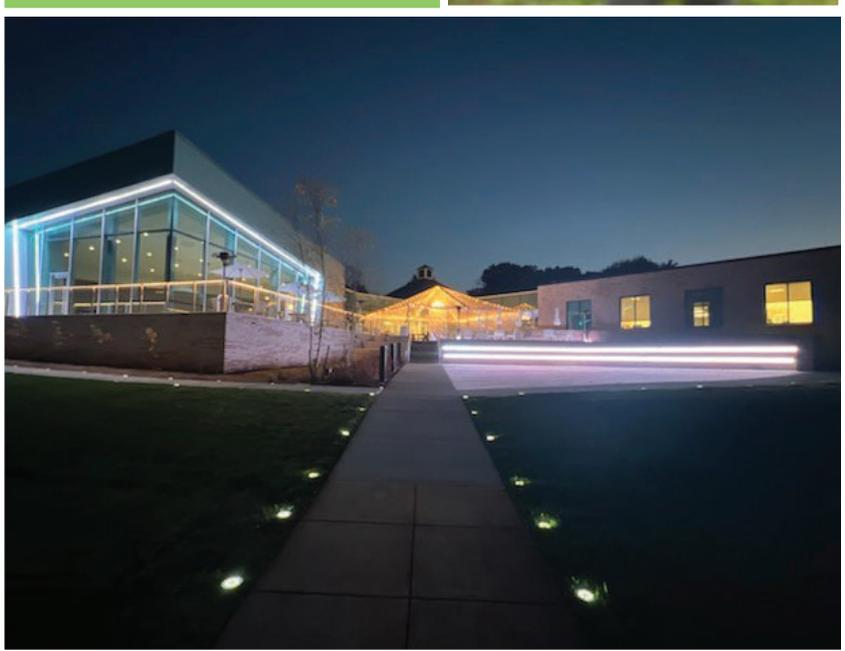




ANNUAL COMPREHENSIVE FINANCIAL REPORT

for fiscal year ended June 30, 2025

2025



CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



Prepared By:

**City of Manassas, Virginia
Finance Department**

CITY OF MANASSAS, VIRGINIA
**ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Directory of Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii-vi
Certificate of Achievement for Excellence in Financial Reporting	vii
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-18
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	21
Exhibit 2 Statement of Activities	22-23
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	25
Exhibit 4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	27
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Exhibit 7 Statement of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual-General Fund	29
Exhibit 8 Statement of Net Position-Proprietary Funds	30-31
Exhibit 9 Statement of Revenues, Expenses and Change in Net Position-Proprietary Funds	32-33
Exhibit 10 Statement of Cash Flows-Proprietary Funds	34-35
<u>Notes to Financial Statements</u>	
Note 1-Summary of Significant Accounting Policies	36-48
Note 2-Stewardship, Compliance, and Accountability	48
Note 3-Deposits and Investments	49-51
Note 4-Due From Other Governments	52
Note 5-Interfund Receivables, Payables, and Transfers	52-53
Note 6-Capital Assets	54-58
Note 7-Unavailable Revenue, Unearned Revenue, and Deferred Inflows of Resources	59

CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
FINANCIAL SECTION (CONTINUED)	
<u>Notes to Financial Statements: (Continued)</u>	
Note 8–Long-Term Debt	60-63
Note 9–Contingent Liabilities and Commitments	64
Note 10–Joint Ventures	64-66
Note 11–Jointly Governed Organization	66
Note 12–Pension Plans	66-80
Note 13–Group Life Insurance (GLI) Plan (OPEB Plan)	80-89
Note 14–Line of Duty Act (LODA) Program	89-95
Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan)	95-104
Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan)	104-110
Note 17–Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan)	110-114
Note 18–Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan)	114-118
Note 19–Summary of Net OPEB Liability, Deferred Inflows and Deferred Outflows - OPEB Plans	118
Note 20–Risk Management	118
Note 21–Fund Balance	119
Note 22–Major Customer	120
Note 23–Lease Receivable	120-121
Note 24–New Accounting Standards	122
Note 25–COVID-19	122-123
Note 26–Subsequent Events	123
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Primary Government	125-126
Exhibit 12 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (Nonprofessional)	127-128
Exhibit 13 Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan	129
Exhibit 14 Schedule of Employer Contributions - Pension	130
Exhibit 15 Notes to Required Supplementary Information - Pension	131
Exhibit 16 Schedule of City of Manassas, Virginia's Share of Net OPEB Liability - Group Life Insurance Plan	132
Exhibit 17 Schedule of Employer Contributions - Group Life Insurance Program	133
Exhibit 18 Notes to Required Supplementary Information - Group Life Insurance Program	134
Exhibit 19 Schedule of Employer's Share of Net LODA OPEB Liability	135

CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 20 Schedule of Employer Contributions - LODA	136
Exhibit 21 Notes to Required Supplementary Information - LODA	137
Exhibit 22 Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios - HIC	138-139
Exhibit 23 Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios - School Nonprofessional HIC	140-141
Exhibit 24 Schedule of Employer Contributions - Health Insurance Credit (HIC)	142
Exhibit 25 Notes to Required Supplementary Information - Health Insurance Credit (HIC)	143
Exhibit 26 Schedule of City of Manassas School Board's Share of Net OPEB Liability - Teacher HIC	144
Exhibit 27 Schedule of Employer Contributions - Teacher Health Insurance Credit (HIC)	145
Exhibit 28 Notes to Required Supplementary Information Teacher Employee Health Insurance Credit (HIC)	146
Exhibit 29 Schedule of Changes in Total OPEB Liability and Related Ratios - Primary Government Local OPEB Plan	147-148
Exhibit 30 Notes to Required Supplementary Information - Primary Government Local OPEB Plan	149
Exhibit 31 Schedule of Changes in Total OPEB Liability and Related Ratios - Component Unit School Board Local OPEB Plan	150-151
Exhibit 32 Notes to Required Supplementary Information - Component Unit School Board Local OPEB Plan	152
Other Supplementary Information	
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds	
Exhibit 33 Combining Balance Sheet - Nonmajor Governmental Funds	155
Exhibit 34 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	156
Exhibit 34-a Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Debt Service Fund	157
Exhibit 35 Combining Balance Sheet - Nonmajor Special Revenue Fund	158
Exhibit 36 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Special Revenue Funds	159
Exhibit 37 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Nonmajor Special Revenue Funds	160-162

CITY OF MANASSAS, VIRGINIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>Other Supplementary Information: (Continued)</u>	
Combining and Individual Fund Financial Statements and Schedules: (Continued)	
Nonmajor Enterprise Funds:	
Exhibit 38 Statement of Net Position	164
Exhibit 39 Statement of Revenues, Expenditures, and Changes in Fund Net Position	165
Exhibit 40 Statement of Cash Flows	166
Internal Service Funds	
Exhibit 41 Statement of Net Position	168
Exhibit 42 Statement of Revenues, Expenditures, and Changes in Fund Net Position	169
Exhibit 43 Statement of Cash Flows	170
Discretely Presented Component Unit- Manassas City Public Schools	
Exhibit 44 Balance Sheet-Governmental Funds	172
Exhibit 45 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-Discretely Presented Component Unit - MCPS	173
Exhibit 46 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	174
Exhibit 47 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities-Discretely Presented Component Unit - MCPS	175
Exhibit 48 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Discretely Presented Component Unit School Board	176-177
Exhibit 49 Statement of Fiduciary Net Position	178
Exhibit 50 Statement of Changes in Fiduciary Net Position	179
Discretely Presented Component Unit- Economic Development Authority	
Exhibit 51 Statement of Net Position	181
Exhibit 52 Statement of Revenues, Expenditures, and Changes in Fund Net Position	182
Exhibit 53 Statement of Cash Flows	183

CITY OF MANASSAS, VIRGINIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
STATISTICAL SECTION	
Table 1 Net Position by Component	185-186
Table 2 Changes in Net Position	187-190
Table 3 Program Revenues by Function/Program	191
Table 4 Fund Balances of Governmental Funds	192
Table 5 Changes in Fund Balances of Governmental Funds	193-194
Table 6 Governmental Fund Tax Revenue by Source	195
Table 7 Assessed and Estimated Actual Value of Taxable Property	196
Table 8 Property Tax Rates	197
Table 9 Principal Real Property Taxpayers	198
Table 10 Real Property Tax Levies and Collections	199
Table 11 Ratios of Outstanding Debt by Type	200
Table 12 Ratios of General Bonded Outstanding Supported by Taxpayers	201
Table 13 Legal Debt Margin Information	202
Table 14 Demographic and Economic Statistics	203
Table 15 Principal Employers	204
Table 16 Full-time Equivalent City Government Employees by Function	205
Table 17 Operating Indicators by Function	206
Table 18 Capital Assets Statistics by Function	207
COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	208-209
Independent Auditors' Report on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance	210-212
Schedule of Expenditures of Federal Awards	213-215
Notes to Schedule of Expenditures of Federal Awards	216
Schedule of Findings and Questioned Costs	217
Summary Schedule of Prior Audit Findings	218

City of Manassas, Virginia

CITY COUNCIL

Michelle Davis-Younger, Mayor
Mark D. Wolfe, Vice Mayor

Theresa Coates Ellis
Tom Osina
Sonia Vasquez Luna

Ralph J. Smith
Ashley Hutson

CITY MANAGER

Steve Burke

MANASSAS CITY PUBLIC SCHOOLS SCHOOL BOARD

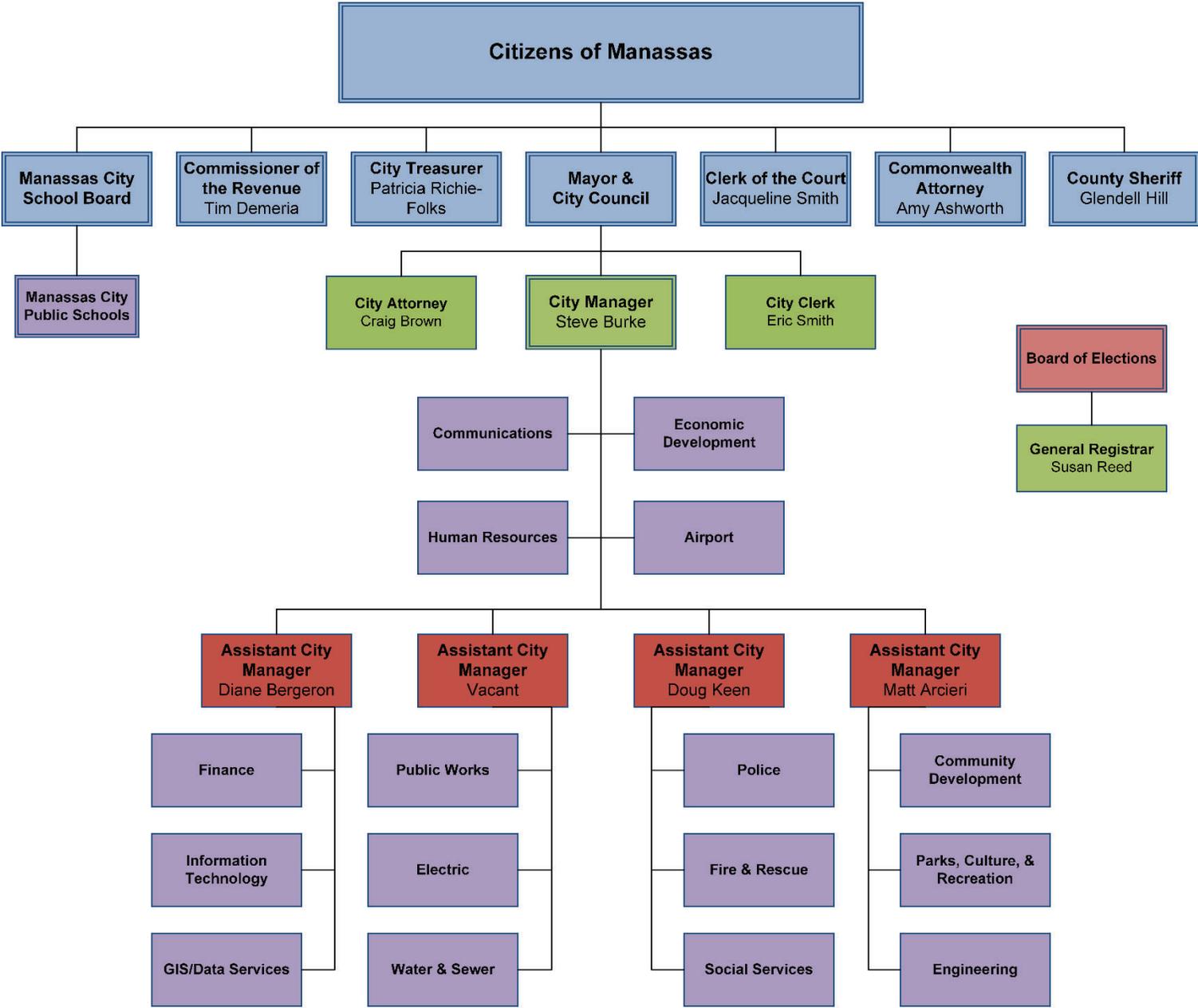
Suzanne W. Seaberg, Chair
Jill Spall, Vice Chair
Diana Brown
Sara Brescia
Dr. Zella Jones
Lisa A. Stevens
Dayna Marie Miles

SUPERINTENDENT OF SCHOOLS

Dr. Kevin Newman

STAFFING OVERVIEW

City Organizational Chart





December 1, 2025

Honorable Mayor Davis-Younger, City Council Members and Residents
City of Manassas
Manassas, Virginia:

The Annual Comprehensive Financial Report (ACFR) of the City of Manassas, Virginia, (the City) for the fiscal year ended June 30, 2025, is hereby submitted. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the governing body by December 15th. This report is published to fulfill that requirement.

As management, we assume full responsibility for the completeness and reliability of all the information contained in this report. To provide a reasonable basis for making these representations, we have established a comprehensive internal control framework that is established for this purpose. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. **The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2025.** The independent auditor's report is located at the front of the Financial Section of the ACFR.

Management's Discussion and Analysis (MD&A) is found immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The independent audit of the financial statements of the City was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. These reports are available in the Single Audit Section of the ACFR.

Profile of the City

The City of Manassas is a community of approximately 43,616 residents located in Northern Virginia within the Washington, D. C. Metropolitan Statistical Area. Surrounded by Prince William County, the City is thirty miles southwest of the Nation's Capital and encompasses a land area of ten square miles. The Town of Manassas received its charter in 1873 and operated as a town in Prince William County until May 1, 1975, when it became an independent City of the Commonwealth of Virginia. The City is a regional employment and activity center with a strong employment base in advanced manufacturing, technology, defense contracting, and healthcare. Manassas is a transportation, economic, and cultural hub built around a thriving historic downtown established near a strategic railroad junction.

Governmental Organization

The City of Manassas government is organized under a charter, adopted by the General Assembly of Virginia, and amended from time-to-time, which authorizes a council-manager form of government. The governing body, the Mayor and a six-member City Council, is elected at-large for staggered four-year terms and makes policies for administration of the City. The City Council appoints a City Manager to act as Chief Administrative Officer of the City. The City Manager serves at the pleasure of the City Council, carries out its policies, directs business procedures and appoints and may remove all employees, including the heads of the departments as provided by the City Charter.

The City Treasurer and the Commissioner of the Revenue are constitutional officers elected at-large by the voters. The General Registrar is appointed by the three-member Electoral Board. Elected officials shared with Prince William County and the City of Manassas Park are the Commonwealth's Attorney, Clerk of the Court and Sheriff. The Judges of the Circuit Court, General District Court, and Juvenile and Domestic Relations Court are appointed by the State Legislature.

The seven City School Board members are elected at-large for staggered four-year terms. The City Council must, to the extent required by applicable law and is otherwise necessary, appropriate all funds of the School Board and issue debt to finance school capital projects. The Auditor of Public Accounts for the Commonwealth of Virginia has determined that school board financial statements must be displayed as discretely presented component units in the annual comprehensive financial reports of the primary governments in the Commonwealth which have responsibility for school systems. The Manassas City School Board does not issue its own financial statements.

The Economic Development Authority (EDA) of the City of Manassas, Virginia, is a political subdivision of the Commonwealth of Virginia that was originally established as The Industrial Development Authority of the Town of Manassas, Virginia in 1972, under the Industrial Development and Revenue Bond Act. In fiscal year 2017, certain criteria were met under Generally Accepted Accounting Principle (GASB) 14, that required the City to report the EDA as a component unit in the annual comprehensive financial report.

There are no other entities in the report.

Operations of the City

The City of Manassas provides the full range of municipal services including public safety (police, fire and rescue), highway and streets, health and social services, public improvements, planning and zoning, recreation and cultural services, and general administrative services. The City also operates six proprietary functions: the electric, water, sewer and stormwater utilities, solid waste collection, and a regional airport.

In the fiscal year 2025 adopted budget, the City Council included a \$2.5 million increase in the annual operating appropriation for the Schools, resulting in a total budget of \$68.4 million, which includes \$6.4 million that was placed into debt reserve to fund present and future school capital needs, and local contributions for operational support of \$62 million. On December 4, 2024, the City issued general obligation public improvement bonds for school construction, and transferred the \$50 million proceeds to the schools' capital project fund.

The annual operating budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit their recommended budgets to the City Manager in the November/December timeframe. The City Manager uses these recommendations as the starting point for developing his proposed budget, and presents his proposed budget to the City Council, usually at the end of February. The School Board presents the proposed budget for MCPS to the City Council by April 1st. The City Council holds numerous public work sessions on the budget in March and April. City Council is required to hold a public hearing and adopt a budget by June 30th for the fiscal year beginning July 1st.

The MCPS budget is appropriated and controlled at the total budget level. The City's appropriated operating budget is controlled at the fund level and annual Capital Improvement Plan (CIP) budget is controlled at the total annual appropriation level.

Local Economy and Long-term Financial Planning

In fiscal year 2025, the City continued a pattern of economic growth and stability.

The taxable real estate assessed values for the 2025 tax year (values as of January 1, 2024) increased 6.5%; the average residential assessment increased 5.56% and the average commercial assessment increased 8.7%. Residential assessment increases were due largely to new residential subdivisions, and the strong real estate market brought on by the demand for suburban homes and limited supply of homes for sale because they were locked-in at historically low mortgage rates, and the attractiveness of the local market due to business investments in the area. Commercial assessment increases were enhanced by new construction of the data centers coupled with market increases. The 2025 residential / commercial assessment ratio is 67.4 / 32.6, a decrease from the 2024 ratio of 68.0 / 32.0. Combined general property tax revenues among all classes of properties increased 5.1% in fiscal year 2025 (\$5.6 million), due to new construction and increased assessments for both real and personal property, despite a flat real property tax rate. Other local tax revenues saw an increase of 12.8% in 2025 (\$3.8 million). Business, Professional & Occupational License (BPOL) tax increased 25.9% and Sales tax increased 14.4%, both primarily due to initial data center construction. The City's unemployment rate is 3.3% as of June 2025; below the Virginia rate of 3.9% and national rate of 4.1%, indicating local economic stability.

In October 2024, Standard & Poor's affirmed the City's general obligation bond rating of AAA with a stable outlook and Moody's upgraded their Aa1 bond rating to Aaa for the City. Bond ratings were updated prior to the December 2024 issuance of \$50 million in general obligation public improvement bonds.

Relevant Financial Policies and Major Initiatives

City Council has adopted comprehensive financial policies to ensure City assets and resources are prudently safeguarded and properly accounted for, to manage City finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities and infrastructure, parks and recreation options, transportation mobility, and quality education. Per City policy, one-time revenues and one-time expenditure savings are to be used for non-recurring expenditures rather than ongoing operations. In March 2021, the City's fund balance policy was modified to maintain an unassigned general fund balance of no less than 15% of actual general fund operating revenues. **At the end of the fiscal year, the unassigned general fund balance was \$33.4 million, which represents 20%, and is within the policy guidelines.**

In order to deliver better services and facilities to the community, the City's five-year capital improvement plan includes several major projects for customer service, culture and recreation and public safety, and transportation mobility and utility infrastructure improvements, along with other parks, culture and recreation initiatives. The projects include Airport, Water, Sewer and Stormwater infrastructure improvements, Sudley Road widening, Mathis Ave improvements, and continued sidewalk and trail improvements. Several significant CIP projects were completed during fiscal year 2025, including Dean Park improvements, Marsteller Park & Community Center acquisition and improvements, Grant Ave street improvements, Annaburg driveway/sidewalk, PD CAD/RMS System upgrade, Airport taxiway rehabilitation, Lucasville Pond retrofit, and Winters Branch Pond rehab. In addition, the City provided funding for the EDA's purchase of the Manassas Shopping Center in August 2024, for future redevelopment.

In March 2021 the American Rescue Plan Act (ARPA) became law and established the Coronavirus State and Local Fiscal Recovery Funds. Significant planning by City personnel and City Council has developed a plan for this one-time funding of \$50.6 million over the limited performance period. The CIP budget has utilized ARPA funding primarily on utility infrastructure projects and park improvements, which are anticipated for completion within the required performance period which ends December 31, 2026. Dean Park, Phase IV Fitzgerald Way water main replacement, and other park improvements were completed in fiscal year 2025.

Awards and Acknowledgements

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 of Manassas for its ACFR for the fiscal year ended June 30, 2024. This was the forty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Manassas also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2025 (FY 2026). To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only. We believe our FY 2027 budget will continue to meet the Distinguished Budget Presentation Award Program requirements and once it is adopted, we plan to submit it to the GFOA to determine its eligibility for another award.

The preparation of this report could not be accomplished without the skill, effort, and dedicated services of the entire staff of the Finance Department, with the effort spearheaded by the Accounting Division. We would like to express our appreciation to all members of the Department and most especially to Stephanie Scherer, Accounting Manager, for her role in the preparation of the ACFR. We wish to thank all City Departments and the Manassas City Public Schools for their assistance in providing the data necessary to prepare this report. The Mayor and the members of the City Council are to be commended for their support in strategically planning and managing the fiscal policies of the City.

Respectfully submitted,



Steven M. Burke
City Manager



Diane V. Bergeron
Assistant City Manager/Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Manassas
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO



Independent Auditors' Report

**To the Honorable Members of
the City Council
City of Manassas, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia, 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 financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia, as of and for the year ended 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 the *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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Manassas, 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 Principles

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

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2025, the City restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Manassas, Virginia'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 City of Manassas, Virginia'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 Manassas, Virginia'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 schedules related to pension and OPEB funding as listed in the table of contents 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 City of Manassas, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are 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 auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of City of Manassas, Virginia'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 City of Manassas, Virginia'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 City of Manassas, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 1, 2025

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

The Management's Discussion and Analysis (MD&A) section of the City of Manassas, Virginia (City), Annual Comprehensive Financial Report (ACFR) provides a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. The MD&A should be read in conjunction with our letter of transmittal found in the Introductory Section of this report, and the City's Financial Statements that follow this section.

The MD&A identifies the City as the Primary Government. We have also included information about the "Total Reporting Unit", which is the City and its component units, the Manassas City Public Schools (MCPS) and the Economic Development Authority (EDA). Due to the material relationship between the City and MCPS, we believe that Total Reporting Unit information more accurately reflects the financial condition of the City of Manassas.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Total Reporting Unit including Component Units exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$763,349,074 (net position), a 10% increase over prior year. The Total Reporting Unit's net position invested in capital assets is \$516,563,942 and \$70,231,816 is restricted in its use, primarily due to unspent bond proceeds and airport land sale revenue. The remaining net position, \$176,553,316, is unrestricted.
- The assets and deferred outflows of resources for the City (Governmental and Business Activities) exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$658,665,849 (net position), in line with the prior year. The City's net position invested in capital assets is \$461,009,243 with \$35,300,095 restricted in its use, and the remaining balance of \$162,356,511 is unrestricted. The unrestricted net position of the Governmental Activities includes bonds issued by the City for MCPS. This debt is reflected as a liability of the City; however, the schools that are built with the bond proceeds are shown as assets of MCPS. At year-end, the City has \$72,636,610 of debt outstanding relating to MCPS (excluding unamortized bond premiums of \$6,792,358).
- The unassigned fund balance for the City's general fund at June 30, 2025 was \$33,418,301. This amount is 20% of total general fund actual operating revenues of \$167,055,276 for fiscal year 2025. General fund unassigned fund balance as a percent of general fund revenues is in accordance with the City's Unassigned Fund Balance Policy.
- The total fund balance of the general fund decreased \$6,341,827 from the prior year, a 5.6% decrease. Aside from the fund balance unassigned per policy, the remaining fund balance of \$74.5 million has been committed or restricted for specific uses such as future capital projects, transportation improvements, public safety, housing initiatives, employee pension and OPEB benefits and opioid abatement.
- The majority of the general fund balance decrease is due to the budgeted use of committed fund balance for investment in real estate parcels in accordance with the Strategic Plan: the purchase of Marsteller for use as a community center, park and future firehouse site, and for the EDA's purchase of Manassas Shopping Center for future redevelopment of the Mathis Ave corridor. These planned decreases in general fund balance were offset by unbudgeted interest income, as interest was earned on significant one-time funds including ARPA Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) grant funds and bond proceeds, and due to other one-time revenues associated with the construction of data centers and new residential developments. Expenses also came in under budget due to salary and other departmental savings and shared services (primarily corrections related) savings.
- The City's Business Activities saw an increase in capital grant and contribution revenue in FY 2025, as ARPA, EPA, SLAF, and FAA/VDOA-funded infrastructure projects continued. In addition, the City's business activities recognized \$6.9 million of investment earnings.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS (CONTINUED)

- The City implemented provisions of GASB Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Statement No. 101 requires recognition of certain liabilities for earned, accumulated and unused leave balances that are more likely than not to be used or paid-out in the future. Prior to implementation, only unused leave that was likely to be paid-out in the future was accrued as a compensated absence liability. A description of GASB No. 101 and its financial impact can be found in Note 1 of this report under Adoption of accounting principles.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

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

The **government-wide financial statements** are designed to provide readers with a broad overview of the City's finances using the economic resources measurement focus and the accrual basis of accounting, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two 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. Additionally, to assess the overall financial health of the City one must also consider non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The **statement of activities** presents information showing how the City'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 compensated absences).

Both of the 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, public safety, public works, health and human services, and culture, recreation, community and economic development. The business-type activities of the City include electric, water, sewer and stormwater utilities, solid waste collection and a regional airport.

The government-wide financial statements include not only the City (known as the *primary government*), but also a legally separate school district, Manassas City Public Schools (MCPS), for which the City is financially accountable, and a legally separate Economic Development Authority (EDA). Financial information for the two component units (MCPS and EDA) are reported separately from the financial information presented for the primary government itself.

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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

Governmental Funds - Most of the City's basic services are included in governmental funds. These 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 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can be readily converted to cash.

The City maintains eleven 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 major general fund, general capital projects fund, and NVTVA capital projects fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the annual appropriated budget. The City also adopts annual appropriated budgets for five non-major governmental funds - Debt Service, Social Services, PEG, Owens Brooke district, and Fire and Rescue. Budgetary comparisons for these funds have also been provided.

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 electric, water, sewer and stormwater utilities, solid waste collection and the regional airport.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for maintaining its fleet of vehicles, building maintenance, and its information technology systems. Because these services predominantly benefit governmental rather than external business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. Proprietary funds are reported using the full accrual basis of accounting method. The proprietary fund financial statements provide separate information for the electric, water, sewer and stormwater utilities and regional airport which are considered to be major funds of the City. The other enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. As there is currently only one non-major enterprise fund, solid waste collection, the combining statement shown represents its information. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the 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.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information - In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Schedules of funding progress for the City's defined benefit pension and OPEB plans are provided. The combining statements referred to earlier in connection with non-major governmental and enterprise funds and internal service funds are presented immediately following the RSI.

The City's component units do not issue separate financial statements. Therefore, you will find fund statements for MCPS and for the EDA near the end of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes therein. It should be noted that the City's financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

The City's governmental activities' net position decreased by \$32,368,046 in fiscal year 2025, which represents 8%. This decrease is due primarily to the \$50 million issuance of general obligation improvement bonds for the replacement of Dean Elementary School, shown as an additional Education expenditure and long-term liability in FY 2025. In addition, \$16 million was contributed to the EDA for the purchase of Manassas Shopping Center, shown as a community development program expense. These decreases are offset by \$21 million of required net accounting adjustments for capital assets, to depreciate capital assets over their useful lives instead of expensing in the year of payment. Significant FY 2025 capital additions were recorded for the completed Dean Park renovation (\$11.1 million), Marsteller acquisition and improvements (\$11 million), and Grant Ave improvements (\$6.1 million), and for progress made on the Sudley Rd widening project (\$4.6 million). The decrease is further offset by investment earnings of \$10 million on additional cash reserves for ARPA funding, bond proceeds and one-time revenues, with the balance due to other increases in general property taxes, sales & use taxes, and business licenses from increased assessments and from initial data center construction and new residential developments.

The net position of the business-type activities increased \$34,238,944 in fiscal year 2025, which represents 12.8%; all funds except Solid Waste increased their net position in FY 2025, meaning revenues and contributions exceeded expenses. Capital contributions and grants totaled \$26 million; including \$3.8 million of FAA/VDOA funding, \$9.9 million of ARPA-CLSFRF funding, \$1.7 million of Stormwater Local Assistance Fund (SLAF) funding and \$2.9 million in Water Quality Improvement Fund (WQIF) funding from VA DEQ, \$3.8 million from Lockheed Martin, \$2 million from Micron, with the remaining \$2 million from the EPA, Amazon, PWCSA, and other commercial developers. Investment earnings for FY 2025 totaled \$6.9 million, which increased as a result of additional cash reserves for unspent airport land sale proceeds and bond proceeds. Water, sewer and electric rates were increased 5% in FY 2025, to cover the budgeted increase to operating costs due to inflation and the City's effort to remain competitive in the labor marketplace; Solid waste and stormwater rates remained flat.

The net position of MCPS has increased \$55,839,519 in fiscal year 2025, which represents 176%, due primarily to the transfer of \$50 million of bond proceeds issued by the City for school construction. MCPS saw a \$5.2 million reduction in pension and OPEB expense, and investment earnings of \$2.4 million.

The net position of the EDA increased \$16,834,815 in fiscal year 2025, due primarily to a \$16 million contribution received from the City for the purchase of the Manassas Shopping Center, which is shown under capital assets on the Statement of Net Position. EDA recorded additional net income of \$835 thousand, primarily due to net income from the shopping center and investment earnings.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following tables summarize the Statement of Net Position for the reporting unit as of June 30, 2025.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025
Current assets	232,188,963	211,170,383	217,946,057	225,323,019	450,135,020	436,493,402
Capital assets	348,789,085	370,542,361	187,253,911	208,476,005	536,042,996	579,018,366
Total Assets	580,978,048	581,712,744	405,199,968	433,799,024	986,178,016	1,015,511,768
DEFERRED OUTFLOWS						
Total deferred outflows of resources	9,645,876	14,408,354	2,533,252	3,638,824	12,179,128	18,047,178
Current liabilities	47,589,864	30,929,767	12,726,317	13,148,927	60,316,181	44,078,694
Long term liabilities	140,451,895	194,231,540	69,589,541	67,359,473	210,041,436	261,591,013
Total liabilities	188,041,759	225,161,307	82,315,858	80,508,400	270,357,617	305,669,707
DEFERRED INFLOWS						
Total deferred inflows of resources	12,071,499	14,624,203	56,918,816	54,599,187	68,990,315	69,223,390
NET POSITION						
Net investment in capital assets	280,532,448	305,238,886	138,359,335	161,643,267	412,827,162	461,009,243
Restricted	1,635,651	1,809,379	30,812,352	33,490,716	32,448,003	35,300,095
Unrestricted (deficit)	108,342,567	49,287,323	99,326,859	107,196,278	213,734,047	162,356,511
Total net position	390,510,666	356,335,588	268,498,546	302,330,261	659,009,212	658,665,849

NOTE: The sum of net investment in capital assets of the Governmental and Business Activities does not equal the net investment in capital assets of the total primary government, because debt related to the governmental activities is reflected in the business activities, reducing unrestricted net position. The assets are reflected in the governmental activities as net investment in capital assets. The total primary government matches the assets with the debt and reports the net amount of the investment in capital assets. The total adjustment was \$6,064,621 in FY 2024 and \$5,872,910 in FY 2025.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	MCPS		EDA		Total Reporting Unit	
	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025
Current assets	44,731,712	90,000,440	354,560	6,563,268	495,221,292	533,057,110
Capital assets	79,964,338	93,581,408	-	15,839,040	616,007,334	688,438,814
Total Assets	124,696,050	183,581,848	354,560	22,402,308	1,111,228,626	1,221,495,924
DEFERRED OUTFLOWS						
Total deferred outflows of resources	27,334,197	29,158,649	-	-	39,513,325	47,205,827
Current liabilities	9,728,886	16,556,527	22,459	194,191	70,067,526	60,829,412
Long term liabilities	95,244,295	95,481,105	-	-	305,285,731	357,072,118
Total liabilities	104,973,181	112,037,632	22,459	194,191	375,353,257	417,901,530
DEFERRED INFLOWS						
Total deferred inflows of resources	10,999,003	13,186,556	-	5,041,201	79,989,318	87,451,147
NET POSITION						
Net investment in capital assets	70,629,191	77,003,678	-	15,839,040	449,739,791	516,563,942
Restricted	131,938	34,931,721	-	-	32,579,941	70,231,816
Unrestricted (deficit)	(34,703,066)	(24,419,090)	332,101	1,327,876	213,079,644	176,553,316
Total net position	36,058,063	87,516,309	332,101	17,166,916	695,399,376	763,349,074

NOTE: The sum of net investment in capital assets of the primary government and the component unit (MCPS) does not equal the net investment in capital assets of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities, reducing unrestricted net position. The assets are reflected in the component unit as net investment in capital assets. The total reporting unit matches the assets with the debt and reports the net amount of the investment in capital assets. The total adjustment was \$33,716,562 in FY 2024 and \$37,288,019 in FY 2025.

CITY OF MANASSAS, VIRGINIA

**Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025**

The following tables summarize the changes in net position for the reporting unit for the year ended June 30, 2025.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,857,437	\$ 7,067,939	\$ 95,452,333	\$ 92,360,242	\$ 102,309,770	\$ 99,428,181
Operating grants, contributions	12,159,359	11,759,784	57,925	80,028	12,217,284	11,839,812
Capital grants, contributions	15,183,670	10,424,157	26,358,025	14,429,949	41,541,695	24,854,106
General Revenues:						
Property Taxes	114,668,388	108,473,276	-	-	114,668,388	108,473,276
Other Taxes	33,445,621	29,475,618	-	-	33,445,621	29,475,618
Unrestricted grants	8,000,365	7,975,469	-	-	8,000,365	7,975,469
City appropriation to component unit	-	-	-	-	-	-
Other	14,131,002	15,784,236	7,129,069	36,328,685	21,260,071	52,112,921
Total revenues	<u>\$ 204,445,842</u>	<u>\$ 190,960,479</u>	<u>\$ 128,997,352</u>	<u>\$ 143,198,904</u>	<u>\$ 333,443,194</u>	<u>\$ 334,159,383</u>
Expenses:						
General government	\$ 14,388,036	\$ 13,073,748	\$ -	\$ -	\$ 14,388,036	\$ 13,073,748
Public safety	50,001,603	45,935,394	-	-	50,001,603	45,935,394
Public works	17,549,606	15,986,888	-	-	17,549,606	15,986,888
Health and human services	13,037,497	11,418,063	-	-	13,037,497	11,418,063
Culture, rec, development	28,021,124	9,818,038	-	-	28,021,124	9,818,038
Interest on long-term debt	5,191,878	3,560,928	-	-	5,191,878	3,560,928
Electric	-	-	47,502,235	48,189,320	47,502,235	48,189,320
Water	-	-	12,306,785	12,049,097	12,306,785	12,049,097
Sewer	-	-	17,567,841	15,649,321	17,567,841	15,649,321
Airport	-	-	6,762,287	5,549,155	6,762,287	5,549,155
Stormwater	-	-	2,835,800	2,852,708	2,835,800	2,852,708
Solid Waste	-	-	4,389,104	4,405,171	4,389,104	4,405,171
Education	112,018,500	59,619,911	-	-	112,018,500	59,619,911
Economic Development	-	-	-	-	-	-
Total expenses	<u>\$ 240,208,244</u>	<u>\$ 159,412,970</u>	<u>\$ 91,364,052</u>	<u>\$ 88,694,772</u>	<u>\$ 331,572,296</u>	<u>\$ 248,107,742</u>
Increase (decrease) in net position before transfers	\$ (35,762,402)	\$ 31,547,509	\$ 37,633,300	\$ 54,504,132	\$ 1,870,898	\$ 86,051,641
Transfers	3,394,356	1,713,016	(3,394,356)	(1,713,016)	-	-
Change in net position	\$ (32,368,046)	\$ 33,260,525	\$ 34,238,944	\$ 52,791,116	\$ 1,870,898	\$ 86,051,641
Net position beginning	390,510,666	357,250,141	268,498,546	215,717,430	659,009,212	572,957,571
Restatement - Note 1	(1,807,032)	-	(407,229)	-	(2,214,261)	-
Net position beginning, as restated	388,703,634	357,250,141	268,091,317	215,707,430	656,794,951	572,957,571
Net position ending	<u>\$ 356,335,588</u>	<u>\$ 390,510,666</u>	<u>\$ 302,330,261</u>	<u>\$ 268,498,546</u>	<u>\$ 658,665,849</u>	<u>\$ 659,009,212</u>

Note 1 - beginning balances have been adjusted to reflect the implementation of GASB 101. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to implementation of GASB 101 has not been restated.

CITY OF MANASSAS, VIRGINIA

**Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025**

The following tables summarize the changes in net position for the reporting unit for the year ended June 30, 2025.

