

CITY OF MANASSAS PARK, VIRGINIA

Annual Comprehensive Financial Report



Year Ended June 30, 2023

CITY OF MANASSAS PARK, VIRGINIA

**Annual Comprehensive
Financial Report**

Year Ended June 30, 2023

PREPARED BY:

Pon Yusuf, Director of Finance

CITY OF MANASSAS PARK, VIRGINIA

Annual Comprehensive Financial Report Year Ended June 30, 2023

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CITY OF MANASSAS PARK

City Hall • 100 Park Central Plaza • Manassas Park, Virginia 20111-2395
(703) 335-8800 • Fax (703) 335-0053
www.manassasparkva.gov

Mayor:
Jeanette Rishell
Vice Mayor:
Alanna Mensing

City Manager:
Laszlo A. Palko

Director of Finance / CFO:
Pon Chen Yusuf, CPA

Council Members:
Laura Hampton
Haseeb Javed
Darryl Moore
Alanna Mensing
Yesy Amaya

December 15, 2023

Honorable Mayor, Members of City Council, and Residents of the City of Manassas Park, Virginia:

The Annual Comprehensive Financial Report (ACFR) of the City of Manassas Park for the year ended June 30, 2023 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Manassas Park issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audited this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly, the financial position and results of operations of the various funds and component units of the City of Manassas Park. All disclosures necessary for readers to understand the City of Manassas Park's activities have been included.

The Department of Finance has prepared this report in accordance with the following minimum standards:

- ☐ Generally Accepted Accounting Principles in the United States of America (GAAP);
- ☐ Governmental accounting and financial reporting statements, interpretations, and technical bulletins issued by the Governmental Accounting Standards Board (GASB);
- ☐ Uniform financial reporting standards for counties, cities, and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA); and
- ☐ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, UG).

The ACFR is presented in four sections: introductory, financial, statistical and compliance. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, and a list of the City of Manassas Park's principal

elected and appointed officials. The financial section includes Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and supporting schedules. The unaudited statistical section includes selected multi-year financial and demographic information.

The City of Manassas Park is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1997) and the U.S. Office of Management and Budget's Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, the regulations, and a schedule of findings and questioned costs, if any, are included in the compliance section of this report.

The fiscal year 2023 budget was adopted based on the City Council's established strategic goal to achieve long-term budget sustainability in addition to its established 2021-2024 strategic focus areas of:

- ☐ Economic Development
- ☐ Balanced Slicing of Pie (Tax cuts, core services, pay raises, and FTE growth)
- ☐ Community maintenance issues
- ☐ Infrastructure (transportation, facilities, trails, funding safety risks, etc.)
- ☐ Financial management, and
- ☐ Service delivery enhancement

Below is a high-level summary of the city budget process in brief.

- ☐ Prior to April 1, the City Manager prepares and submits to the City Council a proposed operating and capital project for the fiscal year beginning on July 1st and ending on June of the subsequent year. The operating budget includes proposed expenditures, the means of financing them, and forecasted revenues for all funds. These funds include General Fund, Debt Service Fund, Capital Projects Fund, the Non-major Special Revenue Funds, School Operation Fund, and the School Cafeteria Fund. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the fund level.
- ☐ The budget is prepared on a basis of generally accepted accounting principles, applicable GASB statements, rules, and regulations.
- ☐ Public hearings are held to obtain resident comments.
- ☐ Prior to the start of the fiscal year, the budget is legally adopted for all funds via a passage of an ordinance.
- ☐ All amendments to the budget at the fund level must be approved by the City Council. Management may transfer budgeted amounts between functions without approval by City Council.
- ☐ Quarterly budget appropriations, including any revisions, are presented to and approved by City Council at the fund level. Several supplemental appropriations are necessary during the fiscal year depending on business needs and operations. All appropriations lapse at year-end except for capital project funds where appropriations carry forward for the duration of the project.
- ☐

For specific details of the budget process, refer to the FY2023 Budget calendar below:

FY 2023 BUDGET SCHEDULE

Date (2022)	Activity	Topic
Pre Jan 15	Internal Management	CIP Templates filled out and reviewed
January 14	Internal Management	Budget Templates provided to Departments
February 9	Planning Commission	Draft CIP Presentation
February 11	Internal Management	Department Budgets Due to City Manager
February-March	Internal Management	City Manager meetings with Departments to develop departmental budgets
March 1	Regular Governing Body Meeting	Discussion of Governing Body (GB) Priorities as needed
March 15	Regular Governing Body Meeting	
March 22	Special Meeting	School Board Budget Presentation to GB
Late March	Internal Management	City Manager receives Draft Assessment Data from Assessors
Late March	Internal Management	City Manager Finalizes Budget
March 30	Special Meeting	Budget Work Session
April 5	Regular Governing Body Meeting	City Manager Presents Budget Recommendation
April 12	Governing Body Work Session	City Department Directors Present to GB
April 13	Planning Commission	Vote on CIP Recommendation to GB
April 19	Regular Governing Body Meeting	Public Budget Input Session CIP Presentation
April 26	Governing Body Work Session	City Department Directors Present to GB
May 3	Governing Body Work Session	Final School Board Budget Work Session/ Further Budget Presentations/Discussions as needed
May 10	Regular Governing Body Meeting	Governing Body Selection of Budget/CIP Parameters for Public Hearing Advertisement; Approve Resolution for Not to Exceed Tax Rate/Fees; Vote on School Board Budget
Early thru Mid-May	Advertisement	Advertisement of Budget and Tax Rates/Fees in Newspaper
May 17	Regular Governing Body Mtg.	Refinement of Budget/CIP (if needed)
June 7	Public Hearing	Public Hearing held on Budget
June 14	Regular Governing Body Meeting	Regular Governing Body Meeting, Refinement of Budget/CIP (if needed)
June 21	Special Meeting or Governing Body Work Session (if either is needed)	Adoption: Budget, CIP, Tax Rates and Fees
June 30	Last Day of Fiscal Year	Latest Date to Adopt Budget

For a summary of the FY2023 City Budget for General Fund with key highlights, see below:

- 8 Cents Real Estate Tax Rate reduction proposed - \$1.7M tax relief to residents. Real Estate Assessments grew by over 13% (\$2.2M); Personal Property Tax Rate reduction proposed to \$3 from \$3.50 to help offset potential increases in assessed values of over 20% due to supply chain issues - \$845K tax relief to residents.

- ☐ Full economic recovery expected as seen to date in FY 22 (Meals Tax.). Sales Tax projections reduced in case Grocer Tax reduction plan adopted by State.
- ☐ Speed Ticket Camera revenues increase plus increase in COPS Grant revenue.
- ☐ Increase in permit fees related to downtown.

Budget line items of revenues and expenditures for the fiscal year are presented below:

City of Manassas Park General Fund Budget		
Revenue Category	FY 22A2	FY 23
PROPERTY TAXES	\$ 37,149,037	\$ 40,136,327
ECONOMIC DEV TAX REVENUES	\$ 4,354,830	\$ 5,001,406
POLICE	\$ 1,094,130	\$ 1,302,858
FIRE	\$ 374,863	\$ 424,100
EMERGENCY MANAGEMENT	\$ 81,466	\$ 7,500
COMMUNITY DEVELOPMENT	\$ 1,249,273	\$ 1,431,400
SOCIAL SERVICES	\$ 1,829,816	\$ 1,836,866
PARKS & REC	\$ 1,087,462	\$ 1,255,362
MISCELLANEOUS & OTHER	\$ 2,802,268	\$ 3,240,908
FUND TRANSFERS	\$ 8,003,612	\$ 7,815,479
CAPITAL BUDGET REVENUE	\$ 18,275,495	\$ 13,593,420
TOTAL REVENUES	\$ 76,302,250	\$ 76,045,627
Expenditure Category	FY 22A2	FY 23
GB/CLERK/ATTORNEY	\$ 752,520	\$ 917,318
CONSTITUTIONAL OFFICERS/ REGISTRAR	\$ 1,652,174	\$ 1,886,172
CITY ADMINISTRATION (CM/HR/FINANCE/IT)	\$ 3,094,404	\$ 3,676,985
POLICE	\$ 4,864,297	\$ 5,715,338
FIRE	\$ 3,510,456	\$ 4,111,868
COMMUNITY DEVELOPMENT	\$ 2,985,973	\$ 3,602,544
HEALTH & HUMAN SERVICES	\$ 4,622,758	\$ 4,960,010
PARKS & REC	\$ 3,683,388	\$ 4,767,215
TRANSFER TO DEBT, CAPITAL & RESERVES	\$ 17,233,441	\$ 16,245,228
TRANSFER TO SCHOOLS	\$ 12,807,321	\$ 13,428,108
CONTRIBUTIONS TO COUNTY	\$ 2,648,054	\$ 2,964,034
LEGAL SUPPORT/DUES	\$ 171,969	\$ 177,386
CAPITAL BUDGET	\$ 18,275,495	\$ 13,593,420
TOTAL EXPENDITURES	\$ 76,302,250	\$ 76,045,626
NET INCOME (SURPLUS/DEFICIT)	\$ -	\$ 0

Robinson, Farmer, and Cox Associates, Certified Public Accountants, were engaged to Perform an audit of the City's financial statements since the fiscal year ended FY2016; and they have issued an unmodified opinion on the City of Manassas Park's financial statements for each fiscal year since June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. A lot of information to follow includes the information on local economy, real estate assessment, change management, and awarded federal funds to facilitate the continuing provision of governmental services.

PROFILE OF THE GOVERNMENT

The City of Manassas Park (see the map below) is located within the Washington, D.C. Metropolitan area. The City is 3.03 square miles in size and has a population of about 17,002 people per the latest U.S. Census with about 22.7% population growth since 2010. Manassas Park was incorporated as an independent city in 1975, the last such incorporation to occur in Virginia. Previously, Manassas Park was a town within Prince William County. The City is primarily residential in nature, however comprised a mix of industrial, retail, and office properties in the city core, and in close proximity to interstate and railway transportation into the heart of the Greater Metropolitan DC area. The Manassas Park School System is comprised of: Cougar Elementary School, Manassas Park Middle School, Manassas Park Elementary School, and Manassas Park High School. The City, the 1753rd largest city in the United States of America, was named in 2023 the fourteenth safest city in Virginia and continued to be one of Virginia's top safest cities in 2023 as shown below.





#14 Manassas Park (-6 ↓)

- Population** 18,385
- Median Income** \$90,544
- VC Rate 2023, 2022, 2021** 2.0, 1.5, 1.2
- PC Rate 2023, 2022, 2021** 7.7, 7.2, 8.7
- VC=Violent crime, PC=Property crime



Manassas Park City, VA

A seven-member Governing Body (see their photos presented below) governs the City. Six council members are elected to staggered, four-year terms. The Mayor is elected to a four-year term. The Governing Body is responsible for establishing tax rates, appropriating funds, and setting municipal policies and appointing certain City officials. The Governing Body appoints a City Clerk, City Attorney, and City Manager.



The City Manager serves at the pleasure of the Governing Body and is responsible for the execution of policies approved by the Governing Body, including making recommendation for changes to municipal policies, preparing proposed budgets, administrating City staff, and managing day-to-day operations.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Manassas Park as legally defined), as well as all of its component units. The government provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; cultural events; and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component unit included in this report is the Manassas Park School Board. Additionally, the Potomac and Rappahannock Transportation venture in which the City has an equity interest. However, the Industrial Development Authority, a related organization of the City of Manassas Park and the Upper Occoquan Sewage Authority, a jointly governed organization, has not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

CHANGE MANAGEMENT

Following a catastrophic failure of its financial System and records in 2015, the City had significant changes in Senior Management and engaged a new accounting firm to provide the City with its audit services of financial statements. The City managed to come out of these circumstances and got back on track being current with each audit since FY2019 with a clean opinion.

In addition to being current with the current fiscal year's audit, the City was informed that both Standard & Poor's Financial Services LLC ("S&P") and Moody's reinstated the City's credit rating in late October of 2019 to where it was in the prior year. Other good changes include the establishment of the new fiscal management and the release from the state fiscal distress declaration in 2019.

Laszlo Palko, the City Manager, joined the City in June of 2017 while Pon Chen Yusuf joined the City as Director of Finance / CFO In November of 2016.

Mr. Palko came to City of Manassas Park from Lovettsville after serving two tours with the U.S. Army in Afghanistan. He has degrees in criminal justice, psychology, international relations and public policy, public administration and financial management, and has worked as a corporate analyst with IBM and Booz Allen Hamilton. His Master of Public Administration degree is from Harvard University.

Ms. Yusuf came to City of Manassas Park from Fairfax County Public Schools. She holds many professional certifications. Namely, she is a Certified Public Accountant

(CPA), Master Government Treasurer (MGT), Chartered Global Management Accountant (CGMA), and Certified in Financial Forensics (CFF). She has a Master in Accounting / Taxation from the George Washington University School of Business. She also studied laws back in her home town.

New in FY2022, the City of Manassas Park created a Department of Community Services under the Office of the City Manager. This Department includes, an Economic Development Coordinator, Housing Support Coordinator, Public Health Administrator, and All of these positions are fully funded via the U.S. Department of Treasury - American Rescue Plan Act in our nation's fight against the spread of COVID-19 and the many associated implications (i.e., increased unemployment rates, homelessness, and emergency management events). They are tasked with future economic development, providing housing, rent, utilities assistance, monitoring, responding, and coordinating public health.

New in FY2023, the City of Manassas Park added a function of General Services under the City Management Office. Also, the Department of Finance has been reorganized to comprise of two divisions, 1) Operations, and 2) Accounting and Reporting Division. The Department of Finance along with HR and IT is now part of the central office staff being managed by Keith Nguyen, the Deputy City Manager.

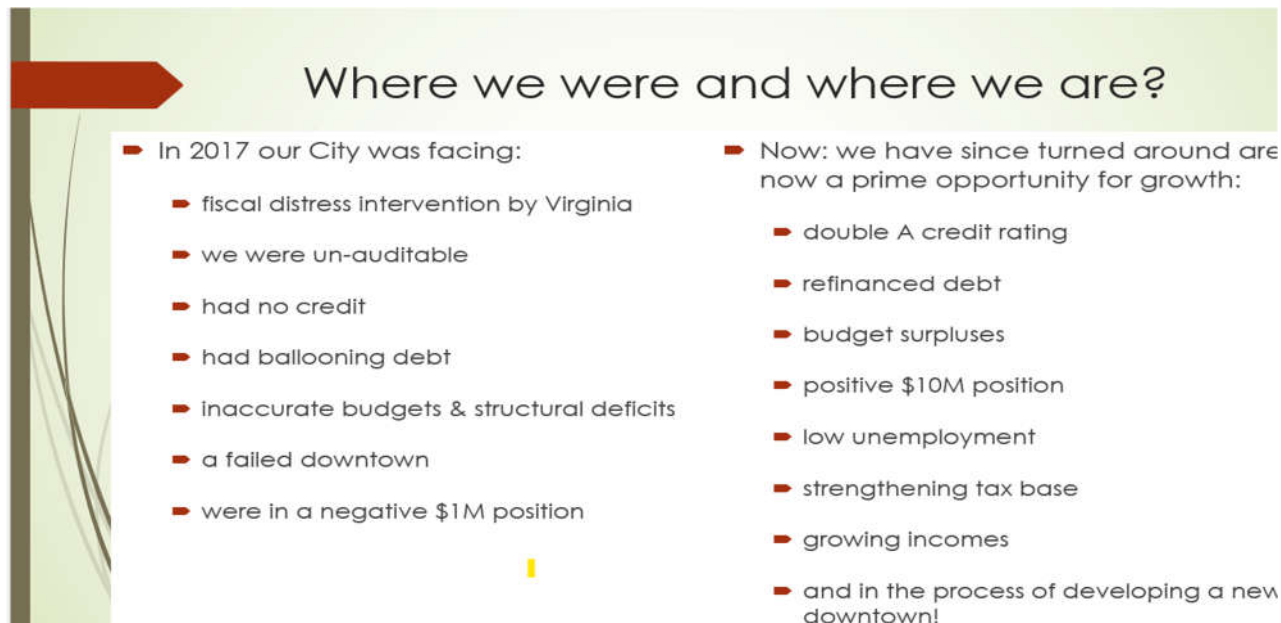
Joshua joined the City Department of Finance in June of 2023 as a Financial Operations Manager. He came to the City of Manassas Park from the Elected Auditor's Office at the City of Portland (Oregon), where he served as the Director of Operations Management. He is originally from Lancaster, South Carolina, and attended the University of South Carolina for undergrad and earned his Master of Public Administration at Georgia Southern University. Before joining the City of Portland, Joshua served as the Senior Business Services Manager at the City of Durham, North Carolina. Before that, he was the Finance Director at the City of Chester, South Carolina. Joshua is a self-described local government enthusiast who thoroughly enjoys volunteering whenever he has an opportunity.

Mr. Keith Nguyen currently serves as the Deputy City Manager / Chief of Staff for the City of Manassas Park. In this capacity, Mr. Nguyen is responsible for the strategic alignment and coordination of resources across city staff, advises the City Manager on matters pertaining to emergency management, communications, customer service, high-level special projects, and oversees the implementation of enterprise technology solutions. Keith also manages the central office staff which includes HR, IT, Finance, and General Services. Prior to this role, Mr. Nguyen served as the Assistant City Manager for Operations where he was instrumental in leading the City's Whole-of-City response to the COVID-19 pandemic and managing the transition to the new City Hall.

Prior to joining Manassas Park in 2019, Mr. Nguyen had over fifteen years of military and public sector experience including previously serving as a security analyst for the Department of Homeland Security. Mr. Nguyen began his public service career in the United States Army where he deployed to Iraq and Afghanistan, and served on the staffs of Headquarters, Department of the Army, and the Office of the Chairman of the Joint Chiefs of Staff. He is currently serving as a Major in the Army Reserves.

Mr. Nguyen is originally from Ho Chi Minh City, Vietnam. He speaks French and Vietnamese and is excited to be a part of the Manassas Park team.

Below is a snapshot of where we were in 2017 and where we are now:



DEMOGRAPHICS

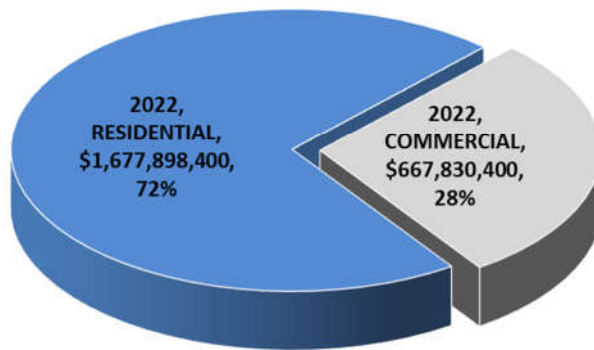
According to the most recent ACS, the racial composition of Manassas Park was:

• Hispanic	39.7%
• Caucasian	33.1%
• Black or African American	15.3%
• Asian	11.1%
• Two or more races	3.9%
• Native American	0.1%

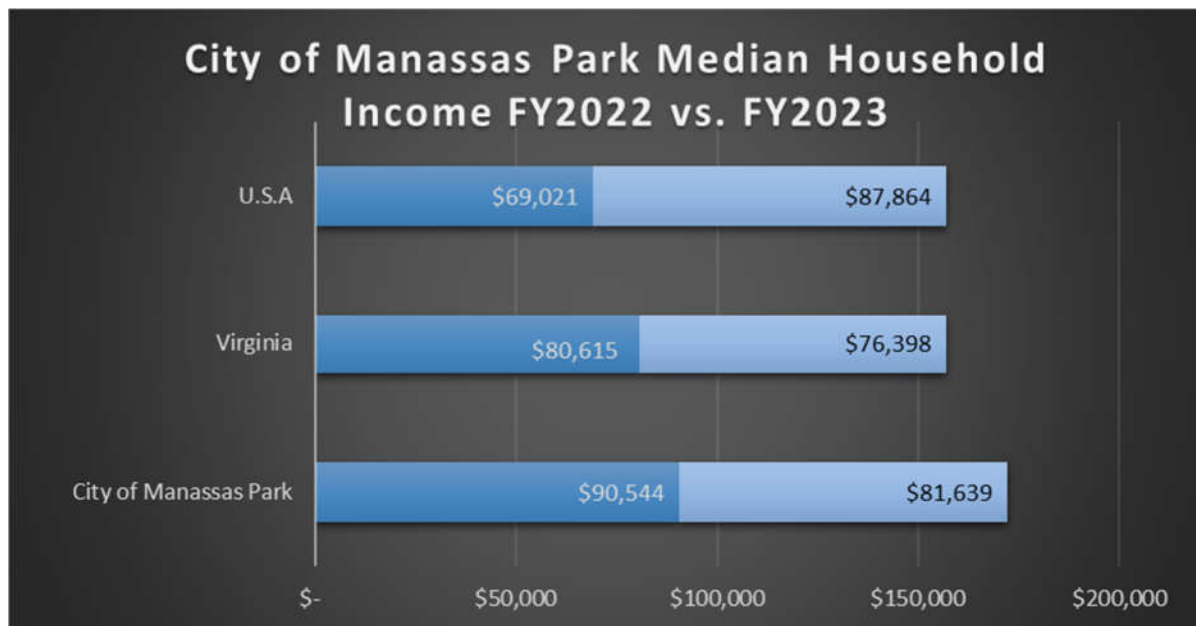
LOCAL ECONOMY

The City has built a viable community with a quarter of commercial tax base, a good quality educational system, and an attractive community that tens of thousands are choosing to call home. The tax base is primarily residential (\$1,677,898,400 or about 72% of the total taxable base).

**2023 Real Property Assessment
Residential vs. Commercial**

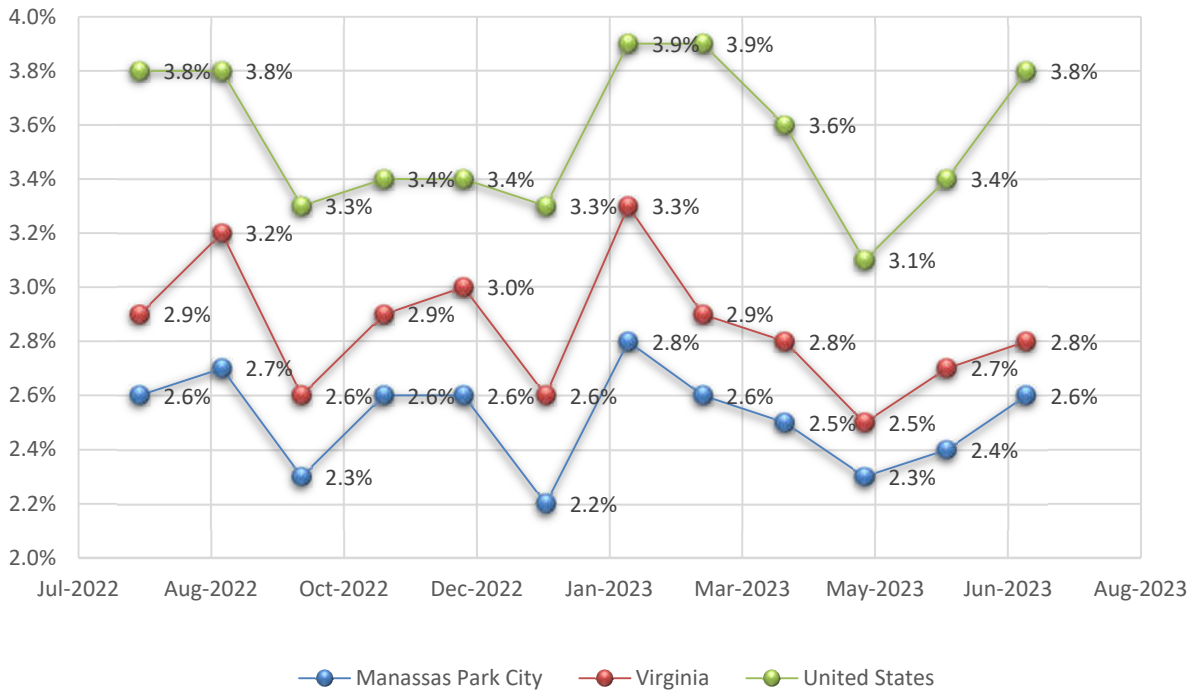


The recent US Census shows Manassas Park residents as of June 2023 with a median household income of \$90,544 (2021 dollars), up from \$81,639, and favorably compared to the latest available Virginia median household income of \$80,615 and that of the United States median of \$69,021 (in 2021 dollars). See graphs below.



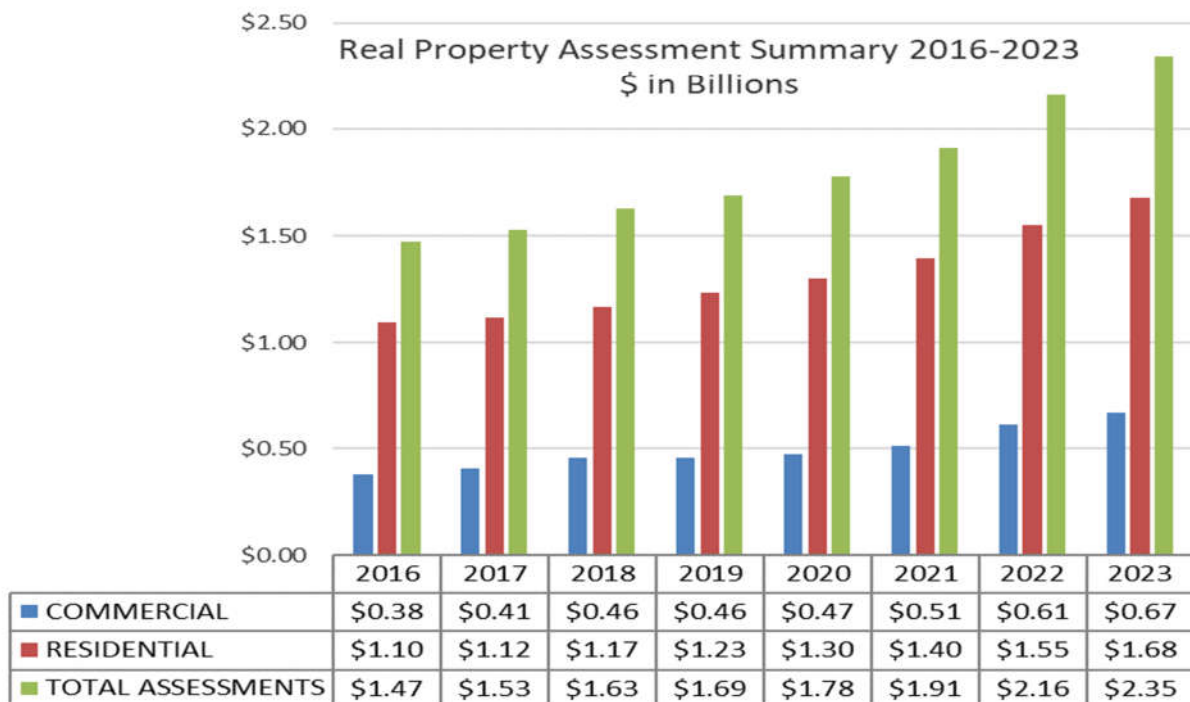
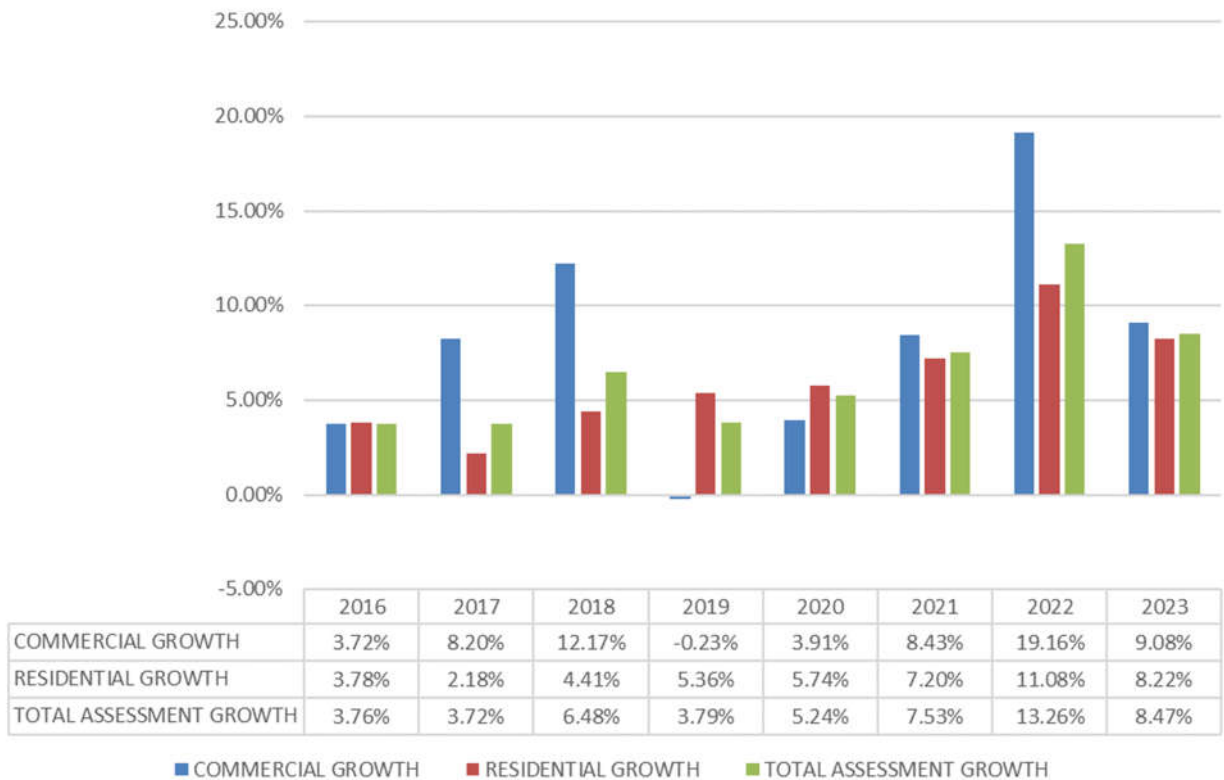
The City's unemployment rate was 2.6% as of June 2023, which was lower than the State's unemployment rate of 2.8% and less than the national unemployment rate of 3.8%.

Local Unemployment Rates Compared to the State & U.S.A.



A comparative table of real estate assessment from 2016 to 2023 shows a consistent upward change in residential values. The graphical presentation of historical treasury rates for both short- and long-term and their changes helped explain the directional change of the real estate assessment value and the City's financial performance and its local economy. Below are graphical presentations of the City real estate assessment values from 2016 to 2023 and their yearly growth by property types.

Real Property Assessment Growth Summary 2016-2023



**2023 Real Property Assessment Summary
as of March 21, 2023**

Real Property Classification		2022	2023	\$ Amount	Total	2023%
Locally-assessed Taxable Real Property		Assessments	Assessments	Of Change	%	of Total
				2023 vs. 2022	Change	
Residential Real Property						
1	Single Family Detached Home (Class 10)	999,249,400	1,045,675,000	46,425,600	4.65%	44.6%
2	Single Family Townhouse (Class 20)	382,112,900	420,243,300	38,130,400	9.98%	17.9%
3	Residential Condominium (Class 30)	164,455,600	199,797,200	35,341,600	21.49%	8.5%
4				-		
5	Subtotal Residential	1,545,817,900	1,665,715,500	119,897,600	7.76%	71.0%
6				-		
7	Vacant Land - Residential (Class 60 & 69)	4,573,400	12,182,900	7,609,500	166.39%	0.5%
8						
9	Total Residential Real Property	1,550,391,300	1,677,898,400	127,507,100	8.22%	71.5%
10						
11	Commercial/Industrial Real Property					
12						
13	Commercial (Class 41, 43, 44, 47 & 48)	121,825,000	101,623,500	(20,201,500)	-16.58%	4.3%
14	Multi-family Apartment (Class 42, 45 & Neig	308,999,900	321,158,400	12,158,500	3.93%	13.7%
15	Industrial (Class 40, 50 & 52)	166,628,500	226,249,300	59,620,800	35.78%	9.6%
16	Vacant Land - Commercial (Class 63)	6,772,800	10,846,300	4,073,500	60.14%	0.5%
17	Vacant Land - Industrial (Class 65)	7,984,900	7,952,900	(32,000)	-0.40%	0.3%
18						
19	Total Commercial/Industrial Real Property	612,211,100	667,830,400	55,619,300	9.08%	28.5%
20						
21	Total Locally-assessed Taxable Real Prop	2,162,602,400	2,345,728,800	183,126,400	8.47%	100.0%

DOWNTOWN DEVELOPMENT ECONOMIC IMPACT

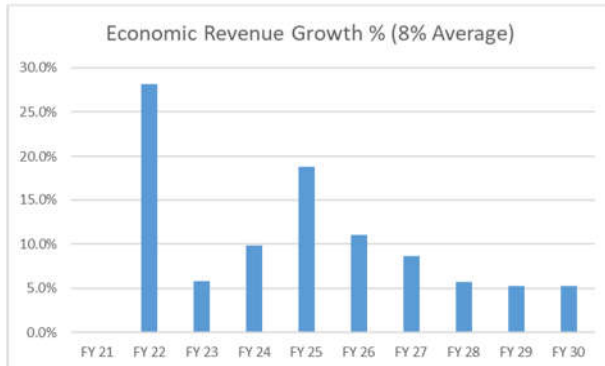
While economic revenues grew by nearly 10% in FY 20, largely fueled by an increase in Sales Tax Revenues from a continuously growing national GDP above 2.5%; while high, is still below historic national GDP growth from 1947-2015 of 3.2%. In FY 21-22 while economic revenues were expected to decline due to the COVID-19 recession the City performed well in local sales and use tax and underperformed in business licenses and other local tax areas. While the economy is expected to rebound in FY 23, lingering revenue impacts from the Real Estate market may linger on. As presented in the City Manager's FY2022 Budget Overview, below are the tables showing the economic growth rates over the 10 years model with and without the downtown developments:

Some challenges and opportunities presented by the downtown development include:

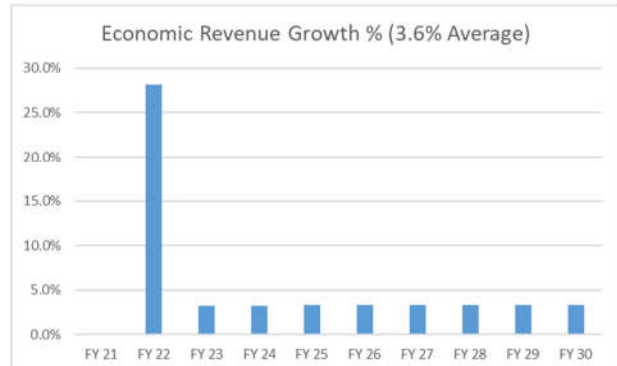
- ☐ No immediate access to Route 66 and freeway with a small sliver of Route 28.
- ☐ Competing town centers.
- ☐ No modern Town Centers within 25 minutes of Park Central.
- ☐ VRE rail line not currently available for evenings and weekends until 2030.
- ☐ Establishment of market areas for different business needs (primary, secondary, and tertiary).
- ☐ B&B theater construction.

- Updated residential concept (including 128 senior condos, 13 affordable housing, and 118 townhomes).
- When completed by 2025: additional 1200+ residential units, 2000+ parking spaces for commercial purposes, about 250K square feet of commercial spaces for retail, restaurants, offices, entertainment for leasing, and ownership opportunities.
- 55K-100K square feet of traditional retail demand per Street Sense and Arnett Muldrow & Associates.

With Downtown



No Downtown



ACCOMPLISHMENTS

See below for governing body priorities and accomplishments through the end of FY2023 for those with green check marks:

Governing Body Priorities: 2021-2024	
1. Economic Development <ul style="list-style-type: none"> a) 75% Leased Downtown Commercial b) Any Necessary Expenditures for Econ. Dev. c) Business Attraction Program (Marketing Plan/Small Biz) d) Downtown Dev + Rte. 28 Dev + Kent Village Dev. 	4. Infrastructure <ul style="list-style-type: none"> a) Transportation (roads, sidewalks, curbs, etc.) b) Facilities (including roofs) c) Funding Safety Risks- Culverts, Water Quality, etc. d) Trails
2. Balanced Slicing of Pie <ul style="list-style-type: none"> a) Tax Cuts, Core Services (Education, Police, and Fire & Rescue), Pay Raises/COLA/Min. Wage, and FTE Growth. 	5. Financial Management <ul style="list-style-type: none"> a) Continuing to Build Reserves b) ERP Enhancement c) Growing City Revenues in addition to development
3. Community Maintenance Issues <ul style="list-style-type: none"> a) Code Enforcement (including Blighted Properties) b) Parking Enforcement c) Zoning and Buildings Enforcement 	6. Service Delivery Enhancement <ul style="list-style-type: none"> a) FTE Buildup (Triage + Unfreezing- no 1 person div.) b) Customer Service Representative

Below is the photo the city village as approved by Governing Body followed by the new branding for the City. The City Hall has been relocated to this new location in August of 2022.



