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Manassas
1873-2023

**Annual Comprehensive
Financial Report**

for fiscal year ended June 30, 2023

City of Manassas, Virginia

CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**CITY OF MANASSAS, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



Prepared By:

**City of Manassas, Virginia
Finance Department**

CITY OF MANASSAS, VIRGINIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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City of Manassas, Virginia

CITY COUNCIL

Michelle Davis-Younger, Mayor
Pamela J. Sebesky, Vice Mayor

Theresa Coates Ellis
Tom Osina
Sonia Vasquez Luna

Ralph J. Smith
Mark D. Wolfe

CITY MANAGER

William Patrick Pate

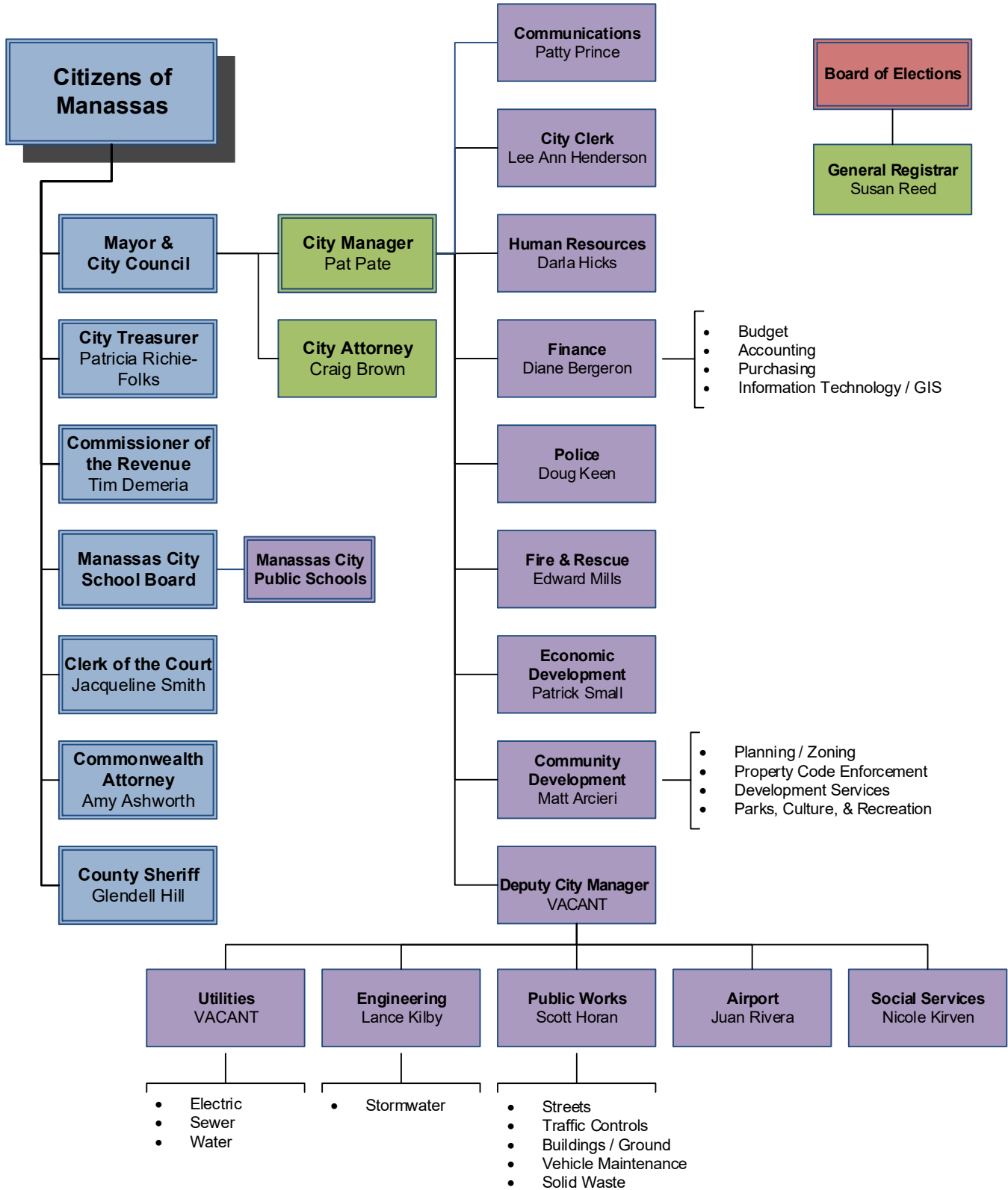
MANASSAS CITY PUBLIC SCHOOLS SCHOOL BOARD

Suzanne W. Seaberg, Chair
Lisa A. Stevens, Vice Chair
Christina Brooks
Sara Brescia
Carl Hollingsworth
Jill Spall
Robyn R. Williams

SUPERINTENDENT OF SCHOOLS

Dr. Kevin Newman

CITY ORGANIZATIONAL CHART





November 21, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Manassas, Virginia, (the City) for the fiscal year ended June 30, 2023, is hereby submitted. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the governing body by December 15. This report is published to fulfill that requirement.

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

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. **The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2023.** The independent auditor's report is located at the front of the Financial Section of the ACFR.