	MCPS		EDA		Total Reporting Unit	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
Program revenues:						
Charges for services	\$ 493,179	\$ 543,841	\$ 1,449,653	\$ 10,073	\$ 104,252,602	\$ 99,982,095
Operating grants, contributions	90,651,520	86,481,116	-	-	102,868,804	98,320,928
Capital grants, contributions	-	-	16,000,000	-	57,541,695	24,854,106
General Revenues:					-	-
Property Taxes	-	-	-	-	114,668,388	108,473,276
Other Taxes	-	-	-	-	33,445,621	29,475,618
Unrestricted grants	-	-	-	-	8,000,365	7,975,469
City appropriation to component unit	112,018,500	59,619,911	-	-	112,018,500	59,619,911
Other	3,382,947	2,060,189	138,284	10,733	24,781,302	54,183,843
Total revenues	\$ 206,546,146	\$ 148,705,057	\$ 17,587,937	\$ 20,806	\$ 557,577,277	\$ 482,885,246
Expenses:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 14,388,036	\$ 13,073,748
Public safety	-	-	-	-	50,001,603	45,935,394
Public works	-	-	-	-	17,549,606	15,986,888
Health and human services	-	-	-	-	13,037,497	11,418,063
Culture, rec, development	-	-	-	-	28,021,124	9,818,038
Interest on long-term debt	-	-	-	-	5,191,878	3,560,928
Electric	-	-	-	-	47,502,235	48,189,320
Water	-	-	-	-	12,306,785	12,049,097
Sewer	-	-	-	-	17,567,841	15,649,321
Airport	-	-	-	-	6,762,287	5,549,155
Stormwater	-	-	-	-	2,835,800	2,852,708
Solid Waste	-	-	-	-	4,389,104	4,405,171
Education	150,706,627	140,791,842	-	-	262,725,127	200,411,753
Economic Development	-	-	753,122	102,733	753,122	102,733
Total expenses	\$ 150,706,627	\$ 140,791,842	\$ 753,122	\$ 102,733	\$ 483,032,045	\$ 389,002,317
Increase (decrease) in net position before transfers	\$ 55,839,519	\$ 7,913,215	\$ 16,834,815	\$ (81,927)	\$ 74,545,232	\$ 93,882,929
Transfers	-	-	-	-	-	-
Change in net position	\$ 55,839,519	\$ 7,913,215	\$ 16,834,815	\$ (81,927)	\$ 74,545,232	\$ 93,882,929
Net position beginning	36,058,063	28,144,848	332,101	414,028	695,399,376	601,516,447
Restatement - Note 1	(4,381,273)	-	-	-	(6,595,534)	-
Net position beginning, as restated	31,676,790	28,144,848	332,101	414,028	688,803,842	601,516,447
Net position ending	\$ 87,516,309	\$ 36,058,063	\$ 17,166,916	\$ 332,101	\$ 763,349,074	\$ 695,399,376

Note 1 - beginning balances have been adjusted to reflect the implementation of GASB 101. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to implementation of GASB 101 has not been restated.

CITY OF MANASSAS, VIRGINIA

Management’s Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

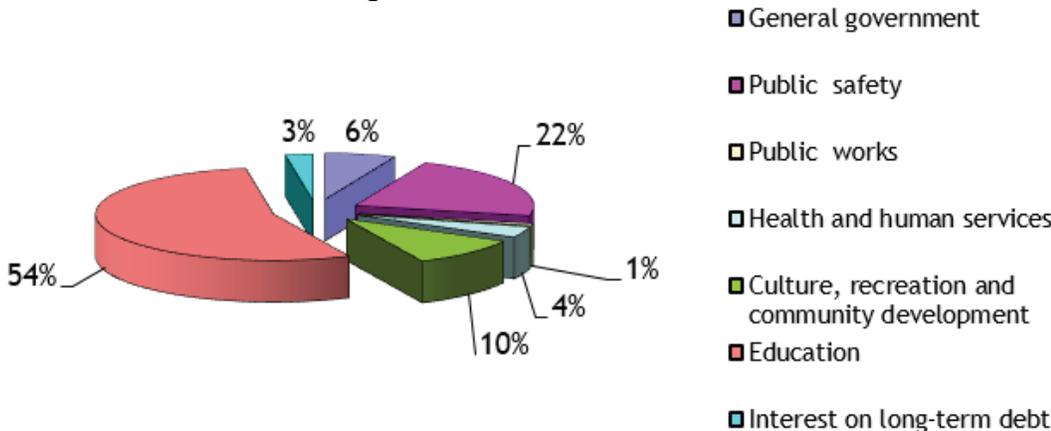
Governmental Activities

The table below details the governmental activities’ expenses and program revenues showing the net cost by program/function. The total governmental activities’ net program/function costs were \$206 million, an increase of \$76 million over last fiscal year, or 58%. \$50 million of this increase is due to general obligation improvement bonds issued for the replacement of Dean Elementary School, reflected in the Education total. Education costs also reflect a budgeted increase of \$2.6 million in program expenses; the City’s general fund has also transferred \$6.4 million to its debt service fund for MCPS’ current and future debt service. \$16 million of the increase is due to the City’s contribution to EDA for the purchase of Manassas Shopping Center, shown under Culture, recreation and community development expense; the additional \$2.5 million increase in net program costs for community development is from increased salaries and benefits from marketplace changes and additional cultural and community program offerings. There was an increase of \$5 million to the Public Safety net program cost, from increased public safety salaries and benefits in response to marketplace changes and new positions added. Similar increases to salaries and benefits can be seen in other program expenses for general government, public works, and health and human services. Public works’ net program cost decrease of \$4.1 million is from an increase of State and Federal funding for transportation, as new capital projects commenced. Interest on long-term debt increased due to the issuance of bonds in FY 2025.

Governmental Activities Expenses and Program Revenues

	<u>Program Expenses FY 2025</u>	<u>Program Revenues FY 2025</u>	<u>Net Program Cost FY 2025</u>	<u>Net Program Cost FY 2024</u>
General government	\$ 14,388,036	\$ 1,216,327	\$ 13,171,709	\$ 11,913,659
Public safety	50,001,603	4,373,502	45,628,101	40,623,377
Public works	17,549,606	16,087,813	1,461,793	5,597,023
Health and human services	13,037,497	5,331,330	7,706,167	6,526,130
Culture, recreation and community development	28,021,124	7,191,494	20,829,630	2,320,062
Education	112,018,500	-	112,018,500	59,619,911
Interest on long-term debt	5,191,878	-	5,191,878	3,560,928
Bond issuance costs	-	-	-	-
Total	<u>\$ 240,208,244</u>	<u>\$ 34,200,466</u>	<u>\$ 206,007,778</u>	<u>\$ 130,161,090</u>

Governmental Activities Net Program Costs



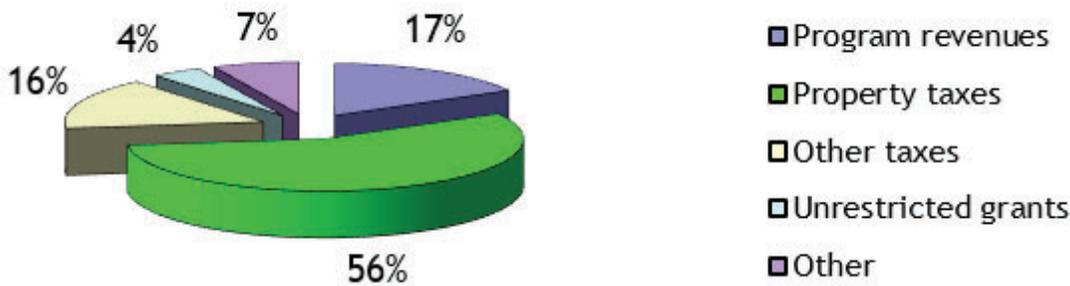
CITY OF MANASSAS, VIRGINIA

Management’s Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

In addition to program revenues of \$34.2 million, there are also general revenues in the governmental activities, which are revenues that are not attributed to any specific program/function. The total general revenues in fiscal year 2025 are \$170.2 million, or 83% of total governmental activities’ revenues of \$204 million. Governmental activities’ general revenues in fiscal year 2025 increased \$8.5 million over fiscal year 2024. This change is due mostly to increases in property and real estate taxes from new construction and higher assessed values totaling \$6 million, and increased BPOL and sales & use taxes of \$3.4 million primarily from initial data center construction. The chart below indicates that property taxes continue to be the largest source of revenue for the governmental activities.

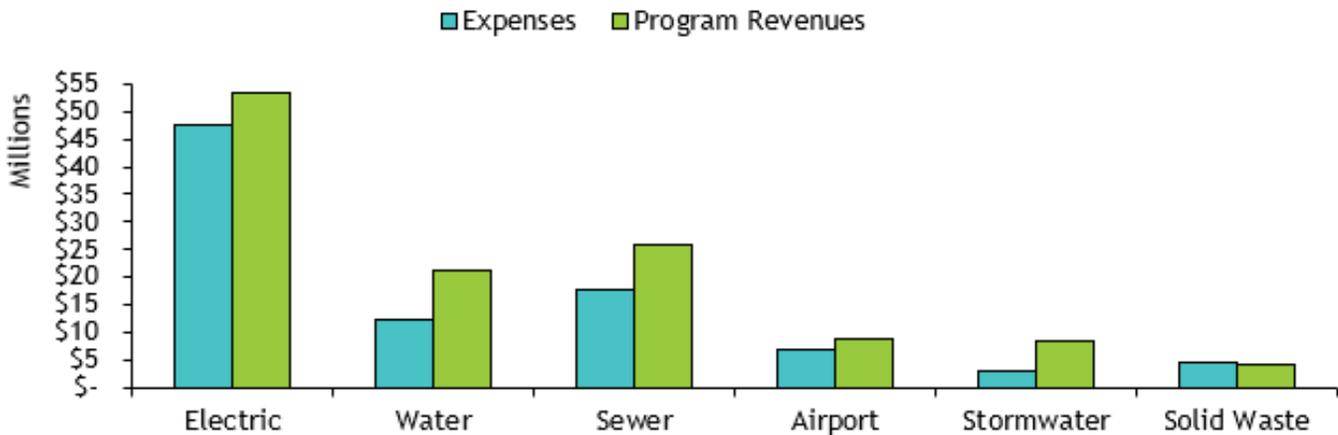
Governmental Activities Revenues



Business-type Activities

For the City’s business-type activities, total net position increased \$34.2 million to \$302.3 million for the fiscal year. The net (expenses)/revenues for total business-type activities were positive with program revenues of \$121.9 million exceeding expenses of \$91.4 million by \$30.5 million, indicating healthy business activities for the City. As depicted in the chart below, program revenues offset the cost of doing business for most funds; Solid Waste expenses slightly exceeded their program revenues. Capital grants and contributions of \$26.4 million were received in FY 2025 to fund significant infrastructure improvements. Investment earnings totaled \$6.9 million.

Business-type Activities Expenses and Program Revenues



CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

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. Fund accounting and financial reporting focuses on short-term spendable resources and balances of spendable resources available at year end.

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, 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.

At the end of fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$160,544,960, a decrease of \$6,287,654 from fiscal year 2024. As detailed in the Financial Highlights section, the fund balance of the general fund decreased \$6,341,827, due primarily to the budgeted use of fund balance for real estate purchases. The fund balance of the General Capital Projects fund decreased \$715,738 in fiscal year 2025, due to projects that received their funding in prior years but work has crossed into FY 2025. The fund balance of the NVTVA Capital Projects fund increased \$151,267 in FY 2025. The fund balance of nonmajor governmental funds increased \$615,644, due to an increase in the Gateway Capital Projects fund balance because of projects that received their funding, but primary work will begin next year (City Hall/Downtown Parking), and a planned increase to the Debt Service fund for future debt service, offset by a decrease in the Fire Rescue Fund, due to planned replacement of vehicles and equipment.

The general fund is the main operating fund of the City. At the end of fiscal year 2025 total fund balance of the general fund was \$107,900,336, and the unassigned fund balance was \$33,418,301. As noted in the beginning of this document, per City policy, the unassigned fund balance represents 20% of total 2025 general fund revenues. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is: 1) not in spendable form (\$337,105); 2) legally required to be maintained intact; 3) restricted for particular purposes (\$2,036,792); 4) committed for particular purposes (\$58,860,000); or 5) assigned for particular purposes (\$13,248,138). Committed fund balance has decreased \$7 million in FY 2025 as the City implemented part of its Strategic Plan to acquire property for City use or redevelopment; however, committed fund balance continues to maintain a large balance for long-term financial planning efforts to ensure stability if additional funding is needed for capital and infrastructure projects, or employee benefits.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total of net position at the end of fiscal year 2025 for the Electric, Water, Sewer, Airport, Stormwater, and the only non-major enterprise fund, Solid Waste, was \$302,330,261. The \$107,196,278 unrestricted portion of net position increased \$7,869,419 from the prior year. The remaining \$161,643,267 is invested in capital assets net of related debt, and \$33,490,716 is restricted for Airport and Stormwater capital projects. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

In fiscal year 2025, the City's general fund revenues exceeded the revised revenue budget by \$17 million. Total expenditures and other financing sources ended the year under the revised budget by \$8 million. The revised budget included a \$31 million use of fund balance; therefore, the net decrease in general fund balance was \$6 million. Details of the budget results can be seen in Exhibit 7 of the basic financial statements.

Some of the highlights of comparing the final budget-to-actual for the fiscal year include the following, some of which have been previously discussed:

- General fund expenditures and other financing sources were \$8 million less than budgeted in FY 2025. This is due primarily to \$2 million of housing initiatives budgeted, but not complete by June 30th that will carry-over to the next fiscal year; this was added to committed fund balance. There were savings of approximately \$2 million in shared services costs due primarily to a lower City population in the corrections system. There is also \$4 million savings in overall departmental expenditures due primarily to salary and benefits savings from staffing vacancies and benefit changes throughout the year and budgeted initiatives that were not complete by June 30th; approximately \$1.5 million (mostly paving services) will carry-over to the next fiscal year.
- General fund revenues were \$17 million greater than budgeted in FY 2025. Approximately \$4 million of this increase is due to revenues from BPOL tax, sales & use tax, and permit fees exceeding budget, most of which is one-time revenues associated with data center and residential development construction. Investment income was \$10 million over budget as interest was earned on a significant amount of one-time funds including the ARPA Coronavirus State and Local Fiscal Recovery Fund grant and bond proceeds. Several of the City's other smaller revenue sources in total were \$3 million greater than budget, including an increase to State-provided highway maintenance funds, increased fines from red-light and speed camera violations, opioid abatement funds, a Micron option fee, and proffers.
- In FY 2025, a \$31 million use of fund balance was planned, which included the use of \$27 million of committed fund balance for the purchase of two real estate parcels; the 20-acre Marsteller property and the EDA's acquisition of the 13-acre Manassas Shopping Center site. This also included \$4 million for budgeted items carried-over from FY 2024. Despite the use of committed fund balance during the year, \$19 million was able to be added to the general fund balance committed for capital improvements in FY 2025, resulting in a balance of \$42 million as of June 30, 2025 in the balance committed for capital improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2025 is \$461 million, an increase of \$48 million from June 30, 2024. Net investment in capital assets is calculated as net capital assets minus outstanding bonds for capital improvements and the associated unamortized bond premiums, plus the associated unamortized deferred charges on bond refundings, plus any unspent bond proceeds, and minus lease and SBITA liabilities. The most significant changes in net investment in capital assets for the year include the increases to governmental net assets due to completed projects like the Dean Park renovation, Marsteller acquisition and improvements, Grant Ave improvements, PD CAD/RMS System upgrade, new Rescue Pumper, Fuel Island upgrade, and progress made towards the Sudley Rd widening. Increases to business-activities' investment-in-plant include the progress made on and completion of airport, stormwater, water, sewer and electric infrastructure improvements, including Taxiway B and Taxilane Y rehab, Air Traffic Control tower replacement project, Lucasville pond retrofit, Cannon Branch stream restoration, New Britain pond retrofit, Liberia stream and pond restoration, Round Elementary pond retrofit, water main replacements, water plant improvements, UOSA methanol feed facility, electric substation upgrades, and moving electric lines underground. The EDA's net position reflects a net investment in capital assets of \$15.8 million, due to the purchase of Manassas Shopping Center in fiscal year 2025.

CITY OF MANASSAS, VIRGINIA

**Management's Discussion and Analysis
(UNAUDITED)**

For The Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The following tables summarize the capital assets of the City, MCPS and EDA. Additional information on the capital assets is found in Note 6 to the basic financial statements.

	Capital Assets	Accumulated	Capital Assets net of Accumulated		Net Increase
	FY 2025	Depreciation FY 2025	FY 2025	FY 2024	(Decrease) Capital Assets
GOVERNMENTAL ACTIVITIES					
Land	\$ 127,035,757	\$ -	\$ 127,035,757	\$ 123,389,568	\$ 3,646,189
Construction in progress	10,151,818	-	10,151,818	14,335,711	(4,183,893)
Buildings and improvements	140,096,314	(42,489,320)	97,606,994	81,904,916	15,702,078
Leased buildings and improvements	2,411,943	(49,304)	2,362,639	127,077	2,235,562
Subscription-based IT assets	4,951,945	(1,291,496)	3,660,449	2,901,601	758,848
Machinery and equipment	45,214,852	(24,040,398)	21,174,454	19,198,705	1,975,749
Infrastructure	230,813,688	(122,263,438)	108,550,250	106,931,507	1,618,743
Total	\$ 560,676,317	\$ (190,133,956)	\$ 370,542,361	\$ 348,789,085	\$ 21,753,276
BUSINESS-TYPE ACTIVITIES					
Land	\$ 14,840,903	\$ -	\$ 14,840,903	\$ 14,840,903	\$ -
Construction in progress	35,048,399	-	35,048,399	30,427,273	4,621,126
Investment in plant	317,064,524	(192,015,092)	125,049,432	112,077,005	12,972,427
Infrastructure	34,309,429	(15,169,084)	19,140,345	15,227,324	3,913,021
Leased infrastructure	47,853	(33,291)	14,562	22,879	(8,317)
Machinery and equipment	6,621,214	(5,199,924)	1,421,290	1,354,072	67,218
Purchased capacity	35,373,346	(22,412,272)	12,961,074	13,304,455	(343,381)
Total	\$ 443,305,668	\$ (234,829,663)	\$ 208,476,005	\$ 187,253,911	\$ 21,222,094
TOTAL PRIMARY GOVERNMENT					
Land	\$ 141,876,660	\$ -	\$ 141,876,660	\$ 138,230,471	\$ 3,646,189
Construction in progress	45,200,217	-	45,200,217	44,762,984	437,233
Buildings and improvements	140,096,314	(42,489,320)	97,606,994	81,904,916	15,702,078
Investment in plant	317,064,524	(192,015,092)	125,049,432	112,077,005	12,972,427
Machinery and equipment	51,836,066	(29,240,322)	22,595,744	20,552,777	2,042,967
Leased capital assets	2,459,796	(82,595)	2,377,201	149,956	2,227,245
Subscription-based IT assets	4,951,945	(1,291,496)	3,660,449	2,901,601	758,848
Infrastructure	265,123,117	(137,432,522)	127,690,595	122,158,831	5,531,764
Purchased capacity	35,373,346	(22,412,272)	12,961,074	13,304,455	(343,381)
Total	\$ 1,003,981,985	\$ (424,963,619)	\$ 579,018,366	\$ 536,042,996	\$ 42,975,370
MCPS					
Land	\$ 2,336,649	\$ -	\$ 2,336,649	\$ 2,336,649	\$ -
Construction in progress	21,528,195	-	21,528,195	3,933,184	17,595,011
Buildings and improvements	210,348,099	(150,280,438)	60,067,661	63,807,583	(3,739,922)
Leased buildings and improvements	3,627,115	(1,511,097)	2,116,018	2,643,511	(527,493)
Leased machinery and equipment	3,757,403	(537,488)	3,219,915	1,852,937	1,366,978
Subscription-based IT assets	630,572	(566,721)	63,851	474,524	(410,673)
Machinery and equipment	12,515,709	(8,266,590)	4,249,119	4,915,950	(666,831)
Total	\$ 254,743,742	\$ (161,162,334)	\$ 93,581,408	\$ 79,964,338	\$ 13,617,070
EDA					
Land	\$ 12,470,335	\$ -	\$ 12,470,335	\$ -	\$ 12,470,335
Buildings and improvements	3,627,836	(259,131)	3,368,705	-	3,368,705
Total	\$ 16,098,171	\$ (259,131)	\$ 15,839,040	\$ -	\$ 15,839,040

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)

For The Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations

The following tables summarize the long-term debt of the City and MCPS. Additional information on long-term debt is found in Note 8 to the basic financial statements.

	Governmental Activities		Business Activities		Total Primary Government	
	FY 2025	FY2024	FY 2025	FY2024	FY 2025	FY2024
General obligation bonds	\$ 127,512,630	\$ 89,908,465	\$ 51,427,370	\$ 55,116,535	\$ 178,940,000	\$ 145,025,000
Premium on bonds	12,497,119	9,374,853	4,912,077	5,356,957	17,409,196	14,731,810
Energy performance contract	-	-	-	-	-	-
Lease liabilities	2,367,521	136,182	10,135	19,980	2,377,656	156,162
SBITA liabilities	3,632,749	2,818,827	-	-	3,632,749	2,818,827
Compensated absences (1)	7,440,551	6,594,835	1,887,896	1,884,592	9,328,447	8,479,427
Arbitrage liability	2,652,130	1,102,570	-	-	2,652,130	1,102,570
Net OPEB liability	13,143,033	10,878,962	2,516,220	1,997,547	15,659,253	12,876,509
Net Pension liability	24,985,807	21,444,233	6,605,775	5,621,159	31,591,582	27,065,392
	<u>\$ 194,231,540</u>	<u>\$ 142,258,927</u>	<u>\$ 67,359,473</u>	<u>\$ 69,996,770</u>	<u>\$ 261,591,013</u>	<u>\$ 212,255,697</u>

	MCPS		Total Reporting Unit	
	FY 2025	FY2024	FY 2025	FY2024
General obligation bonds	\$ -	\$ -	\$ 178,940,000	\$ 145,025,000
Premium on bonds	-	-	17,409,196	14,731,810
Energy performance contract	3,420,895	3,752,403	3,420,895	3,752,403
Lease liabilities	5,535,627	4,608,438	7,913,283	4,764,600
SBITA liabilities	-	128,507	3,632,749	2,947,334
Compensated absences (1)	7,849,765	7,753,166	17,178,212	16,232,593
Arbitrage liability	-	-	2,652,130	1,102,570
Net OPEB liability	14,059,853	14,752,331	29,719,106	27,628,840
Net Pension liability	64,614,965	69,080,723	96,206,547	96,146,115
	<u>\$ 95,481,105</u>	<u>\$ 100,075,568</u>	<u>\$ 357,072,118</u>	<u>\$ 312,331,265</u>

(1) FY2024 balances reflect restated values related to the implementation of GASB 101, *Compensated Absences*.

The City's long-term obligations of \$262 million include outstanding general obligation (GO) bonds of \$179 million and bond premiums of \$17.4 million. The total reflects an increase of \$50.3 million for the issuance of series 2024 general obligation improvement bonds, net of a decrease of \$13.7 million of annual debt service payments and premium amortization. Based upon actuarial reports received from VRS and the City's OPEB actuary, the City's net pension liability increased by \$4.5 million, and the total net OPEB liabilities increased \$2.8 million. Lease obligations of \$2.4 reflect an increase of \$2.2 in FY 2025 due to the new social services lease at the Piedmont building, offset by amortization. SBITA liabilities of \$3.6 million increased by \$813 thousand, due to a new subscription for Tyler PD related to the CAD/RMS system upgrade, and three other routine IT 3-year renewals, net of amortization. Arbitrage liability increased by \$1.5 million in FY 2025 to \$2.7 million, based upon an analysis performed by the Virginia State Non-Arbitrage Program (SNAP). This liability is due to interest earned on tax-exempt bonds creating a potential future yield restriction and rebate liability due to the IRS. GASB 101, *Compensated Absences*, was implemented in FY 2025, resulting in a restatement of the FY 2024 liability, which is reflected in the chart above. The City's increase of \$849K for FY 2025 is due primarily to salary increases related to marketplace adjustments.

The net decrease to the MCPS' total long-term obligations is \$4.6 million, primarily as a result of a \$4.5 million decrease in net pension liability and a \$693K decrease in net OPEB liabilities, offset by a \$927K increase in lease obligations due to an additional lease of electric buses.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations (continued)

In October 2024, Standard & Poor's affirmed the City's bond rating of AAA and assigned a stable outlook, and Moody's upgraded the City's Aa1 bond rating to Aaa. This reflects the City's very strong financial position and prudent fiscal management.

The Code of the Commonwealth of Virginia, as amended, (Virginia Code) limits the amount of general obligation debt the City may issue to 10% of the assessed valuation of the real estate subject to taxation. The assessed valuation of the real estate subject to taxation in the City as of January 1, 2024 was \$7,349,772,357, making the 2025 legal debt limitation of the City \$734,977,236. The City's general obligation debt applicable to the limit is \$178,940,000, leaving a legal debt margin for creation of additional debt of \$556,037,236.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for the City as of June 2025 was 3.3%, which is slightly lower than the state rate (3.9%) and below the national rate (4.1%). The City's rate is slightly higher than the June 2024 rate of 2.8%, following the State and national trends as unemployment rates and inflation continue to rise.
- Real property taxable assessed values increased 6.49% percent in January 2024 (used for fiscal year 2025 tax levies) to \$7,349,772,357 up by \$448,060,557 over the previous year. Real property taxable assessed values increased 6.87% percent in January 2025 (to be used for fiscal year 2026 tax levies) to \$7,854,799,700 up by \$505,027,343 over the previous year. The fiscal year 2025 total direct real property tax rate had no change, remaining flat at \$1.260 per \$100 of value in fiscal year 2025.
- The City is projecting assessed values to continue increasing marginally in 2026 and has taken this factor into consideration in the projection of the FY 2026 Budget and the development of the FY 2027 Budget which is currently underway.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 9027 Center Street, Manassas, VA, 20110. General information relating to the City of Manassas is available on the City's website <http://www.manassasva.gov>.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2025

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	Total	Manassas City Public Schools	Economic Development Authority
ASSETS					
Cash and investments	\$ 184,838,732	\$ 102,664,239	\$ 287,502,971	\$ 42,768,131	\$ 1,316,339
Cash and investments - restricted	8,323,843	42,578,184	50,902,027	42,195,892	10,000
Receivables (net of allowance for uncollectibles):					
Taxes, including penalties	5,881,393	-	5,881,393	-	-
Accounts	1,053,145	14,974,162	16,027,307	253,806	23,419
Leases receivable	1,150,365	58,005,133	59,155,498	-	5,213,510
Due from other governments	9,464,079	1,727,584	11,191,663	4,370,630	-
Prepaid items	458,826	-	458,826	-	-
Inventories	-	5,373,717	5,373,717	-	-
Pension asset	-	-	-	411,981	-
Capital assets:					
Nondepreciable	137,187,575	49,889,302	187,076,877	23,864,844	12,470,335
Depreciable, net	233,354,786	158,586,703	391,941,489	69,716,564	3,368,705
Total assets	<u>\$ 581,712,744</u>	<u>\$ 433,799,024</u>	<u>\$ 1,015,511,768</u>	<u>\$ 183,581,848</u>	<u>\$ 22,402,308</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	\$ 19,548	\$ 186,710	\$ 206,258	\$ -	\$ -
OPEB related deferred outflows	2,071,884	195,753	2,267,637	3,340,507	-
Pension related deferred outflows	12,316,922	3,256,361	15,573,283	25,818,142	-
Total deferred outflows of resources	<u>\$ 14,408,354</u>	<u>\$ 3,638,824</u>	<u>\$ 18,047,178</u>	<u>\$ 29,158,649</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 8,476,573	\$ 11,058,197	\$ 19,534,770	\$ 16,556,527	\$ 86,475
Deposits	3,110,192	1,182,133	4,292,325	-	70,758
Accrued interest payable	2,640,114	871,486	3,511,600	-	-
Due to other governments	93,983	-	93,983	-	-
Unearned revenue	16,608,905	37,111	16,646,016	-	36,958
Long-term liabilities:					
Net OPEB liability - due within one year	351,736	90,357	442,093	188,857	-
Net OPEB liability - due in more than one year	12,791,297	2,425,863	15,217,160	13,870,996	-
Net pension liability - due in more than one year	24,985,807	6,605,775	31,591,582	64,614,965	-
Arbitrage liability - due in more than one year	2,652,130	-	2,652,130	-	-
Due within one year	12,014,747	5,138,420	17,153,167	5,200,356	-
Due in more than one year	141,435,823	53,099,058	194,534,881	11,605,931	-
Total liabilities	<u>\$ 225,161,307</u>	<u>\$ 80,508,400</u>	<u>\$ 305,669,707</u>	<u>\$ 112,037,632</u>	<u>\$ 194,191</u>
DEFERRED INFLOWS OF RESOURCES					
Leases related	\$ 5,806,148	\$ 52,763,700	\$ 58,569,848	\$ -	\$ 5,041,201
OPEB related deferred inflows	4,696,393	745,800	5,442,193	1,445,681	-
Pension related deferred inflows	4,121,662	1,089,687	5,211,349	11,740,875	-
Total deferred inflows of resources	<u>\$ 14,624,203</u>	<u>\$ 54,599,187</u>	<u>\$ 69,223,390</u>	<u>\$ 13,186,556</u>	<u>\$ 5,041,201</u>
NET POSITION					
Net investment in capital assets	\$ 305,238,886	\$ 161,643,267	\$ 461,009,243	\$ 77,003,678	\$ 15,839,040
Restricted for:					
Nonexpendable Cemetery principal	100,000	-	100,000	-	-
Expendable Cemetery principal	603,877	-	603,877	-	-
Future capital projects	-	33,490,716	33,490,716	34,519,740	-
Net pension asset	-	-	-	411,981	-
Opioid settlement	1,105,502	-	1,105,502	-	-
Unrestricted	49,287,323	107,196,278	162,356,511	(24,419,090)	1,327,876
Total net position	<u>\$ 356,335,588</u>	<u>\$ 302,330,261</u>	<u>\$ 658,665,849</u>	<u>\$ 87,516,309</u>	<u>\$ 17,166,916</u>

The sum of the primary government columns does not equal the Total column by a difference of \$5,872,910 because the bonds payable related to the Governmental Activities are reflected in the Business-type Activities column reducing unrestricted net position. The assets are reflected in the Governmental Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

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

Statement of Activities
For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 14,388,036	\$ 740,153	\$ 476,174	\$ -
Public safety	50,001,603	3,585,832	787,670	-
Public works	17,549,606	766,056	5,426,602	9,895,155
Health and human services	13,037,497	-	5,331,330	-
Culture, recreation and community development	28,021,124	1,765,396	137,583	5,288,515
Education	112,018,500	-	-	-
Interest on long-term debt	5,191,878	-	-	-
Total government activities	<u>\$ 240,208,244</u>	<u>\$ 6,857,437</u>	<u>\$ 12,159,359</u>	<u>\$ 15,183,670</u>
Business-type activities:				
Electric	\$ 47,502,235	\$ 49,072,905	\$ -	\$ 4,275,672
Water	12,306,785	14,164,670	-	7,185,489
Sewer	17,567,841	20,788,785	-	5,128,269
Airport	6,762,287	4,355,074	42,253	4,229,663
Stormwater	2,835,800	2,794,978	-	5,538,932
Solid Waste	4,389,104	4,275,921	15,672	-
Total business-type activities	<u>\$ 91,364,052</u>	<u>\$ 95,452,333</u>	<u>\$ 57,925</u>	<u>\$ 26,358,025</u>
Total primary government	<u>\$ 331,572,296</u>	<u>\$ 102,309,770</u>	<u>\$ 12,217,284</u>	<u>\$ 41,541,695</u>
COMPONENT UNITS:				
Manassas City Public Schools	\$ 150,706,627	\$ 493,179	\$ 90,651,520	\$ -
Economic Development Authority	753,122	1,449,653	-	16,000,000
Total component units	<u>\$ 151,459,749</u>	<u>\$ 1,942,832</u>	<u>\$ 90,651,520</u>	<u>\$ 16,000,000</u>

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Manassas City Public Schools	Economic Development Authority
PRIMARY GOVERNMENT:					
Governmental activities:					
General government	\$ (13,171,709)		\$ (13,171,709)		
Public safety	(45,628,101)		(45,628,101)		
Public works	(1,461,793)		(1,461,793)		
Health and human services	(7,706,167)		(7,706,167)		
Culture, recreation and community development	(20,829,630)		(20,829,630)		
Education	(112,018,500)		(112,018,500)		
Interest on long-term debt	(5,191,878)		(5,191,878)		
Total government activities	<u>\$ (206,007,778)</u>		<u>\$ (206,007,778)</u>		
Business-type activities:					
Electric		\$ 5,846,342	\$ 5,846,342		
Water		9,043,374	9,043,374		
Sewer		8,349,213	8,349,213		
Airport		1,864,703	1,864,703		
Stormwater		5,498,110	5,498,110		
Solid Waste		(97,511)	(97,511)		
Total business-type activities		<u>\$ 30,504,231</u>	<u>\$ 30,504,231</u>		
Total primary government			<u>\$ (175,503,547)</u>		
COMPONENT UNITS:					
Manassas City Public Schools			\$ (59,561,928)	\$ -	
Economic Development Authority			-	16,696,531	
Total component units			<u>\$ (59,561,928)</u>	<u>\$ 16,696,531</u>	
General revenues:					
General property taxes	\$ 114,668,388	\$ -	\$ 114,668,388	\$ -	\$ -
Local sales and use taxes	14,790,477	-	14,790,477	-	-
Business licenses	7,206,089	-	7,206,089	-	-
Meals taxes	6,510,039	-	6,510,039	-	-
Other local taxes	4,939,016	-	4,939,016	-	-
Unrestricted grants	8,000,365	-	8,000,365	-	-
Unrestricted investment earnings	9,912,572	6,892,294	16,804,866	2,433,428	138,284
Other unrestricted revenues	4,104,652	236,775	4,341,427	949,519	-
Gain on disposal of capital assets	113,778	-	113,778	-	-
Payments from City	-	-	-	112,018,500	-
Transfers	3,394,356	(3,394,356)	-	-	-
Total general revenues and transfers	<u>\$ 173,639,732</u>	<u>\$ 3,734,713</u>	<u>\$ 177,374,445</u>	<u>\$ 115,401,447</u>	<u>\$ 138,284</u>
Change in net position	<u>\$ (32,368,046)</u>	<u>\$ 34,238,944</u>	<u>\$ 1,870,898</u>	<u>\$ 55,839,519</u>	<u>\$ 16,834,815</u>
Net position - beginning, as previously reported	390,510,666	268,498,546	659,009,212	36,058,063	332,101
Restatement	(1,807,032)	(407,229)	(2,214,261)	(4,381,273)	-
Net position, beginning, as restated	<u>388,703,634</u>	<u>268,091,317</u>	<u>656,794,951</u>	<u>31,676,790</u>	<u>332,101</u>
Net position - ending	<u>\$ 356,335,588</u>	<u>\$ 302,330,261</u>	<u>\$ 658,665,849</u>	<u>\$ 87,516,309</u>	<u>\$ 17,166,916</u>

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

Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2025

	General	General Capital Projects Fund	NVTA Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 128,124,322	\$ 3,902,205	\$ 14,374,478	\$ 27,949,558	\$ 174,350,563
Cash and investments - restricted	3,519,966	1,000,000	3,100,000	703,877	8,323,843
Receivables (net of allowance for uncollectibles):					
Taxes, including penalties	5,468,974	-	-	412,419	5,881,393
Accounts	1,051,557	-	-	-	1,051,557
Leases receivable	1,150,365	-	-	-	1,150,365
Prepaid items	-	-	-	53,089	53,089
Due from other governments	4,415,624	-	4,213,927	814,528	9,444,079
Due from other funds	337,105	-	-	-	337,105
Total assets	<u>\$ 144,067,913</u>	<u>\$ 4,902,205</u>	<u>\$ 21,688,405</u>	<u>\$ 29,933,471</u>	<u>\$ 200,591,994</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 4,927,999	\$ 41,976	\$ 2,657,835	\$ 464,519	\$ 8,092,329
Retainage payable	-	136,469	-	-	136,469
Deposits	3,110,192	-	-	-	3,110,192
Unearned revenue	16,608,905	-	-	-	16,608,905
Due to other governments	93,983	-	-	-	93,983
Due to other funds	-	-	-	337,105	337,105
Total liabilities	<u>\$ 24,741,079</u>	<u>\$ 178,445</u>	<u>\$ 2,657,835</u>	<u>\$ 801,624</u>	<u>\$ 28,378,983</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ 4,234,611	\$ -	\$ -	\$ 241,553	\$ 4,476,164
Unavailable revenue - opioid settlements	636,222	-	-	-	636,222
Leases related	6,555,665	-	-	-	6,555,665
Total deferred inflows of resources	<u>\$ 11,426,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,553</u>	<u>\$ 11,668,051</u>
Fund balances:					
Nonspendable	\$ 337,105	\$ -	\$ -	\$ 153,089	\$ 490,194
Restricted	2,036,792	1,000,000	3,100,000	6,874,816	13,011,608
Committed	58,860,000	3,723,760	15,930,570	20,432,372	98,946,702
Assigned	13,248,138	-	-	1,430,017	14,678,155
Unassigned	33,418,301	-	-	-	33,418,301
Total fund balances	<u>\$ 107,900,336</u>	<u>\$ 4,723,760</u>	<u>\$ 19,030,570</u>	<u>\$ 28,890,294</u>	<u>\$ 160,544,960</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 144,067,913</u>	<u>\$ 4,902,205</u>	<u>\$ 21,688,405</u>	<u>\$ 29,933,471</u>	<u>\$ 200,591,994</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2025

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	160,544,960
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			359,293,489
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			5,861,903
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			16,578,918
Deferred outflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds.			
Deferred charge on refunding	\$	19,548	
Pension related items		11,461,912	
OPEB related items		<u>2,018,180</u>	13,499,640
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(127,512,630)	
Premium on bonds payable		(12,497,119)	
Accrued interest on debt		(2,640,114)	
Arbitrage liability		(2,652,130)	
Lease liabilities		(2,336,810)	
Subscription liabilities		(937,305)	
Net pension liability		(23,251,355)	
Net OPEB liability		<u>(12,452,682)</u>	(184,280,145)
Compensated absences are not reported as fund liabilities.			(6,835,857)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(3,835,546)	
OPEB related items		<u>(4,491,774)</u>	(8,327,320)
Net position of governmental activities		\$	<u><u>356,335,588</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2025

	General	General Capital Projects Fund	NVTA Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 100,324,262	\$ -	\$ -	\$ 13,912,348	\$ 114,236,610
Other local taxes	33,314,628	-	-	-	33,314,628
Permits, fees and licenses	1,546,259	-	-	280,629	1,826,888
Fines and forfeitures	1,683,992	-	-	-	1,683,992
Revenue from the use of money and property	9,601,186	-	7,118	210,978	9,819,282
Charges for services	1,080,655	-	-	959,584	2,040,239
Recovered costs	3,310,000	-	-	-	3,310,000
Miscellaneous	1,814,734	59,196	180,000	130,743	2,184,673
Intergovernmental	14,379,560	5,229,319	9,518,566	5,740,587	34,868,032
Total revenues	<u>\$ 167,055,276</u>	<u>\$ 5,288,515</u>	<u>\$ 9,705,684</u>	<u>\$ 21,234,869</u>	<u>\$ 203,284,344</u>
EXPENDITURES					
Current:					
General government administration	\$ 12,717,462	\$ 21,722	\$ 760,700	\$ 5,226	\$ 13,505,110
Public safety	30,427,481	1,277,545	-	14,827,213	46,532,239
Public works	10,496,264	-	294,675	9,364	10,800,303
Health and human services	3,736,798	-	-	11,258,794	14,995,592
Culture, recreation, and community development	25,601,109	203,781	-	-	25,804,890
Education	112,018,500	-	-	-	112,018,500
Capital outlay	1,638,120	18,235,251	9,257,106	1,158,011	30,288,488
Debt service:					
Principal retirement	23,654	318,735	-	8,665,761	9,008,150
Interest and other fiscal charges	294	-	-	3,154,363	3,154,657
Bond issuance costs	348,712	-	-	-	348,712
Total expenditures	<u>\$ 197,008,394</u>	<u>\$ 20,057,034</u>	<u>\$ 10,312,481</u>	<u>\$ 39,078,732</u>	<u>\$ 266,456,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,953,118)</u>	<u>\$ (14,768,519)</u>	<u>\$ (606,797)</u>	<u>\$ (17,843,863)</u>	<u>\$ (63,172,297)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,472,000	\$ 12,796,741	\$ 758,064	\$ 16,839,641	\$ 32,866,446
Transfers out	(29,218,894)	-	-	(740,069)	(29,958,963)
Subscriptions	-	1,256,040	-	-	1,256,040
Issuance of lease	-	-	-	2,359,935	2,359,935
Issuance of bonds	46,175,000	-	-	-	46,175,000
Premium on bonds	4,186,185	-	-	-	4,186,185
Total other financing sources (uses)	<u>\$ 23,614,291</u>	<u>\$ 14,052,781</u>	<u>\$ 758,064</u>	<u>\$ 18,459,507</u>	<u>\$ 56,884,643</u>
Net change in fund balances	\$ (6,338,827)	\$ (715,738)	\$ 151,267	\$ 615,644	\$ (6,287,654)
Fund balances - beginning	114,239,163	5,439,498	18,879,303	28,274,650	166,832,614
Fund balances - ending	<u>\$ 107,900,336</u>	<u>\$ 4,723,760</u>	<u>\$ 19,030,570</u>	<u>\$ 28,890,294</u>	<u>\$ 160,544,960</u>

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

**Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2025**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (6,287,654)

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 expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 33,904,758	
Depreciation	<u>(12,535,448)</u>	21,369,310

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (134,511)

The transfer of capital assets from enterprise funds to governmental activities are reported as transfers in the government-wide statement of activities. 80,200

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 643,630

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 issuance costs, 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.