City of Manassas Park Approves Village at Manassas Park ...

Below is a new city logo:



FINANCIAL INFORMATION

The management of the City of Manassas Park is responsible for developing, establishing and maintaining its internal controls to ensure the protection of the City assets. In developing and evaluating the City of Manassas Park's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The current financial management focus is on cash and debt management.

The City of Manassas Park was awarded \$3,049,776 in CARES Act funds to respond to the COVID-19 pandemic via the U.S. Department of Treasury. This award was received in two tranches, with the first tranche of \$1,524,888 received in FY2020 and the second tranche of \$1,524,888 received on 8/12/2020 in FY2021. \$432,000 of this award was used in FY2020 and the remaining award amount of \$2,617,776 used in FY2021. Over 25% of the \$3 million award or about \$762K was spent on the four different programs to include 1) food program (program #1), 2) housing support including utilities program (program #3), 3) public health expenses program (program #7), and 4) small business assistance program (program #2).

In addition, the City of Manassas Park was awarded federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds pursuant to the Appropriation Act mandated State Corporation Commission application process in the amount of \$156,172.64 to assist with municipal utility customer relief for all eligible customers of City of Manassas Park. Of this awarded amount the \$33,351.85 unspent fund was returned by December 1st of 2021 to the Virginia Department of Housing and Community Development (DHCD): Utility Assistance Program in which we helped over 250 residents with delinquency water bills. More recently, the City of Manassas Park was awarded collectively \$21.5 million in American Rescue Plan Act (ARPA) funds via the U.S. Department of Treasury from the county and non-entitlement shares. See the table below for the ARPA funds awarded and received:

Received Date	Amount	Comment
6/30/2021	\$ 9,066,858.00	Non-Entitlement Unit
7/22/2022	\$ 9,066,858.00	Non-Entitlement Unit
6/21/2022	\$ 1,697,448.50	County share
6/1/2021	\$ 1,697,448.50	County share
	\$ 21,528,613.00	

The City of Manassas Park was also awarded and received on 12/30/2021 \$44,194.83 in ARPA funds from the State of Virginia- Department of Housing and Community Development for continuing Utility/Water assistance.

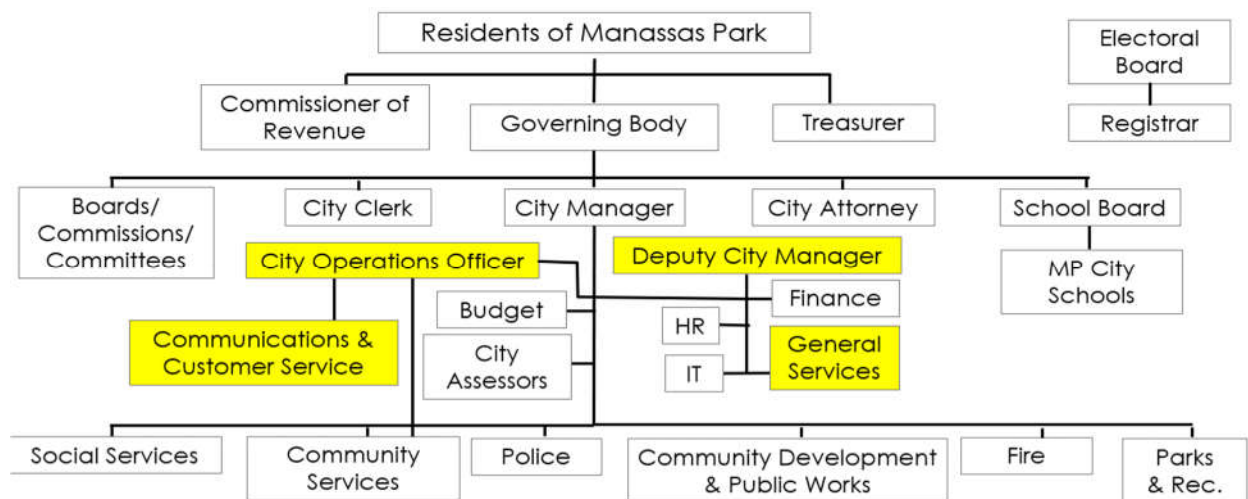
With the passing of the Infrastructure Investment and Job Act (IIJA) bill, and the Build Back Better (BBB) bill, the City of Manassas Park was awarded funds and is in good standing to help the city residents by providing more efficient public transportation, housing assistance, clean drinking water, electric vehicle charging stations, roads and bridge improvements, reliable broadband / high-speed internet, and improved infrastructure regarding extreme weather events and cyber-attacks.

OTHER INFORMATION

Acknowledgements

Without the leadership and support of the Mayor, Governing Body and City Manager, the preparation of this report would not have been possible. The preparation of this annual financial report could not have been accomplished without the support of appointed / elected officials and staff, School Board Finance Director, and the members of their staff. Staff efforts over the past years toward reviewing, developing and enhancing data / processes in support of the accounting and financial reporting systems of the City of Manassas Park have led substantially to the improved quality of the information being reported by the City of Manassas Park.

Below is the updated organizational chart of the City Leadership Team. Community Services Department was newly added in FY2021 to help the city with community outreach and services as well as attaining the American Rescue Plan Act goals.



Sincerely,

X Pon Chen Yusuf

Pon Chen Yusuf, CPA
Director of Finance / CFO



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Manassas Park
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF MANASSAS PARK, VIRGINIA

June 30, 2023

Governing Body

Jeanette Rishell, Mayor

Alanna Mensing, Vice-Mayor

Darryl Moore

Laura Hampton

Yesy Amaya

Haseeb Javed

Other Officials

Laszlo Palko, City Manager

Lana A. Conner, City Clerk

Debra D. Wood, Commissioner of the Revenue

Patricia Dellinger, Treasurer

Dr. Melissa Saunders, Superintendent of Schools



Independent Auditors' Report

**To the Honorable Members of City Council
City of Manassas Park, 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 unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2023, 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 Park, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Park, 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 2023, the City adopted new accounting guidance, GASB Statement Nos. 96, *Subscription- Based Agreements (SBITAS)*. 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 Park, 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 Park, 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 Park, 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, budgetary comparison information, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Manassas Park, 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 does 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 12, 2023, on our consideration of City of Manassas Park, 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 Park, 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 Park, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

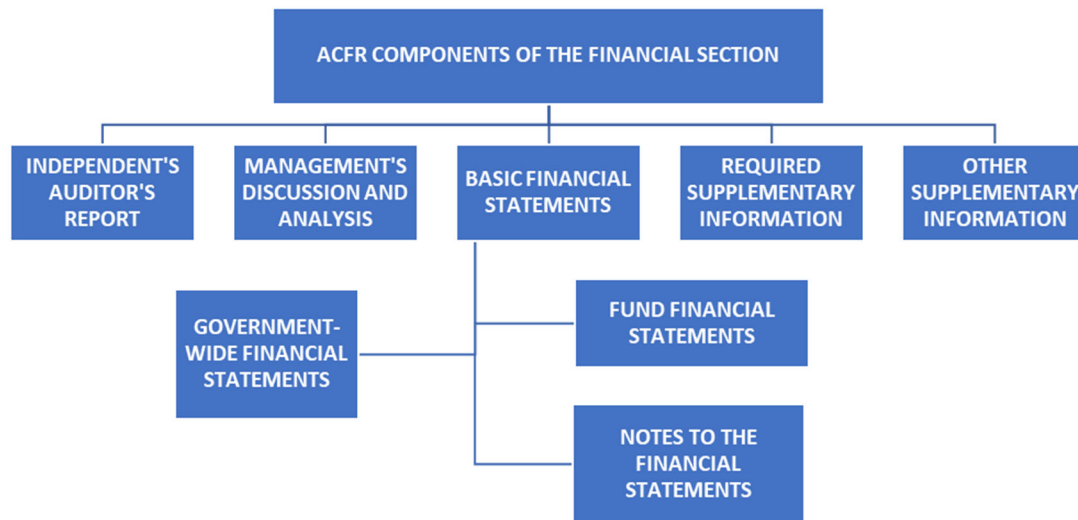
December 12, 2023

CITY OF MANASSAS PARK Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers readers of the City of Manassas Park's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year June 30, 2023. This information should be considered in conjunction with information provided in the letter of transmittal and financial section.

COMPONENTS OF THE ACFR FINANCIAL SECTION

The chart below shows the format structure of the ACFR and how to navigate through different components of the ACFR.



FINANCIAL HIGHLIGHTS

Overall, the City has great financial news to share with regards to the FY2023 financial activities when compared to prior fiscal years given national economic challenges post the COVID-19 recession.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (EXHIBIT 1)

The government-wide financial statements (Exhibit 1, first page under the financial section) report information about the City using the economic resources measurement focus and accrual basis of accounting. The total net position of the primary government reports the net asset position as of June 30 of \$54.9 million, comprised of \$16.3 million net investment in capital assets, \$0.1 million in restricted amount, and \$38.4 million of unrestricted assets while the School Board reports a net positive position of \$17.5 million. Below are financial highlights of key changes by financial statement elements.

Total Assets (Capital Assets and Other Assets): Governmental activities report an increase of \$15.6 million in total assets: 1) \$8 million in current assets and 2) \$7.6 million in capital assets. **For the current assets, the increase was mainly in** cash and cash equivalents of \$11.6 million from the receipt of the second tranche of the American Rescue Plan award.

Total Deferred Outflows of resources:

- With the increase in interest rate, directional changes of pension OPEB related items were expected from the net impact of the interest rate change. The discount rate increased to 3.86% from 3.69% and this resulted in the increase of deferred outflows or resources of \$195,017 (Note 21). This is the net effect of \$19,052 from differences between actual and expected experience and \$175,965 from changes of assumptions or other inputs. See Note 23 for further explanation of deferred items. The table of Note 23 is shown below for primary government. The same explanation applies to the deferred items for School Board component unit.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,052	\$ 9,840
Changes in assumptions	175,965	8,345
Total	<u>\$ 195,017</u>	<u>\$ 18,185</u>

	<u>Net OPEB (Asset) Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Primary Government				
City Pay-as-you-go (Note 21)	\$ 2,253,576	\$ 195,017	\$ 18,185	\$ 224,922
City LODA (Note 20)	1,092,033	487,263	601,304	138,138
Group Life (Note 17)	633,114	198,166	134,825	29,588
Total	<u>\$ 3,978,723</u>	<u>\$ 880,446</u>	<u>\$ 754,314</u>	<u>\$ 392,648</u>

- The Economic Development Authority of the City of Manassas Park issued \$27.1 million in revenue bonds in support of the City downtown development on March 23, 2021. Refer to the long-term debt section for more details. These refunding activities resulted in additional deferred items for the primary government. Per Note 6 on Long-term Obligations, the principal pay down for the EDA debt service will not begin until FY 2026.

Total Liabilities

Long-term obligations and leases, for the fiscal year ended on June 30 include but are not limited to the following City's governmental obligation activities. Note 6 on long-term obligations also report on these activities in more details. This does not include the Economic Development Authority (EDA) lease revenue bond issued on March 23, 2021 for the City downtown development. Some highlights for the long-term obligations include:

- The City issued via EDA a lease revenue bond with a par amount of \$27,130,000 at a premium of \$4,157,258 in March of 2021 to fund the downtown development
- Governmental activities for long-term obligation include \$4.8 million in principal payment, \$65,000 in State Literacy Fund Loans for Schools, and \$425,335 in direct borrowings. For specific details refer to Note 6. The school state literacy loan was issued in the City name and this loan has been paid with the City government resources.
- Eligible callable securities are regularly reviewed with the City financial advisors and bond counsels for refunding. In FY2023 there were no eligible callable securities.
- Below is a graphical presentation of the City's general obligation bonds funded by general property tax revenues depending on healthy real estate assessment value. This graph excludes the EDA downtown lease revenue bonds. This will help put things in perspective for the long-term financial vision.

Total Deferred Inflows of Resources:

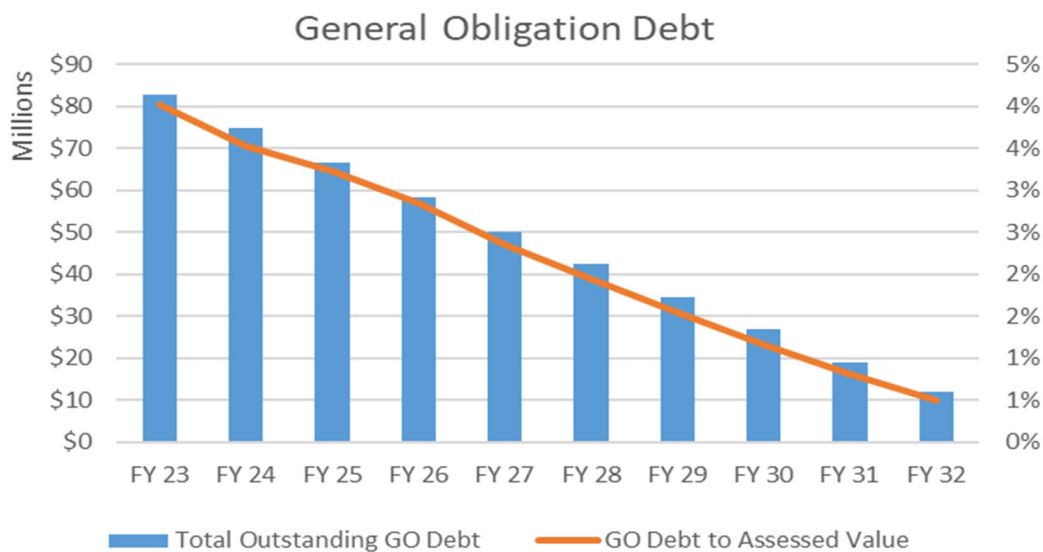
Both pension and OPEB related deferred inflows of resources dropped significantly in FY2023 from the net effect of interest rate change.

- The FED increased the interest rates in FY2022 and will continue to increase these rates in FY2023. The hike in interest rates devalued the total deferred inflows of resources in FY2023 due to the inverse relationship between interest rates and this deferred item.

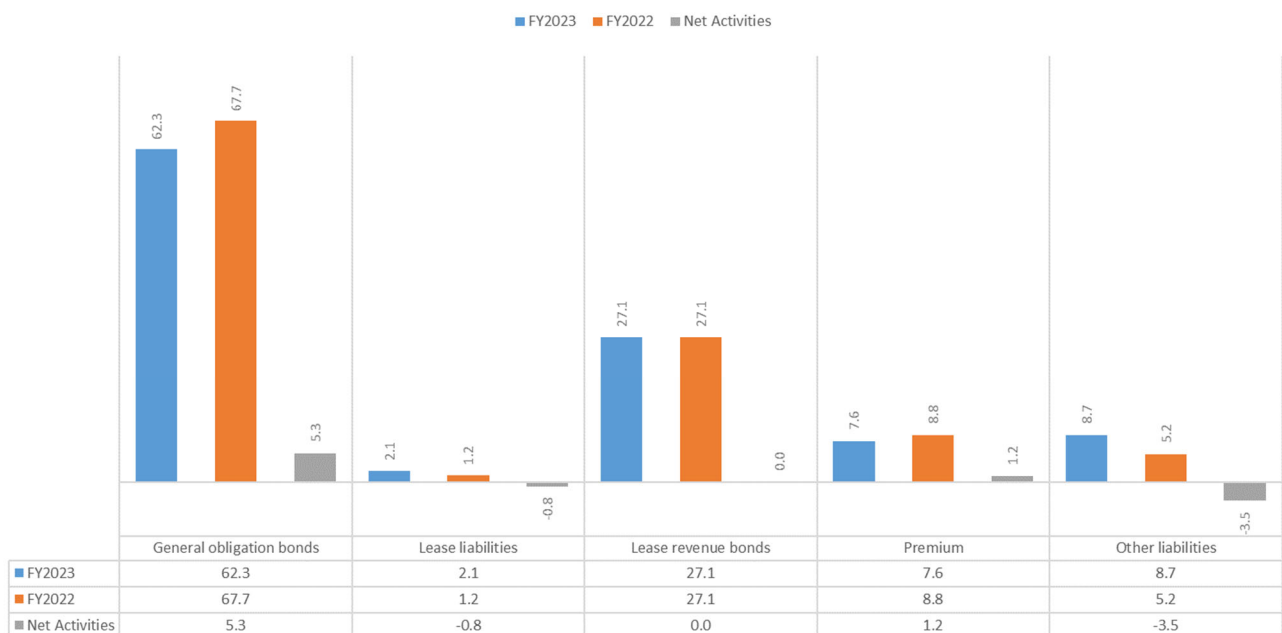
Change in Net Position:

- The Primary Government's net position and the School Board's net position both increased by \$17.9 million and 6.7 million, respectively (see "Change in net position" on Exhibit 2). The main reason for this significant increase was due to the receipt of the second tranche of ARPA award fund of about \$11 million.
- Net position of governmental activities increased to \$34,181 million from \$17,224 million while net position of business-type activities increased to \$20,674 million from \$19,705 million (see Exhibit 2). The \$16,958 million change in the net position of governmental activities (see details on Exhibit 5) is from the net effect of:
 - \$4.752 million, the net changes in fund balances for total governmental funds
 - \$10,242 million, net capital outlay,
 - \$2.586K million net debt service principal retirement on general obligation bonds offset with the net decrease in the
 - \$(2.057) million in a transfer of joint tenancy assets

	Balance July 1, 2022	GASB 96 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023	Due Within One Year
<u>Governmental Funds</u>						
General Obligation Bonds	\$ 54,487,244	\$ -	\$ -	\$ 4,834,403	\$ 49,652,841	\$ 5,173,791
Notes payable	245,306	-	2,576,000	97,498	2,723,808	306,127
Lease liabilities	1,239,034	-	1,628,236	784,113	2,083,157	756,389
Subscription liabilities	-	106,091	-	106,091	-	-
Lease Revenue Bonds	27,130,000	-	-	-	27,130,000	-
Direct Borrowings and Direct placements:						
General Obligation Bonds	6,055,079	-	-	425,335	5,629,744	430,986
State Literary Fund Loans	7,130,000	-	-	65,000	7,065,000	70,000
Other Liabilities:						
Compensated Absences	1,321,080	-	463,760	132,108	1,652,732	165,273
Net OPEB liability	3,645,232	-	1,758,306	1,610,345	3,793,193	-
Net Pension Liability	-	-	2,547,868	1,990,853	557,015	-
Premium on bonds	8,751,711	-	-	1,155,570	7,596,141	1,048,813
Total	\$ 110,004,686	\$ 106,091	\$ 8,974,170	\$ 11,201,316	\$ 107,883,631	\$ 7,951,379



GOVERNMENTAL ACTIVITIES - LONG-TERM OBLIGATIONS FY2023 VS. FY2022 (\$ IN MILLIONS)



FUND FINANCIAL STATEMENTS

The fund financial statements (Exhibits 3 and 4) provide detailed information about the City’s major funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The City’s governmental funds reported a combined fund balance of \$28.8 million, up from \$23.8 million. This increase was in all but capital project funds where there were a lot of capitalized expenditures related to infrastructure, repair, replacement, and capital maintenance.
- On June 30 the General Fund, which accounts for the main operating activities of the City, reported an ending fund balance of \$19.6 million, an increase of \$4.2 million from June 30, 2022. The unassigned portion of the General Fund’s fund balance was \$19.3 million, which is available for future spending at the City’s discretion. (See “Total fund balances less Non-spendable and Restricted fund balances” on Exhibit 3). The General Fund had total revenues of \$61.8 million, not including transfers in amount. (See Exhibit 4).

- The Capital Projects Fund ended fiscal year 2023 with a fund balance of \$2.2 million, a net decrease of \$2.8 million over prior fiscal year. Explanation of the \$2.8 million net reduction in fund balance was explained above.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis serves as an introduction to the City's basic financial statements that include the government-wide financial statements, fund financial statements, and notes to the financial statements. Other supplementary information is also provided in addition to the basic financial statements.

As shown on Exhibit 1, the City's total assets of about \$160.9 million increased significantly by \$15.7 million with the current assets up by \$8.0 (reflected cash received on the second tranche of ARPA of \$11 million) and capital assets up by about \$7.7 million (reflected construction in progress net with transfer of jointly owned assets).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements, similar to those used by private-sector companies, report information about the City. One of the most important questions asked about the City's finances is; "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about City finances as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities on the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the revenues and expenses are taken into account regardless of when cash is received or paid. These statements combine short-term spendable resources with capital assets and long-term obligations.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in assets. One can think of the City's net position—the difference between assets and liabilities—as a way to measure the City's financial health, or financial position. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

Refer to the Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2).

Governmental activities - Most of the City's basic services are reported here: general government, public safety, public works, health and welfare, parks and recreation, and community development. These activities are primarily funded with property taxes, other local tax revenue and intergovernmental revenue.

Business-type activities - The financial activities of the water and sewer, solid waste management, and storm water enterprises are reported here. The City charges a fee to customers to cover all or most of the cost of services it provides for these activities. There have been no changes in service fee rates for water since FY2021.

Component unit - The City also includes a separate legal entity, the School Board, in its report. While legally separate, the School Board does not have a taxing authority and depends financially on the City to fund its debt service and annual operations beyond its funding from federal and state.

The government-wide financial statements can be found on the basic financial statements section of this report.

FUND FINANCIAL STATEMENTS

Traditional readers of government financial statements will find the fund financial statement presentation more familiar. The focus is on the City's chief operating fund and its major funds. 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 uses fund accounting to demonstrate and ensure fiscal accountability. This includes the fund accounting for governmental, proprietary, and fiduciary funds. For more detailed information about the City's most significant funds, refer to the basic financial statement section and the related note disclosure.

Governmental Funds

Governmental funds are 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 statements provide a short-term view of the City's finances that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance City programs. The basic Governmental Funds financial statements can be found on the table of contents.

Proprietary Funds

Proprietary funds are to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds are classified as either enterprise or internal service funds. Enterprise funds may be used to report activity for which a fee is charged to external users for goods or services. Internal service funds account for goods and services provided on a cost reimbursement basis for activities within the government. The City maintains three proprietary funds, water and sewer, solid waste management, and storm water operations. The City does not maintain internal service funds. The basic Proprietary Funds financial statements can be found on the table of contents.

Notes to the financial statements

The notes provide information that is essential to a full understanding of the data in the government-wide and fund financial statements and they can be found on pages 67-149.

Other information

In addition to the basic financial statements and accompanying notes, supplementary information is also provided.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - The following table is the Cit's comparative net position in millions.:

Summary of Net Position (000,000s omitted)												
	Governmental Activities			Business-type Activities			Total Primary Government			Component Unit School Board		
	2023	2022	Difference	2023	2022	Difference	2023	2022	Difference	2023	2022	Difference
ASSETS												
Current & other assets	\$ 52.7	\$ 43.7	\$ 9.0	\$ 14.5	\$ 13.9	\$ 0.6	\$ 67.2	\$ 57.6	\$ 9.6	\$ 11.5	\$ 9.8	1.7
Capital assets	108.2	100.5	7.7	14.5	15.2	-0.7	122.7	115.7	7.0	44.6	43.6	1.0
Total assets	160.9	144.2	16.7	29.0	29.1	-0.1	189.9	173.3	16.6	56.2	53.4	2.7
DEFERRED OUTFLOWS OF RESOURCES												
Total deferred outflows of resources	5.8	7.0	-1.2	0.5	0.6	-0.1	6.3	7.6	-1.3	8.0	9.3	-1.3
LIABILITIES												
Long-term debt outstanding	107.9	110.0	-2.1	8.0	8.8	-0.9	115.8	118.8	-3.0	32.0	28.1	3.9
Other liabilities	21.9	17.6	4.3	0.8	0.7	0.1	22.7	18.3	4.4	7.6	6.6	1.0
Total liabilities	129.8	127.6	2.2	8.7	9.5	-0.8	138.6	137.2	1.4	39.6	34.7	4.9
DEFERRED INFLOWS OF RESOURCES												
Total deferred inflows of resources	2.7	6.3	-3.6	0.1	0.0	0.1	2.8	6.3	-3.5	7.0	17.2	-10.2
NET POSITION:												
Invested in capital assets	9.2	6.7	2.4	7.3	7.1	0.2	16.5	13.9	2.6	44.2	43.4	0.8
Unrestricted (deficit)	25.0	10.5	14.5	13.4	12.6	0.8	38.4	23.1	15.3	-26.7	-32.6	5.9
Total net position	34.2	17.2	17.0	20.7	19.7	1.0	54.9	36.9	17.9	17.5	10.8	6.7

The City's net position shows a net position increase of \$17.9 million for the Primary Government and \$6.7 million for the Component Unit. Below are explanations of key drivers this increase:

1. Total assets up \$16.6 million for the primary government (\$11 million in ARPA cash plus net increase in capital outlay); and \$2.7 million for the component unit (\$2.1 million in joint tenancy from the primary government)
2. Total liabilities up \$1.4 million for the primary government (\$1 million from unavailable revenue from property sale and \$0.4 million from year-end payroll accrual) and \$4.9 million for the component unit; and \$4.00 million for the component unit in pension liabilities resulted from the interest rate change effect.
3. Business activities reported a \$1 million pick up in total net position from a reduction in long-term outstanding.

Statement of Activities (Exhibit 2)- The comparative City's total revenues and expenses for governmental, business-type and School Board activities for FY2023 and FY2022 are shown below and to be followed by explanation of key changes in revenues and expenditures:

Statement of Activities (Exhibit 2)
Changes in Net Position (000s omitted)
For Fiscal Years Ending June 30, 2023 and 2022

	Governmental Activities		Total Primary Government		Component Unit School Board	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,336	3,261	\$ 14,927	\$ 14,275	\$ 12	\$ 11
Operating grants and contributions	6,547	4,267	6,547	4,348	43,529	35,976
Capital grants and contributions	5,733	1,614	5,733	1,614	-	-
General revenues:						
Property taxes	38,338	34,730	38,338	34,730	-	-
Other taxes	6,707	7,225	6,707	7,225	-	-
Payment from City of Manassas Park	-	-	-	-	14,168	19,022
Grants and contributions not restricted to specific programs	2,928	2,127	2,928	2,127	0	1
Gain on sale of capital assets	3,191	0	3,191	0		
Other	995	1,209	1,151	1,592	832	830
Total Revenues	\$ 67,776	54,434	\$ 79,523	\$ 65,912	\$ 58,541	\$ 55,839
Expenses:						
General government	\$ 5,832	4,019	\$ 5,832	\$ 4,019	\$ -	\$ -
Judicial administration	669	645	669	645	-	-
Public safety	11,791	9,518	11,791	9,518	-	-
Public works	3,210	3,452	3,210	3,452	-	-
Health and welfare	5,594	4,575	5,594	4,575	-	-
Education	15,958	20,006	15,958	20,006	-	-
Parks recreation and cultural	5,130	3,826	5,130	3,826	-	-
Community development	1,051	5,326	1,051	5,326	-	-
Interest on long-term debt	3,212	3,642	3,212	3,642	-	-
Water and Sewer/Storm Water/Solid W	-	-	9,149	8,472	-	-
School Board	-	-	-	-	51,882	44,460
Total Expenses	\$ 52,447	55,008	\$ 61,596	\$ 63,480	\$ 51,882	\$ 44,460
Increase in net position before Transfers	\$ 15,329	(574)	\$ 17,926	\$ 10,757	\$ 6,659	\$ 11,379
Transfers	1,629	1,408	-	-	-	-
Increase In net position	\$ 16,958	835	\$ 17,926	\$ 10,757	\$ 6,659	\$ 11,379
Net Position - beginning	17,224	16,389	36,929	34,520	10,843	(536)
Net Position - ending	\$ 34,181	17,224	\$ 54,855	\$ 36,929	\$ 17,502	\$ 10,843

Governmental Activities: FY2023 governmental activities reported positive net changes in net position, up \$17.9 million (\$17 million for primary governmental activities and \$0.9 million for business activities) while Schools Board had \$6.7 million increased).

Business Activities: Increase in net position in FY2023 was less by \$600K when compared to that in FY2022 due to an increase in expenditures in operations and maintenance to maintain the required 25% reserve.

Component Unit: contributions to the net increase in the entity position was mainly from operating grants and the city contributions.

Fund Financial Statements (Exhibit 3 and 4)

General Fund reported a net positive change in fund balance of \$4.2 million. This was driven mainly by an increase of 13.3% in the tax base of property values. Below is a quick snapshot of the increase in total revenues and expenses.

- Total general fund revenues before transfers (from \$51.7 million to \$61.8 million) increased by \$10.1 million while governmental fund revenue on a full accrual basis down by \$13.4 million (from \$54.4 million to \$67.8 million) because last year reported a net big disposition gain of over \$3.2 million and \$2.3 million better in operating grants and contributions netted with increasing in general property taxes.
- Total expenses increased by \$5.275 million driven by public safety and public welfare.

Business-type Activities:

To help the City's residents cope with the COVID-19 recession there was no major increase other than in storm water management fees in FY2021 and FY2022. Part of the water service fee was funded by the CARES ACT Municipal Utility Relief fund for customers with delinquent account balances. About 250 delinquent customers applied and received financial assistance with their delinquent water service accounts. Below is a high-level summary of total revenues and expenses for the year. Overall, business-type activities resulted in a net position increase of \$968,645 (vs. \$1,573,899 in FY2022) across all funds in FY2023. About \$1.144 million of the increase was from tap fee revenue. Refer to Exhibit 7 or business-type activities of Exhibit 2 for further details.

Governmental Activities

Revenues – Governmental Activities

For FY 2023, revenues from governmental activities totaled \$67.8 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (about 67.7 percent). General Property Tax revenues were about \$37.8 million, including \$0.4 million in penalty and interest. Real Property Tax, the City's largest single source of revenue, accounted for \$30.9 million, which represents about more than half of total revenues.

The City received a total \$37.8 million in general property taxes, of which \$6.5 million was for Personal Property Taxes. This is the second largest revenue source of taxes collected on automobiles, business personal property, machinery, and tools. The city also received a reimbursement from the Commonwealth of Virginia of about \$1.4 million for tax relief on personal automobiles or commonly known as PPTRA. This tax relief number is an annual fixed amount.

General revenues from other local taxes and other revenues were about \$6.707 million, down \$518k up from FY2022. See below for the itemized list of taxes (presented in thousands) and how much they changed from the prior fiscal year. Local sales and use taxes, 44% of the total other taxes, had the most increase of \$174K in FY2023 when compared to FY2022. Business license taxes and recordation taxes also continued to be a big contributor to other taxes, reflecting the continuing stronger local economy.

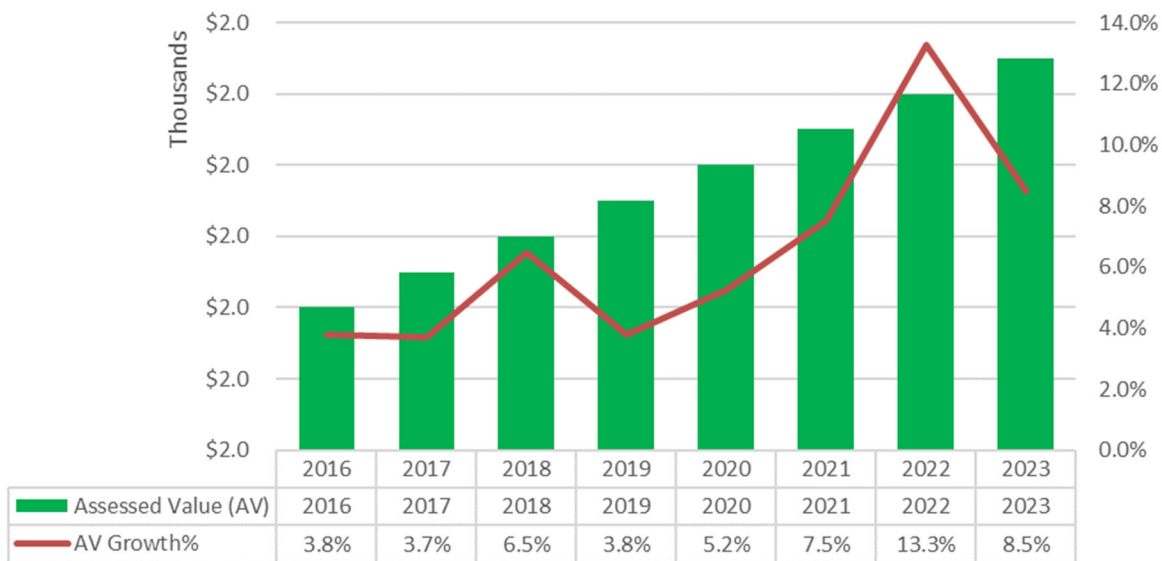
<i>Itemized list of other taxes:</i>	FY2023		FY2022		FY23 vs. FY22
Local sales and use taxes	2,932	44%	3,105	43%	(174)
Consumer utility taxes	791	12%	801	11%	(10)
Business license taxes	1,134	17%	1,147	16%	(13)
Motor vehicle licenses	469	7%	517	7%	(48)
Recordation taxes	200	3%	494	7%	(294)
Meal tax	548	8%	466	6%	82
Cigarette taxes	211	3%	216	3%	(5)
Other taxes	423	6%	479	7%	(56)
	<u>6,707</u>	100%	<u>7,225</u>	100%	<u>(518)</u>

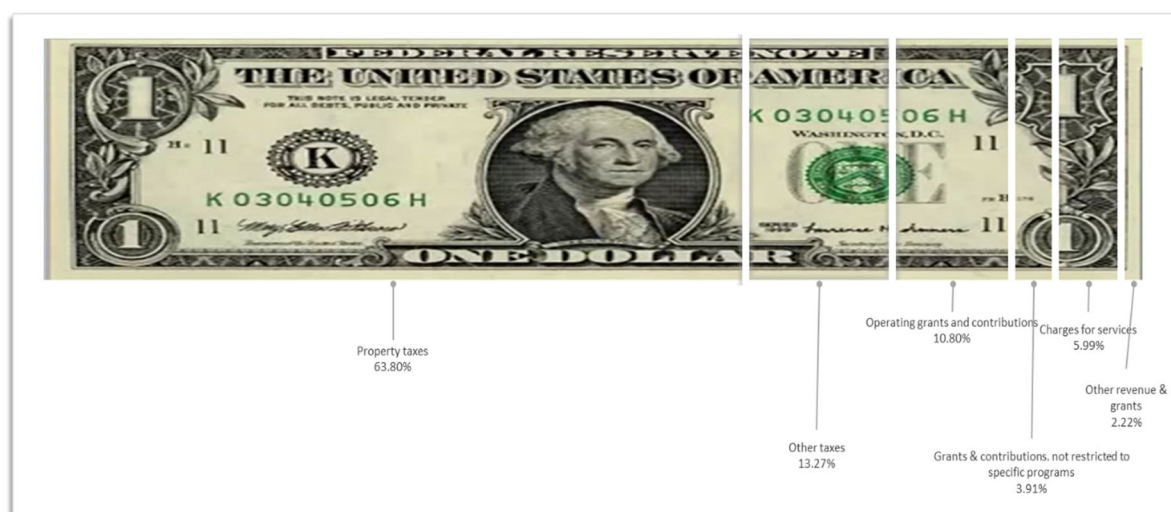
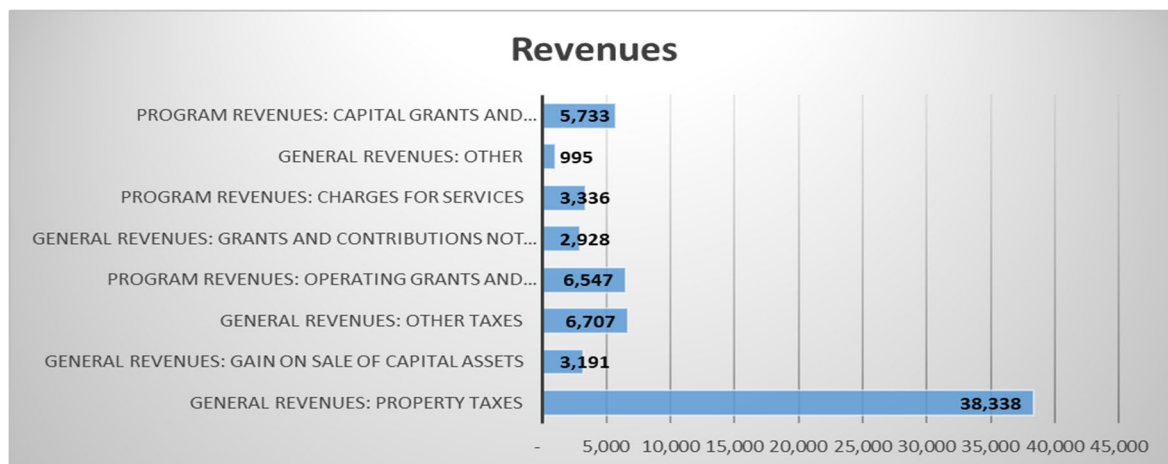
Revenue by Source - Governmental Activities

General property tax revenues continue to be the primary source of revenue for the City's day-to-day operation. This includes real and personal property taxes. Real estate tax rate was reduced by 8 cents to 1.45 per \$100 of the assessed home value. The personal property tax rate remains unchanged in fiscal year 2023 at \$3.00 per \$100 of assessed personal property value but reduced to \$3.00 in the subsequent fiscal year.