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

Profile of the City

The City of Manassas is a community of approximately 42,642 residents located in Northern Virginia within the Washington, D. C. Metropolitan Statistical Area. Surrounded by Prince William County, the City is thirty miles southwest of the Nation's Capital and encompasses a land area of ten square miles. The Town of Manassas received its charter in 1873 and operated as a town in Prince William County until May 1, 1975, when it became an independent City of the Commonwealth of Virginia. The City is a regional employment and activity center with a strong employment base in advanced manufacturing, technology, defense contracting, and healthcare. Manassas is a transportation, economic, and cultural hub built around a thriving historic downtown established near a strategic railroad junction.

Governmental Organization

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

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

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

The Economic Development Authority (EDA) of the City of Manassas, Virginia, is a political subdivision of the Commonwealth of Virginia that was originally established as The Industrial Development Authority of the Town of Manassas, Virginia in 1972, under the Industrial Development and Revenue Bond Act. In fiscal year 2017, certain criteria were met under Generally Accepted Accounting Principle (GASB) 14, that required the City to report the EDA as a component unit in the comprehensive annual financial reports. There are no other entities in the report.

Operations of the City

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

In the fiscal year 2023 budget, the City Council included a 3% increase in the annual appropriation for the Schools, resulting in a total budget of \$63,142,300, which includes \$6,140,400 that was placed into debt reserve to fund present and future school capital needs.

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

by June 30 for the fiscal year beginning July 1. The MCPS budget is appropriated and controlled at the total budget level. The City's appropriated operating budget is controlled at the fund level and annual Capital Improvement Plan (CIP) budget is controlled at the total annual appropriation level.

Local Economy and Long-term Financial Planning

In fiscal year 2023, the City continued a pattern of economic growth and stability. However, the COVID-19 pandemic, supply chain problems, and increased inflation with economists warning of the potential for a slight recession, have created the need for caution in long-term financial planning.

The taxable real estate assessed values for the 2023 tax year (values as of January 1, 2022) increased 9.65%; the average residential assessment increased 12.1% and the average commercial assessment increased 4.7%. Residential assessment increases were due largely to the strong real estate market brought on by the increase in remote-work, historically low mortgage rates through the beginning of 2022, and the attractiveness of the local market due to business investments in the area, such as the ongoing \$3 billion Micron semiconductor plant improvements. The 2023 residential / commercial assessment ratio is 68.1 / 31.9, a slight increase from the 2022 ratio of 66.6 / 33.4. Combined general property tax revenues among all classes of properties increased 5.8% in fiscal year 2023 (\$5.8 million), due to increased assessments for both real and personal property, despite a drop in the real property tax rate. Other local tax revenues saw a small decrease of 1.2% in 2023 (\$329,019). Recordation taxes were down 40% as mortgage rates rose and home sales slowed, offset primarily by a 5.3% increase in meals tax. Further evidence of the economic stability can be seen in the City's unemployment rate, which decreased from 2.7% in June 2022 to 2.5% in June 2023; this rate is below the national rate of 3.8%.

In May 2021, Standard & Poor's affirmed the City's general obligation bond rating of AAA with a stable outlook and in June 2021, Moody's affirmed their Aa1 bond rating for the City. Bond ratings were updated prior to the issuance of \$52.3 million in general obligation public improvement and refunding bonds just after the close of fiscal year 2021.

Relevant Financial Policies and Major Initiatives

City Council has adopted comprehensive financial policies to ensure City assets and resources are prudently safeguarded and properly accounted for, to manage City finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. Per City policy, one-time revenues and one-time expenditure savings are to be used for non-recurring expenditures rather than ongoing operations. In March 2021, the City's fund balance policy was modified to maintain an unassigned general fund balance of no less than 15% of actual general fund operating revenues; the percentage may be increased at City Staff's discretion.

At the end of the fiscal year, the unassigned general fund balance was \$29,876,172, which represents 20% and is within the policy guidelines.

In order to deliver better services and facilities to the community, the City's five-year capital improvement plan includes several major projects for customer service, culture and recreation and public safety, and transportation mobility and utility infrastructure improvements, and other parks, culture and recreation initiatives. The projects include Grant Avenue street improvements, City Hall renovations, Customer Service enhancements at City facilities, Water, Sewer and Stormwater infrastructure improvements, Sudley Road widening, Mathis Ave improvements, enhancements at Dean Park, new police radios, and continued sidewalk and trail improvements. Several CIP projects were substantially completed during fiscal year 2023, including the new Public Safety Facility, Museum renovation, Rt 28 widening, and Dean Drive extension.

In March 2021 the American Rescue Plan Act (ARPA) became law and established the Coronavirus State and Local Fiscal Recovery Funds. Significant planning by City personnel and City Council has developed a plan for this one-time funding of \$50.6 million over the limited performance period. The CIP budget has utilized ARPA funding primarily on utility infrastructure projects, which are anticipated for completion within the required performance period.

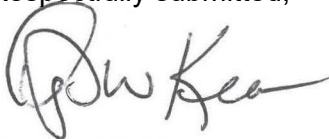
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manassas for its ACFR for the fiscal year ended June 30, 2022. This was the fortieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Manassas also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2022, and dated July 1, 2023. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only. We believe our current budget continues to meet the Distinguished Budget Presentation Award Program requirements and we have submitted it to the GFOA to determine its eligibility for another award.

