

# **City of Harrisonburg, Virginia**

## **Single Audit Report**

**For the Fiscal Year Ended June 30, 2020**



This Report  
Prepared by Department of Finance



**CITY OF HARRISONBURG, VIRGINIA**  
**SINGLE AUDIT REPORT**  
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**Year Ended June 30, 2020**

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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2020.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. **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.**

## 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 or other matters that are required to be reported under *Government Auditing Standards*.**

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 entity'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  
January 27, 2021

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Harrisonburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Harrisonburg, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 1, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
January 27, 2021

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**CITY OF HARRISONBURG, VIRGINIA**

**SUMMARY OF COMPLIANCE MATTERS**

**June 30, 2020**

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

**STATE COMPLIANCE MATTERS**

*Code of Virginia*

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Stormwater Utility Program

Fire Programs Aid to Localities

*State Agency Requirements*

Education

Highway Maintenance Funds

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

**CITY OF HARRISONBURG, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2020**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

| <b><u>Name of Program:</u></b>               | <b><u>CFDA #</u></b> |
|--|----------------------|
| Title I - Grants to Local Education Agencies | 84.010               |
| Special Education – Grants to States         | 84.027               |
| Special Education – Preschool Grants         | 84.173               |
| Coronavirus Relief Fund (CRF)                | 21.019               |

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The City was determined to be a **low-risk auditee**.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**D. FINDINGS – COMMONWEALTH OF VIRGINIA**

None.