Principal payments	\$ 9,008,150	
Proceeds from issuance of bonds	(50,361,185)	
Proceeds from issuance of subscriptions	(1,256,040)	
Proceeds from issuance of leases	(2,359,935)	
Amortization of bond premium	1,063,919	
Amortization of deferred charge on refunding	<u>(64,999)</u>	(43,970,090)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (862,270)	
OPEB expense	(2,461,216)	
Pension expense	(238,399)	
Arbitrage	(1,549,560)	
Accrued interest	<u>(1,043,620)</u>	(6,155,065)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 2,086,134

Change in net position of governmental activities \$ (32,368,046)

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 100,010,000	\$ 100,010,000	\$ 100,324,262	\$ 314,262
Other local taxes	29,000,000	29,000,000	33,314,628	4,314,628
Permits, fees, and licenses	550,000	550,000	1,546,259	996,259
Fines and forfeitures	1,012,000	1,012,000	1,683,992	671,992
Revenue from the use of money and property	710,000	710,000	9,601,186	8,891,186
Charges for services	730,000	730,000	1,080,655	350,655
Recovered costs	3,310,000	3,310,000	3,310,000	-
Proffers	-	-	579,989	579,989
Miscellaneous	60,000	173,155	1,234,745	1,061,590
Intergovernmental revenues:				
Commonwealth:				
PPTRA	3,786,000	3,786,000	3,786,634	634
Communications tax	2,025,000	2,025,000	2,029,681	4,681
Highway maintenance	5,000,000	5,246,000	5,381,701	135,701
Other	2,357,000	2,872,186	2,792,680	(79,506)
Federal	518,000	129,447	388,864	259,417
Total revenues	\$ 149,068,000	\$ 149,553,788	\$ 167,055,276	\$ 17,501,488
EXPENDITURES				
Departmental:				
City council	\$ 435,620	\$ 455,154	\$ 449,461	\$ 5,693
Clerk's office	375,310	375,310	334,155	41,155
City manager	1,447,140	1,396,683	1,285,837	110,846
City attorney	804,020	804,020	703,760	100,260
Electoral board	604,550	719,619	710,813	8,806
Treasurer	1,139,690	1,139,690	1,136,459	3,231
Commissioner of the revenue	1,957,220	2,207,220	1,837,232	369,988
Finance and administration	2,811,190	3,016,763	2,702,064	314,699
Human resources	2,648,790	2,659,823	2,510,520	149,303
Police	23,949,680	24,698,518	24,590,254	108,264
Engineering	1,769,220	1,777,100	1,685,129	91,971
Public works	10,480,530	11,762,392	10,081,080	1,681,312
Economic development	1,195,560	1,288,216	1,178,077	110,139
Community development	6,166,170	6,639,248	6,147,801	491,447
Contingency	800,000	550,000	-	550,000
Total departmental expenditures	\$ 56,584,690	\$ 59,489,756	\$ 55,352,642	\$ 4,137,114
Shared services	\$ 15,738,810	\$ 15,179,885	\$ 12,778,486	\$ 2,401,399
Interest and fees on long-term debt	-	362,000	348,712	13,288
Contributions	200,000	200,000	200,000	-
Grants and donations	500,000	10,754	-	10,754
Community investment	350,000	18,324,914	16,310,054	2,014,860
Education	62,018,500	112,018,500	112,018,500	-
Total expenditures	\$ 135,392,000	\$ 205,585,809	\$ 197,008,394	\$ 8,577,415
Excess (deficiency) of revenues over (under) expenditures	\$ 13,676,000	\$ (56,032,021)	\$ (29,953,118)	\$ 26,078,903
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,472,000	\$ 2,472,000	\$ 2,472,000	\$ -
Transfers out	(38,148,000)	(28,511,214)	(29,218,894)	(707,680)
Issuance of bonds	-	50,362,000	46,175,000	(4,187,000)
Premium on bonds	-	-	4,186,185	4,186,185
Total other financing sources (uses)	\$ (35,676,000)	\$ 24,322,786	\$ 23,614,291	\$ (708,495)
Net change in fund balances	\$ (22,000,000)	\$ (31,709,235)	\$ (6,338,827)	\$ 25,370,408
Fund balances - beginning			114,239,163	
Fund balances - ending			\$ 107,900,336	

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

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Airport Fund
ASSETS				
Current assets:				
Cash and investments - unrestricted	\$ 28,341,209	\$ 29,261,325	\$ 23,682,020	\$ 13,324,895
Cash and investments - restricted	-	4,805,720	3,723,065	32,224,109
Accounts receivable, net	8,260,342	1,673,886	4,147,497	484,672
Leases receivable - current portion	-	100,520	-	1,213,139
Due from other governments	-	-	-	873,718
Prepaid items	-	-	-	-
Inventories	4,389,885	925,525	58,307	-
Total current assets	\$ 40,991,436	\$ 36,766,976	\$ 31,610,889	\$ 48,120,533
Noncurrent assets:				
Leases receivable - noncurrent portion	\$ -	\$ 142,765	\$ -	\$ 56,548,709
Capital assets:				
Nondepreciable	2,648,346	12,929,992	10,545,257	13,324,356
Depreciable, net	27,734,834	55,661,868	26,803,882	29,170,578
Total capital assets, net	\$ 30,383,180	\$ 68,591,860	\$ 37,349,139	\$ 42,494,934
Total noncurrent assets	\$ 30,383,180	\$ 68,734,625	\$ 37,349,139	\$ 99,043,643
Total assets	\$ 71,374,616	\$ 105,501,601	\$ 68,960,028	\$ 147,164,176
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	\$ -	\$ 18,782	\$ 167,928	\$ -
OPEB related deferred outflows	102,912	49,756	17,608	16,771
Pension related deferred outflows	1,729,375	735,177	370,920	290,755
Total deferred outflows of resources	\$ 1,832,287	\$ 803,715	\$ 556,456	\$ 307,526
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 4,968,463	\$ 1,317,687	\$ 1,406,036	\$ 351,594
Retainage payable	-	404,692	-	248,669
Deposits	766,354	209,617	-	206,162
Accrued interest payable	19,750	518,989	248,975	3,075
Unearned revenue	-	1,650	8,050	27,411
Compensated absences - current portion	474,200	194,591	72,598	71,306
Subscription liabilities - current portion	-	-	-	-
Lease liabilities - current portion	10,135	-	-	-
Net OPEB liability - current portion	47,504	22,967	8,127	7,741
Bonds payable and other obligations - current portion	263,866	1,840,724	1,666,922	205,000
Total current liabilities	\$ 6,550,272	\$ 4,510,917	\$ 3,410,708	\$ 1,120,958
Noncurrent liabilities:				
Bonds payable and other obligations - noncurrent portion	\$ 2,604,942	\$ 31,163,242	\$ 12,444,237	\$ -
Compensated absences - noncurrent portion	626,929	266,176	86,357	77,577
Subscription liabilities - noncurrent portion	-	-	-	-
Lease liabilities - noncurrent portion	-	-	-	-
Net OPEB liability - noncurrent portion	1,275,364	616,611	218,194	207,831
Net pension liability	3,508,168	1,491,364	752,440	589,818
Total noncurrent liabilities	\$ 8,015,403	\$ 33,537,393	\$ 13,501,228	\$ 875,226
Total liabilities	\$ 14,565,675	\$ 38,048,310	\$ 16,911,936	\$ 1,996,184
DEFERRED INFLOWS OF RESOURCES				
Leases related	\$ -	\$ 226,760	\$ -	\$ 52,536,940
OPEB related deferred inflows	392,094	189,569	67,082	63,894
Pension related deferred inflows	578,708	246,015	124,122	97,296
Total deferred inflows of resources	\$ 970,802	\$ 662,344	\$ 191,204	\$ 52,698,130
NET POSITION				
Net investment in capital assets	\$ 27,250,464	\$ 44,889,539	\$ 25,766,788	\$ 41,718,455
Restricted for future capital projects	-	-	-	32,224,109
Unrestricted	30,419,962	22,705,123	26,646,556	18,834,824
Total net position	\$ 57,670,426	\$ 67,594,662	\$ 52,413,344	\$ 92,777,388

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

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental
	Stormwater Fund	Other	Total	Internal
		Nonmajor Enterprise Funds	Enterprise Funds	Service Funds
ASSETS				
Current assets:				
Cash and investments - unrestricted	\$ 5,914,038	\$ 2,140,752	\$ 102,664,239	\$ 10,488,169
Cash and investments - restricted	1,825,290	-	42,578,184	-
Accounts receivable, net	136,380	271,385	14,974,162	1,588
Leases receivable - current portion	-	-	1,313,659	-
Due from other governments	853,866	-	1,727,584	20,000
Prepaid items	-	-	-	405,737
Inventories	-	-	5,373,717	-
Total current assets	<u>\$ 8,729,574</u>	<u>\$ 2,412,137</u>	<u>\$ 168,631,545</u>	<u>\$ 10,915,494</u>
Noncurrent assets:				
Leases receivable - noncurrent portion	\$ -	\$ -	\$ 56,691,474	\$ -
Capital assets:				
Nondepreciable	10,441,351	-	49,889,302	-
Depreciable, net	19,188,409	27,132	158,586,703	11,248,872
Total capital assets, net	<u>\$ 29,629,760</u>	<u>\$ 27,132</u>	<u>\$ 208,476,005</u>	<u>\$ 11,248,872</u>
Total noncurrent assets	<u>\$ 29,629,760</u>	<u>\$ 27,132</u>	<u>\$ 265,167,479</u>	<u>\$ 11,248,872</u>
Total assets	<u>\$ 38,359,334</u>	<u>\$ 2,439,269</u>	<u>\$ 433,799,024</u>	<u>\$ 22,164,366</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	\$ -	\$ -	\$ 186,710	\$ -
OPEB related deferred outflows	5,819	2,887	195,753	53,704
Pension related deferred outflows	96,155	33,979	3,256,361	855,010
Total deferred outflows of resources	<u>\$ 101,974</u>	<u>\$ 36,866</u>	<u>\$ 3,638,824</u>	<u>\$ 908,714</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,891,766	\$ 267,432	\$ 10,202,978	\$ 247,775
Retainage payable	201,858	-	855,219	-
Deposits	-	-	1,182,133	-
Accrued interest payable	80,697	-	871,486	-
Unearned revenue	-	-	37,111	-
Compensated absences - current portion	8,956	1,149	822,800	243,728
Subscription liabilities - current portion	-	-	-	377,898
Lease liabilities - current portion	-	-	10,135	10,435
Net OPEB liability - current portion	2,686	1,332	90,357	24,790
Bonds payable and other obligations - current portion	328,973	-	4,305,485	-
Total current liabilities	<u>\$ 2,514,936</u>	<u>\$ 269,913</u>	<u>\$ 18,377,704</u>	<u>\$ 904,626</u>
Noncurrent liabilities:				
Bonds payable and other obligations - noncurrent portion	\$ 5,821,541	\$ -	\$ 52,033,962	\$ -
Compensated absences - noncurrent portion	6,010	2,047	1,065,096	360,966
Subscription liabilities - noncurrent portion	-	-	-	2,317,546
Lease liabilities - noncurrent portion	-	-	-	20,276
Net OPEB liability - noncurrent portion	72,115	35,748	2,425,863	665,561
Net pension liability	195,056	68,929	6,605,775	1,734,452
Total noncurrent liabilities	<u>\$ 6,094,722</u>	<u>\$ 106,724</u>	<u>\$ 62,130,696</u>	<u>\$ 5,098,801</u>
Total liabilities	<u>\$ 8,609,658</u>	<u>\$ 376,637</u>	<u>\$ 80,508,400</u>	<u>\$ 6,003,427</u>
DEFERRED INFLOWS OF RESOURCES				
Leases related	\$ -	\$ -	\$ 52,763,700	\$ -
OPEB related deferred inflows	22,172	10,989	745,800	204,619
Pension related deferred inflows	32,176	11,370	1,089,687	286,116
Total deferred inflows of resources	<u>\$ 54,348</u>	<u>\$ 22,359</u>	<u>\$ 54,599,187</u>	<u>\$ 490,735</u>
NET POSITION				
Net investment in capital assets	\$ 21,990,889	\$ 27,132	\$ 161,643,267	\$ 8,522,717
Restricted for future capital projects	1,266,607	-	33,490,716	-
Unrestricted	6,539,806	2,050,007	107,196,278	8,056,201
Total net position	<u>\$ 29,797,302</u>	<u>\$ 2,077,139</u>	<u>\$ 302,330,261</u>	<u>\$ 16,578,918</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2025

Business-type Activities - Enterprise Funds

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>
OPERATING REVENUES				
Charges for services	\$ 44,813,291	\$ 13,103,719	\$ 18,573,419	\$ 4,355,074
Service reimbursements	4,097,014	-	-	-
Connection charges	162,600	1,060,951	2,215,366	-
Total operating revenues	<u>\$ 49,072,905</u>	<u>\$ 14,164,670</u>	<u>\$ 20,788,785</u>	<u>\$ 4,355,074</u>
OPERATING EXPENSES				
Personal services	\$ 7,985,286	\$ 4,165,049	\$ 1,558,069	\$ 1,338,720
Contractual services	1,640,171	449,647	593,389	1,317,618
Supplies	2,571,649	2,255,877	84,485	207,305
Internal and other services	1,681,168	2,087,867	1,187,019	647,318
Purchased power	30,877,851	-	-	-
Contract treatment charges	-	-	12,883,518	-
Depreciation and amortization	2,663,634	2,419,801	859,379	3,230,268
Total operating expenses	<u>\$ 47,419,759</u>	<u>\$ 11,378,241</u>	<u>\$ 17,165,859</u>	<u>\$ 6,741,229</u>
Operating income (loss)	<u>\$ 1,653,146</u>	<u>\$ 2,786,429</u>	<u>\$ 3,622,926</u>	<u>\$ (2,386,155)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ -	\$ -	\$ -	\$ 42,253
Investment earnings	974,421	1,074,932	922,245	3,712,562
Gain (loss) on sale of assets	(86,574)	(84,696)	(2,326)	-
Other/insurance recoveries	207,273	85	11,378	15,922
Interest expense and fiscal charges	(76,102)	(843,848)	(399,656)	(21,058)
Total nonoperating revenues (expenses)	<u>\$ 1,019,018</u>	<u>\$ 146,473</u>	<u>\$ 531,641</u>	<u>\$ 3,749,679</u>
Income before contributions and transfers	<u>\$ 2,672,164</u>	<u>\$ 2,932,902</u>	<u>\$ 4,154,567</u>	<u>\$ 1,363,524</u>
Capital contributions	\$ 4,275,672	\$ 7,185,489	\$ 5,128,269	\$ 4,229,663
Transfers in	-	-	15,468	-
Transfers out	(1,692,549)	(1,033,535)	(603,540)	-
Change in net position	<u>\$ 5,255,287</u>	<u>\$ 9,084,856</u>	<u>\$ 8,694,764</u>	<u>\$ 5,593,187</u>
Total net position - beginning, as previously reported	52,661,965	58,603,181	43,744,472	87,204,346
Restatement	(246,826)	(93,375)	(25,892)	(20,145)
Total net position, beginning, as restated	<u>52,415,139</u>	<u>58,509,806</u>	<u>43,718,580</u>	<u>87,184,201</u>
Total net position - ending	<u>\$ 57,670,426</u>	<u>\$ 67,594,662</u>	<u>\$ 52,413,344</u>	<u>\$ 92,777,388</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental
	Stormwater Fund	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,773,607	\$ 4,275,921	\$ 87,895,031	\$ 14,205,638
Service reimbursements	-	-	4,097,014	-
Connection charges	21,371	-	3,460,288	-
Total operating revenues	<u>\$ 2,794,978</u>	<u>\$ 4,275,921</u>	<u>\$ 95,452,333</u>	<u>\$ 14,205,638</u>
OPERATING EXPENSES				
Personal services	\$ 418,365	\$ 199,292	\$ 15,664,781	\$ 3,997,025
Contractual services	762,623	3,845,058	8,608,506	2,884,767
Supplies	2,951	24,897	5,147,164	1,973,155
Internal and other services	649,354	310,996	6,563,722	1,639,061
Purchased power	-	-	30,877,851	-
Contract treatment charges	-	-	12,883,518	-
Depreciation and amortization	871,211	8,861	10,053,154	2,455,789
Total operating expenses	<u>\$ 2,704,504</u>	<u>\$ 4,389,104</u>	<u>\$ 89,798,696</u>	<u>\$ 12,949,797</u>
Operating income (loss)	<u>\$ 90,474</u>	<u>\$ (113,183)</u>	<u>\$ 5,653,637</u>	<u>\$ 1,255,841</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ -	\$ 15,672	\$ 57,925	\$ 20,000
Investment earnings	132,260	75,874	6,892,294	355,510
Gain (loss) on sale of assets	-	-	(173,596)	113,778
Other/insurance recoveries	2,052	65	236,775	28,581
Interest expense and fiscal charges	(131,296)	-	(1,471,960)	(94,249)
Total nonoperating revenues (expenses)	<u>\$ 3,016</u>	<u>\$ 91,611</u>	<u>\$ 5,541,438</u>	<u>\$ 423,620</u>
Income before contributions and transfers	<u>\$ 93,490</u>	<u>\$ (21,572)</u>	<u>\$ 11,195,075</u>	<u>\$ 1,679,461</u>
Capital contributions	\$ 5,538,932	\$ -	\$ 26,358,025	\$ -
Transfers in	-	-	15,468	406,673
Transfers out	-	-	(3,329,624)	-
Change in net position	<u>\$ 5,632,422</u>	<u>\$ (21,572)</u>	<u>\$ 34,238,944</u>	<u>\$ 2,086,134</u>
Total net position - beginning, as previously reported	24,178,277	2,106,305	268,498,546	14,629,168
Restatement	(13,397)	(7,594)	(407,229)	(136,384)
Total net position, beginning, as restated	<u>24,164,880</u>	<u>2,098,711</u>	<u>268,091,317</u>	<u>14,492,784</u>
Total net position - ending	<u>\$ 29,797,302</u>	<u>\$ 2,077,139</u>	<u>\$ 302,330,261</u>	<u>\$ 16,578,918</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 48,237,521	\$ 14,558,980	\$ 19,402,846	\$ 2,627,090
Cash paid to suppliers	(34,818,676)	(3,130,802)	(13,550,819)	(1,534,648)
Cash paid to and for employees	(7,716,745)	(4,024,659)	(1,386,133)	(1,249,374)
Payments for interfund services used	(1,681,168)	(2,087,867)	(1,187,019)	(647,318)
Net cash provided by (used for) operating activities	\$ 4,020,932	\$ 5,315,652	\$ 3,278,875	\$ (804,250)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (1,692,549)	\$ (1,033,535)	\$ (603,540)	\$ -
Transfers from other funds	-	-	15,468	-
Nonoperating grants received	-	-	-	62,253
Net cash provided by (used for) noncapital financing activities	\$ (1,692,549)	\$ (1,033,535)	\$ (588,072)	\$ 62,253
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (2,729,424)	\$ (10,280,672)	\$ (7,334,748)	\$ (6,048,050)
Capital grants and contributions received (issued)	4,195,472	9,003,202	5,128,269	5,532,860
Proceeds from issuance of debt	-	-	-	-
Principal paid on debt	(254,310)	(1,549,700)	(1,410,000)	(200,000)
Other/insurance recoveries	207,273	85	11,378	15,922
Interest paid on debt	(91,885)	(1,094,159)	(536,325)	(9,150)
Proceeds from sales of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	\$ 1,327,126	\$ (3,921,244)	\$ (4,141,426)	\$ (708,418)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 974,421	\$ 1,074,932	\$ 922,245	\$ 3,712,562
Net cash provided by (used for) investing activities	\$ 974,421	\$ 1,074,932	\$ 922,245	\$ 3,712,562
Net increase (decrease) in cash and cash equivalents	\$ 4,629,930	\$ 1,435,805	\$ (528,378)	\$ 2,262,147
Cash and investments - beginning - including restricted	23,711,279	32,631,240	27,933,463	43,286,857
Cash and investments - ending - including restricted	\$ 28,341,209	\$ 34,067,045	\$ 27,405,085	\$ 45,549,004
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,653,146	\$ 2,786,429	\$ 3,622,926	\$ (2,386,155)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	2,663,634	2,419,801	859,379	3,230,268
Changes in assets and liabilities:				
Accounts receivable	(800,162)	380,291	(1,385,939)	(300,638)
Leases receivable	-	94,385	-	1,152,179
Prepaid items	-	-	-	-
Inventories	(1,457,389)	(268,849)	(10,070)	-
Deferred outflows of resources - pension related items	(617,397)	(259,861)	(157,868)	(107,974)
Deferred outflows of resources - OPEB related items	539	(2,336)	(2,783)	(255)
Accounts payable and accrued expenses	1,728,384	(156,429)	20,643	(9,725)
Deposits	(35,222)	17,052	-	37,998
Unearned revenue	-	-	-	2,412
Compensated absences	(14,762)	(24,675)	32,956	29,969
Net pension liability	469,079	192,304	170,159	90,269
Net OPEB liability	238,871	142,715	70,989	42,516
Deferred inflows of resources - leases related	-	(97,418)	-	(2,619,935)
Deferred inflows of resources - pension related items	140,801	58,831	40,220	25,315
Deferred inflows of resources - OPEB related items	51,410	33,412	18,263	9,506
Net cash provided by (used for) operating activities	\$ 4,020,932	\$ 5,315,652	\$ 3,278,875	\$ (804,250)
Noncash investing, capital, and financing activities:				
Accounts payable and retainage payable related to capital assets	\$ 253,773	\$ 1,395,765	\$ 1,362,185	\$ 571,479

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds			Internal Service Funds
	Stormwater Fund	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 2,821,234	\$ 4,303,913	\$ 91,951,584	\$ 14,204,722
Cash paid to suppliers	(775,534)	(3,866,214)	(57,676,693)	(4,838,587)
Cash paid to and for employees	(397,186)	(191,106)	(14,965,203)	(4,023,307)
Payments for interfund services used	(649,354)	(310,996)	(6,563,722)	(1,639,061)
Net cash provided by (used for) operating activities	\$ 999,160	\$ (64,403)	\$ 12,745,966	\$ 3,703,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ -	\$ -	\$ (3,329,624)	\$ -
Transfers from other funds	-	-	15,468	406,673
Nonoperating grants received	-	15,672	77,925	-
Net cash provided by (used for) noncapital financing activities	\$ -	\$ 15,672	\$ (3,236,231)	\$ 406,673
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (6,065,794)	\$ -	\$ (32,458,688)	\$ (2,957,667)
Capital grants and contributions received (issued)	5,791,562	-	29,651,365	-
Proceeds from issuance of debt	-	-	-	311,854
Principal paid on debt	(285,000)	-	(3,699,010)	(445,253)
Other/insurance recoveries	2,052	65	236,775	28,581
Interest paid on debt	(172,394)	-	(1,903,913)	(94,249)
Proceeds from sales of capital assets	-	-	-	174,036
Net cash provided by (used for) capital and related financing activities	\$ (729,574)	\$ 65	\$ (8,173,471)	\$ (2,982,698)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 132,260	\$ 75,874	\$ 6,892,294	\$ 355,510
Net cash provided by (used for) investing activities	\$ 132,260	\$ 75,874	\$ 6,892,294	\$ 355,510
Net increase (decrease) in cash and cash equivalents	\$ 401,846	\$ 27,208	\$ 8,228,558	\$ 1,483,252
Cash and investments - beginning - including restricted	7,337,482	2,113,544	137,013,865	9,004,917
Cash and investments - ending - including restricted	\$ 7,739,328	\$ 2,140,752	\$ 145,242,423	\$ 10,488,169
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 90,474	\$ (113,183)	\$ 5,653,637	\$ 1,255,841
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	871,211	8,861	10,053,154	2,455,789
Changes in assets and liabilities:				
Accounts receivable	26,256	27,992	(2,052,200)	(916)
Leases receivable	-	-	1,246,564	-
Prepaid items	-	-	-	(22,760)
Inventories	-	-	(1,736,308)	-
Deferred outflows of resources - pension related items	(40,502)	(16,021)	(1,199,623)	(243,169)
Deferred outflows of resources - OPEB related items	(238)	(43)	(5,116)	2,299
Accounts payable and accrued expenses	(9,960)	3,741	1,576,654	42,095
Deposits	-	-	19,828	-
Unearned revenue	-	-	2,412	-
Compensated absences	(11,394)	(8,790)	3,304	(16,555)
Net pension liability	42,954	19,851	984,616	62,262
Net OPEB liability	16,311	7,271	518,673	103,527
Deferred inflows of resources - leases related	-	-	(2,717,353)	-
Deferred inflows of resources - pension related items	10,260	4,298	279,725	45,167
Deferred inflows of resources - OPEB related items	3,788	1,620	117,999	20,187
Net cash provided by (used for) operating activities	\$ 999,160	\$ (64,403)	\$ 12,745,966	\$ 3,703,767
Noncash investing, capital, and financing activities:				
Accounts payable and retainage payable related to capital assets	\$ 2,047,040	\$ -	\$ 5,630,242	\$ -

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

CITY OF MANASSAS, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1–Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Manassas, Virginia (the “City”) is a municipal corporation governed by an elected mayor and six-member council. The City Council appoints a City Manager who is the City’s chief administrative officer and executes the Council’s policies and programs. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

The City has two discretely presented component units, the Manassas City Public Schools (“MCPS”), and the Economic Development Authority (“EDA”) which are reported in separate columns in the government-wide financial statements to emphasize each is legally separate from the City.

MCPS is responsible for elementary and secondary education within the City. MCPS is governed by an elected seven-member School Board. The City is financially accountable for MCPS because the City Council approves MCPS’s budget, levies taxes to support MCPS’s budget and issues debt for MCPS. MCPS has a June 30 year end and does not issue separate financial statements.

The EDA was created as a political subdivision of the Commonwealth of Virginia by ordinance of the City on February 7, 1972, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373, et seq., of the Code of Virginia (1950) as amended. The Authority is governed by seven directors appointed by the City. It is authorized to attract, retain, generate, and assist in the expansion of high-quality businesses, institutions of higher education, medical facilities, and non-profit organizations to ensure the continued existence of a vibrant, stable, and diverse economy within the City and the Commonwealth of Virginia through the use of Industrial Development Bond financing as well as loans and grants. The EDA’s projects and activities are closely aligned with City priorities and City staff is responsible for EDA financial transactions and reporting. Due to the relationship between the two entities and their financial integration, management believes the EDA should be included as a discretely presented component unit to ensure the financial statements are not misleading. The EDA has a June 30 year end and does not issue separate financial statements.

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 activities of the primary government and its component units. *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 the 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 is 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*.

Note 1–Summary of Significant Accounting Policies: (Continued)

Government-Wide and Fund Financial Statements: (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. Grant 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 both 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 government considers revenues to be available if they are collected within 60 days of the of the current period. 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. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscriptions assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, sales taxes and other local taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property are recorded as revenues and receivables when billed, net of allowances for the uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Note 1–Summary of Significant Accounting Policies: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

Governmental funds account for the expendable financial resources, other than those accounted for in proprietary and fiduciary fund. The governmental funds use the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position rather than on net income determination as would apply to a commercial enterprise. The City reports the following governmental funds:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required be accounted for in another fund. The General Fund is considered a major fund for financial reporting purposes.

Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Social Services Fund, PEG Fund, Owens Brooke District Fund, Fire Rescue Fund, and Merchant Museum Fund.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital Projects Funds consist of the General Capital Projects Fund, Gateway Capital Projects Fund, and the NVT A Capital Projects Fund. The General Capital Projects Fund and NVT A Capital Projects Fund are considered major funds for financial reporting purposes.

The *Debt Service Fund* is used to account for and report the resources accumulated and payments made for principal and interest on long-term general obligation debt.

The *Cemetery Maintenance Fund* is the government’s only permanent fund. It accounts for and reports resources that are restricted such that only earnings may be used for the intended purposes.

Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The proprietary funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income. Proprietary funds consist of enterprise and internal service funds. The government reports the following proprietary funds:

Enterprise funds account for operations where the intent of the City is that the cost of provided services to the general public be financed and recovered through user charges. Enterprise funds consist of Electric, Water and Sewer Funds, which account for the operation of the City’s electric distribution service, water distribution service, and sewer distribution service. The Airport fund accounts for the activities of the Manassas Regional Airport. The Stormwater fund accounts for and reports stormwater utility operations. These are all considered major funds for financial reporting purposes. The City also has one nonmajor enterprise fund, the Solid Waste fund.

Internal service funds account for vehicle maintenance, building maintenance, and information technology services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal service funds consist of the Building Maintenance Fund, Vehicle Maintenance Fund, and the Information Technology Fund.

Note 1–Summary of Significant Accounting Policies: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

Fiduciary funds (Trust and Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds and utilize the accrual basis of accounting. These funds include private-purpose trust funds which are reported using the accrual basis of accounting. MCPS' two trust funds are used to account for assets held by MCPS under a trust agreement for individuals and are not available to support the MCPS's programs.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. 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, including special assessments. 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 electric, water, sewer, airport, stormwater and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the operating definition are reported as nonoperating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Fair Value Measurements

The government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). If any residual balances are outstanding between the governmental activities and business-type activities, they are reported in the government-wide financial statements as “internal balances.”

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the enterprise and internal service funds consist of expendable supplies held for consumption and are accounted for under the consumption method. The cost is recorded as an expense at the time the individual inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Property Taxes

Property values are assessed as of January 1 by the Commissioner of the Revenue and are based on 100% of fair market value. Property taxes become a lien at the commencement of the tax year for which they were assessed, July 1st. The real estate tax levy is divided into two billings: the first billing is due December 5 and the second billing is due June 5. The machinery and tools personal property tax levy is due September 5. All other personal property tax levies are due October 5. The City Code of Ordinances requires the Treasurer to give notice to all taxpayers at least two weeks prior to the due dates. This is done in the form of billings mailed to taxpayers approximately six weeks prior to the due dates listed above. All billings are considered past due the day after the due date, at which time penalties and interest are assessed. The City has a legally enforceable claim to real estate taxes and personal property taxes upon assessment.

Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At year end, the allowance for doubtful accounts is \$471,657 in the general fund, \$14,278 in the fire rescue fund, \$62,421 in the electric fund, \$12,649 in the water fund, \$21,173 in the sewer fund, \$1,031 in the stormwater fund, \$56,644 in the airport fund and \$2,051 in the nonmajor enterprise fund.

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 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscriptions, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City and MCPS as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of one year).

As the City and MCPS constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives (or life of the associated contract for lease and subscription assets):

<u>Assets</u>	<u>Years</u>
Investment in plant	
Electric systems	20-50
Water systems	20-50
Sewer systems	20-50
Buildings and improvements	5-40
Machinery, equipment and software	3-25
Infrastructure	10-50
Purchased Capacity	20-50
Subscription Assets	2-10
Lease Buildings and Improvements	5-40
Lease Infrastructure	10-50
Lease Machinery, equipment and software	2-25

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Compensated Absences

The City and MCPS recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, several types of leave qualify for liability recognition for compensated absences. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City and MCPS policies permit employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave

The City and MCPS policies permit employees to accumulate earned but unused sick leave. A portion of accumulated sick pay benefits are paid to employees when they separate from service with the City and MCPS. In addition, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Compensatory Leave

Non-exempt employees of the City may elect to earn compensatory leave in lieu of overtime pay, up to a maximum of 80 hours. Compensatory leave is eligible for payment at the employee’s current pay rate upon separation from employment.

Other Leave

In addition to sick, vacation and compensatory leave the City’s liability for compensated absences includes other ancillary leave types including a sick leave bank, bereavement leave, military leave and parental leave.

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. Bond issuance costs are recognized as an expense in the period incurred.

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face value of the debt issued plus premium is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” City’s governmental funds report the five categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- **Nonspendable** - Amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. Only City Council may modify or rescind the commitment.
- **Assigned** - Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** -Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Restricted Amounts

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Minimum Fund Balance Policy

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year-end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). With adoption of its fund balance policy, the City Council formalized their decision not to assign fund balances or grant that authority to any individual. In the general fund, the City maintains an unassigned fund balance to be used for unanticipated emergencies of at least 15% of the actual current year GAAP basis operating revenues exclusive of other financing sources. The City’s policy was amended at the end for FY2020 to allow staff to increase the general fund unassigned fund balance at their discretion.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30, 2025 include \$2,058,314 in the general capital project fund, and \$6,301,371 in the NVTA capital projects fund.

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements which present financial position 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 so will not be recognized as an inflow of resources (revenue) until that time.

- Deferred loss on refunding. A deferred loss on 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. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB; this will be applied to the net pension or net OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension and OPEB liability. These differences will be recognized in pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or deferred inflow as appropriate.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or deferred inflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- The governmental funds report unavailable revenue from property taxes, opioid settlements, and other receivables not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- The City reports deferred inflows of resources in the government-wide and governmental fund financial statements. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the City and MCPS' Plans and the additions to/deductions from the City and MCPS' Plan's 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.

MCPS Debt/Capital Asset Reporting

The City issues debt to finance the construction of school facilities because MCPS does not have borrowing or taxing authority. The City reports this debt, whereas MCPS reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the school related debt reduces unrestricted net position for the primary government, while the capital assets are reported in net investment in capital assets for MCPS.

Leases and Subscription-Based IT Arrangements

The City and MCPS have various lease assets and subscription-based IT Arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The City and MCPS recognize lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any lease payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The City recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Note 1–Summary of Significant Accounting Policies: (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Subscriptions

The City recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The City and MCPS use the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City and MCPS use their estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The City and MCPS monitor changes in circumstances that would require a remeasurement or modification of their leases and subscriptions. They will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

Adoption of Accounting Principles

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

Adoption of Accounting Principles: (Continued)

The change in accounting principle resulted in the following restatements of net position:

	Governmental	Business-type	Component Unit
	<u>Activities</u>	<u>Activities</u>	<u>Manassas City Public Schools</u>
Net position, as previously reported, June 30, 2024	\$ 390,510,666	\$ 268,498,546	\$ 36,058,063
Restatement for GASB 101 Implementation	<u>(1,807,032)</u>	<u>(407,229)</u>	<u>(4,381,273)</u>
Net position, as restated, June 30, 2024	<u>\$ 388,703,634</u>	<u>\$ 268,091,317</u>	<u>\$ 31,676,790</u>

Note 2–Stewardship, Compliance, and Accountability

Budgetary Information

The City Council adopts and appropriates annual budgets for the following governmental funds: General fund, Social Services Fund, PEG Fund, Owens Brooke District Fund, Fire and Rescue Fund and Debt Service Fund. The City Council also adopts and appropriates an annual budget for MCPS. These annual budgets are adopted on a basis consistent with generally accepted accounting principles; modified accrual basis of accounting.

On or before April 1 of each year, the City Manager and the School Board of MCPS submit to the City Council proposed operating budgets for the fiscal year commencing July 1. The operating budgets include proposed expenditures and estimated revenues. After numerous Council work sessions and a public hearing, the budgets are adopted and appropriated through passage of a resolution prior to June 30.

The City’s appropriated budget is prepared by fund and department. Appropriations are legally controlled at the fund level. The City Council must approve transfers between funds. The budget is administratively controlled at the department level. The City Manager may approve transfers between departments within a fund. The City’s department heads may transfer budgeted appropriations within a department within a fund. Appropriations to MCPS are legally controlled at the total appropriation level.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 3—Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the 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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

The City’s investments are subject to credit risk, concentration of credit risk, and interest rate risk as described below. The City’s investments are not subject to custodial risk or foreign currency risk.

Credit Risk - Statutes authorize the City 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 State Treasurer’s Local Government Investment Pool (LGIP), the State Non-Arbitrage Program (SNAP), and the Virginia Investment Pool (VIP). LGIP, SNAP, and VIP are pooled investment funds, and are not registered with the SEC. LGIP and SNAP are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the City’s position in the pools is the same as the value of the pool shares and is reported within the guidelines of GASB Statement 79. The City has no investment policy that would further limit its investment choices.

Interest Rate Risk - The primary goal of the investment policy is to maximize return on investment while minimizing risk to the investment. The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The City may reject an investment with a higher yield when it is felt it carries an element of risk. Speculative investments will not be allowed. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a yield curve analysis will be conducted to determine which maturities would be most advantageous.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 3–Deposits and Investments: (Continued)

Investments: (Continued)

For the purposes of this disclosure, investments include negotiable certificates of deposit.

As of June 30, the City’s and MCPS’s investments consisted of the following:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>S&P Credit Rating</u>	<u>Weighted Average Maturity*</u>
LGIP	\$ 112,881,674	AAAm	0.10
SNAP	58,848,382	AAAm	0.15
VIP	192,195,742	AAAm/AA+f	0.57
Certificates of Deposit	10,172,131	N/A	0.87
U.S. Treasury Securities	30,248	AA+	2.12
Money Market Funds	87,021	N/A	N/A
Corporate Notes	380,006	BBB to AA-	4.62
Common Stocks	1,556,483	Various	N/A
Mutual Funds	52,031	Various	N/A
Total investments	<u>\$ 376,203,718</u>		

Fair Value Measurement

The City and MCPS categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City and MCPS have the following recurring fair value measurements as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Common stocks/equity securities:			
Large Cap	\$ 1,338,616	\$ -	\$ 1,338,616
Mid Cap	182,046	-	182,046
International	35,821	-	35,821
Exchange traded funds	52,031	-	52,031
Debt securities:			
U.S. Treasury securities	30,248	-	30,248
Corporate Notes	380,006	-	380,006
Total	<u>\$ 2,018,768</u>	<u>\$ -</u>	<u>\$ 2,018,768</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 3–Deposits and Investments: (Continued)

Fair Value: (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Commercial paper and corporate bonds are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Concentration of Credit Risk:

The City and did not have any individual investments at June 30 that exceeded five percent of the total investment balance.