For total revenues excluding gain on sale of capital assets, all but operating grants and contributions went up where the most increase was from general property tax and other taxes. This reflects an increase in the real estate assessment of 13.28% or \$253.6 million (7 million of which represents growth from new development and 12.92% or \$246.6 million appreciation in existing stock). The housing market has been strong and is still growing. With the Governing Body approved long-term city downtown development, the City is hoping a continually improved real estate market. This improving trend already allowed for a tax cut for residents sooner than planned for. Decreases in other local taxes include primarily \$423K in local sales and use tax, followed by a decrease of \$13K in business license taxes, and \$294K in recordation taxes as shown in the table above. See the charts below for locally assessed taxable real property value increasing trend from 2016 to 2023 and the overall revenue composition in the subsequent table. For every dollar collected 62.8 cents are from property taxes and 13.3 cents from other taxes. About three quarters of a dollar are from taxes.

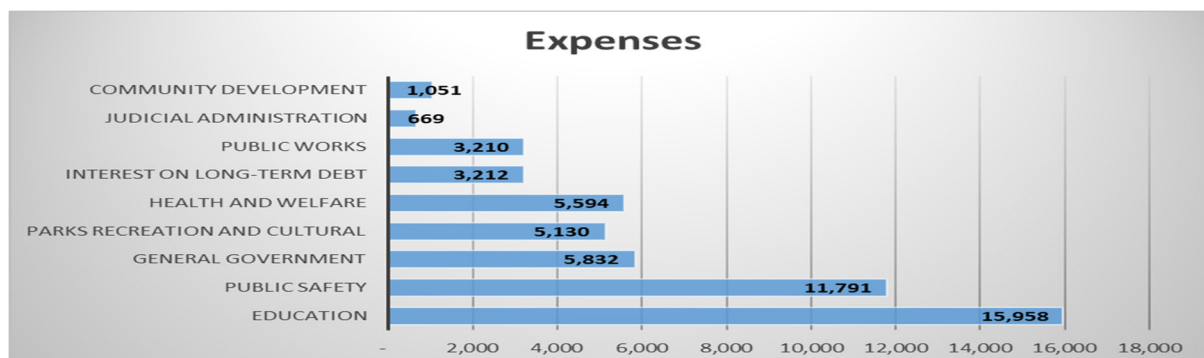
Locally-assessed Taxable Real Property Value (\$ in billions)



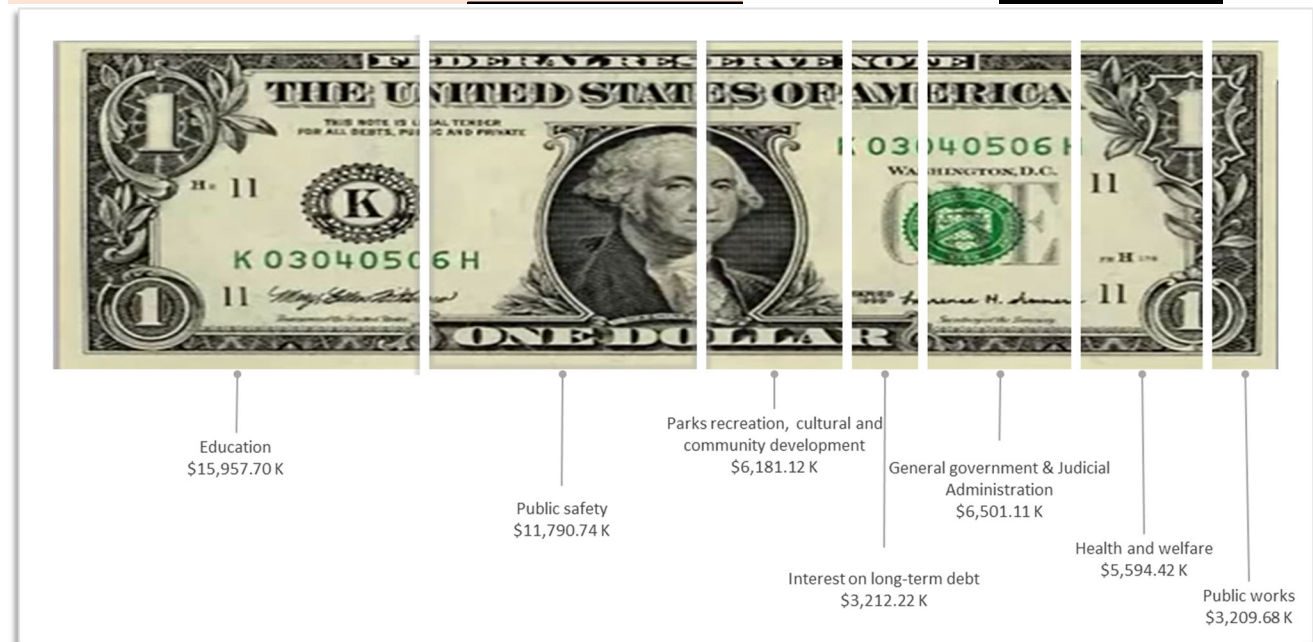


Expenses – Governmental Activities

FY 2023 expenditures for governmental activities totaled \$52.447 million up from \$55.008 million. The City's six largest funded programs are 1) Education (30%), 2) Public safety (22%), 3) Community development 2%), 4) Health and welfare (11%), 5) General government (11%), and 6) Parks and Recreation (10%). Education and public safety continue to be one of the City's highest priorities. This year, community development still continued to be the top priorities where fund was spent to economically develop the city downtown to bring in restaurants and new businesses. Ranked first in the priorities were safety and public welfare. The City's education expenditures decreased to \$16 million net of the return of fund balance to the City. These six major programs made up about eighty-six percent of the total expenditures. Debt incurred primarily for building schools for our children. There are four schools in the city.

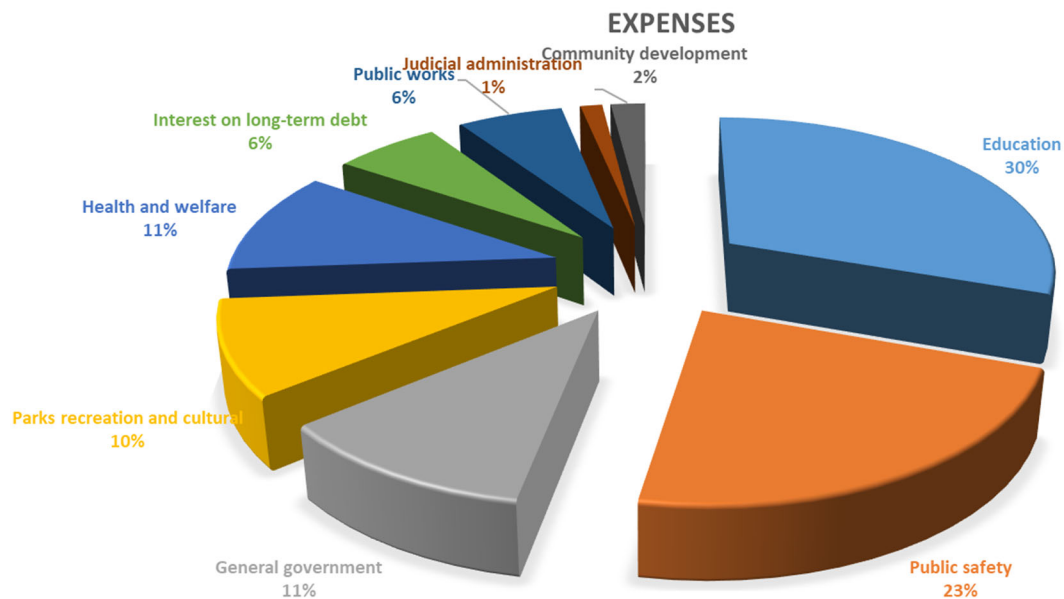
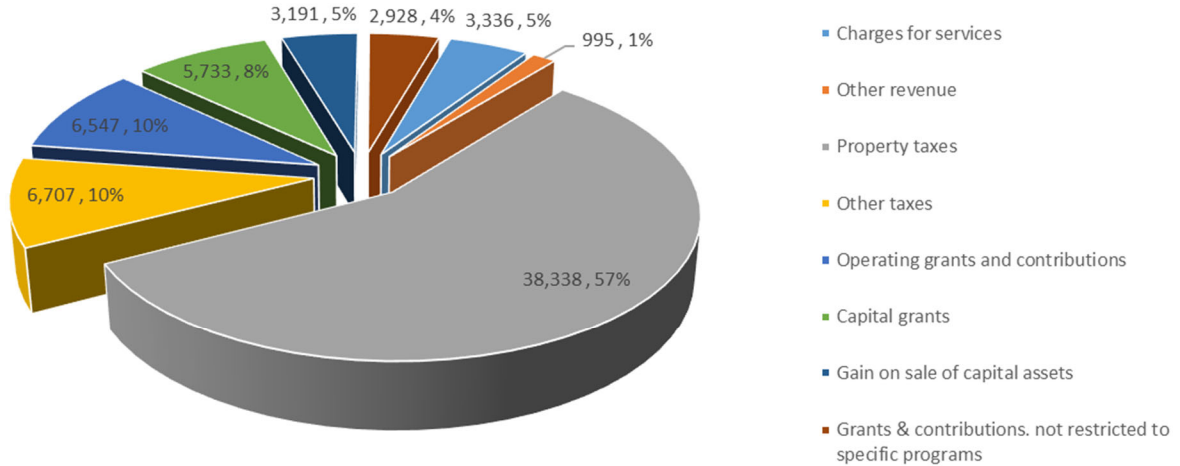


	Governmental Activities		GA		Governmental Activities	
	2023	2022	2023 vs. 2022		2023	2022
Expenses:			-			
General government	\$ 5,832	4,019	1,813.67	45%	11%	7%
Judicial administration	669	645	23.70	4%	1%	1%
Public safety	11,791	9,518	2,272.96	24%	22%	17%
Public works	3,210	3,452	(241.84)	-7%	6%	6%
Health and welfare	5,594	4,575	1,019.17	22%	11%	8%
Education	15,958	20,006	(4,047.82)	-20%	30%	36%
Parks recreation and cultural	5,130	3,826	1,304.27	34%	10%	7%
Community development	1,051	5,326	(4,275.07)	-80%	2%	10%
Interest on long-term debt	3,212	3,642	(429.79)	-12%	6%	7%
Water and Sewer/Storm Water/Solid Was	-	-	-		0%	0%
Total Expenses	\$ 52,447	55,008	(2,560.76)	-5%	100%	100%



The table below shows a different look at the program expenses and revenues for governmental activities in millions (exhibit 2):

Revenue by Source - Governmental Activities (Exhibit 2)



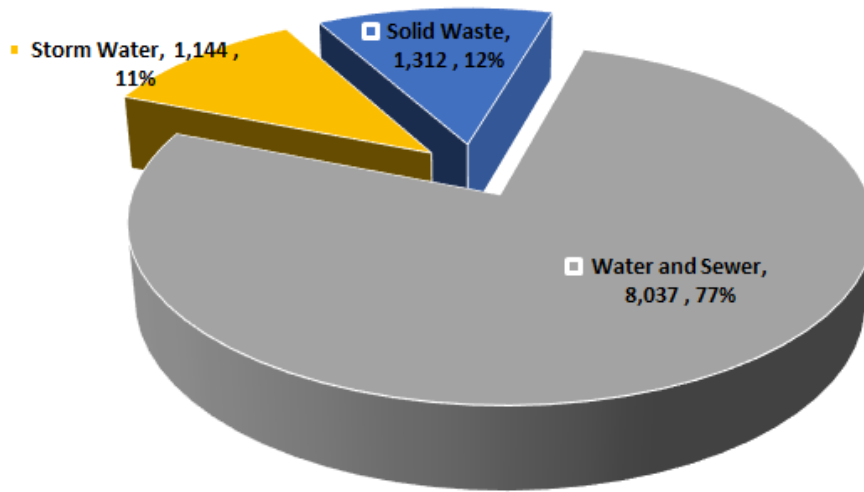
Business-Type Activities

The City's business-type activity is composed of enterprise funds for water and sewer, solid waste management, and storm water operations. Net position of business-type activity increased by \$0.968 million. The increase in net position is, in part, the result of a rise in charges for services from the previous year. As of June 30, total net position for business-type activities was \$20.7 million, of which \$7.3 million is invested in capital assets. The balance of \$13.369 million is unrestricted and available to provide funding for future operations (Exhibit 1, page 55).

Revenues – Business Activities

Revenues for business activities went up by \$0.414 million from charges for services. The city collected \$1.1 million in tap fees in FY2023 up slightly from last year.

Revenue by Source - Business-type Activities - Charges for Services (Exhibit 2)

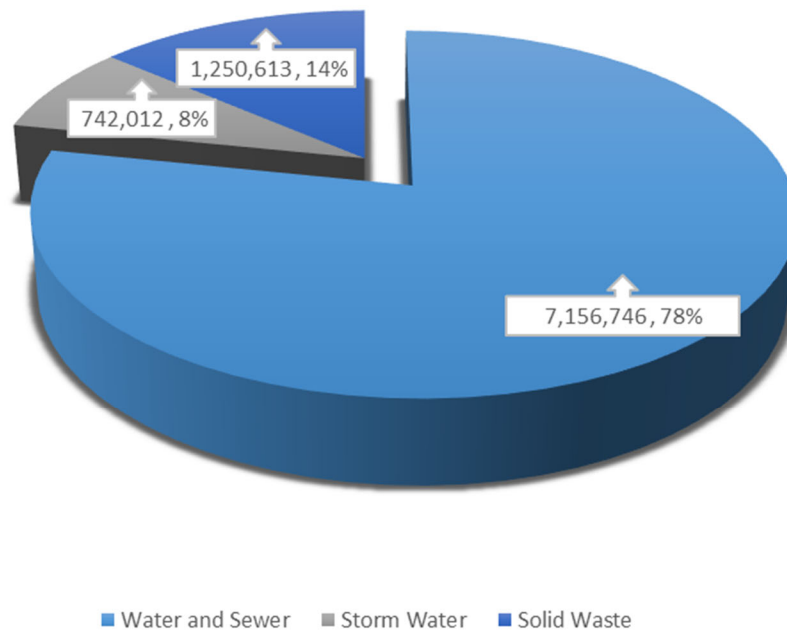


Expenses - Business Activities

Expenses, including interest expense, totaled \$9.149 million, up \$677K from the prior fiscal year. However, the operating costs for water went up by \$346k due to water purchase and \$289.7K in contractual services for solid waste management. The City's Proprietary Fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities but in more detail. Please refer to the applicable table of contents for more details.

	FY2023	FY2022	
<u>Business-type activities</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Diff</u>
Water and Sewer	7,156,746	6,810,298	346,448
Storm Water	742,012	700,895	41,117
Solid Waste	1,250,613	960,947	289,666
	<u>9,149,371</u>	<u>8,472,140</u>	<u>677,231</u>

Business-type Expenses (Exhibit 2)



Component Unit - School Board

Charges for services for Schools were up from \$10,998 to \$12,212 while operating grants and contributions up from \$35,813,776 to \$43,528,514.

FUND FINANCIAL ANALYSIS:

Governmental Funds

Governmental Funds are comprised of 1) General Fund, 2) Capital Projects Fund, 3) Debt Service Fund, 4) Proffer, and 5) Nonmajor Governmental Funds. Major highlights of revenues and expenditures for each governmental fund will be explained in sections below.

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, the 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 FY 2023, the City's governmental funds reported a fund balance of \$28.6 million, up \$4.8 million. All but capital project funds reported a net increase in fund balance (Proffer Fund \$2.5 million, Nonmajor Governmental Funds \$.789 million and General Fund \$4.2 million (driven by the 13.3% increase in taxable real property assessment land value). Capital project fund had a decrease in fund balance of \$2.8 million, proceeds from the sales of capital assets. Typical sources of funds for non-major funds include NVT 30% Locality Revenue plus a Commercial & Industrial special tax transfer-in from Proffer Fund). The City received about \$300K in additional proffer money in FY2023. See net changes in fund balances on Exhibit 4 (page 60).

A. General Fund

The General Fund reported a betterment in the total fund balance resulted from the increase in total revenues, mostly from the general property local tax revenues and local sale and use tax.

Revenues – General Fund

Total general fund revenues went up by about \$10 million where the increase was in intergovernmental and general property taxes. For taxes, this reflects a 13.3% increase in the real estate assessment levied at 1.45% per \$100 assessment value. The housing market has been strong and is still growing. With the Governing Body approved long-term city downtown development, the City is hoping a continually improved real estate market. This improving trend when continued will allow for a tax cut for residents sooner than planned for. Taxes represent the major source of revenues (roughly 75-80%).

Year over year changes in other local taxes like recordation and utility consumption taxes are the top two with the most increase from the prior fiscal year.

In FY2023, the city transferred \$379,014 to NVTa and received \$3.1 million for Phase II land sale proceeds from Norton Scott on 8/22/2022 and \$108,000 proffer for land development. These transactions were part of the downtown development. As for NVTa fund, the 30% locality revenue share this fiscal year that the city received was about \$671.2k. The \$379,014 transfer between funds 303 and 304 were part of the Commercial and Industrial (C&I) tax equivalent requirement. This was calculated based on the real estate assessment for commercial and industrial excluding multi-family apartment property classes at 12.5% tax rate per \$100 assessed value.

Revenues	FY2023					
	General	Capital Project	Debt Service	Proffer Fund	Nonmajor Funds	Total
General property taxes	37,790,421					37,790,421
Other local taxes	6,420,375	286,784				6,707,159
Permits, privilege fees and regulatory licenses	367,389					367,389
Fines and forfeitures	1,357,734					1,357,734
Revenue from use of money and property	741,692	192,166	75			933,933
Charges for services	1,611,287					1,611,287
Miscellaneous	239,729	160		103,332	671,187	1,014,408
Intergovernmental:						-
Commonwealth	5,232,165	494,216				5,726,381
Federal	8,032,564	500,000				8,532,564
Total revenues	61,793,356	1,473,326	75	103,332	671,187	64,041,276
Revenues	FY2022					
	General	Capital Project	Debt Service	Proffer Fund	Nonmajor Funds	Total
General property taxes	34,953,892					34,953,892
Other local taxes	6,916,216	308,749				7,224,965
Permits, privilege fees and regulatory licenses	392,352					392,352
Fines and forfeitures	1,330,635					1,330,635
Revenue from use of money and property	24,188		68			24,256
Charges for services	1,538,459					1,538,459
Miscellaneous	170,427		44,564	8,485	878,522	1,101,998
Intergovernmental:						-
Commonwealth	4,575,815	160,155				4,735,970
Federal	1,793,870	1,454,308				3,248,178
Total revenues	51,695,854	1,923,212	44,632	8,485	878,522	54,550,705
Revenues	Changes - FY2023 VS. FY2022					
	General	Capital Project	Debt Service	Proffer Fund	Nonmajor Funds	Total
General property taxes	2,836,529	-	-	-	-	2,836,529
Other local taxes	(495,841)	(21,965)	-	-	-	(517,806)
Permits, privilege fees and regulatory licenses	(24,963)	-	-	-	-	(24,963)
Fines and forfeitures	27,099	-	-	-	-	27,099
Revenue from use of money and property	717,504	192,166	7	-	-	909,677
Charges for services	72,828	-	-	-	-	72,828
Miscellaneous	69,302	160	(44,564)	94,847	(207,335)	(87,590)
Intergovernmental:	-	-	-	-	-	-
Commonwealth	656,350	334,061	-	-	-	990,411
Federal	6,238,694	(954,308)	-	-	-	5,284,386
Total revenues	10,097,502	(449,886)	(44,557)	94,847	(207,335)	9,490,571

General Fund Revenue – Budget vs. Actual

The total actual revenues of \$61.793 million for general fund when compared to the total budgeted revenues came under by \$1.1 01 million, primarily due to the under collected real estate tax revenue of about \$1.202 million. Among 42 different revenue categories, 17 budgeted line items had their actual outperformed their budgeted amounts. The most favorable budget to actual amount for revenues was for revenue from use of money and property which was \$728,292 over budget for the fiscal year.

Expenditures – General Fund

Total general fund expenditures, not including transfers-out, can be found on Exhibit 4 (page 60) where all came under the budget.

Fund Balance – General Fund

The fund balance for General Fund increased by \$4.2 million. Net changes in general fund balances by GASB Statement #54 classifications are highlighted below:

- Non-spendable fund balance -\$261,172 from a net prepaid postage and membership
- Spendable fund balance increased primarily from taxes

Fund Balance – Other Governmental Funds

- All other governmental funds have their fund balances committed where \$2.2 million was in capital projects, \$0.4 million in debt service, \$3.2 million in proffer, and \$3.2 million in NVTa.

Proprietary Funds

The City of Manassas Park's proprietary fund statements (Exhibits 6 and 7, pages 62-63) provide the same type of information found in the government-wide financial statements but in more details. The City maintains three proprietary funds, water and sewer, solid waste management, and storm water.

FY2023 total net position for the Water and Sewer, Storm Water, and Solid Waste Management Funds are presented below for easy reference. For the fiscal year ended June 30, 2023, the Water and Sewer, Storm Water, and Solid Waste Management Funds ended the fiscal year with a net position of \$18.0 million, \$2.7 million, and \$(52.24) k, respectively where all funds reported a positive change in their net position. For FY2023 there was an increase of 33 new customers or slight increase in charges for services although with a slight drop in water consumption. See the table below for details about average water bill charge per customer with average water consumption.

Billing Date	Due Date	Reading		Avg Bill Per Unit	Average of Principal Charge	Average of Reading Consumed
		Consumed	Count			
7/5/2022	8/1/2022	32,926	4318	22.81	\$ 173.94	7.84
8/4/2022	8/31/2022	26,927	4322	25.60	\$ 159.51	6.40
9/6/2022	9/30/2022	30,888	4228	23.52	\$ 171.81	7.32
10/5/2022	10/31/2022	32,345	4408	23.97	\$ 175.92	7.62
11/4/2022	11/30/2022	29,154	4297	24.80	\$ 168.28	6.90
12/5/2022	1/3/2023	29,942	4208	24.00	\$ 170.76	7.12
1/5/2023	1/31/2023	30,338	4264	24.17	\$ 171.96	7.12
2/6/2023	2/28/2023	28,700	4364	25.26	\$ 166.15	6.82
3/6/2023	3/31/2023	29,147	4336	24.94	\$ 167.64	6.89
4/5/2023	5/1/2023	27,907	4308	25.41	\$ 164.60	6.61
5/4/2023	5/31/2023	29,646	4308	24.62	\$ 169.41	7.04
6/5/2023	6/30/2023	30,715	4291	24.19	\$ 173.19	7.30
Grand Total		358,635	51652	24.40	\$ 169.43	7.08
FY2023	Average	29,886	4,304	24.44	169.43	7.08
FY2022	Average	30,009	4,271	23.60	165.25	7.10

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

CAPITAL ASSETS

As of June 30, 2023, the City's investment in capital assets for governmental activities totaled \$108,204 million, net of accumulated depreciation and amortization. This represents a net increase in capital assets of \$7,692 million, or 7.7% increase over the prior year. The increase is in 1) equipment (+0.495 million), 2) lease equipment (\$0.651 million), and 3) construction in progress (+11,237 million). This fiscal year's noncurrent assets highlighted the implementation of additional lease equipment per GASB Statement No. 87 and that of GASB Statement No. 96. The change in land was \$-0.599 million with a transfer of jointly owned assets of \$2.944 million transferred to Schools.

The following summarizes capital assets as of June 30, 2023:

<i>Governmental</i>	FY 2023		FY 2022		Change from FY 2022
<i>Noncurrent Assets</i>					
1 Land	7.862	7.3%	8.461	8.4%	-0.599
2 Intangibles	0.109	0.1%	0.109	0.1%	0.000
3 Infrastructure	8.549	7.9%	8.805	8.8%	-0.256
4 Buildings and improvements	27.860	25.7%	28.752	28.6%	-0.892
5 Equipment	3.005	2.8%	2.510	2.5%	0.495
6 Lease equipment	1.833	1.7%	1.182	1.2%	0.651
7 Jointly owned assets	22.230	20.5%	25.175	25.0%	-2.944
8 Construction in progress	<u>36.756</u>	34.0%	<u>25.520</u>	25.4%	<u>11.237</u>
Total Capital Assets	108.204	100.0%	100.513	100.0%	7.692

Additional detailed information regarding the City's capital assets, including the current year's activity, can be found in note 5 – Capital Assets in the section of notes to the financial statements. Below is a recap of land transactions related to the downtown.

Land Transactions:

There were no noncash property transactions (property donated to or from the city). There was also a sale of property in the amount of \$2.8 million (proceeds posted in the Proffer Fund. The \$2.8 million was the purchase price for 141,769 square feet of land that was conveyed to the Village at Manassas Park LLC and consolidated into what is now Parcel B-1, on which the second phase of residential condominiums will be built by Stanley Martin (after the village at Manassas Park LLC sells it to them). The sale of this land is in accordance with the Comprehensive Development agreement for City Center Phase III.

The city had one land transaction with Popeyes Louisiana Kitchen. The Purchaser has committed to constructing a restaurant building on a portion of the City Property containing 32,979 square feet (0.75709 acres) of land (the “Real Property”).

Once payment of annual installments starts, the amount of each annual payment will be reduced by an amount determined by how much commercial space within the Hasta Buildings SoFun is leasing as of the due date for each such annual installment payment. This is an example of use of one property to support leasing another- Popeyes & Parq 170.

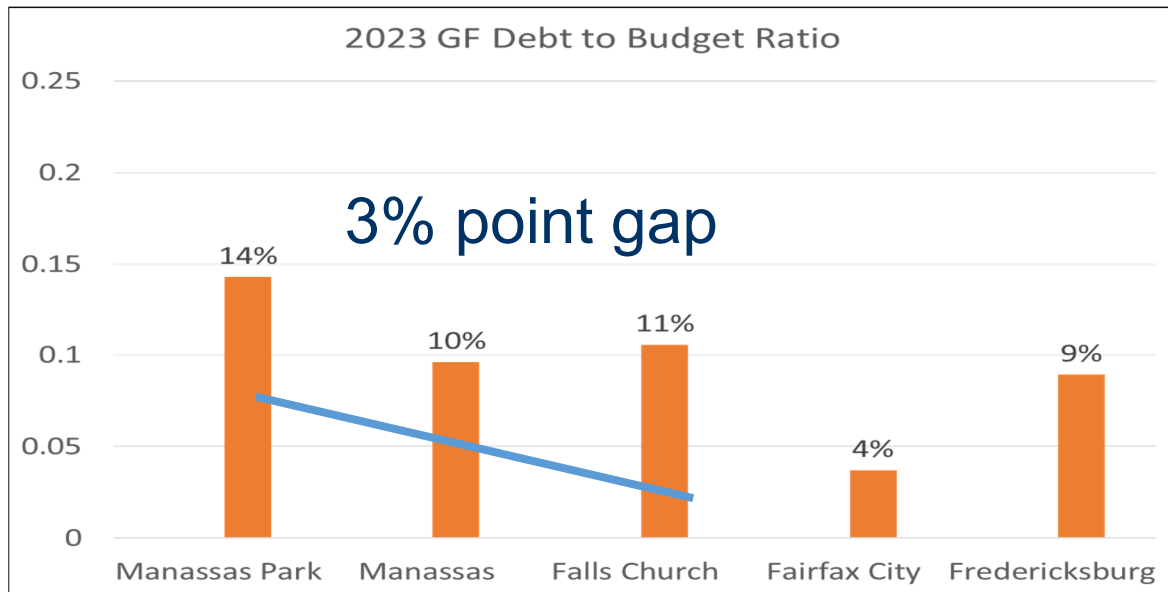


Detailed information on the City’s Capital Assets can be found in the related note disclosure of this report.

Refer to the capital assets table for detailed components and changes for the year.

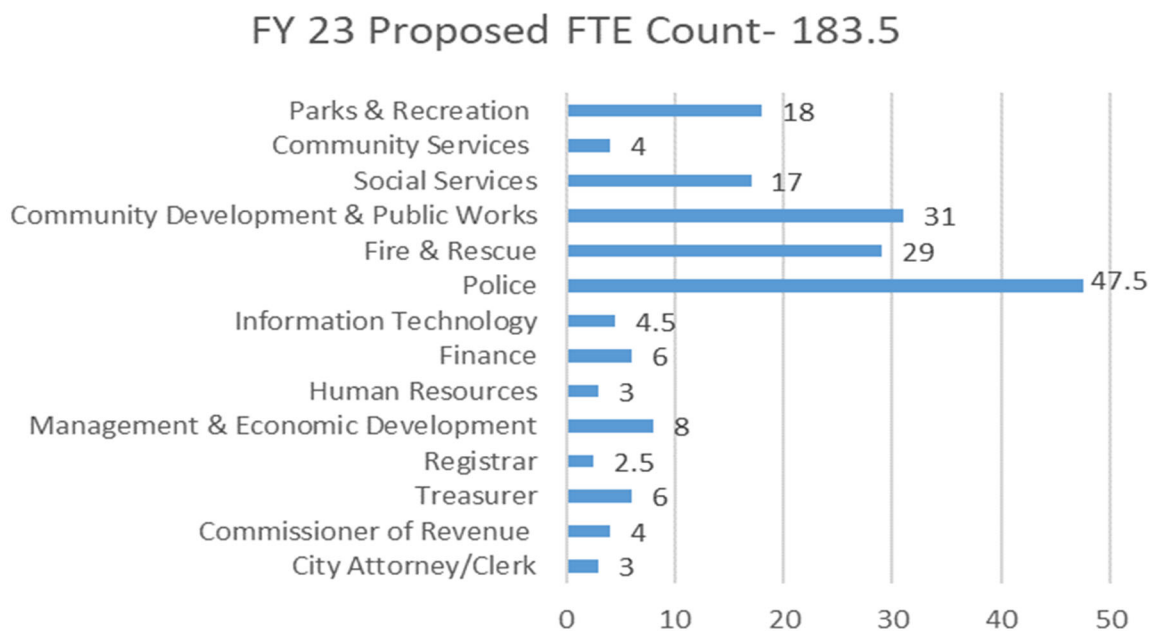
LONG-TERM OBLIGATIONS

The city did not perform any refunding whether being current or advanced refunding in the fiscal year of FY2023. Per page 88-89 of the ACFR on long-term obligation note disclosure, all existing general obligations carry current interest rates ranging from lower than 2.00% to as high as 5.00%. These rates mostly are lower than the current market interest rates. Also, the currently callable issuances are currently not qualified for call back for refunding.



ADDITIONAL CHART INFORMATION

FTE increased 16.9, from 166.6 to 183.5 due primarily to the increase of 15 FTE in firefighters funded by the SAFER grant.



Fiscal Year 2023 Budget and Rates

- For fiscal year 2023, the adopted budget for the General Fund is \$62.5 million, an increase of \$4.4 million or 7.6 percent, over fiscal year 2022. Revenues are comprised predominately of general taxes at 64.3 percent, intergovernmental assistance at 12.5 percent, community development at

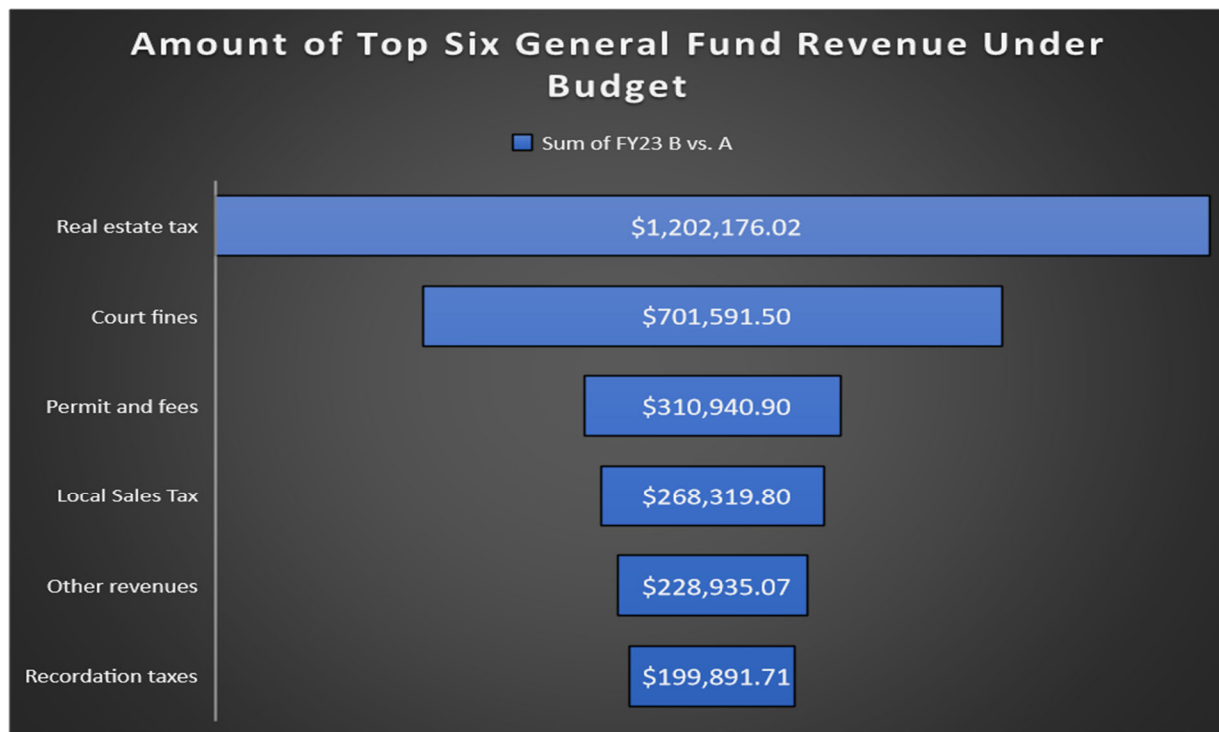
2.3 percent, charges for services at 2.0 percent, economic revenue at 8.0 percent, and other miscellaneous revenue at 10.9 percent.

- In fiscal year 2023, the Town continues to prioritize its services. In the General Fund, the public works department accounts for \$3.6 million and public safety accounts for \$9.8 million or 5.8 and 15.7 percent of the budgeted expenditures respectively.
- Tax rate for real property for tax year 2023 is 1.45¢ per \$100 of assessed value, down 8¢ from 1.53¢. The personal property tax rate remained unchanged at \$3.00 per \$100 of assessed value. Detail on the tax rates is provided in Table 6 of the statistical section of this report.

