of employee contributions, are reported as OPEB and pension expense. This is the amount by which employer OPEB and pension contributions exceeded OPEB and pension expense.	1,678,009
Internal service funds are used by management to charge the costs of certain activities to other funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(109,349)
Change in net position of governmental activities (Exhibit 2)	\$ <u>19,082,757</u>

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

GENERAL FUND

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

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 78,037,100	\$ 78,037,100	\$ 79,439,519	\$ 1,402,419
Other local taxes	54,738,700	54,738,700	55,407,560	668,860
Permits, privilege fees and regulatory licenses	567,950	567,950	829,155	261,205
Fines and forfeitures	1,775,000	2,495,000	2,887,559	392,559
Use of money and property	3,651,200	5,026,200	5,045,386	19,186
Charges for services	1,660,200	1,660,200	2,024,555	364,355
Miscellaneous	2,672,115	2,822,115	3,211,347	389,232
Payments from component units	5,200,000	5,200,000	5,200,000	-
Intergovernmental	12,547,749	17,876,714	16,495,490	(1,381,224)
Total revenues	<u>160,850,014</u>	<u>168,423,979</u>	<u>170,540,571</u>	<u>2,116,592</u>
Expenditures:				
Current:				
General government administration	9,897,777	9,953,570	9,114,729	838,841
Jail and judicial administration	10,643,966	11,254,126	10,959,427	294,699
Public safety	37,945,190	44,576,208	38,570,006	6,006,202
Public works	14,232,313	19,447,859	14,927,514	4,520,345
Health and human services	6,670,072	8,268,621	8,146,716	121,905
Education	47,260,457	47,780,457	46,534,609	1,245,848
Parks, recreation and cultural	8,574,988	9,433,617	8,583,943	849,674
Community development	4,474,751	6,728,013	6,155,011	573,002
Debt service:				
Principal retirement	14,070,801	14,074,012	14,074,012	-
Interest and fiscal charges	6,491,469	6,499,008	6,496,812	2,196
Total expenditures	<u>160,261,784</u>	<u>178,015,491</u>	<u>163,562,779</u>	<u>14,452,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>588,230</u>	<u>(9,591,512)</u>	<u>6,977,792</u>	<u>16,569,304</u>
Other financing sources (uses):				
Long-term debt issued or incurred	-	300,128	300,128	-
Transfers in	3,328,900	3,328,900	3,398,652	69,752
Transfers out	(11,087,130)	(12,662,130)	(12,662,130)	-
Total other financing sources (uses)	<u>(7,758,230)</u>	<u>(9,033,102)</u>	<u>(8,963,350)</u>	<u>69,752</u>
Net change in fund balance	<u>\$ (7,170,000)</u>	<u>\$ (18,624,614)</u>	<u>(1,985,558)</u>	<u>\$ 16,639,056</u>
Fund balances at beginning of year			<u>82,470,488</u>	
Fund balance at end of year			<u>\$ 80,484,930</u>	

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

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
Assets							
Current assets:							
Cash and cash equivalents	\$ 25,737,977	\$ 11,695,381	\$ 137,231	\$ 2,278,280	\$ 4,784,526	\$ 44,633,395	\$ 11,313,901
Receivables (net of allowance for uncollectibles)	1,473,849	1,592,661	5,755	370,736	39,787	3,482,788	6,713
Due from component units	-	-	-	-	-	-	19,248
Due from other governments	46,708	-	1,313,343	-	124,486	1,484,537	-
Interfund loan receivable	-	1,456,000	-	-	-	1,456,000	-
Inventory	-	-	-	-	-	-	1,393,904
Prepaid expenses	-	-	75,939	-	-	75,939	911
Restricted assets	4,795,919	-	-	-	-	4,795,919	-
Total current assets	32,054,453	14,744,042	1,532,268	2,649,016	4,948,799	55,928,578	12,734,677
Noncurrent assets:							
Capital assets (net of accumulated depreciation)	78,934,801	20,181,484	17,644,980	4,031,007	7,886,821	128,679,093	5,290,794
Total noncurrent assets	78,934,801	20,181,484	17,644,980	4,031,007	7,886,821	128,679,093	5,290,794
Total assets	110,989,254	34,925,526	19,177,248	6,680,023	12,835,620	184,607,671	18,025,471
Deferred outflows of resources							
Deferred bond refunding charges	271,660	-	-	-	-	271,660	-
Deferred OPEB outflows	42,414	29,160	36,149	22,514	2,083	132,320	17,376
Deferred pension outflows	590,206	394,925	557,371	286,435	34,448	1,863,385	263,494
Total deferred outflows of resources	904,280	424,085	593,520	308,949	36,531	2,267,365	280,870
Liabilities							
Current liabilities:							
Accounts payable	195,948	105,703	50,983	266,562	266,481	885,677	1,350,228
Accrued payroll	46,692	29,982	56,023	21,194	3,075	156,966	19,126
Accrued interest	514,133	-	-	-	-	514,133	-
Due to component units	7,319	4,174	5,592	828	-	17,913	6,763
Due to other governments	-	-	20,160	57,251	-	77,411	-
Interfund loan payable	1,456,000	-	-	-	-	1,456,000	-
Customer deposits	314,581	-	-	-	-	314,581	-
Unearned revenue	60,344	34,400	-	-	-	94,744	-
Liabilities payable from restricted assets	3,605,751	-	-	-	-	3,605,751	-
Leases	-	-	3,491	-	-	3,491	1,047
Compensated absences	27,727	12,504	14,920	24,845	1,550	81,546	6,320
Net OPEB liability	-	7,560	9,720	4,630	-	21,910	-
Landfill closure	-	-	-	134,678	-	134,678	-
Current portion of bonds payable	1,894,749	-	-	-	-	1,894,749	-
Total current liabilities	8,123,244	194,323	160,889	509,988	271,106	9,259,550	1,383,484
Noncurrent liabilities:							
Leases	-	-	9,125	-	-	9,125	2,738
Compensated absences	388,468	236,923	155,672	160,196	13,131	954,390	129,493
Net OPEB liability	494,698	365,950	228,025	342,314	7,347	1,438,334	135,754
Net pension liability	1,415,252	946,989	1,336,517	686,842	82,603	4,468,203	631,830
Landfill closure	-	-	-	1,210,517	-	1,210,517	-
Bonds payable	35,449,901	-	-	-	-	35,449,901	-
Total noncurrent liabilities	37,748,319	1,549,862	1,729,339	2,399,869	103,081	43,530,470	899,815
Total liabilities	45,871,563	1,744,185	1,890,228	2,909,857	374,187	52,790,020	2,283,299
Deferred inflows of resources							
Deferred OPEB inflows	190,443	146,077	78,938	139,338	1,669	556,465	47,683
Deferred pension inflows	278,079	186,071	262,609	134,955	16,230	877,944	124,147
Deferred lease inflows	48,928	-	-	-	-	48,928	-
Total deferred inflows of resources	517,450	332,148	341,547	274,293	17,899	1,483,337	171,830
Net position							
Net investment in capital assets	42,975,767	20,101,171	17,632,364	3,831,227	7,680,198	92,220,727	5,287,009
Unrestricted	22,528,754	13,172,107	(93,371)	(26,405)	4,799,867	40,380,952	10,564,203
Total net position	\$ 65,504,521	\$ 33,273,278	\$ 17,538,993	\$ 3,804,822	\$ 12,480,065	132,601,679	\$ 15,851,212
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(2,394,688)	
Net position of business-type activities (Exhibit 1)						\$ 130,206,991	

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

CITY OF HARRISONBURG, VIRGINIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

Exhibit 9

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
Operating revenues:							
Charges for services	\$ 12,195,961	\$ 14,291,600	\$ 2,578,224	\$ 4,491,634	\$ 1,385,785	\$ 34,943,204	\$ 31,236,678
Total operating revenues	12,195,961	14,291,600	2,578,224	4,491,634	1,385,785	34,943,204	31,236,678
Operating expenses:							
Personal services	2,724,784	1,772,495	3,539,316	1,255,744	150,699	9,443,038	1,194,222
Fringe benefits	918,197	598,225	939,541	496,698	54,127	3,006,788	432,734
Purchased services	283,875	426,386	551,003	856,556	283,664	2,401,484	1,205,675
Internal services	293,010	409,511	1,957,549	267,008	44,845	2,971,923	5,516
Other charges	591,237	168,008	275,314	30,454	192,851	1,257,864	1,217,985
Materials and supplies	660,153	183,966	106,859	119,577	31,635	1,102,190	105,719
Depreciation and amortization	1,961,083	1,273,992	1,872,988	297,244	334,427	5,739,734	204,852
Contributions to regional sewer authority	-	7,619,310	-	-	-	7,619,310	-
Cost of inventory issued	-	-	-	-	-	-	5,315,293
Claims related charges	-	-	-	-	-	-	22,600,202
Total operating expenses	7,432,339	12,451,893	9,242,570	3,323,281	1,092,248	33,542,331	32,282,198
Operating income (loss)	4,763,622	1,839,707	(6,664,346)	1,168,353	293,537	1,400,873	(1,045,520)
Nonoperating revenues (expenses):							
Intergovernmental revenue	-	-	4,656,143	-	-	4,656,143	-
Connection application fees	341,110	195,000	-	-	-	536,110	-
Miscellaneous revenue	145,836	69,087	176,248	38,690	-	429,861	34,012
Investment revenue	1,513,712	512,128	(1,154)	73,735	176,320	2,274,741	501,726
Interest expense	(1,162,805)	-	(374)	505	-	(1,162,674)	(112)
Gain (loss) on disposal of capital assets	-	8,880	45,425	-	-	54,305	-
Total nonoperating revenues (expenses)	837,853	785,095	4,876,288	112,930	176,320	6,788,486	535,626
Income (loss) before contributions and transfers	5,601,475	2,624,802	(1,788,058)	1,281,283	469,857	8,189,359	(509,894)
Capital contributions	1,435,423	565,665	8,069,517	-	34,672	10,105,277	-
Transfers in	860,230	-	660,000	-	-	1,520,230	225,352
Transfers out	(1,767,413)	(1,463,039)	(229,752)	(134,800)	(29,000)	(3,624,004)	-
Change in net position	6,129,715	1,727,428	6,711,707	1,146,483	475,529	16,190,862	(284,542)
Net position at beginning of year	59,374,806	31,545,850	10,827,286	2,658,339	12,004,536	116,410,817	16,135,754
Net position at end of year	\$ 65,504,521	\$ 33,273,278	\$ 17,538,993	\$ 3,804,822	\$ 12,480,065	132,601,679	\$ 15,851,212
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(175,193)	
Change in net position of business-type activities (Exhibit 2)						\$ 16,015,669	

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

	Enterprise Funds						Internal Service Funds
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total	
Cash flows from operating activities:							
Receipts from customers	\$ 12,140,385	\$ 14,307,842	\$ 2,577,890	\$ 4,484,259	\$ 1,386,274	\$ 34,896,650	\$ 7,715,344
Receipts from premiums	-	-	-	-	-	-	23,515,860
Receipts from other sources	145,836	55,336	177,367	38,690	-	417,229	34,012
Receipts from customer deposits	169,881	-	-	-	-	169,881	-
Payments to employees	(2,716,489)	(1,776,782)	(3,538,787)	(1,254,534)	(151,397)	(9,437,989)	(1,180,354)
Payments for fringe benefits	(1,041,554)	(685,697)	(1,052,319)	(557,796)	(62,310)	(3,399,676)	(495,720)
Payments to vendors	(1,544,099)	(814,892)	(979,810)	(976,081)	(477,960)	(4,792,842)	(7,472,138)
Payments for internal services	(293,010)	(409,511)	(1,957,549)	(267,008)	(44,845)	(2,971,923)	(5,516)
Payments to other governmental units	-	(7,619,310)	-	(1,798,643)	-	(9,417,953)	-
Payments to refund customer deposits	(149,572)	-	-	-	-	(149,572)	-
Payments for claims related charges	-	-	-	-	-	-	(22,022,458)
Net cash provided by (used for) operating activities	<u>6,711,378</u>	<u>3,056,986</u>	<u>(4,773,208)</u>	<u>(331,113)</u>	<u>649,762</u>	<u>5,313,805</u>	<u>89,030</u>
Cash flows from noncapital financing activities:							
Operating grants	-	-	4,503,691	-	-	4,503,691	-
Transfers in	860,230	-	660,000	-	-	1,520,230	225,352
Transfers out	(1,767,413)	(1,463,039)	(229,752)	(134,800)	(29,000)	(3,624,004)	-
Interfund loan	-	-	-	-	-	-	(231,973)
Net cash provided by (used for) noncapital financing activities	<u>(907,183)</u>	<u>(1,463,039)</u>	<u>4,933,939</u>	<u>(134,800)</u>	<u>(29,000)</u>	<u>2,399,917</u>	<u>(6,621)</u>
Cash flows from capital and related financing activities:							
Capital grants and contributions	203,057	-	7,474,365	-	959,160	8,636,582	-
Connection application fees	341,110	195,000	-	-	-	536,110	-
Proceeds from sale of capital assets	-	8,880	121,919	-	-	130,799	-
Principal paid on long-term debt	(1,497,866)	-	(3,403)	(1,470,000)	-	(2,971,269)	(1,021)
Interest paid on long-term debt	(1,158,244)	-	(374)	(36,750)	-	(1,195,368)	(112)
Purchase and construction of capital assets	<u>(7,637,318)</u>	<u>(2,099,427)</u>	<u>(8,742,018)</u>	<u>(479,363)</u>	<u>(864,440)</u>	<u>(19,822,566)</u>	<u>(161,605)</u>
Net cash provided by (used for) capital and related financing activities	<u>(9,749,261)</u>	<u>(1,895,547)</u>	<u>(1,149,511)</u>	<u>(1,986,113)</u>	<u>94,720</u>	<u>(14,685,712)</u>	<u>(162,738)</u>
Cash flows from investing activities:							
Interest received	<u>1,513,032</u>	<u>511,916</u>	<u>(1,003)</u>	<u>73,800</u>	<u>176,130</u>	<u>2,273,875</u>	<u>501,446</u>
Net cash provided by investing activities	<u>1,513,032</u>	<u>511,916</u>	<u>(1,003)</u>	<u>73,800</u>	<u>176,130</u>	<u>2,273,875</u>	<u>501,446</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,432,034)</u>	<u>210,316</u>	<u>(989,783)</u>	<u>(2,378,226)</u>	<u>891,612</u>	<u>(4,698,115)</u>	<u>421,117</u>
Cash and cash equivalents:							
Beginning	<u>32,965,930</u>	<u>11,485,065</u>	<u>1,127,014</u>	<u>4,656,506</u>	<u>3,892,914</u>	<u>54,127,429</u>	<u>10,892,784</u>
Ending	<u>\$ 30,533,896</u>	<u>\$ 11,695,381</u>	<u>\$ 137,231</u>	<u>\$ 2,278,280</u>	<u>\$ 4,784,526</u>	<u>\$ 49,429,314</u>	<u>\$ 11,313,901</u>
Reconciliation of cash and cash equivalents to the statement of net position:							
Cash and cash equivalents - Current assets	\$ 25,737,977	\$ 11,695,381	\$ 137,231	\$ 2,278,280	\$ 4,784,526	\$ 44,633,395	\$ 11,313,901
Cash and cash equivalents - Restricted assets	<u>4,795,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,795,919</u>	<u>-</u>
	<u>\$ 30,533,896</u>	<u>\$ 11,695,381</u>	<u>\$ 137,231</u>	<u>\$ 2,278,280</u>	<u>\$ 4,784,526</u>	<u>\$ 49,429,314</u>	<u>\$ 11,313,901</u>

	Enterprise Funds						Internal Service Funds							
	Water Fund	Sewer Fund	Public Transportation Fund	Sanitation Fund	Stormwater Fund	Total								
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:														
Operating income (loss)	\$	4,763,622	\$	1,839,707	\$	(6,664,346)	\$	1,168,353	\$	293,537	\$	1,400,873	\$	(1,045,520)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:														
Depreciation and amortization		1,961,083		1,273,992		1,872,988		297,244		334,427		5,739,734		204,852
Miscellaneous revenue		145,836		69,087		177,366		38,690		-		430,979		34,012
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:														
(Increase) decrease in:														
Accounts receivable		(82,124)		2,536		(334)		(7,375)		489		(86,808)		696
Due from component units		-		-		-		-		-		-		(6,170)
Inventory		-		-		-		-		-		-		294,601
Prepaid expenses		-		-		-		-		-		-		(88)
Deferred outflows of resources		8,690		2,756		(4,404)		29,667		(7,025)		29,684		(29,982)
Increase (decrease) in:														
Accounts payable		(2,166)		(31,492)		(27,851)		38,598		16,698		(6,213)		590,587
Accrued payroll		(8,204)		(5,267)		3,404		(4,845)		(478)		(15,390)		(4,594)
Due to component units		(455)		527		3,248		29		-		3,349		3,479
Due to other governments		-		-		-		16,358		-		16,358		-
Customer deposits		20,308		-		-		-		-		20,308		-
Compensated absences		17,182		688		(2,867)		6,187		(271)		20,919		19,565
Landfill closure		-		-		-		(1,763,754)		-		(1,763,754)		-
Net OPEB liability		(5,331)		(3,776)		(6,374)		(4,816)		(232)		(20,529)		(19)
Net pension liability		(182,390)		(105,605)		(179,482)		(137,181)		6,041		(598,617)		(5,638)
Deferred inflows of resources		75,327		13,833		55,444		(8,268)		6,576		142,912		33,249
Net cash provided by (used for) operating activities	\$	6,711,378	\$	3,056,986	\$	(4,773,208)	\$	(331,113)	\$	649,762	\$	5,313,805	\$	89,030
Non - cash capital and related financing activities:														
Additions to capital assets:														
Contributed by developers	\$	234,500	\$	119,510	\$	-	\$	-	\$	-	\$	354,010	\$	-
Contributed by other funds		951,158		446,155		-		-		-		-		-
Purchase and construction on account		2,537,168		80,313		-		199,780		206,623		3,023,884		-
Capital grants due from other governments		46,708		-		603,770		-		124,486		774,964		-

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

CITY OF HARRISONBURG, VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
At June 30, 2025

Exhibit 11

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 7,712,334
Receivables	1,725,827
Prepaid expenses	<u>216,432</u>
Total assets	<u>9,654,593</u>
Liabilities	
Accounts payable	1,840,780
Accrued payroll	<u>162,354</u>
Total liabilities	<u>2,003,134</u>
Net Position	
Restricted for other organizations	<u>7,651,459</u>
Total net position	<u>\$ 7,651,459</u>

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

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2025

	<u>Custodial Funds</u>
Additions:	
Funds received for benefit of other organizations	\$ 12,052,708
Total additions	<u>12,052,708</u>
Deductions:	
Funds disbursed for benefit of other organizations	<u>11,592,006</u>
Total deductions	<u>11,592,006</u>
Net increase in fiduciary net position	460,702
Net position at beginning of year	<u>7,190,757</u>
Net position at end of year	<u><u>\$ 7,651,459</u></u>

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

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

Prior to May 1, the City Manager submits to the City Council a balanced proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Prior to June 30, the City Council holds public hearings to obtain citizen comments, and a final budget is legally enacted through the passage of an Appropriation Ordinance. All budget data presented is the original budget and the final budget as of June 30, 2025.

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

Note 1. Summary of Significant Accounting Policies (continued)

made during the year in the General Fund totaling \$19,328,707. Supplemental appropriations that exceed one percent of the budget require a public hearing prior to approval. Appropriations lapse at June 30, except for capital projects funds and the Community Development Block Grant Fund.

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

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

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

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

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

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

4. Property taxes. Property taxes are levied as of January 1 on property values assessed annually. The last effective general real property reassessment was January 1, 2024. Property taxes attach as an enforceable lien on property as of January 1 but are not collected until the following fiscal year. Real estate taxes are due and collectible twice a year, on December 5 and June 5. Personal property taxes are due and collectible annually on December 5. The portion of the tax receivable that is not collected within 60 days after June 30 is shown as a deferred inflow of resources in the fund financial statements. A penalty of ten percent of the tax is assessed after the applicable payment date. Interest at an annual rate of ten percent is charged on delinquent real estate property tax accounts beginning January 1 and July 1. Interest at an annual rate of four percent is charged on delinquent personal property tax accounts beginning January 1.

The City calculates its allowance for uncollectible delinquent property tax accounts using historical collection data and specific account analysis. The allowance at June 30, 2025 amounted to \$1,308,928.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

8. School Board capital assets. Under current legislation enacted by the Commonwealth of Virginia, local governments have a "tenancy in common" with the School Board whenever the locality incurs "on-behalf" debt for school property. In order to match the capital asset with the related debt, the legislation permits the City to report the portion of the school property related to the outstanding financial obligation in the primary government. As principal is repaid, capital assets equal to the amount of principal debt reduction will be removed from the primary government's financial statements and reported in the School Board's financial statements. The School Board retains authority and responsibility over the operation and control of the property. The City transferred \$8,555,717 in net capital assets to the School Board during the current fiscal year on the government-wide statement of activities.

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

10. Compensated absences. It is the City and School Board's policy to permit employees to accumulate earned but not used vacation, paid time off and sick leave benefits. The City and the School Board pay a benefit for accumulated vacation, paid time off and sick leave upon an employee's separation from service to the extent the employee meets certain criteria. A last-in, first-out flow assumption is used when calculating a liability for vacation, paid time off and sick pay benefits. Vacation, paid time off and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations or retirements. In fiscal year 2025, the reporting entity adopted GASB Statement No. 101, *Compensated Absences*.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Bonds payable	\$ (173,160,000)
Bond issue premiums/discounts (net)	(16,285,367)
Deferred charge for bond refunding	1,126,130
Leases (not including internal service funds)	(2,406,182)
SBITA	(40,317)
Compensated absences (not including internal service funds)	(4,283,767)
Net OPEB liability (not including internal service funds)	(7,172,935)
Net pension liability (not including internal service funds)	(17,823,656)
Arbitrage rebate liability	(231,052)
Accrued interest	<u>(2,762,522)</u>
Net adjustment	<u><u>\$ (223,039,668)</u></u>

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

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

Deferred OPEB outflows (not including internal service funds)	\$ 551,677
Deferred pension outflows (not including internal service funds)	7,433,045
Deferred OPEB inflows (not including internal service funds)	(2,811,899)
Deferred pension inflows (not including internal service funds)	<u>(3,502,118)</u>
Net adjustment	<u>\$ 1,670,705</u>

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

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

Capital outlay	\$ 24,818,418
Depreciation/amortization expense (not including internal service funds)	<u>(14,561,610)</u>
Net adjustment	<u>\$ 10,256,808</u>

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

Long-term debt issued or incurred	\$ (300,128)
Principal payments	14,076,394
Payment on Middle River Regional Jail agreement	1,053,439
Payment on equipment purchase agreement	213,000
Amortization of bond premiums/discounts (net)	1,573,529
Amortization of deferred bond refunding charges	<u>(158,079)</u>
Net adjustment	<u>\$ 16,458,155</u>

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

Compensated absences (not including internal service funds)	\$ (177,807)
Accrued interest	<u>298,224</u>
Net adjustment	<u>\$ 120,417</u>

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

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

Employer OPEB contributions (not including internal service funds)	\$ 558,628
Employer pension contributions (not including internal service funds)	4,372,682
OPEB expense (not including internal service funds)	(13,550)
Pension expense (not including internal service funds)	<u>(3,239,751)</u>
Net adjustment	<u>\$ 1,678,009</u>

Note 3. Deposits and Investments

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

Investments. *Interest rate risk.* In accordance with the City’s investment policy, the City manages its exposure to declines in fair values by investing only in securities maturing in three years or less from the time of purchase. As of June 30, 2025, there were no securities subject to interest rate risk.

Credit risk. Statutes authorize the City and its component units to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, the LGIP and SNAP. The City’s investment policy does not further limit these investment choices. As of June 30, 2025, all City investments in external investment pools and money market funds were rated AAAM by Standard & Poor’s.

The following is a summary of deposit and investment balances at June 30, 2025.