Deposits and investments are reflected in the financial statements as follows:

	<u>Primary Government</u>	<u>MCPS</u>	<u>EDA</u>
Deposit and investments:			
Deposits	\$ 6,448,018	\$ 42,823,074	\$ 1,326,339
Investments	331,956,980	42,140,949	-
Investments held in trust	-	2,105,789	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 338,404,998</u>	<u>\$ 87,069,812</u>	<u>\$ 1,326,339</u>
Statement of Net Position:			
Cash and investments	\$ 287,502,971	\$ 42,768,131	\$ 1,316,339
Cash and investments - restricted	50,902,027	42,195,892	10,000
Fiduciary funds cash and investments	-	2,105,789	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 338,404,998</u>	<u>\$ 87,069,812</u>	<u>\$ 1,326,339</u>

Cash and Investments - Restricted:

Restricted cash and investments consist of unspent bond proceeds related to bond issuances and funds restricted for expenditures for cemetery maintenance, tap fees restricted for capital purposes, and airport land sale proceeds restricted for capital purposes.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 4–Due From Other Governments

The following amounts represent amounts due from other governments at June 30:

	<u>Primary Government</u>	<u>MCPS</u>
State sales tax	\$ -	\$ 1,791,549
Title VI-B	-	213,494
Title I	-	608,483
English language acquisition state grants	-	250,002
Child nutrition grants	-	574,823
COVID grants	-	59,776
Other federal and state school funds	-	872,503
Local sales tax	2,509,835	-
Prince William County	1,474,170	-
Transportation capital grants	4,125,388	-
Welfare grants	719,790	-
Communication tax	298,903	-
Airport grants	873,718	-
Stormwater grants	853,866	-
Other federal, state and local funds	335,993	-
Total	<u>\$ 11,191,663</u>	<u>\$ 4,370,630</u>

Note 5–Interfund Receivables, Payables, and Transfers:

Interfund balances at June 30, consisted of the following:

Primary Government

Due to general fund from:

Nonmajor governmental funds \$ 337,105

The balance above consists of interfund loans from the general fund to the social services fund, which are short term obligations at June 30, 2025.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 5–Interfund Receivables, Payables, and Transfers: (Continued)

Interfund transfers for the year ended June 30, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,472,000	\$ 29,218,894
General Capital Projects fund	12,796,741	-
NVTA Capital Projects fund	758,064	-
Nonmajor governmental funds	16,839,641	740,069
Electric fund	-	1,692,549
Water fund	-	1,033,535
Sewer fund	15,468	603,540
Stormwater fund	-	-
Internal Service	406,673	-
	<u>\$ 33,288,587</u>	<u>\$ 33,288,587</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (3) close the residual balances of certain funds into other funds.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 6–Capital Assets:

Primary Government

A summary of the changes in the City’s capital assets for governmental activities is as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<u>Governmental Activities</u>				
Capital asset, not being depreciated:				
Land and land rights	\$ 123,389,568	\$ 3,646,189	\$ -	\$ 127,035,757
Construction in progress	14,335,711	28,041,281	(32,225,174)	10,151,818
Total capital assets not being depreciated	<u>\$ 137,725,279</u>	<u>\$ 31,687,470</u>	<u>\$ (32,225,174)</u>	<u>\$ 137,187,575</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 120,675,590	\$ 19,712,132	\$ (291,408)	\$ 140,096,314
Lease buildings and improvements	1,178,053	2,359,935	(1,126,045)	2,411,943
Subscription assets	3,584,750	1,567,894	(200,699)	4,951,945
Machinery, equipment and software	40,333,455	6,021,393	(1,139,996)	45,214,852
Infrastructure	224,105,188	7,815,632	(1,107,132)	230,813,688
Total capital assets being depreciated	<u>\$ 389,877,036</u>	<u>\$ 37,476,986</u>	<u>\$ (3,865,280)</u>	<u>\$ 423,488,742</u>
Accumulated depreciation:				
Buildings and improvements	\$ (38,770,674)	\$ (3,887,220)	\$ 168,574	\$ (42,489,320)
Lease buildings and improvements	(1,050,976)	(124,373)	1,126,045	(49,304)
Subscription assets	(683,149)	(809,046)	200,699	(1,291,496)
Machinery, equipment and software	(21,134,750)	(3,979,414)	1,073,766	(24,040,398)
Infrastructure	(117,173,681)	(6,191,184)	1,101,427	(122,263,438)
Total accumulated depreciation	<u>\$ (178,813,230)</u>	<u>\$ (14,991,237)</u>	<u>\$ 3,670,511</u>	<u>\$ (190,133,956)</u>
Total capital assets being depreciated, net	<u>\$ 211,063,806</u>	<u>\$ 22,485,749</u>	<u>\$ (194,769)</u>	<u>\$ 233,354,786</u>
Governmental activities capital assets, net	<u>\$ 348,789,085</u>	<u>\$ 54,173,219</u>	<u>\$ (32,419,943)</u>	<u>\$ 370,542,361</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 6–Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the City’s governmental activities as follows:

Governmental activities:	
General government	\$ 908,336
Public safety	3,131,391
Public works	6,493,484
Health and human services	95,719
Culture and recreation	1,906,518
Internal services funds amounts charged to functions based on usage	2,455,789
Total depreciation expense - governmental activities	<u>\$ 14,991,237</u>

A summary of the changes in the City’s capital assets for business-type activities is as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<u>Business-type Activities</u>				
Capital asset, not being depreciated:				
Land and land rights	\$ 14,840,903	\$ -	\$ -	\$ 14,840,903
Construction in progress	30,427,273	30,390,398	(25,769,272)	35,048,399
Total capital assets not being depreciated	<u>\$ 45,268,176</u>	<u>\$ 30,390,398</u>	<u>\$ (25,769,272)</u>	<u>\$ 49,889,302</u>
Capital assets, being depreciated:				
Investment in plant	\$ 296,389,538	\$ 21,502,346	\$ (827,360)	\$ 317,064,524
Infrastructure	29,526,532	4,782,897	-	34,309,429
Lease infrastructure	47,853	-	-	47,853
Machinery and equipment	6,604,858	462,274	(445,918)	6,621,214
Purchased capacity	35,373,346	-	-	35,373,346
Total capital assets being depreciated	<u>\$ 367,942,127</u>	<u>\$ 26,747,517</u>	<u>\$ (1,273,278)</u>	<u>\$ 393,416,366</u>
Accumulated depreciation:				
Investment in plant	\$ (184,312,533)	\$ (8,436,524)	\$ 733,965	\$ (192,015,092)
Infrastructure	(14,299,208)	(869,876)	-	(15,169,084)
Lease infrastructure	(24,974)	(8,317)	-	(33,291)
Machinery and equipment	(5,250,786)	(395,056)	445,918	(5,199,924)
Purchased capacity	(22,068,891)	(343,381)	-	(22,412,272)
Total accumulated depreciation	<u>\$ (225,956,392)</u>	<u>\$ (10,053,154)</u>	<u>\$ 1,179,883</u>	<u>\$ (234,829,663)</u>
Total capital assets being depreciated, net	<u>\$ 141,985,735</u>	<u>\$ 16,694,363</u>	<u>\$ (93,395)</u>	<u>\$ 158,586,703</u>
Business-type activities capital assets, net	<u>\$ 187,253,911</u>	<u>\$ 47,084,761</u>	<u>\$ (25,862,667)</u>	<u>\$ 208,476,005</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 6–Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the City’s business-type activities as follows:

Electric fund	\$	2,663,634
Water fund		2,419,801
Sewer fund		859,379
Airport fund		3,230,268
Stormwater fund		871,211
Nonmajor enterprise funds		8,861
Total	\$	<u>10,053,154</u>

Purchased Water Rights and Purchased Capacity:

The City purchased water rights from Prince William County Service Authority in 1998 and 2002 totaling \$9,553,340. Purchased water capacity is recognized as an asset and is amortized in the water fund over 20 years which is based on management’s estimates since the term of the agreement was not explicitly stated.

The cost to the City in 1990 of its initial share of the Upper Occoquan Sewage Authority (UOSA) was \$597,051. This cost is recognized as purchased sewer treatment capacity. In December 2007, the City purchased from Fairfax County an additional one (1) million gallons per day (MGD) of UOSA sewer treatment capacity for \$17,002,658. In 2020, the city purchased from Fairfax County an additional .5 million gallons per day (MGD) of UOSA sewer treatment capacity for \$8,220,207 plus the remaining debt associated with the UOSA existing bonds component. The purchased sewer treatment capacity is recognized as an asset and is amortized over 50 years which is based on management’s estimates since the term of the agreement was not explicitly stated. Amortization expense in the sewer fund in the current fiscal year totaled \$343,381.

Construction Commitments:

The City and MCPS have active construction projects related to various items. At year end, the City and MCPS’ commitments with contractors on the projects are as follows:

General capital projects	\$	2,097,405
Streets capital projects		6,314,740
Stormwater management		7,053,264
Sewer capital projects		315,635
Water capital projects		22,655,248
Electric capital projects		456,691
Airport capital projects		3,961,502
MCPS capital projects		44,520,226
Total	\$	<u>87,374,711</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 6–Capital Assets: (Continued)

Summaries of the changes in the Discretely Presented Component Unit - MCPS are as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
MCPS				
Capital asset, not being depreciated:				
Land and land rights	\$ 2,336,649	\$ -	\$ -	\$ 2,336,649
Construction in progress	3,933,184	18,353,904	(758,893)	21,528,195
Total capital assets not being depreciated	<u>\$ 6,269,833</u>	<u>\$ 18,353,904</u>	<u>\$ (758,893)</u>	<u>\$ 23,864,844</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 207,357,096	\$ 3,092,881	\$ (101,878)	\$ 210,348,099
Lease buildings and improvements	3,468,591	158,524	-	3,627,115
Lease machinery and equipment	2,081,684	1,675,719	-	3,757,403
Subscription assets	1,003,704	-	(373,132)	630,572
Machinery and equipment	12,903,486	153,690	(541,467)	12,515,709
Total capital assets being depreciated	<u>\$ 226,814,561</u>	<u>\$ 5,080,814</u>	<u>\$ (1,016,477)</u>	<u>\$ 230,878,898</u>
Accumulated depreciation:				
Buildings and improvements	\$ (143,549,513)	\$ (6,783,420)	\$ 52,495	\$ (150,280,438)
Lease buildings and improvements	(825,080)	(686,017)	-	(1,511,097)
Lease machinery and equipment	(228,747)	(308,741)	-	(537,488)
Subscription assets	(529,180)	(229,078)	191,537	(566,721)
Machinery and equipment	(7,987,536)	(820,521)	541,467	(8,266,590)
Total accumulated depreciation	<u>\$ (153,120,056)</u>	<u>\$ (8,827,777)</u>	<u>\$ 785,499</u>	<u>\$ (161,162,334)</u>
Total capital assets being depreciated, net	<u>\$ 73,694,505</u>	<u>\$ (3,746,963)</u>	<u>\$ (230,978)</u>	<u>\$ 69,716,564</u>
MCPS capital assets, net	<u>\$ 79,964,338</u>	<u>\$ 14,606,941</u>	<u>\$ (989,871)</u>	<u>\$ 93,581,408</u>

Depreciation expense of \$8,827,777 was charged to functions/programs of the respective Component Unit MCPS' governmental activities.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 6–Capital Assets: (Continued)

Summaries of the changes in the Discretely Presented Component Unit - Economic Development Authority are as follows:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
EDA				
Capital asset, not being depreciated:				
Land and land rights	\$ -	\$ 12,470,335	\$ -	\$ 12,470,335
Total capital assets not being depreciated	<u>\$ -</u>	<u>\$ 12,470,335</u>	<u>\$ -</u>	<u>\$ 12,470,335</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ -	\$ 3,627,836	\$ -	\$ 3,627,836
Total capital assets being depreciated	<u>\$ -</u>	<u>\$ 3,627,836</u>	<u>\$ -</u>	<u>\$ 3,627,836</u>
Accumulated depreciation:				
Buildings and improvements	\$ -	\$ (259,131)	\$ -	\$ (259,131)
Total accumulated depreciation	<u>\$ -</u>	<u>\$ (259,131)</u>	<u>\$ -</u>	<u>\$ (259,131)</u>
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 3,368,705</u>	<u>\$ -</u>	<u>\$ 3,368,705</u>
EDA capital assets, net	<u><u>\$ -</u></u>	<u><u>\$ 15,839,040</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,839,040</u></u>

Depreciation expense of \$259,131 was charges to functions/programs of the respective Component Unit Economic Development Authority’s activities.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 7–Unavailable Revenue, Unearned Revenue, and Deferred Inflows of Resources

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also include unearned revenue amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. At year end, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>Governmental Funds</u>
Unavailable property tax revenue, representing uncollected tax billings (General Fund)	\$ 3,511,925
Leases related	6,555,665
Opioid settlements	636,222
Unavailable vehicle license taxes, meal taxes and other items (General Fund)	<u>722,686</u>
Total deferred inflows of resources for the general fund	\$ <u>11,426,498</u>
Unavailable property tax revenue, representing uncollected tax billings (Special Revenue Funds)	<u>241,553</u>
Total deferred inflows of resources	\$ <u><u>11,668,051</u></u>

Unearned revenue in the general fund represents resources received in advance, but not yet earned.

Unearned revenue in the enterprise funds represents water and sewer fund prepaid connection fees, prepaid rent and other receipts in advance of being earned. In addition, deferred inflows of resources related to leases total \$52,763,700 in the enterprise funds.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 8—Long-Term Debt:

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City for the year ended June 30:

	Balance July 1, 2024			Balance June 30, 2025	Due Within One year
	As Restated	Increases	Decreases		
<u>Governmental Activities</u>					
General obligation bonds	\$ 89,908,465	\$ 46,175,000	\$ 8,570,835	\$ 127,512,630	\$ 7,199,395
Premium on bonds	9,374,853	4,186,185	1,063,919	12,497,119	966,453
Lease liabilities	136,182	2,359,935	128,596	2,367,521	292,893
Subscription liabilities	2,818,827	1,567,894	753,972	3,632,749	671,515
Compensated absences	6,594,835	845,716	-	7,440,551	2,884,491
Governmental activities long-term liabilities	<u>\$ 108,833,162</u>	<u>\$ 55,134,730</u>	<u>\$ 10,517,322</u>	<u>\$ 153,450,570</u>	<u>\$ 12,014,747</u>
<u>Business-type Activities</u>					
General obligation bonds	\$ 55,116,535	-	\$ 3,689,165	\$ 51,427,370	\$ 3,860,605
Premium on bonds	5,356,957	-	444,880	4,912,077	444,880
Lease liabilities	19,980	-	9,845	10,135	10,135
Compensated absences	1,884,592	3,304	-	1,887,896	822,800
Business-type activities long-term activities	<u>\$ 62,378,064</u>	<u>\$ 3,304</u>	<u>\$ 4,143,890</u>	<u>\$ 58,237,478</u>	<u>\$ 5,138,420</u>
Total Primary Government	<u>\$ 171,211,226</u>	<u>\$ 55,138,034</u>	<u>\$ 14,661,212</u>	<u>\$ 211,688,048</u>	<u>\$ 17,153,167</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At June 30, \$604,694 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences, pension liabilities, and OPEB liabilities are generally liquidated by the general fund.

The Code of the Commonwealth of Virginia as amended, limits the amount of general obligation debt the City may issue to 10% of the assessed valuation of the real estate subject to taxation. Based upon the City's valuation of real estate subject to taxation, the 2025 legal debt limit is \$734,977,236. With general obligation debt applicable to the limit of \$178,940,000, the City has a legal debt margin of \$556,037,236.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 8—Long-Term Debt: (Continued)

The following is a summary of long-term debt transactions for MCPS for the year ended June 30:

	Balance July 1, 2024			Balance June 30, 2025	Due Within One year
	As Restated	Increases	Decreases		
MCPS					
Lease liabilities	\$ 4,608,438	\$ 1,834,243	\$ 907,054	\$ 5,535,627	\$ 965,133
Subscription liabilities	128,507	-	128,507	-	-
Energy performance contract	3,752,403	-	331,508	3,420,895	355,554
Compensated absences	7,303,166	546,599	-	7,849,765	3,879,669
Governmental activities long-term liabilities	\$ 15,792,514	\$ 2,380,842	\$ 1,367,069	\$ 16,806,287	\$ 5,200,356

General obligation bonds and other obligations outstanding as of June 30 are totaled below:

Series	Maturity Date	Interest Rates	Governmental Activities	Business-Type Activities
General obligation bonds:				
Series 2014A	05/01/2034	3.00 - 5.00%	\$ 5,212,030	\$ 2,097,970
Series 2014C Refunding	07/01/2030	2.00 - 5.00%	854,250	4,150,750
Series 2014C	07/01/2034	2.00 - 5.00%	20,595,000	-
Series 2014D Refunding	07/01/2025	0.50 - 3.00%	-	205,000
Series 2016	07/01/2036	2.00 - 5.00%	9,850,000	4,165,000
Series 2016 Refunding	07/01/2025	2.00 - 5.00%	1,315,000	-
Series 2019	07/01/2039	3.00 - 5.00%	19,900,000	19,585,000
Series 2021	01/01/2042	1.75 - 5.00%	22,990,000	20,400,000
Series 2021 Refunding	01/01/2030	5.00%	621,350	823,650
Series 2024	01/01/2046	4.00 - 5.00%	46,175,000	-
Total general obligation bonds			\$ 127,512,630	\$ 51,427,370

Description	Fiscal Year Lease Ends	Discount Rate	Governmental Activities	Business-Type Activities
Leases:				
9327 West Street Lease	2028	2.00%	\$ 30,711	\$ -
Piedmont Family Services Lease	2032	2.75%	2,336,810	-
NOVEC Fiber Lease	2026	2.95%	-	10,135
Total lease liabilities			\$ 2,367,521	\$ 10,135

Description	Fiscal Year Agreement Ends	Discount Rate	Governmental Activities
Subscription liabilities:			
SHI - Microsoft	2027	3.02%	\$ 41,054
Axon Body Cameras	2027	3.31%	349,324
Axon Body Cameras	2033	3.31%	2,141,326
ESRI Small Government Enterprise	2027	3.02%	80,585
Core BTS	2027	3.02%	83,155
Tyler - Police Department	2028	3.53%	937,305
Total subscription liabilities			\$ 3,632,749

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 8–Long-Term Debt: (Continued)

Annual requirements to amortize long-term debt and related interest for governmental and business-type activities are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 7,199,395	\$ 5,097,895	\$ 3,860,605	\$ 1,723,779
2027	8,323,670	4,615,591	3,826,330	1,539,278
2028	8,454,380	4,215,110	4,010,620	1,352,334
2029	8,573,655	3,827,192	2,971,345	1,191,102
2030	8,677,215	3,449,007	3,092,785	1,055,062
2031-2035	43,079,315	11,955,194	15,560,685	3,433,503
2036-2040	26,670,000	5,713,103	15,240,000	1,313,163
2041-2045	14,230,000	1,925,200	2,865,000	86,200
2046-2050	2,305,000	92,200	-	-
Total	\$ 127,512,630	\$ 40,890,492	\$ 51,427,370	\$ 11,694,421

Fiscal Year Ending June 30	Lease Liabilities			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 292,893	\$ 61,249	\$ 10,135	\$ 299
2027	310,784	53,050	-	-
2028	327,551	44,354	-	-
2029	337,148	35,280	-	-
2030	356,963	25,761	-	-
2031-2035	742,182	20,718	-	-
Total	\$ 2,367,521	\$ 240,412	\$ 10,135	\$ 299

Fiscal Year Ending June 30	Subscription Liabilities	
	Governmental Activities	
	Principal	Interest
2026	\$ 671,515	\$ 121,712
2027	702,263	99,131
2028	627,205	75,501
2029	305,452	54,012
2030	315,563	43,901
2031-2035	1,010,751	67,638
Total	\$ 3,632,749	461,895

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 8–Long-Term Debt: (Continued)

Leases and subscriptions outstanding as of June 30 are totaled below:

Description	Fiscal Year Lease Ends	Discount Rate	MCPS
Leases:			
Central Office Lease - Extension	2028	3.00%	\$ 2,184,060
Security Cameras	2026	3.03%	94,266
Electric Buses	2038	3.00%	1,526,460
Central Office - Expansion	2028	3.00%	134,841
Electric Buses	2039	3.00%	1,596,000
Total lease liabilities			\$ 5,535,627

Energy Performance Contract - MCPS

An equipment purchase agreement totaling \$5,378,195 was executed by MCPS in February 2018 in connection with an energy performance contract. The purpose of the agreement is to finance the purchase and installation of certain energy saving equipment and other services for identified properties and buildings owned by MCPS. MCPS has recorded a liability for this agreement since eligible costs have been incurred. The obligation bears interest at 3.13% with principal and interest due annually from February 2019 through 2033.

The following is a schedule of annual requirements to amortize long-term debt and related interest for MCPS:

	MCPS			
	Energy Performance Contract		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 355,554	\$ 108,624	\$ 965,133	\$ 156,166
2027	380,769	97,334	928,479	126,553
2028	407,203	85,243	988,655	98,042
2029	399,223	72,313	180,865	79,600
2030	426,045	59,637	194,105	74,174
2031-2035	1,452,101	94,130	1,192,158	274,903
2036-2040	-	-	1,086,232	76,337
Total	\$ 3,420,895	\$ 517,281	\$ 5,535,627	\$ 885,775

Note 9–Contingent Liabilities and Commitments:

Federal programs in which the City participates were audited in accordance with provisions of the Uniform Guidance. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no matters of material noncompliance were disclosed by 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 disallowances of current grant program expenditures, if any, would be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

The City is a member of the Virginia Municipal Electric Association (VMEA) which is an organization created to purchase electricity from Dominion Virginia Power for resale to its members. The City's contract provides for periodic true-ups based on actual costs incurred by Dominion Virginia Power. Such true-ups could result in an increase or reduction of expenses previously recognized. The City's policy is to recognize the true-up when known due to a lack of information to estimate such an amount. The true-up calculation generally is proposed approximately six months after the calendar year end, therefore the true-up amount each calendar year may not be recorded until the next fiscal year.

The City's agreement with Prince William Manassas Regional Adult Detention Center (PWMRADC) requires periodic true-ups based on actual costs incurred for the City's prisoner day percentage, shared overhead costs and shared repairs. The final true-up for fiscal year 2024 was paid to the City in December 2024. The fiscal year 2025 amount has not been finalized as of the date of this report; however, an estimate was accrued and \$1,185,650 is included in due from other governments. Amounts are subject to change for the most recent year based on verification by PWMRADC.

Note 10–Joint Ventures:

Upper Occoquan Sewage Authority (UOSA)

The UOSA was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility. UOSA is a joint venture formed on March 3, 1971 by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-person Board of Directors consisting of two members appointed to four-year terms by the governing body of each participating jurisdiction. In turn, the UOSA Board adopts an annual operating budget based on projected sewage flows. Each jurisdiction has a percentage share of UOSA's capacity. The City does not recognize an investment in UOSA because the participants do not have an equity interest. The City's percentage share of UOSA's capacity as of June 30, 2025 is 17.0172%.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 10–Joint Ventures: (Continued)

Upper Occoquan Sewage Authority (UOSA): (Continued)

UOSA’s current operating costs and annual debt service is funded by each of the participants based on their allocated capacity with certain modifications. UOSA currently has ten Sewage System Revenue Bond issues outstanding: one issued in 2010, two issued in 2011, one issued in 2013, two in 2016, one issued in 2019, one issued in 2020, one issued in 2022, and one issued in 2025. The sewer enterprise fund is funding 100 percent of the City’s share of the debt issues. As of June 30, 2025, the City’s committed share of UOSA’s remaining debt service (including interest) is as follows:

	<u>Principal</u>	<u>Interest</u>
2026 \$	2,822,907	\$ 1,755,863
2027	2,352,834	1,677,381
2028	2,415,889	1,611,870
2029	2,485,880	1,543,872
2030	2,376,971	1,473,087
2031-2035	12,599,961	6,369,903
2036-2040	14,429,511	4,102,097
2041-2045	7,748,252	1,930,321
2046-2050	4,703,644	947,813
2051-2055	<u>2,644,840</u>	<u>219,905</u>
Total	<u>\$ 54,580,689</u>	<u>\$ 21,632,112</u>

In addition to the debt service above the City is responsible for total debt service of \$3,652,944 through 2043 related to the 2020 purchase of additional capacity.

The sewer fund made scheduled payments in fiscal year 2025 for its share of UOSA’s operating costs and debt service costs of \$8,039,336 and \$4,176,606, respectively.

The sewer fund capitalizes its share of UOSA’s construction costs. These costs are amortized over 20 years, the estimated useful life of the system constructed. \$8,479,273 was added to construction in progress during fiscal year 2025 related to UOSA construction costs.

Information regarding UOSA is provided in UOSA’s separate, published, financial statements which are available to the general public from its offices at 14631 Compton Road, Centreville, Virginia 20121.

Potomac and Rappahannock Transportation Commission (PRTC)

The Potomac and Rappahannock Transportation Commission (PRTC) was created on June 19, 1986 to account for a 2.1% fuel tax authorized by the Commonwealth of Virginia. The PRTC, a joint venture with the contiguous jurisdictions of Prince William, Spotsylvania and Stafford Counties and the Cities of Manassas, Manassas Park and Fredericksburg, was established to improve transportation systems composed of transit facilities, public highways, and other modes of transport. While each jurisdiction effectively controls PRTC’s use of motor fuel tax proceeds from that jurisdiction, they do not have an explicit measurable equity interest in PRTC.

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has 16 members and one ex-officio representative from the Virginia Department of Rail and Public Transportation. The City’s percentage membership is 5.88%.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 10–Joint Ventures: (Continued)

Potomac and Rappahannock Transportation Commission (PRTC) (Continued)

Each Commission member, including the Virginia Department of Rail and Public Transportation representative, is entitled to one vote in all matters requiring action by the Commission. A majority vote of the Commission members present and voting and a majority of the jurisdictions represented is required to act. For purposes of determining the number of jurisdictions present, Virginia Department of Rail and Public Transportation is not counted as a separate jurisdiction.

Information regarding PRTC is provided in PRTC’s separate, published, financial statements which are available to the general public from its offices at 14700 Potomac Mills Road, Woodbridge, Virginia 22192.

Note 11–Jointly Governed Organization:

Northern Virginia Transportation Authority (NVTA)

The NVTA was established under the provisions of the Code of Virginia, Title 15.2, Chapter 48.2 with the cities of Alexandria, Fairfax, Manassas, Manassas Park, and Falls Church and the counties of Arlington, Fairfax, Loudoun, and Prince William. The Authority is responsible for long-range transportation planning for regional transportation projects in Northern Virginia and sets regional transportation policies and priorities for regional transportation projects. While the jurisdictions have representatives as members of the governing body of the Authority, the jurisdictions do not have an explicit measurable equity interest in NVTA. Beginning in 2014, House Bill 2313 gave the Authority responsibility over the collection and distribution of certain dedicated taxes for transportation including 1% additional sales tax, 2% additional transient and occupancy tax and 1.5% additional grantor’s tax. In FY2019, the grantor’s tax was removed from NVTA collections and is now being sent directly to the localities. By law, 30% of these additional revenues are distributed to the jurisdictions provided they implement the commercial and industrial tax of 12.5 cents or dedicate some other funds towards transportation. The other 70% will be used towards regional transportation projects approved by the Authority and implemented by the jurisdictions. In 2025, the City received \$3,221,962 of these taxes, representing the 30% funds and \$0 representing the 70% funds.

Note 12–Pension Plans:

Plan Description

All full-time, salaried permanent employees of the City and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay 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.

Note 12–Pension Plans: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Note 12–Pension Plans: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	325	110
Inactive members:		
Vested inactive members	105	35
Non-vested inactive members	175	44
Long-term disability (LTD)	-	-
Inactive members active elsewhere in VRS	<u>184</u>	<u>52</u>
Total inactive members	464	131
Active members	<u>471</u>	<u>104</u>
Total covered employees	<u><u>1,260</u></u>	<u><u>345</u></u>

The contribution requirement for active employees is governed by §51.1-145 of 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 5.00% of their compensation toward their retirement

The City’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This 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 from the City were \$6,822,401 and \$5,593,924 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 5.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

Note 12–Pension Plans: (Continued)

Employees Covered by Benefit Terms (Continued)

This 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 from the Component Unit School Board’s nonprofessional employees were \$351,354 and \$211,922 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$157,064 and \$41,907 for the City and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$239,955 and \$21,116 for the City and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$15,706,411 and \$4,197,734 for the City and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The City and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liabilities were 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 in the City’s and Component Unit School Board’s (nonprofessional) Retirement Plan 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%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

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 2 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 3 years

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 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 and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City’s Retirement Plan 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%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Note 12–Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

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 2 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 3 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 3 years; 90% of rates for females set back 3 years

Beneficiaries 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 2 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 and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 12–Pension Plans: (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset 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%
PIP - Private Investment Partnerships	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 expected return of 7.07% (includes 2.50% 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 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return 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 2.50%.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 193,130,419	\$ 166,065,027	\$ 27,065,392
Changes for the year:			
Service cost	\$ 4,888,540	\$ -	\$ 4,888,540
Interest	13,045,696	-	13,045,696
Differences between expected and actual experience	10,133,424	-	10,133,424
Contributions - employer	-	5,588,750	(5,588,750)
Contributions - employee	-	1,977,033	(1,977,033)
Net investment income	-	16,108,406	(16,108,406)
Benefit payments, including refunds	(9,498,763)	(9,498,763)	-
Administrative expenses	-	(104,632)	104,632
Other changes	-	(28,087)	28,087
Net changes	\$ 18,568,897	\$ 14,042,707	\$ 4,526,190
Balances at June 30, 2024	\$ 211,699,316	\$ 180,107,734	\$ 31,591,582

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Changes in Net Pension Liability (Asset): (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 22,106,589	\$ 22,238,527	\$ (131,938)
Changes for the year:			
Service cost	\$ 327,382	\$ -	\$ 327,382
Interest	1,472,295	-	1,472,295
Differences between expected and actual experience	493,859	-	493,859
Contributions - employer	-	212,832	(212,832)
Contributions - employee	-	241,485	(241,485)
Net investment income	-	2,133,583	(2,133,583)
Benefit payments, including refunds	(1,244,395)	(1,244,395)	-
Administrative expenses	-	(14,738)	14,738
Other changes	-	417	(417)
Net changes	\$ 1,049,141	\$ 1,329,184	\$ (280,043)
Balances at June 30, 2024	\$ 23,155,730	\$ 23,567,711	\$ (411,981)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the City’s and Component Unit School Board’s (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government			
Net Pension Liability (Asset)	\$ 60,008,216	\$ 31,591,582	\$ 8,417,703
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,392,085	\$ (411,981)	\$ (2,728,126)

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$6,984,604 and \$189,467, respectively. At June 30, 2025, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,750,882	\$ 559,299	\$ 355,616	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,652,050	-	627,612
Employer contributions subsequent to the measurement date	6,822,401	-	351,354	-
Total	\$ 15,573,283	\$ 5,211,349	\$ 706,970	\$ 627,612

\$6,822,401 and \$351,354 reported as deferred outflows of resources related to pensions resulting from the City’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2026	\$ (424,221)	\$ (231,578)
2027	4,761,061	211,547
2028	196,439	(120,039)
2029	(993,746)	(131,926)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/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.

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which 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 from the school division were \$11,272,559 and \$11,609,732 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$323,520 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$311,067 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$32,501,201 for the year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Manassas City Public Schools division reported a liability of \$64,614,965 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and 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 Manassas City Public Schools proportion of the Net Pension Liability was based on the Manassas City Public School’s 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 .68835% as compared to .68348% at June 30, 2023.

For the year ended June 30, 2025, the Manassas City Public Schools recognized pension expense of \$7,010,890. Since there was a change in 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional): (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

At June 30, 2025, the Manassas City Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,209,785	\$ 1,330,467
Change in assumptions	1,172,848	-
Net difference between projected and actual earnings on pension plan investments	-	8,894,289
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,455,980	888,507
Employer contributions subsequent to the measurement date	<u>11,272,559</u>	<u>-</u>
Total	<u>\$ 25,111,172</u>	<u>\$ 11,113,263</u>

\$11,272,559 reported as deferred outflows of resources related to pensions resulting from the Manassas City Public School’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2026	\$ (3,231,849)
2027	5,363,582
2028	1,327,155
2029	(733,538)
2030	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan 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%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Mortality rates:

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 1 year; 105% of rates for females

Post-Disablement:

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

Beneficiaries 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 standard 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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	60,622,260
Plan Fiduciary Net Position		51,235,326
Employers' Net Pension Liability (Asset)	\$	<u>9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.52%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>Rate</u>		
	<u>1% Decrease (5.75%)</u>	<u>Current Discount (6.75%)</u>	<u>1% Increase (7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 120,041,939	\$ 64,614,965	\$ 19,222,036

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/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.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 15,573,283	\$ 5,211,349	\$ 31,591,582	\$ 6,984,604
Totals	<u>\$ 15,573,283</u>	<u>\$ 5,211,349</u>	<u>\$ 31,591,582</u>	<u>\$ 6,984,604</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 706,970	\$ 627,612	\$ (411,981)	\$ 189,467
School Board Professional	25,111,172	11,113,263	64,614,965	7,010,890
Totals	<u>\$ 25,818,142</u>	<u>\$ 11,740,875</u>	<u>\$ 64,202,984</u>	<u>\$ 7,200,357</u>

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% 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% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which 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 to the Group Life Insurance Plan from the Primary Government were \$215,678 and \$228,261 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the School Professional Plan were \$373,025 and \$395,473 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the School Nonprofessional Plan were \$30,025 and \$29,666 for the years ended June 30, 2025 and June 30, 2024, respectively.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2025, the Primary Government, School Board (Professional), and School Board (Nonprofessional) reported liabilities of \$1,837,143, \$3,182,833, and \$238,807 for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI 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 covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI 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 Primary Government, School Board (Professional), and School Board (Nonprofessional)’s proportions were .1646%, .2852%, and .0214% respectively, as compared to .1583%, .2893%, and .0183% at June 30, 2023.

For the year ended June 30, 2025, the Primary Government, School Board (Professional), and School Board (Nonprofessional) recognized GLI OPEB expense of \$56,126, \$68,998, and \$12,170, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		School Professional		School Nonprofessional	
	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	\$ 289,760	\$ 44,875	\$ 502,006	\$ 77,746	\$ 37,665	\$ 5,833
Net difference between projected and actual earnings on GLI OPEB plan investments	-	154,852	-	268,280	-	20,129
Change in assumptions	10,472	91,045	18,142	157,735	1,361	11,835
Changes in proportion	112,893	43,575	95,193	152,077	36,730	2,313
Employer contributions subsequent to the measurement date	215,678	-	373,025	-	30,025	-
Total	<u>\$ 628,803</u>	<u>\$ 334,347</u>	<u>\$ 988,366</u>	<u>\$ 655,838</u>	<u>\$ 105,781</u>	<u>\$ 40,110</u>

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

\$215,678, \$373,025, and \$30,025 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective Primary Government, School Board (Professional), and School Board (Nonprofessional)’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2026	\$ (67,019)	\$ (142,982)	\$ (3,139)
2027	52,703	66,842	12,879
2028	13,406	(21,596)	7,453
2029	39,676	15,172	9,077
2030	40,012	42,067	9,376
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB 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. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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 1 year; 105% of rates for females

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Post-Disablement:

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

Beneficiaries 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 as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 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 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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%
PIP - Private Investment Partnerships	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	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% 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 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return 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 2.50%.

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
Primary Government	\$ 2,856,995	\$ 1,837,143	\$ 1,013,236
School Professional	4,949,719	3,182,833	1,755,422
School Nonprofessional	371,376	238,807	131,709

Note 13–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.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.

Note 14–Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System’s actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers’ Retirement System (SPORS), or the Virginia Law Officers’ Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Note 14—Line of Duty Act (LODA) Program: (Continued)

Benefit Amounts: (Continued)

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$162,908 and \$128,235 for the years ended June 30, 2025 and June 30, 2024, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2025, the entity reported a liability of \$3,348,010 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was .8507% as compared to .7501% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$408,212. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 14—Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

At June 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 116,490	\$ 817,818
Net difference between projected and actual earnings on LODA OPEB program investments	-	11,068
Change in assumptions	617,174	674,305
Change in proportionate share	413,316	289,992
Employer contributions subsequent to the measurement date	<u>162,908</u>	<u>-</u>
Total	<u>\$ 1,309,888</u>	<u>\$ 1,793,183</u>

\$162,908 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (70,144)
2027	(52,082)
2028	(59,366)
2029	(91,901)
2030	(115,837)
Thereafter	(256,873)

Note 14–Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions

The total LODA OPEB 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. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 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 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 14–Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	<u>\$ 393,554</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

The total LODA OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Note 14–Line of Duty Act (LODA) Program: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
Primary Government's proportionate share of the LODA Net OPEB Liability	\$ 3,711,529	\$ 3,348,010	\$ 3,035,424

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Primary Government's proportionate share of the LODA Net OPEB Liability	\$ 2,852,059	\$ 3,048,010	\$ 3,956,547

Note 14–Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.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.