BUDGET TO ACTUAL VARIANCE ANALYSIS:

REVENUES – BUDGET VS. ACTUAL:

Top six revenue line items with actual revenues below budgeted revenues include the following line items:

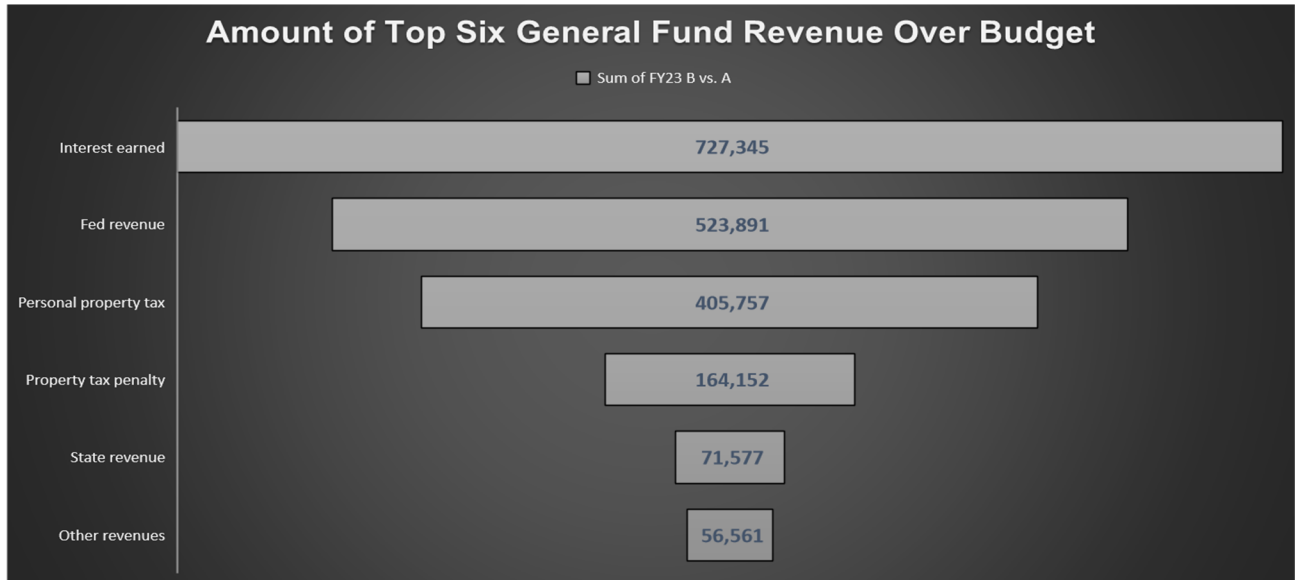


Top six revenue programs that came under budget for the year include:

1. Real estate tax: reflected a drop of \$1.2 million or 4% in tax collection as compared to budget. 25% of this delinquent amount was received by the end of August.
2. Court fines: Police public safety revenue related programs that include parking fines, red light / speed, and crossing guard school bus violation, and court fees. The two revenue programs most under-performed include red light violations and parking fines. From the safety perspective, that worked because drivers paid more attention to traffic lights.
3. Permit fees: building permits and site plan development permits were the two drivers of the drop in permit and fee revenues.
4. Local sales tax, the city along with a few other localities, reported lower than budgeted sales tax in Northern Virginia, possibly reflecting reporting issues to the Virginia Department of Taxation.

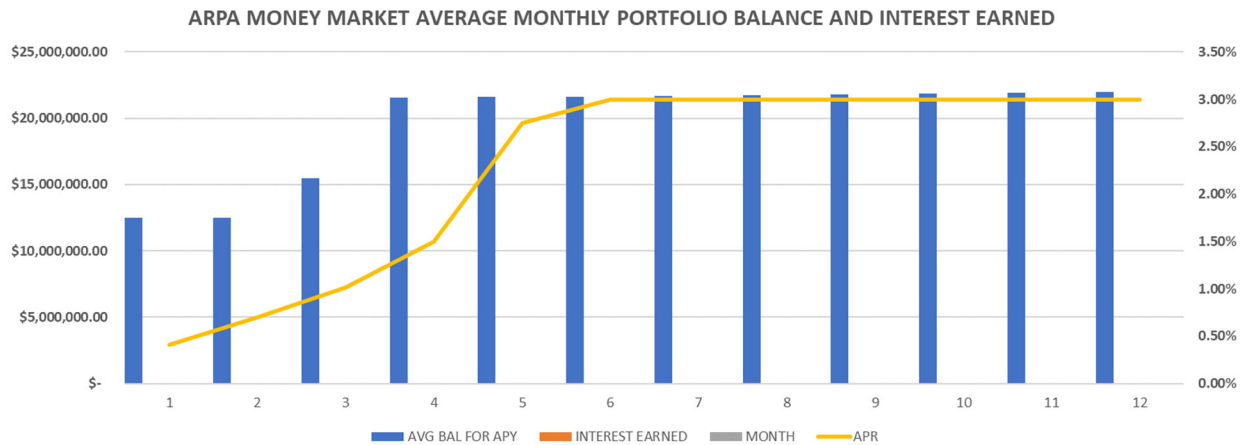
5. Other revenues, lower than expected sales of surplus and miscellaneous other items
6. Recordation tax: deed recordation taxes were down sharply, by 50 percent year-to-date, reflecting weakening demand for housing.

Top six revenue programs with actual revenues exceeding budgeted revenues for the year include:

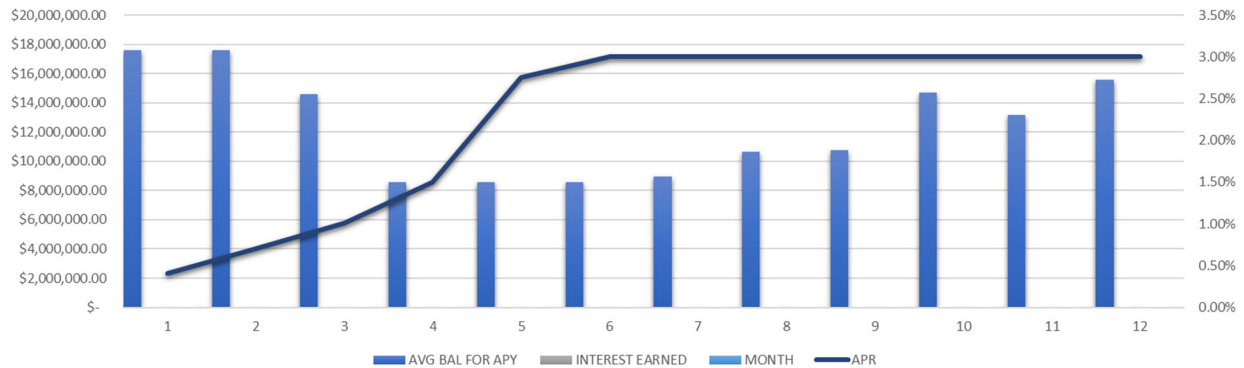


Investment portfolio revenue earned:

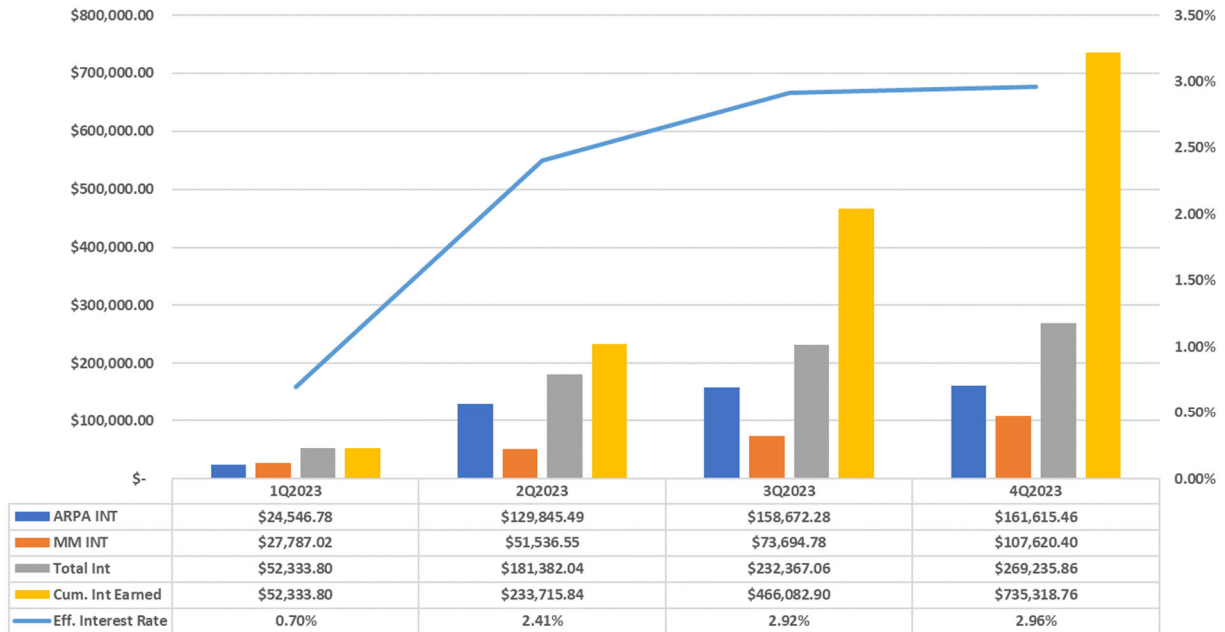
FY2023 was the first year the city earned a sizable amount of interest from the combined average money market portfolio of \$32.1 million. The interest earned was about \$735 k based on the average balance of \$32.1 million at an average effective interest rate of 2.29%. Refer to the above charts for investment details by portfolio types. This interest earned revenue was not budgeted for.



PREMIER MONEY MARKET AVERAGE MONTHLY PORTFOLIO BALANCE AND INTEREST EARNED



QUARTERLY AND YTD MONEY MARKET INTEREST EARNED



EXPENDITURES - BUDGET VS. ACTUAL

The table below reports on a comparative analysis of departmental expenditures for FY2023 budget vs. actual in dollars and percentage. Total expenditures for safety departments (police, E-911, and Fire) comprised of about 35% of the total budgeted expenditures or about 35.5% of the total actual expenditures. This is in support of the city mission and vision where resident safety continues to be a number priority.

100						
Department	Department Description	FY23 BUDGET	% FY23 BUDGET	FY23 ACTUAL	% FY23 ACTUAL	FY23 B-A
31100	Police Department	5,437,397.58	17.72%	4,719,231.54	17.41%	\$ 718,166.04
71300	Parks and Recreation	4,751,633.90	15.48%	4,218,057.10	15.56%	\$ 533,576.80
32100	Fire Department	4,363,000.19	14.22%	4,200,126.42	15.50%	\$ 162,873.77
53100	Social Services	3,489,271.44	11.37%	3,804,015.65	14.04%	\$ (314,744.21)
12120	Management Services	2,689,209.32	8.76%	1,577,483.93	5.82%	\$ 1,111,725.39
41200	Street Department	1,216,004.43	3.96%	984,796.94	3.63%	\$ 231,207.49
12500	Informational Technology	1,142,418.45	3.72%	1,221,569.37	4.51%	\$ (79,150.92)
81100	Development Services	1,071,624.28	3.49%	663,559.98	2.45%	\$ 408,064.30
31400	E-911	946,148.39	3.08%	714,075.39	2.63%	\$ 232,073.00
43166	Facilities	919,619.43	3.00%	790,256.44	2.92%	\$ 129,362.99
11010	City Council	917,318.04	2.99%	937,160.21	3.46%	\$ (19,842.17)
12430	Finance	806,038.18	2.63%	716,418.36	2.64%	\$ 89,619.82
12410	Treasurer	680,356.98	2.22%	669,185.76	2.47%	\$ 11,171.22
41566	Fleet	577,701.22	1.88%	497,347.10	1.84%	\$ 80,354.12
81500	Community Services	515,003.30	1.68%	377,509.45	1.39%	\$ 137,493.85
12220	Human Resources	438,774.55	1.43%	316,491.39	1.17%	\$ 122,283.16
12310	Commissioner of Revenue	413,071.20	1.35%	443,936.83	1.64%	\$ (30,865.63)
13200	Voter Registrar	314,497.67	1.02%	251,176.93	0.93%	\$ 63,320.74
		30,689,088.55	100.00%	27,102,398.79	100.00%	\$ 3,586,689.76

Finance Department Highlights:

The table below shows that for FY2023, Finance was the only department with reduced in work force or FTE along with a reduction in budget but with increased workload while successfully managing all tasks and year-end audit with a clean opinion.

Added projects in FY2023 include 1) search for new ERP, 2) increase in a number of grants received, 3) new merchants, 4) new GASB statement implementation, 5) increased financial transactions, 6) added revenue programs, 7) payroll benefit payment management, and 8) many more.

		Fund		Values						
		100								
Department	Department Description	FY23 BUDGET	% FY23 BUDGET	FY22 BUDGET	% FY22 BUDGET	FY22 ACTUAL	FY23B - FY22B	FY22 B-A	FY23 B-A	
31100	Police Department	5,437,397.58	17.72%	4,112,422.42	16.51%	3,910,187.29	1,324,975.16	202,235.13	\$ 718,166.04	
71300	Parks and Recreation	4,751,633.90	15.48%	3,690,624.56	14.82%	3,283,264.58	1,061,009.34	407,359.98	\$ 533,576.80	
32100	Fire Department	4,363,000.19	14.22%	3,521,842.75	14.14%	3,545,562.72	841,157.44	-23,719.97	\$ 162,873.77	
53100	Social Services	3,489,271.44	11.37%	3,172,391.74	12.74%	2,872,553.35	316,879.70	299,838.39	\$ (314,744.21)	
12120	Management Services	2,689,209.32	8.76%	2,088,076.11	8.38%	883,719.72	601,133.21	1,204,356.39	\$ 1,111,725.39	
41200	Street Department	1,216,004.43	3.96%	1,001,700.19	4.02%	839,807.41	214,304.24	161,892.78	\$ 231,207.49	
12500	Informational Technology	1,142,418.45	3.72%	975,055.33	3.92%	943,600.62	167,363.12	31,454.71	\$ (79,150.92)	
81100	Development Services	1,071,624.28	3.49%	839,958.67	3.37%	571,637.44	231,665.61	268,321.23	\$ 408,064.30	
31400	E-911	946,148.39	3.08%	706,490.17	2.84%	604,885.99	239,658.22	101,604.18	\$ 232,073.00	
43166	Facilities	919,619.43	3.00%	689,276.17	2.77%	600,760.62	230,343.26	88,515.55	\$ 129,362.99	
11010	City Council	917,318.04	2.99%	776,520.17	3.12%	792,243.16	140,797.87	-15,722.99	\$ (19,842.17)	
12430	Finance	806,038.18	2.63%	924,308.46	3.71%	917,063.41	-118,270.28	7,245.05	\$ 89,619.82	
12410	Treasurer	680,356.98	2.22%	629,201.23	2.53%	612,540.97	51,155.75	16,660.26	\$ 11,171.22	
41566	Fleet	577,701.22	1.88%	455,037.77	1.83%	483,377.86	122,663.45	-28,340.09	\$ 80,354.12	
81500	Community Services	515,003.30	1.68%	324,583.12	1.30%	331,832.04	190,420.18	-7,248.92	\$ 137,493.85	
12220	Human Resources	438,774.55	1.43%	394,667.41	1.58%	280,946.03	44,107.14	113,721.38	\$ 122,283.16	
12310	Commissioner of Revenue	413,071.20	1.35%	367,768.43	1.48%	353,308.14	45,302.77	14,460.29	\$ (30,865.63)	
13200	Voter Registrar	314,497.67	1.02%	235,204.12	0.94%	190,724.04	79,293.55	44,480.08	\$ 63,320.74	
		30,689,088.55	100.00%	24,905,128.82	100.00%	22,018,015.39	5,783,959.73	2,887,113.43	\$ 3,586,689.76	

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Manassas Park, City Hall, 100 Park Central Plaza, Manassas Park, VA 20111 at p.yusuf@manassasparkva.gov, or visit the city's website at [Manassas Park, Virginia \(manassasparkva.gov\)](http://ManassasPark.Virginia(manassasparkva.gov)).

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 38,169,655	\$ 12,049,643	\$ 50,219,298	\$ 7,351,397
Investments	6,551,917	-	6,551,917	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,219,010	-	2,219,010	-
Accounts receivable	840,098	2,421,146	3,261,244	79,047
Notes receivable	990,597	-	990,597	-
Due from other governments	1,790,077	-	1,790,077	2,834,780
Pension asset	-	-	-	1,001,805
Net OPEB asset	-	-	-	7,293
Inventory	-	-	-	17,143
Prepaid items	261,172	10,459	271,631	231,690
Due from component unit - School Board	1,883,742	-	1,883,742	-
Capital assets (net of accumulated depreciation):				
Land	7,861,527	-	7,861,527	1,637,491
Intangibles	108,699	-	108,699	-
Infrastructure	8,549,379	-	8,549,379	-
Utility plant and equipment	-	14,513,133	14,513,133	-
Buildings and improvements	27,860,427	-	27,860,427	40,856,284
Equipment	3,004,768	-	3,004,768	1,818,997
Lease equipment	1,832,875	-	1,832,875	-
Subscription assets	-	-	-	309,686
Jointly owned assets	22,230,374	-	22,230,374	-
Construction in progress	36,756,258	-	36,756,258	9,532
Total capital assets	\$ 108,204,307	\$ 14,513,133	\$ 122,717,440	\$ 44,631,990
Total Assets	\$ 160,910,575	\$ 28,994,381	\$ 189,904,956	\$ 56,155,145
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,740,987	\$ 119,240	\$ 1,860,227	\$ 6,811,985
OPEB related items	855,232	25,214	880,446	1,188,300
Deferred charge on refunding	3,183,602	398,484	3,582,086	-
Total deferred outflows of resources	\$ 5,779,821	\$ 542,938	\$ 6,322,759	\$ 8,000,285
LIABILITIES				
Accounts payable	\$ 4,501,836	\$ 362,875	\$ 4,864,711	\$ 1,711,256
Retainage payable	719,086	-	719,086	-
Customer deposits	-	164,160	164,160	-
Accrued liabilities	1,431,579	120,193	1,551,772	3,997,741
Due to primary government	-	-	-	1,883,742
Amounts held for others	545,338	-	545,338	-
Unearned revenue	13,927,384	55,970	13,983,354	2,807
Accrued interest payable	810,221	77,081	887,302	-
Long-term liabilities:				
Due within one year	7,951,379	939,651	8,891,030	124,905
Due in more than one year	99,932,252	7,019,067	106,951,319	31,921,983
Total Liabilities	\$ 129,819,075	\$ 8,738,997	\$ 138,558,072	\$ 39,642,434
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 1,945,236	\$ 114,690	\$ 2,059,926	\$ 5,886,802
OPEB related items	744,632	9,682	754,314	1,123,721
Total deferred inflows of resources	\$ 2,689,868	\$ 124,372	\$ 2,814,240	\$ 7,010,523
NET POSITION				
Net investment in capital assets	\$ 9,038,696	\$ 7,304,438	\$ 16,343,134	\$ 44,195,371
Restricted:				
Net OPEB asset	-	-	-	7,293
Opioid settlement	116,143	-	116,143	-
School construction	-	-	-	1,326,677
Net pension asset	-	-	-	1,001,805
Unrestricted assets	25,026,614	13,369,512	38,396,126	(29,028,673)
Total Net Position	\$ 34,181,453	\$ 20,673,950	\$ 54,855,403	\$ 17,502,473

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ 5,832,455	\$ 19,412	\$ 822,148	\$ 212,099	
Judicial administration	668,655	1,358,035	-	-	
Public safety	11,790,743	356,203	1,450,427	447,000	
Public works	3,209,682	328,570	988,648	4,415,450	
Health and welfare	5,594,424	-	2,600,116	-	
Education	15,957,697	-	-	500,000	
Parks, recreation, and cultural	5,130,364	1,140,333	278,164	158,400	
Community development	1,050,758	133,857	407,388	-	
Interest on long-term debt	3,212,224	-	-	-	
Total governmental activities	<u>\$ 52,447,002</u>	<u>\$ 3,336,410</u>	<u>\$ 6,546,891</u>	<u>\$ 5,732,949</u>	
Business-type activities:					
Water and sewer	\$ 7,156,746	\$ 9,134,609	\$ -	\$ -	
Storm Water	742,012	1,143,542	-	-	
Solid Waste	1,250,613	1,312,441	-	-	
Total business-type activities	<u>\$ 9,149,371</u>	<u>\$ 11,590,592</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Primary Government	<u>\$ 61,596,373</u>	<u>\$ 14,927,002</u>	<u>\$ 6,546,891</u>	<u>\$ 5,732,949</u>	
COMPONENT UNITS:					
School Board	\$ 51,881,794	\$ 12,212	\$ 43,528,514	\$ -	

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component
	Primary Government			Unit8
	Governmental Activities	Business- type Activities	Total	School Board
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ (4,778,796)	\$ -	\$ (4,778,796)	\$ -
Judicial administration	689,380	-	689,380	-
Public safety	(9,537,113)	-	(9,537,113)	-
Public works	2,522,986	-	2,522,986	-
Health and welfare	(2,994,308)	-	(2,994,308)	-
Education	(15,457,697)	-	(15,457,697)	-
Parks, recreation, and cultural	(3,553,467)	-	(3,553,467)	-
Community development	(509,513)	-	(509,513)	-
Interest on long-term debt	(3,212,224)	-	(3,212,224)	-
Total governmental activities	<u>\$ (36,830,752)</u>	<u>\$ -</u>	<u>\$ (36,830,752)</u>	<u>\$ -</u>
Business-type activities:				
Water and sewer	\$ -	\$ 1,977,863	\$ 1,977,863	\$ -
Storm Water	-	401,530	401,530	-
Solid Waste	-	61,828	61,828	-
Total business-type activities	<u>\$ -</u>	<u>\$ 2,441,221</u>	<u>\$ 2,441,221</u>	<u>\$ -</u>
Total Primary Government	<u><u>\$ (36,830,752)</u></u>	<u><u>\$ 2,441,221</u></u>	<u><u>\$ (34,389,531)</u></u>	<u><u>\$ -</u></u>
COMPONENT UNITS:				
School Board				\$ (8,341,068)
General revenues:				
General property taxes	\$ 38,338,314	\$ -	\$ 38,338,314	\$ -
Local sales and use taxes	2,931,680	-	2,931,680	-
Consumer utility taxes	790,728	-	790,728	-
Business license taxes	1,133,535	-	1,133,535	-
Motor vehicle licenses	468,744	-	468,744	-
Recordation taxes	200,108	-	200,108	-
Meals tax	547,867	-	547,867	-
Cigarette taxes	211,402	-	211,402	-
Other local taxes	423,095	-	423,095	-
Grants and contributions not restricted to specific programs	1,994,075	-	1,994,075	-
Unrestricted revenues from use of money and property	933,933	26	933,959	481
Gain on sale of capital assets	3,191,389	-	3,191,389	-
County contribution to School Board	-	-	-	14,167,778
Miscellaneous	994,883	156,105	1,150,988	832,027
Transfers	1,628,707	(1,628,707)	-	-
Total general revenues and transfers	<u>\$ 53,788,460</u>	<u>\$ (1,472,576)</u>	<u>\$ 52,315,884</u>	<u>\$ 15,000,286</u>
Change in net position	<u>\$ 16,957,708</u>	<u>\$ 968,645</u>	<u>\$ 17,926,353</u>	<u>\$ 6,659,218</u>
Net position - beginning	<u>17,223,745</u>	<u>19,705,305</u>	<u>36,929,050</u>	<u>10,843,255</u>
Net position - ending	<u>\$ 34,181,453</u>	<u>\$ 20,673,950</u>	<u>\$ 54,855,403</u>	<u>\$ 17,502,473</u>

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

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2023

	Governmental Funds					
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 31,453,849	\$ -	\$ 435,910	\$ 3,217,989	\$ 3,188,642	\$ 38,296,390
Investments	-	6,551,917	-	-	-	6,551,917
Receivables (Net of allowance for uncollectibles):						
Taxes, including penalties	2,219,010	-	-	-	-	2,219,010
Accounts	815,333	24,765	-	-	-	840,098
Note receivable	-	990,597	-	-	-	990,597
Due from component unit - School Board	1,883,742	-	-	-	-	1,883,742
Due from other governmental units	1,300,825	489,252	-	-	-	1,790,077
Prepaid items	261,172	-	-	-	-	261,172
Total assets	<u>\$ 37,933,931</u>	<u>\$ 8,056,531</u>	<u>\$ 435,910</u>	<u>\$ 3,217,989</u>	<u>\$ 3,188,642</u>	<u>\$ 52,833,003</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ 126,735	\$ -	\$ -	\$ -	\$ 126,735
Accounts payable	487,883	4,013,953	-	-	-	4,501,836
Retainage payable	-	719,086	-	-	-	719,086
Accrued liabilities	1,429,982	1,597	-	-	-	1,431,579
Due to component unit - School Board	-	-	-	-	-	-
Amounts held for others	545,338	-	-	-	-	545,338
Unearned revenue	13,902,619	24,765	-	-	-	13,927,384
Total liabilities	<u>\$ 16,365,822</u>	<u>\$ 4,886,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,251,958</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 1,923,759	\$ -	\$ -	\$ -	\$ -	\$ 1,923,759
Unavailable revenue - other	87,825	990,597	-	-	-	1,078,422
Total deferred inflows of resources	<u>2,011,584</u>	<u>990,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,002,181</u>
FUND BALANCES						
Nonspendable	\$ 261,172	\$ -	\$ -	\$ -	\$ -	\$ 261,172
Restricted	28,318	-	-	-	-	28,318
Committed	-	2,179,798	435,910	3,217,989	3,188,642	9,022,339
Unassigned	19,267,035	-	-	-	-	19,267,035
Total fund balances	<u>\$ 19,556,525</u>	<u>\$ 2,179,798</u>	<u>\$ 435,910</u>	<u>\$ 3,217,989</u>	<u>\$ 3,188,642</u>	<u>\$ 28,578,864</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,933,931</u>	<u>\$ 8,056,531</u>	<u>\$ 435,910</u>	<u>\$ 3,217,989</u>	<u>\$ 3,188,642</u>	<u>\$ 52,833,003</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Total fund balances, balance sheet, governmental funds	\$ 28,578,864
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the position of the City as a whole.	108,204,307
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	5,779,821
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	3,002,181
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(2,689,868)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(810,221)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(107,883,631)
Net position of governmental activities	<u>\$ 34,181,453</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2023

	Governmental Funds					Total Governmental Funds
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	
Revenues:						
General property taxes	\$ 37,790,421	\$ -	\$ -	\$ -	\$ -	\$ 37,790,421
Other local taxes	6,420,375	286,784	-	-	-	6,707,159
Permits, privilege fees and regulatory licenses	367,389	-	-	-	-	367,389
Fines and forfeitures	1,357,734	-	-	-	-	1,357,734
Revenue from use of money and property	741,692	192,166	75	-	-	933,933
Charges for services	1,611,287	-	-	-	-	1,611,287
Miscellaneous	239,729	160	-	103,332	671,187	1,014,408
Intergovernmental:						
Commonwealth	5,232,165	494,216	-	-	-	5,726,381
Federal	8,032,564	500,000	-	-	-	8,532,564
Total revenues	\$ 61,793,356	\$ 1,473,326	\$ 75	\$ 103,332	\$ 671,187	\$ 64,041,276
Expenditures:						
Current:						
General government administration	\$ 6,182,737	\$ 5,560,460	\$ -	\$ -	\$ -	\$ 11,743,197
Judicial administration	668,655	-	-	-	-	668,655
Public safety	10,244,079	1,928,415	-	-	-	12,172,494
Public works	2,281,700	5,681,525	-	-	-	7,963,225
Health and welfare	5,642,547	-	-	-	-	5,642,547
Education	12,149,649	1,558,240	-	-	-	13,707,889
Parks, recreation, and cultural	4,218,057	647,008	-	-	-	4,865,065
Community development	1,083,226	-	-	-	-	1,083,226
Debt service:						
Principal retirement	-	987,702	5,324,738	-	-	6,312,440
Interest and other fiscal charges	-	1,076,575	2,686,457	-	-	3,763,032
Total expenditures	\$ 42,470,650	\$ 17,439,925	\$ 8,011,195	\$ -	\$ -	\$ 67,921,770
Excess (deficiency) of revenues over (under) expenditures	\$ 19,322,706	\$ (15,966,599)	\$ (8,011,120)	\$ 103,332	\$ 671,187	\$ (3,880,494)
Other financing sources (uses):						
Transfers in	\$ 1,628,709	\$ 8,958,639	\$ 8,064,645	\$ -	\$ 379,014	\$ 19,031,007
Transfers out	(16,762,306)	-	-	(379,014)	(260,980)	(17,402,300)
Proceeds from the sale of capital assets	-	-	-	2,800,000	-	2,800,000
Issuance of leases	-	1,628,236	-	-	-	1,628,236
Issuance of debt	-	2,576,000	-	-	-	2,576,000
Total other financing sources (uses)	\$ (15,133,597)	\$ 13,162,875	\$ 8,064,645	\$ 2,420,986	\$ 118,034	\$ 8,632,943
Net changes in fund balances	\$ 4,189,109	\$ (2,803,724)	\$ 53,525	\$ 2,524,318	\$ 789,221	\$ 4,752,449
Fund balances at beginning of year	15,367,416	4,983,522	382,385	693,671	2,399,421	23,826,415
Fund balances at end of year	\$ 19,556,525	\$ 2,179,798	\$ 435,910	\$ 3,217,989	\$ 3,188,642	\$ 28,578,864

The accompanying notes to 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
Year Ended June 30, 2023

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	4,752,449
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. The following details support this adjustment:		
Capital outlay	\$ 14,484,484	
Depreciation expense	<u>(4,242,277)</u>	10,242,207
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(2,057,571)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(599,208)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	547,893	
Property sale	990,597	
Opioid settlement	<u>(19,525)</u>	1,518,965
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:		
Proceeds from issuance of long-term obligations	\$ (2,576,000)	
Lease proceeds	(1,628,236)	
Amortization of bond premium	1,155,570	
Amortization of deferred amount on refunding	(677,612)	
Principal retired on general obligation bonds	5,324,738	
Principal retired on subscription liabilities	106,091	
Principal retired on lease liabilities	784,113	
Principal retired on notes payable	<u>97,498</u>	2,586,162
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (331,652)	
Pension expense	989,481	
OPEB expense	(230,945)	
Change in accrued interest payable	<u>72,850</u>	499,734
Special contributions received from the Commonwealth for the OPEB sharing pools are not reported in governmental funds.		<u>14,970</u>
Change in net position of governmental activities	\$	<u><u>16,957,708</u></u>

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

Statement of Net Position - Proprietary Funds
At June 30, 2023

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,479,944	\$ 2,601,880	\$ -	\$ 12,081,824
Receivables (net of allowance for uncollectibles):				
Accounts receivable	2,261,128	68,857	91,161	2,421,146
Prepaid items	5,511	4,948	-	10,459
Total Current Assets	\$ 11,746,583	\$ 2,675,685	\$ 91,161	\$ 14,513,429
Noncurrent Assets				
Capital assets:				
Utility plant and equipment	\$ 29,133,959	\$ 443,159	\$ -	\$ 29,577,118
Accumulated depreciation	(14,830,865)	(233,120)	-	(15,063,985)
Total Capital Assets	\$ 14,303,094	\$ 210,039	\$ -	\$ 14,513,133
Total Noncurrent Assets	\$ 14,303,094	\$ 210,039	\$ -	\$ 14,513,133
Total Assets	\$ 26,049,677	\$ 2,885,724	\$ 91,161	\$ 29,026,562
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related items	\$ 119,240	\$ -	\$ -	\$ 119,240
OPEB related items	25,214	-	-	25,214
Deferred charge on refunding	398,484	-	-	398,484
Total deferred outflows of resources	\$ 542,938	\$ -	\$ -	\$ 542,938
LIABILITIES				
Current Liabilities				
Reconciled overdraft	\$ -	\$ -	\$ 32,181	\$ 32,181
Accounts payable	252,248	4,367	106,260	362,875
Accrued liabilities	50,606	64,463	5,124	120,193
Customer deposits	164,160	-	-	164,160
Unearned revenue	-	55,970	-	55,970
Accrued interest payable	77,081	-	-	77,081
Long-term obligations - current portion	936,027	3,624	-	939,651
Total Current Liabilities	\$ 1,480,122	\$ 128,424	\$ 143,565	\$ 1,752,111
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	6,986,446	32,621	-	7,019,067
Total Liabilities	\$ 8,466,568	\$ 161,045	\$ 143,565	\$ 8,771,178
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 114,690	\$ -	\$ -	\$ 114,690
OPEB related items	9,682	-	-	9,682
Total deferred inflows of resources	\$ 124,372	\$ -	\$ -	\$ 124,372
NET POSITION				
Net Investment in capital assets	\$ 7,094,399	\$ 210,039	\$ -	\$ 7,304,438
Unrestricted	10,907,276	2,514,640	(52,404)	13,369,512
Total Net Position	\$ 18,001,675	\$ 2,724,679	\$ (52,404)	\$ 20,673,950

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

Statement of Revenues, Expenses and Change in Net Position -
Proprietary Fund
Year Ended June 30, 2023

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Operating revenues:				
Charges for services	\$ 8,037,557	\$ 1,143,542	\$ 1,312,441	\$ 10,493,540
Other revenues	156,105	-	-	156,105
Total operating revenues	\$ 8,193,662	\$ 1,143,542	\$ 1,312,441	\$ 10,649,645
Operating expenses:				
Personnel services	\$ 614,383	\$ 325,181	\$ 20,148	\$ 959,712
Fringe benefits	6,924	92,255	5,584	104,763
Contractual services	233,623	37,267	1,213,655	1,484,545
Depreciation	695,910	18,155	-	714,065
Other operating expenses	3,491,097	269,154	11,226	3,771,477
Total operating expenses	\$ 5,041,937	\$ 742,012	\$ 1,250,613	\$ 7,034,562
Net income (loss) from operations	\$ 3,151,725	\$ 401,530	\$ 61,828	\$ 3,615,083
Nonoperating revenues (expenses):				
Interest income	\$ 26	\$ -	\$ -	\$ 26
Availability/connection fees	1,097,052	-	-	1,097,052
UOSA debt service	(1,818,506)	-	-	(1,818,506)
Interest expense	(296,303)	-	-	(296,303)
Total nonoperating revenues (expenses)	\$ (1,017,731)	\$ -	\$ -	\$ (1,017,731)
Net income (loss) before transfers	\$ 2,133,994	\$ 401,530	\$ 61,828	\$ 2,597,352
Transfers:				
Transfers in	\$ -	\$ 281,353	\$ 7,500	\$ 288,853
Transfers out	(1,418,013)	(380,533)	(119,014)	(1,917,560)
Total transfers	\$ (1,418,013)	\$ (99,180)	\$ (111,514)	\$ (1,628,707)
Change in net position	\$ 715,981	\$ 302,350	\$ (49,686)	\$ 968,645
Net position, beginning of year	17,285,694	2,422,329	(2,718)	19,705,305
Net position, end of year	\$ 18,001,675	\$ 2,724,679	\$ (52,404)	\$ 20,673,950

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2023

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,582,935	\$ 1,151,177	\$ 1,353,402	\$ 10,087,514
Payments to and for employees	(818,919)	(477,269)	(26,058)	(1,322,246)
Payments to suppliers	(3,639,247)	(321,624)	(1,215,830)	(5,176,701)
Net cash provided by operating activities	\$ 3,124,769	\$ 352,284	\$ 111,514	\$ 3,588,567
Cash flows from non-capital financing activities:				
Availability/connection fees	\$ 1,097,052	\$ -	\$ -	\$ 1,097,052
Transfers in (out)	(1,418,013)	(99,180)	(111,514)	(1,628,707)
Net cash provided by non-capital financing activities	\$ (320,961)	\$ (99,180)	\$ (111,514)	\$ (531,655)
Cash flows from capital and related financing activities:				
Construction and acquisition of capital assets	\$ (6,500)	\$ (49,997)	\$ -	\$ (56,497)
Retirement of indebtedness	(815,597)	-	-	(815,597)
UOSA debt service	(1,818,506)	-	-	(1,818,506)
Interest expense	(314,431)	-	-	(314,431)
Net cash provided by (used for) capital and related financing activities	\$ (2,955,034)	\$ (49,997)	\$ -	\$ (3,005,031)
Net increase (decrease) in cash and cash equivalents	\$ (151,226)	\$ 203,107	\$ -	\$ 51,881
Cash and cash equivalents at beginning of year	9,631,170	2,398,773	-	12,029,943
Cash and cash equivalents at end of year	\$ 9,479,944	\$ 2,601,880	\$ -	\$ 12,081,824
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Cash flows from operations:				
Income (loss) from operations	\$ 3,151,725	\$ 401,530	\$ 61,828	\$ 3,615,083
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	695,910	18,155	-	714,065
Changes in operating items:				
(Increase) decrease in accounts receivable	(637,253)	(27,816)	40,961	(624,108)
(Increase) decrease in net pension asset	110,731	-	-	110,731
(Increase) deferred outflows - pension related items	33,532	-	-	33,532
(Increase) decrease in deferred outflows - OPEB related items	(8,281)	-	-	(8,281)
(Increase) decrease in prepaid items	(5,511)	(4,948)	-	(10,459)
Increase (decrease) in reconciled overdraft	-	-	(20,155)	(20,155)
Increase (decrease) in accounts payable	90,984	(10,255)	29,206	109,935
Increase (decrease) in accrued liabilities	(9,654)	(72,592)	(326)	(82,572)
Increase (decrease) in unearned revenue	-	35,451	-	35,451
Increase (decrease) in customer deposits	26,526	-	-	26,526
Increase (decrease) in net pension liability	38,469	-	-	38,469
Increase (decrease) in net OPEB liability	(14,787)	-	-	(14,787)
Increase (decrease) in deferred inflows - pension related items	(321,573)	-	-	(321,573)
Increase (decrease) in deferred inflows - OPEB related items	(16,942)	-	-	(16,942)
Increase (decrease) in compensated absences	(9,107)	12,759	-	3,652
Net cash provided by operating activities	\$ 3,124,769	\$ 352,284	\$ 111,514	\$ 3,588,567

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2023

	<div>Custodial Fund</div> <div>CDA Fund</div>
ASSETS	
Cash and cash equivalents	\$ 16,290
Total assets	\$ 16,290
NET POSITION	
Restricted	\$ 16,290

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2023

	Custodial Fund <hr/> CDA Fund <hr/>
Additions:	
Contributions	\$ <u>-</u>
Deductions:	
Other charges	\$ <u>-</u>
Change in net position	\$ -
Net Position:	
Balance, beginning of year	<u>16,290</u>
Balance end of year	\$ <u><u>16,290</u></u>

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements As of June 30, 2023

Note 1–Summary of Significant Accounting Policies:

The City of Manassas Park, Virginia (“City”, “government”) is a municipal corporation governed by an elected mayor and six-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

The financial statements of the City of Manassas Park, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government’s accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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*.