	Primary Government	Component Units		Total
		School Board	HEC	
Investments:				
Local Government Investment Pool (LGIP)	\$ 167,143,531	\$ 21,578,613	\$ 18,666,577	\$ 207,388,721
State Non-Arbitrage Pool (SNAP)	5,026,971	-	-	5,026,971
Certificates of Deposit	-	-	-	-
Deposits	<u>8,798,147</u>	<u>1,926,450</u>	<u>23,102,289</u>	<u>33,826,886</u>
Total deposits and investments	<u>\$ 180,968,649</u>	<u>\$ 23,505,063</u>	<u>\$ 41,768,866</u>	<u>\$ 246,242,578</u>

Note 4. Restricted Assets

The City has certain assets presented on the government-wide statement of net position, the governmental funds balance sheet and the proprietary funds statement of net position as restricted for specific purposes. Restricted assets for governmental and business-type activities in the amounts of \$231,052 and \$4,795,919, respectively, represent unspent bond proceeds.

Note 5. Receivables/Due from Other Governments

The following is a summary of receivables at June 30, 2025.

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	HEC
Receivables:					
Property taxes receivable	\$ 85,645,422	\$ -	\$ 85,645,422	\$ -	\$ -
Other taxes receivable	2,346,001	-	2,346,001	-	-
Accounts receivable	4,823	3,539,853	3,544,676	-	6,556,466
Interest receivable	25,333	7,416	32,749	697	-
Lease receivable	-	48,928	48,928	55,107	-
Other receivables	1,372,379	3,926	1,376,305	121,079	-
Allowance for uncollectibles	(1,308,928)	(117,335)	(1,426,263)	-	-
Totals	<u>\$ 88,085,030</u>	<u>\$ 3,482,788</u>	<u>\$ 91,567,818</u>	<u>\$ 176,883</u>	<u>\$ 6,556,466</u>
Due from other governments:					
Commonwealth of Virginia	\$ 4,439,629	\$ 193,950	\$ 4,633,579	\$ 1,805,069	\$ -
Federal Government	<u>1,390,471</u>	<u>1,290,587</u>	<u>2,681,058</u>	<u>818,735</u>	<u>-</u>
Totals	<u>\$ 5,830,100</u>	<u>\$ 1,484,537</u>	<u>\$ 7,314,637</u>	<u>\$ 2,623,804</u>	<u>\$ -</u>

Note 6. Loans Receivable

The following is a summary of loans receivable at June 30, 2025.

Borrowing Entity/Loan Number	Loan Date	Term (in years)	Interest Rate	Balance	Current Portion
HRHA**	September 21, 2021	7.75	5.00%	\$ 1,750,000	\$ 315,000
HRCSB*	August 14, 2019	14	2.30%	1,188,333	106,667
HRHA**	June 26, 2014	18	4.12%	1,480,000	165,000
Massanutten Regional Library	May 15, 2000	n/a	0.0%	<u>296,039</u>	<u>-</u>
Total General Fund				<u>4,714,372</u>	<u>586,667</u>
2024-01	November 28, 2023	5	4.75%	18,112	4,872
2022-01	March 21, 2022	5	4.75%	<u>9,216</u>	<u>4,498</u>
Total Business Loan Program Fund				<u>27,328</u>	<u>9,370</u>
Total Governmental Activities				<u>\$ 4,741,700</u>	<u>\$ 596,037</u>

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

Note 7. Capital Assets

The following are summaries of the changes in capital assets of governmental activities.

Primary Government (Governmental Activities)

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 61,511,587	\$ 133,700	\$ -	\$ 61,645,287
Easements	2,023,079	50,272	-	2,073,351
Construction in progress	118,458,036	21,246,559	(121,843,831)	17,860,764
Capital assets, not being depreciated/amortized	<u>\$ 181,992,702</u>	<u>\$ 21,430,531</u>	<u>\$ (121,843,831)</u>	<u>\$ 81,579,402</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 129,908,921	\$ 112,861,513	\$ (8,509,450)	\$ 234,260,984
Improvements other than buildings	28,468,778	4,820,201	-	33,288,979
Equipment	46,744,670	4,221,011	(1,205,870)	49,759,811
Equipment - Lease	2,727,583	300,128	(173,923)	2,853,788
Intangibles	12,232,608	-	-	12,232,608
SBITA	225,243	-	-	225,243
Infrastructure	196,755,359	347,202	-	197,102,561
Capital assets, being depreciated/amortized	<u>417,063,162</u>	<u>122,550,055</u>	<u>(9,889,243)</u>	<u>529,723,974</u>
Less accumulated depreciation/amortization:				
Buildings	(48,247,474)	(5,539,465)	2,390,557	(51,396,382)
Improvements other than buildings	(13,150,736)	(1,313,382)	-	(14,464,118)
Equipment	(34,188,562)	(3,168,783)	1,205,870	(36,151,475)
Equipment - Lease	(515,990)	(170,871)	173,923	(512,938)
Intangibles	(4,664,231)	(387,181)	-	(5,051,412)
SBITA	(106,373)	(75,081)	-	(181,454)
Infrastructure	(114,915,919)	(4,111,699)	-	(119,027,618)
Accumulated depreciation/amortization	<u>(215,789,285)</u>	<u>(14,766,462)</u>	<u>3,770,350</u>	<u>(226,785,397)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 201,273,877</u>	<u>\$ 107,783,593</u>	<u>\$ (6,118,893)</u>	<u>\$ 302,938,577</u>

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

General government administration	\$ 305,547
Jail and judicial administration	883,399
Public safety	2,517,138
Public works	5,598,026
Health and welfare	160,719
Education	3,973,002
Parks, recreation and culture	1,061,828
Planning and community development	61,951
Internal service funds (allocated to various functions)	<u>204,852</u>
Total governmental activities depreciation and amortization expense	<u>\$ 14,766,462</u>

Note 7. Capital Assets (continued)

The following are summaries of the changes in capital assets of business-type activities.

Primary Government (Business-type Activities)

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 2,690,491	\$ -	\$ -	\$ 2,690,491
Easements	493,368	-	-	493,368
Construction in progress	42,286,942	11,537,822	(5,804,591)	48,020,173
Capital assets, not being depreciated/amortized	<u>\$ 45,470,801</u>	<u>\$ 11,537,822</u>	<u>\$ (5,804,591)</u>	<u>\$ 51,204,032</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 19,173,195	\$ 954,422	\$ -	\$ 20,127,617
Improvements other than buildings	24,585,767	1,009,576	(17,000)	25,578,343
Equipment	28,743,997	10,539,273	(2,522,785)	36,760,485
Equipment - Lease	17,688	-	-	17,688
Intangibles	1,470,249	-	-	1,470,249
Infrastructure	91,110,705	5,591,915	(93,251)	96,609,369
Capital assets, being depreciated/amortized	<u>165,101,601</u>	<u>18,095,186</u>	<u>(2,633,036)</u>	<u>180,563,751</u>
Less accumulated depreciation/amortization:				
Buildings	(7,461,978)	(443,943)	-	(7,905,921)
Improvements other than buildings	(11,697,920)	(681,152)	17,000	(12,362,072)
Equipment	(19,834,237)	(2,475,071)	2,459,396	(19,849,912)
Equipment - Lease	(1,769)	(3,537)	-	(5,306)
Intangibles	(395,040)	(90,090)	-	(485,130)
Infrastructure	(60,527,659)	(2,045,941)	93,251	(62,480,349)
Accumulated depreciation/amortization	<u>(99,918,603)</u>	<u>(5,739,734)</u>	<u>2,569,647</u>	<u>(103,088,690)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 65,182,998</u>	<u>\$ 12,355,452</u>	<u>\$ (63,389)</u>	<u>\$ 77,475,061</u>

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

Water	\$ 1,961,083
Sewer	1,273,992
Public transportation	1,872,988
Sanitation	297,244
Stormwater	<u>334,427</u>
Total business-type activities depreciation expense	<u>\$ 5,739,734</u>

Note 7. Capital Assets (continued)

Component Unit – School Board

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 6,294,184	\$ -	\$ -	\$ 6,294,184
Construction in progress	7,308,540	2,481,181	(9,153,259)	636,462
Capital assets, not being depreciated/amortized	<u>\$ 13,602,724</u>	<u>\$ 2,481,181</u>	<u>\$ (9,153,259)</u>	<u>\$ 6,930,646</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 99,129,580	\$ 9,566,485	\$ -	\$ 108,696,065
Buildings - Lease	1,045,358	-	-	1,045,358
Improvements other than buildings	728,600	7,116,113	-	7,844,713
Equipment	10,813,394	6,186,461	(471,840)	16,528,015
Equipment - Lease	1,065,548	-	(166,023)	899,525
Intangibles	34,200	-	-	34,200
Capital assets, being depreciated/amortized	<u>112,816,680</u>	<u>22,869,059</u>	<u>(637,863)</u>	<u>135,047,876</u>
Less accumulated depreciation/amortization:				
Buildings	(51,763,865)	(5,011,456)	-	(56,775,321)
Buildings - Lease	(199,116)	(74,668)	-	(273,784)
Improvements other than buildings	(226,769)	(364,870)	-	(591,639)
Equipment	(6,024,164)	(2,135,951)	471,840	(7,688,275)
Equipment - Lease	(287,788)	(124,258)	166,023	(246,023)
Intangibles	(32,490)	(1,710)	-	(34,200)
Accumulated depreciation/amortization	<u>(58,534,192)</u>	<u>(7,712,913)</u>	<u>637,863</u>	<u>(65,609,242)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 54,282,488</u>	<u>\$ 15,156,146</u>	<u>\$ -</u>	<u>\$ 69,438,634</u>

Component Unit – HEC

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 5,467,054	\$ -	\$ -	\$ 5,467,054
Construction in progress	8,686,900	2,860,212	(3,472,590)	8,074,522
Capital assets, not being depreciated/amortized	<u>\$ 14,153,954</u>	<u>\$ 2,860,212</u>	<u>\$ (3,472,590)</u>	<u>\$ 13,541,576</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 4,352,236	\$ 14,675	\$ -	\$ 4,366,911
Equipment	9,943,358	441,356	(23,590)	10,361,124
SBITA	81,750	-	-	81,750
Infrastructure	129,225,749	3,865,003	(1,136,684)	131,954,068
Capital assets, being depreciated/amortized	<u>143,603,093</u>	<u>4,321,034</u>	<u>(1,160,274)</u>	<u>146,763,853</u>
Less accumulated depreciation/amortization:				
Buildings	(2,649,439)	(107,045)	-	(2,756,484)
Equipment	(8,677,326)	(417,367)	23,590	(9,071,103)
SBITA	(39,435)	(26,880)	-	(66,315)
Infrastructure	(81,703,979)	(3,757,859)	1,043,591	(84,418,247)
Accumulated depreciation/amortization	<u>(93,070,179)</u>	<u>(4,309,151)</u>	<u>1,067,181</u>	<u>(96,312,149)</u>
Capital assets, being depreciated/amortized (net)	<u>\$ 50,532,914</u>	<u>\$ 11,883</u>	<u>\$ (93,093)</u>	<u>\$ 50,451,704</u>

Note 8. Long-term Liabilities

Primary Government

The following is a summary of the debt service requirements for long-term liabilities of governmental activities.

Year Ending June 30,	General Obligation Bonds						Total	
	Public Offerings		Leases		SBITA		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 14,005,000	\$ 5,789,452	\$ 178,890	\$ 59,300	\$ 40,317	\$ 1,209	\$ 14,224,207	\$ 5,849,961
2027	14,180,000	5,144,124	185,511	52,679	-	-	14,365,511	5,196,803
2028	11,760,000	4,554,451	192,466	45,725	-	-	11,952,466	4,600,176
2029	11,670,000	4,049,371	163,064	38,621	-	-	11,833,064	4,087,992
2030	12,100,000	3,532,876	129,739	35,441	-	-	12,229,739	3,568,317
2031-2035	47,370,000	10,746,423	692,610	133,290	-	-	48,062,610	10,879,713
2036-2040	29,995,000	4,967,791	772,027	53,873	-	-	30,767,027	5,021,664
2041-2045	23,110,000	1,989,662	95,660	696	-	-	23,205,660	1,990,358
2046-2047	8,970,000	180,300	-	-	-	-	8,970,000	180,300
Total	\$ 173,160,000	\$ 40,954,450	\$ 2,409,967	\$ 419,625	\$ 40,317	\$ 1,209	\$ 175,610,284	\$ 41,375,284

The following is a summary of the debt service requirements for long-term liabilities of the business-type activities.

Year Ending June 30,	General Obligation Bonds				Total	
	Public Offerings		Leases		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,577,867	\$ 1,083,244	\$ 3,491	\$ 281	\$ 1,581,358	\$ 1,083,525
2027	1,652,867	1,004,369	3,580	191	1,656,447	1,004,560
2028	1,752,866	921,118	3,673	99	1,756,539	921,217
2029	1,842,867	833,119	1,872	14	1,844,739	833,133
2030	1,932,867	740,619	-	-	1,932,867	740,619
2031-2035	9,069,333	2,363,744	-	-	9,069,333	2,363,744
2036-2040	7,044,333	1,161,378	-	-	7,044,333	1,161,378
2041-2045	6,100,000	570,769	-	-	6,100,000	570,769
2046-2047	2,615,000	52,550	-	-	2,615,000	52,550
Total	\$ 33,588,000	\$ 8,730,910	\$ 12,616	\$ 585	\$ 33,600,616	\$ 8,731,495

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 186,990,000	\$ -	\$ (13,830,000)	\$ 173,160,000	\$ 14,005,000
Bond premiums/discounts (net)	17,858,896	-	(1,573,529)	16,285,367	1,573,529
Total bonds payable	204,848,896	-	(15,403,529)	189,445,367	15,578,529
Leases	2,282,319	300,128	(172,480)	2,409,967	178,890
SBITA	115,252	-	(74,935)	40,317	40,317
Middle River Regional Jail agreement	1,053,439	-	(1,053,439)	-	-
Equipment purchase agreement	213,000	-	(213,000)	-	-
Compensated absences	4,222,208	3,266,291	(3,068,919)	4,419,580	380,026
Net OPEB liability	7,341,806	931,426	(964,543)	7,308,689	119,339
Net pension liability	20,390,982	15,393,364	(17,328,860)	18,455,486	-
Governmental activities long-term debt	\$ 240,467,902	\$ 19,891,209	\$ (38,279,705)	\$ 222,079,406	\$ 16,297,101

Note 8. Long-term Liabilities (continued)

Long-term liabilities for governmental activities are generally liquidated by the General Fund. The Internal Service Funds are consolidated into the governmental activities in the government-wide financial statements. Accordingly, long-term liabilities for these funds are included as part of the above totals. At June 30, 2025, \$3,785, \$135,813, \$135,754 and \$631,830 of leases, compensated absences, net OPEB liability and net pension liability, respectively, are included in the above amounts for these internal service funds.

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Bonds payable:					
General obligation bonds:					
Public offerings	\$ 36,555,866	\$ -	\$ (2,967,866)	\$ 33,588,000	\$ 1,577,867
Bond premiums/discounts (net)	4,079,162	-	(322,512)	3,756,650	316,882
Total bonds payable	40,635,028	-	(3,290,378)	37,344,650	1,894,749
Leases	16,019	-	(3,403)	12,616	3,491
Compensated absences	1,015,018	801,427	(780,509)	1,035,936	81,546
Net OPEB liability	1,480,773	197,881	(218,410)	1,460,244	21,910
Net pension liability	5,066,820	3,707,316	(4,305,933)	4,468,203	-
City landfill closure costs	1,310,306	34,889	-	1,345,195	134,678
County landfill contractual obligation	1,798,643	-	(1,798,643)	-	-
Business-type activities long-term debt	\$ 51,322,607	\$ 4,741,513	\$ (10,397,276)	\$ 45,666,844	\$ 2,136,374

The following is the detail for long-term liabilities of governmental and business-type activities.

	Governmental Activities	Business-type Activities
General Obligation Bonds - Public Offerings:		
\$41,500,000 School Bonds (Virginia Public School Authority), Series 2001C, issued November 15, 2001, maturing July 15, 2026 at 4.1% - 5.1% interest	\$ 5,740,000	\$ -
\$1,136,000 Water Bonds (VRA DWSRF), Series 2009, issued November 20, 2009, maturing February 1, 2040 at 0% interest	-	568,000
\$13,610,000 Public Improvement Bonds, Series 2014A, issued June 26, 2014, maturing July 15, 2034 at 2.0% - 5.0% interest	7,590,000	-
\$42,675,000 Public Improvement Refunding Bonds, Series 2014B, issued June 26, 2014, maturing July 15, 2032 at 2.0% - 5.0% interest	21,570,000	-
\$40,215,000 Public Improvement Bonds, Series 2016, issued May 18, 2016, maturing July 15, 2040 at 2.0% - 5.0% interest	29,885,000	-
\$4,540,000 School Bond (Virginia Public School Authority), Series 2018, issued November 6, 2018, maturing July 15, 2033 at 4.05% - 5.05% interest	3,150,000	-
\$4,950,000 Bond (Virginia Resources Authority), Series 2019, issued August 14, 2019, maturing October 1, 2033 at 4.510% - 5.125% interest	3,565,000	-
\$156,970,000 Public Improvement and Refunding Bonds, Series 2021A, issued September 21, 2021, maturing July 15, 2046 at 1.75% - 5.00% interest	101,660,000	33,020,000
Total General Obligation Bonds - Public Offerings	\$ 173,160,000	\$ 33,588,000

Note 8. Long-term Liabilities (continued)

Leases

The City, as a lessee, has entered into lease agreements involving the use of a fiber network, golf carts and office equipment. As of June 30, 2025, the City's lease liability in governmental and business-type activities for these payments totals \$2,409,967 and \$12,616, respectively. The City has included in its governmental activities' capital assets lease equipment in the amount of \$2,853,789 (\$512,938 in accumulated amortization) and in its business-type activities' capital assets lease equipment in the amount of \$17,688 (\$5,306 in accumulated amortization).

SBITA

The City, as a subscriber, has entered into subscription agreements involving the use of vendor software. As of June 30, 2025, the City's SBITA liability in governmental activities for these payments totals \$40,317. The City has included in its governmental activities' capital assets a subscription asset in the amount of \$225,243 (\$181,454 in accumulated amortization).

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

The City is subject to a legal debt margin requirement based on the Constitution of Virginia. Under the requirement, the City's bonds or other interest-bearing obligations shall not exceed ten percent of its total taxable assessed real property valuation. As of June 30, 2025, the debt limitation for the City is \$595.1 million of which \$388.3 million is available for use.

In June 2014, the City issued \$42.7 million in general obligation refunding bonds, of which \$2.7 million was issued on behalf of and loaned to the Harrisonburg Redevelopment and Housing Authority (Authority) to advance refund a previous bond issue that was originally issued for the purpose of renovating public housing units owned by the Authority. The Authority has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$209,600. As of June 30, 2025, the outstanding balance of the loan is \$1,480,000.

In August 2019, the City issued \$4.95 million in general obligation bonds, of which \$1.65 million was issued on behalf of and loaned to the Harrisonburg-Rockingham Community Services Board (Board) for the purpose of constructing a new facility. The Board has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$162,041. As of June 30, 2025, the outstanding balance of the loan is \$1,188,333.

In September 2021, the City issued \$157 million in general obligation public improvement and refunding bonds, of which \$2.6 million was issued on behalf of and loaned to the Harrisonburg Redevelopment and Housing Authority (Authority) to advance refund a previous bond issue that was originally issued for the purpose of renovating public housing units owned by the Authority. The Authority has agreed to reimburse the City for its share of the principal and interest payments as the debt service payments come due. The current fiscal year reimbursement for debt service payments associated with the bonds totaled \$395,000. As of June 30, 2025, the outstanding balance of the loan is \$1,750,000.

Note 8. Long-term Liabilities (continued)

Component Unit – School Board

The following is a summary of the debt service requirements for long-term liabilities of the School Board.

Year Ending June 30,	Leases		Total School Board	
	Principal	Interest	Principal	Interest
2026	\$ 133,624	\$ 29,782	\$ 133,624	\$ 29,782
2027	137,602	26,804	137,602	26,804
2028	142,309	23,729	142,309	23,729
2029	147,150	20,554	147,150	20,554
2030	152,127	17,275	152,127	17,275
2031-2035	706,637	35,954	706,637	35,954
2036	31,962	120	31,962	120
Total	<u>\$ 1,451,411</u>	<u>\$ 154,218</u>	<u>\$ 1,451,411</u>	<u>\$ 154,218</u>

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Leases	\$ 1,631,146	\$ -	\$ (179,735)	\$ 1,451,411	\$ 133,624
Compensated absences	2,327,631	820,595	(723,730)	2,424,496	364,332
Net OPEB liability	18,439,783	2,454,991	(2,938,198)	17,956,576	116,774
Net pension liability	53,899,702	32,359,765	(35,925,785)	50,333,682	-
School Board long-term debt	<u>\$ 76,298,262</u>	<u>\$ 35,635,351</u>	<u>\$ (39,767,448)</u>	<u>\$ 72,166,165</u>	<u>\$ 614,730</u>

Leases

The School Board, as a lessee, has entered into lease agreements involving the use of a fiber network, an office building, a mobile trailer unit and various office equipment. As of June 30, 2025, the School Board's lease liability for these payments totals \$1,451,411. The School Board has included in capital assets leased buildings in the amount of \$1,045,358 (\$273,784 in accumulated amortization) and lease equipment in the amount of \$899,525 (\$246,023 in accumulated amortization).

Component Unit – HEC

At June 30, 2025, HEC had \$4,813,757 in long-term liabilities outstanding. This long-term liability is comprised of \$687,226 in compensated absences, of which \$44,220 is due within one year, \$1,938 in SBITA, of which the entire amount is due within one year, and \$2,111,266 in net OPEB liabilities and \$2,013,327 in net pension liabilities, of which the entire amounts are due in more than one year.

Note 9. Landfill Closure and Postclosure Care Costs

In accordance with state and federal laws and regulations, the City is required to perform certain maintenance and monitoring functions at the City's closed landfill site for 30 years after the date of closure. The City closed its landfill in 1994. \$1,345,195 of the amount reported as landfill closure and postclosure care liability at June 30, 2025 represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. Included in the total liability is an additional \$451,070 for groundwater remediation. These amounts are based on current year costs. Actual costs ultimately may differ due to inflation, changes in technology, or changes in regulations. The City plans to fund its landfill closure and postclosure care costs with available funds from the Sanitation Fund.

Note 10. Unearned Revenue

The following is a summary of unearned revenue at June 30, 2025 for governmental activities in the government-wide financial statements and for the fund financial statements.

	Governmental Activities			Component
	General			Unit
	General	Capital Projects		School
	Fund	Fund	Total	Board
Advance collection of parking leases	\$ 49,118	\$ -	\$ 49,118	\$ -
Golf course season passes	116,080	-	116,080	-
ARPA funds	2,769,626	-	2,769,626	-
Opioid abatement funds	31,524	-	31,524	-
State All-In funds	-	-	-	1,678,292
Construction reimbursement	-	6,201,376	6,201,376	-
Total unearned revenue	\$ 2,966,348	\$ 6,201,376	\$ 9,167,724	\$ 1,678,292

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

Note 11. Interfund Balances

The General Fund has due from other funds in the amount \$18,529. This amount is comprised of a loan to the Community Development Block Grant Fund. The purpose of the loan is to eliminate a year-end cash and cash equivalents deficit balance and is anticipated to be repaid within the subsequent fiscal year. The Sewer Fund has an interfund loan receivable in the amount of \$1,456,000 while the Water Fund has an interfund loan payable in the amount of \$1,456,000 for funds loaned from the Sewer Fund to the Water Fund for the purchase of land by the Water Fund.

Note 12. Interfund Transfers

Interfund transfers are generally used to subsidize the operations, programs and capital activities of certain funds. The following is a summary of interfund transfers for the year ended June 30, 2025.