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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 HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 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 \$45.00 per month.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>School Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>187</u>	<u>59</u>
Inactive members:		
Vested inactive members	10	8
Inactive members active elsewhere in VRS	<u>106</u>	<u>51</u>
Total inactive members	<u>303</u>	<u>118</u>
Active members	431	104
Total covered employees	<u><u>734</u></u>	<u><u>222</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of 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. The Primary Government and School Board (Nonprofessional) contractually required employer contribution rates for the year ended June 30, 2025 were .19% and .56% of covered employee compensation, respectively. 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 from the Primary Government to the HIC Plan were \$79,999 and \$73,744 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the School Board (Nonprofessional) to the HIC Plan were \$35,774 and \$26,899 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB 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%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 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 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

Actuarial Assumptions: (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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 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 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

The long-term expected rate of return on the System’s 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 System’s 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)	Long-Term Target Asset 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%
PIP - Private Investment Partnerships	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 expected return of 7.07% (includes 2.50% 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 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return 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 2.50%.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 1,182,003	\$ 707,633	\$ 474,370
Changes for the year:			
Service cost	\$ 14,492	\$ -	\$ 14,492
Interest	78,138	-	78,138
Differences between expected and actual experience	(37,500)	-	(37,500)
Contributions - employer	-	73,737	(73,737)
Net investment income	-	66,800	(66,800)
Benefit payments	(77,784)	(77,784)	-
Administrative expenses	-	(921)	921
Other changes	-	(45)	45
Net changes	\$ (22,654)	\$ 61,787	\$ (84,441)
Balances at June 30, 2024	\$ 1,159,349	\$ 769,420	\$ 389,929

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability: (Continued)

	School Nonprofessional		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 495,020	\$ 232,896	\$ 262,124
Changes for the year:			
Service cost	\$ 4,398	\$ -	\$ 4,398
Interest	32,794	-	32,794
Differences between expected and actual experience	(2,450)	-	(2,450)
Contributions - employer	-	26,899	(26,899)
Net investment income	-	22,053	(22,053)
Benefit payments	(27,158)	(27,158)	-
Administrative expenses	-	(299)	299
Net changes	\$ 7,584	\$ 21,495	\$ (13,911)
Balances at June 30, 2024	\$ 502,604	\$ 254,391	\$ 248,213

Sensitivity of the HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Primary Government and School Board (Nonprofessional)'s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Primary Government and School Board (Nonprofessional)'s net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net HIC OPEB Liability:			
Primary Government	\$ 518,127	\$ 389,929	\$ 281,744
School Nonprofessional	304,705	248,213	200,450

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2025, the Primary Government and School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$45,344 and \$41,348, respectively. At June 30, 2025, the Primary Government and School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Primary Government and School Board (Nonprofessional)’s HIC Plan from the following sources:

	<u>Primary Government</u>		<u>School Nonprofessional</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 22,135	\$ 55,736	\$ 23,495	\$ 26,139
Net difference between projected and actual earnings on HIC OPEB plan investments	-	16,407	-	5,021
Change in assumptions	42,036	-	33,931	-
Employer contributions subsequent to the measurement date	<u>79,999</u>	<u>-</u>	<u>35,774</u>	<u>-</u>
Total	<u>\$ 144,170</u>	<u>\$ 72,143</u>	<u>\$ 93,200</u>	<u>\$ 31,160</u>

\$79,999 and \$35,774 reported as deferred outflows of resources related to the HIC OPEB resulting from the Primary Government and School Board (Nonprofessional)’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary</u>	<u>School</u>
	<u>Government</u>	<u>Nonprofessional</u>
2026	\$ (5,773)	\$ 16,460
2027	11,469	11,312
2028	(2,130)	(234)
2029	(9,218)	(1,272)
2030	(2,320)	-

Note 15–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.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.

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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 HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which 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 from the school division to the VRS Teacher Employee HIC Plan were \$959,945 and \$885,134 for the years ended June 30, 2025 and June 30, 2024, respectively.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2025, the Manassas City Public Schools reported a liability of \$7,890,533 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC 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 division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the Manassas City Public School’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB 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 Manassas City Public School’s proportion of the VRS Teacher Employee HIC was .68278% as compared to .68231% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$549,223. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 (Continued)

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)

At June 30, 2025, the Manassas City Public Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 373,835
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	28,067
Change in assumptions	135,931	-
Change in proportionate share and differences between actual and expected contributions	265,864	252,350
Employer contributions subsequent to the measurement date	<u>959,945</u>	<u>-</u>
Total	<u>\$ 1,361,740</u>	<u>\$ 654,252</u>

\$959,945 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2026	\$ (65,427)
2027	(14,455)
2028	(35,189)
2029	(81,097)
2030	(43,400)
Thereafter	(12,889)

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan 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%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

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 1 year; 105% of rates for females

Post-Disablement:

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

Beneficiaries 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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Mortality Rates - Teachers: (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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

The long-term expected rate of return on the VRS 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 VRS 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)	Long-Term Target Asset 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%
PIP - Private Investment Partnerships	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 expected return of 7.07% (includes 2.50% 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 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return 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 2.50%.

Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

Sensitivity of the Manassas City Public School’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Manassas City Public School’s proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Manassas City Public School’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 8,973,505	\$ 7,890,533	\$ 6,972,616

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.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.

Note 17–Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan):

Plan Description and Benefits Provided

In addition to the pension benefits described in Note 12, the City administers a single-employer defined benefit healthcare plan, The City of Manassas Retiree Health Insurance Plan. The plan does not issue a publicly available financial report.

Note 17–Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan): (Continued)

Plan Description and Benefits Provided: (Continued)

The City provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits and who retire from the City. There is no provision for deferral of benefits for employees who separate from City employment without retiring.

The City of Manassas Retiree Health Insurance Plan is a single-employer defined benefit postemployment healthcare plan for retired City employees. It is administered by the City and was approved by the City Council with policy P-2009-03 and updated in fiscal year 2025. Any employee who retires from the City is allowed to remain on the City’s healthcare policy until the age of sixty-five (65) with the same medical coverage (including dependent coverage) as regular full-time employees. Retirees with less than ten (10) years of service are responsible for the full cost of the monthly premium. For employees who retire after June 30, 2024, the City provides a tiered monthly health insurance subsidy based upon years of service (YOS) with the City as follows: 10-14 YOS = \$100; 15-19 YOS = \$200; 20-24 YOS = \$300; 25-29 YOS = \$400; 30+ YOS = \$500. There are no benefits after the retiree attains age sixty-five (65). There is no provision for deferral of benefits for employees who separate from City employment without retiring. Separate audited financial statements are not available for the plan.

Plan Membership

At July 1, 2023 (valuation date), the following employees were covered by the benefit terms:

Total active employees	\$	463
Total retirees		24
Total spouses of retirees		9
Total beneficiaries of retirees		<u>2</u>
Total	\$	<u><u>498</u></u>

Contributions

The City does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2025 was \$442,094.

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed July 1, 2023.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 17—Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies based on years of service
Discount Rate	5.20%

Mortality rates were based on the Pub-2010 employee rates.

The most recent actuarial experience study for which significant assumptions were based was conducted for the four-year period ending June 30, 2020.

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - Primary Government	
	Total OPEB Liability
Balances at June 30, 2024	\$ 7,496,401
Changes for the year:	
Service cost	290,200
Interest	297,410
Plan changes	3,791,400
Changes in assumptions	(1,349,146)
Benefit payments	(442,094)
Net changes	<u>2,587,770</u>
Balances at June 30, 2025	<u>\$ 10,084,171</u>

Note 17—Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	Rate		
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 11,128,740	\$ 10,084,171	\$ 9,161,339

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50% decreasing to an ultimate rate of 2.90%) or one percentage point higher (7.50% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.50% decreasing to 2.90%)	Healthcare Cost Trend (6.50% decreasing to 3.90%)	1% Increase (7.50% decreasing to 4.90%)
Total OPEB liability	\$ 8,981,551	\$ 10,084,171	\$ 11,394,751

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

For the year ended June 30, 2025, the City recognized OPEB expense in the amount of \$3,609,775. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,512,746
Changes in assumptions	184,776	1,729,774
Total	\$ 184,776	\$ 3,242,520

Note 17–Other-Post-Employee Benefits Liability - City Local Plan (OPEB Plan): (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (769,235)
2027	(748,690)
2028	(702,839)
2029	(578,344)
2030	(258,636)
Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 18–Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan):

Plan Description and Benefits Provided

In addition to the pension benefits described in Note 12, MCPS administers a single-employer defined benefit healthcare plan, The MCPS Retiree Health Insurance Plan. The plan does not issue a publicly available financial report.

MCPS provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits and who retire from MCPS. There is no provision for deferral of benefits for employees who separate from MCPS employment without retiring.

The MCPS Retiree Health Insurance Plan is a single-employer defined benefit post-employment healthcare plan for retired MCPS employees who retired prior to July 1, 2013 with at least fifteen (15) years of service. It is administered by MCPS and was approved by the MCPS School Board. An employee who retires from MCPS with an unreduced VRS retirement is allowed to remain on MCPS’s healthcare policy until eligible for Medicare. Retirees are responsible for the full cost of the monthly premium. MCPS pays 40% of the monthly premium for eligible retirees who retired prior to July 1, 2013 with at least fifteen (15) years of service. There are no benefits after the retiree attains age sixty-five (65). There is no provision for deferral of benefits for employees who separate from MCPS employment without retiring. Separate audited financial statements are not available for the plan.

MCPS establishes employer contribution rates for plan participants as part of the budgetary process each year. MCPS also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process.

Note 18–Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan): (Continued)

Plan Membership

At April 1, 2024 (valuation date), the following employees were covered by the benefit terms:

Total active employees	\$	768
Total retirees		28
Spouses		<u>9</u>
Total	\$	<u><u>805</u></u>

Contributions

MCPS does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by MCPS. The amount paid by MCPS for OPEB as the benefits came due during the year ended June 30, 2025 was \$188,857.

Total OPEB Liability

MCPS’s total 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 April 1, 2024.

Actuarial Assumptions

The total OPEB liability in the April 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	Varies based on years of service
Discount Rate	3.97%

Mortality rates were based on the SOA Pub-2010 Teacher Employees Headcount weighted mortality with MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 18—Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds with average rating of AA/Aa or higher using the Bond Buyer GO 20-year Bond Municipal Bond Index.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - MCPS		Total OPEB Liability
Balances at June 30, 2024	\$	2,535,976
Changes for the year:		
Service cost		65,227
Interest		94,489
Differences between expected and actual experience		12,695
Changes in assumptions		(20,063)
Benefit payments		(188,857)
Net changes		(36,509)
Balances at June 30, 2025	\$	<u>2,499,467</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of MCPS, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate:

	Rate		
	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	\$ 2,684,317	\$ 2,499,467	\$ 2,321,259

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 18—Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of MCPS, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50% decreasing to an ultimate rate of 3.04%) or one percentage point higher (8.50% decreasing to an ultimate rate of 5.04%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.50% decreasing to 3.04%)	Healthcare Cost Trend (7.50% decreasing to 4.04%)	1% Increase (8.50% decreasing to 5.04%)
Total OPEB liability	\$ 2,269,592	\$ 2,499,467	\$ 2,762,213

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

For the year ended June 30, 2025, MCPS recognized OPEB expense in the amount of \$260,414. At June 30, 2025, MCPS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 392,469	\$ -
Changes in assumptions	397,928	64,321
Employer contributions subsequent to the measurement date	1,023	-
Total	<u>\$ 791,420</u>	<u>\$ 64,321</u>

\$1,023 reported as deferred outflows of resources related to OPEB resulting from MCPS's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	\$ 231,458
2027	248,045
2028	248,045
2029	(1,472)
2030	-

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 18–Other-Post-Employee Benefits Liability - MCPS Local Plan (OPEB Plan): (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 19–Summary of Net OPEB Liability, Deferred Inflows and Deferred Outflows - OPEB Plans:

	OPEB Plans:			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
GLI Plan (Note 13)	\$ 628,803	\$ 334,347	\$ 1,837,143	\$ 56,126
LODA Plan (Note 14)	1,309,888	1,793,183	3,348,010	408,212
HIC Plan (Note 15)	144,170	72,143	389,929	45,344
City Local Plan (Note 17)	184,776	3,242,520	10,084,171	3,609,775
Totals	<u>\$ 2,267,637</u>	<u>\$ 5,442,193</u>	<u>\$ 15,659,253</u>	<u>\$ 4,119,457</u>
Component Unit School Board				
GLI Plan - Professional (Note 13)	\$ 988,366	\$ 655,838	\$ 3,182,833	\$ 68,998
GLI Plan - Nonprofessional (Note 13)	105,781	40,110	238,807	12,170
HIC Plan - Nonprofessional (Note 15)	93,200	31,160	248,213	41,348
Teacher HIC Plan (Note 16)	1,361,740	654,252	7,890,533	549,223
MCPS Local Plan (Note 18)	791,420	64,321	2,499,467	260,414
Totals	<u>\$ 3,340,507</u>	<u>\$ 1,445,681</u>	<u>\$ 14,059,853</u>	<u>\$ 932,153</u>

Note 20–Risk Management:

The City is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained public liability insurance with a maximum coverage of \$11,000,000. Employee-related health benefits, unemployment, workman’s compensation, and property are also covered by commercial insurance arrangements. The City has not had a significant reduction in insurance coverage and settlements have not exceeded insurance coverage in the past four fiscal years.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 21 – Fund Balances:

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the general fund balance and other governmental funds balance are presented below:

	General Fund	General Capital Projects	NVT Capital Projects	Other Governmental Funds
Nonspendable:				
Cemetery fund principal	\$ -	\$ -	\$ -	\$ 100,000
Prepays	-	-	-	53,089
Long-term advances due from other funds	337,105	-	-	-
Total nonspendable	<u>\$ 337,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,089</u>
Restricted for:				
Public safety	\$ 338,782	\$ -	\$ -	\$ -
Proffers for development	1,281,106	-	-	-
Opioid abatement funds	416,904	-	-	39,982
Bond proceeds and escrows not yet spent	-	1,000,000	3,100,000	-
Communication systems	-	-	-	1,652,318
Fire and rescue system	-	-	-	4,280,051
Road maintenance	-	-	-	257,049
Museum system	-	-	-	41,539
Cemetery maintenance	-	-	-	603,877
Total restricted	<u>\$ 2,036,792</u>	<u>\$ 1,000,000</u>	<u>\$ 3,100,000</u>	<u>\$ 6,874,816</u>
Committed to:				
Capital reserve	\$ 41,860,000	\$ -	\$ -	\$ -
Employee benefits	15,000,000	-	-	-
Housing initiatives	2,000,000	-	-	-
City Debt service	-	-	-	6,258,792
School Debt Service	-	-	-	9,429,273
Capital projects	-	3,723,760	15,930,570	4,744,307
Total committed	<u>\$ 58,860,000</u>	<u>\$ 3,723,760</u>	<u>\$ 15,930,570</u>	<u>\$ 20,432,372</u>
Assigned to:				
Transportation	\$ 10,680,988	\$ -	\$ -	\$ -
Subsequent year appropriation	1,397,557	-	-	-
Public safety	1,169,593	-	-	-
Fire and rescue system	-	-	-	1,430,017
Total assigned	<u>\$ 13,248,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,430,017</u>
Unassigned	<u>\$ 33,418,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total fund balance	<u>\$ 107,900,336</u>	<u>\$ 4,723,760</u>	<u>\$ 19,030,570</u>	<u>\$ 28,890,294</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 22–Major Customer:

The City has one major sewer and water customer. This customer accounted for approximately 18% of total sewer fund revenues and approximately 20% of total water fund revenues.

Note 23–Lease Receivable

The City leases property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2025:

Lease Description	Governmental Activities		
	Discount	Lease	Deferred Inflow
	Rate	Receivable June 30, 2025	of Resources June 30, 2025
USPS	1.92%	\$ 48,660	\$ 48,457
Amazon 3795 lf of 30 - 2" conduits	5.00%	-	1,384,625
Amazon 6088 lf of 18 - 2" conduits	5.00%	-	1,332,742
Fiberlight - ROW user fee	5.00%	651,561	536,046
Above Net Communications	5.00%	450,144	369,843
Metro Duct	4.40%	-	1,197,733
Metro Duct	5.00%	-	454,971
Metro Duct	5.00%	-	481,731
Total		\$ 1,150,365	\$ 5,806,148
Lease Description	Business-type Activities		
	Discount	Lease	Deferred Inflow
	Rate	Receivable June 30, 2025	of Resources June 30, 2025
Verizon WTP Lease	3.00%	\$ 31,045	\$ 27,711
Lamar - site access	1.61%	22,305	20,168
T-Mobile Prince William Water Tank	4.00%	189,935	178,881
Aerographics (Encompass Industries)	2.83%	166,676	152,623
Aerosolutions	2.90%	309,093	276,835
Manassas FBO, LLC (APP Jet Center) Area A	2.90%	5,921,964	5,301,150
Manassas FBO, LLC (APP Jet Center) Area D	2.90%	1,497,584	1,340,589
Manassas FBO, LLC (APP Jet Center) Areas B&C	3.77%	3,365,835	2,907,587
Manassas FBO, LLC (10520 Wakeman Drive)Pcl4	2.90%	6,178,253	5,520,037
Manassas FBO, LLC (old Colgan)(AviationLn-Pcl 5)	2.90%	992,652	889,049
Boeing 10447 Wakeman Drive	2.90%	1,627,658	1,457,371
Aurora Flight Sciences (E-7 Area 2 Land)	2.90%	1,694,856	1,517,447
Delta Fox - Parcel N-3	2.90%	1,567,399	1,402,805
Flightworks (Lot N-1)	2.90%	1,748,117	1,565,200
Manassas Condo Hangar 16A-1 (1.2520 ac)	2.84%	144,153	131,407
Manassas Condo Hangar 16A (1.4030 ac)	2.84%	169,706	154,275
Manassas Condo Hangar 16B -2	2.90%	442,880	401,158
MJ Colgan Associates (E-4-A) (Area 2)	2.90%	824,572	738,353
MJ Colgan Associates (E-4-A) (Area 1)	2.85%	816,646	733,061
Optical Air Data Systems (lot N-2)	2.90%	1,111,625	995,309
Manassas FBO, LLC (APP Jet)(Airport Dev.)(FrkMshLLn)	2.90%	971,927	869,524
Aurora - CNOVA 9950 Wakeman Drive LLC (E7 Area 1 Bldg)	2.90%	57,277	58,722
Aurora Flight Sciences - A Boeing Company (E7-Area 1 Land)	2.87%	607,529	544,667
Chantilly Air II (Parcels 5/6)	2.90%	2,560,336	2,289,867
Chantilly Air II (10660 Skyview)	2.90%	9,188,070	8,208,611
Chantilly Air II (N-4)	2.90%	2,189,199	1,959,314
Manassas FBO, LLC - Area B (9998 Wakeman)	2.90%	8,044,287	7,740,899
Manassas FBO, LLC - Areas B & C Land Rent	2.90%	5,563,554	5,381,080
Total		\$ 58,005,133	\$ 52,763,700

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 23—Lease Receivable: (Continued)

Lease Description	Component Unit		
	Economic Development Authority		
	Discount Rate	Lease Receivable June 30, 2025	Deferred Inflow of Resources June 30, 2025
7-Eleven	2.00%	\$ 42,185	\$ 40,518
Advance Auto	3.00%	1,902,657	1,829,845
Baldino's Lock	3.00%	15,972	15,095
Big Coin Laundry	2.00%	230,779	224,028
Family Dollar	2.00%	53,987	51,997
Fashion Hair Salon	3.00%	204,858	198,571
Fiesta Supermarket	2.00%	555,673	543,266
Furniture House	2.50%	345,114	333,337
Kids & Family Dental	2.00%	255,277	246,443
Little Ceaser's	2.00%	232,489	227,055
Massage Therapy	3.00%	254,588	246,874
Molcajete Moya	2.00%	269,821	262,245
Neda Jewelers	3.00%	18,048	17,215
Rice Hardware	3.00%	536,874	520,605
VA ABC	2.00%	199,726	192,731
Wu's Garden	3.00%	95,462	91,376
Total		\$ 5,213,510	\$ 5,041,201

Lease revenue totaled \$397,617, \$2,717,353 and \$1,145,828 for the Governmental, Business-type Activities and the Component Unit Economic Development Authority respectively, for the year ended June 30, 2025. Lease interest revenue totaled \$58,622 and \$1,732,567 and \$123,812 for the Governmental, Business-type Activities and the Component Unit Economic Development Authority, respectively, for the year ended June 30, 2025.

Expected future payments, which are included in the measurement of the lease receivable at June 30, 2025 are as follows:

Fiscal Year Ending June 30	Component Unit					
	Governmental Activities		Business-type Activities		Economic Development Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 97,857	\$ 54,636	\$ 1,313,659	\$ 1,694,500	\$ 1,108,852	\$ 123,796
2027	109,079	50,129	1,333,504	1,655,638	977,902	98,933
2028	116,649	45,067	1,454,409	1,614,367	712,515	78,370
2029	115,852	39,633	1,491,193	1,570,298	486,613	63,149
2030	129,602	33,656	1,591,890	1,525,179	418,510	50,905
2031-2035	227,552	121,377	9,246,614	6,869,489	1,509,118	94,089
2036-2040	353,774	56,740	13,361,908	5,213,774	-	-
2041-2045	-	-	16,225,787	2,905,204	-	-
2046-2050	-	-	4,005,188	1,462,883	-	-
2046-2055	-	-	4,396,578	851,427	-	-
2056-2060	-	-	3,584,403	187,278	-	-
Total	\$ 1,150,365	\$ 401,238	\$ 58,005,133	\$ 25,550,037	\$ 5,213,510	\$ 509,242

Note 24–New Accounting Standards:

Statement No. 103, *Financial Reporting Model Improvements*, improves 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update–2025*, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 25–COVID-19:

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. During fiscal year 2021 the City received total CRF funding of \$3,964,323. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$1,335,845. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. All CRF funds were spent as of June 30, 2021.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In June 2021, the City received its share of the first half of the CSLFRF funds. The City received an additional allotment in 2022 with the final payment received in July 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$16,533,905 are reported as unearned revenue as of June 30, 2025.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (Continued)

Note 25–COVID-19: (Continued)

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor’s Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 26-Subsequent Events

On August 28, 2025 the EDA purchased property for a sales price of \$675,000.

On August 28, 2025 the EDA purchased property for a sales price of \$825,000.

On September 10, 2025, the City purchased property for a sales price of \$3,100,000.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 4,888,540	\$ 4,211,376	\$ 3,843,118	\$ 3,761,361	\$ 3,687,277
Interest	13,045,696	12,249,728	11,957,766	10,770,446	10,228,666
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	10,133,424	3,912,307	(3,181,011)	389,503	2,056,312
Assumption changes	-	-	-	7,077,109	-
Benefit payments	(9,498,763)	(9,018,136)	(8,307,396)	(8,195,823)	(7,695,960)
Net change in total pension liability	\$ 18,568,897	\$ 11,355,275	\$ 4,312,477	\$ 13,802,596	\$ 8,276,295
Total pension liability - beginning	193,130,419	181,775,144	177,462,667	163,660,071	155,383,776
Total pension liability - ending (a)	<u>\$ 211,699,316</u>	<u>\$ 193,130,419</u>	<u>\$ 181,775,144</u>	<u>\$ 177,462,667</u>	<u>\$ 163,660,071</u>
Plan fiduciary net position					
Contributions - employer	\$ 5,588,750	\$ 4,967,512	\$ 4,123,336	\$ 4,038,225	\$ 3,496,335
Contributions - employee	1,977,033	1,746,245	1,597,919	1,624,425	1,595,404
Net investment income	16,108,406	10,212,990	(165,130)	35,044,511	2,448,747
Benefit payments	(9,498,763)	(9,018,136)	(8,307,396)	(8,195,823)	(7,695,960)
Administrator charges	(104,632)	(101,178)	(100,014)	(87,202)	(83,724)
Other	(28,087)	4,112	3,719	3,306	(2,901)
Net change in plan fiduciary net position	\$ 14,042,707	\$ 7,811,545	\$ (2,847,566)	\$ 32,427,442	\$ (242,099)
Plan fiduciary net position - beginning	166,065,027	158,253,482	161,101,048	128,673,606	128,915,705
Plan fiduciary net position - ending (b)	<u>\$ 180,107,734</u>	<u>\$ 166,065,027</u>	<u>\$ 158,253,482</u>	<u>\$ 161,101,048</u>	<u>\$ 128,673,606</u>
City of Manassas's net pension liability (asset) - ending (a) - (b)	\$ 31,591,582	\$ 27,065,392	\$ 23,521,662	\$ 16,361,619	\$ 34,986,465
Plan fiduciary net position as a percentage of the total pension liability	85.08%	85.99%	87.06%	90.78%	78.62%
Covered payroll	\$ 42,241,163	\$ 37,203,972	\$ 33,692,654	\$ 32,965,603	\$ 31,886,653
City of Manassas's net pension liability (asset) as a percentage of covered payroll	74.79%	72.75%	69.81%	49.63%	109.72%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 3,348,683	\$ 3,281,414	\$ 3,282,771	\$ 3,290,768	\$ 3,146,516
Interest	9,967,112	9,355,438	9,240,455	8,867,229	8,777,037
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,188,795)	3,307,708	(3,055,659)	(84,432)	(4,724,636)
Assumption changes	4,715,768	-	(906,327)	-	-
Benefit payments	(7,692,616)	(6,720,110)	(7,117,141)	(6,366,376)	(5,454,561)
Net change in total pension liability	\$ 9,150,152	\$ 9,224,450	\$ 1,444,099	\$ 5,707,189	\$ 1,744,356
Total pension liability - beginning	146,233,624	137,009,174	135,565,075	129,857,886	128,113,530
Total pension liability - ending (a)	\$ 155,383,776	\$ 146,233,624	\$ 137,009,174	\$ 135,565,075	\$ 129,857,886
Plan fiduciary net position					
Contributions - employer	\$ 3,397,643	\$ 3,374,925	\$ 3,290,895	\$ 3,842,806	\$ 3,837,337
Contributions - employee	1,541,055	1,476,196	1,488,053	1,436,792	1,424,567
Net investment income	8,153,026	8,606,814	12,859,256	1,828,870	4,649,051
Benefit payments	(7,692,616)	(6,720,110)	(7,117,141)	(6,366,376)	(5,454,561)
Administrator charges	(81,453)	(74,302)	(74,990)	(65,416)	(62,878)
Other	(5,149)	(7,672)	(11,350)	(858)	(1,239)
Net change in plan fiduciary net position	\$ 5,312,506	\$ 6,655,851	\$ 10,434,723	\$ 675,818	\$ 4,392,277
Plan fiduciary net position - beginning	123,603,199	116,947,348	106,512,625	105,836,807	101,444,530
Plan fiduciary net position - ending (b)	\$ 128,915,705	\$ 123,603,199	\$ 116,947,348	\$ 106,512,625	\$ 105,836,807
City of Manassas's net pension liability (asset) - ending (a) - (b)	\$ 26,468,071	\$ 22,630,425	\$ 20,061,826	\$ 29,052,450	\$ 24,021,079
Plan fiduciary net position as a percentage of the total pension liability	82.97%	84.52%	85.36%	78.57%	81.50%
Covered payroll	\$ 30,792,053	\$ 30,139,672	\$ 29,415,449	\$ 28,400,292	\$ 27,994,452
City of Manassas's net pension liability (asset) as a percentage of covered payroll	85.96%	75.09%	68.20%	102.30%	85.81%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 327,382	\$ 332,756	\$ 316,746	\$ 323,712	\$ 310,307
Interest	1,472,295	1,384,422	1,374,121	1,252,783	1,204,682
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	493,859	753,480	(537,124)	83,528	38,963
Assumption changes	-	-	-	727,780	-
Benefit payments	(1,244,395)	(1,082,542)	(951,736)	(862,156)	(820,552)
Net change in total pension liability	\$ 1,049,141	\$ 1,388,116	\$ 202,007	\$ 1,525,647	\$ 733,400
Total pension liability - beginning	22,106,589	20,718,473	20,516,466	18,990,819	18,257,419
Total pension liability - ending (a)	\$ 23,155,730	\$ 22,106,589	\$ 20,718,473	\$ 20,516,466	\$ 18,990,819
Plan fiduciary net position					
Contributions - employer	\$ 212,832	\$ 159,245	\$ 163,370	\$ 155,561	\$ 150,637
Contributions - employee	241,485	199,158	182,296	179,852	166,996
Net investment income	2,133,583	1,373,830	(16,234)	4,861,701	342,572
Benefit payments	(1,244,395)	(1,082,542)	(951,736)	(862,156)	(820,552)
Administrator charges	(14,738)	(14,010)	(13,954)	(12,286)	(11,909)
Other	417	550	496	456	(404)
Net change in plan fiduciary net position	\$ 1,329,184	\$ 636,231	\$ (635,762)	\$ 4,323,128	\$ (172,660)
Plan fiduciary net position - beginning	22,238,527	21,602,296	22,238,058	17,914,930	18,087,590
Plan fiduciary net position - ending (b)	\$ 23,567,711	\$ 22,238,527	\$ 21,602,296	\$ 22,238,058	\$ 17,914,930
School Division's net pension liability (asset) - ending (a) - (b)	\$ (411,981)	\$ (131,938)	\$ (883,823)	\$ (1,721,592)	\$ 1,075,889
Plan fiduciary net position as a percentage of the total pension liability	101.78%	100.60%	104.27%	108.39%	94.33%
Covered payroll	\$ 5,489,736	\$ 4,288,617	\$ 3,982,238	\$ 3,747,987	\$ 3,572,271
School Division's net pension liability (asset) as a percentage of covered payroll	-7.50%	-3.08%	-22.19%	-45.93%	30.12%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 300,745	\$ 322,077	\$ 348,188	\$ 433,172	\$ 444,147
Interest	1,185,656	1,155,111	1,169,530	1,130,232	1,046,485
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(316,678)	(266,528)	(915,888)	(288,681)	348,312
Assumption changes	530,099	-	(29,443)	-	-
Benefit payments	(760,701)	(787,909)	(768,817)	(657,835)	(627,286)
Net change in total pension liability	\$ 939,121	\$ 422,751	\$ (196,430)	\$ 616,888	\$ 1,211,658
Total pension liability - beginning	17,318,298	16,895,547	17,091,977	16,475,089	15,263,431
Total pension liability - ending (a)	\$ 18,257,419	\$ 17,318,298	\$ 16,895,547	\$ 17,091,977	\$ 16,475,089
Plan fiduciary net position					
Contributions - employer	\$ 151,855	\$ 222,228	\$ 234,665	\$ 293,302	\$ 327,770
Contributions - employee	166,518	161,710	182,986	187,296	210,271
Net investment income	1,148,942	1,217,722	1,829,777	261,358	662,902
Benefit payments	(760,701)	(787,909)	(768,817)	(657,835)	(627,286)
Administrator charges	(11,549)	(10,647)	(10,701)	(9,371)	(9,037)
Other	(722)	(1,080)	(1,621)	(111)	244
Net change in plan fiduciary net position	\$ 694,343	\$ 802,024	\$ 1,466,289	\$ 74,639	\$ 564,864
Plan fiduciary net position - beginning	17,393,247	16,591,223	15,124,934	15,050,295	14,485,431
Plan fiduciary net position - ending (b)	\$ 18,087,590	\$ 17,393,247	\$ 16,591,223	\$ 15,124,934	\$ 15,050,295
School Division's net pension liability (asset) - ending (a) - (b)	\$ 169,829	\$ (74,949)	\$ 304,324	\$ 1,967,043	\$ 1,424,794
Plan fiduciary net position as a percentage of the total pension liability	99.07%	100.43%	98.20%	88.49%	91.35%
Covered payroll	\$ 3,509,934	\$ 3,413,924	\$ 3,453,646	\$ 3,782,730	\$ 4,211,076
School Division's net pension liability (asset) as a percentage of covered payroll	4.84%	-2.20%	8.81%	52.00%	33.83%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates of June 30, 2015 through June 30, 2024

<u>Measurement Date</u>	<u>Employer's Proportionate of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2024	0.69%	\$ 64,614,965	73,151,586	88.33%	84.52%
2023	0.68%	69,080,723	68,034,058	101.54%	82.45%
2022	0.69%	65,440,787	64,128,603	102.05%	82.61%
2021	0.70%	54,134,407	61,698,503	87.74%	85.46%
2020	0.66%	95,652,956	57,828,741	165.41%	71.47%
2019	0.66%	89,016,768	57,015,810	156.13%	73.51%
2018	0.66%	77,572,000	53,634,976	144.63%	74.81%
2017	0.70%	86,057,000	55,574,821	154.85%	72.92%
2016	0.72%	100,786,000	54,849,789	183.75%	68.28%
2015	0.73%	91,429,000	52,454,673	174.30%	70.68%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 6,822,401	\$ 6,822,401	\$ -	\$ 45,849,472	14.88%
2024	5,593,924	5,593,924	-	42,241,163	13.24%
2023	4,967,512	4,967,512	-	37,203,972	13.35%
2022	4,130,443	4,130,443	-	33,692,654	12.26%
2021	4,038,225	4,038,225	-	32,965,603	12.25%
2020	3,496,335	3,496,335	-	31,886,653	10.96%
2019	3,395,127	3,395,127	-	30,792,053	11.03%
2018	3,374,925	3,374,925	-	30,139,672	11.20%
2017	3,290,895	3,290,895	-	29,415,449	11.19%
2016	3,843,566	3,843,566	-	28,400,292	13.53%
Component Unit School Board (Nonprofessional)					
2025	\$ 351,354	\$ 351,354	\$ -	\$ 6,388,253	5.50%
2024	211,922	211,922	-	5,489,736	3.86%
2023	159,246	159,246	-	4,288,617	3.71%
2022	163,471	163,471	-	3,982,238	4.11%
2021	155,481	155,481	-	3,747,987	4.15%
2020	150,746	150,746	-	3,572,271	4.22%
2019	151,985	151,985	-	3,509,934	4.33%
2018	225,042	225,042	-	3,413,924	6.59%
2017	231,849	231,849	-	3,453,646	6.71%
2016	293,120	293,120	-	3,782,730	7.75%
Component Unit School Board (Professional)					
2025	\$ 11,272,559	\$ 11,272,559	\$ -	\$ 79,328,354	14.21%
2024	11,609,732	11,609,732	-	73,151,586	15.87%
2023	10,789,176	10,789,176	-	68,034,058	15.86%
2022	10,211,141	10,211,141	-	64,128,603	15.92%
2021	9,855,830	9,855,830	-	61,698,503	15.97%
2020	8,730,860	8,730,860	-	57,828,741	15.10%
2019	8,661,861	8,661,861	-	57,015,810	15.19%
2018	8,521,423	8,521,423	-	53,634,976	15.89%
2017	7,956,390	7,956,390	-	55,574,821	14.32%
2016	7,608,549	7,608,549	-	54,849,789	13.87%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information

Pension Plans

For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System 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 from 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of City of Manassas, Virginia's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2024	0.1646%	\$ 1,837,143	\$ 42,270,644	4.35%	73.41%
2023	0.1583%	1,898,393	37,286,750	5.09%	69.30%
2022	0.1554%	1,870,564	33,792,972	5.54%	67.21%
2021	0.1602%	1,865,396	33,078,522	5.64%	67.45%
2020	0.1555%	2,595,040	32,001,776	8.11%	52.64%
2019	0.1576%	2,564,734	30,792,053	8.33%	52.00%
2018	0.1600%	2,423,000	30,335,422	7.99%	51.22%
2017	0.1600%	2,391,000	29,308,367	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2024	0.0214%	\$ 238,807	\$ 5,493,635	4.35%	73.41%
2023	0.0183%	219,115	4,303,562	5.09%	69.30%
2022	0.0183%	220,470	3,982,238	5.54%	67.21%
2021	0.0181%	211,315	3,747,987	5.64%	67.45%
2020	0.0174%	289,710	3,572,271	8.11%	52.64%
2019	0.0179%	291,281	3,509,934	8.30%	52.00%
2018	0.0200%	275,000	3,442,556	7.99%	51.22%
2017	0.0200%	283,000	3,471,158	8.15%	48.86%
Component Unit School Board (professional)					
2024	0.2852%	\$ 3,182,833	\$ 73,235,704	4.35%	73.41%
2023	0.2893%	3,469,494	68,142,287	5.09%	69.30%
2022	0.2949%	3,550,519	64,142,499	5.54%	67.21%
2021	0.2990%	3,481,404	61,737,314	5.64%	67.45%
2020	0.2811%	4,690,598	57,844,644	8.11%	52.64%
2019	0.2914%	4,741,203	57,115,351	8.30%	52.00%
2018	0.2300%	4,296,000	53,777,496	7.99%	51.22%
2017	0.3000%	4,562,000	55,909,265	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 215,678	\$ 215,678	\$ -	\$ 45,888,925	0.47%
2024	228,261	228,261	-	42,270,644	0.54%
2023	201,348	201,348	-	37,286,750	0.54%
2022	182,482	182,482	-	33,792,972	0.54%
2021	178,624	178,624	-	33,078,522	0.54%
2020	166,403	166,403	-	32,001,776	0.52%
2019	160,658	160,658	-	30,792,053	0.52%
2018	157,744	157,744	-	30,335,422	0.52%
Component Unit School Board (nonprofessional)					
2025	\$ 30,025	\$ 30,025	\$ -	\$ 6,388,253	0.47%
2024	29,666	29,666	-	5,493,635	0.54%
2023	23,239	23,239	-	4,303,562	0.54%
2022	21,504	21,504	-	3,982,238	0.54%
2021	20,239	20,239	-	3,747,987	0.54%
2020	18,576	18,576	-	3,572,271	0.52%
2019	18,253	18,253	-	3,509,934	0.52%
2018	17,901	17,901	-	3,442,556	0.52%
Component Unit School Board (professional)					
2025	\$ 373,025	\$ 373,025	\$ -	\$ 79,366,951	0.47%
2024	395,473	395,473	-	73,235,704	0.54%
2023	367,968	367,968	-	68,142,287	0.54%
2022	346,369	346,369	-	64,142,499	0.54%
2021	333,381	333,381	-	61,737,314	0.54%
2020	300,792	300,792	-	57,844,644	0.52%
2019	296,997	296,997	-	57,115,351	0.52%
2018	279,643	279,643	-	53,777,496	0.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System 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 from 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:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.8507%	\$ 3,848,010	\$ Not Applicable	Not Applicable	1.22%
2023	0.7501%	3,007,345	Not Applicable	Not Applicable	1.31%
2022	0.7961%	3,012,997	Not Applicable	Not Applicable	1.87%
2021	0.8167%	3,601,491	Not Applicable	Not Applicable	1.68%
2020	0.8205%	3,436,548	Not Applicable	Not Applicable	1.02%
2019	0.8571%	3,075,336	Not Applicable	Not Applicable	0.79%
2018	0.8536%	2,676,000	Not Applicable	Not Applicable	0.60%
2017	0.9000%	2,371,000	Not Applicable	Not Applicable	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll, which is the total payroll of employees in the OPEB plan, is not applicable.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Line of Duty Act (LODA) Program
 For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered- Employee Payroll (5)
2025	\$ 162,908	\$ 162,908	\$ -	\$ Not Applicable	Not Applicable
2024	128,235	128,235	-	Not Applicable	Not Applicable
2023	99,549	99,549	-	Not Applicable	Not Applicable
2022	108,852	108,852	-	Not Applicable	Not Applicable
2021	112,439	112,439	-	Not Applicable	Not Applicable
2020	111,512	111,512	-	Not Applicable	Not Applicable
2019	115,040	115,040	-	Not Applicable	Not Applicable
2018	90,921	90,921	-	Not Applicable	Not Applicable