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity:

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Manassas Park, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally separate from the government.

B. Individual Component Unit Disclosures:

Blended Component Units – The City has no blended component units for the fiscal year ended June 30, 2023.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

School Board

The Manassas Park City School Board operates the elementary and secondary public schools in the City. School Board members are appointed by the Governing Body. The School Board is fiscally dependent upon the City because the City approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. A separate financial report for the Manassas Park City School Board is not prepared. The financial statements of the School Board are presented as a discrete presentation of the City financial statements.

Other Related Organizations

A related organization is an organization for which a primary government is not financially accountable because it does not impose will or have a financial benefit or burden relationship even though the primary government appoints a voting majority of the organization's governing board. The Industrial Development Authority of Manassas Park is a related organization of the City.

The City has organized the Industrial Development Authority of Manassas Park to promote and develop commercial and industrial enterprise within the City. The Authority issues bonds to enterprises who locate within the City as a means of attracting business. Although the Authority's members are appointed by City Council, the Authority is not a part of the City's reporting entity because the City has no accountability for fiscal matters. The bonds are not obligations of the City or the Commonwealth of Virginia but are secured solely by revenues received from the businesses on whose behalf they are issued.

C. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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 end of the current fiscal period. Major sources of revenue susceptible to accrual include but are not limited to state and local sales tax, PPTRA, and other local taxes. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. All other revenue items are considered to be measurable and available only when cash is received by the government. 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 subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through lease and subscriptions are reported as other financing sources.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

a. General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

1. Governmental Funds: (Continued)

b. Capital Projects Funds

The Capital Projects Fund and the Proffer Fund account for and reports financial resources that are restricted or committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund and Proffer Fund are considered major funds.

c. Debt Service Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, including public improvement bonds and obligations issued through the Virginia Public School Authority. The Debt Service Fund is considered a major fund.

d. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City has two special revenue funds, the Gang Task Force Fund and the Special Transportation Fund. The Gang Task Force Fund accounts for revenues and expenditures of the Gang Task Force grant while the Special Transportation Fund accounts for activity related to the Northern Virginia Transportation Authority. The Gang Task Force Fund and the Special Transportation Fund are considered nonmajor funds.

2. **Proprietary Funds** - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

2. Governmental Funds: (Continued)

The City reports the following major enterprise funds:

Water and Sewer Fund - This fund accounts for the activities and operations of the sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

Solid Waste Management Fund – This fund accounts for the resources used for garbage collection activities.

Storm Water Fund – This Fund accounts for activities designed to meet storm water quality and quantity standards by implementing ordinances, programs, and practices mandated by the State.

3. Fiduciary Funds (Trust and Custodial Funds) - account for assets held by the City unit in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Custodial funds consists of the CDA Fund.

D. Budgets and Budgetary Accounting:

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All revisions to the budget at the fund level must be approved by the City Council. Management may transfer budgeted amounts between functions without approval by City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Capital Projects and Water and Sewer Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

7. Quarterly appropriations are made by City Council at the fund level. Appropriations can be revised only by City Council. Several supplemental appropriations were necessary during this fiscal year. All appropriations lapse at year-end except for capital projects funds where appropriations carry forward the duration of the project.
8. All budgetary data presented in the accompanying financial statements is the legally amended or revised budget for the year ended June 30, 2023.
9. The following funds have legally adopted budgets: General Fund, Debt Service Fund, Capital Projects Fund, the Non-major Special Revenue Funds, School Operating Fund, and the School Cafeteria Fund. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the fund level.

E. 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.

F. Investments:

State statutes authorize the City government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

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.

G. Receivables and Payables:

Activity between funds that are 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 interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

G. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,096,050 at June 30, 2023 and is comprised of the following:

Property taxes	\$ 928,414
Water & sewer accounts	<u>167,636</u>
Total	<u>\$ 1,096,050</u>

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on October 5th. The City bills and collects its own property taxes.

H. Capital Assets:

Capital assets, which include property, plant, equipment, lease, subscription and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-50
Structures, lines and accessories	40
Infrastructure	30
Machinery and equipment	5-10
Subscription assets	3-5
Lease machinery and equipment	1-5

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between 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. Another item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. These items consist of certain items related to pension, opioid settlement, and OPEB. For more detailed information on these items, reference the related notes.

J. Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

Upon retirement, City employees are reimbursed for accumulated vacation days and accumulated sick leave. A liability for these amounts is reported in governmental funds if they have matured, for example, as a result of employee resignations and retirements. For City Governmental Funds, the cost of accumulated vacation and sick leave expected to be paid in the next 12 months is recorded as a fund liability and amounts expected to be paid after 12 months are recorded in the entity-wide statements. For City Proprietary Funds, the cost of vacation and sick leave is recorded as a liability when earned.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Retirement Plan and the additions to/deductions from the City Retirement 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

L. Long-term Obligations:

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. 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.

N. Prepaid Connection Fees:

Prepaid connection fees are non-refundable deposits received in advance for water and/or sewer connection fees. The amounts are recorded as revenue when the connection is made.

O. 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.

P. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Q. Prepaid Items

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

R. Inventory

Purchases of materials and supplies are recorded as an expenditure at the time purchased except for school commodities which are valued at cost using the first-in/first-out method.

S. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the City who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a unique situation for the City. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the City. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

T. Fund Equity

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/County/Town’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

T. Fund Equity: (Continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. 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). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The City's Fund Balance Policy adopted by the Governing Body delegates the authority to assign fund balances for specific purposes to the City Manager. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City.

U. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, LODA, HIC and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. Lease and Subscription-Based IT Arrangements

The City has 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

V. Lease and Subscription-Based IT Arrangements: (Continued)

Lessee

The City recognizes 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). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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 payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. 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 uses 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 uses its 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 liability (lessee) or subscription liability.

The City monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The City will remeasure 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

W. Adoption of Accounting Principles

The City implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements* (SBITAs) during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscriptions:

	Governmental Activities	Component Unit School Board
Subscription assets	\$ 106,091	\$ 403,770
Subscription liabilities	\$ 106,091	\$ 403,770

Note 2–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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 2–Deposits and Investments: (Continued)

Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The City does not have a policy related to credit risk of debt securities.

The City’s rated debt investments as of June 30, 2023 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

City's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Money Market Funds	\$ 6,551,917
Total	\$ 6,551,917

Interest Rate Risk

The City does not have a policy related to interest rate risk.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 3—Due From Other Governments:

At June 30, 2023, the City and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 356,031
Local sales taxes	453,595	-
Communications tax	80,571	-
Public assistance	66,422	-
Department of transportation	467,172	-
Shared expenses	16,129	-
CSA	211,284	-
Other	70,421	-
Federal Government:		
School funds	-	2,478,749
Public safety	321,763	-
Public assistance	102,720	-
Totals	\$ <u>1,790,077</u>	\$ <u>2,834,780</u>

Note 4—Interfund Transfers/Balances:

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 1,628,709	\$ 16,762,306
Debt Service Fund	8,064,645	-
Proffer Fund	-	379,014
Water and Sewer Fund	-	1,418,013
Storm Water Fund	281,353	380,533
Solid Waste Management Fund	7,500	119,014
Special Transportation Fund	379,014	260,980
Capital Projects Fund	8,958,639	-
Total	\$ <u>19,319,860</u>	\$ <u>19,319,860</u>

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 4—Interfund Transfers/Balances: (Continued)

Due to/from balances for the year ended June 30, 2023 consisted of the following:

<u>Fund</u>	<u>Due From Component Unit</u>	<u>Due to Primary Government</u>
General	\$ 1,883,742	\$ -
School Board	-	1,883,742
Totals	<u>\$ 1,883,742</u>	<u>\$ 1,883,742</u>

Note 5—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2023:

Primary Government:

	<u>Beginning Balance July 1, 2022</u>	<u>GASB 96 Implementation</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2023</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 8,460,735	\$ -	\$ -	\$ 599,208	\$ 7,861,527
Intangibles	108,699	-	-	-	108,699
Construction in progress	<u>25,519,721</u>	<u>-</u>	<u>11,696,471</u>	<u>459,934</u>	<u>36,756,258</u>
Total capital assets not being depreciated	<u>\$ 34,089,155</u>	<u>\$ -</u>	<u>\$ 11,696,471</u>	<u>\$ 1,059,142</u>	<u>\$ 44,726,484</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 42,167,029	\$ -	\$ -	\$ -	\$ 42,167,029
Equipment	13,576,820	-	1,159,777	-	14,736,597
Lease equipment	1,723,724	-	1,628,236	-	3,351,960
Subscription assets	-	106,091	-	-	106,091
Infrastructure	24,168,479	-	459,934	-	24,628,413
Jointly owned assets	<u>37,864,501</u>	<u>-</u>	<u>-</u>	<u>3,057,812</u>	<u>34,806,689</u>
Total capital assets being depreciated	<u>\$ 119,500,553</u>	<u>\$ 106,091</u>	<u>\$ 3,247,947</u>	<u>\$ 3,057,812</u>	<u>\$ 119,796,779</u>
Accumulated depreciation:					
Buildings and improvements	\$ 13,414,906	\$ -	\$ 891,696	\$ -	\$ 14,306,602
Equipment	11,067,042	-	664,787	-	11,731,829
Lease equipment	542,156	-	976,929	-	1,519,085
Subscription assets	-	-	106,091	-	106,091
Infrastructure	15,363,159	-	715,875	-	16,079,034
Jointly owned assets	<u>12,689,657</u>	<u>-</u>	<u>886,899</u>	<u>1,000,241</u>	<u>12,576,315</u>
Total accumulated depreciation	<u>\$ 53,076,920</u>	<u>\$ -</u>	<u>\$ 4,242,277</u>	<u>\$ 1,000,241</u>	<u>\$ 56,318,956</u>
Total capital assets being depreciated, net	<u>\$ 66,423,633</u>	<u>\$ 106,091</u>	<u>\$ (994,330)</u>	<u>\$ 2,057,571</u>	<u>\$ 63,477,823</u>
Governmental activities capital assets, net	<u>\$ 100,512,788</u>	<u>\$ 106,091</u>	<u>\$ 10,702,141</u>	<u>\$ 3,116,713</u>	<u>\$ 108,204,307</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance July 1, 2022	Additions	Deletions	Ending Balance June 30, 2023
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Utility plant and equipment	\$ 29,520,622	\$ 56,496	\$ -	\$ 29,577,118
Accumulated depreciation:				
Utility plant and equipment	\$ 14,349,920	\$ 714,065	\$ -	\$ 15,063,985
Total capital assets being depreciated, net	\$ 15,170,702	\$ (657,569)	\$ -	\$ 14,513,133
Business-type activities capital assets, net	\$ 15,170,702	\$ (657,569)	\$ -	\$ 14,513,133

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2022	GASB 96 Implementation	Additions	Deletions	Ending Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 1,637,491	\$ -	\$ -	\$ -	\$ 1,637,491
Construction in progress	1,519,755	-	88,777	1,599,000	9,532
Total capital assets not being depreciated	\$ 3,157,246	\$ -	\$ 88,777	\$ 1,599,000	\$ 1,647,023
Capital assets, being depreciated:					
Buildings and improvements	\$ 64,379,936	\$ -	\$ 5,101,806	\$ -	\$ 69,481,742
Subscription assets	-	403,770	7,748	-	411,518
Equipment	6,394,677	-	498,823	-	6,893,500
Total capital assets being depreciated	\$ 70,774,613	\$ 403,770	\$ 5,608,377	\$ -	\$ 76,786,760
Accumulated depreciation:					
Buildings and improvements	\$ 25,533,113	\$ -	\$ 3,092,345	\$ -	\$ 28,625,458
Subscription assets	-	-	101,832	-	101,832
Equipment	4,755,787	-	318,716	-	5,074,503
Total accumulated depreciation	\$ 30,288,900	\$ 0	\$ 3,512,893	\$ -	\$ 33,801,793
Total capital assets being depreciated, net	\$ 40,485,713	\$ 403,770	\$ 2,095,484	\$ -	\$ 42,984,967
School Board capital assets, net	\$ 43,642,959	\$ 403,770	\$ 2,184,261	\$ 1,599,000	\$ 44,631,990

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and component unit as follows:

Governmental activities:	
General government	\$ 318,586
Public safety	1,599,015
Public works	833,581
Health and Welfare	29,939
Education	886,899
Parks, recreation and cultural	570,412
Community development	<u>3,845</u>
Total	\$ <u>4,242,277</u>
Component Unit-School Board	\$ <u>1,486,975</u>
Water and Sewer	\$ 695,910
Storm Water	<u>18,155</u>
Business-type	\$ <u>714,065</u>
(1) Depreciation expense	\$ 2,512,652
Accumulated depreciation on Joint tenancy asset transfer	<u>1,000,241</u>
Total increase in accumulated depreciation, page 84	\$ <u>3,512,893</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations:

Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the City for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>GASB 96 Implementation</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
<u>Governmental Funds</u>						
General Obligation Bonds	\$ 54,487,244	\$ -	\$ -	\$ 4,834,403	\$ 49,652,841	\$ 5,173,791
Notes payable	245,306	-	2,576,000	97,498	2,723,808	306,127
Lease liabilities	1,239,034	-	1,628,236	784,113	2,083,157	756,389
Subscription liabilities	-	106,091	-	106,091	-	-
Lease Revenue Bonds	27,130,000	-	-	-	27,130,000	-
Direct Borrowings and Direct placements:						
General Obligation Bonds	6,055,079	-	-	425,335	5,629,744	430,986
State Literary Fund Loans	7,130,000	-	-	65,000	7,065,000	70,000
Other Liabilities:						
Compensated Absences	1,321,080	-	463,760	132,108	1,652,732	165,273
Net OPEB liability	3,645,232	-	1,758,306	1,610,345	3,793,193	-
Net Pension Liability	-	-	2,547,868	1,990,853	557,015	-
Premium on bonds	8,751,711	-	-	1,155,570	7,596,141	1,048,813
Total	<u>\$ 110,004,686</u>	<u>\$ 106,091</u>	<u>\$ 8,974,170</u>	<u>\$ 11,201,316</u>	<u>\$ 107,883,631</u>	<u>\$ 7,951,379</u>

The general fund revenues are used to liquidate compensated absences, pension liabilities and OPEB liabilities.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			
	<u>Direct Borrowings and Direct Placements</u>			
	<u>General Obligation Bonds</u>		<u>State Literary Fund Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 430,986	\$ 155,795	\$ 70,000	\$ 211,950
2025	956,495	132,034	70,000	209,850
2026	962,263	101,686	70,000	207,750
2027	635,000	78,621	75,000	205,650
2028	640,000	62,627	75,000	203,400
2029	655,000	45,692	80,000	201,150
2030	665,000	28,003	80,000	198,750
2031	685,000	9,504	1,035,000	196,350
2032	-	-	1,785,000	165,300
2033	-	-	1,835,000	111,750
2034	-	-	1,890,000	56,700
Total	<u>\$ 5,629,744</u>	<u>\$ 613,962</u>	<u>\$ 7,065,000</u>	<u>\$ 1,968,600</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30,	Governmental Activities							
	Lease Revenue Bonds		Notes Payable		General Obligation Bonds		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ 1,070,950	\$ 306,127	\$ 80,959	\$ 5,173,791	\$ 2,051,977	\$ 756,389	\$ 98,305
2025	-	1,070,950	296,764	76,428	4,911,119	1,808,022	406,155	68,359
2026	525,000	1,057,825	236,151	67,099	5,167,235	1,567,319	429,014	45,499
2027	550,000	1,030,950	243,898	59,352	5,439,563	1,313,870	418,380	21,521
2028	580,000	1,002,700	251,896	51,354	5,723,950	1,047,187	73,219	1,573
2029	610,000	972,950	260,159	43,091	5,997,152	778,586	-	-
2030	640,000	941,700	268,692	34,558	6,329,179	515,097	-	-
2031	670,000	912,300	277,505	25,745	4,950,626	282,538	-	-
2032	695,000	885,000	286,607	16,643	2,060,296	133,859	-	-
2033	725,000	856,600	296,009	7,241	2,199,134	87,641	-	-
2034	755,000	827,000	-	-	486,411	38,784	-	-
2035	785,000	796,200	-	-	600,581	23,837	-	-
2036	820,000	764,100	-	-	613,804	8,083	-	-
2037	850,000	730,700	-	-	-	-	-	-
2038	885,000	696,000	-	-	-	-	-	-
2039	920,000	659,900	-	-	-	-	-	-
2040	960,000	622,300	-	-	-	-	-	-
2041	1,000,000	583,100	-	-	-	-	-	-
2042	1,035,000	547,575	-	-	-	-	-	-
2043	1,065,000	516,075	-	-	-	-	-	-
2044	1,100,000	483,600	-	-	-	-	-	-
2045	1,130,000	450,150	-	-	-	-	-	-
2046	1,175,000	409,700	-	-	-	-	-	-
2047	1,220,000	361,800	-	-	-	-	-	-
2048	1,270,000	312,000	-	-	-	-	-	-
2049	1,320,000	260,200	-	-	-	-	-	-
2050	1,375,000	206,300	-	-	-	-	-	-
2051	1,430,000	150,200	-	-	-	-	-	-
2052	1,490,000	91,800	-	-	-	-	-	-
2053	1,550,000	31,000	-	-	-	-	-	-
Total	\$ 27,130,000	\$ 19,301,625	\$ 2,723,808	\$ 462,470	\$ 49,652,841	\$ 9,656,800	\$ 2,083,157	\$ 235,257

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004, payable in various annual installments through July 15, 2029, interest payable semiannually at rates ranging from 4.10% to 5.60%	\$ 3,985,000	\$ 495,000
\$6,134,536 VPSA General Obligation Bonds, dated November 10, 2005, payable in various annual installments through July 2026, interest payable semiannually at rates ranging from 4.60% to 5.10%	1,024,744	335,986
\$4,780,000 General Obligation Bonds, dated October 20, 2020, payable in various installments through October 1, 2030, interest payable semiannually at rates ranging from 1.975% to 2.775%	4,605,000	95,000
\$8,920,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from 3.0125% to 5.125%	2,294,938	164,385
\$8,955,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2028, interest payable semiannually at rates ranging from .656% to 4.508%	502,903	79,406
\$11,385,000 General Obligation Refunding Bonds, dated April 4, 2013, due in various annual installments through October 1, 2030, interest payable semiannually at rates ranging from 2.46% to 4.83%	2,500,000	715,000
\$23,575,000 General Obligation Refunding Bonds, dated May 9, 2013, due in various annual installments through July 15, 2030, interest payable semiannually at rates ranging from 3.05% to 5.05%	14,765,000	1,890,000
\$2,675,000 VRA Refunding Bonds, dated October 28, 2021, due in various annual installments through October 1, 2035, interest payable semiannually at rates ranging from 1.896% to 2.805%	2,640,000	-
\$26,680,000 General Obligation Refunding Bonds, dated October 3, 2019, due in various annual installments through June 30, 2033, interest payable semiannually at rates ranging from 2.00% to 5.00%	20,590,000	1,820,000
\$3,275,000 VPSA General Obligation Refunding Bonds, dated November 19, 2015, payable in various installments through August 1, 2030, interest payable semiannually at rates ranging from 2.00% to 5.00%	<u>2,375,000</u>	<u>10,000</u>
Total General Obligation Bonds	\$ <u>55,282,585</u>	\$ <u>5,604,777</u>
<u>State Literary Fund Loans:</u>		
\$7,500,000, dated November 19, 2015, due in various annual installments through August 1, 2034, interest at 3%	\$ <u>7,065,000</u>	\$ <u>70,000</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Lease Revenue Bonds: \$27,130,000 Lease Revenue Bonds issued march 23, 2021 payable in various principal annual installments from December 15, 2025 to December 15, 2052, interest ranging from 3.00% to 5.00%	\$ <u>27,130,000</u>	\$ <u>-</u>
Lease Liabilities: Various leases secured by equipment payable through 2028 at discount rates ranging from .7270% to 7.97%.	\$ <u>2,083,157</u>	\$ <u>756,389</u>
Notes Payable: \$87,566 obligation due in monthly installments of \$1,597 through November 1, 2024, interest payable at 3.74%, secured by equipment	\$ 23,697	\$ 18,496
\$2,576,000 obligation due in semi-annual installments of \$151,625 through February 1, 2033, interest payable annually at 3.25%, secured by equipment	2,576,000	226,430
\$306,238 obligation due in annual installments of \$64,667 through April 15, 2025, interest payable annually at 2.793%, secured by equipment	<u>124,111</u>	<u>61,201</u>
Total Notes Payable	\$ <u>2,723,808</u>	\$ <u>306,127</u>
Other Liabilities:		
Compensated Absences	\$ <u>1,652,732</u>	\$ <u>165,273</u>
Premium on bonds	\$ <u>7,596,141</u>	\$ <u>1,048,813</u>
Net OPEB liability	\$ <u>3,793,193</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>557,015</u>	\$ <u>-</u>
Total governmental activities long-term obligations	\$ <u><u>107,883,631</u></u>	\$ <u><u>7,951,379</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Business-type Activities:

The following is a summary of changes in long-term obligation of the Business-type Activities for the year ended June 30, 2023:

<u>Proprietary Funds</u>	<u>Balance July 1, 2022</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 8,107,755	\$ -	\$ 815,597	\$ 7,292,158	\$ 851,209
Net OPEB liability	200,317	22,657	37,444	185,530	-
Net pension liability	-	178,591	140,122	38,469	-
Compensated Absences	123,888	16,041	12,389	127,540	12,754
Premium on bonds	400,436	-	85,415	315,021	75,688
Total	<u>\$ 8,832,396</u>	<u>\$ 217,289</u>	<u>\$ 1,090,967</u>	<u>\$ 7,958,718</u>	<u>\$ 939,651</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 851,209	\$ 284,823
2025	893,881	245,753
2026	937,765	202,054
2027	980,437	155,955
2028	1,021,050	109,899
2029	1,047,848	69,719
2030	1,035,820	35,442
2031	124,374	16,865
2032	129,704	12,507
2033	40,866	9,429
2034	138,588	6,049
2035	44,419	2,651
2036	46,197	895
Total	<u>\$ 7,292,158</u>	<u>\$ 1,152,041</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Business-type Activities: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$8,920,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from 3.0125% to 5.125%	\$ 1,265,060	\$ 90,615
\$8,955,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2028, interest payable semiannually at rates ranging from .656% to 4.508%	352,098	55,594
\$10,400,000, General Obligation Refunding Bonds, dated April 3, 2014, payable in various principal annual installments through October 1, 2029, interest payable semiannually at rates ranging from 2.72% to 4.83%	<u>5,675,000</u>	<u>705,000</u>
Total General Obligation Bonds	\$ <u>7,292,158</u>	\$ <u>851,209</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>127,540</u>	\$ <u>12,754</u>
Premium on bonds	\$ <u>315,021</u>	\$ <u>75,688</u>
Net OPEB liability	\$ <u>185,530</u>	\$ <u>-</u>
Total business-type long-term obligations	\$ <u><u>7,958,718</u></u>	\$ <u><u>939,651</u></u>

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>GASB 96 Implementation</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Net OPEB liabilities	\$ 7,105,103	\$ -	\$ 1,608,949	\$ 1,753,755	\$ 6,960,297	\$ -
Net pension liability	20,516,314	-	18,637,396	14,729,566	24,424,144	-
Subscription liabilities	-	403,770	7,748	243,025	168,493	75,510
Compensated absences	485,143	-	57,325	48,514	493,954	49,395
Total	\$ <u><u>28,106,560</u></u>	\$ <u><u>403,770</u></u>	\$ <u><u>20,311,418</u></u>	\$ <u><u>16,774,860</u></u>	\$ <u><u>32,046,888</u></u>	\$ <u><u>124,905</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Long-Term Obligations: (Continued)

Component Unit School Board: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Subscription Liabilities	
	Principal	Interest
2024	\$ 75,510	\$ 3,635
2025	42,660	2,087
2026	35,665	1,142
2027	<u>14,658</u>	<u>347</u>
Total	\$ <u>168,493</u>	\$ <u>7,211</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Subscription Liabilities:</u>		
Various subscriptions payable through 2027 at discount rates ranging from .69% to 3.27%	\$ <u>168,493</u>	\$ <u>75,510</u>
Compensated Absences	\$ <u>493,954</u>	\$ <u>49,395</u>
Net OPEB liability	\$ <u>6,960,297</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>24,424,144</u>	\$ <u>-</u>
Total	\$ <u>32,046,888</u>	\$ <u>124,905</u>

Note 7—Compensated Absences:

The City has accrued the liability arising from outstanding claims and judgments and compensated absences.

City employees earn vacation and sick leave at various rates. The City had outstanding accrued vacation pay as follows:

Governmental Funds	\$ <u>1,652,732</u>
Proprietary Funds	\$ <u>127,540</u>
Component Unit School Board	\$ <u>493,954</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Deferred/Unavailable/Unearned Revenue:

Deferred/unavailable/unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred/unavailable/unearned is comprised of the following:

	Government-wide Statements	
	Governmental Activities	Business-type Activities
Unearned revenue - state and federal funds not yet expended	\$ 13,683,566	\$ -
Unearned revenue - other	<u>243,818</u>	<u>55,970</u>
Total	\$ <u>13,927,384</u>	\$ <u>55,970</u>
Balance Sheet		
Governmental Funds		
Unavailable revenue:		
Property Tax - unavailable revenue representing uncollected property tax billings for which revenue recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 1,923,759	
Other - unavailable revenue representing opioid settlement and property sale proceeds.	<u>1,078,422</u>	
Total unavailable	\$ <u>3,002,181</u>	
Unearned revenue:		
Unearned revenue - other	\$ 243,818	
Unearned revenue - state and federal funds not yet expended	<u>13,683,566</u>	
Total unearned	\$ <u>13,927,384</u>	
Total	\$ <u>16,929,565</u>	

Note 9—Litigation:

At June 30, 2023, there were no matters of litigation involving the City which would materially affect the City's position should any court decisions on pending matters not be favorable.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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, 2022 is 5.40%.

UOSA's financial condition as of June 30, 2022 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total Assets and Deferred Outflows	\$	543,092,198
Total Liabilities and Deferred Inflows		<u>522,980,892</u>
Net Equity	\$	<u><u>20,111,306</u></u>
Total Revenues	\$	58,178,727
Total Expenses		<u>65,345,285</u>
Net (Loss)	\$	<u><u>(7,166,558)</u></u>

The City is obligated under a cost sharing agreement with UOSA to fund the City's current allocated share of UOSA's annual operating costs and debt service. Accordingly, the City made payments to UOSA in fiscal year 2022 as follows:

Operating and reserve maintenance costs	\$	1,399,874
Debt service		<u>1,848,320</u>
Total	\$	<u><u>3,248,194</u></u>

The City's share of construction costs was determined based on their portion of estimated capacity rights of the facilities. The City funds its obligations to UOSA through payments from the Enterprise Fund. Operation and maintenance charges are paid to UOSA monthly and debt service is paid quarterly.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 10—Joint Ventures: (Continued)

Upper Occoquan Sewage Authority (UOSA) (continued)

UOSA currently has seven sewage system revenue bonds outstanding. Terms of the issuances are as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity</u>	<u>Interest</u>
2010B Revenue	\$ 85,180,000	July 1, 2043	3.50% to 6.00%
2013A Revenue	101,615,000	July 1, 2026	.35% to 2.90%
2016A Revenue	20,915,000	July 1, 2048	3.00% to 5.00%
2016B Revenue	41,030,000	July 1, 2038	3.00% to 4.00%
2019 Revenue	52,440,000	July 1, 2052	3.00% to 5.00%
2020 Revenue	199,755,000	July 1, 2041	.29% to 2.55%

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 6.67%.

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 11—Jointly Governed Organizations:

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. 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 2023, the City received \$671,187 of these taxes.

Note 12—Water and Water Treatment Agreements:

Water Treatment Capacity Purchase Agreement

By agreement dated February 12, 2001, the City of Manassas Park purchased 1 mgd of water treatment capacity from the City of Manassas at the Lake Manassas Water Treatment Plant. The purchase price of this capacity was \$3,750,000, payable from April 23, 2001 through April 23, 2006.

While the City has no ownership rights in the treatment plant, it will obtain future benefits from its ownership in the facility. Accordingly, the \$3,750,000 has been established as an asset to be amortized using the straight-line method over 40 years.

Water Agreements

The Cities also entered into a wholesale water rate agreement whereas Manassas Park agrees to purchase from Manassas 182.4 million gallons per year of treated water whether Manassas Park uses the water or not. The agreed upon minimum increases to 212.4 million gallons per year on the fifth anniversary of the water rate agreement. The rate is determined based upon a "Cost of Service Model" developed by Manassas and agreed to by both parties. The City has also entered into a supplemental agreement with the City of Manassas dated August 13, 1981, for 600,000 gallons per day of the City's capacity. The City of Manassas Park received a total of \$3,375,000 in connection with this sale.

The City has entered into a second supplemental agreement with City of Fairfax dated October 30, 1986, for the sale of 600,000 gallons per day of the City's capacity. The City has paid the City of Fairfax \$2,942,148 for the purchase of this capacity.

The City has entered into a third supplemental agreement with Prince William County Service Authority dated November 13, 2008, for the sale of 1,400,000 gallons per day of the Authority's capacity. The City has paid the Prince William County Service Authority \$9,870,000 for the purchase of this capacity.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan:

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.

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 and service 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 and service equal 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

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 creditable service. 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.

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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	124	38
Inactive members:		
Vested inactive members	41	8
Non-vested inactive members	79	42
Inactive members active elsewhere in VRS	95	17
Total inactive members	215	67
Active members	160	70
Total covered employees	499	175

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

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 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 contribution rate for the year ended June 30, 2023 was 10.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$1,322,377 and \$1,072,050 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 0.0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$0 and \$0 for the years ended June 30, 2023 and June 30, 2022, respectively.

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's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

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, 2021, 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, 2022.

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality Rates: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2021, 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, 2022.

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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. Consistent with the phased-in funding provided by the General Assembly for state and teacher

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Discount Rate: (Continued)

employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, 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 100% of the actuarially determined contribution rate. From July 1, 2022 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 (a) - (b)
Balances at June 30, 2021	\$ 46,794,800	\$ 48,549,629	\$ (1,754,829)
Changes for the year:			
Service cost	\$ 1,212,019	\$ -	\$ 1,212,019
Interest	3,171,359	-	3,171,359
Differences between expected and actual experience	(519,401)	-	(519,401)
Contributions - employer	-	1,072,050	(1,072,050)
Contributions - employee	-	535,764	(535,764)
Net investment income	-	(65,215)	65,215
Benefit payments, including refunds of employee contributions	(2,047,640)	(2,047,640)	-
Administrative expenses	-	(30,063)	30,063
Other changes	-	1,128	(1,128)
Net changes	\$ 1,816,337	\$ (533,976)	\$ 2,350,313
Balances at June 30, 2022	\$ 48,611,137	\$ 48,015,653	\$ 595,484

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Changes in Net Pension Liability: (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2021	\$ 3,934,282	\$ 5,275,795	\$ (1,341,513)
Changes for the year:			
Service cost	\$ 101,163	\$ -	\$ 101,163
Interest	265,909	-	265,909
Differences between expected and actual experience	29,493	-	29,493
Contributions - employer	-	-	-
Contributions - employee	-	64,729	(64,729)
Net investment income	-	(4,702)	4,702
Benefit payments, including refunds of employee contributions	(192,107)	(192,107)	-
Administrative expenses	-	(3,291)	3,291
Other changes	-	121	(121)
Net changes	\$ 204,458	\$ (135,250)	\$ 339,708
Balances at June 30, 2022	\$ 4,138,740	\$ 5,140,545	\$ (1,001,805)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) 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		
	(5.75%)	(6.75%)	(7.75%)
City Net Pension Liability (Asset)	\$ 7,716,125	\$ 595,484	\$ (5,157,652)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (493,704)	\$ (1,001,805)	\$ (1,417,507)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

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

For the year ended June 30, 2023, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$194,055 and (\$55,165), respectively. At June 30, 2023, 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:

	<u>Primary Government</u>		<u>Component Unit School Board (Nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 710,357	\$ 19,596	\$ 3,095
Change in assumptions	535,876	-	42,915	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,974	1,974	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,347,595	-	152,745
Employer contributions subsequent to the measurement date	<u>1,322,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,860,227</u>	<u>\$ 2,059,926</u>	<u>\$ 62,511</u>	<u>\$ 155,840</u>

\$1,322,377 and \$0 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 year ended June 30, 2024. 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:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2024	\$ (559,464)	\$ (9,406)
2025	(704,292)	(52,127)
2026	(923,620)	(103,080)
2027	665,300	71,284

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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 can be 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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$4,164,116 and \$3,811,150 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$24,424,144 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .25654% as compared to .26428% at June 30, 2021.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (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)

For the year ended June 30, 2023, the school division recognized pension expense of \$910,718. 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.

At June 30, 2023, the school division 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	\$ -	\$ 1,684,141
Change in assumptions	2,302,705	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	282,653	862,424
Net difference between projected and actual earnings on pension plan investments	-	3,184,397
Employer contributions subsequent to the measurement date	<u>4,164,116</u>	<u>-</u>
Total	<u>\$ 6,749,474</u>	<u>\$ 5,730,962</u>

\$4,164,116 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. 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:

<u>Year ended June 30</u>	
2023	\$ (946,289)
2024	(1,249,371)
2025	(2,222,012)
2026	1,272,068
2027	-

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 MP-2020 rates

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (continued)

Mortality Rates: (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 13—Pension Plan: (Continued)

Net Pension Liability: (Continued)

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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 43,623,391	\$ 24,424,144	\$ 8,791,735

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022annual-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

VRS Pension Plans:				
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,860,227	\$ 2,059,926	\$ 595,484	\$ 194,055
Totals	\$ 1,860,227	\$ 2,059,926	\$ 595,484	\$ 194,055
Component Unit School Board				
School Board Nonprofessional	\$ 62,511	\$ 155,840	\$ (1,001,805)	\$ (55,165)
School Board Professional	6,749,474	5,730,962	24,424,144	910,718
Totals	\$ 6,811,985	\$ 5,886,802	\$ 23,422,339	\$ 855,553

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 14–Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The City is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The City pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The City continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 15–Commitments and Contingencies:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of 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.

Note 16–Surety Bond:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Treasurer	\$ 200,000
Above constitutional officers' employees	50,000
Director of Social Services	100,000
Virginia Municipal League	
School Board Employees Blanket Bond	1,000,000

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—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.

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 \$8,984 as of June 30, 2023.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program 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 Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 GLI Program from the City were \$74,079 and \$61,579 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to School Professional Plan were \$144,392 and \$132,197 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the School Nonprofessional Plan were \$8,115 and \$8,108 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the City, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$633,114, \$1,359,184, and \$83,083, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .05260%, .11290% and .00690% respectively, as compared to .04980% .11670% and .00690% at June 30, 2021.