Transfer out	Transfer in					Total
	General Fund	General Capital Projects Funds	Water Fund	Public Transportation Fund	Internal Service Funds	
General Fund	\$ -	\$ 12,002,130	\$ -	\$ 660,000	\$ -	\$ 12,662,130
General Capital Projects Fund	-	-	860,230	-	-	860,230
Water Fund	1,598,400	-	-	-	169,013	1,767,413
Sewer Fund	1,406,700	-	-	-	56,339	1,463,039
Public Transportation Fund	229,752	-	-	-	-	229,752
Sanitation Fund	134,800	-	-	-	-	134,800
Stormwater Fund	29,000	-	-	-	-	29,000
Total	<u>\$ 3,398,652</u>	<u>\$ 12,002,130</u>	<u>\$ 860,230</u>	<u>\$ 660,000</u>	<u>\$ 225,352</u>	<u>\$ 17,146,364</u>

Note 13. Fund Balance

The following is a summary of amounts that are reported on the governmental funds balance sheet identified as nonspendable, restricted, committed or assigned fund balance at June 30, 2025.

	General Fund	General Capital Projects Fund	School Bond Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 457,040	\$ -	\$ -	\$ 3,875	\$ 460,915
Loans receivable	296,039	-	-	-	296,039
Total nonspendable fund balance	<u>\$ 753,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,875</u>	<u>\$ 756,954</u>
Restricted for:					
Public safety	\$ 1,343,251	\$ -	\$ -	\$ -	\$ 1,343,251
Public works	-	103,312	-	-	103,312
Education	-	-	127,740	-	127,740
Total restricted fund balance	<u>\$ 1,343,251</u>	<u>\$ 103,312</u>	<u>\$ 127,740</u>	<u>\$ -</u>	<u>\$ 1,574,303</u>
Committed to:					
General government administration	\$ -	\$ 8,400,272	\$ -	\$ -	\$ 8,400,272
Jail and judicial administration	-	287,235	-	-	287,235
Public safety	-	3,337,503	-	-	3,337,503
Public works	-	3,106,894	-	-	3,106,894
Health and human services	-	117,042	-	-	117,042
Education	-	-	-	2,298,775	2,298,775
Parks, recreation and cultural	-	1,445,169	-	-	1,445,169
Community development	-	-	-	199,453	199,453
Total committed fund balance	<u>\$ -</u>	<u>\$ 16,694,115</u>	<u>\$ -</u>	<u>\$ 2,498,228</u>	<u>\$ 19,192,343</u>
Assigned to:					
General government administration	\$ 177,075	\$ -	\$ -	\$ -	\$ 177,075
Public safety	4,237,914	-	-	-	4,237,914
Public works	1,970,617	-	-	-	1,970,617
Education	-	-	-	2,427,181	2,427,181
Parks, recreation and cultural	439,933	-	-	-	439,933
Community development	110,899	-	-	89,530	200,429
Subsequent years' expenditures	7,757,000	-	-	-	7,757,000
Total assigned fund balance	<u>\$ 14,693,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,516,711</u>	<u>\$ 17,210,149</u>

Note 14. Pension Plan - Agent Multiple-Employer

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

Note 14. Pension Plan - Agent Multiple-Employer (continued)

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

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

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

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

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

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

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

Note 14. Pension Plan - Agent Multiple-Employer (continued)

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

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

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

	Primary Government	Component Units	
		School Board	HEC
Inactive employees or beneficiaries currently receiving benefits	407	78	29
Inactive employees entitled to but not yet receiving benefits	530	108	37
Active employees	609	104	43
Total inactive and active employees	1,546	290	109

Contributions. The contribution requirement for active employees is governed by Section 51.1-145 the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute five percent of their annual reported compensation toward their retirement. The City and HEC's contractually required contribution rate for the fiscal year ended 2025 was 13.91 percent of covered employee compensation. The School Board non-professional employees' contribution rate for the fiscal year ended 2025 was 3.54 percent of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City, the School Board and HEC to the pension plans were \$5,623,874, \$131,385 and \$493,930, respectively, for the year ended June 30, 2025.

The defined contributions component of the Hybrid Plan includes member and employer mandatory, and voluntary contributions. The Hybrid Plan member and the employer must contribute a mandatory rate of 1 percent each of the member's covered payroll. Hybrid Plan members may also elect to contribute an additional voluntary rate of up to 4 percent of their covered payroll which would require the employer a mandatory additional contribution of up to 2.5 percent. Defined contributions from the City, the School Board and HEC were \$319,377, \$50,807 and \$24,409, respectively, for the year ended June 30, 2025.

Net Pension Liability. The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – General Employees. The total pension liability for general employees was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method. The following assumptions were applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Note 14. Pension Plan - Agent Multiple-Employer (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiary and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Actuarial Assumptions – Hazardous Duty Employees. The total pension liability for hazardous duty employees was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method. The following assumptions were applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiary and Survivors:

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

Mortality Improvement:

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

Note 14. Pension Plan - Agent Multiple-Employer (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

All Others (Non 10 Largest) – Hazardous Duty: Updated mortality rates to Pub-2010 public sector mortality tables, increased disability life expectancy and replaced mortality rates with a modified Mortality Improvement Scale MP-2020; adjusted retirement rates to better fit experience and changed the final retirement age from 65 to 70; adjusted withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with the 10 Largest – Hazardous Duty employers.

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnersip (PIP)	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return*	7.07%

*The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.5%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the fiscal year ended June 30, 2024, the employer contribution rate is 100 percent of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100 percent of the actuarially determined contribution

Note 14. Pension Plan - Agent Multiple-Employer (continued)

rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset). The following are the changes in net pension liability (asset) as of the measurement date of June 30, 2024:

Primary Government

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 176,984,456	\$ 151,526,654	\$ 25,457,802
Changes for the year:			
Service cost	3,853,397	-	3,853,397
Interest	11,895,133	-	11,895,133
Differences between expected and actual experience	3,384,233	-	3,384,233
Contributions-employer	-	5,271,967	(5,271,967)
Contributions-employee	-	1,776,031	(1,776,031)
Net investment income	-	14,679,139	(14,679,139)
Benefit payments, including refunds of employee contributions	(9,227,315)	(9,227,315)	-
Administrative expense	-	(95,463)	95,463
Other changes	(261,201)	(225,999)	(35,202)
Net changes	9,644,247	12,178,360	(2,534,113)
Balances at June 30, 2024	\$ 186,628,703	\$ 163,705,014	\$ 22,923,689

Component Unit – School Board

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2023	\$ 9,900,897	\$ 10,601,364	\$ (700,467)
Changes for the year:			
Service cost	263,778	-	263,778
Interest	666,293	-	666,293
Differences between expected and actual experience	(32,389)	-	(32,389)
Contributions-employer	-	100,783	(100,783)
Contributions-employee	-	140,320	(140,320)
Net investment income	-	1,017,980	(1,017,980)
Benefit payments, including refunds of employee contributions	(587,337)	(587,337)	-
Administrative expense	-	(6,950)	6,950
Other changes	-	203	(203)
Net changes	310,345	664,999	(354,654)
Balances at June 30, 2024	\$ 10,211,242	\$ 11,266,363	\$ (1,055,121)

Note 14. Pension Plan - Agent Multiple-Employer (continued)

Component Unit – HEC

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 16,507,393	\$ 14,132,936	\$ 2,374,457
Changes for the year:			
Service cost	359,408	-	359,408
Interest	1,109,463	-	1,109,463
Differences between expected and actual experience	315,648	-	315,648
Contributions-employer	-	491,718	(491,718)
Contributions-employee	-	165,651	(165,651)
Net investment income	-	1,369,128	(1,369,128)
Benefit payments, including refunds of employee contributions	(860,634)	(860,634)	-
Administrative expense	-	(8,904)	8,904
Other changes	(1,040,172)	(912,116)	(128,056)
Net changes	(116,287)	244,843	(361,130)
Balances at June 30, 2024	\$ 16,391,106	\$ 14,377,779	\$ 2,013,327

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Primary Government:			
Net Pension Liability (Asset)	\$ 47,417,771	\$ 22,923,689	\$ 2,966,117
Component Unit - School Board:			
Net Pension Liability (Asset)	\$ 33,219	\$ (1,055,121)	\$ (1,977,700)
Component Unit - HEC:			
Net Pension Liability (Asset)	\$ 4,164,578	\$ 2,013,327	\$ 260,506

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

For the year ended June 30, 2025, the City, the School Board and HEC recognized pension expense of \$4,127,179, negative \$7,934 and \$257,079, respectively. At June 30, 2025, the City, the School Board and HEC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 14. Pension Plan - Agent Multiple-Employer (continued)

	Component Units					
	Primary Government		School Board		HEC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,936,050	\$ 249,057	\$ 21,047	\$ 18,780	\$ 345,693	\$ 21,874
Net difference between projected and actual earnings on pension plan investments	-	4,255,152	-	299,900	-	373,719
Employer contributions subsequent to the measurement date	5,623,874	-	131,385	-	493,930	-
Total	<u>\$ 9,559,924</u>	<u>\$ 4,504,209</u>	<u>\$ 152,432</u>	<u>\$ 318,680</u>	<u>\$ 839,623</u>	<u>\$ 395,593</u>

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

Year Ending June 30,	Primary Government	Component Units	
		School Board	HEC
2026	\$ (1,661,082)	\$ (256,735)	\$ (145,888)
2027	2,580,663	79,546	226,652
2028	(583,455)	(57,583)	(51,243)
2029	(904,285)	(62,861)	(79,421)
2030	-	-	-
Thereafter	-	-	-

Pension Plan Data. Detailed information about the VRS Retirement Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payable to the Pension Plan

At June 30, 2025, the City and School Board reported a payable of \$697,614 and \$24,149, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

Note 15. Pension Plan - Teacher Cost-Sharing Pool

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

Note 15. Pension Plan - Teacher Cost-Sharing Pool (continued)

Benefits Provided. VRS administers three different benefit structures for covered employees. Each benefit structure has different eligibility criteria and are substantially the same as described in Note 14.

Contributions. The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Members are required to contribute five percent of their annual reported compensation toward their retirement. The School Board's contractually required contribution rate for the year ended June 30, 2025 was 14.21 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$8,984,415 for the year ended June 30, 2025.

The defined contributions component of the Hybrid Plan includes member and employer mandatory, and voluntary contributions. The Hybrid Plan member and the employer must contribute a mandatory rate of 1 percent each of the member's covered payroll. Hybrid Plan members may also elect to contribute an additional voluntary rate of up to 4 percent of their covered payroll which would require the employer a mandatory additional contribution of up to 2.5 percent. Defined contributions were \$671,017 for the year ended June 30, 2025.

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

At June 30, 2025, the School Board reported a liability of \$50,333,682 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the net pension liability was based on the actuarially determined employer contributions to the pension plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.53621%.

For the year ended June 30, 2025, the School Board recognized pension expense of \$6,124,204. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,732,184	\$ 1,036,406
Changes in assumptions	913,624	-
Net difference between projected and actual earnings on pension plan investments	-	6,928,462
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,958,014	66,455
Employer contributions subsequent to the measurement date	8,984,415	-
Total	<u>\$ 20,588,237</u>	<u>\$ 8,031,323</u>

Note 15. Pension Plan - Teacher Cost-Sharing Pool (continued)

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

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2026	\$ (2,169,648)
2027	5,053,840
2028	1,270,945
2029	(582,638)
2030	-
Thereafter	-

Actuarial Assumptions. The total pension liability was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates (teachers):**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiary and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions were substantially the same as described in Note 14.

Long-term Expected Rate of Return. The long-term expected rate of return on pension System investments is substantially the same as described in Note 14.

Discount Rate. The discount rate used to measure the total pension liability is substantially the same as described in Note 14.

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

Note 15. Pension Plan - Teacher Cost-Sharing Pool (continued)

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the net pension liability	\$ 93,510,116	\$ 50,333,682	\$ 14,973,557

Pension Plan Fiduciary Net Position. Detailed information about the VRS Teacher Retirement Plan’s fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan. At June 30, 2025, the School Board reported a payable of \$985,190 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

Note 16. Other Postemployment Benefits

VRS Group Life Insurance Program

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

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

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

The benefit amounts provided to covered employees are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value. For covered employees with at least 30 years of creditable service, there is a minimum benefit payable of \$9,532 that is based on the VRS Plan 2 pension cost-of-living adjustment.

Contributions. The contribution requirement for the GLI Program is governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71 percent and the employer component was 0.47 percent. The contractually required employer contribution rate for the year ended June 30, 2025 was 0.47 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City, the School Board and HEC to the GLI Program were \$190,398, \$314,606 and \$16,689, respectively, for the year ended June 30, 2025.

Note 16. Other Postemployment Benefits (continued)

VRS Group Life Insurance Program (continued)

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

At June 30, 2025, the City, the School Board and HEC reported a liability of \$1,647,165, \$2,667,500 and \$144,379, respectively, for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The City, the School Board and HEC's proportion of the net OPEB liability was based on the actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2024 measurement date, the City, the School Board and HEC's proportion was 0.14739%, 0.23904% and 0.01367%, respectively.

For the year ended June 30, 2025, the City, the School Board and HEC recognized OPEB expense of \$61,389, \$117,580 and negative \$2,254, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the City, the School Board and HEC reported deferred outflows of resources and deferred inflows of resources related to the GLI Program from the following sources:

	Primary Government		Component Units			
			School Board		HEC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 259,796	\$ 40,235	\$ 420,726	\$ 65,158	\$ 22,772	\$ 3,527
Changes of assumptions	9,389	81,630	15,205	132,196	823	7,155
Net difference between projected and actual earnings on OPEB plan investments	-	138,838	-	224,842	-	12,170
Changes in proportionate share	112,300	29,553	126,727	32,514	9,843	2,590
Employer contributions subsequent to the measurement date	190,398	-	314,606	-	16,689	-
Total	<u>\$ 571,883</u>	<u>\$ 290,256</u>	<u>\$ 877,264</u>	<u>\$ 454,710</u>	<u>\$ 50,127</u>	<u>\$ 25,442</u>

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

Year Ending June 30,	Primary Government	Component Units	
		School Board	HEC
2026	\$ (58,814)	\$ (76,847)	\$ (5,155)
2027	43,993	83,813	3,856
2028	20,743	30,887	1,818
2029	41,002	33,809	3,594
2030	44,305	36,286	3,883
Thereafter	-	-	-

Note 16. Other Postemployment Benefits (continued)

VRS Group Life Insurance Program (continued)

Actuarial Assumptions. The total OPEB liability was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 14 and Note 15.

Long-term Expected Rate of Return. The long-term expected rate of return on VRS investments is substantially the same as the VRS pension plans described in Note 14.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 14.

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Primary Government:			
Net OPEB Liability	\$ 2,561,555	\$ 1,647,165	\$ 908,458
Component Unit - School Board:			
Net OPEB Liability	\$ 4,148,310	\$ 2,667,500	\$ 1,471,201
Component Unit - HEC:			
Net OPEB Liability	\$ 224,529	\$ 144,379	\$ 79,629

OPEB Plan Fiduciary Net Position. Detailed information about the VRS GLI Program Plan's fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the OPEB Plan. At June 30, 2025, the City and the School Board reported a payable of \$46,363 and \$65,898, respectively, for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool

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

Note 16. Other Postemployment Benefits (continued)

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

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

Contributions. The contribution requirement for active employees is governed by Section 51.1-145(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. The School Board's contractually required contribution rate for the year ended June 30, 2025 was 1.21 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program were \$765,035 for the year ended June 30, 2025. Employees are not required to contribute to the HIC Program.

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

At June 30, 2025, the School Board reported a liability of \$6,266,848 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the net OPEB liability was based on the actuarially determined employer contributions to the HIC Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.54228%.

For the year ended June 30, 2025, the School Board recognized OPEB expense of \$614,976. Since there was a change in the proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 296,908
Changes in assumptions	107,960	-
Net difference between projected and actual earnings on OPEB plan investments	-	22,291
Changes in proportionate share	378,373	4,543
Employer contributions subsequent to the measurement date	<u>765,035</u>	<u>-</u>
Total	<u>\$ 1,251,368</u>	<u>\$ 323,742</u>

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

Note 16. Other Postemployment Benefits (continued)

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

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2026	\$ 59,123
2027	60,755
2028	29,112
2028	14,676
2030	5,950
Thereafter	(7,025)

Actuarial Assumptions. The total OPEB liability was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 14 and Note 15.

Long-term Expected Rate of Return. The long-term expected rate of return on VRS investments is substantially the same as described in Note 14.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 14.

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the net OPEB liability	\$ 7,126,970	\$ 6,266,848	\$ 5,537,816

OPEB Plan Fiduciary Net Position. Detailed information about the VRS HIC Program Plan's fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the OPEB Plan. At June 30, 2025, the School Board reported a payable of \$63,807 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

VRS Health Insurance Credit Program – Nonprofessional Employees

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

Note 16. Other Postemployment Benefits (continued)

VRS Health Insurance Credit Program – Nonprofessional Employees (continued)

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

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

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>104</u>
Total inactive and active employees	<u><u>137</u></u>

Contributions. The contribution requirement for active employees is governed by Section 51.1-145(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. The School Board’s contractually required contribution rate for the year ended June 30, 2025 was 0.82 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program were \$30,434 for the year ended June 30, 2025. Employees are not required to contribute to the HIC Program.

Net OPEB Liability. The net OPEB liability is calculated separately for each employer and represents that particular employer’s total OPEB liability less that employer’s fiduciary net position. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions. The total OPEB liability was based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method and actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used and changes to the assumptions are substantially the same as described in Note 14.

Long-term Expected Rate of Return. The long-term expected rate of return on VRS investments is substantially the same as the VRS pension plans described in Note 14.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.75 percent and is substantially the same as described in Note 14.

Note 16. Other Postemployment Benefits (continued)

VRS Health Insurance Credit Program – Nonprofessional Employees (continued)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2023	\$ 131,197	\$ 55,105	\$ 76,092
Changes for the year:			
Service cost	2,443	-	2,443
Interest	8,840	-	8,840
Differences between expected and actual experience	(8,944)	-	(8,944)
Contributions-employer	-	26,858	(26,858)
Net investment income	-	6,598	(6,598)
Benefit payments, including refunds of employee contributions	(5,342)	(5,342)	-
Administrative expense	-	(101)	101
Net changes	(3,003)	28,013	(31,016)
Balances at June 30, 2024	\$ 128,194	\$ 83,118	\$ 45,076

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 59,012	\$ 45,076	\$ 33,215

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

For the year ended June 30, 2025, the School Board recognized pension expense of negative \$14,563. At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,134
Changes in assumptions	3,436	-
Net difference between projected and actual earnings on pension plan investments	-	1,295
Employer contributions subsequent to the measurement date	30,434	
Total	\$ 33,870	\$ 69,429

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

Note 16. Other Postemployment Benefits (continued)

VRS Health Insurance Credit Program – Nonprofessional Employees (continued)

<u>Year Ending June 30,</u>	<u>Deferred Amounts to be Recognized</u>
2026	\$ (21,558)
2027	(22,541)
2028	(19,763)
2029	(2,131)
2030	-
Thereafter	-

HIC Program Data. Detailed information about the VRS HIC Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of this report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the OPEB Plan. At June 30, 2025, the School Board reported a payable of \$2,553 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

Local Health Insurance Program

Plan Description

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

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

Note 16. Other Postemployment Benefits (continued)

Local Health Insurance Program (continued)

Benefits Provided

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

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

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

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

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

Total OPEB Liability. The total OPEB liabilities of \$7,121,768 and \$8,977,152 for the City and School Board, respectively, were measured as of June 30, 2025 and were determined by actuarial valuations performed as of June 30, 2025.

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

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

The mortality, retirement, withdrawal, and disability assumptions are substantially the same as the assumptions used in the June 30, 2022 valuation of the Virginia Retirement System as described in Note 14.

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

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

Note 16. Other Postemployment Benefits (continued)**Local Health Insurance Program (continued)**

Changes in the Total OPEB Liability. The following are the changes in the total OPEB liability as of the measurement date of June 30, 2025:

	Primary Government	School Board
Balances at June 30, 2024	\$ 7,178,726	\$ 8,923,924
Changes for the year:		
Service cost	156,864	437,996
Interest	282,463	356,051
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments	(496,285)	(740,819)
Net changes	(56,958)	53,228
Balances at June 30, 2025	\$ 7,121,768	\$ 8,977,152

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

	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
Primary Government:			
Total OPEB liability	\$ 7,753,298	\$ 7,121,768	\$ 6,555,481
School Board:			
Total OPEB liability	\$ 9,858,416	\$ 8,977,152	\$ 8,191,918

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

	1% Decrease	Current Rate	1% Increase
Primary Government:			
Total OPEB liability	\$ 6,466,953	\$ 7,121,768	\$ 7,888,235
School Board:			
Total OPEB liability	\$ 8,028,162	\$ 8,977,152	\$ 10,111,113

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

For the year ended June 30, 2025, the City and the School Board recognized OPEB expense of negative \$53,888 and \$335,789, respectively. At June 30, 2025, the City and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 16. Other Postemployment Benefits (continued)

Local Health Insurance Program (continued)

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,910,086	\$ 224,966	\$ 2,508,143
Changes in assumptions	129,490	1,215,705	176,455	896,122
Total	<u>\$ 129,490</u>	<u>\$ 3,125,791</u>	<u>\$ 401,421</u>	<u>\$ 3,404,265</u>

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

Year Ending June 30,	Primary Government	School Board
2026	\$ (853,801)	\$ (458,259)
2027	(853,803)	(599,880)
2028	(644,349)	(599,880)
2029	(644,348)	(599,884)
2030	-	(372,469)
Thereafter	-	(372,472)

OPEB Aggregate Totals

The following is a summary of the aggregate totals for deferred outflows of resources, deferred inflows of resources and net/total OPEB liability at June 30, 2025 and OPEB expense for the fiscal year ended June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net/Total OPEB Liability	OPEB Expense
Primary Government:				
VRS Group Life Insurance Program	\$ 571,883	\$ 290,256	\$ 1,647,165	\$ 61,389
Local Health Insurance Program	129,490	3,125,791	7,121,768	(53,888)
Totals	<u>\$ 701,373</u>	<u>\$ 3,416,047</u>	<u>\$ 8,768,933</u>	<u>\$ 7,501</u>
Component Unit - School Board:				
VRS Group Life Insurance Program	\$ 877,264	\$ 454,710	\$ 2,667,500	\$ 117,580
VRS Health Insurance Credit Program	1,251,368	323,742	6,266,848	614,976
VRS Health Insurance Credit Program	33,870	69,429	45,076	(14,563)
Local Health Insurance Program	401,421	3,404,265	8,977,152	335,789
Totals	<u>\$ 2,563,923</u>	<u>\$ 4,252,146</u>	<u>\$ 17,956,576</u>	<u>\$ 1,053,782</u>
Component Unit - HEC:				
VRS Group Life Insurance Program	\$ 50,127	\$ 25,442	\$ 144,379	\$ (2,254)
Local Health Insurance Program	120,841	211,463	1,966,887	75,061
Totals	<u>\$ 170,968</u>	<u>\$ 236,905</u>	<u>\$ 2,111,266</u>	<u>\$ 72,807</u>

Note 17. Joint Ventures

Harrisonburg-Rockingham Regional Sewer Authority. The City, Rockingham County, and the towns of Bridgewater, Dayton and Mt. Crawford have entered into an agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority), whereby the Authority agrees to operate a sewage disposal system for the participating municipalities. The municipalities have an ongoing financial responsibility based on an agreement to make annual contributions to the Authority for operations and maintenance based on their respective usage of the system. The municipalities also agree to make contributions to the Authority for debt service. In fiscal year 2025, the City's contributions totaled \$7,207,519 of which \$3,563,009 was for operations, \$2,693,039 was for debt service and \$951,471 was for capital purposes. These contributions are made from the Sewer Fund. The City does not have an ongoing financial interest in the Authority since it does not have access to the Authority's resources or surpluses, nor is it liable for the Authority's debts or deficits. To obtain a copy of the audited financial statements, contact the Authority at P.O. Box 8, 856 North River Road, Mt. Crawford, Virginia 22841.