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

Respectfully submitted,



Douglas W. Keen
Interim City Manager



Diane V. Bergeron
Assistant City Manager/Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Manassas
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Independent Auditors' Report

**To the Honorable Members of
the City Council
City of Manassas, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia, as of and for the year ended June 30, 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, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement Nos. 96, *Subscription-Based Information Technology 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, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

Required Supplementary Information (Continued)

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Manassas, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of City of Manassas, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Manassas, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Manassas, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
November 21, 2023

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis (UNAUDITED) For The Year Ended June 30, 2023

The Management's Discussion and Analysis (MD&A) section of the City of Manassas, Virginia (City), Annual Comprehensive Financial Report (ACFR) provides a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. The MD&A should be read in conjunction with our letter of transmittal found in the Introductory Section of this report, and the City's Financial Statements that follow this section.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Total Reporting Unit including Component Units exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$601,516,447 (net position). The Total Reporting Unit's net position invested in capital assets is \$418,684,476 and \$4,805,467 is restricted in its use. The remaining net position, \$178,026,504, is unrestricted.
- The assets and deferred outflows of resources for the City (Governmental and Business Activities) exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$572,957,571 (net position). The City's net position invested in capital assets is \$388,867,628 with \$1,116,031 restricted in its use, and the remaining balance of \$182,973,912 is unrestricted. The unrestricted net position of the Governmental Activities includes bonds issued by the City for MCPS. This debt is reflected as a liability of the City; however, the schools that are built with the bond proceeds are shown as assets of MCPS. At year-end, the City has \$34,625,770 of debt outstanding relating to MCPS (excluding unamortized bond premiums and deferred charges of \$3,511,515).
- The unassigned fund balance for the City's general fund at June 30, 2023 was \$29,876,172. This amount is 20% of total general fund actual operating revenues of \$147,847,587 for fiscal year 2023. General fund unassigned fund balance as a percent of general fund revenues is in accordance with the City's Unassigned Fund Balance Policy.
- The fund balance of the general fund increased \$11,197,265 over the prior year, a 13% increase. Aside from the balance unassigned per policy, the remaining fund balance of \$68 million has been committed for specific uses such as future capital projects, transportation improvements, and employee pension and OPEB benefits.
- The majority of the general fund balance increase over prior year is due to a \$7.9 million increase in interest income as interest rates were raised by the Federal Reserve to combat inflation and interest was earned on significant one-time funds including ARPA Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) grant funds and bond proceeds. There was also an increase of \$3.3 million in personal property tax, as assessed values on January 1, 2022 (used for FY 2023) continued to be elevated in response to supply chain problems.
- The City implemented provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) during the fiscal year ended June 30, 2023. Statement No. 96 requires recognition of certain assets and liabilities for SBITA that previously were classified as operating expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. A description of GASB No. 96 and its financial impact can be found in Note 1 of this report under Adoption of accounting principles.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis (UNAUDITED) For The Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS:

Government-wide Statements

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

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

The **statement of net position** presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Additionally, to assess the overall financial health of the City one must also consider non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the City include general government, public safety, public works, health and human services, and culture, recreation, community and economic development. The business-type activities of the City include electric, water, sewer and stormwater utilities, solid waste collection and a regional airport.

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

Fund Financial Statements

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

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

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can be readily converted to cash.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major general fund, general capital projects fund, and NVTVA capital projects fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer and stormwater utilities, solid waste collection and the regional airport.

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The City's governmental activities' net position increased by \$32,900,483, which represents 10%, in fiscal year 2023. Due to the required accounting adjustments for capital outlays, to depreciate capital assets over their useful lives instead of in the year of payment, and other capital transactions, Governmental activities' net position increased by \$32 million in FY 2023. Significant FY 2023 capital additions were recorded for the completed public safety building (\$6.8 million), museum expansion and renovation (\$5.8 million), Rt 28 widening (\$5.6 million), Dean Drive extension (\$1.3 million), Annaburg Manor improvements (\$1.3 million), and the site purchase in historic downtown Manassas (\$5.8 million), in addition to progress made on the renovation of City Hall (\$6.1 million) and several trail and sidewalk projects, which are anticipated for completion in FY 2024.

The net position of the business-type activities increased \$10,841,518, which represents 5%, in fiscal year 2023; all funds except Solid Waste increased their net position in FY 2023, meaning revenues and contributions exceeded expenses. Investment earnings for FY 2023 totaled \$4.2 million, a 183% increase as a result of interest rate increases during the year coupled with additional cash reserves for unspent CSLFRF grants and bond proceeds. Operating revenue increases were primarily due to budgeted rate increases (Electric 2%, Water 3.9%, Sewer 4.9%, Stormwater 16-19%); however, Electric's revenue increase of \$5.4 million was also due to a 49% increase to the Power Cost Adjustment (PCA) fuel charge pass-through from November to April, which was offset by a \$6.9 million increase to Purchased Power expense. Strategic personnel cost increases were made to keep the City competitive in the marketplace, offset by vacant airport maintenance positions. Transfers out decreased by \$7.3 million, primarily because the water fund's contribution to capital projects decreased from the prior year.