**CITY OF HARRISONBURG, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

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| <b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>                      | <b>Federal CFDA Number</b> | <b>Pass-through Entity Identifying Number</b> | <b>Pass-through Payments to Subrecipients</b> | <b>Cluster Expenditures</b> | <b>Federal Expenditures</b> |
|---|----------------------------|---|---|-----------------------------|-----------------------------|
| <b>Department of Agriculture:</b>   |                            |   |   |                             |                             |
| Pass-through payments:  |                            |   |   |                             |                             |
| Child Nutrition Cluster:  |                            |   |   |                             |                             |
| Virginia Department of Education:   |                            |   |   |                             |                             |
| School Breakfast Program  | 10.553                     | 201919N109941                                 | \$ -  | \$ 208,397                  | \$                          |
| School Breakfast Program  | 10.553                     | 202020N109941                                 | -   | 687,731                     |                             |
| COVID-19 - School Breakfast Program   | 10.553                     | 202020N109941                                 | -   | 65,244                      |                             |
| National School Lunch Program   | 10.555                     | 201919N109941                                 | -   | 379,666                     |                             |
| National School Lunch Program   | 10.555                     | 202020N109941                                 | -   | 1,163,200                   |                             |
| COVID-19 - National School Lunch Program  | 10.555                     | 202020N109941                                 | -   | 109,327                     |                             |
| Summer Food Service Program for Children  | 10.559                     | 201919N109941                                 | -   | 91,902                      |                             |
| COVID-19 - Summer Food Service Program for Children                                       | 10.559                     | 202020N109941                                 | -   | 1,047,915                   |                             |
| Virginia Department of Agriculture and Consumer Services:                                 |                            |   |   |                             |                             |
| National School Lunch Program (donated commodities)                                       | 10.555                     | Not Provided                                  | -   | 256,674                     |                             |
| Total Child Nutrition Cluster   |                            |   |   |                             | 4,010,056                   |
| Virginia Department of Education:   |                            |   |   |                             |                             |
| Child and Adult Care Food Program   | 10.558                     | 201919N202041                                 | -   | -                           | 1,266                       |
| Child and Adult Care Food Program   | 10.558                     | 202020N202041                                 | -   | -                           | 5,267                       |
| Fresh Fruit and Vegetable Program   | 10.582                     | 201918L190341                                 | -   | -                           | 9,001                       |
| Fresh Fruit and Vegetable Program   | 10.582                     | 202019L160341                                 | -   | -                           | 43,991                      |
| <b>Department of Housing and Urban Development:</b>                                       |                            |   |   |                             |                             |
| Direct payments:  |                            |   |   |                             |                             |
| Community Development Block Grants/Entitlement Grants                                     | 14.218                     |   | 256,737                                       | -                           | 344,761                     |
| <b>Department of Justice:</b>   |                            |   |   |                             |                             |
| Direct payments:  |                            |   |   |                             |                             |
| Coronavirus Emergency Supplemental Funding Program  | 16.034                     |   | -   | -                           | 3,535                       |
| Bulletproof Vest Partnership Program  | 16.607                     |   | -   | -                           | 4,240                       |
| Edward Byrne Memorial Justice Assistance Grant Program                                    | 16.738                     |   | -   | -                           | 4,725                       |
| Pass-through payments:  |                            |   |   |                             |                             |
| Virginia Department of Criminal Justice Services:   |                            |   |   |                             |                             |
| Violence Against Women Formula Grants   | 16.588                     | 19-D3245VA18                                  | -   | -                           | 17,062                      |
| Violence Against Women Formula Grants   | 16.588                     | 20-E3245VA19                                  | -   | -                           | 24,602                      |
| <b>Department of Transportation:</b>  |                            |   |   |                             |                             |
| Direct payments:  |                            |   |   |                             |                             |
| Federal Transit_Formula Grants  | 20.507                     |   | -   | -                           | 1,406,919                   |
| COVID-19 - Federal Transit_Formula Grants   | 20.507                     |   | -   | -                           | 683,452                     |
| Pass-through payments:  |                            |   |   |                             |                             |
| Highway Planning and Construction Cluster:  |                            |   |   |                             |                             |
| Virginia Department of Transportation:  |                            |   |   |                             |                             |
| Highway Planning and Construction   | 20.205                     | UPC 107518                                    | -   | 476,032                     |                             |
| Highway Planning and Construction   | 20.205                     | UPC 108809                                    | -   | 1,443,754                   |                             |
| Highway Planning and Construction   | 20.205                     | UPC 109025                                    | -   | 73,126                      |                             |
| Highway Planning and Construction   | 20.205                     | UPC 111084                                    | -   | 56,165                      |                             |
| Highway Planning and Construction   | 20.205                     | UPC 113686                                    | -   | 264,889                     |                             |
| Virginia Department of Conservation and Recreation:                                       |                            |   |   |                             |                             |
| Recreational Trails Program   | 20.219                     | VRT-314-D-170                                 | -   | 4,431                       |                             |
| Total Highway Planning and Construction Cluster   |                            |   |   |                             | 2,318,397                   |
| Harrisonburg-Rockingham Metropolitan Planning Organization:                               |                            |   |   |                             |                             |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505                     | 46019   | -   | -                           | 8,615                       |
| Virginia Department of Rail and Public Transportation:                                    |                            |   |   |                             |                             |
| Formula Grants for Rural Areas  | 20.509                     | 42120   | -   | -                           | 3,638                       |
| Virginia Department of Motor Vehicles:  |                            |   |   |                             |                             |
| State and Community Highway Safety  | 20.600                     | FSC-2019-59325-9325                           | -   | -                           | 1,988                       |
| State and Community Highway Safety  | 20.600                     | FPS-2019-59362-9362                           | -   | -                           | 1,479                       |
| State and Community Highway Safety  | 20.600                     | FSC-2020-50371-20371                          | -   | -                           | 2,686                       |
| State and Community Highway Safety  | 20.600                     | FPS-2020-50369-20369                          | -   | -                           | 2,884                       |
| Alcohol Open Container Requirements   | 20.607                     | 154AL-2019-59323-9323                         | -   | -                           | 2,855                       |
| Alcohol Open Container Requirements   | 20.607                     | 154AL-2020-50365-20365                        | -   | -                           | 4,337                       |

(continued)