The Authority has \$43.4 million of total bonded debt outstanding at June 30, 2025. The City's share of the required principal and interest payments for the Authority's bond issues is projected as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 2,159,451	\$ 533,588	\$ 2,693,039
2027	2,221,433	471,606	2,693,039
2028	2,285,329	407,710	2,693,039
2029	2,351,200	341,839	2,693,039
2030	2,419,109	273,930	2,693,039
2031-2035	4,406,338	833,581	5,239,919
2035-2040	2,795,689	508,044	3,303,733
2041-2045	2,432,060	234,737	2,666,797
2046-2050	821,947	58,389	880,336
2051	86,434	2,399	88,833
Total	<u>\$ 21,978,990</u>	<u>\$ 3,665,823</u>	<u>\$ 25,644,813</u>

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

	June 30, 2025	June 30, 2024	Increase (Decrease)
Current assets	\$ 11,267,093	\$ 10,860,371	\$ 406,722
Restricted assets	3,446,844	3,337,128	109,716
Capital assets	86,390,639	89,128,362	(2,737,723)
Other assets	<u>870,312</u>	<u>855,903</u>	<u>14,409</u>
Total assets	<u>101,974,888</u>	<u>104,181,764</u>	<u>(2,206,876)</u>
Deferred outflows of resources	<u>361,248</u>	<u>522,836</u>	<u>(161,588)</u>
Current liabilities	3,700,062	3,834,976	(134,914)
Liabilities payable from restricted assets	2,148,406	2,072,857	75,549
Long-term liabilities	<u>39,270,949</u>	<u>44,473,030</u>	<u>(5,202,081)</u>
Total liabilities	<u>45,119,417</u>	<u>50,380,863</u>	<u>(5,261,446)</u>
Deferred inflows of resources	<u>456,054</u>	<u>213,615</u>	<u>242,439</u>
Net position	<u>\$ 56,760,665</u>	<u>\$ 54,110,122</u>	<u>\$ 2,650,543</u>

Note 17. Joint Ventures (continued)

Harrisonburg-Rockingham Emergency Communications Center. The City and Rockingham County (County) entered into an agreement that created the Harrisonburg-Rockingham Emergency Communications Center (HRECC), whereby the HRECC operates a joint emergency operations center and a joint two-way radio communications system. The City and County have an ongoing financial responsibility in that the City and County have agreed to equally provide any necessary funding for the HRECC. In fiscal year 2025, the City's contributions totaled \$3,931,060. These contributions are made from the General Fund. The City and County have equal undivided interests in any property purchased or used by the HRECC. The HRECC currently operates using certain capital assets of the City and County; however, the HRECC is responsible for the maintenance of these assets. To obtain a copy of the audited financial statements, contact the City of Harrisonburg Department of Finance, 409 South Main Street, Harrisonburg, Virginia 22801.

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Current assets	\$ 10,388,784	\$ 10,182,351	\$ 206,433
Capital assets	<u>8,191,694</u>	<u>8,275,636</u>	<u>(83,942)</u>
Total assets	<u>18,580,478</u>	<u>18,457,987</u>	<u>122,491</u>
Deferred outflows of resources	<u>712,571</u>	<u>639,677</u>	<u>72,894</u>
Current liabilities	798,469	878,987	(80,518)
Long-term liabilities	<u>3,691,250</u>	<u>3,747,007</u>	<u>(55,757)</u>
Total liabilities	<u>4,489,719</u>	<u>4,625,994</u>	<u>(136,275)</u>
Deferred inflows of resources	<u>2,687,488</u>	<u>2,806,358</u>	<u>(118,870)</u>
Net position	<u>\$ 12,115,842</u>	<u>\$ 11,665,312</u>	<u>\$ 450,530</u>

Note 18. Jointly Governed Organizations

Harrisonburg-Rockingham Social Services District (District). The District was established by the City and the County of Rockingham (County) to provide social services for the residents of the City and County. Both the City and County appoint one member each to the governing board. The District is a separate legal entity and is a discretely presented component unit of the County. The City contributed \$6,200,895 to the District in fiscal year 2025.

Shenandoah Valley Juvenile Center Commission (Commission). The Commission was established to provide a regional juvenile detention home. The Commission currently serves the Cities of Harrisonburg, Staunton, Waynesboro and Lexington, Virginia and the Counties of Augusta, Rockingham and Rockbridge, Virginia. The governing body is composed of one member appointed by each participating locality. The Commission is a separate legal entity with no participating locality having a voting majority. The Commission is perpetual and no participating locality has access to its resources or surpluses, nor is any participant liable for the Commission's debts or deficits. The City contributed \$198,568 to the Commission in fiscal year 2025.

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

Note 18. Jointly Governed Organizations (continued)

locality having a voting majority. The Authority is perpetual, and no participating locality has access to its resources or surpluses, nor is any participant liable for the Authority's debts or deficits. In accordance with a service agreement, the Authority will divide its charges to member jurisdictions into an operating and debt service component which will be allocated annually based on the percentage of prisoners from each member jurisdiction over the previous three calendar years. The City and County's annual contribution percentage will be combined based on the total number of prisoners between the two jurisdictions with the City and County each responsible for 50 percent of the contribution. The City contributed \$1,681,067 to the Authority in fiscal year 2025 of which \$1,446,392 was for operations and \$234,675 was for debt service.

Note 19. Related Organization

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

Note 20. Commitments

The City has several contracts outstanding for the continued construction of the eastern source waterline project. The contracts total \$19.2 million, of which \$6.6 million had been expended as of June 30, 2025. The contracts are a commitment of the Water Fund and are being financed through bond proceeds and currently available funds.

The City has a contract outstanding for the construction of a new fire station. The contract totals \$6.9 million, of which \$5.7 million had been expended as of June 30, 2025. The contract is a commitment of the General Capital Projects Fund and is being financed through federal ARPA funds and currently available funds.

The City has a contract outstanding for the replacement of Kids Castle playground in Purcell Park. The contract totals \$3.4 million, of which \$636,000 had been expended as of June 30, 2025. The contract is a commitment of the General Capital Projects Fund and is being financed through federal ARPA funds and currently available funds.

The City has a contract outstanding for the realignment of University Boulevard. The contract totals \$9.9 million, of which no funds had been expended as of June 30, 2025. The contract is a commitment of the General Capital Projects Fund and is being financed primarily through VDOT and James Madison University funding.

The following is a summary of significant encumbrances at June 30, 2025.

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fire trucks	\$ 2,929,092	\$ -	\$ -	\$ 2,929,092
Other motor vehicles and equipment	1,547,788	-	-	1,547,788
Street repaving	780,453	-	-	780,453
Traffic signal replacement	431,813	-	-	431,813
Fire Station No. 5	-	1,271,205	-	1,271,205
Municipal building renovation	-	822,650	-	822,650
Kids castle playground replacement	-	745,320	-	745,320
Replacement school buses	-	-	1,496,681	1,496,681
Other purposes	1,247,292	462,608	-	1,709,900
Total encumbrances	<u>\$ 6,936,438</u>	<u>\$ 3,301,783</u>	<u>\$ 1,496,681</u>	<u>\$ 11,734,902</u>

Note 21. Transactions with Component Units

In fiscal year 2025, the City's General Fund made contributions to the School Board, a component unit, totaling \$46,534,609 comprised of \$46,014,609 for the purpose of funding the School Board's operating budget and \$520,000 for capital purposes.

In fiscal year 2025, the Harrisonburg Electric Commission, a component unit, made contributions to the City's General Fund totaling \$5,200,000 for the purpose of funding the General Fund budget.

Note 22. Conduit Debt

From time to time, the City has issued Harrisonburg Economic Development Authority (EDA) bonds and Harrisonburg Redevelopment and Housing Authority (HRHA) bonds that provide capital financing to private-sector entities for the acquisition and construction of industrial, commercial, and public and private facilities deemed to be in the public interest. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the EDA or RHA for any of the bonds. The City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, there were five series of HRHA bonds outstanding, with an aggregate principal amount of \$20.5 million.

Note 23. Hotel and Conference Center

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

The City has entered into a support agreement with the EDA whereas the City has agreed to a non-binding moral obligation pledge to appropriate all tax and other revenue generated from the hotel and conference center to the EDA to the extent necessary to reimburse the Foundation for its annual debt payments and the EDA has a non-recourse note to pay to the Foundation such appropriated funds received from the City and generated by tax revenue from the hotel and conference center. The pledged tax revenue will be calculated every September 1. The agreement remains in force for a maximum of 21 years from the date of the Certificate of Occupancy. The City's obligation terminates upon the repayment of the Foundation's construction debt or if the hotel and conference center ceases operations for one year. The agreement does not legally obligate the City for any debt incurred by the Foundation. The conference center portion of the project cost an estimated \$11 million. For the year ended 2025, the City's reimbursement obligation to the EDA totaled \$1,204,665.

Note 24. Risk Management

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

Note 24. Risk Management (continued)

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

The City records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims, related claim adjustment expenses and an estimate for claims incurred but not reported (IBNR) based on historical experience. The following represents the change in approximate aggregate liabilities for the fund from July 1, 2023 to June 30, 2025:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2025	\$ 518,446	\$ 22,600,202	\$ 22,022,458	\$ 1,096,190
2024	1,008,517	19,483,898	19,973,969	518,446

Note 25. Contingencies

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

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

The City has certain debt instruments subject to arbitrage rebate calculations. The City has recorded an estimate of approximately \$1.4 million as a liability for arbitrage rebate purposes.

Note 26. Restatement of Beginning Net Position

The beginning net position of the Harrisonburg Electric Commission (HEC), a component unit, has been restated due to the adoption of GASB Statement No. 101, *Compensated Absences*.

Net position at the beginning of the year, as previously reported	\$ 101,080,015
Restatement for:	
Effect of GASB Statement No. 101 adoption	<u>(88,131)</u>
Net position at the beginning of the year, as restated	<u>\$ 100,991,884</u>

Note 27. New Governmental Accounting Standards Board (GASB) Standards

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

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

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

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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

Exhibit 13

Last Ten Plan Years

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 4,212,805	\$ 3,890,893	\$ 3,507,119	\$ 3,401,780	\$ 3,453,675	\$ 3,004,555	\$ 2,927,437	\$ 3,022,461	\$ 3,026,951	\$ 2,906,016
Interest	13,004,596	12,160,350	11,742,651	10,718,735	10,204,291	9,842,472	9,390,900	9,266,705	8,791,188	8,375,607
Difference between expected and actual experience	3,699,881	4,414,601	(1,685,393)	(1,002,061)	3,398,610	307,442	399,173	(2,778,869)	1,637,704	173,707
Changes of assumptions	-	-	-	6,495,861	-	4,589,190	-	(1,001,160)	-	-
Benefit payments, including refunds of employee contributions	(10,087,949)	(9,160,416)	(8,600,383)	(8,156,295)	(7,624,250)	(7,217,461)	(6,175,039)	(6,597,062)	(5,552,156)	(5,214,037)
Other changes	(1,301,373)	1,343,768	1,120,220	411,266	(1,532,053)	173,692	503,292	(346,983)	(591,727)	(191,986)
Net change in total pension liability	9,527,960	12,649,196	6,084,214	11,869,286	7,900,273	10,699,890	7,045,763	1,565,092	7,311,960	6,059,307
Total pension liability - beginning	193,491,849	180,842,653	174,758,439	162,889,153	154,988,880	144,288,990	137,243,227	135,678,135	128,366,175	122,306,868
Total pension liability - ending	\$ 203,019,809	\$ 193,491,849	\$ 180,842,653	\$ 174,758,439	\$ 162,889,153	\$ 154,988,880	\$ 144,288,990	\$ 137,243,227	\$ 135,678,135	\$ 128,366,175
Plan fiduciary net position										
Contributions - employer	\$ 5,763,685	\$ 4,905,975	\$ 3,915,983	\$ 3,822,747	\$ 3,400,953	\$ 3,314,021	\$ 3,283,365	\$ 3,208,670	\$ 3,431,172	\$ 3,421,755
Contributions - employee	1,941,682	1,652,858	1,523,824	1,489,010	1,517,735	1,453,193	1,420,715	1,443,412	1,366,616	1,346,545
Net investment income	16,048,267	10,128,537	(159,023)	34,659,668	2,457,142	8,180,371	8,554,332	12,766,065	1,833,241	4,629,283
Benefit payments, including refunds of employee contributions	(10,087,949)	(9,160,416)	(8,600,383)	(8,156,295)	(7,624,250)	(7,217,461)	(6,175,039)	(6,597,062)	(5,552,156)	(5,214,037)
Administrative expense	(104,367)	(100,875)	(99,564)	(86,590)	(84,285)	(81,275)	(73,671)	(74,175)	(65,026)	(62,898)
Other changes	(1,138,115)	1,154,550	976,677	380,466	(1,201,380)	137,781	421,975	(304,054)	(460,018)	(149,841)
Net change in fiduciary net position	12,423,203	8,580,629	(2,442,486)	32,109,006	(1,534,085)	5,786,630	7,431,677	10,442,856	553,829	3,970,807
Plan fiduciary net position - beginning	165,659,590	157,078,961	159,521,447	127,412,441	128,946,526	123,159,896	115,728,219	105,285,363	104,731,534	100,760,727
Plan fiduciary net position - ending	\$ 178,082,793	\$ 165,659,590	\$ 157,078,961	\$ 159,521,447	\$ 127,412,441	\$ 128,946,526	\$ 123,159,896	\$ 115,728,219	\$ 105,285,363	\$ 104,731,534
Change in net pension liability	\$ (2,895,243)	\$ 4,068,567	\$ 8,526,700	\$ (20,239,720)	\$ 9,434,358	\$ 4,913,260	\$ (385,914)	\$ (8,877,764)	\$ 6,758,131	\$ 2,088,500
Net pension liability - beginning	27,832,259	23,763,692	15,236,992	35,476,712	26,042,354	21,129,094	21,515,008	30,392,772	23,634,641	21,546,141
Net pension liability - ending	\$ 24,937,016	\$ 27,832,259	\$ 23,763,692	\$ 15,236,992	\$ 35,476,712	\$ 26,042,354	\$ 21,129,094	\$ 21,515,008	\$ 30,392,772	\$ 23,634,641
Plan fiduciary net position as a percentage of the total pension liability	87.72%	85.62%	86.86%	91.28%	78.22%	83.20%	85.36%	84.32%	77.60%	81.59%
Covered payroll	\$ 41,239,549	\$ 34,909,049	\$ 31,774,027	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059	\$ 27,653,817	\$ 27,055,004	\$ 26,909,663
Net pension liability as a percentage of covered payroll	60.47%	79.73%	74.79%	49.34%	113.37%	86.69%	74.16%	77.80%	112.34%	87.83%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,117,804	\$ 6,066,338	\$ 5,135,122	\$ 4,082,962	\$ 3,968,511	\$ 3,526,663	\$ 3,385,684	\$ 3,350,666	\$ 3,252,089	\$ 3,453,068
Contributions in relation to the										
contractually required contribution	6,117,804	6,066,338	5,135,122	4,082,962	3,968,511	3,526,663	3,385,684	3,350,666	3,252,089	3,453,068
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,981,336	\$ 41,239,549	\$ 34,909,049	\$ 31,774,027	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059	\$ 27,653,817	\$ 27,055,004
Contributions as a percentage of covered payroll	13.91%	14.71%	14.71%	12.85%	12.85%	11.27%	11.27%	11.76%	11.76%	12.76%

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

Exhibit 15

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 263,778	\$ 229,576	\$ 211,603	\$ 210,686	\$ 220,684	\$ 211,475	\$ 201,048	\$ 199,527	\$ 204,651	\$ 211,969
Interest	666,293	633,472	601,872	547,983	523,147	501,885	486,490	479,180	470,931	452,999
Difference between expected and actual experience	(32,389)	134,809	160,306	33,696	35,135	39,455	(115,580)	(180,228)	(161,984)	6,161
Changes of assumptions	-	-	-	290,157	-	199,487	-	(31,097)	-	-
Benefit payments, including refunds of employee contributions	(587,337)	(504,316)	(542,899)	(448,629)	(373,425)	(370,087)	(333,991)	(391,895)	(399,639)	(430,270)
Net change in total pension liability	310,345	493,541	430,882	633,893	405,541	582,215	237,967	75,487	113,959	240,859
Total pension liability - beginning	9,900,897	9,407,356	8,976,474	8,342,581	7,937,040	7,354,825	7,116,858	7,041,371	6,927,412	6,686,553
Total pension liability - ending	\$ 10,211,242	\$ 9,900,897	\$ 9,407,356	\$ 8,976,474	\$ 8,342,581	\$ 7,937,040	\$ 7,354,825	\$ 7,116,858	\$ 7,041,371	\$ 6,927,412
Plan fiduciary net position										
Contributions - employer	\$ 100,783	\$ 102,837	\$ 78,311	\$ 79,026	\$ 74,576	\$ 76,225	\$ 91,985	\$ 84,555	\$ 131,249	\$ 132,185
Contributions - employee	140,320	137,141	113,245	111,349	110,067	107,536	101,840	92,741	92,983	93,767
Net investment income	1,017,980	654,185	(9,099)	2,311,772	163,050	543,586	573,959	860,467	121,916	320,003
Benefit payments, including refunds of employee contributions	(587,337)	(504,316)	(542,899)	(448,629)	(373,425)	(370,087)	(333,991)	(391,895)	(399,639)	(430,270)
Administrative expense	(6,950)	(6,595)	(6,640)	(5,844)	(5,602)	(5,434)	(4,976)	(5,077)	(4,533)	(4,518)
Other changes	203	263	240	217	(192)	(342)	(510)	(761)	(52)	(69)
Net change in fiduciary net position	664,999	383,515	(366,842)	2,047,891	(31,526)	351,484	428,307	640,030	(58,076)	111,098
Plan fiduciary net position - beginning	10,601,364	10,217,849	10,584,691	8,536,800	8,568,326	8,216,842	7,788,535	7,148,505	7,206,581	7,095,483
Plan fiduciary net position - ending	\$ 11,266,363	\$ 10,601,364	\$ 10,217,849	\$ 10,584,691	\$ 8,536,800	\$ 8,568,326	\$ 8,216,842	\$ 7,788,535	\$ 7,148,505	\$ 7,206,581
Change in net pension liability	\$ (354,654)	\$ 110,026	\$ 797,724	\$ (1,413,998)	\$ 437,067	\$ 230,731	\$ (190,340)	\$ (564,543)	\$ 172,035	\$ 129,761
Net pension liability (asset) - beginning	(700,467)	(810,493)	(1,608,217)	(194,219)	(631,286)	(862,017)	(671,677)	(107,134)	(279,169)	(408,930)
Net pension liability (asset) - ending	\$ (1,055,121)	\$ (700,467)	\$ (810,493)	\$ (1,608,217)	\$ (194,219)	\$ (631,286)	\$ (862,017)	\$ (671,677)	\$ (107,134)	\$ (279,169)
Plan fiduciary net position as a percentage of the total pension liability	110.33%	107.07%	108.62%	117.92%	102.33%	107.95%	111.72%	109.44%	101.52%	104.03%
Covered payroll	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448	\$ 2,319,940	\$ 2,157,068	\$ 1,956,491	\$ 1,927,977	\$ 1,921,153
Net pension liability as a percentage of covered payroll	-32.21%	-22.23%	-31.85%	-65.69%	-8.10%	-27.21%	-39.96%	-34.33%	-5.56%	-14.53%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 131,385	\$ 146,407	\$ 140,866	\$ 102,032	\$ 98,175	\$ 91,065	\$ 88,158	\$ 100,951	\$ 91,564	\$ 135,537
Contributions in relation to the										
contractually required contribution	131,385	146,407	140,866	102,032	98,175	91,065	88,158	100,951	91,564	135,537
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,711,437	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448	\$ 2,319,940	\$ 2,157,068	\$ 1,956,491	\$ 1,927,977
Contributions as a percentage of covered payroll	3.54%	4.47%	4.47%	4.01%	4.01%	3.80%	3.80%	4.68%	4.68%	7.03%

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

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.53621%	0.53328%	0.52092%	0.50316%	0.49887%	0.49235%	0.48893%	0.47233%	0.45714%	0.44562%
Proportionate share of the net pension liability \$	50,333,682	\$ 53,899,702	\$ 49,594,703	\$ 39,060,800	\$ 72,598,687	\$ 64,796,058	\$ 57,498,000	\$ 58,087,000	\$ 64,064,000	\$ 56,088,000
Covered payroll	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,699,504	\$ 37,191,094	\$ 34,585,344	\$ 33,237,754
Proportionate share of the net pension liability as a percentage of covered payroll	86.63%	100.15%	101.20%	87.17%	165.39%	156.01%	144.83%	156.19%	185.23%	168.75%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,984,415	\$ 9,656,112	\$ 8,945,009	\$ 8,145,234	\$ 7,447,297	\$ 6,882,902	\$ 6,512,298	\$ 6,478,959	\$ 5,452,215	\$ 4,862,700
Contributions in relation to the										
contractually required contribution	8,984,415	9,656,112	8,945,009	8,145,234	7,447,297	6,882,902	6,512,298	6,478,959	5,452,215	4,862,700
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 63,226,003	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,699,504	\$ 37,191,094	\$ 34,585,344
Contributions as a percentage of covered payroll	14.21%	16.62%	16.62%	16.62%	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%

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

Exhibit 19

	Plan Year					
	2024	2023	2022	2021	2020	2017
Proportion of the net OPEB liability	0.16106%	0.14880%	0.14713%	0.14993%	0.15215%	0.14998%
Proportionate share of the net OPEB liability	\$ 1,791,544	\$ 1,796,339	\$ 1,783,963	\$ 1,748,724	\$ 2,515,130	\$ 2,251,536
Covered payroll	\$ 41,359,458	\$ 35,049,182	\$ 32,009,597	\$ 30,883,351	\$ 31,292,489	\$ 27,653,817
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.33%	5.13%	5.57%	5.66%	8.04%	8.14%
Plan fiduciary net position as a percentage of the total OPEB liability	73.41%	69.30%	67.21%	67.45%	52.64%	48.86%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

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

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 207,087	\$ 223,331	\$ 189,265	\$ 171,572	\$ 165,828	\$ 164,163	\$ 157,904	\$ 149,509
Contributions in relation to the								
contractually required contribution	207,087	223,331	189,265	171,572	165,828	164,163	157,904	149,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 44,064,759	\$ 41,359,458	\$ 35,049,182	\$ 32,009,597	\$ 30,883,351	\$ 31,292,489	\$ 30,041,564	\$ 28,492,059
Contributions as a percentage of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%

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

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

Exhibit 21

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.23904%	0.24188%	0.23700%	0.22889%	0.22503%	0.22371%	0.22044%	0.21406%
Proportionate share of the net OPEB liability	\$ 2,667,500	\$ 2,900,899	\$ 2,853,708	\$ 2,664,900	\$ 3,755,382	\$ 3,640,357	\$ 3,347,000	\$ 3,221,000
Covered payroll	\$ 61,374,670	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,312,246	\$ 43,852,452	\$ 41,916,791	\$ 39,484,045
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

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

Exhibit 22

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 314,606	\$ 331,423	\$ 307,670	\$ 278,387	\$ 255,191	\$ 240,824	\$ 228,033	\$ 217,967
Contributions in relation to the								
contractually required contribution	314,606	331,423	307,670	278,387	255,191	240,824	228,033	217,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 66,937,440	\$ 61,374,670	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,312,246	\$ 43,852,452	\$ 41,916,791
Contributions as a percentage of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%

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

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

Exhibit 23

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.54228%	0.53977%	0.52583%	0.50667%	0.50071%	0.49516%	0.49147%	0.47489%
Proportionate share of the net OPEB liability	\$ 6,266,848	\$ 6,538,868	\$ 6,567,861	\$ 6,503,460	\$ 6,531,844	\$ 6,482,126	\$ 6,240,000	\$ 6,025,000
Covered payroll	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,747,031	\$ 37,191,094
Proportionate share of the net OPEB liability as a percentage of its covered payroll	10.79%	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.20%
Plan fiduciary net position as a percentage of the total OPEB liability	21.82%	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

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

Exhibit 24

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 765,035	\$ 703,002	\$ 651,231	\$ 593,004	\$ 542,192	\$ 526,753	\$ 498,390	\$ 488,888
Contributions in relation to the								
contractually required contribution	765,035	703,002	651,231	593,004	542,192	526,753	498,390	488,888
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 63,226,003	\$ 58,099,352	\$ 53,820,754	\$ 49,008,627	\$ 44,809,249	\$ 43,896,061	\$ 41,532,512	\$ 39,747,031
Contributions as a percentage of covered payroll	1.21%	1.21%	1.21%	1.21%	1.21%	1.20%	1.20%	1.23%