The net position of MCPS has increased \$20,305,630 in fiscal year 2023, which represents 259%. Compared to fiscal year 2022, MCPS saw an \$8.4 million increase in State and Federal revenues, plus a \$3.2 million State contribution to OPEB and pension plans, a \$1.8 million increase in the Local contribution, and investment earnings' increase of \$737,831. Increased funding included continued Federal assistance related to the COVID-19 pandemic and a one-time State construction grant of \$2.8 million. There was also an \$8.8 million reduction in pension and OPEB expense.

The net position of the EDA increased \$182,485, or 79% in fiscal year 2023, due primarily to a contribution received from the City from the remaining balance of prior land sale revenue from The Landing at Cannon Branch, which was held to fund tax incentives.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

The following tables summarize the Statement of Net Position for the reporting unit as of June 30, 2023.

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Current assets	\$ 227,562,600	\$ 217,254,178	\$ 175,292,518	\$ 172,794,064	\$ 402,855,118	\$ 390,048,242
Capital assets	334,470,697	301,331,969	165,285,813	162,256,446	499,756,510	463,588,415
Total assets	<u>\$ 562,033,297</u>	<u>\$ 518,586,147</u>	<u>\$ 340,578,331</u>	<u>\$ 335,050,510</u>	<u>\$ 902,611,628</u>	<u>\$ 853,636,657</u>
Deferred outflows of resources	\$ 9,173,789	\$ 11,815,718	\$ 2,458,876	\$ 3,128,172	\$ 11,632,665	\$ 14,943,890
Current liabilities	\$ 54,663,388	\$ 35,429,686	\$ 8,893,372	\$ 7,930,077	\$ 63,556,760	\$ 43,359,763
Long-term liabilities	144,746,959	147,183,360	72,941,855	75,035,058	217,688,814	222,218,418
Total liabilities	<u>\$ 199,410,347</u>	<u>\$ 182,613,046</u>	<u>\$ 81,835,227</u>	<u>\$ 82,965,135</u>	<u>\$ 281,245,574</u>	<u>\$ 265,578,181</u>
Deferred inflows of resources	\$ 14,546,598	\$ 23,439,161	\$ 45,494,550	\$ 50,347,635	\$ 60,041,148	\$ 73,786,796
Net position:						
Net Investment						
in capital assets	\$ 270,100,468	\$ 250,655,968	\$ 125,130,633	\$ 123,711,751	\$ 388,867,628	\$ 367,773,733
Restricted	1,099,631	469,337	16,400	1,639,193	1,116,031	2,108,530
Unrestricted (deficit)	86,050,042	73,224,353	90,560,397	79,514,968	182,973,912	159,333,307
Total net position	<u>\$ 357,250,141</u>	<u>\$ 324,349,658</u>	<u>\$ 215,707,430</u>	<u>\$ 204,865,912</u>	<u>\$ 572,957,571</u>	<u>\$ 529,215,570</u>

Note: The sum of net investment in capital assets of the Governmental and Business Activities does not equal the net investment in capital assets of the total primary government, because debt related to the governmental activities is reflected in the business activities, reducing unrestricted net position. The assets are reflected in the governmental activities as net investment in capital assets. The total primary government matches the assets with the debt and reports the net amount of the investment in capital assets. The total adjustment was \$6,593,986 in FY 2022 and \$6,363,473 in FY 2023.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

	MCPS		EDA		Total Reporting Unit	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Current assets	\$ 45,066,239	\$ 36,934,211	\$ 451,427	\$ 470,088	\$ 448,372,784	\$ 427,452,541
Capital assets	77,099,064	73,275,193	-	-	576,855,574	536,863,608
Total assets	<u>\$ 122,165,303</u>	<u>\$ 110,209,404</u>	<u>\$ 451,427</u>	<u>\$ 470,088</u>	<u>\$ 1,025,228,358</u>	<u>\$ 964,316,149</u>
Deferred outflows of resources	\$ 23,908,680	\$ 28,691,937	\$ -	\$ -	\$ 35,541,345	\$ 43,635,827
Current liabilities	\$ 8,666,196	\$ 7,457,274	\$ 37,399	\$ 238,545	\$ 72,260,355	\$ 51,055,582
Long-term liabilities	90,356,479	76,104,102	-	-	308,045,293	298,322,520
Total liabilities	<u>\$ 99,022,675</u>	<u>\$ 83,561,376</u>	<u>\$ 37,399</u>	<u>\$ 238,545</u>	<u>\$ 380,305,648</u>	<u>\$ 349,378,102</u>
Deferred inflows of resources	\$ 18,906,460	\$ 47,500,747	\$ -	\$ -	\$ 78,947,608	\$ 121,287,543
Net position:						
Net Investment						
in capital assets	\$ 67,954,133	\$ 68,091,997	\$ -	\$ -	\$ 418,684,476	\$ 393,561,341
Restricted	3,689,436	1,721,592	-	-	4,805,467	3,830,122
Unrestricted (deficit)	(43,498,721)	(61,974,371)	414,028	231,543	178,026,504	139,894,868
Total net position	<u>\$ 28,144,848</u>	<u>\$ 7,839,218</u>	<u>\$ 414,028</u>	<u>\$ 231,543</u>	<u>\$ 601,516,447</u>	<u>\$ 537,286,331</u>

Note: The sum of net investment in capital assets of the Governmental and Business Activities does not equal the net investment in capital assets of the total primary government, because debt related to the governmental activities is reflected in the business activities, reducing unrestricted net position. The assets are reflected in the governmental activities as net investment in capital assets. The total primary government matches the assets with the debt and reports the net amount of the investment in capital assets. The total adjustment was \$6,593,986 in FY 2022 and \$6,363,473 in FY 2023.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

The following tables summarize the changes in net position for the reporting unit for the year ended June 30, 2023.