For the year ended June 30, 2023, the City, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$29,588, \$29,986, and \$2,202 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

At June 30, 2023, 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	\$ 50,135	\$ 25,399	\$ 107,630	\$ 54,527	\$ 6,579	\$ 3,333
Net difference between projected and actual earnings on GLI OPEB plan investments	-	39,560	-	84,929	-	5,191
Change in assumptions	23,614	61,668	50,695	132,390	3,099	8,093
Changes in proportionate share	50,338	8,198	25,015	53,999	2,201	2,340
Employer contributions subsequent to the measurement date	74,079	-	144,392	-	8,115	-
Total	<u>\$ 198,166</u>	<u>\$ 134,825</u>	<u>\$ 327,732</u>	<u>\$ 325,845</u>	<u>\$ 19,994</u>	<u>\$ 18,957</u>

\$74,079, \$144,392, and \$8,115 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective City, 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, 2024. 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:

Year Ended June 30	Primary Government	School Professional	School Nonprofessional
2024	\$ (2,097)	\$ (30,323)	\$ (1,663)
2025	(2,673)	(25,739)	(1,419)
2026	(22,301)	(73,144)	(4,337)
2027	14,672	5,797	913
2028	1,661	(19,096)	(572)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17–Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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 ACFR.

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
- 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 PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

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 PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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
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 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, 2022, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2022, 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 100% of the actuarially determined contribution rate. From July 1, 2022 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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 Group Life Insurance Plan Net OPEB Liability:			
Primary Government	\$ 921,255	\$ 633,114	\$ 400,257
School Professional	1,977,772	1,359,184	859,280
School Nonprofessional	120,895	83,083	52,525

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18—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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description: (Continued)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits are 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.

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, 2023 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, 2021. 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 \$323,544 and \$297,115 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2023, the school division reported a liability of \$3,290,738 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was .2635% as compared to .2725% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$236,149. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and difference between actual and expected contributions.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 134,136
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,303
Change in assumptions	96,139	8,403
Change in proportionate share and differences between actual and expected contributions	54,440	144,649
Employer contributions subsequent to the measurement date	<u>323,544</u>	<u>-</u>
Total	\$ <u><u>474,123</u></u>	\$ <u><u>290,491</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$323,544 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, 2024. 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:

<u>Year Ended June 30</u>	
2024	\$ (36,883)
2025	(27,428)
2026	(16,959)
2027	(9,616)
2028	(19,492)
Thereafter	(29,534)

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, 2021, 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, 2022.

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2022, 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	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,249,046
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability: (Continued)

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.

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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 18—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, 2022, 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, 2022 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 School Division's Proportionate Share of the Teacher Employee HIC Net 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	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability		\$ 3,708,699	\$ 3,290,738	\$ 2,936,443

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—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 Health Insurance Credit 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 health insurance credit 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 Health Insurance Credit 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.

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>School Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>5</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	70
Total covered employees	<u><u>75</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 School Nonprofessional contractually required employer contribution rate for the year ended June 30, 2023 was .06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Board for the Nonprofessional plan were \$902 and \$1,802 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability (Asset)

The School Nonprofessional Plan Net Health Insurance Credit OPEB asset was measured as of June 30, 2022. The total Health Insurance Credit OPEB asset was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB asset was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate: (Continued)

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 (Asset)

	School Nonprofessional Plan		
	Increase (Decrease)		
	Total HIC OPEB	Plan Fiduciary	Net HIC OPEB
	Liability	Net Position	Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2021	\$ 44,408	\$ 66,607	\$ (22,199)
Changes for the year:			
Service cost	\$ 1,884	\$ -	\$ 1,884
Interest	3,045	-	3,045
Differences between expected and actual experience	271	-	271
Assumption changes	12,567	-	12,567
Contributions - employer	-	1,781	(1,781)
Net investment income	-	83	(83)
Benefit payments	(2,358)	(2,358)	-
Administrative expenses	-	(116)	116
Other changes	-	1,113	(1,113)
Net changes	\$ 15,409	\$ 503	\$ 14,906
Balances at June 30, 2022	\$ 59,817	\$ 67,110	\$ (7,293)

Sensitivity of the Health Insurance Credit Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the School Nonprofessional Health Insurance Credit Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the net HIC OPEB liability (asset) 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%)
School Nonprofessional's			
Net HIC OPEB Liability	\$ 858	\$ (7,293)	\$ (14,082)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2023, the School Nonprofessional plan recognized Health Insurance Credit Plan OPEB expense of (\$120). At June 30, 2023, the School Nonprofessional plan reported deferred outflows of resources and deferred inflows of resources related to their Health Insurance Credit Plan from the following sources:

	School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,924	\$ 3,156
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,616
Change in assumptions	11,180	123
Employer contributions subsequent to the measurement date	902	-
Total	<u>\$ 15,006</u>	<u>\$ 4,895</u>

\$902 reported by the School Nonprofessional plan as deferred outflows of resources related to the HIC OPEB resulting from the 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, 2024. 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:

Year Ended June 30	School Nonprofessional
2024	\$ 547
2025	1,543
2026	1,229
2027	2,631
2028	1,731
Thereafter	1,528

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Health Insurance Credit Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 20—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. 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. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System.

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 and 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; 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.

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—Line of Duty Act (LODA) Program: (Continued)

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, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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 \$36,138 and \$39,740 for the years ended June 30, 2023 and June 30, 2022, 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, 2023, the City reported a liability of \$1,092,033 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was .28850% as compared to .312609% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$138,138. 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.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,898	\$ 204,099
Net difference between projected and actual earnings on LODA OPEB plan investments	-	4,670
Change in assumptions	304,538	269,346
Change in proportionate share	62,689	123,189
Employer contributions subsequent to the measurement date	36,138	-
Total	<u>\$ 487,263</u>	<u>\$ 601,304</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—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)

\$36,138 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, 2024. 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:

Year Ended June 30

2024	\$	(8,725)
2025		(8,625)
2026		(8,519)
2027		(7,304)
2028		(13,679)
Thereafter		(103,327)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—Line of Duty Act (LODA) Program: (Continued)

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 June 30, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	<u>\$ 378,455</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% 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 3.69% 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. 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, 2022, 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 20—Line of Duty Act (LODA) Program: (Continued)

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 3.69%, 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 (2.69) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,246,546	\$ 1,092,033	\$ 965,624

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 7.00% decreasing to 4.75%, 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 920,275	\$ 1,092,033	\$ 1,307,616

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (OPEB Plan) – City:

Plan Description

In addition to the pension benefits described in Note 13, the City administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The City of Manassas Park provides post-retirement medical, prescription drug, and dental insurance benefits on behalf of its eligible retirees and their dependents. The City maintains two fully-insured medical and dental plans and a fully insured vision plan, which are offered to current and retired employees and their dependents that are under 65. To be eligible to continue coverage under the City’s plan, employees must be eligible for and receive an immediate retirement benefit from VRS. Retirees are required to contribute the full premium rate.

Plan Membership

At July 1, 2021 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	5
Active employees		<u>125</u>
Total	\$	<u><u>130</u></u>

Contributions

The board 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 City establishes employer contribution rates for plan participants as part of the budgetary process each year. The City also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2023 was \$90,461.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (OPEB Plan) – City: (Continued)

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.86%
Investment Rate of Return	N/A

Mortality rates were based on the PubG.H-2010 tables for nonhazardous duty and PubS.H-2010 tables for hazardous duty, Generational with MP-2021 for males or females, as appropriate. Employee tables used for active employees, Retiree tables for retirees, and Disabled Retiree tables for disabled retirees.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the June 30, 2023 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 3.86% as of the end of the fiscal year with the expectation that the City will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - City		
		Primary Government Total OPEB Liability
Balances at June 30, 2022	\$	1,886,925
Changes for the year:		
Service cost		93,231
Interest		71,356
Difference between expected and actual experience		28,578
Changes in assumptions		263,947
Benefit payments		(90,461)
Net changes		366,651
Balances at June 30, 2023	\$	2,253,576

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (OPEB Plan) – City: (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 (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 2,492,426	\$ 2,253,576	\$ 2,040,799

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 (21.70% decreasing to an ultimate rate of 4.0%) or one percentage point higher (23.70% decreasing to an ultimate rate of 6.0%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 1,956,563	\$ 2,253,576	\$ 2,607,705

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

For the year ended June 30, 2023, the City recognized OPEB expense in the amount of \$224,922. At June 30, 2023, 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	\$ 19,052	\$ 9,840
Changes in assumptions	175,965	8,345
Total	\$ 195,017	\$ 18,185

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (OPEB Plan) – City: (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>		
2024	\$	79,324
2025		97,508
2026		-
2027		-
2028		-
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 22—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board:

Plan Description

In addition to the pension benefits described in Note 13, the School Board administers a single-employer defined benefit healthcare plan. The Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the School Board. To be eligible to continue coverage under the School Board's plan, employees must (1) be age 55 with five years of service or age 50 with ten years of service with the School Board; (2) be eligible for and receive an immediate retirement benefit from VRS; and (3) be employed by the School Board at the time of retirement and have been covered under the medical and/or dental plan for at least two full years prior to retirement. The plan has no separate financial report.

Benefits Provided

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The City of Manassas Park School Board provides post-retirement medical, prescription drug, and dental insurance benefits on behalf of its eligible retirees and their dependents. The School Board maintains three fully-insured medical and dental plans, which are offered to current and retired employees and their dependents that are under 65. The School Board also maintains a separate fully-insured medical and dental plan for retirees over the age of 65. Retirees are required to contribute the full premium rate. Current retirees were assumed to continue receiving their actual years of service subsidy. This subsidy is assumed to continue to age 65. Future retirees are not eligible for the subsidy.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 22—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)

Plan Membership

At July 1, 2021 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	35
Active employees		<u>334</u>
Total	\$	<u><u>369</u></u>

Contributions

The board 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 School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2023 was \$125,075.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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	3.00%
Discount Rate	3.86%
Investment Rate of Return	N/A

Mortality Rates:

- Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubT.H-2010 (teachers) Employee Mortality Tables, Generational with Projection Scale MP-2021 for males or females.
- Mortality rates for retirees were based on the PubT.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females.
- Mortality rates for disabled retirees were based on the PubT.H-2010 Disabled Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 22—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)

Discount Rate

The discount rate was based on the June 30, 2023 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 3.86% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board		Total OPEB Liability
Balances at June 30, 2022	\$	2,167,719
Changes for the year:		
Service cost		96,336
Interest		81,188
Difference between expected and actual experience		52,208
Changes in assumptions		(45,084)
Benefit payments		(125,075)
Net changes		59,573
Balances at June 30, 2023	\$	2,227,292

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 2,441,005	\$ 2,227,292	\$ 2,034,352

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 22—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)

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

The following presents the total OPEB liability of the School Board, 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 or one percentage point higher than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 1,942,921	\$ 2,227,292	\$ 2,574,559

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$111,686. At June 30, 2023, the School Board 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	\$ 252,804	\$ 6,420
Changes in assumptions	98,641	477,113
Total	\$ 351,445	\$ 483,533

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	
2024	\$ (88,692)
2025	(88,692)
2026	45,296
2027	-
2028	-
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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 23—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:

	Net OPEB (Asset) Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Primary Government				
City Pay-as-you-go (Note 21)	\$ 2,253,576	\$ 195,017	\$ 18,185	\$ 224,922
City LODA (Note 20)	1,092,033	487,263	601,304	138,138
Group Life (Note 17)	633,114	198,166	134,825	29,588
Total	<u>\$ 3,978,723</u>	<u>\$ 880,446</u>	<u>\$ 754,314</u>	<u>\$ 392,648</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 2,227,292	\$ 351,445	\$ 483,533	\$ 111,686
Teacher Group Life (Note 17)	1,359,184	327,732	325,845	22,986
Nonprofessional Group Life (Note 17)	83,083	19,994	18,957	2,202
Nonprofessional HIC Program (Note 19)	(7,293)	15,006	4,895	(120)
Teacher HIC Program (Note 18)	3,290,738	474,123	290,491	236,149
Total	<u>\$ 6,953,004</u>	<u>\$ 1,188,300</u>	<u>\$ 1,123,721</u>	<u>\$ 372,903</u>

Note 24—COVID-19 Pandemic:

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. Additional ARPA funds of \$1,697,449 were received in fiscal year 2022 and \$9,066,858 was 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 \$13,410,846 are reported as unearned revenue as of June 30.

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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 25—New Accounting Pronouncements

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared on the modified accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America.

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2023

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 38,242,878	\$ 38,466,353	\$ 37,790,421	\$ (675,932)
Other local taxes	6,905,369	6,996,569	6,420,375	(576,194)
Permits, privilege fees and regulatory licenses	709,599	678,599	367,389	(311,210)
Fines and forfeitures	631,100	2,059,325	1,357,734	(701,591)
Revenue from use of money and property	13,400	13,400	741,692	728,292
Charges for services	1,517,767	1,577,767	1,611,287	33,520
Miscellaneous	426,633	464,974	239,729	(225,245)
Intergovernmental:				
Commonwealth	4,821,881	5,168,665	5,232,165	63,500
Federal	7,554,869	9,507,172	8,032,564	(1,474,608)
Total revenues	\$ 60,823,496	\$ 64,932,824	\$ 61,793,356	\$ (3,139,468)
Expenditures:				
General government administration:				
Legislative:				
City council	\$ 917,318	\$ 917,318	\$ 937,160	\$ (19,842)
General and financial administration:				
Management services	\$ 2,193,548	\$ 2,689,211	\$ 1,577,484	\$ 1,111,727
Legal services	132,815	132,815	49,320	83,495
Human resources	438,775	438,775	316,491	122,284
Commissioner of the Revenue	413,071	413,071	443,937	(30,866)
Treasurer	661,246	680,357	669,186	11,171
Information technology	1,096,958	1,142,418	1,221,569	(79,151)
Department of finance	806,038	806,038	716,413	89,625
Total general and financial administration	\$ 5,742,451	\$ 6,302,685	\$ 4,994,400	\$ 1,308,285
Board of Elections:				
Electoral board and officials	\$ 311,855	\$ 314,498	\$ 251,177	\$ 63,321
Total board of elections	\$ 311,855	\$ 314,498	\$ 251,177	\$ 63,321
Total general government administration	\$ 6,971,624	\$ 7,534,501	\$ 6,182,737	\$ 1,351,764
Judicial administration:				
Courts:				
Courts	\$ 323,524	\$ 263,753	\$ 236,211	\$ 27,542
Sheriff	395,407	432,444	432,444	-
Total courts	\$ 718,931	\$ 696,197	\$ 668,655	\$ 27,542
Total judicial administration	\$ 718,931	\$ 696,197	\$ 668,655	\$ 27,542

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2023 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,713,411	\$ 5,437,398	\$ 4,719,115	\$ 718,283
E-911	923,327	946,148	714,075	232,073
Total law enforcement and traffic control	\$ 5,636,738	\$ 6,383,546	\$ 5,433,190	\$ 950,356
Fire and rescue services:				
Fire department	\$ 4,126,868	\$ 4,363,000	\$ 4,200,126	\$ 162,874
Total fire and rescue services	\$ 4,126,868	\$ 4,363,000	\$ 4,200,126	\$ 162,874
Correction and detention:				
Juvenile detention home	\$ 175,849	\$ 175,849	\$ 65,965	\$ 109,884
County jail	600,000	500,000	466,558	33,442
Total correction and detention	\$ 775,849	\$ 675,849	\$ 532,523	\$ 143,326
Other protection:				
Animal control	\$ 78,600	\$ 78,600	\$ 78,240	\$ 360
Total other protection	\$ 78,600	\$ 78,600	\$ 78,240	\$ 360
Total public safety	\$ 10,618,055	\$ 11,500,995	\$ 10,244,079	\$ 1,256,916
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 1,203,004	\$ 1,216,004	\$ 984,797	\$ 231,207
Maintenance of general buildings and grounds:				
General properties	\$ 793,166	\$ 928,919	\$ 799,556	\$ 129,363
Fleet	577,701	577,701	497,347	80,354
Total maintenance of general buildings and grounds	\$ 1,370,867	\$ 1,506,620	\$ 1,296,903	\$ 209,717
Total public works	\$ 2,573,871	\$ 2,722,624	\$ 2,281,700	\$ 440,924
Health and welfare:				
Health:				
Local health department	\$ 61,282	\$ 61,282	\$ 62,942	\$ (1,660)
Mental health and mental retardation:				
Community services board	\$ 1,151,243	\$ 1,088,004	\$ 1,088,004	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2023 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Welfare:				
Administration and public assistance	\$ 2,413,434	\$ 2,370,434	\$ 2,544,279	\$ (173,845)
Agency on aging	148,137	130,164	130,164	-
Other social services programs	69,151	66,336	66,336	-
Tax relief for the elderly	500,000	500,000	491,085	8,915
Childrens services	1,118,837	1,118,837	1,259,737	(140,900)
Total welfare	\$ 4,249,559	\$ 4,185,771	\$ 4,491,601	\$ (305,830)
Total health and welfare	\$ 5,462,084	\$ 5,335,057	\$ 5,642,547	\$ (307,490)
Education:				
Contributions to community colleges	\$ 39,442	\$ 39,442	\$ 39,442	\$ -
Contribution to Component Unit School Board	12,928,108	14,119,949	12,110,207	2,009,742
Total education	\$ 12,967,550	\$ 14,159,391	\$ 12,149,649	\$ 2,009,742
Parks, recreation and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 4,767,215	\$ 4,751,634	\$ 4,218,057	\$ 533,577
Total parks and recreation	\$ 4,767,215	\$ 4,751,634	\$ 4,218,057	\$ 533,577
Community development:				
Planning and community development:				
Economic development	\$ 554,405	\$ 515,003	\$ 377,509	\$ 137,494
Planning and zoning	1,028,673	1,071,624	663,560	408,064
Community organizations	44,571	44,571	42,157	2,414
Total planning and community development	\$ 1,627,649	\$ 1,631,198	\$ 1,083,226	\$ 547,972
Total community development	\$ 1,627,649	\$ 1,631,198	\$ 1,083,226	\$ 547,972
Total expenditures	\$ 45,706,979	\$ 48,331,597	\$ 42,470,650	\$ 5,860,947
Excess (deficiency) of revenues over (under) expenditures	\$ 15,116,517	\$ 16,601,227	\$ 19,322,706	\$ 2,721,479
Other financing sources (uses):				
Operating transfers in	\$ 1,628,709	\$ 1,628,709	\$ 1,628,709	\$ -
Operating transfers (out)	(14,757,342)	(17,304,290)	(16,762,306)	541,984
Total other financing sources (uses)	\$ (13,128,633)	\$ (15,675,581)	\$ (15,133,597)	\$ 541,984
Net changes in fund balance	\$ 1,987,884	\$ 925,646	\$ 4,189,109	\$ 3,263,463
Fund balance at beginning of year	(1,987,884)	(925,646)	15,367,416	16,293,062
Fund balance at end of year	\$ -	\$ -	\$ 19,556,525	\$ 19,556,525

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 1,212,019	\$ 1,140,858	\$ 1,144,175	\$ 1,093,842	\$ 1,058,351
Interest	3,171,359	2,912,843	2,749,694	2,626,325	2,503,017
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(519,401)	(1,272,782)	422,890	63,827	(159,090)
Changes of assumptions	-	1,811,774	-	1,324,705	-
Benefit payments	(2,047,460)	(1,902,256)	(1,897,221)	(1,885,611)	(1,395,865)
Net change in total pension liability	\$ 1,816,517	\$ 2,690,437	\$ 2,419,538	\$ 3,223,088	\$ 2,006,413
Total pension liability - beginning	46,794,800	44,104,363	41,684,825	38,461,737	36,455,324
Total pension liability - ending (a)	\$ 48,611,317	\$ 46,794,800	\$ 44,104,363	\$ 41,684,825	\$ 38,461,737
Plan fiduciary net position					
Contributions - employer	\$ 1,072,050	\$ 970,559	\$ 812,881	\$ 781,421	\$ 850,234
Contributions - employee	535,764	493,342	519,535	446,893	450,450
Net investment income	(65,215)	10,526,781	729,827	2,425,835	2,530,731
Benefit payments	(2,047,460)	(1,902,256)	(1,897,221)	(1,885,611)	(1,395,865)
Administrator charges	(30,063)	(25,896)	(24,805)	(23,988)	(21,511)
Other	1,128	996	(868)	(1,531)	(2,272)
Net change in plan fiduciary net position	\$ (533,796)	\$ 10,063,526	\$ 139,349	\$ 1,743,019	\$ 2,411,767
Plan fiduciary net position - beginning	48,549,629	38,486,103	38,346,754	36,603,735	34,191,968
Plan fiduciary net position - ending (b)	\$ 48,015,833	\$ 48,549,629	\$ 38,486,103	\$ 38,346,754	\$ 36,603,735
County's net pension liability (asset) - ending (a) - (b)	\$ 595,484	\$ (1,754,829)	\$ 5,618,260	\$ 3,338,071	\$ 1,858,002
Plan fiduciary net position as a percentage of the total pension liability	98.78%	103.75%	87.26%	91.99%	95.17%
Covered payroll	\$ 11,436,792	\$ 10,281,795	\$ 9,969,151	\$ 9,428,847	\$ 9,410,600
County's net pension liability as a percentage of covered payroll	5.21%	-17.07%	56.36%	35.40%	19.74%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,076,036	\$ 1,117,218	\$ 1,047,779	\$ 1,064,478
Interest	2,397,777	2,248,299	2,206,192	2,055,476
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(312,326)	153,035	(1,460,317)	-
Changes of assumptions	(281,172)	-	-	-
Benefit payments	(1,357,907)	(1,408,375)	(975,881)	(957,870)
Net change in total pension liability	\$ 1,522,408	\$ 2,110,177	\$ 817,773	\$ 2,162,084
Total pension liability - beginning	<u>34,932,916</u>	<u>32,822,739</u>	<u>32,004,966</u>	<u>29,842,882</u>
Total pension liability - ending (a)	<u>\$ 36,455,324</u>	<u>\$ 34,932,916</u>	<u>\$ 32,822,739</u>	<u>\$ 32,004,966</u>
Plan fiduciary net position				
Contributions - employer	\$ 826,406	\$ 993,265	\$ 1,018,190	\$ 994,568
Contributions - employee	504,197	427,962	468,005	563,442
Net investment income	3,733,931	532,420	1,312,006	3,821,021
Benefit payments	(1,357,907)	(1,408,375)	(975,881)	(957,870)
Administrator charges	(21,163)	(18,428)	(17,208)	(19,878)
Other	(3,342)	(223)	(281)	201
Net change in plan fiduciary net position	\$ 3,682,122	\$ 526,621	\$ 1,804,831	\$ 4,401,484
Plan fiduciary net position - beginning	<u>30,509,846</u>	<u>29,983,225</u>	<u>28,178,394</u>	<u>23,776,910</u>
Plan fiduciary net position - ending (b)	<u>\$ 34,191,968</u>	<u>\$ 30,509,846</u>	<u>\$ 29,983,225</u>	<u>\$ 28,178,394</u>
County's net pension liability - ending (a) - (b)	\$ 2,263,356	\$ 4,423,070	\$ 2,839,514	\$ 3,826,572
Plan fiduciary net position as a percentage of the total pension liability	93.79%	87.34%	91.35%	88.04%
Covered payroll	\$ 9,065,489	\$ 8,783,631	\$ 8,948,073	\$ 8,246,555
County's net pension liability as a percentage of covered payroll	24.97%	50.36%	31.73%	46.40%

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, 2014 through June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 101,163	\$ 98,558	\$ 104,187	\$ 101,330	\$ 95,824
Interest	265,909	241,134	235,217	226,702	219,224
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	29,493	(7,380)	(30,644)	22,012	(14,114)
Changes of assumptions	-	143,889	-	96,761	-
Benefit payments	(192,107)	(228,559)	(213,639)	(187,785)	(200,405)
Net change in total pension liability	\$ 204,458	\$ 247,642	\$ 95,121	\$ 259,020	\$ 100,529
Total pension liability - beginning	3,934,282	3,686,640	3,591,519	3,332,499	3,231,970
Total pension liability - ending (a)	<u>\$ 4,138,740</u>	<u>\$ 3,934,282</u>	<u>\$ 3,686,640</u>	<u>\$ 3,591,519</u>	<u>\$ 3,332,499</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ 5,118	\$ 3,604	\$ 14,610
Contributions - employee	64,729	61,072	60,185	59,793	57,601
Net investment income	(4,702)	1,155,675	82,845	276,690	295,471
Benefit payments	(192,107)	(228,559)	(213,639)	(187,785)	(200,405)
Administrator charges	(3,291)	(2,958)	(2,886)	(2,799)	(2,605)
Other	121	108	(97)	(174)	(261)
Net change in plan fiduciary net position	\$ (135,250)	\$ 985,338	\$ (68,474)	\$ 149,329	\$ 164,411
Plan fiduciary net position - beginning	5,275,795	4,290,457	4,358,931	4,209,602	4,045,191
Plan fiduciary net position - ending (b)	<u>\$ 5,140,545</u>	<u>\$ 5,275,795</u>	<u>\$ 4,290,457</u>	<u>\$ 4,358,931</u>	<u>\$ 4,209,602</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (1,001,805)	\$ (1,341,513)	\$ (603,817)	\$ (767,412)	\$ (877,103)
Plan fiduciary net position as a percentage of the total pension liability	124.21%	134.10%	116.38%	121.37%	126.32%
Covered payroll	\$ 1,501,537	\$ 1,420,707	\$ 1,380,392	\$ 1,364,905	\$ 1,304,629
School Division's net pension liability as a percentage of covered payroll	-66.72%	-94.43%	-43.74%	-56.22%	-67.23%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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, 2014 through June 30, 2022

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 118,908	\$ 115,671	\$ 180,689	\$ 188,357
Interest	212,429	227,053	211,793	197,750
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(35,247)	(376,333)	36,444	-
Changes of assumptions	(7,214)	-	-	-
Benefit payments	(183,217)	(167,380)	(254,481)	(116,497)
Net change in total pension liability	\$ 105,659	\$ (200,989)	\$ 174,445	\$ 269,610
Total pension liability - beginning	3,126,311	3,327,300	3,152,855	2,883,245
Total pension liability - ending (a)	<u>\$ 3,231,970</u>	<u>\$ 3,126,311</u>	<u>\$ 3,327,300</u>	<u>\$ 3,152,855</u>
Plan fiduciary net position				
Contributions - employer	\$ 15,831	\$ 76,655	\$ 72,948	\$ 136,003
Contributions - employee	56,932	57,741	54,851	74,450
Net investment income	446,619	63,921	162,457	491,115
Benefit payments	(183,217)	(167,380)	(254,481)	(116,497)
Administrator charges	(2,633)	(2,271)	(2,320)	(2,539)
Other	(395)	(27)	(33)	26
Net change in plan fiduciary net position	\$ 333,137	\$ 28,639	\$ 33,422	\$ 582,558
Plan fiduciary net position - beginning	3,712,054	3,683,415	3,649,993	3,067,435
Plan fiduciary net position - ending (b)	<u>\$ 4,045,191</u>	<u>\$ 3,712,054</u>	<u>\$ 3,683,415</u>	<u>\$ 3,649,993</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (813,221)	\$ (585,743)	\$ (356,115)	\$ (497,138)
Plan fiduciary net position as a percentage of the total pension liability	125.16%	118.74%	110.70%	115.77%
Covered payroll	\$ 1,270,252	\$ 1,271,597	\$ 1,182,769	\$ 1,505,991
School Division's net pension liability as a percentage of covered payroll	-64.02%	-46.06%	-30.11%	-33.01%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.25654%	0.26428%	0.26140%	0.26187%	0.26485%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 24,424,144	\$ 20,516,314	\$ 38,044,930	\$ 34,463,580	\$ 31,147,000
Employer's Covered Payroll	24,554,957	24,102,201	23,582,831	22,529,313	21,907,252
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	99.47%	85.12%	161.32%	152.97%	142.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.26070%	0.27855%	0.26507%	0.23397%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 32,060,000	\$ 39,036,000	\$ 33,363,000	\$ 29,448,000
Employer's Covered Payroll	20,995,217	21,238,250	19,707,662	17,820,060
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	152.70%	183.80%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension
Pension Plans
Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 1,322,377	\$ 1,322,377	\$ -	\$ 13,718,321	9.64%
2022	1,072,050	1,072,050	-	11,436,792	9.37%
2021	968,067	968,067	-	10,281,795	9.42%
2020	814,574	814,574	-	9,969,151	8.17%
2019	784,249	784,249	-	9,428,847	8.32%
2018	848,922	848,922	-	9,410,600	9.02%
2017	848,530	848,530	-	9,065,489	9.36%
2016	1,005,726	1,005,726	-	8,783,631	11.45%
2015	1,024,554	1,024,554	-	8,948,073	11.45%
2014	995,359	995,359	-	8,246,555	12.07%
Component Unit School Board (nonprofessional)					
2023	\$ -	\$ -	\$ -	\$ 1,502,813	0.00%
2022	-	-	-	1,501,537	0.00%
2021	-	-	-	1,420,707	0.00%
2020	-	-	-	1,380,392	0.00%
2019	1,347	1,347	-	1,364,905	0.10%
2018	13,544	13,544	-	1,304,629	1.04%
2017	23,881	23,881	-	1,270,252	1.88%
2016	76,655	76,655	-	1,271,597	6.03%
2015	77,235	77,235	-	1,182,769	6.53%
2014	137,347	137,347	-	1,505,991	9.12%
Component Unit School Board (professional) (1)					
2023	\$ 4,164,116	\$ 4,164,116	\$ -	\$ 26,739,172	15.57%
2022	3,811,150	3,811,150	-	24,554,957	15.52%
2021	3,738,778	3,738,778	-	24,102,201	15.51%
2020	3,474,004	3,474,004	-	23,582,831	14.73%
2019	3,355,913	3,355,913	-	22,529,313	14.90%
2018	3,425,402	3,425,402	-	21,907,252	15.64%
2017	2,966,471	2,966,471	-	20,995,217	14.13%
2016	2,986,098	2,986,098	-	21,238,250	14.06%
2015	2,857,611	2,857,611	-	19,707,662	14.50%

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

(1) Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information - Pension
Pension Plans
Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 Park, Virginia's Share of Net OPEB Liability
 Group Life Insurance GLI (Plan)
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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					
2022	0.05260% \$	633,114 \$	11,436,792	5.54%	67.21%
2021	0.04980%	580,040	10,286,437	5.64%	67.45%
2020	0.04844%	808,385	9,969,151	8.11%	52.64%
2019	0.04810%	782,715	9,428,847	8.30%	52.00%
2018	0.04949%	752,000	9,410,600	7.99%	51.22%
2017	0.04917%	740,000	9,069,906	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.00690% \$	83,083 \$	1,501,537	5.53%	67.21%
2021	0.00690%	80,102	1,420,707	5.64%	67.45%
2020	0.00671%	111,979	1,380,392	8.11%	52.64%
2019	0.00698%	113,584	1,364,905	8.32%	52.00%
2018	0.00693%	105,000	1,317,613	7.97%	51.22%
2017	0.00689%	104,000	1,270,252	8.19%	48.86%
Component Unit School Board (professional)					
2022	0.11290% \$	1,359,184 \$	24,554,957	5.54%	67.21%
2021	0.11670%	1,359,171	24,102,201	5.64%	67.45%
2020	0.11460%	1,912,320	23,582,831	8.11%	52.64%
2019	0.11492%	1,870,054	22,529,313	8.30%	52.00%
2018	0.11494%	1,746,000	21,855,662	7.99%	51.22%
2017	0.11386%	1,713,000	21,001,265	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

Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 74,079	\$ 74,079	-	\$ 13,718,321	0.54%
2022	61,759	61,759	-	11,436,792	0.54%
2021	55,547	55,547	-	10,286,437	0.54%
2020	51,840	51,840	-	9,969,151	0.52%
2019	49,000	49,000	-	9,428,847	0.52%
2018	48,935	48,935	-	9,410,600	0.52%
2017	47,164	47,164	-	9,069,906	0.52%
2016	42,161	42,161	-	8,783,631	0.48%
2015	42,951	42,951	-	8,948,073	0.48%
2014	39,661	39,661	-	8,262,605	0.48%
Component Unit School Board (nonprofessional)					
2023	\$ 8,115	\$ 8,115	-	\$ 1,502,813	0.54%
2022	8,108	8,108	-	1,501,537	0.54%
2021	7,672	7,672	-	1,420,707	0.54%
2020	7,178	7,178	-	1,380,392	0.52%
2019	7,000	7,000	-	1,364,905	0.51%
2018	6,852	6,852	-	1,317,613	0.52%
2017	6,605	6,605	-	1,270,252	0.52%
2016	6,130	6,130	-	1,276,991	0.48%
2015	5,690	5,690	-	1,185,336	0.48%
2014	7,437	7,437	-	1,549,445	0.48%
Component Unit School Board (professional)					
2023	\$ 144,392	\$ 144,392	-	\$ 26,739,172	0.54%
2022	132,597	132,597	-	24,554,957	0.54%
2021	130,152	130,152	-	24,102,201	0.54%
2020	122,631	122,631	-	23,582,831	0.52%
2019	117,000	117,000	-	22,529,313	0.52%
2018	113,649	113,649	-	21,855,662	0.52%
2017	109,207	109,207	-	21,001,265	0.52%
2016	102,260	102,260	-	21,304,163	0.48%
2015	95,043	95,043	-	19,800,640	0.48%
2014	85,775	85,775	-	17,869,876	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 Manassas Park School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.26346% \$	3,290,738 \$	24,554,957	13.40%	15.08%
2021	0.27253%	3,498,111	24,102,201	14.51%	13.15%
2020	0.26900%	3,509,150	23,582,831	14.88%	9.95%
2019	0.26860%	3,516,235	22,529,313	15.61%	8.97%
2018	0.27024%	3,431,000	21,855,662	15.70%	8.08%
2017	0.26603%	3,375,000	20,995,217	16.08%	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) Plan
Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 323,544	\$ 323,544	\$ -	\$ 26,739,172	1.21%
2022	297,115	297,115	-	24,554,957	1.21%
2021	291,637	291,637	-	24,102,201	1.21%
2020	282,994	282,994	-	23,582,831	1.20%
2019	270,000	270,000	-	22,529,313	1.20%
2018	268,825	268,825	-	21,855,662	1.23%
2017	233,049	233,049	-	20,995,217	1.11%
2016	225,125	225,125	-	21,238,249	1.06%
2015	208,901	208,901	-	19,707,659	1.06%
2014	197,803	197,803	-	17,820,061	1.11%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 the Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

	School Nonprofessional					
	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 1,884	\$ 2,103	\$ 2,034	\$ 1,853	\$ 1,682	\$ 2,018
Interest	3,045	2,825	2,603	2,027	2,615	2,425
Changes of benefit terms	-	-	416	-	-	-
Differences between expected and actual experience	271	(1,096)	385	6,327	(10,935)	-
Changes of assumptions	12,567	(162)	-	1,166	-	(525)
Benefit payments	(2,358)	(2,220)	(2,092)	(1,434)	(2,096)	(318)
Net change in total HIC OPEB liability	\$ 15,409	\$ 1,450	\$ 3,346	\$ 9,939	\$ (8,734)	\$ 3,600
Total HIC OPEB Liability - beginning	44,408	42,958	39,612	29,673	38,407	34,807
Total HIC OPEB Liability - ending (a)	<u>\$ 59,817</u>	<u>\$ 44,408</u>	<u>\$ 42,958</u>	<u>\$ 39,612</u>	<u>\$ 29,673</u>	<u>\$ 38,407</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,781	\$ 1,705	\$ 829	\$ 819	\$ 1,826	\$ 1,788
Net investment income	83	13,935	1,070	3,268	3,422	4,908
Benefit payments	(2,358)	(2,220)	(2,092)	(1,434)	(2,096)	(318)
Administrator charges	(116)	(165)	(102)	(71)	(81)	(82)
Other	1,113	-	0	(3)	(243)	243
Net change in plan fiduciary net position	\$ 503	\$ 13,255	\$ (295)	\$ 2,579	\$ 2,828	\$ 6,539
Plan fiduciary net position - beginning	66,607	53,352	53,647	51,068	48,240	41,701
Plan fiduciary net position - ending (b)	<u>\$ 67,110</u>	<u>\$ 66,607</u>	<u>\$ 53,352</u>	<u>\$ 53,647</u>	<u>\$ 51,068</u>	<u>\$ 48,240</u>
Net HIC OPEB liability (asset) - ending (a) - (b)	\$ (7,293)	\$ (22,199)	\$ (10,394)	\$ (14,035)	\$ (21,395)	\$ (9,833)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	112.19%	149.99%	124.20%	135.43%	172.10%	125.60%
Covered payroll	\$ 1,501,537	\$ 1,420,707	\$ 1,380,392	\$ 1,364,905	\$ 1,304,629	\$ 1,270,252
Net HIC OPEB liability as a percentage of covered payroll	-0.49%	-1.56%	-0.75%	-1.03%	-1.64%	-0.77%