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

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

SCHOOL BOARD NON-PROFESSIONAL EMPLOYEES VRS HEALTH INSURANCE CREDIT PROGRAM

Last Five Plan Years

	Plan Year				
	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 2,443	\$ 2,206	\$ 3,436	\$ 3,463	\$ -
Interest	8,840	14,973	13,983	12,416	-
Difference between expected and actual experience	(8,944)	(102,935)	(2,029)	-	-
Changes of assumptions	-	-	5,714	6,417	-
Changes of benefit terms	-	-	-	-	183,944
Benefit payments, including refunds of employee contributions	(5,342)	(5,336)	(5,055)	-	-
Net change in total OPEB liability	(3,003)	(91,092)	16,049	22,296	183,944
Total OPEB liability - beginning	131,197	222,289	206,240	183,944	-
Total OPEB liability - ending	<u>\$ 128,194</u>	<u>\$ 131,197</u>	<u>\$ 222,289</u>	<u>\$ 206,240</u>	<u>\$ 183,944</u>
Plan fiduciary net position					
Contributions - employer	\$ 26,858	\$ 25,841	\$ 17,812	\$ 17,137	\$ -
Net investment income	6,598	2,893	(303)	2,337	-
Benefit payments, including refunds of employee contributions	(5,342)	(5,336)	(5,055)	-	-
Administrative expense	(101)	(84)	(61)	(76)	-
Net change in fiduciary net position	28,013	23,314	12,393	19,398	-
Plan fiduciary net position - beginning	55,105	31,791	19,398	-	-
Plan fiduciary net position - ending	<u>\$ 83,118</u>	<u>\$ 55,105</u>	<u>\$ 31,791</u>	<u>\$ 19,398</u>	<u>\$ -</u>
Change in net OPEB liability	\$ (31,016)	\$ (114,406)	\$ 3,656	\$ 2,898	\$ 183,944
Net OPEB liability (asset) - beginning	76,092	190,498	186,842	183,944	-
Net OPEB liability (asset) - ending	<u>\$ 45,076</u>	<u>\$ 76,092</u>	<u>\$ 190,498</u>	<u>\$ 186,842</u>	<u>\$ 183,944</u>
Plan fiduciary net position as a percentage of the total OPEB liability	64.84%	42.00%	14.30%	9.41%	0.00%
Covered payroll	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251	\$ 2,396,448
Net OPEB liability as a percentage of covered payroll	1.38%	2.41%	7.49%	7.63%	7.68%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

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

Exhibit 26

	Fiscal Year				
	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 30,434	\$ 26,858	\$ 25,841	\$ 17,811	\$ 17,137
Contributions in relation to the actuarially determined contribution	30,434	26,858	25,841	17,811	17,137
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,711,437	\$ 3,275,318	\$ 3,151,369	\$ 2,544,433	\$ 2,448,251
Contributions as a percentage of covered payroll	0.82%	0.82%	0.82%	0.70%	0.70%

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

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

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 156,864	\$ 349,418	\$ 335,850	\$ 666,698	\$ 634,950	\$ 604,714	\$ 417,069	\$ 397,209
Interest	282,463	235,640	233,326	341,291	317,734	235,404	263,792	253,632
Difference between expected and actual experience	-	(2,042,536)	-	(1,645,184)	-	2,577,043	-	-
Changes of assumptions	-	(1,823,557)	-	388,470	-	(413,527)	-	-
Benefit payments	(496,285)	(476,601)	(561,585)	(528,551)	(496,489)	(445,448)	(346,085)	(323,444)
Net change in total OPEB liability	(56,958)	(3,757,636)	7,591	(777,276)	456,195	2,558,186	334,776	327,397
Total OPEB liability - beginning	7,178,726	10,936,362	10,928,771	11,706,047	11,249,852	8,691,666	8,356,890	8,029,493
Total OPEB liability - ending	<u>\$ 7,121,768</u>	<u>\$ 7,178,726</u>	<u>\$ 10,936,362</u>	<u>\$ 10,928,771</u>	<u>\$ 11,706,047</u>	<u>\$ 11,249,852</u>	<u>\$ 8,691,666</u>	<u>\$ 8,356,890</u>
Covered-employee payroll	\$ 37,722,985	\$ 31,448,999	\$ 28,400,178	\$ 27,533,665	\$ 28,056,808	\$ 26,874,560	\$ 25,454,327	\$ 24,715,319
Total OPEB liability as a percentage of covered-employee payroll	18.88%	22.83%	38.51%	39.69%	41.72%	41.86%	34.15%	33.81%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

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

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 437,996	\$ 719,693	\$ 685,422	\$ 997,969	\$ 950,447	\$ 905,188	\$ 640,131	\$ 609,649
Interest	356,051	253,964	248,369	371,777	345,273	288,277	324,811	318,768
Difference between expected and actual experience	-	(1,896,052)	-	(2,172,203)	-	1,574,768	-	-
Changes of assumptions	-	(1,083,703)	-	352,911	-	(583,415)	-	-
Benefit payments	(740,819)	(711,437)	(817,242)	(746,204)	(770,630)	(691,406)	(765,839)	(715,737)
Net change in total OPEB liability	53,228	(2,717,535)	116,549	(1,195,750)	525,090	1,493,412	199,103	212,680
Total OPEB liability - beginning	8,923,924	11,641,459	11,524,910	12,720,660	12,195,570	10,702,158	10,503,055	10,290,375
Total OPEB liability - ending	<u>\$ 8,977,152</u>	<u>\$ 8,923,924</u>	<u>\$ 11,641,459</u>	<u>\$ 11,524,910</u>	<u>\$ 12,720,660</u>	<u>\$ 12,195,570</u>	<u>\$ 10,702,158</u>	<u>\$ 10,503,055</u>
Covered-employee payroll	\$ 61,374,670	\$ 56,972,123	\$ 51,553,060	\$ 47,257,500	\$ 46,292,509	\$ 43,852,452	\$ 41,856,572	\$ 39,147,585
Total OPEB liability as a percentage of covered-employee payroll	14.63%	15.66%	22.58%	24.39%	27.48%	27.81%	25.57%	26.83%

The plan years above are reported in the financial statements in the fiscal year following the plan year. For example, plan year 2023 information was presented in the fiscal year 2024 financial statements.

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

Note 1. Pension Plans

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

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

Changes of Assumptions. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Teacher Cost-Sharing Pool:

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

Note 2. Other Postemployment Benefit Plans

VRS Group Life Insurance Program

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

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

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

Note 2. Other Postemployment Benefit Plans (continued)

VRS Health Insurance Credit Program – Teacher Cost-Sharing Pool

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

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

VRS Health Insurance Credit Program – Nonprofessional Employees

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

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

Local Health Insurance Program

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

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

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

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

**OTHER
SUPPLEMENTARY INFORMATION**

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

CITY OF HARRISONBURG, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
At June 30, 2025

Exhibit A-1

	Special Revenue Funds			
	Community Development Block Grant Fund	School Transportation Fund	Business Loan Program Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ 5,055,668	\$ 288,826	\$ 5,344,494
Receivables	-	827	157	984
Due from component units	-	9,476	-	9,476
Due from other governments	156,247	-	-	156,247
Prepaid expenditures	-	3,875	-	3,875
Loans receivable	-	-	27,328	27,328
Total assets	\$ 156,247	\$ 5,069,846	\$ 316,311	\$ 5,542,404
Liabilities				
Accounts payable	\$ 137,413	\$ 152,438	\$ -	\$ 289,851
Accrued payroll	305	183,010	-	183,315
Due to other funds	18,529	-	-	18,529
Due to component units	-	4,567	-	4,567
Total liabilities	156,247	340,015	-	496,262
Deferred Inflows of Resources				
Unavailable revenue	-	-	27,328	27,328
Total deferred inflows of resources	-	-	27,328	27,328
Fund Balances				
Nonspendable	-	3,875	-	3,875
Committed	-	2,298,775	199,453	2,498,228
Assigned	-	2,427,181	89,530	2,516,711
Total fund balances	-	4,729,831	288,983	5,018,814
Total liabilities, deferred inflows of resources and fund balances	\$ 156,247	\$ 5,069,846	\$ 316,311	\$ 5,542,404

CITY OF HARRISONBURG, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS

Exhibit A-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2025

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Community Development Block Grant Fund	School Transportation Fund	Business Loan Program Fund	
Revenues:				
Use of money and property	\$ -	\$ 168,099	\$ 12,366	\$ 180,465
Charges for services	-	6,034,170	-	6,034,170
Miscellaneous	-	100	33,288	33,388
Intergovernmental	456,205	-	-	456,205
Total revenues	<u>456,205</u>	<u>6,202,369</u>	<u>45,654</u>	<u>6,704,228</u>
Expenditures:				
Current:				
Education	-	5,188,723	-	5,188,723
Community development	456,205	-	-	456,205
Debt service:				
Principal retirement	-	2,382	-	2,382
Interest and fiscal charges	-	251	-	251
Total expenditures	<u>456,205</u>	<u>5,191,356</u>	<u>-</u>	<u>5,647,561</u>
Net change in fund balances	-	1,011,013	45,654	1,056,667
Fund balances at beginning of year	<u>-</u>	<u>3,718,818</u>	<u>243,329</u>	<u>3,962,147</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 4,729,831</u>	<u>\$ 288,983</u>	<u>\$ 5,018,814</u>

SCHOOL TRANSPORTATION FUND

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

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 168,099	\$ 143,099
Charges for services	6,006,979	6,006,979	6,034,170	27,191
Miscellaneous	15,000	15,000	100	(14,900)
Intergovernmental	-	600,000	-	(600,000)
Total revenues	<u>6,046,979</u>	<u>6,646,979</u>	<u>6,202,369</u>	<u>(444,610)</u>
Expenditures:				
Current:				
Education	6,746,979	7,936,428	5,188,723	2,747,705
Debt service:				
Principal retirement	-	2,382	2,382	-
Interest and fiscal charges	-	258	251	7
Total expenditures	<u>6,746,979</u>	<u>7,939,068</u>	<u>5,191,356</u>	<u>2,747,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(700,000)</u>	<u>(1,292,089)</u>	1,011,013	<u>2,303,102</u>
Fund balance at beginning of year			<u>3,718,818</u>	
Fund balance at end of year			<u>\$ 4,729,831</u>	

BUSINESS LOAN PROGRAM FUND

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

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 12,366	\$ 12,366
Miscellaneous	23,200	23,200	33,288	10,088
Total revenues	<u>23,200</u>	<u>23,200</u>	<u>45,654</u>	<u>22,454</u>
Expenditures:				
Current:				
Community development	100,000	100,000	-	100,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (76,800)</u>	<u>\$ (76,800)</u>	45,654	<u>\$ 122,454</u>
Fund balance at beginning of year			<u>243,329</u>	
Fund balance at end of year			<u>\$ 288,983</u>	

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Internal Service Funds

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

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

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

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

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
At June 30, 2025

Exhibit B-1

	Central Garage Fund	Central Stores Fund	Health Insurance Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,340,890	\$ 94,368	\$ 8,878,643	\$ 11,313,901
Receivables	5,209	-	1,504	6,713
Due from component units	19,248	-	-	19,248
Inventory	174,938	1,218,966	-	1,393,904
Prepaid expenses	911	-	-	911
Total current assets	<u>2,541,196</u>	<u>1,313,334</u>	<u>8,880,147</u>	<u>12,734,677</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	<u>4,908,462</u>	<u>382,332</u>	<u>-</u>	<u>5,290,794</u>
Total noncurrent assets	<u>4,908,462</u>	<u>382,332</u>	<u>-</u>	<u>5,290,794</u>
Total assets	<u>7,449,658</u>	<u>1,695,666</u>	<u>8,880,147</u>	<u>18,025,471</u>
Deferred outflows of resources				
Deferred OPEB outflows	15,531	1,845	-	17,376
Deferred pension outflows	<u>237,589</u>	<u>25,905</u>	<u>-</u>	<u>263,494</u>
Total deferred outflows of resources	<u>253,120</u>	<u>27,750</u>	<u>-</u>	<u>280,870</u>
Liabilities				
Current liabilities:				
Accounts payable	185,201	68,837	1,096,190	1,350,228
Accrued payroll	16,913	2,213	-	19,126
Due to component units	6,450	313	-	6,763
Leases	1,047	-	-	1,047
Compensated absences	<u>6,000</u>	<u>320</u>	<u>-</u>	<u>6,320</u>
Total current liabilities	<u>215,611</u>	<u>71,683</u>	<u>1,096,190</u>	<u>1,383,484</u>
Noncurrent liabilities:				
Leases	2,738	-	-	2,738
Compensated absences	116,833	12,660	-	129,493
Net OPEB liability	114,919	20,835	-	135,754
Net pension liability	<u>569,714</u>	<u>62,116</u>	<u>-</u>	<u>631,830</u>
Total noncurrent liabilities	<u>804,204</u>	<u>95,611</u>	<u>-</u>	<u>899,815</u>
Total liabilities	<u>1,019,815</u>	<u>167,294</u>	<u>1,096,190</u>	<u>2,283,299</u>
Deferred inflows of resources				
Deferred OPEB inflows	39,708	7,975	-	47,683
Deferred pension inflows	<u>111,942</u>	<u>12,205</u>	<u>-</u>	<u>124,147</u>
Total deferred inflows of resources	<u>151,650</u>	<u>20,180</u>	<u>-</u>	<u>171,830</u>
Net position				
Net investment in capital assets	4,904,677	382,332	-	5,287,009
Unrestricted	<u>1,626,636</u>	<u>1,153,610</u>	<u>7,783,957</u>	<u>10,564,203</u>
Total net position	<u>\$ 6,531,313</u>	<u>\$ 1,535,942</u>	<u>\$ 7,783,957</u>	<u>\$ 15,851,212</u>

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2025

	Central Garage Fund	Central Stores Fund	Health Insurance Fund	Total
Operating revenues:				
Charges for services	\$ 5,793,625	\$ 1,927,193	\$ 23,515,860	\$ 31,236,678
Total operating revenues	<u>5,793,625</u>	<u>1,927,193</u>	<u>23,515,860</u>	<u>31,236,678</u>
Operating expenses:				
Personal services	1,074,732	119,490	-	1,194,222
Fringe benefits	383,958	48,776	-	432,734
Purchased services	501,093	11,938	692,644	1,205,675
Internal services	3,723	1,793	-	5,516
Other charges	143,171	27,254	1,047,560	1,217,985
Materials and supplies	89,839	15,880	-	105,719
Depreciation and amortization	185,971	18,881	-	204,852
Cost of inventory issued	3,410,805	1,904,488	-	5,315,293
Claims related charges	-	-	22,600,202	22,600,202
Total operating expenses	<u>5,793,292</u>	<u>2,148,500</u>	<u>24,340,406</u>	<u>32,282,198</u>
Operating income (loss)	<u>333</u>	<u>(221,307)</u>	<u>(824,546)</u>	<u>(1,045,520)</u>
Nonoperating revenues:				
Miscellaneous revenue	34,012	-	-	34,012
Investment revenue	101,002	-	400,724	501,726
Interest expense	(112)	-	-	(112)
Total nonoperating revenues	<u>134,902</u>	<u>-</u>	<u>400,724</u>	<u>535,626</u>
Income (loss) before transfers	<u>135,235</u>	<u>(221,307)</u>	<u>(423,822)</u>	<u>(509,894)</u>
Transfers in	<u>-</u>	<u>225,352</u>	<u>-</u>	<u>225,352</u>
Change in net position	<u>135,235</u>	<u>4,045</u>	<u>(423,822)</u>	<u>(284,542)</u>
Net position at beginning of year, as previously restated	<u>6,396,078</u>	<u>1,531,897</u>	<u>8,207,779</u>	<u>16,135,754</u>
Net position at end of year	<u>\$ 6,531,313</u>	<u>\$ 1,535,942</u>	<u>\$ 7,783,957</u>	<u>\$ 15,851,212</u>

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

Exhibit B-3
Page 1

	Central Garage Fund	Central Stores Fund	Health Insurance Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 5,788,151	\$ 1,927,193	\$ -	\$ 7,715,344
Receipts from premiums	-	-	23,515,860	23,515,860
Receipts other sources	34,012	-	-	34,012
Payments to employees	(1,062,394)	(117,960)	-	(1,180,354)
Payments for fringe benefits	(437,900)	(57,820)	-	(495,720)
Payments to vendors	(4,083,303)	(1,648,631)	(1,740,204)	(7,472,138)
Payments for internal services	(3,723)	(1,793)	-	(5,516)
Payments for claims related charges	-	-	(22,022,458)	(22,022,458)
Net cash provided by (used for) operating activities	234,843	100,989	(246,802)	89,030
Cash flows from noncapital financing activities:				
Transfers in	-	225,352	-	225,352
Interfund loan	-	(231,973)	-	(231,973)
Net cash used for noncapital financing activities	-	(6,621)	-	(6,621)
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	(1,021)	-	-	(1,021)
Interest paid on long-term debt	(112)	-	-	(112)
Purchase and construction of capital assets	(161,605)	-	-	(161,605)
Net cash used for capital and related financing activities	(162,738)	-	-	(162,738)
Cash flows from investing activities:				
Interest received	100,948	-	400,498	501,446
Net cash provided by investing activities	100,948	-	400,498	501,446
Net increase in cash and cash equivalents	173,053	94,368	153,696	421,117
Cash and cash equivalents:				
Beginning	2,167,837	-	8,724,947	10,892,784
Ending	\$ 2,340,890	\$ 94,368	\$ 8,878,643	\$ 11,313,901

(continued)

CITY OF HARRISONBURG, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

Exhibit B-3
Page 2

	Central Garage Fund	Central Stores Fund	Health Insurance Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 333	\$ (221,307)	\$ (824,546)	\$ (1,045,520)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	185,971	18,881	-	204,852
Miscellaneous revenue	34,012	-	-	34,012
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in:				
Accounts receivable	696	-	-	696
Due from component units	(6,170)	-	-	(6,170)
Inventory	29,304	265,297	-	294,601
Prepaid expenses	(88)	-	-	(88)
Deferred outflows of resources	(25,764)	(4,218)	-	(29,982)
Increase (decrease) in:				
Accounts payable	(20,763)	33,606	577,744	590,587
Accrued payroll	(3,910)	(684)	-	(4,594)
Due to component units	3,465	14	-	3,479
Compensated absences	17,229	2,336	-	19,565
Net OPEB liability	276	(295)	-	(19)
Net pension liability	(10,174)	4,536	-	(5,638)
Deferred inflows of resources	30,426	2,823	-	33,249
Net cash provided by (used for) operating activities	<u>\$ 234,843</u>	<u>\$ 100,989</u>	<u>\$ (246,802)</u>	<u>\$ 89,030</u>

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Custodial Funds

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

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

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

CITY OF HARRISONBURG, VIRGINIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
At June 30, 2025

Exhibit C-1

	Economic Development Authority Fund	Emergency Communications Center Fund	Total
Assets			
Cash and cash equivalents	\$ 137,410	\$ 7,574,924	\$ 7,712,334
Receivables	1,204,688	521,139	1,725,827
Prepaid expenses	-	216,432	216,432
Total assets	<u>1,342,098</u>	<u>8,312,495</u>	<u>9,654,593</u>
Liabilities			
Accounts payable	1,204,665	636,115	1,840,780
Accrued payroll	-	162,354	162,354
Total liabilities	<u>1,204,665</u>	<u>798,469</u>	<u>2,003,134</u>
Net Position			
Restricted for other organizations	<u>137,433</u>	<u>7,514,026</u>	<u>7,651,459</u>
Total net position	<u>\$ 137,433</u>	<u>\$ 7,514,026</u>	<u>\$ 7,651,459</u>

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2025

	<u>Economic Development Authority Fund</u>	<u>Emergency Communications Center Fund</u>	<u>Total</u>
Additions:			
Funds received for benefit of other organizations	\$ 2,388,859	\$ 9,663,849	\$ 12,052,708
Total additions	<u>2,388,859</u>	<u>9,663,849</u>	<u>12,052,708</u>
Deductions:			
Funds disbursed for benefit of other organizations	<u>2,382,777</u>	<u>9,209,229</u>	<u>11,592,006</u>
Total deductions	<u>2,382,777</u>	<u>9,209,229</u>	<u>11,592,006</u>
Net increase in fiduciary net position	6,082	454,620	460,702
Net position at beginning of year	<u>131,351</u>	<u>7,059,406</u>	<u>7,190,757</u>
Net position at end of year	<u><u>\$ 137,433</u></u>	<u><u>\$ 7,514,026</u></u>	<u><u>\$ 7,651,459</u></u>

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Discretely Presented Component Unit – School Board

General Fund

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

Special Revenue Fund

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

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

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

CITY OF HARRISONBURG, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
BALANCE SHEET
At June 30, 2025

Exhibit D-1

	School Fund	School Nutrition Fund	School Activity Fund	School Capital Projects Fund	Totals
Assets					
Cash and cash equivalents	\$ 16,055,734	\$ 4,206,476	\$ 838,596	\$ 2,404,957	\$ 23,505,763
Receivables	176,186	697	-	-	176,883
Due from other governments	2,416,273	207,531	-	-	2,623,804
Inventory	-	210,833	-	-	210,833
Prepaid expenditures	445,377	16,295	-	-	461,672
Total assets	\$ 19,093,570	\$ 4,641,832	\$ 838,596	\$ 2,404,957	\$ 26,978,955
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 31,755	\$ 68,802	\$ -	\$ -	\$ 100,557
Accrued payroll	11,753,831	328,613	-	-	12,082,444
Due to primary government	20,643	3,909	-	-	24,552
Due to component units	154,688	-	-	-	154,688
Unearned revenue	1,678,292	-	-	-	1,678,292
Other liabilities	2,068,698	-	-	-	2,068,698
Total liabilities	15,707,907	401,324	-	-	16,109,231
Deferred Inflows of Resources					
Lease related	55,107	-	-	-	55,107
Total deferred inflows of resources	55,107	-	-	-	55,107
Fund Balances:					
Nonspendable:					
Inventory	-	210,833	-	-	210,833
Prepaid expenditures	445,377	16,295	-	-	461,672
Committed to:					
Food services	-	3,787,395	-	-	3,787,395
Capital projects	-	-	-	2,404,957	2,404,957
Assigned to:					
Instruction	655,246	-	-	-	655,246
Administration, attendance and health	14,853	-	838,596	-	853,449
Operations and maintenance	793,908	-	-	-	793,908
Food services	-	225,985	-	-	225,985
Technology	184,751	-	-	-	184,751
Unassigned	1,236,421	-	-	-	1,236,421
Total fund balances	3,330,556	4,240,508	838,596	2,404,957	10,814,617
Total liabilities, deferred inflows of resources and fund balances	\$ 19,093,570	\$ 4,641,832	\$ 838,596	\$ 2,404,957	\$ 26,978,955

CITY OF HARRISONBURG, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
At June 30, 2025

Exhibit D-2

Total fund balances of governmental funds (Exhibit D-1)		\$ 10,814,617
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		76,369,280
Net pension assets are not current financial resources and, therefore, are not reported in the funds.		1,055,121
Long-term liabilities, and related accounts, are not payable from current financial resources and, therefore, are not reported in the funds.		(72,166,165)
Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred OPEB outflows	\$ 2,563,923	
Deferred pension outflows	20,740,669	
Deferred OPEB inflows	(4,252,146)	
Deferred pension inflows	<u>(8,350,003)</u>	
Net adjustment	\$ <u>10,702,443</u>	<u>10,702,443</u>
Net position of governmental activities (Exhibit 1)		\$ <u>26,775,296</u>