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,060,846	\$ 5,250,454	\$ 89,409,007	\$ 82,429,870	\$ 95,469,853	\$ 87,680,324
Operating grants, contributions	10,861,736	19,398,061	75,426	562,185	10,937,162	19,960,246
Capital grants, contributions	10,610,055	11,777,883	3,442,361	2,582,449	14,052,416	14,360,332
General Revenues:						
Property Taxes	105,572,227	99,681,923	-	-	105,572,227	99,681,923
Other Taxes	27,974,969	28,208,309	-	-	27,974,969	28,208,309
Unrestricted grants	7,824,407	7,635,256	-	-	7,824,407	7,635,256
City appropriation to component unit	-	-	-	-	-	-
Other	10,930,481	5,760,201	4,287,909	1,550,675	15,218,390	7,310,876
Total revenues	<u>\$ 179,834,721</u>	<u>\$ 177,712,087</u>	<u>\$ 97,214,703</u>	<u>\$ 87,125,179</u>	<u>\$ 277,049,424</u>	<u>\$ 264,837,266</u>
Expenses:						
General government	\$ 11,932,013	\$ 10,976,583	\$ -	\$ -	\$ 11,932,013	\$ 10,976,583
Public safety	39,982,094	35,766,225	-	-	39,982,094	35,766,225
Public works	15,652,690	13,974,928	-	-	15,652,690	13,974,928
Health and human services	10,748,291	9,296,420	-	-	10,748,291	9,296,420
Culture, rec, development	8,754,553	7,434,504	-	-	8,754,553	7,434,504
Interest on long-term debt	3,445,895	3,599,287	-	-	3,445,895	3,599,287
Electric	-	-	47,551,696	39,445,854	47,551,696	39,445,854
Water	-	-	11,811,756	10,734,745	11,811,756	10,734,745
Sewer	-	-	15,063,501	15,085,095	15,063,501	15,085,095
Airport	-	-	4,917,691	4,789,597	4,917,691	4,789,597
Stormwater	-	-	2,191,713	2,130,035	2,191,713	2,130,035
Solid Waste	-	-	4,090,477	3,520,097	4,090,477	3,520,097
Education	57,165,053	55,341,610	-	-	57,165,053	55,341,610
Economic Development	-	-	-	-	-	-
Total expenses	<u>\$ 147,680,589</u>	<u>\$ 136,389,557</u>	<u>\$ 85,626,834</u>	<u>\$ 75,705,423</u>	<u>\$ 233,307,423</u>	<u>\$ 212,094,980</u>
Increase (decrease) in net position before transfers	\$ 32,154,132	\$ 41,322,530	\$ 11,587,869	\$ 11,419,756	\$ 43,742,001	\$ 52,742,286
Transfers	746,351	7,010,129	(746,351)	(7,010,129)	-	-
Change in net position	\$ 32,900,483	\$ 48,332,659	\$ 10,841,518	\$ 4,409,627	\$ 43,742,001	\$ 52,742,286
Net position beginning	324,349,658	276,016,999	204,865,912	200,456,285	529,215,570	476,473,284
Net position ending	<u>\$ 357,250,141</u>	<u>\$ 324,349,658</u>	<u>\$ 215,707,430</u>	<u>\$ 204,865,912</u>	<u>\$ 572,957,571</u>	<u>\$ 529,215,570</u>

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to the implementation of GASB 96 has not been restated.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

The following tables summarize the changes in net position for the reporting unit for the year ended June 30, 2023.