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
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2014 through June 30, 2023

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)
Component Unit School Board (nonprofessional)					
2023	\$ 902	\$ 902	\$ -	\$ 1,502,813	0.06%
2022	1,802	1,802	-	1,501,537	0.12%
2021	1,705	1,705	-	1,420,707	0.12%
2020	828	828	-	1,380,392	0.06%
2019	819	819	-	1,364,905	0.06%
2018	1,826	1,826	-	1,304,629	0.14%
2017	1,778	1,778	-	1,270,252	0.14%
2016	1,526	1,526	-	1,271,597	0.12%
2015	1,419	1,419	-	1,182,769	0.12%
2014	3,163	3,163	-	1,505,991	0.21%

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

Schedule of Employer's Share of Net OPEB Liability - LODA
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the 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)
2022	0.28850%	\$ 1,092,033	\$ Not Applicable	Not Applicable	1.87%
2021	0.31260%	1,378,584	Not Applicable	Not Applicable	1.68%
2020	0.29602%	1,239,777	Not Applicable	Not Applicable	1.02%
2019	0.29448%	1,056,553	Not Applicable	Not Applicable	0.79%
2018	0.31900%	1,002,000	Not Applicable	Not Applicable	0.60%
2017	0.31038%	815,000	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 is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Years Ended June 30, 2017 through June 30, 2023

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)
2023	\$ 36,138	\$ 36,138	-	\$ Not Applicable	Not Applicable
2022	39,740	39,740	-	Not Applicable	Not Applicable
2021	43,039	43,039	-	Not Applicable	Not Applicable
2020	40,229	40,229	-	Not Applicable	Not Applicable
2019	40,000	40,000	-	Not Applicable	Not Applicable
2018	34,000	34,000	-	Not Applicable	Not Applicable
2017	35,000	35,000	-	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 is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 Year Ended June 30, 2023

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, 2021 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 Total OPEB Liability (Asset) and Related Ratios
Primary Government Pay-As-You-Go Plan
Years Ended June 30, 2018 through June 30, 2023

	Primary Government					
	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 93,231	\$ 96,168	\$ 92,737	\$ 43,473	\$ 38,146	\$ 37,035
Interest	71,356	37,326	47,717	50,719	44,696	51,643
Changes in assumptions	263,947	(25,034)	116,113	11,214	106,607	-
Differences between expected and actual experience	28,578	(29,519)	(173,080)	251,096	67,193	(14,131)
Benefit payments	(90,461)	(79,091)	(102,625)	(51,334)	(88,127)	(63,123)
Net change in total OPEB liability	\$ 366,651	\$ (150)	\$ (19,138)	\$ 305,168	\$ 168,515	\$ 11,424
Total OPEB liability - beginning	1,886,925	1,887,075	1,906,213	1,601,045	1,432,530	1,421,106
Total OPEB liability - ending	\$ 2,253,576	\$ 1,886,925	\$ 1,887,075	\$ 1,906,213	\$ 1,601,045	\$ 1,432,530
 Covered-employee payroll	 \$ 8,524,829	 \$ 8,276,533	 \$ 7,902,018	 \$ 7,671,862	 \$ 8,091,178	 \$ 7,855,512
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 26.44%	 22.80%	 23.88%	 24.85%	 19.79%	 18.24%

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

Notes to Required Supplementary Information
 Primary Government Pay-As-You Go OPEB Plan
 Year Ended June 30, 2023

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2023

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
Discount Rate	3.86%
Inflation	3.00%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 22.70% in 2023 and gradually decreases to 5.0% after 5 years
Salary Increase Rates	3.00%
Retirement Age	Based in VRS eligibility and service requirements
Mortality Rates	The mortality rates are based on the PibG.H.-2010 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Pay-As-You-Go Plan
 Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 96,336	\$ 181,695	\$ 170,916	\$ 116,525	\$ 114,764	\$ 111,421
Interest	81,188	53,032	60,036	58,655	73,508	83,554
Changes in assumptions	(45,084)	(886,602)	137,618	89,495	167,321	-
Differences between expected and actual experience	52,208	303,825	123,471	(19,259)	(87,558)	41,414
Benefit payments	(125,075)	(129,135)	(253,382)	(233,497)	(210,378)	(192,887)
Net change in total OPEB liability	\$ 59,573	\$ (477,185)	\$ 238,659	\$ 11,919	\$ 57,657	\$ 43,502
Total OPEB liability - beginning	2,167,719	2,644,904	2,406,245	2,394,326	2,336,669	2,293,167
Total OPEB liability - ending	\$ 2,227,292	\$ 2,167,719	\$ 2,644,904	\$ 2,406,245	\$ 2,394,326	\$ 2,336,669
 Covered-employee payroll	 \$ 19,398,811	 \$ 18,833,797	 \$ 17,330,496	 \$ 16,825,724	 \$ 16,073,976	 \$ 15,605,802
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 11.48%	 11.51%	 15.26%	 14.30%	 14.90%	 14.97%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
Year Ended June 30, 2023

Valuation Date: 7/1/2021
Measurement Date: 6/30/2023

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
Discount Rate	3.86%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions start at 0% to 8.15% in 2022 based on the medical plan and gradually decreases to 5.00% after 5 years
Salary Increase Rates	3.00%
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the PubT.H-2010 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from local sources:				
Other local taxes	\$ 265,759	\$ 537,454	\$ 286,784	\$ (250,670)
Revenue from use of money and property	-	-	192,166	192,166
Miscellaneous	120,000	1,120,000	160	(1,119,840)
Intergovernmental:				
Commonwealth	2,220,485	2,253,585	494,216	(1,759,369)
Federal	80,000	500,000	500,000	-
Total revenues	<u>\$ 2,686,244</u>	<u>\$ 4,411,039</u>	<u>\$ 1,473,326</u>	<u>\$ (2,937,713)</u>
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ 1,120,980	\$ 1,478,526	\$ 458,435	\$ 1,020,091
Total general government administration	<u>\$ 1,120,980</u>	<u>\$ 1,478,526</u>	<u>\$ 458,435</u>	<u>\$ 1,020,091</u>
Public safety:				
Vehicle and equipment additions	\$ 479,888	\$ 617,425	\$ 1,840,668	\$ (1,223,243)
Total public safety	<u>\$ 479,888</u>	<u>\$ 617,425</u>	<u>\$ 1,840,668</u>	<u>\$ (1,223,243)</u>
Public works:				
Miscellaneous capital outlays	\$ 28,800	\$ 40,792	\$ 51,953	\$ (11,161)
Total public works	<u>\$ 28,800</u>	<u>\$ 40,792</u>	<u>\$ 51,953</u>	<u>\$ (11,161)</u>
Capital projects:				
General government administration:				
City hall construction	\$ -	\$ 302,817	\$ 5,005,159	\$ (4,702,342)
Other projects	125,000	125,000	96,866	28,134
Total general government administration	<u>\$ 125,000</u>	<u>\$ 427,817</u>	<u>\$ 5,102,025</u>	<u>\$ (4,674,208)</u>
Public safety:				
Public safety projects	\$ 944,370	\$ 1,084,198	\$ 87,747	\$ 996,451
Total public safety	<u>\$ 944,370</u>	<u>\$ 1,084,198</u>	<u>\$ 87,747</u>	<u>\$ 996,451</u>
Public works:				
Road, traffic and other projects	\$ 8,546,356	\$ 11,498,000	\$ 5,629,572	\$ 5,868,428
Total public works projects	<u>\$ 8,546,356</u>	<u>\$ 11,498,000</u>	<u>\$ 5,629,572</u>	<u>\$ 5,868,428</u>

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual

Year Ended June 30, 2023 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Expenditures: (Continued)				
Capital projects: (Continued)				
Education:				
School security projects	\$ -	\$ 1,089,109	\$ 1,558,240	\$ (469,131)
Total education	\$ -	\$ 1,089,109	\$ 1,558,240	\$ (469,131)
Parks and recreation:				
Parks and recreation projects	\$ 806,000	\$ 943,526	\$ 647,008	\$ 296,518
Debt service:				
Principal retirement	\$ 648,923	\$ 659,954	\$ 987,702	\$ (327,748)
Interest and other fiscal charges	52,204	52,204	1,076,575	(1,024,371)
Total debt service	\$ 701,127	\$ 712,158	\$ 2,064,277	\$ (1,352,119)
Total expenditures	\$ 12,752,521	\$ 17,891,551	\$ 17,439,925	\$ 451,626
Excess (deficiency) of revenues over (under) expenditures	\$ (10,066,277)	\$ (13,480,512)	\$ (15,966,599)	\$ (2,486,087)
Other financing sources (uses):				
Transfers in	\$ 8,321,277	\$ 12,680,512	\$ 8,958,639	\$ (3,721,873)
Issuance of notes payable	-	-	2,576,000	2,576,000
Issuance of leases	-	-	1,628,236	1,628,236
Total other financing sources (uses):	\$ 8,321,277	\$ 12,680,512	\$ 13,162,875	\$ 482,363
Net changes in fund balance	\$ (1,745,000)	\$ (800,000)	\$ (2,803,724)	\$ (2,003,724)
Fund balance at beginning of year	1,745,000	800,000	4,983,522	4,183,522
Fund balance at end of year	\$ -	\$ -	\$ 2,179,798	\$ 2,179,798

Proffer Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from local sources:				
Miscellaneous	\$ 160,000	\$ 160,000	\$ 103,332	\$ (56,668)
Total revenues	\$ 160,000	\$ 160,000	\$ 103,332	\$ (56,668)
Excess (deficiency) of revenues over (under) expenditures	\$ 160,000	\$ 160,000	\$ 103,332	\$ (56,668)
Other financing sources (uses):				
Transfers (out)	\$ (840,899)	\$ (360,627)	\$ (379,014)	\$ (18,387)
Proceeds from the sale of capital assets	-	-	2,800,000	2,800,000
Total other financing sources (uses):	\$ (840,899)	\$ (360,627)	\$ 2,420,986	\$ 2,781,613
Net changes in fund balance	\$ (680,899)	\$ (200,627)	\$ 2,524,318	\$ 2,724,945
Fund balance at beginning of year	680,899	200,627	693,671	493,044
Fund balance at end of year	\$ -	\$ -	\$ 3,217,989	\$ 3,217,989

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 75	\$ 75
Expenditures:				
Debt service:				
Principal retirement	\$ 5,366,817	\$ 5,366,817	\$ 5,324,738	\$ 42,079
Interest and other fiscal charges	2,700,026	2,700,026	2,686,457	13,569
Total debt service	<u>\$ 8,066,843</u>	<u>\$ 8,066,843</u>	<u>\$ 8,011,195</u>	<u>\$ 55,648</u>
Total expenditures	<u>\$ 8,066,843</u>	<u>\$ 8,066,843</u>	<u>\$ 8,011,195</u>	<u>\$ 55,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,066,843)</u>	<u>\$ (8,066,843)</u>	<u>\$ (8,011,120)</u>	<u>\$ 55,723</u>
Other financing sources (uses):				
Transfers in	<u>\$ 8,066,843</u>	<u>\$ 8,066,843</u>	<u>\$ 8,064,645</u>	<u>\$ (2,198)</u>
Net changes in fund balance	\$ -	\$ -	\$ 53,525	\$ 53,525
Fund balance at beginning of year	-	-	382,385	382,385
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,910</u>	<u>\$ 435,910</u>

Combing Balance Sheet
 Nonmajor Special Revenue Funds
 At June 30, 2023

	Gang Task Force Fund	Special Transportation Fund	Total
ASSETS			
Cash and cash equivalents	\$ <u>20</u>	\$ <u>3,188,622</u>	\$ <u>3,188,642</u>
Total assets	\$ <u><u>20</u></u>	\$ <u><u>3,188,622</u></u>	\$ <u><u>3,188,642</u></u>
FUND BALANCES			
Committed	\$ <u>20</u>	\$ <u>3,188,622</u>	\$ <u>3,188,642</u>
Total fund balances	\$ <u>20</u>	\$ <u>3,188,622</u>	\$ <u>3,188,642</u>
Total liabilities and fund balances	\$ <u><u>20</u></u>	\$ <u><u>3,188,622</u></u>	\$ <u><u>3,188,642</u></u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2023

	Gang Task Force Fund	Special Transportation Fund	Total
Revenues:			
Miscellaneous	\$ -	\$ 671,187	\$ 671,187
Other financing sources (uses):			
Transfers in	\$ -	\$ 379,014	\$ 379,014
Transfers (out)	-	(260,980)	(260,980)
Total other financing sources (uses):	\$ -	\$ 118,034	\$ 118,034
Net changes in fund balance	\$ -	\$ 789,221	\$ 789,221
Fund balance at beginning of year	20	2,399,401	2,399,421
Fund balance at end of year	\$ 20	\$ 3,188,622	\$ 3,188,642

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2023

	Gang Task Force Fund				Special Transportation Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from local sources:								
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 2,065,272	\$ 640,000	\$ 671,187	\$ 31,187
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 360,627	\$ 360,627	\$ 379,014	\$ 18,387
Transfers (out)	-	-	-	-	-	-	(260,980)	(260,980)
Total other financing sources (uses):	\$ -	\$ -	\$ -	\$ -	\$ 360,627	\$ 360,627	\$ 118,034	\$ (242,593)
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	\$ 2,425,899	\$ 1,000,627	\$ 789,221	\$ (211,406)
Fund balance at beginning of year	-	-	20	20	(2,425,899)	(1,000,627)	2,399,401	3,400,028
Fund balance at end of year	\$ -	\$ -	\$ 20	\$ 20	\$ -	\$ -	\$ 3,188,622	\$ 3,188,622

Discretely Presented Component Unit-School Board

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2023

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 6,271,501	\$ 727,098	\$ 352,798	\$ 7,351,397
Receivables (Net of allowance for uncollectibles):				
Accounts	74,226	-	4,821	79,047
Inventories		17,143	-	17,143
Prepaid items	231,690	-		231,690
Due from other governmental units	<u>2,534,123</u>	<u>300,657</u>	<u>-</u>	<u>2,834,780</u>
Total assets	<u>\$ 9,111,540</u>	<u>\$ 1,044,898</u>	<u>\$ 357,619</u>	<u>\$ 10,514,057</u>
LIABILITIES				
Accounts payable	\$ 1,708,747	\$ 2,509	\$ -	\$ 1,711,256
Accrued liabilities	3,951,031	46,710	-	3,997,741
Unearned revenue	-	2,807	-	2,807
Due to primary government	<u>1,883,742</u>	<u>-</u>	<u>-</u>	<u>1,883,742</u>
Total liabilities	<u>\$ 7,543,520</u>	<u>\$ 52,026</u>	<u>\$ -</u>	<u>\$ 7,595,546</u>
FUND BALANCES				
Nonspendable - prepaid items and inventory	\$ 231,690	\$ 17,143	\$ -	\$ 248,833
Restricted	1,326,677	-	357,619	1,684,296
Committed - cafeteria	-	975,729	-	975,729
Committed - health insurance	241,343	-	-	241,343
Unassigned	<u>(231,690)</u>	<u>-</u>	<u>-</u>	<u>(231,690)</u>
Total fund balances	<u>\$ 1,568,020</u>	<u>\$ 992,872</u>	<u>\$ 357,619</u>	<u>\$ 2,918,511</u>
Total liabilities and fund balances	<u>\$ 9,111,540</u>	<u>\$ 1,044,898</u>	<u>\$ 357,619</u>	<u>\$ 10,514,057</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Total fund balances, balance sheet, governmental funds \$ 2,918,511

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.

44,631,990

The Net Pension and OPEB Assets are not an available resources and, therefore are not reported in the funds.

1,009,098

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

8,000,285

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

(7,010,523)

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.

(32,046,888)

Net position of Governmental Activities

\$ 17,502,473

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2023

	School Operating	School Cafeteria	School Activity Funds	Total
Revenues:				
Revenue from use of money and property	\$ 20	\$ 461	\$ -	\$ 481
Charges for services	-	12,212	-	12,212
Miscellaneous	500,334	20,980	310,713	832,027
Intergovernmental:				
County contribution to School Board	12,110,207	-	-	12,110,207
Commonwealth	35,627,432	80,449	-	35,707,881
Federal	4,343,731	2,273,935	-	6,617,666
Total revenues	<u>\$ 52,581,724</u>	<u>\$ 2,388,037</u>	<u>\$ 310,713</u>	<u>\$ 55,280,474</u>
Expenditures:				
Current:				
Education	\$ 51,016,778	\$ 2,649,056	\$ 264,687	\$ 53,930,521
Debt service:				
Principal retirement	243,025	-	-	243,025
Interest and fiscal charges	821	-	-	821
Total expenditures	<u>\$ 51,260,624</u>	<u>\$ 2,649,056</u>	<u>\$ 264,687</u>	<u>\$ 54,174,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,321,100</u>	<u>\$ (261,019)</u>	<u>\$ 46,026</u>	<u>\$ 1,106,107</u>
Other financing sources (uses):				
Subscriptions	\$ 7,748	\$ -	\$ -	\$ 7,748
Transfers in	-	2,171	-	2,171
Transfers (out)	(2,171)	-	-	(2,171)
Total other financing sources (uses)	<u>\$ 5,577</u>	<u>\$ 2,171</u>	<u>\$ -</u>	<u>\$ 7,748</u>
Net changes in fund balances	<u>\$ 1,326,677</u>	<u>\$ (258,848)</u>	<u>\$ 46,026</u>	<u>\$ 1,113,855</u>
Fund balances at beginning of year	<u>241,343</u>	<u>1,251,720</u>	<u>311,593</u>	<u>1,804,656</u>
Fund balances at end of year	<u><u>\$ 1,568,020</u></u>	<u><u>\$ 992,872</u></u>	<u><u>\$ 357,619</u></u>	<u><u>\$ 2,918,511</u></u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2023

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	1,113,855
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. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 1,040,342	
Depreciation expense	<u>(2,512,652)</u>	(1,472,310)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		2,057,571
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items. A summary of items supporting this adjustment is as follows:		
Subscription liabilities	\$ (7,748)	
Principal retired on subscription liabilities	<u>243,025</u>	235,277
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. The following is a summary of the items supporting this adjustment:		
Pension expense	\$ 4,443,423	
OPEB expense	222,105	
Change in compensated absences	<u>(8,811)</u>	4,656,717
Special contributions received from the Commonwealth for the OPEB sharing pools are not reported in governmental funds.		<u>68,108</u>
Change in net position of governmental activities	\$	<u><u>6,659,218</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2023

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 700	\$ 700	\$ 20	\$ (680)
Charges for services	-	-	-	-
Miscellaneous	386,174	380,460	500,334	119,874
Intergovernmental:				
County contribution to School Board	13,000,000	14,131,509	12,110,207	(2,021,302)
Commonwealth	35,330,751	34,338,063	35,627,432	1,289,369
Federal	3,086,992	5,229,678	4,343,731	(885,947)
Total revenues	\$ 51,804,617	\$ 54,080,410	\$ 52,581,724	\$ (1,498,686)
Expenditures:				
Current:				
Instruction	\$ 38,574,782	\$ 39,204,729	\$ 36,719,749	\$ 2,484,980
Administration, attendance and health	3,473,561	4,216,143	3,964,268	251,875
Pupil transportation	2,186,486	2,176,486	2,874,511	(698,025)
Operation and maintenance	4,156,740	5,741,283	3,790,444	1,950,839
School food service costs	-	-	41,901	(41,901)
Facilities	-	-	196,764	(196,764)
Technology	2,653,944	2,555,407	3,429,141	(873,734)
Total education	\$ 51,045,513	\$ 53,894,048	\$ 51,016,778	\$ 2,877,270
Debt service:				
Principal retirement	\$ 243,025	\$ 243,025	\$ 243,025	\$ -
Interest and fiscal charges	821	821	821	-
Total debt service	\$ 243,846	\$ 243,846	\$ 243,846	\$ -
Total expenditures	\$ 51,289,359	\$ 54,137,894	\$ 51,260,624	\$ 2,877,270
Excess (deficiency) of revenues over (under) expenditures	\$ 515,258	\$ (57,484)	\$ 1,321,100	\$ 1,378,584
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ 7,748	\$ 7,748
Transfers in	-	-	-	-
Transfers (out)	-	-	(2,171)	(2,171)
Total other financing sources (uses)	\$ -	\$ -	\$ 5,577	\$ 5,577
Net changes in fund balances	\$ 515,258	\$ (57,484)	\$ 1,326,677	\$ 1,384,161
Fund balances at beginning of year	(515,258)	57,484	241,343	183,859
Fund balances at end of year	\$ -	\$ -	\$ 1,568,020	\$ 1,568,020

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2023

	School Cafeteria Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 461	\$ 461
Charges for services	-	-	12,212	12,212
Miscellaneous	17,500	17,500	20,980	3,480
Intergovernmental:				
County contribution to School Board	-	-	-	-
Commonwealth	93,690	93,690	80,449	(13,241)
Federal	2,520,000	2,520,000	2,273,935	(246,065)
Total revenues	\$ 2,631,190	\$ 2,631,190	\$ 2,388,037	\$ (243,153)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Administration, attendance and health	-	-	-	-
Pupil transportation	-	-	-	-
Operation and maintenance	-	-	-	-
School food service costs	2,558,297	2,814,966	2,649,056	165,910
Facilities	-	-	-	-
Technology	-	-	-	-
Total education	\$ 2,558,297	\$ 2,814,966	\$ 2,649,056	\$ 165,910
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-
Total debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 2,558,297	\$ 2,814,966	\$ 2,649,056	\$ 165,910
Excess (deficiency) of revenues over (under) expenditures	\$ 72,893	\$ (183,776)	\$ (261,019)	\$ (77,243)
Other financing sources (uses):				
Subscriptions	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	2,171	(2,171)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ 2,171	\$ (2,171)
Net changes in fund balances	\$ 72,893	\$ (183,776)	\$ (258,848)	\$ (79,414)
Fund balances at beginning of year	(72,893)	183,776	1,251,720	1,067,944
Fund balances at end of year	\$ -	\$ -	\$ 992,872	\$ 988,530

Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 31,766,905	\$ 31,943,175	\$ 30,412,146	\$ (1,531,029)
Public service taxes	566,033	566,033	506,757	(59,276)
Personal property taxes	5,615,421	5,662,626	6,405,342	742,716
Machinery and tools taxes	25,149	25,149	31,968	6,819
Penalties	165,640	165,640	302,998	137,358
Interest	103,730	103,730	131,210	27,480
Total general property taxes	\$ 38,242,878	\$ 38,466,353	\$ 37,790,421	\$ (675,932)
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,200,000	\$ 2,931,680	\$ (268,320)
Consumer utility taxes	842,000	842,000	790,728	(51,272)
Business license taxes	1,184,257	1,184,257	1,133,535	(50,722)
Motor vehicle licenses	550,106	550,306	468,744	(81,562)
Bank franchise taxes	70,006	70,006	113,356	43,350
Recordation taxes	509,000	400,000	200,108	(199,892)
Cigarette taxes	230,000	230,000	211,402	(18,598)
Meals tax	500,000	500,000	547,867	47,867
Cable TV franchise fees	20,000	20,000	19,659	(341)
Other	-	-	3,296	3,296
Total other local taxes	\$ 6,905,369	\$ 6,996,569	\$ 6,420,375	\$ (576,194)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 1,000	\$ 1,000	\$ 632	\$ (368)
Building and related permits	618,487	618,487	304,253	(314,234)
Cell tower fees	15,856	15,856	19,412	3,556
Fire and rescue permits	51,000	20,000	18,775	(1,225)
Other permits and licenses	23,256	23,256	24,317	1,061
Total permits, privilege fees and regulatory licenses	\$ 709,599	\$ 678,599	\$ 367,389	\$ (311,210)
Fines and Forfeitures:				
Fines and forfeitures	\$ 631,100	\$ 2,059,325	\$ 1,357,734	\$ (701,591)
Revenue from use of money and property:				
Revenue from use of money	\$ 8,000	\$ 8,000	\$ 735,345	\$ 727,345
Revenue from use of property	5,400	5,400	6,347	947
Total revenue from use of money and property	\$ 13,400	\$ 13,400	\$ 741,692	\$ 728,292

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Commuter rail parking fees	\$ 133,857	\$ 133,857	\$ 133,857	\$ -
Courthouse maintenance fees	400	400	301	(99)
Charges for EMS	270,000	330,000	336,796	6,796
Charges for parks and recreation	1,113,510	1,113,510	1,140,333	26,823
Total charges for services	\$ 1,517,767	\$ 1,577,767	\$ 1,611,287	\$ 33,520
Miscellaneous:				
Miscellaneous	\$ 307,617	\$ 345,958	\$ 57,980	\$ (287,978)
Other refunds	69,016	69,016	127,079	58,063
Rebates and refunds from schools	50,000	50,000	54,670	4,670
Total miscellaneous	\$ 426,633	\$ 464,974	\$ 239,729	\$ (225,245)
Total revenue from local sources	\$ 48,446,746	\$ 50,256,987	\$ 48,528,627	\$ (1,728,360)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 4,170	\$ 170
Recordation tax	100,000	100,000	62,966	(37,034)
Auto rental tax	60,000	60,000	51,112	(8,888)
Communication tax	510,000	510,000	507,434	(2,566)
PPTRA	1,368,393	1,368,393	1,368,393	-
Total noncategorical aid	\$ 2,042,393	\$ 2,042,393	\$ 1,994,075	\$ (48,318)
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	\$ 87,520	\$ 87,520	\$ 97,285	\$ 9,765
Treasurer	88,214	88,214	91,514	3,300
Registrar/electoral board	58,361	58,361	75,117	16,756
Total shared expenses	\$ 234,095	\$ 234,095	\$ 263,916	\$ 29,821
Other categorical aid:				
Welfare administration and assistance	\$ 421,548	\$ 421,548	\$ 486,501	\$ 64,953
Aid to localities with police departments	466,900	513,340	513,340	-
Library grant	141,752	161,730	161,730	-
Children's services	596,019	596,019	560,198	(35,821)
Street maintenance	750,000	795,269	861,472	66,203

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs	\$ 58,000	\$ 69,084	\$ 69,084	\$ -
Other categorical aid	111,174	335,187	321,849	(13,338)
Total other categorical aid	\$ 2,545,393	\$ 2,892,177	\$ 2,974,174	\$ 81,997
Total categorical aid	\$ 2,779,488	\$ 3,126,272	\$ 3,238,090	\$ 111,818
Total revenue from the Commonwealth	\$ 4,821,881	\$ 5,168,665	\$ 5,232,165	\$ 63,500
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 841,229	\$ 860,335	\$ 1,409,939	\$ 549,604
Law enforcement grants	589,778	589,778	550,320	(39,458)
American Rescue Plan	6,116,362	8,049,559	5,988,658	(2,060,901)
Other categorical aid	7,500	7,500	83,647	76,147
Total revenue from the federal government	\$ 7,554,869	\$ 9,507,172	\$ 8,032,564	\$ (1,474,608)
Total General Fund	\$ 60,823,496	\$ 64,932,824	\$ 61,793,356	\$ (3,139,468)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Grantors tax	\$ 250,000	\$ 125,000	\$ 132,548	\$ 7,548
Gasoline taxes	15,759	412,454	154,236	(258,218)
Total other local taxes	\$ 265,759	\$ 537,454	\$ 286,784	\$ (250,670)
Miscellaneous:				
Proffers	\$ 100,000	\$ 1,100,000	\$ -	\$ (1,100,000)
Miscellaneous	20,000	20,000	160	(19,840)
Total miscellaneous	\$ 120,000	\$ 1,120,000	\$ 160	\$ (1,119,840)
Total revenue from local sources	\$ 385,759	\$ 1,657,454	\$ 479,110	\$ (1,178,344)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grants	\$ 2,220,485	\$ 2,253,585	\$ 494,216	\$ (1,759,369)
Total revenue from the Commonwealth	\$ 2,220,485	\$ 2,253,585	\$ 494,216	\$ (1,759,369)
Revenue from the federal government:				
Categorical aid:				
VDOT grants	\$ 80,000	\$ -	\$ -	\$ -
School violence prevention grant	\$ -	\$ 500,000	\$ 500,000	\$ -
Total revenue from the federal government	\$ 80,000	\$ 500,000	\$ 500,000	\$ -
Total Capital Projects Fund	\$ 2,686,244	\$ 4,411,039	\$ 1,473,326	\$ (2,937,713)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 75	\$ 75
Total Debt Service Fund	\$ -	\$ -	\$ 75	\$ 75
Proffer Fund:				
Revenue from local sources:				
Miscellaneous:				
Proffers	\$ 160,000	\$ 160,000	\$ 103,332	\$ (56,668)
Special Transportation Fund:				
Miscellaneous:				
Northern Virginia Transportation Authority	\$ 2,065,272	\$ 640,000	\$ 671,187	\$ 31,187
Grand Total Revenues -- Primary Government	\$ 65,735,012	\$ 70,143,863	\$ 64,041,276	\$ (6,102,587)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 700	\$ 700	\$ 20	\$ (680)
Total revenue from use of money and property	\$ 700	\$ 700	\$ 20	\$ (680)
Miscellaneous:				
Miscellaneous	\$ 20,000	\$ 134,286	\$ 164,886	\$ 30,600
Other reimbursements and recoveries	366,174	246,174	335,448	89,274
Total miscellaneous	\$ 386,174	\$ 380,460	\$ 500,334	\$ 119,874
Total revenue from local sources	\$ 386,874	\$ 381,160	\$ 500,354	\$ 119,194
Intergovernmental:				
County contribution to School Board	\$ 13,000,000	\$ 14,131,509	\$ 12,110,207	\$ (2,021,302)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,243,936	\$ 4,736,442	\$ 4,545,848	\$ (190,594)
Basic school aid	14,005,048	13,484,184	13,477,770	(6,414)
English as a second language	1,606,221	1,571,250	1,571,250	-
Textbook payments	317,957	309,989	309,938	(51)
Special education	1,378,663	1,344,113	1,343,892	(221)
Fringe benefits	2,778,943	2,725,693	2,725,244	(449)
Lottery	973,874	948,436	945,854	(2,582)
K-3 primary class size reduction	760,097	750,395	750,395	-
Prevention, intervention, and remediation	725,359	707,181	707,065	(116)
At risk	807,351	1,246,334	923,167	(323,167)
School construction	763,800	763,800	1,956,515	1,192,715
Hold harmless	-	773,367	773,367	-
Other state funds	6,969,502	4,976,879	5,597,127	620,248
Total categorical aid	\$ 35,330,751	\$ 34,338,063	\$ 35,627,432	\$ 1,289,369
Total revenue from the Commonwealth	\$ 35,330,751	\$ 34,338,063	\$ 35,627,432	\$ 1,289,369

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 359,072	\$ 359,072	\$ 402,040	\$ 42,968
Title VI - B	640,000	692,032	1,019,008	326,976
Title III	225,000	225,000	119,575	(105,425)
Education stabilization funds	1,738,056	3,828,710	2,148,950	(1,679,760)
Title II - A	72,773	72,773	196,531	123,758
Other federal assistance	52,091	52,091	457,627	405,536
Total categorical aid	\$ 3,086,992	\$ 5,229,678	\$ 4,343,731	\$ (885,947)
Total revenue from the federal government	\$ 3,086,992	\$ 5,229,678	\$ 4,343,731	\$ (885,947)
Total School Operating Fund	\$ 51,804,617	\$ 54,080,410	\$ 52,581,724	\$ (1,498,686)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 461	\$ 461
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 12,212	\$ 12,212
Miscellaneous:				
Miscellaneous	\$ 17,500	\$ 17,500	\$ 20,980	\$ 3,480
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 93,690	\$ 93,690	\$ 80,449	\$ (13,241)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 2,520,000	\$ 2,520,000	\$ 2,273,935	\$ (246,065)
Total School Cafeteria Fund	\$ 2,631,190	\$ 2,631,190	\$ 2,388,037	\$ (243,153)

CITY OF MANASSAS PARK, VIRGINIA

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Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 1,092,294	\$ 1,377,597	\$ (659,469)	\$ 1,577,177	\$ 1,257,453
Restricted	-	-	-	-	-
Unrestricted	14,051,662	(3,217,713)	(2,771,801)	(1,069,313)	(1,654,146)
Total governmental activities net position	<u>\$ 15,143,956</u>	<u>\$ (1,840,116)</u>	<u>\$ (3,431,270)</u>	<u>\$ 507,864</u>	<u>\$ (396,693)</u>
Business-type activities:					
Net investment in capital assets	\$ 5,562,531	\$ 5,080,344	\$ 4,425,297	\$ 4,757,274	\$ 5,510,752
Restricted	-	-	-	-	-
Unrestricted	8,875,134	8,364,649	9,289,985	10,612,624	11,239,410
Total business-type net position	<u>\$ 14,437,665</u>	<u>\$ 13,444,993</u>	<u>\$ 13,715,282</u>	<u>\$ 15,369,898</u>	<u>\$ 16,750,162</u>
Primary government:					
Net investment in capital assets	\$ 6,654,825	\$ 6,457,941	\$ 3,765,828	\$ 6,334,451	\$ 6,768,205
Restricted	-	-	-	-	-
Unrestricted	22,926,796	5,146,936	6,518,184	9,543,311	9,585,264
Total primary government net position	<u>\$ 29,581,621</u>	<u>\$ 11,604,877</u>	<u>\$ 10,284,012</u>	<u>\$ 15,877,762</u>	<u>\$ 16,353,469</u>

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 1,835,598	\$ 1,690,291	\$ 10,730,463	\$ 5,090,901	\$ 9,038,696
Restricted	-	-	-	1,755,311	116,143
Unrestricted	(242,532)	2,602,559	5,759,296	10,377,533	25,026,614
Total governmental activities net position	\$ <u>1,593,066</u>	\$ <u>4,292,850</u>	\$ <u>16,489,759</u>	\$ <u>17,223,745</u>	\$ <u>34,181,453</u>
Business-type activities:					
Net investment in capital assets	\$ 5,910,610	\$ 6,237,972	\$ 6,639,399	\$ 7,125,339	\$ 7,304,438
Restricted	-	-	-	110,731	-
Unrestricted	11,436,493	11,639,212	11,492,007	12,469,235	13,369,512
Total business-type net position	\$ <u>17,347,103</u>	\$ <u>17,877,184</u>	\$ <u>18,131,406</u>	\$ <u>19,705,305</u>	\$ <u>20,673,950</u>
Primary government:					
Net investment in capital assets	\$ 7,746,208	\$ 7,928,263	\$ 17,369,862	\$ 12,216,240	\$ 16,343,134
Restricted	-	-	-	1,866,042	116,143
Unrestricted	11,193,961	14,241,771	17,251,303	22,846,768	38,396,126
Total primary government net position	\$ <u>18,940,169</u>	\$ <u>22,170,034</u>	\$ <u>34,621,165</u>	\$ <u>36,929,050</u>	\$ <u>54,855,403</u>