CITY OF HARRISONBURG, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

Exhibit D-3

	School Fund	School Nutrition Fund	School Activity Fund	School Capital Projects Fund	Totals
Revenues:					
Use of money and property	\$ 37,713	\$ 173,507	\$ -	\$ -	\$ 211,220
Charges for services	7,814	44,914	-	-	52,728
Miscellaneous	586,138	45,607	1,317,733	-	1,949,478
Payment from primary government	46,014,609	-	-	520,000	46,534,609
Intergovernmental	74,119,173	6,291,134	-	-	80,410,307
Total revenues	<u>120,765,447</u>	<u>6,555,162</u>	<u>1,317,733</u>	<u>520,000</u>	<u>129,158,342</u>
Expenditures:					
Current:					
Instruction	91,423,615	-	-	-	91,423,615
Administration, attendance and health	6,585,812	-	1,201,764	-	7,787,576
Pupil transportation	6,428,509	-	-	-	6,428,509
Operations and maintenance	9,361,386	-	-	-	9,361,386
Food services	-	6,636,459	-	-	6,636,459
Technology	7,246,836	9,226	-	-	7,256,062
Debt service:					
Principal retirement	179,735	-	-	-	179,735
Interest and fiscal charges	32,725	-	-	-	32,725
Capital projects	-	-	-	2,641,809	2,641,809
Total expenditures	<u>121,258,618</u>	<u>6,645,685</u>	<u>1,201,764</u>	<u>2,641,809</u>	<u>131,747,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(493,171)</u>	<u>(90,523)</u>	<u>115,969</u>	<u>(2,121,809)</u>	<u>(2,589,534)</u>
Other financing sources (uses):					
Transfers in	-	104,215	-	841,860	946,075
Transfers out	<u>(946,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(946,075)</u>
Total other financing sources (uses)	<u>(946,075)</u>	<u>104,215</u>	<u>-</u>	<u>841,860</u>	<u>-</u>
Net change in fund balances	<u>(1,439,246)</u>	<u>13,692</u>	<u>115,969</u>	<u>(1,279,949)</u>	<u>(2,589,534)</u>
Fund balances at beginning of year	<u>4,769,802</u>	<u>4,226,816</u>	<u>722,627</u>	<u>3,684,906</u>	<u>13,404,151</u>
Fund balances at end of year	<u>\$ 3,330,556</u>	<u>\$ 4,240,508</u>	<u>\$ 838,596</u>	<u>\$ 2,404,957</u>	<u>\$ 10,814,617</u>

CITY OF HARRISONBURG, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Exhibit D-4

Total net change in fund balances of governmental funds (Exhibit D-3) \$ (2,589,534)

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

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

Capital outlay expenditures	\$ 5,338,606	
Depreciation and amortization expense	<u>(5,410,255)</u>	
Net adjustment	\$ <u>(71,649)</u>	(71,649)

The transfer of capital assets between the primary government and the School Board affects only the statement of activities. These transfers do not have an effect on current financial resources and, therefore, are not reported in governmental funds. 8,555,717

The repayment of the principal of long-term debt (e.g. bonds, leases) consumes the current financial resources of governmental funds, however, these transactions have no effect on net position. This amount is the net effect of the differences in the treatment of long-term debt. 179,735

Certain expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This amount is the net change in these expenses. (96,865)

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

Employer OPEB contributions	\$ 1,850,894	
Employer pension contributions	9,115,800	
OPEB expense	(1,053,782)	
Pension expense	<u>(6,116,271)</u>	
Net adjustment	\$ <u>3,796,641</u>	<u>3,796,641</u>

Change in net position of governmental activities (Exhibit 2) \$ 9,774,045

CITY OF HARRISONBURG, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Exhibit D-5

SCHOOL FUND

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

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 30,000	\$ 30,000	\$ 37,713	\$ 7,713
Charges for services	7,500	7,500	7,814	314
Miscellaneous	441,042	528,498	586,138	57,640
Payment from primary government	47,260,457	47,260,457	46,014,609	(1,245,848)
Intergovernmental	70,607,058	74,917,983	74,119,173	(798,810)
Total revenues	<u>118,346,057</u>	<u>122,744,438</u>	<u>120,765,447</u>	<u>(1,978,991)</u>
Expenditures:				
Current:				
Instruction	89,910,786	94,532,542	91,423,615	3,108,927
Administration, attendance and health	6,927,844	6,778,627	6,585,812	192,815
Pupil transportation	6,407,802	6,853,900	6,428,509	425,391
Operations and maintenance	8,708,459	10,404,288	9,361,386	1,042,902
Technology	6,194,306	7,429,200	7,246,836	182,364
Debt service:				
Principal retirement	162,420	162,420	179,735	(17,315)
Interest and fiscal charges	34,440	34,440	32,725	1,715
Total expenditures	<u>118,346,057</u>	<u>126,195,417</u>	<u>121,258,618</u>	<u>4,936,799</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(3,450,979)</u>	<u>(493,171)</u>	<u>2,957,808</u>
Other financing uses:				
Transfers out	-	(1,006,584)	(946,075)	60,509
Total other financing uses	<u>-</u>	<u>(1,006,584)</u>	<u>(946,075)</u>	<u>60,509</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,457,563)</u>	<u>(1,439,246)</u>	<u>\$ 3,018,317</u>
Fund balance at beginning of year			<u>4,769,802</u>	
Fund balance at end of year			<u>\$ 3,330,556</u>	

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

SCHOOL NUTRITION FUND

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

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 150,000	\$ 150,000	\$ 173,507	\$ 23,507
Charges for services	90,000	90,000	44,914	(45,086)
Miscellaneous	30,000	30,000	45,607	15,607
Intergovernmental	5,670,575	5,670,575	6,291,134	620,559
Total revenues	<u>5,940,575</u>	<u>5,940,575</u>	<u>6,555,162</u>	<u>614,587</u>
Expenditures:				
Current:				
Food services	6,413,027	6,531,881	6,636,459	(104,578)
Technology	41,000	41,000	9,226	31,774
Total expenditures	<u>6,454,027</u>	<u>6,572,881</u>	<u>6,645,685</u>	<u>(72,804)</u>
Deficiency of revenues under expenditures	<u>(513,452)</u>	<u>(632,306)</u>	<u>(90,523)</u>	<u>541,783</u>
Other financing sources:				
Transfers in	-	-	104,215	104,215
Total other financing sources	<u>-</u>	<u>-</u>	<u>104,215</u>	<u>104,215</u>
Net change in fund balance	<u>\$ (513,452)</u>	<u>\$ (632,306)</u>	13,692	<u>\$ 645,998</u>
Fund balance at beginning of year			<u>4,226,816</u>	
Fund balance at end of year			<u>\$ 4,240,508</u>	

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Other Supplementary Schedules

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

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

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 1

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government:			
General Fund:			
General property taxes:			
Real property taxes	\$ 59,193,800	\$ 59,344,570	\$ 150,770
Real and personal public service corporation property taxes	666,500	787,166	120,666
Personal property taxes	14,881,400	15,612,848	731,448
Mobile home taxes	11,400	12,834	1,434
Machinery and tools taxes	2,851,000	2,971,345	120,345
Penalties and interest	433,000	710,756	277,756
Total general property taxes	78,037,100	79,439,519	1,402,419
Other local taxes:			
Local sales and use taxes	18,273,600	18,748,593	474,993
Consumer utility taxes	1,993,600	2,019,111	25,511
Business license taxes	8,689,900	8,721,716	31,816
Motor vehicle license taxes	-	12,847	12,847
Bank stock taxes	1,033,400	1,041,633	8,233
Taxes on recordation and wills	550,000	446,311	(103,689)
Tobacco taxes	367,300	397,899	30,599
Admission and amusement taxes	151,400	144,888	(6,512)
Hotel and motel room taxes	4,114,000	4,073,397	(40,603)
Restaurant food taxes	19,340,800	19,531,465	190,665
Short-term rental taxes	114,400	122,094	7,694
Public right-of-way use fee	110,300	147,606	37,306
Total other local taxes	54,738,700	55,407,560	668,860
Permits, privilege fees and regulatory licenses:			
Animal licenses	4,000	4,704	704
Permits and other licenses	563,950	824,451	260,501
Total permits, privilege fees and regulatory licenses	567,950	829,155	261,205
Fines and forfeitures:			
Court fines	200,000	211,602	11,602
Parking fines	45,000	70,247	25,247
E-summons fee	25,000	24,576	(424)
Speed camera fines	2,220,000	2,547,167	327,167
Asset forfeiture	-	18,823	18,823
Other fines and forfeitures	5,000	15,144	10,144
Total fines and forfeitures	2,495,000	2,887,559	392,559
Use of money and property:			
Use of money	5,011,200	4,960,746	(50,454)
Use of property	15,000	84,640	69,640
Total use of money and property	5,026,200	5,045,386	19,186

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 2

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Charges for services:			
Charges for fire and rescue	\$ 9,500	\$ 8,045	\$ (1,455)
Charges for parking	125,000	149,212	24,212
Charges for rescue services	150,000	172,299	22,299
Charges for parks and recreation	401,300	472,650	71,350
Charges for golf course	974,400	1,222,349	247,949
Total charges for services	1,660,200	2,024,555	364,355
Miscellaneous:			
Payments in lieu of taxes:			
Electric plant and equipment	689,600	770,773	81,173
Service charge on tax exempt property	150,000	158,396	8,396
Debt service reimbursement from HRHA	604,600	604,600	-
Debt service reimbursement from HRCBS	162,040	162,041	1
Donations - JMU	300,000	295,935	(4,065)
Donations	116,000	117,699	1,699
Other miscellaneous	799,875	1,101,903	302,028
Total miscellaneous	2,822,115	3,211,347	389,232
Payments from component units:			
Payment from Harrisonburg Electric Commission	5,200,000	5,200,000	-
Total payments from component units	5,200,000	5,200,000	-
Intergovernmental:			
Revenue from the Commonwealth:			
Non-categorical aid:			
Railroad rolling stock taxes	16,000	19,135	3,135
Mobile home titling taxes	4,000	2,655	(1,345)
Personal property tax reimbursement	1,522,583	1,522,583	-
Communication sales and use taxes	1,019,700	1,049,932	30,232
Auto rental taxes	433,300	426,627	(6,673)
Animal friendly license plate	500	687	187
Total non-categorical aid	2,996,083	3,021,619	25,536
Categorical aid:			
Shared expenses:			
Commissioner of the revenue	215,000	221,056	6,056
Treasurer	197,000	200,657	3,657
Registrar	85,000	92,649	7,649
Total shared expenses	497,000	514,362	17,362

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 3

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Intergovernmental: (continued)			
Revenue from the Commonwealth: (continued)			
Other categorical aid:			
Fire programs fund	\$ 233,290	\$ 265,543	\$ 32,253
Fire department grants	44,760	44,506	(254)
Police department grants	96,016	148,393	52,377
Litter control grant	15,000	18,923	3,923
State aid to localities, police	1,683,300	1,743,418	60,118
Street and highway maintenance	6,830,300	6,877,468	47,168
VDOT state of good repair funds	1,100,819	283,701	(817,118)
OAA opioid grant	200,000	168,476	(31,524)
Other categorical aid	39,050	86,430	47,380
Total other categorical aid	<u>10,242,535</u>	<u>9,636,858</u>	<u>(605,677)</u>
Total categorical aid	<u>10,739,535</u>	<u>10,151,220</u>	<u>(588,315)</u>
Total revenue from the Commonwealth	<u>13,735,618</u>	<u>13,172,839</u>	<u>(562,779)</u>
Revenue from the Federal Government:			
Categorical aid:			
ARPA coronavirus state and local fiscal recovery funds	3,191,314	2,965,541	(225,773)
Fire department grants	602,136	163,062	(439,074)
Police department grants	107,386	148,234	40,848
Other categorical aid	240,260	45,814	(194,446)
Total revenue from the Federal Government	<u>4,141,096</u>	<u>3,322,651</u>	<u>(818,445)</u>
Total intergovernmental	<u>17,876,714</u>	<u>16,495,490</u>	<u>(1,381,224)</u>
Total General Fund	<u>\$ 168,423,979</u>	<u>\$ 170,540,571</u>	<u>\$ 2,116,592</u>
Special Revenue Funds:			
Community Development Block Grant Fund:			
Intergovernmental:			
Revenue from the Federal Government:			
Community Development Block Grant	\$ 1,014,740	\$ 456,205	\$ (558,535)
Total revenue from the Federal Government	<u>1,014,740</u>	<u>456,205</u>	<u>(558,535)</u>
Total intergovernmental	<u>1,014,740</u>	<u>456,205</u>	<u>(558,535)</u>
Total Community Development Block Grant Fund	<u>\$ 1,014,740</u>	<u>\$ 456,205</u>	<u>\$ (558,535)</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 4

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
Special Revenue Funds: (continued)			
School Transportation Fund:			
Use of money and property	\$ 25,000	\$ 168,099	\$ 143,099
Charges for services	6,006,979	6,034,170	27,191
Miscellaneous	15,000	100	(14,900)
Intergovernmental:			
Revenue from the Federal Government:			
EPA clean school bus rebate program	600,000	-	(600,000)
Total School Transportation Fund	\$ 6,646,979	\$ 6,202,369	\$ (444,610)
Business Loan Program Fund:			
Use of money and property	\$ -	\$ 12,366	\$ 12,366
Miscellaneous	23,200	33,288	10,088
Total Business Loan Program Fund	\$ 23,200	\$ 45,654	\$ 22,454
Total Special Revenue Funds	\$ 7,684,919	\$ 6,704,228	\$ (980,691)
Capital Projects Fund:			
General Capital Projects Fund:			
Use of money and property	\$ 6,089	\$ -	\$ (6,089)
Miscellaneous	322,067	199,896	(122,171)
Recovered costs	5,561,307	304,091	(5,257,216)
Intergovernmental:			
Revenue from the Commonwealth:			
VDOT revenue sharing	6,942,294	1,108,103	(5,834,191)
Total revenue from the Commonwealth	6,942,294	1,108,103	(5,834,191)
Revenue from the Federal Government:			
ARPA coronavirus state and local fiscal recovery funds	11,255,380	7,347,452	(3,907,928)
Energy efficiency and conservation block grant	117,870	-	(117,870)
VDOT transportation alternatives program grant	1,685,675	82,731	(1,602,944)
VDOT highway safety improvements program grant	1,799,567	7,537	(1,792,030)
VDOT smart scale grant	37,744,666	1,428,569	(36,316,097)
RAISE grant	2,200,000	78,216	(2,121,784)
Total revenue from the Federal Government	54,803,158	8,944,505	(45,858,653)
Total intergovernmental	61,745,452	10,052,608	(51,692,844)
Total General Capital Projects Fund	\$ 67,634,915	\$ 10,556,595	\$ (57,078,320)

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 5

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
Capital Projects Fund: (continued)			
School Bond Capital Projects Fund:			
Use of money and property	\$ -	\$ -	\$ -
Total School Bond Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Projects Fund	<u>\$ 67,634,915</u>	<u>\$ 10,556,595</u>	<u>\$ (57,078,320)</u>
Grand Total Revenues (Primary Government)	<u>\$ 243,743,813</u>	<u>\$ 187,801,394</u>	<u>\$ (55,942,419)</u>
Component Unit - School Board:			
School Fund:			
Use of money and property	\$ 30,000	\$ 37,713	\$ 7,713
Charges for services	7,500	7,814	314
Miscellaneous	528,498	586,138	57,640
Payment from primary government	47,260,457	46,014,609	(1,245,848)
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	8,533,476	8,808,397	274,921
Basic school aid	27,588,857	27,221,637	(367,220)
Other state funds	34,841,642	33,657,075	(1,184,567)
Total categorical aid	<u>70,963,975</u>	<u>69,687,109</u>	<u>(1,276,866)</u>
Total revenue from the Commonwealth	<u>70,963,975</u>	<u>69,687,109</u>	<u>(1,276,866)</u>
Revenue from the Federal Government:			
Categorical aid:			
Title I	1,593,734	1,566,147	(27,587)
Special education	1,382,580	1,302,129	(80,451)
ESSER funds	34,012	410,023	376,011
Other federal funds	943,682	1,153,765	210,083
Total revenue from the Federal Government	<u>3,954,008</u>	<u>4,432,064</u>	<u>478,056</u>
Total intergovernmental	<u>74,917,983</u>	<u>74,119,173</u>	<u>(798,810)</u>
Total School Fund	<u>\$ 122,744,438</u>	<u>\$ 120,765,447</u>	<u>\$ (1,978,991)</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 1
Page 6

Fund, Major and Minor Revenue Sources	Final Budget	Actual	Variance Positive (Negative)
Component Unit - School Board: (continued)			
School Nutrition Fund:			
Use of money and property	\$ 150,000	\$ 173,507	\$ 23,507
Charges for services	90,000	44,914	(45,086)
Miscellaneous	30,000	45,607	15,607
Intergovernmental:			
Revenue from the Commonwealth:			
Categorical aid:			
School food program	205,000	201,600	(3,400)
Total categorical aid	205,000	201,600	(3,400)
Total revenue from the Commonwealth	205,000	201,600	(3,400)
Revenue from the Federal Government:			
Categorical aid:			
School food program	5,465,575	5,561,529	95,954
USDA donated food	-	528,005	528,005
Total revenue from the Federal Government	5,465,575	6,089,534	623,959
Total intergovernmental	5,670,575	6,291,134	620,559
Total School Nutrition Fund	\$ 5,940,575	\$ 6,555,162	\$ 614,587
School Activity Fund:			
Miscellaneous	\$ -	\$ 1,317,733	\$ 1,317,733
Total School Activity Fund	\$ -	\$ 1,317,733	\$ 1,317,733
School Capital Projects Fund:			
Payment from primary government	\$ 520,000	\$ 520,000	\$ -
Total School Capital Projects Fund	\$ 520,000	\$ 520,000	\$ -
Grand Total Revenues (Component Unit - School Board)	\$ 129,205,013	\$ 129,158,342	\$ (46,671)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 1

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
City Council	\$ 359,769	\$ 356,562	\$ 3,207
Total legislative	359,769	356,562	3,207
General and financial administration:			
City manager	1,056,562	942,394	114,168
Communications	265,013	231,634	33,379
City attorney	519,923	515,127	4,796
Human resources	996,007	765,887	230,120
Independent auditor	28,290	28,290	-
Commissioner of the revenue	699,433	698,074	1,359
Assessor	494,995	485,432	9,563
Equalization	3,300	3,099	201
Treasurer	901,676	871,491	30,185
Finance	808,531	740,887	67,644
Information technology	2,989,393	2,791,222	198,171
Purchasing agent	243,179	152,169	91,010
Total general and financial administration	9,006,302	8,225,706	780,596
Board of elections:			
Office of elections	587,499	532,461	55,038
Total board of elections	587,499	532,461	55,038
Total general government administration	9,953,570	9,114,729	838,841
Jail and judicial administration:			
Joint expenditures with Rockingham County	8,496,760	8,202,061	294,699
Middle River Regional Jail	2,757,366	2,757,366	-
Total jail and judicial administration	11,254,126	10,959,427	294,699
Public safety:			
Law enforcement and traffic control:			
Administration	6,299,562	5,319,616	979,946
Operations	6,895,677	6,848,286	47,391
Criminal investigations	2,038,908	2,002,465	36,443
Special operations	1,988,413	1,635,225	353,188
Grants	411,002	392,688	18,314
Total law enforcement and traffic control	17,633,562	16,198,280	1,435,282
Fire and rescue services:			
Administration	1,379,011	1,259,645	119,366
Suppression	16,722,055	13,126,494	3,595,561
Prevention	959,633	884,723	74,910
Training	379,451	269,169	110,282
Total fire and rescue services	19,440,150	15,540,031	3,900,119

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 2

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Public safety: (continued)			
Correction and detention:			
Court appointed attorneys	\$ 50,000	\$ 44,027	\$ 5,973
Shenandoah Valley Juvenile Center	198,568	198,568	-
Total correction and detention	248,568	242,595	5,973
Inspections:			
Building	1,240,257	1,108,770	131,487
Total inspections	1,240,257	1,108,770	131,487
Other protection:			
Animal control	183,483	176,826	6,657
Animal control - SPCA	495,602	495,602	-
Emergency management	636,513	285,758	350,755
Community paramedic	235,987	65,734	170,253
Public safety building	531,026	525,350	5,676
Harrisonburg-Rockingham ECC	3,931,060	3,931,060	-
Total other protection	6,013,671	5,480,330	533,341
Total public safety	44,576,208	38,570,006	6,006,202
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
General engineering	958,278	757,936	200,342
Administration	2,061,680	1,956,290	105,390
Highway and street maintenance	8,758,066	5,637,083	3,120,983
Street lights	587,855	555,014	32,841
Snow and ice removal	702,483	651,983	50,500
Traffic engineering	4,085,942	3,314,986	770,956
Highway and street beautification	904,222	843,226	60,996
Downtown parking maintenance	177,086	136,799	40,287
Total maintenance of highways, streets, bridges and sidewalks	18,235,612	13,853,317	4,382,295
Sanitation and waste removal:			
Street and road cleaning	457,016	435,105	21,911
Total sanitation and waste removal	457,016	435,105	21,911
Maintenance of general buildings and grounds:			
General properties	683,191	609,247	73,944
Navigation center	72,040	29,845	42,195
Total maintenance of general buildings and grounds	755,231	639,092	116,139
Total public works	19,447,859	14,927,514	4,520,345

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 3

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Health and human services:			
Health:			
Local health department	\$ 324,870	\$ 235,309	\$ 89,561
Total health	324,870	235,309	89,561
Mental health and mental retardation:			
Community services board	1,264,332	1,264,332	-
Total mental health and mental retardation	1,264,332	1,264,332	-
Welfare/social services:			
Tax relief for the elderly and disabled veterans	347,000	346,180	820
Navigation center	100,000	100,000	-
Joint expenditures with Rockingham County	6,232,419	6,200,895	31,524
Total welfare/social services	6,679,419	6,647,075	32,344
Total health and human services	8,268,621	8,146,716	121,905
Education:			
Payment to Harrisonburg City School Board	47,780,457	46,534,609	1,245,848
Total education	47,780,457	46,534,609	1,245,848
Parks, recreation and cultural:			
Parks and recreation:			
Administration	874,732	866,296	8,436
Parks	2,087,443	1,743,073	344,370
Field maintenance	505,639	499,557	6,082
Recreation centers and playgrounds	590,995	567,033	23,962
Special events/programs	790,932	758,949	31,983
Simms continuing education center	737,060	528,209	208,851
Westover pool	988,061	924,631	63,430
Athletics	799,610	689,503	110,107
Golf course	1,376,049	1,323,596	52,453
Total parks and recreation	8,750,521	7,900,847	849,674
Cultural:			
Massanutten Regional Library	683,096	683,096	-
Total cultural	683,096	683,096	-
Total parks, recreation and cultural	9,433,617	8,583,943	849,674

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 4

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
General Fund: (continued)			
Community development:			
Planning and community development:			
Planning	\$ 510,774	\$ 349,803	\$ 160,971
Zoning administrator	363,288	306,844	56,444
Board of zoning appeals	5,761	-	5,761
Economic development	819,070	808,942	10,128
Tourism and visitors services	614,899	563,556	51,343
Blacks run greenway	116,754	85,546	31,208
Shenandoah Valley Conference Center	1,204,665	1,204,665	-
Total planning and community development	<u>3,635,211</u>	<u>3,319,356</u>	<u>315,855</u>
Contributions:			
Harrisonburg Downtown Renaissance	143,151	143,151	-
Shenandoah Valley Airport	103,733	103,733	-
Blue Ridge Community College	68,766	68,766	-
ARPA community assistance	858,108	672,675	185,433
ARPA housing assistance	1,335,000	1,300,000	35,000
Other contributions	584,044	547,330	36,714
Total contributions	<u>3,092,802</u>	<u>2,835,655</u>	<u>257,147</u>
Total community development	<u>6,728,013</u>	<u>6,155,011</u>	<u>573,002</u>
Debt service:			
Principal retirement	14,074,012	14,074,012	-
Interest and fiscal charges	6,499,008	6,496,812	2,196
Total debt service	<u>20,573,020</u>	<u>20,570,824</u>	<u>2,196</u>
Total General Fund	<u>\$ 178,015,491</u>	<u>\$ 163,562,779</u>	<u>\$ 14,452,712</u>
Special Revenue Funds:			
Community Development Block Grant Fund:			
Community development:			
Planning and community development:			
Community development block grant	\$ 1,014,740	\$ 456,205	\$ 558,535
Total planning and community development	<u>1,014,740</u>	<u>456,205</u>	<u>558,535</u>
Total community development	<u>1,014,740</u>	<u>456,205</u>	<u>558,535</u>
Total Community Development Block Grant Fund	<u>\$ 1,014,740</u>	<u>\$ 456,205</u>	<u>\$ 558,535</u>