	MCPS		EDA		Total Reporting Unit	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Program revenues:						
Charges for services	\$ 642,674	\$ 379,741	\$ 10,103	\$ 13,816	\$ 96,122,630	\$ 88,073,881
Operating grants, contributions	86,924,190	75,721,474	237,605	-	98,098,957	95,681,720
Capital grants, contributions	-	-	-	89,880	14,052,416	14,450,212
General Revenues:					-	-
Property Taxes	-	-	-	-	105,572,227	99,681,923
Other Taxes	-	-	-	-	27,974,969	28,208,309
Unrestricted grants	-	-	-	-	7,824,407	7,635,256
City appropriation to component unit	57,165,053	55,341,610	-	-	57,165,053	55,341,610
Other	1,678,161	803,304	9,783	188,249	16,906,334	8,302,429
Total revenues	\$ 146,410,078	\$ 132,246,129	\$ 257,491	\$ 291,945	\$ 423,716,993	\$ 397,375,340
Expenses:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 11,932,013	\$ 10,976,583
Public safety	-	-	-	-	39,982,094	35,766,225
Public works	-	-	-	-	15,652,690	13,974,928
Health and human services	-	-	-	-	10,748,291	9,296,420
Culture, rec, development	-	-	-	-	8,754,553	7,434,504
Interest on long-term debt	-	-	-	-	3,445,895	3,599,287
Electric	-	-	-	-	47,551,696	39,445,854
Water	-	-	-	-	11,811,756	10,734,745
Sewer	-	-	-	-	15,063,501	15,085,095
Airport	-	-	-	-	4,917,691	4,789,597
Stormwater	-	-	-	-	2,191,713	2,130,035
Solid Waste	-	-	-	-	4,090,477	3,520,097
Education	126,104,448	118,387,868	-	-	183,269,501	173,729,478
Economic Development	-	-	75,006	301,092	75,006	301,092
Total expenses	\$ 126,104,448	\$ 118,387,868	\$ 75,006	\$ 301,092	\$ 359,486,877	\$ 330,783,940
Increase (decrease) in net position before transfers	\$ 20,305,630	\$ 13,858,261	\$ 182,485	\$ (9,147)	\$ 64,230,116	\$ 66,591,400
Transfers	-	-	-	-	-	-
Change in net position	\$ 20,305,630	\$ 13,858,261	\$ 182,485	\$ (9,147)	\$ 64,230,116	\$ 66,591,400
Net position beginning	7,839,218	(6,019,043)	231,543	240,690	537,286,331	470,694,931
Net position ending	\$ 28,144,848	\$ 7,839,218	\$ 414,028	\$ 231,543	\$ 601,516,447	\$ 537,286,331

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to the implementation of GASB 96 has not been restated.

CITY OF MANASSAS, VIRGINIA

Management’s Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

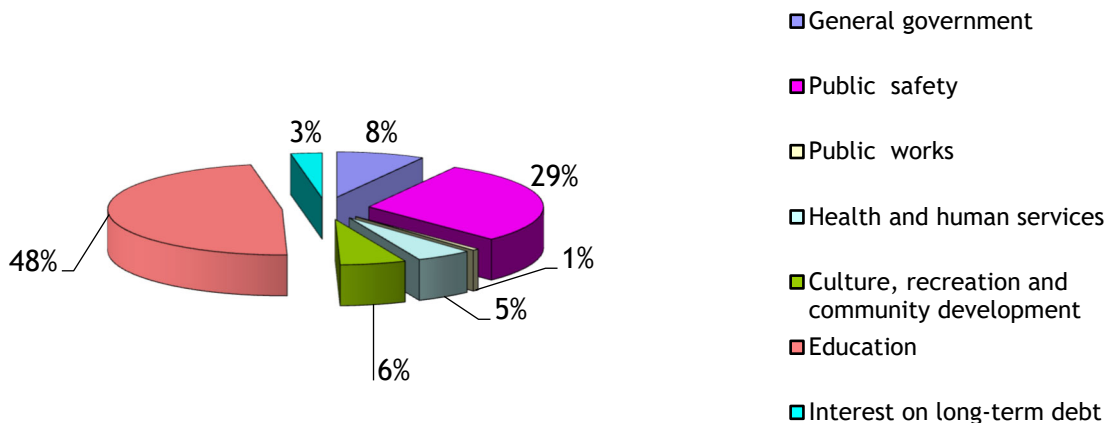
Governmental Activities

The table below details the governmental activities’ expenses and program revenues showing the net cost by program/function. The total governmental activities’ net program/function costs were \$120 million, an increase of \$20 million over last fiscal year, or 20%. A large portion of the increase in net cost is due to a decrease of \$10 million in federal revenues to assist with the COVID-19 pandemic. These funds were used in the prior year to assist with public safety salaries, thus contributing to the Public Safety net program cost increase of \$13.4 million, coupled with increased public safety salaries in response to marketplace changes and due to new positions added, and increased depreciation related to the new Fire Station 21 and Public Safety Building. Likewise, Public works’ net program cost increase of \$3.3 million is due to a decrease in State and Federal funding for transportation projects, as projects were completed (Rt 28 widening), and increased salaries to remain competitive and due to new positions added. Education cost reflects a budgeted 3% increase of \$1.8 million in program expenses. The City’s general fund has also transferred \$6.1 million to its debt service fund for MCPS’ current and future debt service. If added to the \$57 million shown below, this amount would reflect Education expenses of \$63.1 million, as discussed in the City’s budget.

Governmental Activities Expenses and Program Revenues

	Program Expenses FY 2023	Program Revenues FY 2023	Net Program Cost FY 2023	Net Program Cost FY 2022
General government	\$ 11,932,013	\$ 2,099,339	\$ 9,832,674	\$ 10,095,478
Public safety	39,982,094	4,570,617	35,411,477	22,052,478
Public works	15,652,690	14,938,346	714,344	(2,616,807)
Health and human services	10,748,291	4,553,970	6,194,321	5,095,587
Culture, recreation and community development	8,754,553	1,370,365	7,384,188	6,395,526
Education	57,165,053	-	57,165,053	55,341,610
Interest on long-term debt	3,445,895	-	3,445,895	3,599,287
Total	\$ 147,680,589	\$ 27,532,637	\$ 120,147,952	\$ 99,963,159

