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**Bond Rating Agencies Assigns Ratings to City’s Bond Issue**

Harrisonburg, VA – The city of Harrisonburg’s planning and strong financial management has been affirmed by its bond rating agencies.

A bond or credit rating process is undertaken when a locality plans to issue bonds in the municipal bond market. A bond rating represents an unbiased assessment of the credit worthiness of a locality’s debt obligation in the public financial market. The higher the rating, the stronger the borrowing power and the lower the interest rates will be for capital projects funding. The city was last rated in June 2014.

In advance of the city’s bond issuance designed to finance the construction of a new elementary school and pre-k facility, road improvements and bike/pedestrian trails near the school, and the replacement HVAC system at Thomas Harrison Middle School, the city was evaluated by representatives from Standard & Poor’s Rating Services (S&P) and Moody’s Investors Services (Moody’s).

S&P and Moody’s have assigned ratings of AA and Aa2, respectively, to the city’s upcoming bond issue and have affirmed the current ratings to the city’s existing debt, reflecting the financial stability of Harrisonburg.

“City staff and my fellow council members are very cognizant as to how our decision making impacts our financial standing with the ratings agencies and ultimately our borrowing costs. With responsible planning and deliberation at the forefront, we can ensure that we are making decisions that will benefit the city and our taxpayers in the long term,” said Mayor Christopher Jones.

In their rating report S&P made the following observations about the city:

- Adequate economy, with projected per capita effective buying income at 63.1% and market value per capita of $83,639, that is gaining advantage from a local stabilizing institutional influence in higher education and related sectors;
- Strong budgetary performance, with balanced operating results in the general fund and at the total governmental fund level in fiscal 2015 after accounting for one-time non-operating expenditures, in addition to a very diverse revenue stream with property taxes, the leading revenue source, accounting for about 37% of general fund revenue;

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- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 27% of operating expenditures;
- Very strong liquidity, with total government available cash at 47.4% of total governmental fund expenditures;
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment methodology;
- Very weak debt and contingent liability position; and
- Very strong institutional framework score.

The report from Moody indicated the city’s strengths were a stable and diverse tax base, sound financial position bolstered by policies, satisfactory reserves, and a conservative approach to budgeting, while they also noted an “above average debt burden” as a challenge.

To view the full reports, visit www.HarrisonburgVA.gov/budget-documents.

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