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll, which is the total payroll of employees in the OPEB plan, is not applicable.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on 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:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) - Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total HIC OPEB Liability				
Service cost	\$ 14,492	\$ 15,579	\$ 21,202	\$ 21,494
Interest	78,138	75,827	74,019	70,872
Differences between expected and actual experience	(37,500)	21,681	(41,037)	(6,144)
Changes of assumptions	-	-	56,513	17,387
Benefit payments	(77,784)	(77,749)	(78,810)	(77,576)
Net change in total HIC OPEB liability	<u>\$ (22,654)</u>	<u>\$ 35,338</u>	<u>\$ 31,887</u>	<u>\$ 26,033</u>
Total HIC OPEB Liability - beginning	1,182,003	1,146,665	1,114,778	1,088,745
Total HIC OPEB Liability - ending (a)	<u><u>\$ 1,159,349</u></u>	<u><u>\$ 1,182,003</u></u>	<u><u>\$ 1,146,665</u></u>	<u><u>\$ 1,114,778</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 73,737	\$ 65,294	\$ 59,894	\$ 58,501
Net investment income	66,800	41,005	1,137	145,988
Benefit payments	(77,784)	(77,749)	(78,810)	(77,576)
Administrator charges	(921)	(979)	(1,164)	(1,682)
Other	(45)	477	8,795	-
Net change in plan fiduciary net position	<u>\$ 61,787</u>	<u>\$ 28,048</u>	<u>\$ (10,148)</u>	<u>\$ 125,231</u>
Plan fiduciary net position - beginning	707,633	679,585	689,733	564,502
Plan fiduciary net position - ending (b)	<u><u>\$ 769,420</u></u>	<u><u>\$ 707,633</u></u>	<u><u>\$ 679,585</u></u>	<u><u>\$ 689,733</u></u>
City of Manassas's net HIC OPEB liability - ending (a) - (b)	\$ 389,929	\$ 474,370	\$ 467,080	\$ 425,045
Plan fiduciary net position as a percentage of the total HIC OPEB liability	66.37%	59.87%	59.27%	61.87%
Covered payroll	\$ 38,812,652	\$ 34,507,765	\$ 31,522,769	\$ 30,928,221
City of Manassas's net HIC OPEB liability as a percentage of covered payroll	1.00%	1.37%	1.48%	1.37%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) - Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2024

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 22,035	\$ 20,493	\$ 21,187	\$ 21,716
Interest	67,788	67,420	66,503	66,592
Differences between expected and actual experience	32,959	2,062	(545)	-
Changes of assumptions	-	25,958	-	(27,092)
Benefit payments	(76,609)	(73,009)	(75,077)	(49,915)
Net change in total HIC OPEB liability	\$ 46,173	\$ 42,924	\$ 12,068	\$ 11,301
Total HIC OPEB Liability - beginning	1,042,572	999,648	987,580	976,279
Total HIC OPEB Liability - ending (a)	\$ 1,088,745	\$ 1,042,572	\$ 999,648	\$ 987,580
Plan fiduciary net position				
Contributions - employer	\$ 57,329	\$ 55,729	\$ 49,319	\$ 47,773
Net investment income	11,346	35,076	38,174	56,707
Benefit payments	(76,609)	(73,009)	(75,077)	(49,915)
Administrator charges	(1,071)	(756)	(873)	(915)
Other	(5)	(41)	(2,882)	2,882
Net change in plan fiduciary net position	\$ (9,010)	\$ 16,999	\$ 8,661	\$ 56,532
Plan fiduciary net position - beginning	573,512	556,513	547,852	491,320
Plan fiduciary net position - ending (b)	\$ 564,502	\$ 573,512	\$ 556,513	\$ 547,852
City of Manassas's net HIC OPEB liability - ending (a) - (b)	\$ 524,243	\$ 469,060	\$ 443,135	\$ 439,728
Plan fiduciary net position as a percentage of the total HIC OPEB liability	51.85%	55.01%	55.67%	55.47%
Covered payroll	\$ 30,179,573	\$ 29,320,079	\$ 29,006,150	\$ 28,065,796
City of Manassas's net HIC OPEB liability as a percentage of covered payroll	1.74%	1.60%	1.53%	1.57%

Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) - Component Unit School Board (Nonprofessional)
For the Measurement Dates of June 30, 2017 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total HIC OPEB Liability				
Service cost	\$ 4,398	\$ 4,508	\$ 3,662	\$ 4,211
Interest	32,794	28,660	18,014	17,541
Changes in benefit terms	-	-	140,823	-
Differences between expected and actual experience	(2,450)	54,911	(57,588)	2,254
Changes of assumptions	-	-	78,400	2,847
Benefit payments	(27,158)	(26,274)	(26,623)	(20,378)
Net change in total HIC OPEB liability	<u>\$ 7,584</u>	<u>\$ 61,805</u>	<u>\$ 156,688</u>	<u>\$ 6,475</u>
Total HIC OPEB Liability - beginning	495,020	433,215	276,527	270,052
Total HIC OPEB Liability - ending (a)	<u><u>\$ 502,604</u></u>	<u><u>\$ 495,020</u></u>	<u><u>\$ 433,215</u></u>	<u><u>\$ 276,527</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 26,899	\$ 21,014	\$ 16,725	\$ 9,376
Net investment income	22,053	12,869	478	47,602
Benefit payments	(27,158)	(26,274)	(26,623)	(20,378)
Administrator charges	(299)	(295)	(385)	(535)
Other	-	637	11,888	-
Net change in plan fiduciary net position	<u>\$ 21,495</u>	<u>\$ 7,951</u>	<u>\$ 2,083</u>	<u>\$ 36,065</u>
Plan fiduciary net position - beginning	232,896	224,945	222,862	186,797
Plan fiduciary net position - ending (b)	<u><u>\$ 254,391</u></u>	<u><u>\$ 232,896</u></u>	<u><u>\$ 224,945</u></u>	<u><u>\$ 222,862</u></u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 248,213	\$ 262,124	\$ 208,270	\$ 53,665
Plan fiduciary net position as a percentage of the total HIC OPEB liability	50.61%	47.05%	51.92%	80.59%
Covered payroll	\$ 5,489,736	\$ 4,288,617	\$ 3,982,238	\$ 3,747,987
School Board's net HIC OPEB liability as a percentage of covered payroll	4.52%	6.11%	5.23%	1.43%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) - Component Unit School Board (Nonprofessional)
For the Measurement Dates of June 30, 2017 through June 30, 2024

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 4,048	\$ 3,914	\$ 4,356	\$ 5,061
Interest	16,188	16,419	16,223	15,904
Changes in benefit terms	9,412	-	-	-
Differences between expected and actual experience	10,707	(3,647)	(2,030)	-
Changes of assumptions	-	6,062	-	(3,347)
Benefit payments	(20,243)	(14,734)	(16,752)	(9,367)
Net change in total HIC OPEB liability	\$ 20,112	\$ 8,014	\$ 1,797	\$ 8,251
Total HIC OPEB Liability - beginning	249,940	241,926	240,129	231,878
Total HIC OPEB Liability - ending (a)	<u>\$ 270,052</u>	<u>\$ 249,940</u>	<u>\$ 241,926</u>	<u>\$ 240,129</u>
Plan fiduciary net position				
Contributions - employer	\$ 7,859	\$ 7,721	\$ 8,790	\$ 9,073
Net investment income	3,848	12,003	13,103	19,367
Benefit payments	(20,243)	(14,734)	(16,752)	(9,367)
Administrator charges	(355)	(259)	(300)	(314)
Other	(2)	(14)	(982)	982
Net change in plan fiduciary net position	\$ (8,893)	\$ 4,717	\$ 3,859	\$ 19,741
Plan fiduciary net position - beginning	195,690	190,973	187,114	167,373
Plan fiduciary net position - ending (b)	<u>\$ 186,797</u>	<u>\$ 195,690</u>	<u>\$ 190,973</u>	<u>\$ 187,114</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 83,255	\$ 54,250	\$ 50,953	\$ 53,015
Plan fiduciary net position as a percentage of the total HIC OPEB liability	69.17%	78.29%	78.94%	77.92%
Covered payroll	\$ 3,572,271	\$ 3,509,934	\$ 3,416,924	\$ 3,453,646
School Board's net HIC OPEB liability as a percentage of covered payroll	2.33%	1.55%	1.49%	1.54%

Schedule of Employer Contributions
 Health Insurance Credit (HIC)
 For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 79,999	\$ 79,999	\$ -	\$ 42,104,566	0.1900%
2024	73,744	73,744	-	38,812,652	0.1900%
2023	65,565	65,565	-	34,507,765	0.1900%
2022	59,893	59,893	-	31,522,769	0.1900%
2021	58,764	58,764	-	30,928,221	0.1900%
2020	57,329	57,329	-	30,179,573	0.1900%
2019	55,729	55,729	-	29,320,079	0.1901%
2018	49,319	49,319	-	29,006,150	0.1700%
Component Unit School Board (nonprofessional)					
2025	\$ 35,774	\$ 35,774	\$ -	\$ 6,388,253	0.5600%
2024	26,899	26,899	-	5,489,736	0.4900%
2023	21,014	21,014	-	4,288,617	0.4900%
2022	9,956	9,956	-	3,982,238	0.2500%
2021	9,370	9,370	-	3,747,987	0.2500%
2020	7,859	7,859	-	3,572,271	0.2200%
2019	7,722	7,722	-	3,509,934	0.2200%
2018	8,794	8,794	-	3,416,924	0.2574%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only two years of data are available. Additional years will be included as they become available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC)
For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System 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 from 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of City of Manassas School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC)
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.6828%	\$ 7,890,533	\$ 73,151,586	10.79%	21.82%
2023	0.6823%	8,265,622	68,034,058	12.15%	17.90%
2022	0.6881%	8,594,190	64,128,603	13.40%	15.08%
2021	0.6976%	8,954,692	61,698,503	14.51%	13.15%
2020	0.6596%	8,605,113	57,828,741	14.88%	9.95%
2019	0.6798%	8,898,720	57,015,810	15.61%	8.97%
2018	0.6632%	8,421,000	53,638,846	15.70%	8.08%
2017	0.7041%	8,935,000	55,584,463	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC)
 For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 959,945	\$ 959,945	\$ -	\$ 79,334,309	1.21%
2024	885,134	885,134	-	73,151,586	1.21%
2023	823,212	823,212	-	68,034,058	1.21%
2022	775,956	775,956	-	64,128,603	1.21%
2021	746,552	746,552	-	61,698,503	1.21%
2020	693,945	693,945	-	57,828,741	1.20%
2019	684,189	684,189	-	57,015,810	1.20%
2018	659,758	659,758	-	53,638,846	1.23%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data are available. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC)
 For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System 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 from 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 290,200	\$ 340,366	\$ 354,861	\$ 455,637
Interest	297,410	306,737	280,024	222,241
Plan changes	3,791,400	-	-	-
Changes in assumptions	(1,349,146)	(282,112)	231,045	(888,140)
Differences between expected and actual experience	-	(740,352)	-	(1,743,241)
Benefit payments	(442,094)	(379,891)	(336,483)	(313,454)
Net change in total OPEB liability	\$ 2,587,770	\$ (755,252)	\$ 529,447	\$ (2,266,957)
Total OPEB liability - beginning	7,496,401	8,251,653	7,722,206	9,989,163
Total OPEB liability - ending	\$ <u>10,084,171</u>	\$ <u>7,496,401</u>	\$ <u>8,251,653</u>	\$ <u>7,722,206</u>
Covered-employee payroll	\$ 38,067,906	\$ 38,067,906	\$ 33,734,572	\$ 33,734,572
Primary Governments' total OPEB liability (asset) as a percentage of covered-employee payroll	26.49%	19.69%	24.46%	22.89%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 478,651	\$ 383,403	\$ 368,592	\$ 383,873
Interest	219,344	351,232	359,308	323,594
	-	-	-	-
Changes in assumptions	43,014	214,552	354,860	(347,338)
Differences between expected and actual experience	-	(774,515)	-	-
Benefit payments	(394,388)	(364,744)	(328,893)	(283,663)
Net change in total OPEB liability	\$ 346,621	\$ (190,072)	\$ 753,867	\$ 76,466
Total OPEB liability - beginning	9,642,542	9,832,614	9,078,747	9,002,281
Total OPEB liability - ending	\$ 9,989,163	\$ 9,642,542	\$ 9,832,614	\$ 9,078,747
Covered-employee payroll	\$ 32,502,185	\$ 31,012,306	\$ 29,645,000	\$ 29,645,000
Primary Governments' total OPEB liability (asset) as a percentage of covered-employee payroll	30.73%	31.09%	33.17%	30.62%

Notes to Required Supplementary Information - Primary Government Local OPEB Plan
 For the Year Ended June 30, 2025

Valuation Date: 7/1/2023
 Measurement Date: 6/30/2025

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	5.20%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2024 and gradually decreases to 3.90% by the year 2072
Salary Increase Rates	Varies based on years of service
Retirement Age	Between 50 and 65 with a service requirement
Mortality Rates	The mortality rates were calculated using the PUB-2010 Employee Rates. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 65,227	\$ 39,508	\$ 54,993	\$ 108,220
Interest	94,489	49,492	30,023	51,864
Changes in assumptions	(20,063)	627,949	(193,081)	(421,119)
Differences between expected and actual experience	12,695	619,646	37,137	(178,793)
Benefit payments	(188,857)	(199,662)	(150,273)	(135,289)
Net change in total OPEB liability	<u>\$ (36,509)</u>	<u>\$ 1,136,933</u>	<u>\$ (221,201)</u>	<u>\$ (575,117)</u>
Total OPEB liability - beginning	2,535,976	1,399,043	1,620,244	2,195,361
Total OPEB liability - ending	<u><u>\$ 2,499,467</u></u>	<u><u>\$ 2,535,976</u></u>	<u><u>\$ 1,399,043</u></u>	<u><u>\$ 1,620,244</u></u>
 Covered-employee payroll	 \$ 85,716,607	 \$ 78,641,322	 \$ 72,322,675	 \$ 68,110,841
 Manassas City Public School's total OPEB liability (asset) as a percentage of covered-employee payroll	 2.92%	 3.22%	 1.93%	 2.38%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2025

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 90,807	\$ 85,738	\$ 83,229	\$ 93,415
Interest	62,778	70,559	71,604	63,823
Changes in assumptions	126,949	(97,977)	(7,003)	(134,493)
Differences between expected and actual experience	7,455	213,263	53,776	
Benefit payments	(189,146)	(223,520)	(252,776)	(325,000)
Net change in total OPEB liability	\$ 98,843	\$ 48,063	\$ (51,170)	\$ (302,255)
Total OPEB liability - beginning	2,096,518	2,048,455	2,099,625	2,401,880
Total OPEB liability - ending	\$ 2,195,361	\$ 2,096,518	\$ 2,048,455	\$ 2,099,625
Covered-employee payroll	\$ 65,446,490	\$ 61,401,012	\$ 63,886,718	\$ 62,362,862
Manassas City Public School's total OPEB liability (asset) as a percentage of covered-employee payroll	3.35%	3.41%	3.21%	3.37%

Notes to Required Supplementary Information - Component Unit School Board Local OPEB Plan
 For the Year Ended June 30, 2025

Valuation Date: 4/1/2024
 Measurement Date: 6/30/2024

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.97%
Inflation	2.60%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2024 and gradually decreases to 4.04% by the year 2075
Salary Increase Rates	.90% to 3.35% based on years of service
Retirement Age	Between 50 and 65 with a service requirement
Mortality Rates	The mortality rates for healthy pre-retirement employees was calculated using the SOA Pub-2010 Teacher Employees Headcount-Weighted Mortality with MP-2021, healthy post-retirement employees was calculated using the P SOA Pub-2010 Teacher Employees Headcount-Weighted Mortality with MP-2021 and the disabled was calculated using the SOA Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality with MP-2021.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Social Services Fund - to account for and report revenues from the Federal government and the Commonwealth that are restricted for social services, housing, and human services programs.

PEG Fund - to account for and report revenue received for cable surcharge fees and restricted by the contract with the cable companies for communications.

Owens Brooke District Fund - to account for and report real estate tax revenues levied and collected for maintaining the roads of the Owens Brooke District.

Fire Rescue Fund - to account for and report real estate tax revenues levied and collected for expenditures of the fire and rescue function.

Merchant Museum Fund - to account for and report donations received from the Merchant family which are restricted by contract for expenditures of the Museum System.

CAPITAL PROJECTS FUNDS

Gateway Capital Projects Fund - to account for and report federal and state grants and bonds which are restricted and local funds which City Council has committed for expenditures to develop Manassas Landing and projects funded by Gateway land sale proceeds.

DEBT SERVICE FUND - to account for and report the resources accumulated and payments made for principal and interest on long-term general obligation debt.

PERMANENT FUND

Cemetery Maintenance Fund - to account for and report fees from the sale of cemetery plots which are invested in a perpetual care fund established in the City Code of Ordinances. The Code stipulates that \$100,000 of the fees are to remain intact and any amount in excess of \$100,000 is restricted for expenditures for cemetery maintenance.

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	<u>Special Revenue Funds</u>	<u>Gateway Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Cemetery Maintenance Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and investments	\$ 7,511,494	\$ 4,749,999	\$ 15,688,065	\$ -	\$ 27,949,558
Cash and investments - restricted	-	-	-	703,877	703,877
Receivables (net of allowance for uncollectibles):					
Taxes	412,419	-	-	-	412,419
Prepaid items	53,089	-	-	-	53,089
Due from other governments	814,528	-	-	-	814,528
Total assets	<u>\$ 8,791,530</u>	<u>\$ 4,749,999</u>	<u>\$ 15,688,065</u>	<u>\$ 703,877</u>	<u>\$ 29,933,471</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 458,827	\$ 5,692	\$ -	\$ -	\$ 464,519
Due to other funds	337,105	-	-	-	337,105
Total liabilities	<u>\$ 795,932</u>	<u>\$ 5,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,624</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 241,553	\$ -	\$ -	\$ -	\$ 241,553
FUND BALANCES					
Nonspendable	\$ 53,089	\$ -	\$ -	\$ 100,000	\$ 153,089
Restricted	6,270,939	-	-	603,877	6,874,816
Committed	-	4,744,307	15,688,065	-	20,432,372
Assigned	1,430,017	-	-	-	1,430,017
Total fund balances	<u>\$ 7,754,045</u>	<u>\$ 4,744,307</u>	<u>\$ 15,688,065</u>	<u>\$ 703,877</u>	<u>\$ 28,890,294</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,791,530</u>	<u>\$ 4,749,999</u>	<u>\$ 15,688,065</u>	<u>\$ 703,877</u>	<u>\$ 29,933,471</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2025

	Special Revenue Funds	Gateway Capital Projects Fund	Debt Service Fund	Permanent Cemetery Maintenance Funds	Total Nonmajor Governmental Funds
REVENUES					
General property taxes	\$ 13,912,348	\$ -	\$ -	\$ -	\$ 13,912,348
Permits, fees, and licenses	280,629	-	-	-	280,629
Revenue from the use of money and property	186,876	-	-	24,102	210,978
Charges for services	896,584	-	-	63,000	959,584
Miscellaneous	130,743	-	-	-	130,743
Intergovernmental	5,740,587	-	-	-	5,740,587
Total revenues	<u>\$ 21,147,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,102</u>	<u>\$ 21,234,869</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,100	\$ 2,126	\$ -	\$ -	\$ 5,226
Public safety	14,827,213	-	-	-	14,827,213
Public works	9,364	-	-	-	9,364
Health and human services	11,258,794	-	-	-	11,258,794
Capital outlay	991,614	166,397	-	-	1,158,011
Debt service:					
Principal	94,926	-	8,570,835	-	8,665,761
Interest and fiscal charges	5,767	-	3,148,596	-	3,154,363
Total expenditures	<u>\$ 27,190,778</u>	<u>\$ 168,523</u>	<u>\$ 11,719,431</u>	<u>\$ -</u>	<u>\$ 39,078,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,043,011)</u>	<u>\$ (168,523)</u>	<u>\$ (11,719,431)</u>	<u>\$ 87,102</u>	<u>\$ (17,843,863)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 3,672,405	\$ 1,000,000	\$ 12,167,236	\$ -	\$ 16,839,641
Transfers out	(740,069)	-	-	-	(740,069)
Issuance of lease	2,359,935	-	-	-	2,359,935
Total other financing sources (uses)	<u>\$ 5,292,271</u>	<u>\$ 1,000,000</u>	<u>\$ 12,167,236</u>	<u>\$ -</u>	<u>\$ 18,459,507</u>
Net change in fund balances	\$ (750,740)	\$ 831,477	\$ 447,805	\$ 87,102	\$ 615,644
Fund balances - beginning	8,504,785	3,912,830	15,240,260	616,775	28,274,650
Fund balances - ending	<u>\$ 7,754,045</u>	<u>\$ 4,744,307</u>	<u>\$ 15,688,065</u>	<u>\$ 703,877</u>	<u>\$ 28,890,294</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Debt Service Fund
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General government administration	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Debt service:				
Principal retirement	8,570,840	8,570,840	8,570,835	5
Interest and other fiscal charges	3,158,600	3,158,600	3,148,596	10,004
Total expenditures	<u>\$ 11,769,440</u>	<u>\$ 11,769,440</u>	<u>\$ 11,719,431</u>	<u>\$ 50,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (11,769,440)</u>	<u>\$ (11,769,440)</u>	<u>\$ (11,719,431)</u>	<u>\$ 50,009</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 12,148,000	\$ 12,148,000	\$ 12,167,236	\$ 19,236
Total other financing sources (uses)	<u>\$ 12,148,000</u>	<u>\$ 12,148,000</u>	<u>\$ 12,167,236</u>	<u>\$ 19,236</u>
Net change in fund balances	<u>\$ 378,560</u>	<u>\$ 378,560</u>	<u>\$ 447,805</u>	<u>\$ 69,245</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2025

	Social Services Fund	PEG Fund	Owens Brooke District Fund	Fire Rescue Fund	Merchant Museum Fund	Total
ASSETS						
Cash and investments	\$ -	\$ 1,652,318	\$ 257,376	\$ 5,560,261	\$ 41,539	\$ 7,511,494
Receivables (net of allowance for uncollectibles):						
Taxes receivable	-	-	330	412,089	-	412,419
Prepaid items	53,089	-	-	-	-	53,089
Due from other governments	719,790	-	-	94,738	-	814,528
Total assets	<u>\$ 772,879</u>	<u>\$ 1,652,318</u>	<u>\$ 257,706</u>	<u>\$ 6,067,088</u>	<u>\$ 41,539</u>	<u>\$ 8,791,530</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 342,703	\$ -	\$ 327	\$ 115,797	\$ -	\$ 458,827
Due to other funds	337,105	-	-	-	-	337,105
Total liabilities	<u>\$ 679,808</u>	<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 115,797</u>	<u>\$ -</u>	<u>\$ 795,932</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ -	\$ -	\$ 330	\$ 241,223	\$ -	\$ 241,553
FUND BALANCES						
Nonspendable	\$ 53,089	\$ -	\$ -	\$ -	\$ -	\$ 53,089
Restricted	39,982	1,652,318	257,049	4,280,051	41,539	6,270,939
Assigned	-	-	-	1,430,017	-	1,430,017
Total fund balances	<u>\$ 93,071</u>	<u>\$ 1,652,318</u>	<u>\$ 257,049</u>	<u>\$ 5,710,068</u>	<u>\$ 41,539</u>	<u>\$ 7,754,045</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 772,879</u>	<u>\$ 1,652,318</u>	<u>\$ 257,706</u>	<u>\$ 6,067,088</u>	<u>\$ 41,539</u>	<u>\$ 8,791,530</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2025

	Social Services Fund	PEG Fund	Owens Brooke District Fund	Fire Rescue Fund	Merchant Museum Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ 40,495	\$ 13,871,853	\$ -	\$ 13,912,348
Permits, fees and licenses	-	-	-	280,629	-	280,629
Revenue from the use of money and property	-	56,932	8,363	120,446	1,135	186,876
Charges for services	-	-	-	896,584	-	896,584
Miscellaneous	-	100,720	-	16,587	13,436	130,743
Intergovernmental	5,318,773	-	-	421,814	-	5,740,587
Total revenues	\$ 5,318,773	\$ 157,652	\$ 48,858	\$ 15,607,913	\$ 14,571	\$ 21,147,767
EXPENDITURES						
Current:						
General government administration	\$ -	\$ 3,100	\$ -	\$ -	\$ -	\$ 3,100
Public safety	-	-	-	14,827,213	-	14,827,213
Public works	-	-	9,364	-	-	9,364
Health and human services	11,258,794	-	-	-	-	11,258,794
Capital outlay	-	-	-	991,614	-	991,614
Debt service:						
Principal retirement	94,926	-	-	-	-	94,926
Interest and other fiscal charges	5,767	-	-	-	-	5,767
Total expenditures	\$ 11,359,487	\$ 3,100	\$ 9,364	\$ 15,818,827	\$ -	\$ 27,190,778
Excess (deficiency) of revenues over (under) expenditures	\$ (6,040,714)	\$ 154,552	\$ 39,494	\$ (210,914)	\$ 14,571	\$ (6,043,011)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 3,672,405	\$ -	\$ -	\$ -	\$ -	\$ 3,672,405
Transfers out	-	-	-	(740,069)	-	(740,069)
Issuance of lease	2,359,935	-	-	-	-	2,359,935
Total other financing sources (uses)	\$ 6,032,340	\$ -	\$ -	\$ (740,069)	\$ -	\$ 5,292,271
Net change in fund balances	\$ (8,374)	\$ 154,552	\$ 39,494	\$ (950,983)	\$ 14,571	\$ (750,740)
Fund balances - beginning	101,445	1,497,766	217,555	6,661,051	26,968	8,504,785
Fund balances - ending	\$ 93,071	\$ 1,652,318	\$ 257,049	\$ 5,710,068	\$ 41,539	\$ 7,754,045

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	Social Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	5,830,000	5,980,000	5,318,773	(661,227)
Total revenues	<u>\$ 5,830,000</u>	<u>\$ 5,980,000</u>	<u>\$ 5,318,773</u>	<u>\$ (661,227)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-
Health and human services	8,699,307	9,041,376	11,258,794	(2,217,418)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	94,926	94,926	94,926	-
Interest and other fiscal charges	5,767	5,767	5,767	-
Total expenditures	<u>\$ 8,800,000</u>	<u>\$ 9,142,069</u>	<u>\$ 11,359,487</u>	<u>\$ (2,217,418)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,970,000)</u>	<u>\$ (3,162,069)</u>	<u>\$ (6,040,714)</u>	<u>\$ (2,878,645)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,970,000	\$ 3,120,000	\$ 3,672,405	\$ 552,405
Issuance of lease	-	-	2,359,935	2,359,935
Total other financing sources (uses)	<u>\$ 2,970,000</u>	<u>\$ 3,120,000</u>	<u>\$ 6,032,340</u>	<u>\$ 2,912,340</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (42,069)</u>	<u>\$ (8,374)</u>	<u>\$ 33,695</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	PEG Fund				Owens Brooke District Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,495	\$ 495
Revenue from the use of money and property	-	-	56,932	56,932	-	-	8,363	8,363
Miscellaneous	150,000	150,000	100,720	(49,280)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 157,652</u>	<u>\$ 7,652</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 48,858</u>	<u>\$ 8,858</u>
EXPENDITURES								
Current:								
General government administration	\$ -	\$ -	\$ 3,100	\$ (3,100)	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	40,000	40,000	9,364	30,636
Health and human services	-	-	-	-	-	-	-	-
Capital outlay	150,000	150,000	-	150,000	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 3,100</u>	<u>\$ 146,900</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 9,364</u>	<u>\$ 30,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,552</u>	<u>\$ 154,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,494</u>	<u>\$ 39,494</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,552</u>	<u>\$ 154,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,494</u>	<u>\$ 39,494</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2025

	Fire Rescue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ 13,990,000	\$ 13,990,000	\$ 13,871,853	\$ (118,147)
Permits, fees and licenses	115,000	115,000	280,629	165,629
Revenue from the use of money and property	20,000	20,000	120,446	100,446
Charges for services	750,000	750,000	896,584	146,584
Miscellaneous	-	-	16,587	16,587
Intergovernmental	400,000	691,256	421,814	(269,442)
Total revenues	<u>\$ 15,275,000</u>	<u>\$ 15,566,256</u>	<u>\$ 15,607,913</u>	<u>\$ 41,657</u>
EXPENDITURES				
Current:				
Public safety	\$ 13,776,000	\$ 14,489,036	\$ 14,827,213	\$ (338,177)
Capital outlay	1,100,000	3,404,295	991,614	2,412,681
Total expenditures	<u>\$ 14,876,000</u>	<u>\$ 17,893,331</u>	<u>\$ 15,818,827</u>	<u>\$ 2,074,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 399,000</u>	<u>\$ (2,327,075)</u>	<u>\$ (210,914)</u>	<u>\$ 2,116,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (770,000)	\$ (770,000)	\$ (740,069)	\$ 29,931
Total other financing sources (uses)	<u>\$ (770,000)</u>	<u>\$ (770,000)</u>	<u>\$ (740,069)</u>	<u>\$ 29,931</u>
Net change in fund balances	<u>\$ (371,000)</u>	<u>\$ (3,097,075)</u>	<u>\$ (950,983)</u>	<u>\$ 2,146,092</u>

NONMAJOR ENTERPRISE FUNDS

Solid Waste Fund - to account for and report provision of solid waste collection for the residents of the City.

Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2025

	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash and investments	\$ 2,140,752
Accounts receivable, net	271,385
Total current assets	<u>\$ 2,412,137</u>
Noncurrent assets:	
Capital assets:	
Depreciable, net	\$ 27,132
Total capital assets, net	<u>\$ 27,132</u>
Total assets	<u>\$ 2,439,269</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related deferred outflows	\$ 2,887
Pension related deferred outflows	33,979
Total deferred outflows of resources	<u>\$ 36,866</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 267,432
Compensated absences - current portion	1,149
Net OPEB liability - current portion	1,332
Total current liabilities	<u>\$ 269,913</u>
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 2,047
Net OPEB liability - noncurrent portion	35,748
Net pension liability	68,929
Total noncurrent liabilities	<u>\$ 106,724</u>
Total liabilities	<u>\$ 376,637</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related deferred inflows	\$ 10,989
Pension related deferred inflows	11,370
Total deferred inflows of resources	<u>\$ 22,359</u>
NET POSITION	
Net investment in capital assets	\$ 27,132
Unrestricted	2,050,007
Total net position	<u>\$ 2,077,139</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	<u>Solid Waste Fund</u>
OPERATING REVENUES	
Charges for services	\$ 4,275,921
Total operating revenues	<u>\$ 4,275,921</u>
OPERATING EXPENSES	
Personal services	\$ 199,292
Contractual services	3,845,058
Supplies	24,897
Internal and other services	310,996
Depreciation and amortization	8,861
Total operating expenses	<u>\$ 4,389,104</u>
Operating income (loss)	<u>\$ (113,183)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental grants/revenue	\$ 15,672
Investment earnings	75,874
Other/insurance recoveries	65
Total nonoperating revenues (expenses)	<u>\$ 91,611</u>
Change in net position	\$ (21,572)
Total net position - beginning, as previously reported	\$ 2,106,305
Restatement	<u>(7,594)</u>
Total net position, beginning, as restated	<u>2,098,711</u>
Total net position - ending	<u><u>\$ 2,077,139</u></u>

Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	<u>Solid Waste Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 4,303,913
Cash paid to suppliers	(3,866,214)
Cash paid to and for employees	(191,106)
Payments for interfund services used	(310,996)
Net cash provided by (used for) operating activities	<u>\$ (64,403)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	\$ 15,672
Net cash provided by (used for) noncapital financing activities	<u>\$ 15,672</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other/insurance recoveries	\$ 65
Net cash provided by (used for) capital and related financing activities	<u>\$ 65</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ 75,874
Net cash provided by (used for) investing activities	<u>\$ 75,874</u>
Net increase (decrease) in cash and cash equivalents	\$ 27,208
Cash and investments - beginning	2,113,544
Cash and investments - ending	<u>\$ 2,140,752</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (113,183)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	8,861
Changes in assets and liabilities:	
Accounts receivable	27,992
Deferred outflows of resources - pension related items	(16,021)
Deferred outflows of resources - OPEB related items	(43)
Accounts payable and accrued expenses	3,741
Compensated absences	(8,790)
Net pension liability	19,851
Net OPEB liability	7,271
Deferred inflows of resources - pension related items	4,298
Deferred inflows of resources - OPEB related items	1,620
Total adjustments	<u>\$ 48,780</u>
Net cash provided by (used for) operating activities	<u>\$ (64,403)</u>

INTERNAL SERVICE FUNDS

Building Maintenance Fund - to account for and report costs related to the operation and maintenance of city owned buildings used by city departments and agencies. Revenue is derived primarily from user charges to recover actual costs.

Vehicle Maintenance Fund - to account for and report the costs related to the operation and maintenance of equipment used by city departments and agencies. The acquisition and replacement of equipment is accounted for in this fund. Revenue is derived primarily from user charges to recover actual costs which include depreciation of equipment.

Information Technology Fund - to account for and report costs of providing information technology services to city departments and agencies. Revenue is derived primarily from user charges which are based on the use of the City's computers and the actual costs of operating this facility.

Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,510,811	\$ 4,317,253	\$ 4,660,105	\$ 10,488,169
Accounts receivable, net	-	1,588	-	1,588
Due from other governments	-	20,000	-	20,000
Prepaid items	-	-	405,737	405,737
Total current assets	<u>\$ 1,510,811</u>	<u>\$ 4,338,841</u>	<u>\$ 5,065,842</u>	<u>\$ 10,915,494</u>
Noncurrent assets:				
Capital assets:				
Depreciable, net	\$ 964,364	\$ 6,174,430	\$ 4,110,078	\$ 11,248,872
Total capital assets, net	<u>\$ 964,364</u>	<u>\$ 6,174,430</u>	<u>\$ 4,110,078</u>	<u>\$ 11,248,872</u>
Total assets	<u>\$ 2,475,175</u>	<u>\$ 10,513,271</u>	<u>\$ 9,175,920</u>	<u>\$ 22,164,366</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related deferred outflows	\$ 7,592	\$ 13,637	\$ 32,475	\$ 53,704
Pension related deferred outflows	128,509	183,485	543,016	855,010
Total deferred outflows of resources	<u>\$ 136,101</u>	<u>\$ 197,122</u>	<u>\$ 575,491</u>	<u>\$ 908,714</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 127,358	\$ 46,088	\$ 74,329	\$ 247,775
Compensated absences - current portion	38,113	57,297	148,318	243,728
Subscription liabilities - current portion	-	-	377,898	377,898
Lease liabilities - current portion	10,435	-	-	10,435
Net OPEB liability - current portion	3,505	6,295	14,990	24,790
Total current liabilities	<u>\$ 179,411</u>	<u>\$ 109,680</u>	<u>\$ 615,535</u>	<u>\$ 904,626</u>
Noncurrent liabilities:				
Compensated absences - noncurrent portion	\$ 51,668	\$ 72,219	\$ 237,079	\$ 360,966
Subscription liabilities - noncurrent portion	-	-	2,317,546	2,317,546
Lease liabilities - noncurrent portion	20,276	-	-	20,276
Net OPEB liability - noncurrent portion	94,106	168,997	402,458	665,561
Net pension liability	260,690	372,213	1,101,549	1,734,452
Total noncurrent liabilities	<u>\$ 426,740</u>	<u>\$ 613,429</u>	<u>\$ 4,058,632</u>	<u>\$ 5,098,801</u>
Total liabilities	<u>\$ 606,151</u>	<u>\$ 723,109</u>	<u>\$ 4,674,167</u>	<u>\$ 6,003,427</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related deferred inflows	\$ 28,932	\$ 51,956	\$ 123,731	\$ 204,619
Pension related deferred inflows	43,003	61,401	181,712	286,116
Total deferred inflows of resources	<u>\$ 71,935</u>	<u>\$ 113,357</u>	<u>\$ 305,443</u>	<u>\$ 490,735</u>
NET POSITION				
Net investment in capital assets	\$ 933,653	\$ 6,174,430	\$ 1,414,634	\$ 8,522,717
Unrestricted	999,537	3,699,497	3,357,167	8,056,201
Total net position	<u>\$ 1,933,190</u>	<u>\$ 9,873,927</u>	<u>\$ 4,771,801</u>	<u>\$ 16,578,918</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,623,400	\$ 5,166,285	\$ 6,415,953	\$ 14,205,638
Total operating revenues	<u>\$ 2,623,400</u>	<u>\$ 5,166,285</u>	<u>\$ 6,415,953</u>	<u>\$ 14,205,638</u>
OPERATING EXPENSES				
Personal services	\$ 677,393	\$ 832,109	\$ 2,487,523	\$ 3,997,025
Contractual services	785,837	386,756	1,712,174	2,884,767
Supplies	216,128	1,294,687	462,340	1,973,155
Internal and other services	800,477	479,866	358,718	1,639,061
Depreciation and amortization	95,729	1,627,736	732,324	2,455,789
Total operating expenses	<u>\$ 2,575,564</u>	<u>\$ 4,621,154</u>	<u>\$ 5,753,079</u>	<u>\$ 12,949,797</u>
Operating income (loss)	<u>\$ 47,836</u>	<u>\$ 545,131</u>	<u>\$ 662,874</u>	<u>\$ 1,255,841</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ -	\$ 20,000	\$ -	\$ 20,000
Investment earnings	56,972	144,804	153,734	355,510
Gain (loss) on sale of capital assets	(27,123)	169,456	(28,555)	113,778
Other/insurance recoveries	-	18,821	9,760	28,581
Interest expense and fiscal charges	(723)	-	(93,526)	(94,249)
Total nonoperating revenues (expenses)	<u>\$ 29,126</u>	<u>\$ 353,081</u>	<u>\$ 41,413</u>	<u>\$ 423,620</u>
Income before transfers	<u>\$ 76,962</u>	<u>\$ 898,212</u>	<u>\$ 704,287</u>	<u>\$ 1,679,461</u>
Transfers in	\$ -	\$ 406,673	\$ -	\$ 406,673
Change in net position	<u>\$ 76,962</u>	<u>\$ 1,304,885</u>	<u>\$ 704,287</u>	<u>\$ 2,086,134</u>
Total net position - beginning, as previously reported	1,880,682	8,614,622	4,133,864	14,629,168
Restatement	(24,454)	(45,580)	(66,350)	(136,384)
Total net position, beginning, as restated	<u>1,856,228</u>	<u>8,569,042</u>	<u>4,067,514</u>	<u>14,492,784</u>
Total net position - ending	<u>\$ 1,933,190</u>	<u>\$ 9,873,927</u>	<u>\$ 4,771,801</u>	<u>\$ 16,578,918</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 2,623,400	\$ 5,165,369	\$ 6,415,953	\$ 14,204,722
Cash paid to suppliers	(916,755)	(1,666,070)	(2,255,762)	(4,838,587)
Cash paid to and for employees	(632,877)	(985,393)	(2,405,037)	(4,023,307)
Payments for interfund services used	(800,477)	(479,866)	(358,718)	(1,639,061)
Net cash provided by (used for) operating activities	<u>\$ 273,291</u>	<u>\$ 2,034,040</u>	<u>\$ 1,396,436</u>	<u>\$ 3,703,767</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ 406,673	\$ -	\$ 406,673
Net cash provided by (used for) noncapital financing activities	<u>\$ -</u>	<u>\$ 406,673</u>	<u>\$ -</u>	<u>\$ 406,673</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (76,844)	\$ (2,487,995)	\$ (392,828)	\$ (2,957,667)
Principal paid on debt	(10,016)	-	(435,237)	(445,253)
Interest paid on debt	(723)	-	(93,526)	(94,249)
Proceeds from issuance of debt	-	-	311,854	311,854
Other/insurance recoveries	-	18,821	9,760	28,581
Proceeds from sales of capital assets	-	174,036	-	174,036
Net cash provided by (used for) capital and related financing activities	<u>\$ (87,583)</u>	<u>\$ (2,295,138)</u>	<u>\$ (599,977)</u>	<u>\$ (2,982,698)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 56,972	\$ 144,804	\$ 153,734	\$ 355,510
Net cash provided by (used for) investing activities	<u>\$ 56,972</u>	<u>\$ 144,804</u>	<u>\$ 153,734</u>	<u>\$ 355,510</u>
Net increase (decrease) in cash and cash equivalents	\$ 242,680	\$ 290,379	\$ 950,193	\$ 1,483,252
Cash and investments - beginning - including restricted	1,268,131	4,026,874	3,709,912	9,004,917
Cash and investments - ending - including restricted	<u>\$ 1,510,811</u>	<u>\$ 4,317,253</u>	<u>\$ 4,660,105</u>	<u>\$ 10,488,169</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 47,836	\$ 545,131	\$ 662,874	\$ 1,255,841
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	\$ 95,729	\$ 1,627,736	\$ 732,324	\$ 2,455,789
Changes in assets and liabilities:				
Accounts receivable	-	(916)	-	(916)
Prepaid expenses	-	-	(22,760)	(22,760)
Deferred outflows of resources - pension related items	(49,413)	(23,332)	(170,424)	(243,169)
Deferred outflows of resources - OPEB related items	(197)	2,682	(186)	2,299
Accounts payable and accrued expenses	85,210	15,373	(58,488)	42,095
Compensated absences	13,066	(67,982)	38,361	(16,555)
Net pension liability	44,517	(65,493)	83,238	62,262
Net OPEB liability	20,114	4,297	79,116	103,527
Deferred inflows of resources - pension related items	11,854	(1,669)	34,982	45,167
Deferred inflows of resources - OPEB related items	4,575	(1,787)	17,399	20,187
Total adjustments	<u>225,455</u>	<u>1,488,909</u>	<u>733,562</u>	<u>2,447,926</u>
Net cash provided by (used for) operating activities	<u>\$ 273,291</u>	<u>\$ 2,034,040</u>	<u>\$ 1,396,436</u>	<u>\$ 3,703,767</u>

DISCRETELY PRESENTED COMPONENT UNIT - MANASSAS CITY PUBLIC SCHOOLS

MAJOR GOVERNMENTAL FUNDS

Operating Fund - to account for and report revenues from the Federal government and the Commonwealth that are restricted and local funds which are committed by City Council for expenditures for the City's public school system.