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 5

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Primary Government: (continued)			
School Transportation Fund:			
Education:			
School bus services	\$ 6,973,490	\$ 4,393,956	\$ 2,579,534
Field trips and charters	249,771	183,432	66,339
Administration	713,167	611,335	101,832
Total education	7,936,428	5,188,723	2,747,705
Debt service:			
Principal retirement	2,382	2,382	-
Interest and fiscal charges	258	251	7
Total debt service	2,640	2,633	7
Total School Transportation Fund	\$ 7,939,068	\$ 5,191,356	\$ 2,747,712
Business Loan Program Fund:			
Community development:			
Planning and community development:			
Revolving loan program	\$ 100,000	\$ -	\$ 100,000
Total planning and community development	100,000	-	100,000
Total community development	100,000	-	100,000
Total Business Loan Program Fund	\$ 100,000	\$ -	\$ 100,000
Total Special Revenue Funds	\$ 9,053,808	\$ 5,647,561	\$ 3,406,247
Capital Projects Fund:			
General Capital Projects Fund:			
Capital projects	\$ 96,991,901	\$ 20,559,588	\$ 76,432,313
Total General Capital Projects Fund	\$ 96,991,901	\$ 20,559,588	\$ 76,432,313
School Bond Capital Projects Fund:			
Capital projects	\$ 127,740	\$ -	\$ 127,740
Total School Bond Capital Projects Fund	\$ 127,740	\$ -	\$ 127,740
Total Capital Projects Fund	\$ 97,119,641	\$ 20,559,588	\$ 76,560,053
Grand Total Expenditures (Primary Government)	\$ 284,188,940	\$ 189,769,928	\$ 94,419,012

(continued)

CITY OF HARRISONBURG, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

Schedule 2
Page 6

Fund, Function, Activity and Elements	Final Budget	Actual	Variance Positive (Negative)
Component Unit - School Board:			
School Fund:			
Education:			
Instruction	\$ 94,532,542	\$ 91,423,615	\$ 3,108,927
Administration, attendance and health	6,778,627	6,585,812	192,815
Pupil transportation	6,853,900	6,428,509	425,391
Operations and maintenance	10,404,288	9,361,386	1,042,902
Technology	7,429,200	7,246,836	182,364
Debt service:			
Principal retirement	162,420	179,735	(17,315)
Interest and fiscal charges	34,440	32,725	1,715
 Total education	 126,195,417	 121,258,618	 4,936,799
 Total School Fund	 \$ 126,195,417	 \$ 121,258,618	 \$ 4,936,799
School Nutrition Fund:			
Education:			
Food services	\$ 6,531,881	\$ 6,636,459	\$ (104,578)
Technology	41,000	9,226	31,774
 Total education	 6,572,881	 6,645,685	 (72,804)
 Total School Nutrition Fund	 \$ 6,572,881	 \$ 6,645,685	 \$ (72,804)
School Activity Fund:			
Education:			
Administration, attendance and health	\$ -	\$ 1,201,764	\$ (1,201,764)
 Total School Activity Fund	 \$ -	 \$ 1,201,764	 \$ (1,201,764)
School Capital Projects Fund:			
Capital projects	\$ 4,526,766	\$ 2,641,809	\$ 1,884,957
 Total School Capital Projects Fund	 \$ 4,526,766	 \$ 2,641,809	 \$ 1,884,957
 Grand Total Expenditures (Component Unit - School Board)	 \$ 137,295,064	 \$ 131,747,876	 \$ 5,547,188

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STATISTICAL SECTION

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

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

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

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

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

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

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

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

Table 1

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 198,618,298	\$ 181,235,663	\$ 160,847,568	\$ 152,848,662	\$ 152,753,329	\$ 156,353,667	\$ 153,994,976	\$ 151,215,449	\$ 150,611,197	\$ 145,194,280
Restricted	2,140,013	1,907,865	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736
Unrestricted	84,645,342	83,177,368	69,323,764	50,840,996	38,512,456	32,225,419	30,055,992	25,264,435	20,679,052	19,107,622
Total governmental activities net position	\$ 285,403,653	\$ 266,320,896	\$ 231,462,793	\$ 204,322,824	\$ 191,980,791	\$ 189,153,355	\$ 184,580,633	\$ 177,101,461	\$ 171,842,341	\$ 164,763,638
Business-type activities										
Net investment in capital assets	\$ 92,220,727	\$ 79,987,248	\$ 84,692,516	\$ 79,676,659	\$ 81,774,322	\$ 74,718,260	\$ 72,830,573	\$ 74,517,218	\$ 74,997,991	\$ 62,658,600
Unrestricted	37,986,264	34,204,074	24,082,771	23,083,862	14,759,028	15,854,032	13,725,834	7,828,771	3,263,530	10,156,014
Total business-type activities net position	\$ 130,206,991	\$ 114,191,322	\$ 108,775,287	\$ 102,760,521	\$ 96,533,350	\$ 90,572,292	\$ 86,556,407	\$ 82,345,989	\$ 78,261,521	\$ 72,814,614
Primary government										
Net investment in capital assets	\$ 290,839,025	\$ 261,222,911	\$ 245,540,084	\$ 232,525,321	\$ 234,527,651	\$ 231,071,927	\$ 226,825,549	\$ 225,732,667	\$ 225,609,188	\$ 207,852,880
Restricted	2,140,013	1,907,865	1,291,461	633,166	715,006	574,269	529,665	621,577	552,092	461,736
Unrestricted	122,631,606	117,381,442	93,406,535	73,924,858	53,271,484	48,079,451	43,781,826	33,093,206	23,942,582	29,263,636
Total primary government net position	\$ 415,610,644	\$ 380,512,218	\$ 340,238,080	\$ 307,083,945	\$ 288,514,141	\$ 279,725,647	\$ 271,137,040	\$ 259,447,450	\$ 250,103,862	\$ 237,578,252

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

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

Table 2

		Fiscal Year																		
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016									
Expenses:																				
Governmental activities:																				
General government administration	\$	27,544,401	\$	24,546,150	\$	24,077,940	\$	23,750,636	\$	21,661,494	\$	19,874,767	\$	19,001,711	\$	18,287,937	\$	18,413,671	\$	18,543,556
Jail and judicial administration		10,789,387		10,021,988		9,843,446		9,215,291		8,901,359		7,862,409		6,944,879		6,533,114		6,398,698		5,822,848
Public safety		37,524,304		35,061,120		30,723,448		29,463,781		29,906,040		27,899,118		25,954,253		23,971,425		23,583,838		22,969,794
Public works		19,428,736		20,166,775		17,725,094		14,876,514		18,224,718		15,225,728		15,338,212		14,989,905		14,407,248		14,709,122
Health and human services ^a		8,307,435		7,045,699		5,740,276		5,053,655		8,097,217		6,661,856		4,928,872		4,793,211		4,757,945		4,579,647
Education		64,054,301		48,817,948		45,215,499		45,893,475		41,403,674		44,874,482		43,763,915		42,928,333		38,328,364		36,565,819
Parks, recreation and cultural		9,162,781		8,220,755		7,602,457		6,579,662		6,823,509		6,799,136		6,932,596		6,188,413		6,494,875		6,671,939
Community development ^b		6,552,970		5,859,686		4,736,127		4,590,359		7,196,267		4,048,273		3,833,626		3,246,006		3,193,150		3,765,197
Interest on long-term debt		4,777,696		5,560,306		6,147,493		6,262,132		4,946,081		5,175,505		5,351,030		5,612,005		5,914,313		5,046,788
Business-type activities:																				
Water		8,717,088		8,633,642		7,825,501		7,242,152		6,389,098		6,564,988		6,036,280		5,637,611		5,329,601		5,496,737
Sewer		12,483,177		11,640,314		11,120,097		10,307,390		10,797,106		10,561,152		10,232,327		9,534,683		9,850,111		9,702,160
Public transportation		9,255,363		9,029,203		8,049,071		7,318,114		7,135,184		6,674,720		6,469,580		6,252,571		6,365,032		6,348,417
Sanitation		3,331,591		3,158,807		3,198,926		3,247,807		2,982,866		2,845,875		2,285,700		3,110,955		3,319,439		4,208,851
Stormwater		1,092,979		861,315		864,069		487,171		570,987		357,121		334,676		454,261		414,677		255,371
Total expenses	\$	223,022,209	\$	198,623,708	\$	182,869,444	\$	174,288,139	\$	175,035,600	\$	165,425,130	\$	157,407,664	\$	151,540,430	\$	146,770,962	\$	144,686,246
Program revenues:																				
Governmental activities:																				
Charges for services:																				
General government administration	\$	17,681,013	\$	16,915,495	\$	15,436,063	\$	15,160,696	\$	13,647,248	\$	15,197,693	\$	15,308,060	\$	15,254,826	\$	14,033,150	\$	13,413,592
Jail and judicial administration		211,602		197,486		230,479		306,673		312,002		504,769		567,202		691,717		553,894		515,404
Education		6,034,170		5,619,432		5,165,429		4,447,667		3,853,040		4,076,465		4,028,807		3,751,213		3,361,589		3,099,596
Parks, recreation and cultural		1,694,999		1,590,805		1,351,432		1,131,322		809,418		713,263		1,045,925		1,067,881		1,170,361		1,130,856
Other activities ^c		3,962,101		3,207,105		1,042,926		905,584		808,362		1,086,967		1,087,725		1,117,096		1,377,659		848,873
Operating grants and contributions		10,964,535		10,405,955		9,841,467		8,841,196		8,750,337		7,639,056		8,037,308		7,599,076		7,499,993		8,071,894
Capital grants and contributions ^{d,e,f}		3,209,143		6,549,421		1,278,710		1,515,563		1,817,321		2,067,233		802,583		4,422,820		4,575,920		2,112,546
Business-type activities:																				
Charges for services:																				
Water		12,195,961		11,382,197		10,633,708		10,015,029		9,513,077		9,682,661		8,594,711		8,049,249		7,621,237		6,866,608
Sewer		14,291,600		13,590,781		12,654,929		12,146,229		11,396,745		11,519,472		11,016,661		10,692,114		10,580,345		10,249,003
Public transportation		2,578,224		2,267,108		2,257,427		1,839,157		1,941,875		1,939,257		1,944,618		1,960,187		1,820,130		1,810,732
Sanitation		4,491,634		4,459,099		4,419,170		4,350,340		4,265,339		4,169,200		4,140,571		4,214,492		4,303,069		5,104,242
Stormwater		1,385,785		1,396,776		1,338,132		1,313,364		1,314,369		1,325,321		1,360,716		1,302,218		1,258,959		2,345,292
Operating grants and contributions		4,656,143		4,240,897		3,984,187		4,697,900		3,735,359		3,474,604		3,155,047		2,879,508		2,540,589		2,281,764
Capital grants and contributions ^g		8,707,964		1,237,863		2,680,811		3,356,072		4,401,654		630,166		201,124		606,769		4,199,180		606,645
Total program revenues	\$	92,064,874	\$	83,060,420	\$	72,314,870	\$	70,026,792	\$	66,566,146	\$	64,026,127	\$	61,291,058	\$	63,609,166	\$	64,896,075	\$	58,457,047
Net (expense) revenue:																				
Governmental activities	\$	(144,384,448)	\$	(120,814,728)	\$	(117,465,274)	\$	(113,376,804)	\$	(117,162,631)	\$	(107,135,828)	\$	(101,171,491)	\$	(92,645,720)	\$	(88,919,536)	\$	(89,481,949)
Business-type activities		13,427,113		5,251,440		6,910,700		9,115,457		8,693,177		5,736,825		5,054,885		4,714,456		7,044,649		3,252,750
Total net (expense) revenue	\$	(130,957,335)	\$	(115,563,288)	\$	(110,554,574)	\$	(104,261,347)	\$	(108,469,454)	\$	(101,399,003)	\$	(96,116,606)	\$	(87,931,264)	\$	(81,874,887)	\$	(86,229,199)

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

Table 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General revenues and other changes in net position:										
Governmental activities:										
General revenues:										
Property taxes	\$ 79,378,681	\$ 73,028,090	\$ 65,256,422	\$ 57,858,874	\$ 54,171,307	\$ 51,447,886	\$ 48,878,038	\$ 47,490,931	\$ 43,640,018	\$ 39,574,723
Sales and use taxes	18,748,593	18,582,222	18,304,951	17,692,891	15,756,075	13,971,040	14,336,901	13,609,547	13,207,791	12,994,784
Restaurant food taxes	19,531,465	18,923,739	18,044,533	16,439,222	13,266,178	12,628,014	14,225,678	13,623,551	12,257,672	11,914,152
Business license taxes	8,721,716	8,617,396	8,682,280	8,026,003	7,148,413	7,224,775	7,155,016	6,894,312	6,689,192	6,653,830
Other local taxes	8,405,786	8,492,420	8,675,113	9,365,736	8,034,724	8,020,291	8,644,605	8,296,309	7,083,413	7,119,400
Unrestricted grants and contributions ^{h,j}	13,334,612	9,797,600	5,735,887	5,025,679	8,977,259	6,932,654	3,408,497	3,407,878	3,464,103	3,501,028
Unrestricted payment from component units ^k	5,200,000	5,200,000	7,600,000	5,200,000	6,700,000	5,200,000	5,999,506	5,000,000	5,000,000	5,000,000
Investment revenue ^k	5,642,937	7,032,129	5,485,950	413,954	239,283	922,992	1,203,377	683,838	480,911	206,899
Other revenue	3,796,954	2,846,076	3,353,392	2,086,414	2,149,401	2,265,355	1,847,829	1,725,662	1,588,875	1,681,770
Transfers	706,461	3,153,159	3,584,522	3,610,064	3,547,427	3,095,543	2,951,216	1,556,037	2,586,264	2,603,868
Business-type activities:										
General revenues:										
Investment revenue ^k	2,274,741	2,579,060	1,887,794	130,339	90,899	552,598	776,589	392,616	131,300	55,180
Other revenue	965,971	684,243	791,900	505,628	719,084	821,500	1,324,397	1,203,620	857,222	1,237,883
Gain on disposal of capital assets	54,305	54,451	8,894	85,811	5,325	505	5,763	49,966	-	41,058
Transfers	(706,461)	(3,153,159)	(3,584,522)	(3,610,064)	(3,547,427)	(3,095,543)	(2,951,216)	(1,556,037)	(2,586,264)	(2,603,868)
Total general revenues and other changes in net position	\$ 166,055,761	\$ 155,837,426	\$ 143,827,116	\$ 122,830,551	\$ 117,257,948	\$ 109,987,610	\$ 107,806,196	\$ 102,378,230	\$ 94,400,497	\$ 89,980,707
Change in net position:										
Governmental activities	\$ 19,082,757	\$ 34,858,103	\$ 27,257,776	\$ 12,342,033	\$ 2,827,436	\$ 4,572,722	\$ 7,479,172	\$ 9,642,345	\$ 7,078,703	\$ 1,768,505
Business-type activities	16,015,669	5,416,035	6,014,766	6,227,171	5,961,058	4,015,885	4,210,418	4,804,621	5,446,907	1,983,003
Total change in net position	\$ 35,098,426	\$ 40,274,138	\$ 33,272,542	\$ 18,569,204	\$ 8,788,494	\$ 8,588,607	\$ 11,689,590	\$ 14,446,966	\$ 12,525,610	\$ 3,751,508

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

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

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

^cFor 2024, the increase in charges for services other activities was the implementation of speed camera fines in specific work zone areas.

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

^eFor 2019, the decrease in capital grants and contributions reflected decreased state and federal funding for several completed capital projects including the Reservoir Street and MLK, Jr. Way projects.

^fFor 2024, the increase in capital grants and contributions reflected the contribution of property by James Madison University for the University Boulevard realignment project.

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

^hFor 2020 and 2021, the increase in unrestricted grants and contributions reflected the use of federal CARES Act funding.

ⁱFor 2024, the increase in unrestricted grants and contributions reflected the use of federal ARPA funding.

^jFor 2023, the increase in unrestricted payments from component units reflected \$2.4 million provided by the School Board for debt service on Rocktown High School.

^kFor 2023, the increase in investment revenue reflected significantly increasing interest rates.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 753,079	\$ 869,530	\$ 817,441	\$ 776,998	\$ 701,622	\$ 681,708	\$ 811,931	\$ 835,475	\$ 874,897	\$ 745,877
Restricted	1,343,251	1,130,941	830,316	633,166	715,006	574,269	543,135	624,155	552,091	461,736
Committed	-	-	63,402	63,402	63,402	63,402	63,402	63,402	63,402	63,402
Assigned ^a	14,693,438	14,095,273	10,459,156	10,504,545	5,183,948	1,515,092	3,718,174	3,707,702	980,493	649,393
Unassigned	63,695,162	66,374,744	63,065,854	53,108,748	45,459,532	36,632,322	30,561,724	31,239,773	30,226,183	28,435,301
Total general fund	\$ 80,484,930	\$ 82,470,488	\$ 75,236,169	\$ 65,086,859	\$ 52,123,510	\$ 39,466,793	\$ 35,698,366	\$ 36,470,507	\$ 32,697,066	\$ 30,355,709
All other governmental funds										
Nonspendable	\$ 3,875	\$ 3,763	\$ 1,487	\$ 24,013	\$ 42,826	\$ -	\$ 36,341	\$ 34,666	\$ 50,508	\$ 16,652
Restricted ^b	231,052	1,033,533	8,386,756	44,469,185	-	3,728,628	-	93,683	4,712,073	40,156,421
Committed	19,192,343	17,342,222	16,206,581	9,368,530	9,861,916	10,933,208	11,291,474	9,652,568	8,247,053	9,729,172
Assigned	2,516,711	1,368,889	965,957	953,399	535,161	199,310	169,000	142,000	204,500	134,000
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(184)	-
Total all other governmental funds	\$ 21,943,981	\$ 19,748,407	\$ 25,560,781	\$ 54,815,127	\$ 10,439,903	\$ 14,861,146	\$ 11,496,815	\$ 9,922,917	\$ 13,213,950	\$ 50,036,245

Notes: Any significant increases or decreases for 2025 are explained in Management's Discussion and Analysis.

^aFor 2018, 2021 and 2022, the increases in general fund assigned fund balance was the result of approximately \$1.4 million, \$3 million and \$6.3 million, respectively, of fund balance used to balance the subsequent year's budget.

^bThe increases and decreases in other governmental funds' restricted fund balance are the result of bond proceeds that are used for various capital project purposes.

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

Table 4

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
General property taxes	\$ 79,439,519	\$ 72,948,245	\$ 65,020,687	\$ 57,570,297	\$ 54,138,251	\$ 51,574,257	\$ 48,977,152	\$ 47,667,485	\$ 43,233,944	\$ 39,444,384
Other local taxes	55,407,560	54,615,777	53,706,877	51,523,852	44,205,390	41,844,120	44,362,200	42,423,719	39,238,068	38,722,176
Permits, privilege fees and regulatory licenses	829,155	679,658	636,085	491,060	563,800	608,529	626,348	643,501	916,716	443,489
Fines and forfeitures ^a	2,887,559	2,405,167	330,112	403,910	378,174	657,077	750,846	870,541	749,623	623,390
Use of money and property ^b	5,225,851	6,595,979	5,172,102	458,503	266,542	853,812	1,128,111	701,781	540,939	262,328
Charges for services	8,058,725	7,517,903	6,824,069	5,896,276	4,840,848	5,116,462	5,351,861	5,117,290	4,797,424	4,556,674
Miscellaneous	3,444,631	3,150,609	3,337,815	2,575,289	2,667,488	2,599,620	2,192,919	2,001,736	2,084,949	1,871,712
Recovered costs	304,091	274,453	362,816	184,789	-	913,476	617,164	1,110,065	632,746	59,225
Payments from component units ^c	5,200,000	5,200,000	7,600,000	5,200,000	6,700,000	5,200,000	5,999,506	5,000,000	5,000,000	5,000,000
Intergovernmental ^{d,e}	27,004,303	22,928,288	16,462,016	15,141,617	20,054,840	18,499,297	13,179,815	15,955,862	15,672,199	13,563,043
Total revenues	\$ 187,801,394	\$ 176,306,079	\$ 159,452,579	\$ 139,445,593	\$ 133,815,333	\$ 127,866,650	\$ 123,185,922	\$ 121,491,980	\$ 112,866,608	\$ 104,546,421
Expenditures:										
Current:										
General government administration	\$ 9,114,729	\$ 8,447,313	\$ 7,456,660	\$ 6,919,980	\$ 6,376,268	\$ 6,528,256	\$ 5,499,582	\$ 5,369,900	\$ 5,211,161	\$ 4,974,666
Jail and judicial administration	10,959,427	10,217,981	10,029,890	9,398,928	9,145,721	8,149,311	7,429,582	6,783,548	6,629,878	6,147,289
Public safety	38,570,006	34,525,244	29,420,612	27,884,292	26,367,798	26,153,150	25,511,647	23,687,182	22,234,145	21,754,032
Public works ^f	14,927,514	12,782,314	12,231,952	9,320,915	10,754,405	9,341,442	10,968,921	9,920,031	9,699,316	10,243,873
Health and human services	8,146,716	7,023,834	5,718,411	5,031,654	5,202,298	5,063,287	4,907,007	4,771,346	4,736,080	4,557,782
Education	51,723,332	44,141,870	39,997,111	40,049,300	35,342,970	38,993,046	37,922,728	37,054,957	34,216,338	32,379,286
Parks, recreation and cultural	8,583,943	7,380,798	6,964,758	6,191,871	6,031,396	6,350,431	6,371,964	5,728,400	5,488,895	5,528,431
Community development ^g	6,611,216	5,904,896	4,882,203	4,758,016	7,068,715	3,963,011	4,334,386	3,208,191	3,294,797	2,956,282
Debt service:										
Principal retirement	14,076,394	13,445,301	13,239,735	11,311,379	10,355,247	10,230,236	9,750,840	8,961,622	8,337,450	8,101,624
Interest and fiscal charges	6,497,063	7,130,854	7,737,228	6,102,042	5,347,806	5,767,384	5,731,121	6,073,912	5,869,531	5,105,619
Bond issuance costs	-	-	-	167,708	-	-	-	-	-	-
Capital projects	20,559,588	27,237,458	44,250,148	50,932,997	6,942,402	23,759,339	11,772,256	14,338,170	44,180,894	12,693,604
Total expenditures	\$ 189,769,928	\$ 178,237,863	\$ 181,928,708	\$ 178,069,082	\$ 128,935,026	\$ 144,298,893	\$ 130,200,034	\$ 125,897,259	\$ 149,898,485	\$ 114,442,488
Excess (deficiency) of revenues over (under) expenditures	\$ (1,968,534)	\$ (1,931,784)	\$ (22,476,129)	\$ (38,623,489)	\$ 4,880,307	\$ (16,432,243)	\$ (7,014,112)	\$ (4,405,279)	\$ (37,031,877)	\$ (9,896,067)

CITY OF HARRISONBURG, VIRGINIA
CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS)

Table 4

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other financing sources (uses):										
Long-term debt issued or incurred	\$ 300,128	\$ 434,221	\$ 104,258	\$ 84,769,547	\$ -	\$ 18,450,000	\$ 4,540,000	\$ 2,350,000	\$ -	\$ 44,305,000
Refunding debt issued	-	-	-	33,440,000	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	14,295,403	-	1,066,864	506,435	-	-	3,995,417
Payment for current bond refunding	-	-	-	(39,865,944)	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	125,215	-
Transfers in	15,400,782	15,678,342	13,184,058	4,044,637	3,355,167	9,447,465	8,349,690	6,310,560	5,251,256	3,828,083
Transfers out	(13,522,360)	(12,758,834)	(9,807,312)	(721,581)	-	(5,399,328)	(5,580,256)	(3,772,873)	(2,825,532)	(1,427,109)
Total other financing sources (uses)	\$ 2,178,550	\$ 3,353,729	\$ 3,481,004	\$ 95,962,062	\$ 3,355,167	\$ 23,565,001	\$ 7,815,869	\$ 4,887,687	\$ 2,550,939	\$ 50,701,391
Net change in fund balances	\$ 210,016	\$ 1,421,945	\$ (18,995,125)	\$ 57,338,573	\$ 8,235,474	\$ 7,132,758	\$ 801,757	\$ 482,408	\$ (34,480,938)	\$ 40,805,324
Debt service as a percentage of noncapital expenditures	12.47%	13.92%	15.52%	13.84%	12.55%	12.88%	13.25%	13.46%	13.53%	13.01%

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Notes: The City implemented GASB Statement No. 87, Leases in fiscal year 2022. The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements in fiscal year 2023. Prior year information has not been restated. Any significant increases or decreases for 2025 are explained in Management's Discussion and Analysis. Any significant increases or decreases in general property taxes and other local taxes revenue are provided in Table 5. Any significant increases or decreases in long-term debt issued or incurred are provided in Table 10.