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government administration	\$ 3,256,686	\$ 3,510,406	\$ 3,494,109	\$ 3,412,539	\$ 3,393,795	\$ 3,376,110	\$ 4,433,992	\$ 6,682,773	\$ 4,018,781	\$ 5,832,455
Judicial administration	440,062	424,601	418,957	477,386	513,265	543,362	554,513	582,085	644,959	668,655
Public safety	7,841,255	7,619,134	8,311,741	8,603,687	8,334,813	8,375,359	9,043,057	9,661,800	9,517,782	11,790,743
Public works	1,515,720	1,620,357	2,635,148	2,347,810	2,322,877	2,479,810	2,345,369	2,699,216	3,451,525	3,209,682
Health and welfare	2,845,422	2,760,795	3,509,747	3,835,012	3,888,770	3,744,925	3,993,852	4,146,666	4,575,256	5,594,424
Education	11,403,318	11,226,765	16,069,968	14,918,955	17,046,767	16,698,362	17,152,343	16,135,058	20,005,514	15,957,697
Parks, recreation, and cultural	3,406,151	3,691,420	3,918,221	4,122,190	3,818,159	3,865,018	4,237,785	3,564,600	3,826,096	5,130,364
Community development	149,703	1,769,014	254,517	532,461	467,237	404,487	533,027	613,754	5,325,829	1,050,758
Interest on long-term debt	3,892,389	7,503,698	4,744,844	4,014,767	4,058,604	3,795,080	3,049,485	3,755,429	3,642,018	3,212,224
Total governmental activities expenses	\$ 34,750,705	\$ 40,126,189	\$ 43,357,252	\$ 42,264,807	\$ 43,844,287	\$ 43,282,513	\$ 45,343,423	\$ 47,841,381	\$ 55,007,760	\$ 52,447,002
Business-type activities:										
Solid Waste Management	\$ 778,891	\$ 846,022	\$ 768,538	\$ 807,545	\$ 857,410	\$ 881,674	\$ 913,676	\$ 974,183	\$ 960,947	\$ 742,012
Storm Water	137,995	152,761	229,347	197,463	409,628	339,417	419,275	469,836	700,895	1,250,613
Water and sewer	6,370,507	6,418,896	6,635,548	6,894,305	6,418,196	7,030,609	6,995,099	7,119,654	6,810,298	7,156,746
Total business-type activities expenses	\$ 7,287,394	\$ 7,417,679	\$ 7,633,433	\$ 7,899,313	\$ 7,685,234	\$ 8,251,700	\$ 8,328,050	\$ 8,563,673	\$ 8,472,140	\$ 9,149,371
Total primary government expenses	\$ 42,038,099	\$ 47,543,867	\$ 50,990,685	\$ 50,164,120	\$ 51,529,521	\$ 51,534,213	\$ 53,671,473	\$ 56,405,054	\$ 63,479,900	\$ 61,596,373
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 193,446	\$ 346,570	\$ -	\$ -	\$ 50,800	\$ 14,616	\$ 15,056	\$ 15,182	\$ 15,485	\$ 19,412
Judicial administration	284,341	228,659	209,859	262,554	245,075	184,953	344,696	421,335	1,331,018	1,358,035
Public safety	267,502	293,905	247,265	232,007	265,599	231,326	288,535	256,309	341,177	356,203
Public works	-	-	357,787	278,451	107,796	111,264	169,371	263,888	360,351	328,570
Health and welfare	145,095	108,697	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	1,031,779	1,041,027	1,119,794	1,314,845	1,246,552	1,277,332	735,395	505,739	1,085,932	1,140,333
Community development	14,970	44,400	96,152	99,886	104,880	110,124	115,631	121,412	127,483	133,857
Operating grants and contributions	1,552,698	1,925,199	2,775,829	3,169,565	3,081,815	3,183,244	3,507,904	5,842,163	4,266,696	6,546,891
Capital grants and contributions	94,835	704,787	644,168	2,895,472	271,459	176,999	31,509	499,676	1,614,463	5,732,949
Total governmental activities program revenues	\$ 3,584,666	\$ 4,693,243	\$ 5,450,854	\$ 8,252,780	\$ 5,373,976	\$ 5,289,858	\$ 5,208,097	\$ 7,925,704	\$ 9,142,605	\$ 15,616,250
Business-type activities:										
Charges for services:										
Solid Waste Management	\$ 788,931	\$ 752,572	\$ 686,157	\$ 802,996	\$ 991,776	\$ 1,125,550	\$ 1,141,994	\$ 1,177,720	\$ 1,199,387	\$ 1,312,441
Storm Water	229,933	233,221	238,569	237,270	862,123	784,020	1,060,923	1,059,172	1,070,893	1,143,542
Water and Sewer	10,129,798	9,231,577	7,895,844	9,872,102	8,548,073	7,830,190	7,967,535	8,003,128	8,743,295	9,134,609
Grants and contributions	-	-	22,000	-	-	-	-	86,011	81,005	-
Total business-type activities program revenues	\$ 11,148,662	\$ 10,217,370	\$ 8,842,570	\$ 10,912,368	\$ 10,401,972	\$ 9,739,760	\$ 10,170,452	\$ 10,326,031	\$ 11,094,580	\$ 11,590,592
Total primary government program revenues	\$ 14,733,328	\$ 14,910,613	\$ 14,293,424	\$ 19,165,148	\$ 15,775,948	\$ 15,029,618	\$ 15,378,549	\$ 18,251,735	\$ 20,237,185	\$ 27,206,842
Net (expense) / revenue										
Governmental activities	\$ (31,166,039)	\$ (35,432,946)	\$ (37,906,398)	\$ (34,012,027)	\$ (38,470,311)	\$ (37,992,655)	\$ (40,135,326)	\$ (39,915,677)	\$ (45,865,155)	\$ (36,830,752)
Business-type activities	3,861,268	2,799,691	1,209,137	3,013,055	2,716,738	1,488,060	1,842,402	1,762,358	2,622,440	2,441,221
Total primary government net expense	\$ (27,304,771)	\$ (32,633,254)	\$ (36,697,261)	\$ (30,998,972)	\$ (35,753,573)	\$ (36,504,595)	\$ (38,292,924)	\$ (38,153,319)	\$ (43,242,715)	\$ (34,389,531)

Changes in Net Position
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 22,339,972	\$ 24,098,409	\$ 25,293,814	\$ 27,151,030	\$ 28,255,204	\$ 29,914,550	\$ 31,453,276	\$ 32,022,263	\$ 34,729,645	\$ 38,338,314
Other local taxes	4,478,885	4,752,567	4,851,707	5,543,183	5,542,658	5,669,860	6,140,250	6,561,059	7,224,965	6,707,159
Unrestricted grants and contributions	1,538,462	2,357,913	2,216,212	2,240,002	2,210,021	2,199,435	2,151,043	2,161,142	2,102,989	1,994,075
Unrestricted revenues from use of money and property	134,713	514,342	93,395	52,715	47,270	107,715	645,697	72,321	24,256	933,933
Miscellaneous	7,134,984	2,388,347	2,862,709	1,356,214	2,202,896	947,236	1,006,978	798,332	1,209,348	994,883
Gain on sale of capital assets	-	-	-	-	-	-	-	7,318,765	247	3,191,389
Transfers	890,228	1,141,487	997,407	1,608,017	1,389,308	1,143,618	1,437,866	1,377,837	1,408,478	1,628,707
Total governmental activities	\$ 36,517,244	\$ 35,253,065	\$ 36,315,244	\$ 37,951,161	\$ 39,647,357	\$ 39,982,414	\$ 42,835,110	\$ 50,311,719	\$ 46,699,928	\$ 53,788,460
Business-type activities:										
Miscellaneous	\$ -	\$ -	\$ 58,501	\$ 249,498	\$ 151,850	\$ 252,211	\$ 125,343	\$ 40,824	\$ 359,914	\$ 156,105
Unrestricted revenues from use of money and property	2,591	-	58	80	178	288	202	22	23	26
Transfers	(890,228)	(1,141,487)	(997,407)	(1,608,017)	(1,389,308)	(1,143,618)	(1,437,866)	(1,377,837)	(1,408,478)	(1,628,707)
Total business-type activities	\$ (887,637)	\$ (1,141,487)	\$ (938,848)	\$ (1,358,439)	\$ (1,237,280)	\$ (891,119)	\$ (1,312,321)	\$ (1,336,991)	\$ (1,048,541)	\$ (1,472,576)
Total primary government	\$ 35,629,608	\$ 34,111,578	\$ 35,376,396	\$ 36,592,722	\$ 38,410,077	\$ 39,091,295	\$ 41,522,789	\$ 48,974,728	\$ 45,651,387	\$ 52,315,884
Change in Net Position										
Governmental activities	\$ 5,351,205	\$ (179,880)	\$ (1,591,154)	\$ 3,939,134	\$ 1,177,046	\$ 1,989,759	\$ 2,699,784	\$ 10,396,042	\$ 834,773	\$ 16,957,708
Business-type activities	2,973,632	1,658,204	270,289	1,654,616	1,479,458	596,941	530,081	425,367	1,573,899	968,645
Total primary government	\$ 8,324,837	\$ 1,478,324	\$ (1,320,865)	\$ 5,593,750	\$ 2,656,504	\$ 2,586,700	\$ 3,229,865	\$ 10,821,409	\$ 2,408,672	\$ 17,926,353

CITY OF MANASSAS PARK, VIRGINIA

Table 3
Page 1 of 2

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ 109,084	\$ 179,974	\$ 191,146
Restricted	-	-	-	-	-
Committed	-	-	1,095,863	-	-
Assigned	5,071,294	4,353,131	-	-	-
Unassigned	<u>2,251,715</u>	<u>(239,548)</u>	<u>982,760</u>	<u>4,143,244</u>	<u>5,439,473</u>
Total general fund	<u>\$ 7,323,009</u>	<u>\$ 4,113,583</u>	<u>\$ 2,187,707</u>	<u>\$ 4,323,218</u>	<u>\$ 5,630,619</u>
All other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ 1,751	\$ 839,044	\$ 47,636
Assigned	2,078,311	796,192	-	-	-
Committed	-	-	3,465,785	2,953,606	3,715,518
Unassigned, reported in:					
Capital projects funds	3,279,419	2,555,127	(2,139,769)	(3,742,190)	(4,363,045)
General Fund	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,357,730</u>	<u>\$ 3,351,319</u>	<u>\$ 1,327,767</u>	<u>\$ 50,460</u>	<u>\$ (599,891)</u>

CITY OF MANASSAS PARK, VIRGINIA

Table 3
Page 2 of 2Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 202,546	\$ 174,179	\$ 78,390	\$ 64,490	\$ 261,172
Restricted	-	-	-	3,863	28,318
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	5,838,880	8,164,920	10,911,937	15,299,063	19,267,035
Total general fund	<u>\$ 6,041,426</u>	<u>\$ 8,339,099</u>	<u>\$ 10,990,327</u>	<u>\$ 15,367,416</u>	<u>\$ 19,556,525</u>
All other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ 9,968	\$ 9,698	\$ -
Assigned	-	-	-	-	-
Committed	3,547,376	3,688,896	32,584,018	8,449,031	9,022,339
Unassigned, reported in:					
Capital projects funds	(4,123,063)	(4,120,892)	-	-	-
General Fund	-	-	-	-	-
Total all other governmental funds	<u>\$ (575,687)</u>	<u>\$ (431,996)</u>	<u>\$ 32,593,986</u>	<u>\$ 8,458,729</u>	<u>\$ 9,022,339</u>

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018
Revenues:					
General property taxes	\$ 22,339,972	\$ 24,098,409	\$ 25,056,546	\$ 26,884,651	\$ 28,202,325
Other local taxes	4,478,885	4,752,567	4,851,707	5,543,183	5,542,658
Permits, privilege fees and regulatory licenses	193,446	346,570	359,877	281,011	161,106
Fines and forfeitures	284,341	228,659	209,522	262,165	244,775
Revenue from use of money and property	134,713	514,342	93,395	52,715	47,270
Charges for services	1,459,346	1,488,028	1,461,458	1,644,567	1,614,821
Miscellaneous	7,134,984	2,388,347	2,862,709	1,080,788	2,202,896
Recovered costs	19,643	-	-	-	-
Intergovernmental:					
Commonwealth	3,134,473	5,071,100	4,753,555	5,563,329	4,592,414
Federal	752,956	29,584	882,654	2,741,710	970,881
Total revenues	\$ 39,932,760	\$ 38,917,606	\$ 40,531,423	\$ 44,054,119	\$ 43,579,146
Expenditures:					
General government administration	\$ 3,036,165	\$ 3,106,395	\$ 3,745,225	\$ 3,355,199	\$ 3,354,651
Judicial administration	413,760	424,601	418,957	477,386	513,265
Public safety	7,485,424	7,619,134	8,793,006	9,138,160	8,451,367
Public works	1,425,129	1,620,357	3,978,948	5,012,098	1,904,503
Health and welfare	2,675,359	2,760,795	3,479,493	4,034,451	3,989,987
Education	10,721,772	11,226,765	13,016,385	11,527,708	12,138,881
Parks, recreation, and cultural	3,202,575	3,691,420	3,555,956	3,675,348	3,360,738
Community development	140,755	219,906	253,044	566,579	491,873
Capital projects	1,515,845	1,769,014	-	-	-
Debt service:					
Principal	1,463,813	2,298,633	4,204,532	4,223,100	6,336,589
Interest and other fiscal charges	4,172,838	5,205,065	4,759,334	4,250,359	4,064,682
Total expenditures	\$ 36,253,435	\$ 39,942,083	\$ 46,204,880	\$ 46,260,388	\$ 44,606,536
Excess of revenues over (under) expenditures	\$ 3,679,325	\$ (1,024,477)	\$ (5,673,457)	\$ (2,206,269)	\$ (1,027,390)
Other financing sources (uses):					
Transfers in	\$ 9,633,334	\$ 15,852,887	\$ 10,608,836	\$ 10,588,062	\$ 12,181,948
Transfers (out)	(8,993,962)	(14,711,400)	(9,611,429)	(8,980,045)	(10,792,640)
Premium on bonds issued	-	-	264,671	-	-
Payment to refunded bond escrow agent	-	-	(10,914,582)	(23,581,666)	-
Issuance of long-term debt	-	-	10,775,000	23,840,000	-
Issuance of leases	-	-	292,783	922,696	213,974
Sale of capital assets	-	-	308,750	275,426	-
Total other financing sources (uses)	\$ 639,372	\$ 1,141,487	\$ 1,724,029	\$ 3,064,473	\$ 1,603,282
Net changes in fund balances	\$ 4,318,697	\$ 117,010	\$ (3,949,428)	\$ 858,204	\$ 575,892
Debt service as a percentage of noncapital expenditures	16.00%	19.17%	20.82%	20.48%	25.37%

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2019	2020	2021	2022	2023
Revenues:					
General property taxes	\$ 29,613,116	\$ 31,050,759	\$ 32,244,594	\$ 34,953,892	\$ 37,790,421
Other local taxes	5,669,860	6,140,250	6,561,059	7,224,965	6,707,159
Permits, privilege fees and regulatory licenses	146,130	221,882	301,300	392,352	367,389
Fines and forfeitures	184,569	344,323	420,958	1,330,635	1,357,734
Revenue from use of money and property	107,715	645,697	72,321	24,256	933,933
Charges for services	1,598,916	1,102,479	861,607	1,538,459	1,611,287
Miscellaneous	947,236	814,128	798,332	1,101,998	1,014,408
Recovered costs	-	-	-	-	-
Intergovernmental:					
Commonwealth	4,550,370	4,421,748	5,034,331	4,735,970	5,726,381
Federal	1,009,308	1,268,708	3,468,650	3,248,178	8,532,564
Total revenues	\$ 43,827,220	\$ 46,009,974	\$ 49,763,152	\$ 54,550,705	\$ 64,041,276
Expenditures:					
General government administration	\$ 3,342,495	\$ 4,132,347	\$ 6,612,597	\$ 28,059,388	\$ 11,743,197
Judicial administration	543,362	554,513	582,085	644,959	668,655
Public safety	8,477,920	8,280,131	8,551,454	10,244,455	12,172,494
Public works	1,911,342	2,144,044	9,753,068	4,220,256	7,963,225
Health and welfare	3,828,012	3,913,204	4,043,752	4,684,637	5,642,547
Education	11,878,310	11,863,141	11,734,577	13,263,132	13,707,889
Parks, recreation, and cultural	3,370,727	3,658,120	3,045,551	3,832,438	4,865,065
Community development	422,119	521,149	583,111	959,759	1,083,226
Capital projects	-	-	-	-	-
Debt service:					
Principal	7,381,604	7,295,199	6,649,410	7,117,967	6,312,440
Interest and other fiscal charges	3,806,544	3,718,845	4,201,670	4,219,345	3,763,032
Total expenditures	\$ 44,962,435	\$ 46,080,693	\$ 55,757,275	\$ 77,246,336	\$ 67,921,770
Excess of revenues over (under) expenditures	\$ (1,135,215)	\$ (70,719)	\$ (5,994,123)	\$ (22,695,631)	\$ (3,880,494)
Other financing sources (uses):					
Transfers in	\$ 13,266,455	\$ 12,649,614	\$ 12,316,507	\$ 15,199,907	\$ 19,031,007
Transfers (out)	(12,122,837)	(11,211,748)	(10,938,670)	(13,791,429)	(17,402,300)
Premium on bonds issued	-	4,259,640	4,157,258	56,249	-
Payment to refunded bond escrow agent	-	(35,290,606)	-	(2,637,974)	-
Issuance of long-term debt	-	31,460,000	27,130,000	2,675,000	2,576,000
Issuance of leases	426,608	452,333	306,238	1,330,980	1,628,236
Sale of capital assets	-	192,850	8,700,000	105,000	2,800,000
Total other financing sources (uses)	\$ 1,570,226	\$ 2,512,083	\$ 41,671,333	\$ 2,937,733	\$ 8,632,943
Net changes in fund balances	\$ 435,011	\$ 2,441,364	\$ 35,677,210	\$ (19,757,898)	\$ 4,752,449
Debt service as a percentage of noncapital expenditures	25.33%	24.50%	23.02%	22.72%	18.85%

Assessed Value and Estimated Actual Value of Taxable Property (in thousands)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service ⁽¹⁾	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2023	\$ 2,345,729	\$ 228,373	\$ 417	\$ 30,401	\$ 2,604,919	\$ 2,604,919	100%	1.71
2022	2,162,602	181,223	701	36,583	2,381,110	2,381,110	100%	1.71
2021	1,909,461	166,888	982	29,510	2,106,840	2,106,840	100%	1.71
2020	1,775,768	160,028	1,265	28,597	1,965,659	1,965,659	100%	1.71
2019	1,717,178	149,864	1,002	29,893	1,897,936	1,897,936	100%	1.71
2018	1,625,686	149,864	1,002	27,667	1,804,219	1,804,219	100%	1.72
2017	1,526,753	145,244	1,080	25,220	1,698,297	1,698,297	100%	1.73
2016	1,472,036	144,010	1,103	25,453	1,642,601	1,642,601	100%	1.72
2015	1,332,539	134,539	1,063	26,531	1,494,672	1,494,672	100%	1.73
2014	1,210,409	113,067	1,107	26,021	1,350,604	1,350,604	100%	1.81

⁽¹⁾ Assessed values are established by the State Corporation Commission
Source: Manassas Park Commissioner of Revenue

2023	90.05%	8.77%	0.02%	1.17%	100.00%
2022	90.82%	7.61%	0.03%	1.54%	100.00%
2021	90.63%	7.92%	0.05%	1.40%	100.00%
2020	90.34%	8.14%	0.06%	1.45%	100.00%
2019	90.48%	7.90%	0.05%	1.58%	100.00%
2018	90.10%	8.31%	0.06%	1.53%	100.00%
2017	89.90%	8.55%	0.06%	1.49%	100.00%
2016	89.62%	8.77%	0.07%	1.55%	100.00%
2015	89.15%	9.00%	0.07%	1.78%	100.00%
2014	89.62%	8.37%	0.08%	1.93%	100.00%

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service
2023	\$ 1.45	\$ 3.00	\$ 3.50	\$ 1.53
2022	1.53	3.50	3.50	1.53
2021	1.55	3.50	3.50	1.55
2020	1.55	3.50	3.50	1.55
2019	1.55	3.50	3.50	1.55
2018	1.55	3.50	3.50	1.55
2017	1.55	3.50	3.50	1.55
2016	1.55	3.50	3.50	1.55
2015	1.55	3.50	3.50	1.55
2014	1.65	3.50	3.50	1.65

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2023	\$ 1.45	\$ 3.00	\$ 3.50	\$ 3.50
2022	1.53	3.50	3.50	3.50
2021	1.55	3.50	3.50	3.50
2020	1.55	3.50	3.50	3.50
2019	1.55	3.50	3.50	3.50
2018	1.55	3.50	3.50	3.50
2017	1.55	3.50	3.50	3.50
2016	1.55	3.50	3.50	3.50
2015	1.55	3.50	3.50	3.50
2014	1.65	3.50	3.50	3.50

⁽¹⁾ Per \$100 of assessed value

Source: Manassas Park Commissioner of Revenue

Principal Property Taxpayers - Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2023	
	Assessed Valuation	% of Total Assessed Valuation
PARK STATION LLC	\$ 86,641,000	3.69%
PP PALISADES INVESTORS LLC	79,766,400	3.40%
SCHOOL BOARD CITY OF MANASSAS PARK	43,774,300	1.87%
MANASSAS PARK CITY SCHOOL BOARD	40,792,700	1.74%
GH CITY CENTER LLC	33,095,200	1.41%
GH CITY CENTER LLC	32,633,900	1.39%
CITY OF MANASSAS PARK	31,836,900	1.36%
MANASSAS PARK APARTMENTS LLC	23,022,000	0.98%
CENTRUM-MANASSAS PARK LIMITED PARTN	20,872,000	0.89%
JERAX ENTERPRISES	12,008,700	0.51%
Total	<u>\$ 404,443,100</u>	<u>17.24%</u>

Taxpayer	Fiscal Year 2014	
	Assessed Valuation	% of Total Assessed Valuation
Harverhill LLC	\$ 55,750,000	4.61%
Reiv Hotel LLC	45,857,200	3.79%
Centrum - Manassas Park	16,950,000	1.40%
Jerax Enterprises	8,000,000	0.66%
Oxford Palisades Apartments, LLC	7,296,000	0.60%
HCW Conner Center LLC	5,787,600	0.48%
Twenty-two SAC Self-Storage Corp.	4,765,600	0.39%
The Sills Famil Ltd. Partnership	4,388,200	0.36%
RPC of Manassas Park LLC	4,001,600	0.33%
Charles & J.M. Leopold	3,756,700	0.31%
Total	<u>\$ 156,552,900</u>	<u>12.95%</u>

Property Tax Levies and Collections
Last Ten Fiscal 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	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 31,389,617	\$ 30,566,554	97.38%	\$ 184,337	\$ 30,750,891	97.97%
2022	29,143,484	28,406,145	97.47%	192,543	28,598,688	98.13%
2021	27,085,883	26,625,956	98.30%	175,942	26,801,898	98.95%
2020	26,152,611	25,271,259	96.63%	337,536	25,608,794	97.92%
2019	25,198,128	24,435,219	96.97%	214,809	24,650,027	97.82%
2018	25,471,926	24,054,559	94.44%	178,451	24,233,010	95.14%
2017	23,664,664	22,421,679	94.75%	653,940	23,075,618	97.51%
2016	22,816,550	22,255,426	97.54%	561,125	22,816,551	100.00%
2015	23,468,509	22,997,577	97.99%	399,027	23,396,604	99.69%
2014	22,510,377	21,855,905	97.09%	456,338	22,312,243	99.12%

Source: Manassas Park Treasurer's Collection

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities			Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Lease Revenue Bonds	Literary Fund Loans	Lease Liabilities	Notes Payable	General Obligations Bonds	Notes Payable	Total Primary Government		
2023	\$ 59,178,808	\$ 30,829,918	\$ 7,065,000	\$ 2,083,157	\$ 2,723,808	\$ 7,607,179	\$ -	\$ 109,487,870	17.24%	\$ 6,440
2022	65,388,826	31,035,208	7,130,000	1,239,034	245,306	8,508,191	-	113,546,565	18.75%	\$ 6,678
2021	72,648,729	31,240,498	7,195,000	-	688,889	9,658,272	-	121,431,388	20.54%	\$ 7,052
2020	79,950,190	-	7,255,000	-	842,417	10,771,454	56,003	98,875,064	18.00%	5,657
2019	86,683,222	-	7,315,000	-	741,916	11,863,539	110,564	106,714,241	21.78%	6,166
2018	94,356,847	-	7,370,000	-	712,658	12,927,842	163,722	115,531,069	23.58%	6,990
2017	101,117,151	-	7,400,000	-	844,868	13,965,824	215,513	123,543,356	25.81%	7,446
2016	104,128,386	-	7,500,000	-	461,760	14,944,488	-	127,034,634	27.82%	8,026
2015	107,165,329	-	625,000	-	357,721	14,040,000	-	122,188,050	17.40%	7,760
2014	109,463,962	-	625,000	-	-	14,040,000	-	124,128,962	17.88%	8,180

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13.

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Literary Fund Loans	Gross Bonded Debt	Less Amounts Reserved for Debt Service (4)	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2023	\$ 66,785,987	\$ 7,065,000	\$ 73,850,987	\$ 435,910	\$ 73,415,077	2.82%	\$ 4,318
2022	73,897,017	7,130,000	81,027,017	382,385	80,644,632	3.39%	4,743
2021	82,307,001	7,195,000	89,502,001	342,163	89,159,838	4.22%	\$ 5,178
2020	90,721,644	7,255,000	97,976,644	334,280	97,642,364	4.97%	5,587
2019	98,546,761	7,315,000	105,861,761	331,683	105,530,078	5.56%	6,098
2018	107,284,689	7,370,000	114,654,689	342,116	114,312,573	6.34%	6,916
2017	115,082,975	7,400,000	122,482,975	309,413	122,173,562	7.19%	7,364
2016	119,072,874	7,500,000	126,572,874	249,609	126,323,265	7.69%	7,982
2015	121,205,329	625,000	94,565,329	-	94,565,329	6.35%	6,023
2014	123,503,962	625,000	96,653,962	-	96,653,962	7.16%	6,370

Sources:

- (1) Population data can be found in the table of Demographic and Economic Statistics - Table 13.
- (2) See the table of Assessed Value and Estimated Actual Value of Taxable Property - Table 5.
- (3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and excludes revenue bonds, capital leases, and compensated absences.
- (4) Committed fund balance of the debt service fund.

Legal Debt Margin Information (in thousands)
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 123,643	\$ 135,907	\$ 164,260	\$ 169,830	\$ 180,422	\$ 189,794	\$ 196,566	\$ 211,391	\$ 238,111	\$ 260,492
Total net debt applicable to limit	<u>96,654</u>	<u>94,565</u>	<u>126,323</u>	<u>122,174</u>	<u>114,313</u>	<u>105,530</u>	<u>97,642</u>	<u>89,160</u>	<u>80,645</u>	<u>73,415</u>
Legal debt margin	\$ <u>26,989</u>	\$ <u>41,342</u>	\$ <u>37,937</u>	\$ <u>47,656</u>	\$ <u>66,109</u>	\$ <u>84,264</u>	\$ <u>98,924</u>	\$ <u>122,231</u>	\$ <u>157,466</u>	\$ <u>187,077</u>
Total net debt applicable to the limit as a percentage of the debt limit	78.17%	69.58%	76.90%	71.94%	63.36%	55.60%	49.67%	42.18%	33.87%	28.18%
Assessed value										\$ 2,604,919
Debt limit (10% of total assessed value)										\$ 260,492
Net debt applicable to limit										<u>73,415</u>
Legal debt margin										\$ <u>187,077</u>

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Bonds							
Fiscal Year	Water & Sewer Activities			Debt Service			Debt Service Coverage
	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest	Total Debt Service	
2023	\$ 9,290,740	\$ 4,346,027	\$ 4,944,713	\$ 815,597	\$ 321,945	\$ 1,137,542	4.35
2022	9,184,237	3,829,586	5,354,651	1,055,000	326,582	1,381,582	3.88
2021	8,129,985	4,124,684	4,005,301	1,037,399	405,685	1,443,084	2.78
2020	8,093,080	4,094,312	3,998,768	979,308	440,929	1,420,237	2.82
2019	8,082,689	4,105,633	3,977,056	943,110	474,095	1,417,205	2.81
2018	8,700,101	3,499,036	5,201,065	906,911	513,565	1,420,476	3.66
2017	10,121,686	4,105,860	6,015,826	839,010	547,376	1,386,386	4.34
2016	7,954,359	3,874,001	4,080,358	637,178	552,026	1,189,204	3.43
2015	9,231,577	5,768,980	3,492,596	-	-	-	1.00
2014	10,129,798	564,199	4,465,599	-	170,976	170,976	26.12

N/M= Not meaningful

(1) Includes all revenues

(2) Total operating expenses exclusive of depreciation

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income (1)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2023	17,002	\$ 635,245,726	\$ 37,363	3,434	2.50%
2022	17,002	605,577,236	35,618	3,508	2.40%
2021	17,219	591,059,394	34,326	3,421	4.30%
2020	17,478	549,158,760	31,420	3,641	9.90%
2019	17,307	512,996,787	29,641	3,724	2.10%
2018	16,528	489,906,448	29,641	3,724	2.70%
2017	16,591	478,666,941	28,851	3,588	3.40%
2016	15,827	456,624,777	28,851	3,443	3.90%
2015	15,625	440,062,500	28,164	3,359	4.40%
2014	14,992	420,585,568	28,054	3,216	4.50%

Source: Weldon Cooper Center, Virginia Employment Commission, Annual School Report

Source for School Enrollment: Virginia Department of Education

http://www.doe.virginia.gov/statistics_reports/enrollment/fall_membership/report_data.shtml

June 30, 2023
Principal Employers

Rank	Employer	Rank
1	Realtime Peo II, LLC	1
2	Manassas Park City School Board	2
3	City of Manassas Park	3
4	Labor ReadyMid-Atlantic, Inc.	4
5	C.W. Strittmatter, Inc.	5
6	Capital Executive Limousine Service	6
7	Atlas Plumbing LLC	7
8	Patriot Disposal Inc.	8
9	QMT Associates	9
10	James River Equipment	10

Source: infogroup

Full-time Equivalent City Government Employees by Function
Last Five Fiscal Years

Function/Program	2017	2018	2019	2020	2021	2022	2023
City Attorney/Clerk/Council/Electoral Board	2	2	2	2	4	5	5
General overnment							
Management Services & Economic Development	3	3	3	3	4	6	8
Finance	7	7	7	7	5	6	6
Human Resources	1	1	1	1	1	3	2
Information Technology	3	3	3	3	4	5	6
Police							
Officers	42.5	42.5	42.5	42.5	35	40	41
Fire							
Firefighters and officers	29	29	29	29	33	30	28
Emergency Operations	N/A	N/A	N/A	N/A	8	8	8
Social Services	17	17	17	17	20	22	16
Community Development & Public Works	26.5	26.5	26.5	26.5	31	31	37
Engineering / staff							
Parks and recreation							
Staff	16	16	16	16	18	18	17
Treasurer's Office ^a	6	6	6	6	5	6	6
Registrar's Office	2	2	2	2	2	3	3
Commissioner of Revenue	4	4	4	4	4	6	5
Totals	<u>159</u>	<u>159</u>	<u>159</u>	<u>159</u>	<u>174</u>	<u>189</u>	<u>188</u>

^aThe Treasurer's Office began the hiring of additional tellers in 2019 to staff collection positions.

Source: City Records

Note: Information is only available for the last four fiscal years.

Capital Asset and Operating Indicators
Last Four Fiscal Years

Function	2020	2021	2022	2023
Number of Computers				
General government	10	16	17	17
Commissioner of Revenue	4	5	4	4
Finance Department	10	12	12	6
Registrar's Office	3	3	3	3
Treasurer's Office	7	7	6	6
Police department	95	95	95	95
Parks and recreation	41	41	36	36
Fire Department	17	21	17	17
Social Services	3	3	3	3
Public works	25	25	17	17
Information Technology	4	4	5	5
Emergency Operations Center	4	4	-	-
Library	N/A	16	56	56
Purchased Laptops	N/A	26	13	13
Spares	6	22	4	4
Total	229	300	288	282

Note: Information is only available for the last three years.



**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 City Council
City of Manassas Park, 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 unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Manassas Park, Virginia's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Manassas Park, 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 Park, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas Park, 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 Park, 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 12, 2023



**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 City Council
City of Manassas Park, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Manassas Park, 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 Park, Virginia's major federal programs for the year ended June 30, 2023. City of Manassas Park, 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 Park, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Park, Virginia 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 Park, 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 Park, 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 Park, 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 Park, 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 Park, 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 Park, 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 Park, 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.

Report on Internal Control over Compliance: (Continued)

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.

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 12, 2023

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
<u>Direct payments:</u>			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 1,028,628
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice Services: Edward Byrne memorial justice assistance grant program	16.738	120571	\$ 1,902
Total Department of Justice			\$ 1,030,530
DEPARTMENT OF TRANSPORTATION:			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles: Alcohol open container requirements	20.607	ENFAL-2023-53115/ 154AL-22-52072	\$ 1,910
Highway Safety Cluster: State and community highway safety	20.600	BPT-2023-53246/ FSC-22-52185/	17,880
Total Highway Safety Cluster			\$ 17,880
Total Department of Transportation			\$ 19,790
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass through payments:</u>			
Virginia Department of Emergency Management: COVID-19 - Disaster grants - public assistance (presidentially declared disasters)	97.036	118558/116792	73,967
Emergency management performance grants	97.042	120355	\$ 9,680
Total Department of Homeland Security			\$ 83,647
DEPARTMENT OF THE TREASURY:			
<u>Pass through payments:</u>			
Virginia Department of Accounts: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	12110	\$ 5,988,658
Virginia Department of Social Services: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	8,622
Virginia Department of Education: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	342,047
Total 21.019			\$ 6,339,327
Total Department of the Treasury			\$ 6,339,327
DEPARTMENT OF AGRICULTURE:			
<u>Pass Through Payments:</u>			
Total Department of Agriculture			\$ 441,092
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass Through Payments:</u>			
Virginia Department of Education: COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis response	93.354	NU90TP922153	\$ 42,500
Virginia Department of Social Services: Temporary assistance for needy families	93.558	0400122/0400123	\$ 107,042
CCDF Cluster: Child care mandatory and matching funds of the child care and development fund	93.596	0760122/0760123	\$ 24,391
COVID-19 - child care and development block grant	93.575	Not Available	62,535
Total CCDF Cluster			\$ 86,926
Medicaid Cluster: Medical assistance program	93.778	1200122/1200123	\$ 224,517
Total Medicaid Cluster			\$ 224,517

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2023 (Continued)

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)			
Guardianship assistance	93.090	1110123/1110122	89
Title IV-E prevention program	93.472	1140122/1140123	3,435
Adoption and legal guardianship incentive payments	93.603	1130120	482
Foster care-title IV-E	93.658	110022/01100123	273,195
Adoption assistance	93.659	1120122/1120123	49,486
Mary Lee Allen safe and stable families program	93.556	0950121/0950122	45,434
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500122/0500123	420
Low-income home energy assistance	93.568	0600422/0600423	18,977
Social services block grant	93.667	1000122/1000123	147,129
Stephanie Tubbs Jones child welfare services program	93.645	0900121/0900122	85
John H. Chafee foster care program for successful transition to adulthood	93.674	9150121/9150122	1,028
COVID-19 - elder abuse prevention intervention program	93.747	8000221/8000221	200
Children's health insurance program	93.767	0540122/0540123	1,780
Total Department of Health and Human Services			\$ 1,002,725
DEPARTMENT OF AGRICULTURE:			
Virginia Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010123/0010122 0040123/0040122	\$ 441,092
Total SNAP Cluster			\$ 441,092
Pass through payments:			
COVID-19 - EBT administrative cost grants	10.649	202222S900941	\$ 3,135
Child and Adult Care Food Program (CACFP)	10.558	202323N119941/ 202222N119941	2,400
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food distribution - national school lunch program	10.555	202323N119941	\$ 163,688
Virginia Department of Education:			
National school lunch program	10.555	202323N119941/ 202222N119941	1,543,743
Total 10.555			\$ 1,707,431
Virginia Department of Agriculture and Consumer Services:			
Summer Food Service Program for Children	10.559	202121N119941	11,028
School breakfast program	10.553	202323N119941/ 202222N119941	549,941
Total Child Nutrition Cluster			\$ 2,268,400
Total Department of Agriculture			\$ 2,715,027
DEPARTMENT OF EDUCATION:			
Virginia Department of Education:			
Title I grants to local educational agencies	84.010	S010A220046/ S010A210046	\$ 402,040
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A210107/ H027A220107	1,019,008
Special education - preschool grants	84.173	H173A220112/ H173A210112	13,059
Total Special Education Cluster (IDEA)			\$ 1,032,067
COVID-19 Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D210008	\$ 776,363
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008	1,372,587
Total Education Stabilization Fund			\$ 2,148,950
English language acquisition state grants	84.365	S365A220046/ S365A210046	\$ 119,575
Supporting Effective Instruction State Grants	84.367	S367A220043/ S367A210043	196,531
Career and technical education - basic grants to states	84.048	V048A220046/ V048A210046	60,021
Total Department of Education			\$ 3,959,184
Total Expenditures of Federal Awards			\$ 15,150,230

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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 Park, Virginia under programs of the federal government for the year ended June 30, 2023. 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 Park, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Manassas Park, Virginia.

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 did not elect to use the 10% de minimis indirect cost rate.

(4) The City did not pass any federal awards through to sub-recipients during the year ended June 30, 2023.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 8,032,564
Capital Projects Fund	<u>500,000</u>
Total primary government	<u>\$ 8,532,564</u>
Component Unit School Board:	
School Operating Fund	\$ 4,343,731
School Cafeteria Fund	<u>2,273,935</u>
Total component unit school board	<u>\$ 6,617,666</u>
Total federal expenditures per basic financial statements	<u>\$ 15,150,230</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 15,150,230</u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) 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)?

Identification of major .510 programs: NO

Assistance Listing	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Fund
16.710	Public Safety Partnership and Community Policing Grants
10.555/10.553/10.559	Child Nutrition Cluster

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

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

There are no federal award findings and questioned costs to report.

Section IV - Prior Audit Findings

There were no prior audit findings.