Governmental Activities Net Program Costs



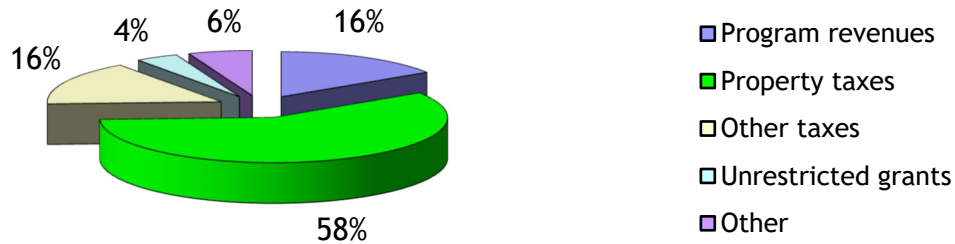
CITY OF MANASSAS, VIRGINIA

Management’s Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

In addition to program revenues of \$27.5 million, there are also general revenues in the governmental activities, which are revenues that are not attributed to any specific program/function. The total general revenues in fiscal year 2023 are \$153.1 million, or 85% of total governmental activities’ revenues of \$180.6 million. Governmental activities’ general revenues in fiscal year 2023 increased \$4.8 million over fiscal year 2022. As discussed in previous sections, this change is due mostly to an \$8.2 million increase in investment earnings due to market rate increases and larger cash balances, and FY 2023 increases in property and real estate taxes from increased assessed values totaling \$5.9 million over FY 2022, indicating a strong local economy. These increases are offset by a \$3 million decrease in payments received from MCPS, as debt service funding procedures were changed to be paid directly by the City. Transfers in from Business-type activities to support capital projects also decreased by \$6.3 million, in-line with the City’s capital improvement plan. The chart below indicates that property taxes continue to be the largest source of revenue for the governmental activities.

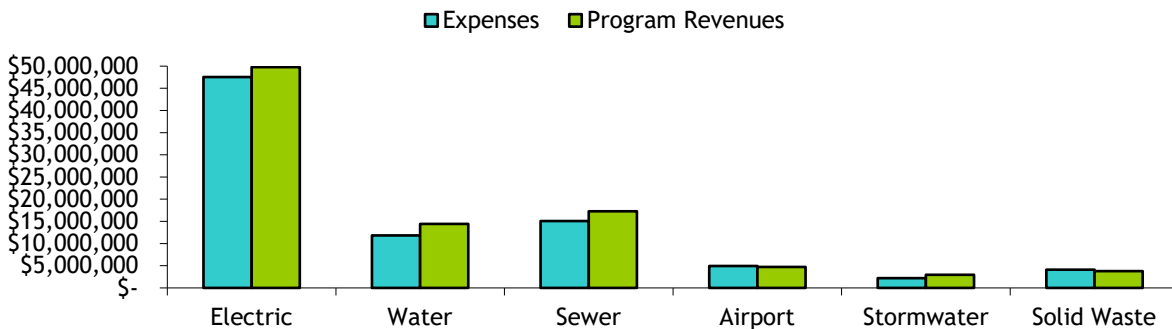
Governmental Activities Revenues



Business-type Activities

For the City’s business-type activities, total net position increased \$10.8 million to \$215.7 million for the fiscal year. The net (expenses)/revenues for total business-type activities were positive with program revenues of \$92.9 million exceeding expenses of \$85.6 million by \$7.3 million, indicating healthy business activities for the City. As depicted in the chart below, program revenues offset the cost of doing business for most funds; Airport and Solid Waste expenses slightly exceeded their program revenues. The Airport Fund received capital grants of \$1 million that are reflected as contributions, to assist with the completion of runway rehabilitation and taxiway construction and rehab, along with airfield paving. The Stormwater and Water funds received capital grants of CSLFRF totaling \$177,623, to fund infrastructure improvement projects. Water and Sewer funds received capital contributions of \$2.2 million to assist with the funding of significant infrastructure improvements.

Business-type Activities Expenses and Program Revenues



CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and financial reporting focuses on short-term spendable resources and balances of spendable resources available at year end.

Governmental Funds

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

At the end of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$156,723,296, a decrease of \$11,543,782 from fiscal year 2022. As detailed in the Financial Highlights section, the fund balance of the general fund increased \$11,197,265, due primarily to revenue increases. The fund balance of the General Capital Projects fund decreased \$15,874,376 in fiscal year 2023, due primarily to projects that received their funding in prior years but significant work has crossed into FY 2023. These projects include the new Public Safety Building (-\$6.7 million), the Manassas Museum renovation (-\$5.8 million), the City Hall renovation (-\$1.1 million). The fund balance of the NVTA Capital Projects fund decreased \$1,661,457 in FY 2023, again due primarily to projects that received their funding in prior years, but work has crossed into FY 2023. These projects include the Dean Dr water main replacement/looping and Grant Ave electric improvements. The fund balance of nonmajor governmental funds decreased \$5,205,214, primarily due to a decrease of \$6.2 million in the Gateway Capital Projects fund balance because of prior year land sale funds used to purchase a Historic Downtown property site for future economic development, offset by a \$1.3 million increase in the Fire Rescue Fund, primarily due to long lead times for the manufacture and delivery of a new fire truck and other fire and rescue equipment.