^aFor 2024, the increase in fines and forfeitures was the implementation of speed camera fines in specific work zone areas.

^bFor 2023, the increase in use of money and property reflected significantly increasing interest rates.

^cFor 2023, the increase in payments from component units reflected \$2.4 million provided by the School Board for debt service on Rocktown High School.

^dFor 2020, the increase in intergovernmental revenues reflected the use of federal CARES Act funding.

^eFor 2024, the increase in intergovernmental revenues reflected the use of federal ARPA funding.

^fFor 2023, the increase in public works expenditures was from an increase in street repaving and other infrastructure maintenance costs.

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

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General property taxes										
Real estate taxes ^a	\$ 59,344,570	\$ 53,448,541	\$ 45,789,814	\$ 40,799,049	\$ 38,261,010	\$ 37,052,907	\$ 35,616,728	\$ 34,459,758	\$ 30,947,602	\$ 28,256,207
Real and personal public service corporation property taxes	787,166	666,471	603,020	561,967	507,809	503,888	491,573	474,656	440,408	393,020
Personal property taxes	15,612,848	15,342,288	15,031,240	12,793,064	12,278,821	10,876,336	10,197,508	10,017,035	9,374,180	8,407,623
Mobile home taxes	12,834	12,151	11,912	11,008	10,271	10,251	9,654	10,013	8,778	8,475
Machinery and tools taxes	2,971,345	2,850,506	2,966,117	3,013,026	2,782,109	2,772,933	2,341,959	2,307,341	2,187,479	2,130,697
Penalties and interest	710,756	628,288	618,584	392,183	298,231	357,942	319,730	398,682	275,497	248,362
Total general property taxes	\$ 79,439,519	\$ 72,948,245	\$ 65,020,687	\$ 57,570,297	\$ 54,138,251	\$ 51,574,257	\$ 48,977,152	\$ 47,667,485	\$ 43,233,944	\$ 39,444,384
Other local taxes										
Local sales and use taxes ^b	\$ 18,748,593	\$ 18,582,222	\$ 18,304,951	\$ 17,692,891	\$ 15,756,075	\$ 13,971,040	\$ 14,336,901	\$ 13,609,547	\$ 13,207,791	\$ 12,994,784
Consumer utility taxes ^c	2,019,111	1,990,858	2,000,493	1,979,451	1,974,312	1,998,550	1,999,498	1,875,594	1,139,113	1,108,436
Business license taxes	8,721,716	8,617,396	8,682,280	8,026,003	7,148,413	7,224,775	7,155,016	6,894,312	6,689,192	6,653,830
Motor vehicle license taxes ^d	12,847	14,552	75,987	1,279,704	1,305,606	1,286,175	1,283,426	1,293,518	1,166,441	1,178,948
Bank stock taxes	1,041,633	1,046,227	1,062,445	917,972	836,616	665,686	836,191	787,205	761,882	757,086
Taxes on recordation and wills	446,311	627,210	756,529	707,464	578,628	489,922	492,631	444,493	442,184	408,096
Tobacco taxes	397,899	404,550	441,121	474,150	504,600	548,631	533,382	543,750	569,850	680,937
Admission and amusement taxes	144,888	136,336	145,801	129,922	21,481	116,113	171,011	190,133	175,755	181,678
Hotel and motel room taxes ^e	4,073,397	4,033,138	3,980,465	3,597,607	2,553,827	2,630,068	3,136,402	2,950,142	2,625,363	2,577,891
Restaurant food taxes ^e	19,531,465	18,923,739	18,044,533	16,439,222	13,266,178	12,628,014	14,225,678	13,623,551	12,257,672	11,937,309
Short-term rental taxes	122,094	124,002	105,944	105,554	113,074	136,392	104,274	100,731	109,110	119,579
Public right-of-way use fee	147,606	115,547	106,328	173,912	146,580	148,754	87,790	110,743	93,715	123,602
Total other local taxes	\$ 55,407,560	\$ 54,615,777	\$ 53,706,877	\$ 51,523,852	\$ 44,205,390	\$ 41,844,120	\$ 44,362,200	\$ 42,423,719	\$ 39,238,068	\$ 38,722,176

Notes: Any significant increases or decreases for 2025 are explained in Management's Discussion and Analysis.

^aFor 2017, 2018, 2020, 2022, 2023 and 2024, the increases in real estate taxes were the result of an increase in the real estate tax rate.

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

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

^dFor 2023, the decrease in motor vehicle license taxes was the result of the elimination of this tax.

^eFor 2018, the increases in hotel and motel room taxes and restaurant food taxes was the result of an increase in the tax rates.

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

Fiscal Year	Real Estate ¹			Personal Property				Total	
	Residential	Commercial/ Industrial	Public Service Corporations ⁴	Personal Property ²	Machinery and Tools ³	Mobile Homes ¹	Public Service Corporations ⁴	Assessed Values	Total Direct Tax Rate
2025	\$ 3,884,248,846	\$ 1,988,751,650	\$ 77,810,370	\$ 588,197,307	\$ 148,888,144	\$ 1,264,300	\$ 34,616	\$ 6,689,195,233	1.20
2024	3,608,930,931	1,963,487,601	69,286,445	587,466,006	134,529,171	1,284,700	40,830	6,365,025,684	1.16
2023	3,169,133,064	1,734,399,851	64,662,119	612,182,205	138,732,710	1,259,200	52,778	5,720,421,927	1.15
2022	2,879,333,087	1,663,457,156	62,360,852	508,935,104	139,703,211	1,264,300	20,558	4,616,187,953	1.12
2021	2,782,886,650	1,649,108,907	58,944,000	500,829,435	135,804,213	1,223,000	25,440	4,539,870,242	1.08
2020	2,703,149,330	1,611,049,491	58,486,945	437,293,336	129,870,724	1,213,000	25,733	4,430,664,309	1.07
2019	2,639,449,190	1,552,749,097	57,558,115	408,242,550	109,866,156	1,196,200	66,550	4,352,461,251	1.05
2018	2,556,995,612	1,493,403,527	55,537,248	401,659,827	107,328,559	1,189,200	73,980	4,334,808,802	1.06
2017	2,521,144,415	1,470,670,436	55,740,297	388,479,303	102,466,936	1,207,900	160,955	4,339,323,834	0.99
2016	2,498,733,655	1,431,075,425	53,497,350	346,261,665	99,654,700	1,217,550	223,964	4,388,533,563	0.92

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

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

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

Table 7

Fiscal Year	Real Estate			Personal Property					Total Direct Tax Rate
	Residential	Commercial/ Industrial	Public Service Corporations	Business Equipment	Machinery and Tools	Mobile Homes	Public Service Corporations	Other ¹	
2025	\$ 1.01	\$ 1.01	\$ 1.01	\$ 2.12	\$ 2.12	\$ 1.01	\$ 3.45	\$ 3.45	\$ 1.20
2024	0.96	0.96	0.96	2.12	2.12	0.96	3.45	3.45	1.16
2023	0.93	0.93	0.93	2.12	2.12	0.93	3.15	3.15	1.15
2022	0.90	0.90	0.90	2.12	2.12	0.90	3.50	3.50	1.12
2021	0.86	0.86	0.86	2.12	2.12	0.86	3.50	3.50	1.08
2020	0.86	0.86	0.86	2.12	2.12	0.86	3.50	3.50	1.07
2019	0.85	0.85	0.85	2.12	2.12	0.85	3.50	3.50	1.06
2018	0.85	0.85	0.85	2.12	2.12	0.85	3.50	3.50	1.06
2017	0.78	0.78	0.78	2.12	2.12	0.78	3.50	3.50	0.99
2016	0.72	0.72	0.72	2.12	2.12	0.72	3.50	3.50	0.92

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

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

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

Table 8

Property Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	Property Taxes	Rank	Percent of Total Property Taxes	Property Taxes	Rank	Percent of Total Property Taxes
George's Foods LLC	\$ 797,057	1	1.01%	\$ 467,106	3	1.18%
Tenneco Inc	759,700	2	0.96%	653,128	1	1.66%
Copper Beech Townhome Communities, LLC	731,072	3	0.93%	420,515	4	1.07%
Packaging Corporation of America	702,503	4	0.89%	390,655	5	0.99%
Shenandoah Valley Organic LLC	616,006	5	0.78%	-	-	-
1191 Devon Lane Group Owner LLC	524,213	6	0.66%	-	-	-
Kerry Stock & Broth Company	503,690	7	0.64%	-	-	-
The Elevance Companies Inc	502,557	8	0.64%	-	-	-
Virginia Mennonite Retirement Community	472,594	9	0.60%	264,414	9	0.67%
Montebello Packaging Inc	450,024	10	0.57%	-	-	-
The Scion Group, LLC	-	-	-	500,898	2	1.27%
Graham Packaging Company LP	-	-	-	329,245	6	0.84%
The Macerich Properties	-	-	-	327,472	7	0.83%
Ariake USA, Inc	-	-	-	313,029	8	0.79%
RR Donnelley & Sons Company	-	-	-	262,261	10	0.67%
Total	\$ 6,059,416		7.68%	\$ 3,928,723		9.97%

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

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

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)				Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 78,973,936	\$ -	\$ -	78,973,936	\$ 77,093,259	97.62%	-	\$ 77,093,259	97.62%
2024	72,722,489	16,685		72,739,174	70,788,850	97.34%	1,322,725	72,111,575	99.14%
2023	64,571,060	16,190		64,587,250	62,960,784	97.51%	1,239,094	64,199,878	99.40%
2022	57,484,253	67,556		57,551,809	56,312,485	97.96%	1,011,125	57,323,610	99.60%
2021	54,116,941	140,863		54,257,804	53,013,472	97.96%	1,046,775	54,060,247	99.64%
2020	51,411,484	83,173		51,494,657	50,377,781	97.99%	936,962	51,314,743	99.65%
2019	48,793,283	49,248		48,842,531	47,934,023	98.24%	732,496	48,666,519	99.64%
2018	47,285,573	(47,771)		47,237,802	46,313,920	97.95%	714,325	47,028,245	99.56%
2017	43,406,093	16,726		43,422,819	42,331,311	97.52%	890,180	43,221,491	99.54%
2016	39,427,910	38,993		39,466,903	38,629,078	97.97%	688,683	39,317,761	99.62%

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

Type of debt	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
General obligation bonds ^a	\$ 189,445,367	\$ 204,848,896	\$ 219,632,425	\$ 234,265,954	\$ 154,647,871	\$ 165,660,849	\$ 156,533,967	\$ 161,338,577	\$ 168,044,998	\$ 176,312,408
Leases	2,409,967	2,282,319	2,123,831	2,269,322	-	-	-	-	-	-
SBITA	40,317	115,252	70,014	-	-	-	-	-	-	-
Bank loans (previously capital leases)	-	-	-	-	-	-	489,000	960,000	1,414,000	2,032,839
Middle River Regional Jail agreement	-	1,053,439	2,084,503	3,093,669	4,081,401	5,048,154	5,994,375	6,920,498	7,826,952	8,714,153
Equipment purchase agreement	-	213,000	447,701	682,403	889,565	-	-	-	-	-
Business-type activities:										
General obligation bonds ^b	37,344,650	40,635,028	43,919,863	47,059,698	23,092,891	25,553,083	27,942,286	30,785,886	26,299,704	28,742,532
Leases	12,616	16,019	-	-	-	-	-	-	-	-
Total primary government	\$ 229,252,917	\$ 249,163,953	\$ 268,278,337	\$ 287,371,046	\$ 182,711,728	\$ 196,262,086	\$ 190,959,628	\$ 200,004,961	\$ 203,585,654	\$ 215,801,932
Percentage of personal income ^c	7.48%	8.22%	9.36%	10.83%	7.68%	9.34%	8.86%	9.67%	10.50%	10.99%
Per capita ^c	\$ 4,031	\$ 4,450	\$ 4,816	\$ 5,204	\$ 3,329	\$ 3,788	\$ 3,471	\$ 3,639	\$ 3,752	\$ 4,027

Notes: The City does not have overlapping governments and has not included this information in the above table. Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City implemented GASB Statement No. 87, *Leases* in fiscal year 2022. The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Agreements* in fiscal year 2023. Prior year information has not been restated. ¹See Table 13 for personal income and population data. Personal income was adjusted on Table 13 for 2016-2024.

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

^bFor 2022, the City issued \$24.7 million in general obligation bonds for the construction of a water line (and related infrastructure) to the South Fork of the Shenandoah River.

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

Table 11

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General obligation bonds ^a	\$ 226,790,017	\$ 245,483,924	\$ 263,552,288	\$ 281,325,652	\$ 177,740,762	\$ 191,213,932	\$ 184,476,253	\$ 192,124,463	\$ 194,344,702	\$ 205,054,940
Total	\$ 226,790,017	\$ 245,483,924	\$ 263,552,288	\$ 281,325,652	\$ 177,740,762	\$ 191,213,932	\$ 184,476,253	\$ 192,124,463	\$ 194,344,702	\$ 205,054,940
Percentage of assessed real property value ¹	3.81%	4.35%	5.30%	6.11%	3.96%	4.37%	4.34%	4.68%	4.80%	5.15%
Per capita ²	\$ 3,987	\$ 4,384	\$ 4,732	\$ 5,095	\$ 3,238	\$ 3,690	\$ 3,353	\$ 3,496	\$ 3,582	\$ 3,827

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

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

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

Table 12

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	\$ 595,081,087	\$ 564,170,498	\$ 496,819,503	\$ 460,515,110	\$ 449,093,956	\$ 437,268,577	\$ 424,975,640	\$ 410,593,639	\$ 404,755,515	\$ 398,330,643
Total debt applicable to limit	206,748,000	224,599,305	241,673,236	258,430,269	172,837,868	186,527,487	181,550,575	190,438,565	193,377,886	204,952,793
Legal debt margin	\$ 388,333,087	\$ 339,571,193	\$ 255,146,267	\$ 202,084,841	\$ 276,256,088	\$ 250,741,090	\$ 243,425,065	\$ 220,155,074	\$ 211,377,629	\$ 193,377,850
Total debt applicable to the limit as percentage of debt limit	34.74%	39.81%	48.64%	56.12%	38.49%	42.66%	42.72%	46.38%	47.78%	51.45%
Legal Debt Margin Calculation for Fiscal Year 2025										
Total assessed value of taxed real property	\$ 5,950,810,866									
Debt limit (10% of total assessed value)	\$ 595,081,087									
Debt applicable to limit:										
General obligation bonds	206,748,000									
Middle River Regional Jail agreement	-									
Legal debt margin	\$ 388,333,087									

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

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

Table 13

Fiscal Year	Population ¹	Personal Income (in thousands)	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate Percentage ⁴
2025	56,879	\$ 3,064,015	\$ 53,869	6,489	3.7
2024	55,990	3,029,451	54,107	6,511	3.6
2023	55,700	2,866,656	51,466	6,379	3.5
2022	55,220	2,653,652	48,056	6,270	3.4
2021	54,892	2,379,513	43,349	6,141	5.5
2020	51,814	2,100,332	40,536	5,910	3.3
2019	55,011	2,154,451	39,164	5,793	3.9
2018	54,959	2,068,382	37,635	5,660	4.7
2017	54,263	1,938,763	35,729	5,423	4.7
2016	53,588	1,963,357	36,638	5,158	5.7

Sources: ¹ University of Virginia Weldon Cooper Center for Public Service for 2016-2019 and 2021-2025. United States States Census Bureau for 2020. ² Bureau of Economic Analysis, United States Department of Commerce. Amounts for 2016-2024 have been adjusted based upon the latest available data. Data for 2025 has been estimated based on per capita personal income trends for the previous ten years. ³ City of Harrisonburg School Board. ⁴ Virginia Employment Commission. The unemployment rate is an annual average.

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

Table 14

Employers	Fiscal Year 2025			Fiscal Year 2016		
	Approximate Employees	Rank	Percent of Total City Employment	Approximate Employees	Rank	Percent of Total City Employment
James Madison University	> 999	1	> 3.24%	>999	1	> 3.23%
Harrisonburg City Public Schools	> 999	2	> 3.24%	> 999	2	> 3.23%
Shenandoah Valley Organic LLC	500 - 999	3	1.62% - 3.24%	-	-	-
City of Harrisonburg	500 - 999	4	1.62% - 3.24%	500 - 999	4	1.61% - 3.22%
Aramark Campus LLC	500 - 999	5	1.62% - 3.24%	500 - 999	3	1.61% - 3.22%
George's Foods LLC	500 - 999	6	1.62% - 3.24%	500 - 999	6	1.61% - 3.22%
Eastern Mennonite University	250 - 499	7	0.81% - 1.61%	500 - 999	7	1.61% - 3.22%
Tenneco Inc	250 - 499	8	0.81% - 1.61%	500 - 999	5	1.61% - 3.22%
Virginia Mennonite Retirement Community	250 - 499	9	0.81% - 1.61%	250 - 499	9	0.81% - 1.60%
Walmart Stores Inc	250 - 499	10	0.81% - 1.61%	250 - 499	10	0.81% - 1.60%
Rosetta Stone Inc.	-	-	-	250 - 499	8	0.81% - 1.60%
Total City Employment	30,845			30,979		

Source: *Virginia Employment Commission.*

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

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

Table 15

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government administration	66.8	65.1	63.9	60.0	58.6	56.1	55.2	53.6	51.0	48.6
Public safety:										
Police ^a	139.7	138.6	137.4	136.6	136.6	136.6	134.6	130.4	125.9	118.4
Fire ^a	104.2	87.7	87.7	87.2	86.4	85.4	84.0	83.7	82.9	81.9
Other	19.6	19.6	19.1	16.0	16.0	16.0	16.0	16.0	15.0	14.0
Public works	86.0	84.8	84.1	85.7	84.4	79.9	79.9	79.6	77.1	75.2
Education ^b	62.4	65.9	62.0	57.7	57.2	55.7	53.3	50.0	44.3	38.7
Parks, recreation and cultural	81.0	76.2	77.8	80.0	79.1	82.5	84.0	78.1	71.9	71.1
Planning and community development	15.1	14.6	14.4	13.5	13.7	14.4	13.6	16.7	16.7	16.2
Water	42.3	41.1	40.2	37.9	37.2	37.0	37.0	35.5	35.0	34.5
Sewer	30.3	29.8	28.9	28.3	28.1	28.1	28.1	28.7	26.0	24.5
Public transportation ^b	81.8	78.3	72.8	72.9	71.2	67.1	69.7	60.2	58.3	60.0
Sanitation	23.4	23.4	24.1	25.4	25.0	25.7	25.2	25.2	25.2	25.2
Stormwater	4.4	3.5	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Central garage	20.9	21.0	19.7	19.0	16.2	15.5	15.6	15.7	15.6	15.5
Central stores	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	779.9	751.6	737.8	725.9	715.4	705.7	701.9	679.1	650.5	629.5

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

Notes: Full-time equivalent amounts are budgeted positions.

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

^bThe City has added additional transportation personnel over the past ten years as demand for transit and school bus services continue to increase.

CITY OF HARRISONBURG, VIRGINIA
 OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Calls answered ^a	90,262	98,528	93,736	96,863	110,466	55,086	42,999	42,900	41,536	42,686
Traffic citations	5,227	4,747	5,430	11,135	10,000	8,940	10,089	9,369	8,280	8,442
Fire										
Calls answered	6,786	6,522	6,350	6,065	5,135	5,458	5,493	5,636	5,310	5,574
Inspections	3,282	2,900	2,100	2,250	2,038	2,300	3,488	3,593	4,041	2,987
Public works										
Streets repaved (total miles)	4.71	9.73	8.36	6.12	12.00	10.65	6.97	7.85	8.88	8.22
Parks and recreation										
Pool admissions	35,599	46,509	57,038	32,586	18,247	21,831	32,155	28,890	38,873	34,651
Rounds of golf played	34,500	31,110	27,614	24,326	21,168	19,142	24,708	27,248	29,819	30,001
Planning and community development										
Building permits issued	627	680	633	474	578	616	580	683	700	564
Water										
Daily consumption (millions of gallons)	7.10	6.94	6.60	6.42	5.89	5.90	5.63	5.95	5.88	5.74
New customer connections	35	61	107	36	54	65	97	103	100	44
Sewer										
Daily consumption (millions of gallons)	5.70	5.58	5.28	5.24	4.86	4.87	4.76	4.89	4.74	4.68
New customer connections	24	61	92	22	46	27	17	14	77	13
Public transportation										
Transit bus passengers ^b	1,957,345	1,877,126	1,522,746	1,360,066	503,759	1,872,845	2,120,458	2,116,785	2,572,937	2,807,730
Sanitation										
Solid waste collected (tons)	9,145	9,771	10,146	9,523	9,823	10,101	10,507	10,681	12,363	10,113

Source: Various City of Harrisonburg departments.

Notes: Operating indicators are not available for the general government function.

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

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

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

Table 17

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Police stations	3	3	3	3	3	3	3	3	3	3
Patrol units (including motorcycles)	83	84	77	76	72	70	69	64	56	48
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	12	12	12	12	13	14	13	12	12	12
Public works:										
Streets (centerline miles)	142.85	142.85	142.85	142.82	140.85	139.38	139.38	139.78	139.78	139.44
Parks, recreation and cultural										
Parks (including athletic facilities)	12	12	12	12	12	12	12	12	12	12
Parks acreage	877	877	877	877	877	877	877	877	877	877
Golf course acreage	193	193	193	193	193	193	193	193	193	193
Water:										
Water lines (linear feet) ^a	1,560,590	1,560,326	1,544,236	1,735,522	1,733,878	1,722,475	1,705,440	1,694,719	1,680,534	1,664,446
Storage capacity (millions of gallons)	28.50	28.50	28.50	28.50	28.50	28.50	28.50	25.25	25.25	25.25
Sewer:										
Sewer lines (linear feet) ^a	981,757	982,114	981,879	1,098,602	1,098,405	1,095,104	1,082,400	1,075,269	1,066,269	1,059,020
Public transportation:										
Transit buses	57	55	54	51	51	51	51	51	50	50
Sanitation:										
Refuse collection trucks	7	7	7	7	7	7	7	7	7	7
Recycling collection trucks	3	3	3	3	3	3	3	3	4	4

Source: Various City of Harrisonburg departments.

Notes: Capital assets indicators are not available for the general government function and the planning and community development function. "n/a" means that the information is not available.

^aIn 2023, the Public Utilities Department changed the manner in which the linear feet of water and sewer lines are calculated.

COMPLIANCE SECTION

This part of the City's annual comprehensive financial report is intended to demonstrate the City's compliance with various state and federal legal matters.

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonburg, Virginia (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 26, 2025

City of Harrisonburg, Virginia
Summary of Compliance Matters
June 30, 2025

As more fully described in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, we performed tests of the City’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

<u>Code of Virginia</u>	<u>State Agency Requirements</u>
Budget and Appropriation Laws	Education
Conflicts of Interest Act	Urban Highway Maintenance
Local Retirement Systems	Stormwater Management Program
Debt Provisions	Fire Programs Aid to Localities
Procurement Laws	Opioid Abatement Program
Governor’s Opportunity Funds	
Uniform Disposition of Unclaimed Property Act	

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