Capital Projects Fund - to account for and report for bond proceeds and other local budget allocations contributed by the City which are restricted for the purchase and/or construction of major school facilities and other capital improvements.

Food Service Fund - to account for and report revenues from the Federal government and the Commonwealth and collected from the sales of school lunches that are restricted for expenditures of the cafeteria program in the City's schools.

School Student Activity Fund - to account for and report funds collected at the schools in connection with student athletics, clubs, various fundraising activities and private donations.

FIDUCIARY FUNDS

Private Purpose Trust Funds - to account for monies donated for the Nancy Lyons and E. Shreve Brent Scholarships.

Combining Balance Sheet
Discretely Presented Component Unit School Board
June 30, 2025

	School Operating Fund	School Capital Projects Fund	School Food Service Fund	School Student Activity Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 36,430,481	\$ 4,242,601	\$ 1,524,527	\$ 570,522	\$ 42,768,131
Cash and cash equivalents - restricted	-	42,140,949	-	54,943	42,195,892
Receivables (net of allowance for uncollectibles):					
Accounts receivable	227,213	-	7,240	19,353	253,806
Due from other governmental units	3,795,807	-	574,823	-	4,370,630
Total assets	<u>\$ 40,453,501</u>	<u>\$ 46,383,550</u>	<u>\$ 2,106,590</u>	<u>\$ 644,818</u>	<u>\$ 89,588,459</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 8,620,746	\$ 6,920,391	\$ 308,044	\$ 6,528	\$ 15,855,709
Retainage payable	-	700,818	-	-	700,818
Total liabilities	<u>\$ 8,620,746</u>	<u>\$ 7,621,209</u>	<u>\$ 308,044</u>	<u>\$ 6,528</u>	<u>\$ 16,556,527</u>
FUND BALANCES					
Restricted	\$ 1,070,953	\$ 34,519,740	\$ -	\$ 638,290	\$ 36,228,983
Assigned	30,761,802	4,242,601	1,798,546	-	36,802,949
Total fund balances	<u>\$ 31,832,755</u>	<u>\$ 38,762,341</u>	<u>\$ 1,798,546</u>	<u>\$ 638,290</u>	<u>\$ 73,031,932</u>
Total liabilities and fund balances	<u>\$ 40,453,501</u>	<u>\$ 46,383,550</u>	<u>\$ 2,106,590</u>	<u>\$ 644,818</u>	<u>\$ 89,588,459</u>

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 Discretely Presented Component Unit School Board
 June 30, 2025

Total fund balances per Exhibit 46 - Balance Sheet - Governmental Funds		\$	73,031,932
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			93,581,408
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			411,981
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	25,818,142	
OPEB related items		<u>3,340,507</u>	29,158,649
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Energy performance contract	\$	(3,420,895)	
Lease liabilities		(5,535,627)	
Net pension liability		(64,614,965)	
Net OPEB liability		<u>(14,059,853)</u>	(87,631,340)
Compensated absences are not reported as fund liabilities.			(7,849,765)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(11,740,875)	
OPEB related items		<u>(1,445,681)</u>	<u>(13,186,556)</u>
Net position of governmental activities			\$ <u><u>87,516,309</u></u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit School Board
For the Year Ended June 30, 2025**

	<u>School Operating Fund</u>	<u>School Capital Projects Fund</u>	<u>School Food Service Fund</u>	<u>School Student Activity Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Fines and forfeitures	\$ 251,829	\$ -	\$ -	\$ -	\$ 251,829
Revenue from the use of money and property	1,170,846	1,262,582	-	51,332	2,484,760
Charges for services	366,563	-	126,616	-	493,179
Miscellaneous	-	-	-	646,358	646,358
Intergovernmental revenues:					
Local government	59,978,500	52,040,000	-	-	112,018,500
Commonwealth	81,283,184	-	146,757	-	81,429,941
Federal	4,364,231	-	4,857,348	-	9,221,579
Total revenues	<u>\$ 147,415,153</u>	<u>\$ 53,302,582</u>	<u>\$ 5,130,721</u>	<u>\$ 697,690</u>	<u>\$ 206,546,146</u>
EXPENDITURES					
Current:					
Education	\$ 140,530,069	\$ 52,891	\$ 4,785,377	\$ 667,676	\$ 146,036,013
Capital outlay	2,716,752	19,977,149	-	-	22,693,901
Debt service:					
Principal retirement	1,238,562	-	-	-	1,238,562
Interest and other fiscal charges	250,869	-	-	-	250,869
Total expenditures	<u>\$ 144,736,252</u>	<u>\$ 20,030,040</u>	<u>\$ 4,785,377</u>	<u>\$ 667,676</u>	<u>\$ 170,219,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,678,901</u>	<u>\$ 33,272,542</u>	<u>\$ 345,344</u>	<u>\$ 30,014</u>	<u>\$ 36,326,801</u>
OTHER FINANCING SOURCES (USES)					
Issuance of lease	\$ 1,834,243	\$ -	\$ -	\$ -	\$ 1,834,243
Total other financing sources and uses	<u>\$ 1,834,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,834,243</u>
Net change in fund balances	\$ 4,513,144	\$ 33,272,542	\$ 345,344	\$ 30,014	\$ 38,161,044
Fund balances - beginning	27,319,611	5,489,799	1,453,202	608,276	34,870,888
Fund balances - ending	<u>\$ 31,832,755</u>	<u>\$ 38,762,341</u>	<u>\$ 1,798,546</u>	<u>\$ 638,290</u>	<u>\$ 73,031,932</u>

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Discretely Presented Component Unit School Board
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 38,161,044

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 expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 22,675,825	
Depreciation	<u>(8,827,777)</u>	13,848,048

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (102,471)

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 issuance costs, 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.

Principal payments	1,238,562	
Issuance of lease	<u>(1,834,243)</u>	(595,681)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (546,599)	
OPEB expense	650,712	
Pension expense	<u>4,424,466</u>	<u>4,528,579</u>

Change in net position of governmental activities \$ 55,839,519

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2025

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 200,000	\$ 200,000	\$ 251,829	\$ 51,829
Revenue from the use of money and property	600,000	600,000	1,170,846	570,846
Charges for services	230,750	230,750	366,563	135,813
Local government	59,978,500	59,978,500	59,978,500	-
Commonwealth	77,470,257	81,521,803	81,283,184	(238,619)
Federal	4,343,384	5,568,792	4,364,231	(1,204,561)
Total revenues	<u>\$ 142,822,891</u>	<u>\$ 148,099,845</u>	<u>\$ 147,415,153</u>	<u>\$ (684,692)</u>
EXPENDITURES				
Current:				
Instruction	\$ 106,292,340	\$ 107,100,983	\$ 105,249,377	\$ 1,851,606
Administration, attendance, and health	10,100,786	12,254,373	10,643,705	1,610,668
Pupil Transportation	6,033,565	7,347,277	7,828,268	(480,991)
Operation and maintenance	10,203,028	11,367,155	11,291,998	75,157
Technology	7,743,219	8,002,742	7,736,133	266,609
Facilities	822,754	1,243,230	497,340	745,890
Food services	-	-	-	-
Contingency	840,999	309,674	-	309,674
Debt service:				
Principal retirement	786,200	682,078	1,238,562	(556,484)
Interest and other fiscal charges	-	-	250,869	(250,869)
Total expenditures	<u>\$ 142,822,891</u>	<u>\$ 148,307,512</u>	<u>\$ 144,736,252</u>	<u>\$ 3,571,260</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (207,667)	\$ 2,678,901	\$ 2,886,568
OTHER FINANCING SOURCES (USES)				
Issuance of lease	\$ -	\$ -	\$ 1,834,243	\$ 1,834,243
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,834,243</u>	<u>\$ 1,834,243</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (207,667)</u>	<u>\$ 4,513,144</u>	<u>\$ 4,720,811</u>
Fund balances - beginning			27,319,611	
Fund balances - ending			<u>\$ 31,832,755</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit School Board
For the Year Ended June 30, 2025

	School Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	177,330	177,330	126,616	(50,714)
Local government	-	-	-	-
Commonwealth	149,952	167,679	146,757	(20,922)
Federal	4,080,000	4,080,000	4,857,348	777,348
Total revenues	<u>\$ 4,407,282</u>	<u>\$ 4,425,009</u>	<u>\$ 5,130,721</u>	<u>\$ 705,712</u>
EXPENDITURES				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Administration, attendance, and health	-	-	-	-
Pupil Transportation	-	-	-	-
Operation and maintenance	-	-	-	-
Technology	30,300	30,300	23,789	6,511
Facilities	-	-	-	-
Food services	4,682,122	4,688,425	4,761,588	(73,163)
Contingency	125,000	125,000	-	125,000
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 4,837,422</u>	<u>\$ 4,843,725</u>	<u>\$ 4,785,377</u>	<u>\$ 58,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (430,140)</u>	<u>\$ (418,716)</u>	<u>\$ 345,344</u>	<u>\$ 764,060</u>
OTHER FINANCING SOURCES (USES)				
Issuance of lease	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (430,140)</u>	<u>\$ (418,716)</u>	<u>\$ 345,344</u>	<u>\$ 764,060</u>
Fund balances - beginning			1,453,202	
Fund balances - ending			<u>\$ 1,798,546</u>	

Statement of Fiduciary Net Position
Discretely Presented Component Unit School Board
June 30, 2025

	Private-Purpose Trust Funds		
	Nancy Lyons Scholarship Fund	E. Shreve Brent Scholarship Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ <u> 59,629</u>	\$ <u> 2,046,160</u>	\$ <u> 2,105,789</u>
NET POSITION			
Restricted:			
Restricted for scholarships	\$ <u> 59,629</u>	\$ <u> 2,046,160</u>	\$ <u> 2,105,789</u>

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit School Board
For the Year Ended June 30, 2025

	Private-Purpose Trust Funds		Total
	Nancy Lyons Scholarship Fund	E. Shreve Brent Scholarship Fund	
ADDITIONS			
Investment earnings	\$ 8,074	\$ 222,145	\$ 230,219
Total additions	\$ 8,074	\$ 222,145	\$ 230,219
Change in net position	\$ 8,074	\$ 222,145	\$ 230,219
Net position - beginning	51,555	1,824,015	1,875,570
Net position - ending	\$ 59,629	\$ 2,046,160	\$ 2,105,789

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF MANASSAS, VIRGINIA**

ENTERPRISE FUND

EDA Fund - to account for and report activities of the Manassas Economic Development Authority.

Statement of Net Position
Economic Development Authority
June 30, 2025

ASSETS

Current assets:

Cash and investments	\$	1,316,339
Cash and investments - restricted		10,000
Accounts receivable, net		23,419
Leases receivable - current portion		1,108,852
Total current assets	\$	<u>2,458,610</u>

Noncurrent assets:

Leases receivable - noncurrent portion	\$	4,104,658
Capital assets:		
Land		12,470,335
Depreciable, net		3,368,705
Total capital assets, net	\$	<u>15,839,040</u>
Total noncurrent assets		<u>19,943,698</u>
Total assets	\$	<u>22,402,308</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	86,475
Deposits		70,758
Unearned revenue		36,958
Total current liabilities	\$	<u>194,191</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	\$	5,041,201
Total deferred inflows of resources	\$	<u>5,041,201</u>

NET POSITION

Investment in capital assets	\$	15,839,040
Unrestricted		1,327,876
Total net position	\$	<u>17,166,916</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Economic Development Authority
For the Year Ended June 30, 2025

OPERATING REVENUES

Charges for services	\$ 1,449,653
Total operating revenues	<u>\$ 1,449,653</u>

OPERATING EXPENSES

Contractual services	\$ 372,308
Supplies	54
Internal and other services	121,629
Depreciation and amortization	259,131
Total operating expenses	<u>\$ 753,122</u>

Operating income (loss)	<u>\$ 696,531</u>
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NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 138,284
Total nonoperating revenues (expenses)	<u>\$ 138,284</u>

Income (loss) before contributions and transfers	<u>\$ 834,815</u>
--	-------------------

Capital contributions	\$ 16,000,000
Change in net position	<u>\$ 16,834,815</u>

Total net position - beginning	332,101
Total net position - ending	<u><u>\$ 17,166,916</u></u>

Statement of Cash Flows
Economic Development Authority
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 1,364,281
Cash paid to suppliers	(429,975)
Net cash provided by (used for) operating activities	<u>\$ 934,306</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (16,098,171)
Capital contributions	16,000,000
Net cash provided by (used for) capital and related financing activities	<u>\$ (98,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	\$ 138,284
Net cash provided by (used for) investing activities	<u>\$ 138,284</u>
Net increase (decrease) in cash and cash equivalents	\$ 974,419
Cash and investments - beginning - including restricted	351,920
Cash and investments - ending - including restricted	<u>\$ 1,326,339</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 696,531
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	259,131
Changes in assets and liabilities:	
Leases receivable	(5,213,510)
Deferred inflows - leases related	5,041,201
Accounts receivable	(20,779)
Deposits	70,758
Unearned revenue	36,958
Accounts payable	64,016
Total adjustments	<u>\$ 237,775</u>
Net cash provided by (used for) operating activities	<u>\$ 934,306</u>

STATISTICAL SECTION

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

Contents

Financial Trends - Tables 1 - 5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity - Tables 6 - 10

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity - Tables 11 - 13

These schedules contain trend information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information - Tables 14 - 15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place

Operating Information - Tables 16 - 18

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018 (1)	2019	2020
Governmental activities					
Net Investment in capital assets	\$ 238,106,151	\$ 224,620,939	\$ 225,362,179	\$ 224,763,548	\$ 229,559,573
Restricted	321,190	253,104	244,257	252,492	313,230
Unrestricted	(44,183,664)	(27,689,919)	(21,326,052)	3,855,731	22,268,145
Total governmental activities net position	<u>\$ 194,243,677</u>	<u>\$ 197,184,124</u>	<u>\$ 204,280,384</u>	<u>\$ 228,871,771</u>	<u>\$ 252,140,948</u>
Business-type activities					
Net Investment in capital assets	\$ 90,521,955	\$ 100,501,797	\$ 105,057,529	\$ 107,578,521	\$ 112,827,298
Restricted	1,170,439	2,138,217	2,017,150	820,295	993,404
Unrestricted	42,640,924	49,382,877	56,076,216	64,449,485	76,653,958
Total business-type activities net position	<u>\$ 134,333,318</u>	<u>\$ 152,022,891</u>	<u>\$ 163,150,895</u>	<u>\$ 172,848,301</u>	<u>\$ 190,474,660</u>
Total primary government					
Net Investment in capital assets	\$ 328,628,106	\$ 325,122,736	\$ 330,419,708	\$ 332,342,069	\$ 342,386,871
Restricted	1,491,629	2,391,321	2,261,407	1,072,787	1,306,634
Unrestricted	(1,542,740)	21,692,958	34,750,164	68,305,216	98,922,103
Total primary government net position	<u>\$ 328,576,995</u>	<u>\$ 349,207,015</u>	<u>\$ 367,431,279</u>	<u>\$ 401,720,072</u>	<u>\$ 442,615,608</u>
Component unit - Manassas City Public Schools					
Net Investment in capital assets	\$ 74,381,016	\$ 79,206,749	\$ 78,653,662	\$ 74,572,858	\$ 71,568,424
Restricted	11,233,318	4,985,005	1,400,803	1,104,005	-
Unrestricted	(85,381,758)	(86,202,600)	(96,312,429)	(86,847,342)	(79,140,372)
Total component unit net position	<u>\$ 232,576</u>	<u>\$ (2,010,846)</u>	<u>\$ (16,257,964)</u>	<u>\$ (11,170,479)</u>	<u>\$ (7,571,948)</u>
Component unit - Manassas Economic Development Authority					
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	591,714	531,905	492,931	341,682
Total component unit net position	<u>\$ -</u>	<u>\$ 591,714</u>	<u>\$ 531,905</u>	<u>\$ 492,931</u>	<u>\$ 341,682</u>
Total reporting unit					
Net Investment in capital assets	\$ 353,220,439	\$ 347,433,079	\$ 352,238,218	\$ 353,724,897	\$ 363,594,188
Restricted	12,724,947	7,376,326	3,662,210	2,176,792	1,306,634
Unrestricted	(37,135,815)	(7,021,522)	(4,285,208)	35,140,835	70,484,520
Total reporting unit net position	<u>\$ 328,809,571</u>	<u>\$ 347,787,883</u>	<u>\$ 351,615,220</u>	<u>\$ 391,042,524</u>	<u>\$ 435,385,342</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: (1) GASB Statement No. 75 was adopted in fiscal year 2018.

The sum of Net investment in capital assets of the primary government and the component unit does not equal Net investment in capital assets of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities reducing Unrestricted net position. The assets are reflected in the component unit as Net investment in capital assets. The total reporting unit matches the assets with the debt and reports the net amount of the Net investment in capital assets. The total adjustment was \$37,288,019 in FY25, \$33,716,562 in FY24, \$38,137,285 in FY23 \$42,304,389 in FY22, \$46,371,558 in FY21, \$50,361,107 in FY20, \$53,190,030 in FY19, \$56,745,152 in FY 2018, \$56,896,406 in FY 2017, and \$49,788,683 in FY 2016.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Governmental activities					
Net Investment in capital assets	\$ 235,226,731	\$ 250,655,968	\$ 270,100,468	\$ 280,532,448	\$ 305,238,886
Restricted	378,547	469,337	1,099,631	1,635,651	1,809,379
Unrestricted	40,411,721	73,224,353	86,050,042	108,342,567	49,287,323
Total governmental activities net position	<u>\$ 276,016,999</u>	<u>\$ 324,349,658</u>	<u>\$ 357,250,141</u>	<u>\$ 390,510,666</u>	<u>\$ 356,335,588</u>
Business-type activities					
Net Investment in capital assets	\$ 120,740,539	\$ 123,711,751	\$ 125,130,633	\$ 138,359,335	\$ 161,643,267
Restricted	1,712,956	1,639,193	16,400	30,812,352	33,490,716
Unrestricted	78,002,790	79,514,968	90,560,397	99,326,859	107,196,278
Total business-type activities net position	<u>\$ 200,456,285</u>	<u>\$ 204,865,912</u>	<u>\$ 215,707,430</u>	<u>\$ 268,498,546</u>	<u>\$ 302,330,261</u>
Total primary government					
Net Investment in capital assets	\$ 355,967,270	\$ 367,773,733	\$ 388,867,628	\$ 412,827,162	\$ 461,009,243
Restricted	2,091,503	2,108,530	1,116,031	32,448,003	35,300,095
Unrestricted	118,414,511	159,333,307	182,973,912	213,734,047	162,356,511
Total primary government net position	<u>\$ 476,473,284</u>	<u>\$ 529,215,570</u>	<u>\$ 572,957,571</u>	<u>\$ 659,009,212</u>	<u>\$ 658,665,849</u>
Component unit - Manassas City Public Schools					
Net Investment in capital assets	\$ 69,796,038	\$ 68,091,997	\$ 67,954,133	\$ 70,629,191	\$ 77,003,678
Restricted	-	1,721,592	3,689,436	131,938	34,931,721
Unrestricted	(75,829,564)	(61,974,371)	(43,498,721)	(34,703,066)	(24,419,090)
Total component unit net position	<u>\$ (6,033,526)</u>	<u>\$ 7,839,218</u>	<u>\$ 28,144,848</u>	<u>\$ 36,058,063</u>	<u>\$ 87,516,309</u>
Component unit - Manassas Economic Development Authority					
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 15,839,040
Unrestricted	240,690	231,543	414,028	332,101	1,327,876
Total component unit net position	<u>\$ 240,690</u>	<u>\$ 231,543</u>	<u>\$ 414,028</u>	<u>\$ 332,101</u>	<u>\$ 17,166,916</u>
Total reporting unit					
Net Investment in capital assets	\$ 379,391,750	\$ 393,561,341	\$ 418,684,476	\$ 449,739,791	\$ 516,563,942
Restricted	2,091,503	3,830,122	4,805,467	32,579,941	70,231,816
Unrestricted	89,197,195	139,894,868	178,026,504	213,079,644	176,553,316
Total reporting unit net position	<u>\$ 470,680,448</u>	<u>\$ 537,286,331</u>	<u>\$ 601,516,447</u>	<u>\$ 695,399,376</u>	<u>\$ 763,349,074</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: (1) GASB Statement No. 75 was adopted in fiscal year 2018.

The sum of Net investment in capital assets of the primary government and the component unit does not equal Net investment in capital assets of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities reducing Unrestricted net position. The assets are reflected in the component unit as Net investment in capital assets. The total reporting unit matches the assets with the debt and reports the net amount of the Net investment in capital assets. The total adjustment was \$37,288,019 in FY25, \$33,716,562 in FY24, \$38,137,285 in FY23, \$42,304,389 in FY22, \$46,371,558 in FY21, \$50,361,107 in FY20, \$53,190,030 in FY19, \$56,745,152 in FY 2018, \$56,896,406 in FY 2017, and \$49,788,683 in FY 2016.

The sum of the primary government columns do not equal the Total column by a difference of \$5,872,910 in FY25, \$6,064,621 in FY24, \$6,363,473 in FY23 and \$6,593,986 in FY22 because the bonds payable related to the Governmental Activities are reflected in the Business-type Activities column reducing unrestricted net position. The assets are reflected in the Governmental Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 9,416,657	\$ 9,317,421	\$ 9,113,451	\$ 9,436,777	\$ 9,356,293
Public safety	29,590,090	29,347,211	30,135,534	31,294,979	33,193,071
Public works	10,271,259	11,242,030	12,362,448	12,544,115	12,766,927
Health and human services	7,803,369	8,094,092	8,416,497	8,504,736	8,950,995
Culture, recreation, development	6,674,897	7,909,986	7,507,275	7,335,760	7,831,470
Education	53,559,758	57,870,687	56,477,145	58,212,570	59,656,355
Interest on long term debt	2,895,236	2,899,640	2,801,905	2,637,240	3,240,926
Bond issuance costs	-	393,281	-	181,966	-
Total governmental activities	<u>\$ 120,211,266</u>	<u>\$ 127,074,348</u>	<u>\$ 126,814,255</u>	<u>\$ 130,148,143</u>	<u>\$ 134,996,037</u>
Business-type activities:					
Electric	\$ 39,930,487	\$ 37,573,386	\$ 37,636,140	\$ 38,196,702	\$ 38,159,210
Water	7,963,709	7,870,578	8,031,152	7,800,929	8,836,130
Sewer	13,041,741	15,974,768	12,653,486	13,125,506	14,331,358
Airport	4,014,417	4,277,596	3,990,689	4,240,422	4,154,611
Solid Waste	3,346,175	2,769,954	2,879,907	3,072,480	3,201,691
Stormwater	616,603	1,178,358	1,766,011	1,603,506	1,552,999
Total business-type activities	<u>\$ 68,913,132</u>	<u>\$ 69,644,640</u>	<u>\$ 66,957,385</u>	<u>\$ 68,039,545</u>	<u>\$ 70,235,999</u>
Total primary government	<u>\$ 189,124,398</u>	<u>\$ 196,718,988</u>	<u>\$ 193,771,640</u>	<u>\$ 198,187,688</u>	<u>\$ 205,232,036</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 793,509	\$ 211,599	\$ 229,448	\$ 145,676	\$ 205,226
Public safety	1,850,687	1,682,680	1,915,546	1,852,043	2,103,177
Public works	502,017	427,517	1,374,423	1,531,692	1,065,136
Health and human services	35,946	35,946	35,946	-	-
Culture, recreation, development	312,517	1,313,428	1,050,364	1,310,200	786,525
Operating grants/contributions	7,619,603	8,003,903	8,797,776	8,774,906	9,196,248
Capital grants/contributions	3,516,026	2,636,725	2,159,714	3,663,593	4,885,373
Total governmental activities	<u>\$ 14,630,305</u>	<u>\$ 14,311,798</u>	<u>\$ 15,563,217</u>	<u>\$ 17,278,110</u>	<u>\$ 18,241,685</u>
Business-type activities:					
Charges for services:					
Electric	\$ 41,435,005	\$ 40,796,452	\$ 43,482,903	\$ 43,560,183	\$ 40,548,844
Water	9,763,189	10,139,090	10,692,383	10,451,828	11,537,736
Sewer	13,849,101	15,161,560	16,046,193	15,153,685	16,439,217
Airport	2,343,785	2,779,185	2,842,173	3,198,829	3,303,853
Solid Waste	3,399,806	3,409,022	3,426,120	3,533,728	3,575,018
Stormwater	1,170,288	1,177,660	1,299,839	1,421,254	1,843,621
Operating grants/contributions	126,842	65,507	88,789	94,763	268,525
Capital grants/contributions	2,591,237	3,591,414	2,774,579	2,241,678	9,083,333
Total business-type activities	<u>\$ 74,679,253</u>	<u>\$ 77,119,890</u>	<u>\$ 80,652,979</u>	<u>\$ 79,655,948</u>	<u>\$ 86,600,147</u>
Total primary government	<u>\$ 89,309,558</u>	<u>\$ 91,431,688</u>	<u>\$ 96,216,196</u>	<u>\$ 96,934,058</u>	<u>\$ 104,841,832</u>

Source: City of Manassas Annual Comprehensive Financial Report

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to pensions, OPEB, leases, SBITA and Leave has not been restated.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
General government	\$ 11,006,912	\$ 10,976,583	\$ 11,932,013	\$ 13,073,748	\$ 14,388,036
Public safety	34,099,231	35,766,225	39,982,094	45,935,394	50,001,603
Public works	13,639,534	13,974,928	15,652,690	15,986,888	17,549,606
Health and human services	9,914,759	9,296,420	10,748,291	11,418,063	13,037,497
Culture, recreation, development	8,937,553	7,434,504	8,754,553	9,818,038	28,021,124
Education	59,531,330	55,341,610	57,165,053	59,619,911	112,018,500
Interest on long term debt	2,989,404	3,403,424	3,445,895	3,560,928	5,191,878
Bond issuance costs	-	195,863	-	-	-
Total governmental activities	\$ 140,118,723	\$ 136,389,557	\$ 147,680,589	\$ 159,412,970	\$ 240,208,244
Business-type activities:					
Electric	\$ 36,408,785	\$ 39,445,854	\$ 47,551,696	\$ 48,189,320	\$ 47,502,235
Water	9,404,179	10,734,745	11,811,756	12,049,097	12,306,785
Sewer	14,399,612	15,085,095	15,063,501	15,649,321	17,567,841
Airport	4,613,173	4,789,597	4,917,691	5,549,155	6,762,287
Solid Waste	3,574,079	3,520,097	4,090,477	4,405,171	4,389,104
Stormwater	1,628,618	2,130,035	2,191,713	2,852,708	2,835,800
Total business-type activities	\$ 70,028,446	\$ 75,705,423	\$ 85,626,834	\$ 88,694,772	\$ 91,364,052
Total primary government	\$ 210,147,169	\$ 212,094,980	\$ 233,307,423	\$ 248,107,742	\$ 331,572,296
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 182,706	\$ 520,147	\$ 694,297	\$ 688,588	\$ 740,153
Public safety	2,343,229	3,431,236	3,605,245	4,127,557	3,585,832
Public works	901,433	337,859	570,640	608,760	766,056
Health and human services	-	-	-	-	-
Culture, recreation, development	778,539	961,212	1,190,664	1,643,034	1,765,396
Operating grants/contributions	12,387,798	19,398,061	10,861,736	11,759,784	12,159,359
Capital grants/contributions	4,566,255	11,777,883	10,610,055	10,424,157	15,183,670
Total governmental activities	\$ 21,159,960	\$ 36,426,398	\$ 27,532,637	\$ 29,251,880	\$ 34,200,466
Business-type activities:					
Charges for services:					
Electric	\$ 38,674,579	\$ 44,406,871	\$ 49,774,913	\$ 49,501,186	\$ 49,072,905
Water	11,575,915	11,706,089	12,465,673	13,223,345	14,164,670
Sewer	16,090,178	16,815,785	16,994,028	18,847,220	20,788,785
Airport	3,420,116	3,680,614	3,627,393	3,681,519	4,355,074
Solid Waste	3,631,000	3,613,596	3,770,770	4,277,083	4,275,921
Stormwater	2,562,397	2,206,915	2,776,230	2,829,889	2,794,978
Operating grants/contributions	309,691	562,185	75,426	80,028	57,925
Capital grants/contributions	7,092,161	2,582,449	3,442,361	14,429,949	26,358,025
Total business-type activities	\$ 83,356,037	\$ 85,574,504	\$ 92,926,794	\$ 106,870,219	\$ 121,868,283
Total primary government	\$ 104,515,997	\$ 122,000,902	\$ 120,459,431	\$ 136,122,099	\$ 156,068,749

Source: City of Manassas Annual Comprehensive Financial Report

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to pensions, OPEB, leases, SBITA and Leave has not been restated.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net revenue (expenses)					
Governmental activities	\$ (105,580,961)	\$ (112,762,550)	\$ (111,251,038)	\$ (112,870,033)	\$ (116,754,352)
Business-type activities	5,766,121	7,475,250	13,695,594	11,616,403	16,364,148
Total primary government	<u>\$ (99,814,840)</u>	<u>\$ (105,287,300)</u>	<u>\$ (97,555,444)</u>	<u>\$ (101,253,630)</u>	<u>\$ (100,390,204)</u>
General revenues and other					
Governmental activities:					
Taxes	\$ 96,104,367	\$ 100,087,789	\$ 102,129,438	\$ 107,753,210	\$ 115,850,972
Unrestricted grants	8,104,957	8,032,305	7,980,187	7,837,841	11,408,455
Other	3,699,314	3,623,874	4,953,013	13,202,970	7,667,499
Payment from MCPS	7,341,400	7,255,184	7,357,675	5,752,841	5,679,809
Special Item	-	5,789,202	-	-	-
Transfers	5,469,380	(9,884,832)	4,351,560	2,914,558	16,206
Total governmental activities	<u>\$ 120,719,418</u>	<u>\$ 114,903,522</u>	<u>\$ 126,771,873</u>	<u>\$ 137,461,420</u>	<u>\$ 140,622,941</u>
Business-type activities:					
Unrestricted investment earnings	\$ 96,549	\$ 237,030	\$ 500,672	\$ 937,942	\$ 644,451
Other	18,766	92,461	76,194	57,619	34,554
Transfers	(5,469,380)	9,884,832	(4,351,560)	(2,914,558)	(16,206)
Total business-type activities	<u>\$ (5,354,065)</u>	<u>\$ 10,214,323</u>	<u>\$ (3,774,694)</u>	<u>\$ (1,918,997)</u>	<u>\$ 662,799</u>
Total primary government	<u>\$ 115,365,353</u>	<u>\$ 125,117,845</u>	<u>\$ 122,997,179</u>	<u>\$ 135,542,423</u>	<u>\$ 141,285,740</u>
Changes in Net Position					
Governmental activities	\$ 15,138,457	\$ 2,140,972	\$ 15,520,835	\$ 24,591,387	\$ 23,868,589
Business-type activities	412,056	17,689,573	9,920,900	9,697,406	17,026,947
Total primary government	<u>\$ 15,550,513</u>	<u>\$ 19,830,545</u>	<u>\$ 25,441,735</u>	<u>\$ 34,288,793</u>	<u>\$ 40,895,536</u>

Source: City of Manassas Annual Comprehensive Financial Report

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to pensions, OPEB, leases, SBITA and Leave has not been restated.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Net revenue (expenses)					
Governmental activities	\$ (118,958,763)	\$ (99,963,159)	\$ (120,147,952)	\$ (130,161,090)	\$ (206,007,778)
Business-type activities	13,327,591	9,869,081	7,299,960	18,175,447	30,504,231
Total primary government	<u>\$ (105,631,172)</u>	<u>\$ (90,094,078)</u>	<u>\$ (112,847,992)</u>	<u>\$ (111,985,643)</u>	<u>\$ (175,503,547)</u>
General revenues and other					
Governmental activities:					
Taxes	\$ 121,602,756	\$ 127,890,232	\$ 133,547,196	\$ 137,948,894	\$ 148,114,009
Unrestricted grants	7,789,313	7,635,256	7,824,407	7,975,469	8,000,365
Other	4,344,113	2,760,201	10,930,481	15,784,236	14,131,002
Payment from MCPS	5,593,671	3,000,000	-	-	-
Special Item	-	-	-	-	-
Transfers	3,504,961	7,010,129	746,351	1,713,016	3,394,356
Total governmental activities	<u>\$ 142,834,814</u>	<u>\$ 148,295,818</u>	<u>\$ 153,048,435</u>	<u>\$ 163,421,615</u>	<u>\$ 173,639,732</u>
Business-type activities:					
Unrestricted investment earnings	\$ 91,224	\$ 1,468,992	\$ 4,150,942	\$ 6,644,132	\$ 6,892,294
Other	67,771	81,683	136,967	29,684,553	236,775
Transfers	(3,504,961)	(7,010,129)	(746,351)	(1,713,016)	(3,394,356)
Total business-type activities	<u>\$ (3,345,966)</u>	<u>\$ (5,459,454)</u>	<u>\$ 3,541,558</u>	<u>\$ 34,615,669</u>	<u>\$ 3,734,713</u>
Total primary government	<u>\$ 139,488,848</u>	<u>\$ 142,836,364</u>	<u>\$ 156,589,993</u>	<u>\$ 198,037,284</u>	<u>\$ 177,374,445</u>
Changes in Net Position					
Governmental activities	\$ 23,876,051	\$ 48,332,659	\$ 32,900,483	\$ 33,260,525	\$ (32,368,046)
Business-type activities	9,981,625	4,409,627	10,841,518	52,791,116	34,238,944
Total primary government	<u>\$ 33,857,676</u>	<u>\$ 52,742,286</u>	<u>\$ 43,742,001</u>	<u>\$ 86,051,641</u>	<u>\$ 1,870,898</u>

Source: City of Manassas Annual Comprehensive Financial Report

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to pensions, OPEB, leases, SBITA and Leave has not been restated.

**Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Primary Government:					
Governmental activities:					
General government	\$ 1,094,316	\$ 480,971	\$ 513,881	\$ 431,433	\$ 525,470
Public safety	2,272,860	2,131,198	2,440,825	2,479,089	3,109,348
Public works	7,694,846	6,810,694	7,535,871	9,082,014	9,756,332
Health and human services	3,207,416	3,389,161	3,837,530	3,778,403	3,717,129
Culture, recreation, development	360,867	1,499,774	1,235,110	1,507,171	1,133,406
Total governmental activities	<u>\$ 14,630,305</u>	<u>\$ 14,311,798</u>	<u>\$ 15,563,217</u>	<u>\$ 17,278,110</u>	<u>\$ 18,241,685</u>
Business-type activities:					
Electric	\$ 41,435,005	\$ 40,797,765	\$ 43,482,903	\$ 43,560,183	\$ 40,548,844
Water	10,249,905	10,752,433	10,887,855	11,338,935	12,907,050
Sewer	14,191,079	15,406,686	16,511,344	15,516,785	22,338,710
Airport	4,205,969	3,689,615	5,013,953	4,273,682	5,352,117
Solid waste	3,408,207	3,417,116	3,434,013	3,545,109	1,863,404
Stormwater	1,189,088	3,056,275	1,322,911	1,421,254	3,590,022
Other business-type activities	-	-	-	-	-
Total business-type activities	<u>\$ 74,679,253</u>	<u>\$ 77,119,890</u>	<u>\$ 80,652,979</u>	<u>\$ 79,655,948</u>	<u>\$ 86,600,147</u>
Total primary government	<u>\$ 89,309,558</u>	<u>\$ 91,431,688</u>	<u>\$ 96,216,196</u>	<u>\$ 96,934,058</u>	<u>\$ 104,841,832</u>
Component unit:					
Manassas city public schools	\$ 54,042,434	\$ 56,485,887	\$ 57,456,694	\$ 58,983,452	\$ 60,989,925
Manassas economic development authority	-	184,312	6,624	278,623	78,183
Total component unit	<u>\$ 54,042,434</u>	<u>\$ 56,670,199</u>	<u>\$ 57,463,318</u>	<u>\$ 59,262,075</u>	<u>\$ 61,068,108</u>
Primary Government:					
Governmental activities:					
General government	\$ 599,299	\$ 881,105	\$ 2,099,339	\$ 1,160,089	\$ 1,216,327
Public safety	5,525,829	13,713,747	4,570,617	5,312,017	4,373,502
Public works	9,280,803	16,591,735	14,938,346	10,389,865	16,087,813
Health and human services	4,458,624	4,200,833	4,553,970	4,891,933	5,331,330
Culture, recreation, development	1,295,405	1,038,978	1,370,365	7,497,976	7,191,494
Total governmental activities	<u>\$ 21,159,960</u>	<u>\$ 36,426,398</u>	<u>\$ 27,532,637</u>	<u>\$ 29,251,880</u>	<u>\$ 34,200,466</u>
Business-type activities:					
Electric	\$ 38,812,159	\$ 45,638,048	\$ 49,780,313	\$ 50,501,143	\$ 53,348,577
Water	12,984,587	12,096,211	14,422,422	18,897,029	21,350,159
Sewer	16,324,211	16,946,011	17,263,142	18,892,334	25,917,054
Airport	9,033,638	5,062,386	4,728,950	10,013,233	8,626,990
Solid waste	2,562,397	3,624,933	3,784,505	4,294,906	4,291,593
Stormwater	3,639,045	2,206,915	2,947,462	4,271,574	8,333,910
Total business-type activities	<u>\$ 83,356,037</u>	<u>\$ 85,574,504</u>	<u>\$ 92,926,794</u>	<u>\$ 106,870,219</u>	<u>\$ 121,868,283</u>
Total primary government	<u>\$ 104,515,997</u>	<u>\$ 122,000,902</u>	<u>\$ 120,459,431</u>	<u>\$ 136,122,099</u>	<u>\$ 156,068,749</u>
Component unit:					
Manassas city public schools	\$ 67,544,775	\$ 76,101,215	\$ 87,566,864	\$ 87,024,957	\$ 91,144,699
Manassas economic development authority	505,026	103,696	247,708	10,073	17,449,653
Total component units	<u>\$ 68,049,801</u>	<u>\$ 76,204,911</u>	<u>\$ 87,814,572</u>	<u>\$ 87,035,030</u>	<u>\$ 108,594,352</u>

Source: City of Manassas Annual Comprehensive Financial Report

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
Revenues					
General property taxes	\$ 76,770,693	\$ 78,422,645	\$ 83,648,432	\$ 86,027,503	\$ 91,739,864
Other local taxes	19,123,123	20,162,055	18,878,986	21,768,072	23,885,186
Permits, fees, licenses	654,822	1,154,234	877,351	1,120,144	812,023
Fines and forfeitures	751,006	713,756	713,993	733,095	783,836
Use of money and property	405,509	662,021	1,098,388	2,739,637	3,744,079
Charges for services	1,267,011	1,193,427	1,394,714	1,237,790	1,403,655
Payment in lieu of debt service	7,341,400	7,255,184	7,357,675	5,752,841	5,679,809
Recovered costs	2,230,720	2,451,271	3,419,610	3,670,420	3,142,180
Miscellaneous	1,534,506	1,212,603	2,203,690	2,191,221	1,801,856
Contribution from component unit	-	3,256,077	1,447,500	5,390,595	1,815,548
Intergovernmental	19,162,831	18,460,027	18,662,441	20,056,734	24,868,452
Total Revenues	\$ 129,241,621	\$ 134,943,300	\$ 139,702,780	\$ 150,688,052	\$ 159,676,488
Expenditures					
General government administration	\$ 9,039,441	\$ 8,924,147	\$ 8,964,728	\$ 9,464,498	\$ 8,861,359
Public safety	29,109,653	28,891,462	30,322,441	31,396,131	32,426,545
Public works	4,423,503	6,241,717	7,316,492	7,053,705	7,301,787
Health and human services	7,937,132	8,108,642	8,582,141	8,673,595	8,915,127
Culture, recreation, development	6,098,669	7,222,524	7,015,552	6,764,268	6,854,163
Education	53,559,758	57,870,687	56,477,145	58,212,570	59,656,355
Non Departmental					
Capital outlay	7,014,122	6,869,322	7,907,676	9,050,382	18,456,821
Debt service					
Principal retirement	6,073,653	6,286,702	6,827,540	5,082,155	5,189,280
Interest and fiscal charges	3,287,943	3,017,724	3,245,467	2,955,145	3,524,684
Bond Issuance costs	-	393,281	-	181,966	-
Total expenditures	\$ 126,543,874	\$ 133,826,208	\$ 136,659,182	\$ 138,834,415	\$ 151,186,121
Excess (deficiency) of revenues over (under) expenditures	\$ 2,697,747	\$ 1,117,092	\$ 3,043,598	\$ 11,853,637	\$ 8,490,367
Other financing sources (uses)					
Transfers in	11,361,929	9,936,264	13,703,998	15,402,668	12,551,381
Transfers out	(6,416,211)	(6,833,878)	(9,688,045)	(12,116,168)	(10,112,092)
Issuance of bonds	-	23,400,000	-	26,550,000	-
Premium on issuance on bonds	-	2,977,002	-	3,131,966	-
Payment to refunded bond escrow agent	-	(9,518,194)	-	-	-
Other	327,608	36,961	-	-	-
Total other financing sources (uses)	\$ 5,273,326	\$ 19,998,155	\$ 4,015,953	\$ 32,968,466	\$ 2,439,289
Net change in fund balance	\$ 7,971,073	\$ 21,115,247	\$ 7,059,551	\$ 44,822,103	\$ 10,929,656
Debt service as a percentage of noncapital expenditures	7.8%	7.3%	7.8%	6.2%	6.6%

Source: City of Manassas Annual Comprehensive Financial Report

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues					
General property taxes	\$ 96,973,951	\$ 98,961,253	\$ 104,694,634	\$ 108,667,453	\$ 114,236,610
Other local taxes	25,280,495	28,391,669	28,062,650	29,540,453	33,314,628
Permits, fees, licenses	793,862	930,758	1,117,509	1,605,548	1,826,888
Fines and forfeitures	974,534	1,802,176	1,558,444	1,843,509	1,683,992
Use of money and property	660,771	(1,062,522)	6,933,776	11,866,472	9,819,282
Charges for services	1,421,085	1,775,528	1,809,773	2,123,953	2,040,239
Payment in lieu of debt service	5,593,671	3,000,000	-	-	-
Recovered costs	3,217,390	3,233,450	3,233,450	3,244,150	3,310,000
Miscellaneous	1,596,690	787,650	1,125,298	1,328,730	2,184,673
Contribution from component unit	669,479	204,759	-	-	-
Intergovernmental	24,467,335	38,521,049	28,060,898	29,828,888	34,868,032
Total Revenues	<u>\$ 161,649,263</u>	<u>\$ 176,545,770</u>	<u>\$ 176,596,432</u>	<u>\$ 190,049,156</u>	<u>\$ 203,284,344</u>
Expenditures					
General government administration	\$ 10,262,434	\$ 10,368,936	\$ 10,964,866	\$ 12,495,478	\$ 13,505,110
Public safety	32,230,985	33,954,634	38,291,730	43,373,718	46,532,239
Public works	8,271,016	8,422,880	9,727,740	9,753,852	10,800,303
Health and human services	9,615,441	9,297,314	10,368,287	11,221,347	14,995,592
Culture, recreation, development	7,981,159	6,966,564	7,963,535	8,697,777	25,804,890
Education	59,531,330	55,341,610	57,165,053	59,619,911	112,018,500
Non Departmental					
Capital outlay	28,141,946	38,384,658	43,118,147	26,943,905	30,288,488
Debt service					
Principal retirement	6,602,840	7,036,511	8,553,725	8,810,139	9,008,150
Interest and fiscal charges	3,686,657	3,848,993	4,013,581	3,918,295	3,154,657
Bond Issuance costs	-	195,863	-	-	348,712
Total expenditures	<u>\$ 166,323,808</u>	<u>\$ 173,817,963</u>	<u>\$ 190,166,664</u>	<u>\$ 184,834,422</u>	<u>\$ 266,456,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,674,545)</u>	<u>\$ 2,727,807</u>	<u>\$ (13,570,232)</u>	<u>\$ 5,214,734</u>	<u>\$ (63,172,297)</u>
Other financing sources (uses)					
Transfers in	16,768,972	24,299,810	24,812,265	26,251,798	32,866,446
Transfers out	(13,129,762)	(15,470,740)	(24,179,815)	(21,407,114)	(29,958,963)
Issuance of bonds	-	28,104,200	-	-	46,175,000
Premium on issuance on bonds	-	3,550,473	-	-	4,186,185
Payment to refunded bond escrow agent	-	(1,254,581)	-	-	-
Other	-	294,900	1,394,000	49,900	3,615,975
Total other financing sources (uses)	<u>\$ 3,639,210</u>	<u>\$ 39,524,062</u>	<u>\$ 2,026,450</u>	<u>\$ 4,894,584</u>	<u>\$ 56,884,643</u>
Net change in fund balance	<u>\$ (1,035,335)</u>	<u>\$ 42,251,869</u>	<u>\$ (11,543,782)</u>	<u>\$ 10,109,318</u>	<u>\$ (6,287,654)</u>
Debt service as a percentage of noncapital expenditures	7.4%	8.0%	8.5%	8.1%	5.2%

Source: City of Manassas Annual Comprehensive Financial Report

**Governmental Fund Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Real property	\$ 62,822,691	\$ 64,772,066	\$ 67,854,301	\$ 70,202,780	\$ 73,986,067
Personal property	11,931,371	12,283,198	13,437,344	13,818,310	15,427,733
Other	2,016,631	1,367,381	2,356,787	2,006,413	2,326,064
Total property taxes	<u>\$ 76,770,693</u>	<u>\$ 78,422,645</u>	<u>\$ 83,648,432</u>	<u>\$ 86,027,503</u>	<u>\$ 91,739,864</u>
Sales	\$ 8,055,065	\$ 8,489,013	\$ 7,136,019	\$ 8,981,502	\$ 10,358,471
Business licenses	3,290,009	3,549,629	3,594,471	4,112,321	4,481,252
Meals	3,728,988	3,944,186	4,185,343	4,421,024	4,244,380
Other	4,049,061	4,179,227	3,963,153	4,253,225	4,801,083
Total other local taxes	<u>\$ 19,123,123</u>	<u>\$ 20,162,055</u>	<u>\$ 18,878,986</u>	<u>\$ 21,768,072</u>	<u>\$ 23,885,186</u>
Total tax revenues	<u>\$ 95,893,816</u>	<u>\$ 98,584,700</u>	<u>\$ 102,527,418</u>	<u>\$ 107,795,575</u>	<u>\$ 115,625,050</u>

	Fiscal Year				
	2021	2022	2023	2024	2025
Real property	\$ 77,958,354	\$ 79,379,599	\$ 81,855,659	\$ 85,372,735	\$ 90,131,132
Personal property	16,211,582	16,958,650	20,298,629	20,724,215	21,530,795
Other	2,804,015	2,623,004	2,540,346	2,570,503	2,574,683
Total property taxes	<u>\$ 96,973,951</u>	<u>\$ 98,961,253</u>	<u>\$ 104,694,634</u>	<u>\$ 108,667,453</u>	<u>\$ 114,236,610</u>
Sales	\$ 10,847,233	\$ 12,324,357	\$ 12,637,152	\$ 12,933,547	\$ 14,790,477
Business licenses	5,069,828	5,366,607	5,172,199	5,681,463	7,154,293
Meals	4,518,921	5,574,688	5,869,128	6,246,415	6,430,583
Other	4,844,513	5,126,017	4,384,171	4,679,028	4,939,275
Total other local taxes	<u>\$ 25,280,495</u>	<u>\$ 28,391,669</u>	<u>\$ 28,062,650</u>	<u>\$ 29,540,453</u>	<u>\$ 33,314,628</u>
Total tax revenues	<u>\$ 122,254,446</u>	<u>\$ 127,352,922</u>	<u>\$ 132,757,284</u>	<u>\$ 138,207,906</u>	<u>\$ 147,551,238</u>

Source: City of Manassas Annual Comprehensive Financial Report

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Tax Year	Real Property			Total Direct Tax Rate	Real & Personal Property Public Service	Personal Property		Total Assessed & Actual Value	Total Taxable Assessed & Actual Value
	Residential	Commercial	Tax Exempt			Tangible Personal Property	Machinery & Tools		
2016	2,915,314,100	1,698,553,200	750,641,100	1.388	104,485,326	343,870,765	709,057,065	6,521,921,556	5,771,280,456
2017	3,000,312,000	1,714,687,700	752,803,800	1.403	122,124,893	352,664,077	711,304,770	6,653,897,240	5,901,093,440
2018	3,074,547,700	1,733,207,300	801,341,500	1.440	130,530,000	362,010,910	708,224,590	6,809,862,000	6,008,520,500
2019	3,174,398,300	1,714,622,100	798,982,200	1.460	106,921,207	373,471,810	700,545,390	6,868,941,007	6,069,958,807
2020	3,340,809,700	1,722,936,300	805,217,200	1.480	107,612,030	394,334,890	528,424,390	6,899,334,510	6,094,117,310
2021	3,531,364,160	1,871,721,080	809,110,800	1.460	132,102,900	409,536,970	552,920,000	7,306,755,910	6,497,645,110
2022	3,783,990,400	1,896,918,600	809,577,300	1.429	136,088,900	448,123,170	587,487,910	7,662,186,280	6,852,608,980
2023	4,243,351,000	1,985,987,800	851,170,600	1.342	136,641,200	603,579,700	677,699,040	8,498,429,340	7,647,258,740
2024	4,694,649,200	2,207,062,600	934,328,200	1.260	132,562,752	547,437,440	747,657,510	9,263,697,702	8,329,369,502
2025	4,951,412,500	2,398,359,857	991,829,700	1.260	147,398,600	555,071,060	767,666,230	9,811,737,947	8,819,908,247

Source: City of Manassas Commissioner of the Revenue
Virginia Department of Taxation Annual Reports

Notes: Property is assessed at actual value; therefore, the assessed values are equal to actual values.

Property in the City is reassessed each year.

Tax rates are per \$100 of assessed value.

Real Property is assessed on January 1 preceeding the fiscal year which begins July 1.

Property Tax Rates
Last Ten Years

Tax Year	General	Fire Rescue Levy	Total Direct Real Property	Personal Property	Machinery and Tools
2016	1.210	0.178	1.388	3.250	2.100
2017	1.220	0.183	1.403	3.250	2.100
2018	1.253	0.187	1.440	3.600	2.100
2019	1.268	0.192	1.460	3.600	2.100
2020	1.283	0.197	1.480	3.600	2.100
2021	1.263	0.197	1.460	3.600	2.100
2022	1.222	0.207	1.429	3.600	2.100
2023	1.135	0.207	1.342	3.600	2.100
2024	1.070	0.190	1.260	3.600	2.100
2025	1.070	0.190	1.260	3.600	2.100

Source: City of Manassas Commissioner of the Revenue

Notes: Tax rates are per \$100 of assessed value.

Owens Brooke is a special taxing district in addition to the real property tax noted above.

Business computer equipment is taxed at different rate than the personal property rate noted above.

Semiconductor manufacturing machinery & tools is taxed at a different rate than that noted above.

Go to www.manassasva.gov for more detailed tax rate information

Principal Real Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Real Property Assessed Value	Rank	Percentage of Total Taxable Real Property Assessed Value	Taxable Real Property Assessed Value	Rank	Percentage of Total Taxable Real Property Assessed Value
Micron Technology Inc.	\$ 247,138,300	1	3.4%	\$ 98,066,200	2	2.1%
UDR Wellington Place LLC	88,379,700	2	1.2%	62,033,100	3	1.3%
Lockheed Martin Federal System	86,504,400	3	1.2%	100,543,400	1	2.2%
Battery Heights Associates	78,184,300	4	1.1%	53,268,100	4	1.2%
Digital Third Second Manassas LLC	76,878,300	5	1.0%			
Fairfield Village Square LP	46,426,700	6	0.6%	25,348,200	7	0.5%
Davis Ford Crossings LLC	38,409,100	7	0.5%			
Liberia Development Corp.	35,157,200	8	0.5%	22,365,800	10	0.5%
Tilden Manassas Courts Apts LLC (1)	34,943,500	9	0.5%	26,634,400	6	0.6%
Van Metre Barrington Park Apts	34,346,800	10	0.5%	23,748,700	8	0.5%
Prince William Hospital Corp.			0.0%	31,829,500	5	0.7%
Wellington Station Owner LLC			0.0%	22,948,700	9	0.5%
Totals	\$ <u>766,368,300</u>		<u>10.5%</u>	\$ <u>466,786,100</u>		<u>10.1%</u>

Source: City of Manassas Commissioner of the Revenue

Notes: Total Taxable Real Property Assessed values were obtained from Table 7 (excludes tax exempt and public service):

\$4,613,867,300 - 2016

\$7,349,772,357 - 2025

(1) Formerly WT/CAP Manassas Courts Apt.

Real Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Delinquent Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2016	\$ 62,924,270	\$ 61,837,236	98.27%	\$ 1,085,021	\$ 62,922,257	100.00%	\$ 1,087,034	1.73%
2017	64,894,082	63,227,350	97.43%	1,656,484	64,883,834	99.98%	1,666,732	2.57%
2018	69,576,985	68,393,375	98.30%	1,177,211	69,570,586	99.99%	1,183,610	1.70%
2019	71,545,244	70,483,643	98.52%	1,061,601	71,545,244	100.00%	1,061,601	1.48%
2020	75,128,654	73,742,376	98.15%	1,353,056	75,095,432	99.96%	1,386,278	1.85%
2021	79,647,969	78,111,978	98.07%	1,510,837	79,622,815	99.97%	1,535,991	1.93%
2022	81,658,740	80,264,304	98.29%	1,354,900	81,619,204	99.95%	1,394,436	1.71%
2023	83,918,539	82,380,341	98.17%	1,445,508	83,825,849	99.89%	1,538,198	1.83%
2024	87,029,380	85,338,256	98.06%	1,420,859	86,759,115	99.69%	1,691,124	1.94%
2025	92,031,294	89,668,574	97.43%	-	89,668,574	97.43%	2,362,720	2.57%

Source: City of Manassas Finance Department, Commissioner of the Revenue, and City Treasurer
 Notes: Tax Levy reported is based on the original assessed value attained on fiscal year end of each year.
 Delinquent taxes reflect the amount delinquent as of fiscal year end for the initial year levied.
 The taxes are due December 5 and June 5.
 The tax year is the same as the fiscal year, beginning on July 1 and ending on June 30.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	SBITA Liabilities	Lease Liabilities	Capital Leases	General Obligation Bonds	Lease Liabilities	Other Obligations		Personal Income	Per Capita
	2016	\$ 81,871,780	\$ -	\$ -	\$ 78,953	\$ 25,776,513	\$ -		\$ 1,568,000	\$ 109,295,246
2017	91,902,652	-	-	149,686	32,005,136	-	-	124,057,474	5.65%	2,989
2018	84,473,285	-	-	100,024	29,468,358	-	-	114,041,667	5.01%	2,739
2019	108,445,333	-	-	50,561	51,685,507	-	-	160,181,401	6.92%	3,899
2020	102,475,769	-	-	-	49,510,553	-	-	151,986,322	5.94%	3,553
2021	95,092,647	-	-	-	46,543,985	-	-	141,636,632	5.28%	3,316
2022	117,812,047	-	819,227	-	68,276,512	38,831	-	186,946,617	6.88%	4,384
2023	108,636,236	778,408	518,036	-	64,453,949	29,543	-	174,416,172	5.99%	4,085
2024	99,283,318	2,818,827	136,182	-	60,473,492	19,980	-	162,731,799	n/a	3,731
2025	140,009,749	3,632,749	2,367,521	-	56,339,447	10,135	-	202,359,601	n/a	n/a

Source: City of Manassas Annual Comprehensive Financial Report

Notes: Details of the City's outstanding debt can be found in the notes to the financial statements.

Outstanding Bonds include bond premium.

Lease liabilities were included after the implementation of GASB 87, *Leases*. Prior years were not restated.

Subscription based information technology liabilities were included after the implementation of GASB 96, *SBITA*. Prior years were not restated.

Personal income and population data is found in Table 14.

n/a = not available

**Ratios of General Bonded Debt Outstanding Supported by Taxpayers
Last Ten Fiscal Years**

Fiscal Year	Outstanding General Obligation Bonds	Outstanding State Literary Loans	Total Outstanding Bonds Supported by Taxpayers	Percentage of Actual Value of Real Property	Outstanding Bonds Per Capita
2016	\$ 107,648,293	\$ -	\$ 107,648,293	2.33%	\$ 2,595
2017	123,907,788	-	123,907,788	2.63%	2,986
2018	113,941,643	-	113,941,643	2.37%	2,736
2019	160,130,840	-	160,130,840	3.28%	3,898
2020	151,986,322	-	151,986,322	3.00%	3,553
2021	141,636,632	-	141,636,632	2.62%	3,316
2022	186,088,559	-	186,088,559	3.28%	4,364
2023	173,090,185	-	173,090,185	2.78%	4,054
2024	159,756,810	-	159,756,810	2.31%	3,663
2025	196,349,196	-	196,349,196	2.67%	n/a

Source: City of Manassas Annual Comprehensive Financial Report

Notes: Details of the City's outstanding debt can be found in the notes to the financial statements. Taxable Assessed and Actual Value of Real Property is found in Table 7.

Calculation excludes tax exempt, public service and personal property.

Population data is found in Table 14.

n/a = not available

**Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 461,386,730	\$ 471,499,970	\$ 480,775,500	\$ 488,902,040	\$ 506,374,600
Total net debt applicable to limit	99,374,521	113,000,577	103,824,209	145,202,358	138,146,973
Legal debt margin	<u>\$ 362,012,209</u>	<u>\$ 358,499,393</u>	<u>\$ 376,951,291</u>	<u>\$ 343,699,682</u>	<u>\$ 368,227,627</u>
Total net debt applicable to limit as a percent of debt limit	21.54%	23.97%	21.60%	29.70%	27.28%

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt limit	\$ 540,308,524	\$ 568,090,900	\$ 622,933,880	\$ 690,171,180	\$ 734,977,236
Total net debt applicable to limit	128,886,415	168,510,000	156,934,999	145,025,000	178,940,000
Legal debt margin	<u>\$ 411,422,109</u>	<u>\$ 399,580,900</u>	<u>\$ 465,998,881</u>	<u>\$ 545,146,180</u>	<u>\$ 556,037,236</u>
Total net debt applicable to limit as a percent of debt limit	23.85%	29.66%	25.19%	21.01%	24.35%

Legal Debt Margin Calculation for Fiscal Year 2025

Real property assessed value January 1, 2024, used for FY2025 (7/1/2024 - 6/30/2025)	\$ 8,341,602,057
Less exempt real property assessed value	(991,829,700)
Total taxable real property assessed value	<u>\$ 7,349,772,357</u>
Debt limit (10% of taxable real property assessed value)	734,977,236
Total net debt applicable to limit June 30, 2025	178,940,000
Legal debt margin	<u>\$ 556,037,236</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: The debt limit is ten percent of the total assessed real property value subject to taxation found in Table 7.

The calculation excludes public service and tax exempt property.

Under Virginia statute, the City's outstanding obligation debt may not exceed ten percent of the assessed valuation of the real estate in the city subject to taxation.

The debt applicable to the debt margin is the primary government's general obligation bonds and library literacy loans found in Table 11 (net of outstanding bond premiums included in Table 11).

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (5)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2016	41,483	2,128,617,000	51,313	7,678	3.4%
2017	41,501	2,196,606,000	52,929	7,771	3.4%
2018	41,641	2,276,430,000	54,668	7,695	2.8%
2019	41,085	2,315,797,000	56,366	7,613	2.6%
2020	42,772	2,558,279,000	59,812	7,778	8.8%
2021	42,708	2,682,489,000	62,810	7,587	4.4%
2022	42,642	2,716,338,000	63,701	7,548	2.7%
2023	42,696	2,910,330,000	68,164	7,672	2.5%
2024	43,616	n/a	n/a	7,689	2.8%
2025	n/a	n/a	n/a	7,883	3.3%

Source: (1) U. S. Census Bureau
(2) U. S. Department of Commerce, Bureau of Economic Analysis for Prince William, Manassas and Manassas Park, VA
(3) Manassas City Public Schools
(4) U. S. Department of Labor, Bureau of Labor Statistics and Virginia Employment Commission
(5) Based on population and per capita income estimates

Note: n/a = not available

Principal Employers
Current Year and Nine Years Ago

Employer	2024			2015		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Micron Technology	1,362	1	5.7%	1,560	1	7.3%
UVA Health System (formerly Novant and Prince William Health System)	1,298	2	5.5%	1,155	2	5.4%
Manassas City Public Schools (FTE)	1,213	3	5.1%	1,074	4	5.1%
Lockheed Martin	1,070	4	4.5%	1,100	3	5.2%
City of Manassas (FTE)	501	5	2.1%	472	5	2.2%
Aurora Flight Sciences	469	6	2.0%	210	10	1.0%
American Disposal Service	395	7	1.7%	450	6	2.1%
S.W.I.F.T.	338	8	1.4%	236	8	1.1%
BAE Systems	320	9	1.4%	280	7	1.3%
Southland Insulators	164	10	0.7%			
ARS (American Residential Services)				193	9	0.9%
Totals	<u>7,130</u>		<u>30.09%</u>	<u>6,730</u>		<u>31.7%</u>
Total City Employment	23,697			21,227		

Sources: City of Manassas Economic Development Department
Virginia Employment Commission

Notes: Calendar year 2024 is the most current year available
FTE - full time equivalents

**Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
City Clerk	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager/Communications	10.00	11.00	12.00	5.00	5.00	5.00	5.00	8.00	8.00	7.00
City Attorney (1)	-	-	-	1.00	2.00	3.00	3.00	3.00	3.00	3.00
Voter Registration	2.05	2.15	2.75	2.75	3.00	3.00	3.00	4.00	4.00	4.00
Treasurer	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00
Commissioner of the Revenue	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00
Finance and Administration	25.30	26.30	25.30	26.30	27.55	27.55	29.55	30.50	30.50	31.50
Human Resources (2)	-	-	-	7.00	7.00	7.00	7.00	8.00	8.00	8.00
Public Safety										
Police	126.50	127.00	129.25	130.25	130.25	131.75	136.75	138.75	138.00	136.25
Fire and Rescue	60.00	62.00	64.00	66.00	66.00	66.00	69.00	72.00	72.00	72.00
Public Works	51.50	53.00	46.00	46.00	46.00	47.00	47.00	47.00	47.00	48.00
Engineering (3)			14.00	14.00	9.00	11.00	10.00	11.00	11.00	11.00
Culture, Recreation, Development										
Museum System (4)	6.50	6.50	-	-	-	-	-	-	-	-
Community Development	27.25	27.25	33.75	34.25	35.25	35.25	35.25	35.30	35.30	38.80
Economic Development	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health and Human Services										
Social Services	37.48	37.48	37.98	37.00	40.00	42.00	45.50	45.50	45.50	46.00
Utilities										
Sewer	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	9.00	9.00
Water	26.50	24.00	23.00	23.00	25.00	24.00	24.00	25.00	26.00	26.00
Electric	35.00	35.00	31.00	31.00	34.00	35.00	35.00	35.00	35.00	38.00
Utility Admin & Services (5)	20.00	21.00	21.00	21.00	21.00	21.00	21.00	22.00	22.00	21.00
Airport	7.00	7.00	7.00	7.00	7.00	8.00	8.00	9.00	9.00	10.00
Solid Waste	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50
Vehicle Maintenance	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00
Total primary government	478.58	483.18	490.53	495.55	501.05	509.05	521.55	538.55	538.80	545.05

Source: City of Manassas Adopted Annual Operating Budget

(1) New City Attorney department was established in FY19

(2) Separate Human Resources department was established in FY19

(3) Separate Engineering department was established in FY18, with staff from Utilities and Public Works; includes Stormwater.

(4) Museum staff are included in Parks, Culture & Recreation department under Community Development starting FY18.

(5) Includes utility billing, customer service, metering, and finance and administration positions within Utilities.

**Operating Indicators by Function
Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General Government										
Business licenses issued	2,775	2,750	2,407	2,449	2,374	2,606	2,652	2,481	2,456	2,587
Property returns processed	37,081	37,343	39,676	36,776	44,157	43,469	43,508	41,442	41,980	40,990
Public Safety										
Traffic citations	6,000	7,000	7,000	6,340	5,993	5,691	7,827	8,709	6,239	5,869
Criminal arrests	2,000	2,100	2,150	2,310	2,014	1,598	2,126	2,977	2,874	2,357
Police calls for service	55,000	58,000	57,000	56,371	64,746	69,087	74,988	70,116	65,765	71,981
Engineering / Development										
Services Site plans reviewed	64	67	70	96	107	119	129	86	81	93
Public Works										
Building permits issued	476	537	1,288	1,040	457	383	535	442	543	566
Acres mowed	365	365	365	370	375	375	375	385	385	385
Health and Human Services										
Family services										
Customers served (3)	111,941	97,115	41,422	34,984	26,769	36,280	20,789	31,088	34,921	29,906
Section 8 vouchers/mo.	295	290	294	303	288	296	300	318	335	320
Sewer Utility										
Wastewater processed (1)	2.36	2.20	2.20	2.50	2.30	2.47	2.32	2.21	2.19	2.23
Water Utility										
Drinking water produced (1)	4.70	4.68	4.41	4.20	4.40	4.50	4.20	4.60	4.70	4.73
Electric Utility										
Load management savings	\$1.2M	\$1.8M	\$2.3M	\$2.6M	\$1.6M	\$1.4M	\$2.1M	\$1.9M	\$2.2M	\$2.1M
Airport										
Total operations (2)	83,815	89,654	80,714	83,130	75,316	92,784	107,270	106,919	102,777	97,437
Based aircraft	410	410	389	395	392	410	413	429	429	426
Information Technology										
Devices supported	1,330	1,461	1,461	1,461	1,453	1,317	1,467	1,496	1,528	1,471
Visitors to city website (4)	1,200,000	1,121,558	927,146	1,002,647	1,192,718	929,256	1,278,029	1,058,401	1,209,356	1,221,858

Source: City of Manassas Annual Operating Budget

Notes: n/a = not available

(1) Billions of gallons per year

(2) Take-offs and landings

(3) On-line applications decreased figures starting in FY18; decrease beginning FY20 due to offices closed during the pandemic.

(4) New web-hosting effective Feb 2021. Data for Feb-June was annualized for FY 2021.

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Town Hall	1	1	1	1	1	1	1	1	1	1
Community Srvc Ctr (1)	0	0	0	0	0	0	1	1	1	1
Parking lots (in spaces)(8)	827	827	827	825	825	823	820	819	817	884
Vehicles in fleet	449	457	463	462	482	485	490	501	524	533
Public Safety (2)										
Police/Public safety bldg	1	1	1	1	1	1	1	2	2	2
Fire stations	1	1	1	1	1	2	2	2	2	2
Rescue stations	1	1	1	1	1	0	0	0	0	0
Public Works										
Streets (miles)	249	249	249	249	255	255	253	253	253	253
Street lights	3,045	3,045	3,065	2,901	2,903	2,929	2,964	2,962	3,029	3,102
Traffic signals (3)	62	62	62	62	63	63	63	63	62	62
Culture, Recreation, Development										
Museums	1	1	1	1	1	1	1	1	1	1
Restored historic buildings:										
Railroad Depot	1	1	1	1	1	1	1	1	1	1
Candy Factory	1	1	1	1	1	1	1	1	1	1
Parks (4)	12	17	17	17	18	18	18	18	21	21
Park acreage (4)	194	234	234	271	264	264	264	264	260	260
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts (4)	22	22	22	22	23	23	23	26	34	34
Skate parks	1	1	1	1	1	1	1	1	1	1
Outdoor pavilion	1	1	1	1	1	1	1	1	1	1
Sewer Utility										
Sewer main (miles)	142	142	142	142	142	142	142	142	138	138
Storm sewers (miles)	72	72	72	72	72	72	112	114.6	115.5	116.6
Treatment capacity (5)	8.69	8.69	8.69	8.69	9.19	9.19	9.19	9.19	9.19	9.19
Water Utility										
Water connections	11,200	11,242	11,272	11,385	11,437	11,466	11,466	11,475	11,478	11,478
Water mains (miles)	170	170	170	170	170	170	172	172	172	172
Water plant capacity (5)	14	14	14	14	14	14	14	14	14	14
Electric Utility										
Distribution stations	6	6	6	6	6	6	6	6	6	6
Peaking generators	20	20	20	17	17	17	17	15	15	17
Electric capacity (6)	40	40	40	34	36	36	36	28	28	28
Airport										
Airport acreage (7)	897	891	891	891	891	891	891	889	869	869
Number of runways	2	2	2	2	2	2	2	2	2	2

Source: City of Manassas Finance, Public Works, Utilities, Vehicle Maintenance, and Parks Culture Recreation Departments

- Notes: (1) Community Service Center on Godwin Drive was temporarily placed in service FY22 - FY24 during City Hall renovation.
(2) Fire station 21 was completed in FY21, and the GMVRS building was decommissioned. New public safety building opened FY23, with 911-Dispatch maintaining operations from the prior police station until FY24.
(3) Prior year data for traffic signals was corrected in FY20.
(4) FY17 parks assessment added historic sites to parks definition as passive recreation sites. Tennis courts include school sites, and racquetball or pickleball courts. FY21 data was corrected to exclude undeveloped parks.
(5) Millions of gallons per day
(6) Megawatts
(7) Airport parcel map updated with FAA in FY19.
(8) FY25 includes 67 spaces at the temporary downtown parking lot at the former Olde Towne Inn site.



**Independent Auditors' 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 the City Council
City of Manassas, 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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Manassas, Virginia's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Manassas, Virginia'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 the City of Manassas, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas, Virginia's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manassas, Virginia'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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

December 1, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the City Council
City of Manassas, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Manassas, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Manassas, Virginia's major federal programs for the year ended June 30, 2025. City of Manassas, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Manassas, Virginia's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Manassas, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Manassas, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Manassas, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Manassas, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Manassas, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Manassas, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Manassas, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Manassas, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 1, 2025

CITY OF MANASSAS, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government:			
Department of the Treasury:			
Pass-through Payments:			
Virginia Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	21027-197-10	\$ 59,776
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	VA0113	<u>15,149,857</u>
Total 21.027			<u>\$ 15,209,633</u>
Total Department of the Treasury			<u>\$ 15,209,633</u>
Department of Housing and Urban Development:			
Pass-through Payments:			
Virginia Housing Development Authority:			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	14195-165-10	<u>\$ 241,742</u>
Total Section 8 Project-Based Cluster			<u>\$ 241,742</u>
Total Department of Housing and Urban Development			<u>\$ 241,742</u>
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 15,470
State Criminal Alien Assistance Program	16.606	N/A	92,367
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,333
Pass-through Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	528489	<u>15,675</u>
Total 16.738			<u>\$ 31,008</u>
Total Department of Justice			<u>\$ 138,845</u>
Environmental Protection Agency:			
Direct Payments:			
Congressionally Mandated Projects - Fitzgerald Way Transmission Main	66.202	N/A	\$ 591,765
Geographic Programs-Chesapeake Bay Program (Stormwater Watershed Resources Master Plan)	66.466	N/A	<u>9,119</u>
Total Environmental Protection Agency			<u>\$ 600,884</u>
Department of Transportation:			
Direct Payments: Federal Aviation Administration			
Airport Improvement Program	20.106	CF-0030-55/CF-0030-57 CF-0030-51/CF-0030-56	\$ 2,411,650
Pass-through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BPT-2025-55142/ BPT-2024-54300	31,339
Total Highway Safety Cluster			<u>\$ 31,339</u>
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	UPC-118700/UPC-109293 UPC-124345/UPC-126279 UPC-124628	\$ 5,300,378
Total Department of Transportation			<u>\$ 7,743,367</u>

CITY OF MANASSAS, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
For the Year Ended June 30, 2025 (Continued)

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government: (Continued)			
Department of Homeland Security:			
Direct Payments:			
Assistance to Firefighters Grant	97.044	N/A	\$ <u>6,369</u>
Pass-through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	UASI596-01	\$ 142,961
Emergency Management Performance Grants	97.042	7795	<u>7,132</u>
Total Department of Homeland Security			\$ <u>156,462</u>
Department of Health and Human Services:			
Pass-through Payments:			
Virginia Department of Education:			
COVID-19 - Public Health Crisis Response	93.354	93354-197-10	\$ <u>1,016</u>
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	93558-765-10	\$ <u>267,305</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596-765-10	49,099
Total CCDF Cluster			\$ <u>49,099</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	93778-765-10	\$ <u>809,035</u>
Total Medicaid Cluster			\$ <u>809,035</u>
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	93556-765-10	\$ 25,540
Guardianship assistance	93.090	93090-765-10	753
Title IV-E Prevention Program	93.472	93472-765-10	16,619
Refugee and Entrant Assistance State/Replacement Designee Administered Programs			
Low-Income Home Energy Assistance	93.566	93566-765-10	39,093
Chafee Education and Training Vouchers Program	93.568	93568-765-10	40,051
Stephanie Tubbs Jones Child Welfare Services Program	93.599	93599-765-10	143
Foster Care - Title IV-E	93.645	93645-765-10	1,105
Adoption Assistance	93.658	93658-765-10	278,005
Social Services Block Grant	93.659	93659-765-10	176,920
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.667	93667-765-10	256,166
Children's Health Insurance Program	93.674	93674-765-10	3,217
	93.767	93767-765-10	<u>10,367</u>
Total Department of Health and Human Services			\$ <u>1,974,434</u>

CITY OF MANASSAS, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
For the Year Ended June 20, 2025 (Continued)

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass-through Payments:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561-765-10	\$ <u>937,739</u>
Total SNAP Cluster			\$ <u>937,739</u>
Virginia Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program - Food Distribution Service	10.555	00-571	\$ 523,497
Virginia Department of Education:			
National School Lunch Program	10.555	10555-301-10	<u>3,289,056</u>
Total 10.555			\$ <u>3,812,553</u>
School Breakfast Program	10.553	10553-301-10	\$ <u>934,148</u>
Virginia Department of Agriculture:			
Summer Food Service Program for Children - Food Distribution Service	10.559	00-571	2,353
Virginia Department of Education:			
Summer Food Service Program for Children	10.559	10559-301-10	\$ <u>46,649</u>
Total 10.559			\$ <u>49,002</u>
Total Child Nutrition Cluster			\$ <u>4,795,703</u>
Child and Adult Care Food Program	10.558	10558-301-10	\$ <u>61,645</u>
Total Department of Agriculture			\$ <u>5,795,087</u>
Department of Education:			
Pass-through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	84010-197-10	\$ 1,437,414
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	84027-197-10	\$ 1,710,647
Special Education - Preschool Grants	84.173	84173-197-10	<u>37,566</u>
Total Special Education Cluster (IDEA)			\$ <u>1,748,213</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary Emergency Relief (ARP ESSER) Fund	84.425U	84425-197-10	163,622
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	84334-197-10	48,404
English Language Acquisition State Grants	84.365	84365-197-10	380,390
Student Support and Academic Enrichment Program	84.424	84424-197-10	112,003
Career and Technical Education - Basic Grants to States	84.048	84048-197-10	139,548
Supporting Effective Instruction State Grants	84.367	84367-197-10	<u>273,845</u>
Total Department of Education			\$ <u>4,303,439</u>
Total Expenditures of Federal Awards			\$ <u><u>36,163,893</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF MANASSAS, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Manassas, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Manassas, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The City has elected not to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) The City did not pass any federal awards through to sub-recipients during the year ended June 30, 2025.

Note 3 - Loan Balances

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 4 - Relationship to Financial Statements

Listed below is a reconciliation of federal revenue and the Schedule of Expenditures of Federal Awards:

Federal revenue	\$	36,247,396
Less:		
Federal funds which are not subject to single audit (rental of building for post office, tower rentals at the airport, and reimbursements from federal agencies)		<u>(83,503)</u>
Total Federal Expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>36,163,893</u></u>

CITY OF MANASSAS, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,084,917
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

CITY OF MANASSAS, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

There were no prior year audit findings.