**CITY OF HARRISONBURG, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

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| <b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b> | <b>Federal CFDA Number</b> | <b>Pass-through Entity Identifying Number</b> | <b>Pass-through Payments to Subrecipients</b> | <b>Cluster Expenditures</b> | <b>Federal Expenditures</b> |
|--|----------------------------|---|---|-----------------------------|-----------------------------|
| <b>U.S. Treasury:</b>  |                            |   |   |                             |                             |
| Pass-through payments:   |                            |   |   |                             |                             |
| Virginia Department of Accounts:                                     |                            |   |   |                             |                             |
| Coronavirus Relief Fund  | 21.019                     | SLT0022                                       | -   | -                           | 3,625,442                   |
| <b>Department of Education:</b>                                      |                            |   |   |                             |                             |
| Pass-through payments:   |                            |   |   |                             |                             |
| Virginia Department of Education:                                    |                            |   |   |                             |                             |
| Title I Grants to Local Educational Agencies                         | 84.010                     | S010A180046                                   | -   | -                           | 1,313,242                   |
| Title I Grants to Local Educational Agencies                         | 84.010                     | S010A190046                                   | -   | -                           | 122,694                     |
| Title I Grants to Local Educational Agencies                         | 84.010                     | S377A150047                                   | -   | -                           | 53,319                      |
| Career and Technical Education - Basic Grants to States              | 84.048                     | V048A190046                                   | -   | -                           | 108,101                     |
| English Language Acquisition State Grants                            | 84.365                     | S365A180046                                   | -   | -                           | 54,392                      |
| English Language Acquisition State Grants                            | 84.365                     | S365A190046                                   | -   | -                           | 151,603                     |
| Improving Teacher Quality State Grants                               | 84.367                     | S367A180044                                   | -   | -                           | 612                         |
| Improving Teacher Quality State Grants                               | 84.367                     | S367A190044                                   | -   | -                           | 140,095                     |
| School Improvement Grants  | 84.377                     | S377A150047                                   | -   | -                           | 57,916                      |
| Student Support and Academic Enrichment Program                      | 84.424                     | S424A180048                                   | -   | -                           | 42,528                      |
| Student Support and Academic Enrichment Program                      | 84.424                     | S424A190048                                   | -   | -                           | 70,383                      |
| Special Education Cluster (IDEA):                                    |                            |   |   |                             |                             |
| Special Education_Grants to States                                   | 84.027                     | H027A180107                                   | -   | 93,739                      |                             |
| Special Education_Grants to States                                   | 84.027                     | H027A190107                                   | -   | 1,122,141                   |                             |
| Special Education_Preschool Grants                                   | 84.173                     | H173A190112                                   | -   | 29,127                      |                             |
| Total Special Education Cluster                                      |                            |   |   |                             | 1,245,007                   |
| State Council of Higher Education for Virginia:                      |                            |   |   |                             |                             |
| Gaining Early Awareness and Readiness for Undergraduate Programs     | 84.334                     | Not Provided                                  | -   | -                           | 62,997                      |
| <b>Department of Homeland Security:</b>                              |                            |   |   |                             |                             |
| Pass-through payments:   |                            |   |   |                             |                             |
| Virginia Department of Emergency Management:                         |                            |   |   |                             |                             |
| Emergency Management Performance Grants                              | 97.042                     | 8241  | -   | -                           | 7,500                       |
| Homeland Security Grant Program                                      | 97.067                     | 7875  | 104,247                                       | -                           | 104,247                     |
| Homeland Security Grant Program                                      | 97.067                     | 7918  | 7,779   | -                           | 81,401                      |
| Homeland Security Grant Program                                      | 97.067                     | 7919  | -   | -                           | 10,464                      |
| Homeland Security Grant Program                                      | 97.067                     | 8140  | 1,507   | -                           | 1,507                       |
| Homeland Security Grant Program                                      | 97.067                     | 8253  | -   | -                           | 6,046                       |
| <b>Department of Defense:</b>  |                            |   |   |                             |                             |
| Direct payments:   |                            |   |   |                             |                             |
| JROTC Funds  | 12.VA 170853               |   |   |                             | 97,849                      |
| <b>Total expenditures of federal awards</b>                          |                            |   |   |                             | <b>\$ 16,263,101</b>        |

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF HARRISONBURG, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2020**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Harrisonburg, Virginia and its component units, and is presented on the modified accrual basis of accounting. The information contained in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget's Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**Note 2. Indirect Cost Allocation Rate**

The City of Harrisonburg has not elected to use the de minimis indirect cost allocation rate.

**Note 3. Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed as determined by the U.S. Department of Agriculture. At June 30, 2020, the School Board, a component unit, had food commodities totaling \$72,929 in inventory.

**Note 4. Loan Programs**

Included in prior year schedules were loan proceeds obtained through the Virginia Water Supply Revolving Fund in the total amount of \$1,136,000. The following is the federal award program and the outstanding balance on the loan at June 30, 2020.

| <b>Program Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Outstanding<br/>Loan<br/>Amount</b> |
|--|------------------------------------|--|
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468                             | \$ 757,334                             |

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