The general fund is the main operating fund of the City. At the end of fiscal year 2023 total fund balance of the general fund was \$98,367,875, and the unassigned fund balance was \$29,876,172. As noted in the beginning of this document, per City policy, the unassigned fund balance represents 20% of total 2023 general fund revenues. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is: 1) not in spendable form (\$478,823); 2) legally required to be maintained intact; 3) restricted for particular purposes (\$1,119,096); 4) committed for particular purposes (\$51,500,009); or 5) assigned for particular purposes (\$15,393,775). Committed fund balance has increased in FY 2023 as the City remains diligent in its long-term financial planning efforts to ensure stability if additional funding is needed for capital and infrastructure projects, or employee benefits.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total of net position at the end of fiscal year 2023 for the Electric, Water, Sewer, Airport, Stormwater, and the only non-major enterprise fund, Solid Waste, was \$215,707,430. The \$90,560,397 unrestricted portion of net position increased \$11,045,429 from FY 2022, which is approximately the amount of the increase in total net position. The remaining \$125,130,633 is invested in capital assets net of related debt, and \$16,400 is restricted for Stormwater capital projects. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis (UNAUDITED) For The Year Ended June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

In fiscal year 2023, the City's general fund revenues exceeded the revised revenue budget by \$14 million. Total expenditures ended the year under the revised budget by \$9 million, and other financing sources were under the revised budget by \$208,383. The net change in general fund balance was \$11.2 million. Details of the budget results can be seen in Exhibit 7 of the basic financial statements.

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

- General fund expenditures were \$9 million less than budgeted in FY 2023. This is due primarily to \$4.9 million of items budgeted, but not complete by June 30th that will carry-over to the next fiscal year for completion, including facility setup technology and move costs, museum exhibit costs, costs for renovations at the adult detention center, and anticipated community investments. There is also a \$4.1 million savings in overall departmental expenditures, which is approximately 2.5%. This is due primarily to salary and benefits savings from vacancies and benefit charges throughout the year.
- General fund revenues were \$14 million greater than budgeted in FY 2023. General property taxes were \$1.6 million greater than budget due primarily to increased personal property assessed values as previously discussed. Other taxes exceeded budget by \$3.6 million, due primarily to revenues from sales tax, meals tax, and business license tax exceeding budget, as the City continues to show economic growth with the help of commercial expansion and development. Investment income was \$6.2 million over budget as the Federal Reserve increased rates to combat inflation and interest was earned on a significant amount of one-time funds including the ARPA Coronavirus State and Local Fiscal Recovery Fund grant and bond proceeds. Several of the City's other smaller revenue sources in total were \$2.6 million greater than budget.
- An additional \$5.4 million was placed in the general fund balance committed for capital improvements, \$4 million was committed for employee benefits, and \$2.5 million was assigned for transportation initiatives.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2023 is \$389 million, an increase of \$21 million from June 30, 2022. Net investment in capital assets is calculated as net capital assets minus outstanding bonds for capital improvements and the associated unamortized bond premiums, plus the associated unamortized deferred charges on bond refundings, plus any unspent bond proceeds, and minus lease and SBITA liabilities. The most significant changes in net investment in capital assets for the year includes the increases to governmental net assets due to completed projects like the new public safety building, Rt 28 widening, museum renovation, Dean Drive extension, and site purchase in Historic downtown, and increases to business-activities' investment-in-plant due to the progress made on and completion of sewer and airport infrastructure improvements.

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

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION: (CONTINUED)

	Capital Assets FY 2023	Accumulated Depreciation FY 2023	Capital Assets net of Accumulated Depreciation FY 2023	FY 2022	Net Increase (Decrease) Capital Assets
GOVERNMENTAL ACTIVITIES					
Land	\$ 123,630,303	\$ -	\$ 123,630,303	\$ 118,178,814	\$ 5,451,489
Construction in progress	20,341,348	-	20,341,348	49,693,836	(29,352,488)
Buildings and improvements	103,057,715	(35,548,701)	67,509,014	25,296,570	42,212,444
Leased buildings and improvements	1,178,053	(693,639)	484,414	788,313	(303,899)
Subscription-based IT assets	977,321	(155,070)	822,251	200,699	621,552
Machinery and equipment	35,557,276	(19,240,771)	16,316,505	14,720,318	1,596,187
Infrastructure	217,465,671	(112,098,809)	105,366,862	92,654,118	12,712,744
Total	\$ 502,207,687	\$ (167,736,990)	\$ 334,470,697	\$ 301,532,668	\$ 32,938,029
BUSINESS-TYPE ACTIVITIES					
Land	\$ 14,840,903	\$ -	\$ 14,840,903	\$ 14,916,202	\$ (75,299)
Construction in progress	12,340,796	-	12,340,796	8,935,697	3,405,099
Investment in plant	285,263,757	(176,937,324)	108,326,433	107,495,248	831,185
Infrastructure	28,541,516	(13,587,320)	14,954,196	15,650,754	(696,558)
Leased infrastructure	47,853	(16,634)	31,219	39,536	(8,317)
Machinery and equipment	6,137,297	(4,992,867)	1,144,430	1,227,792	(83,362)
Purchased capacity	35,373,346	(21,725,510)	13,647,836	13,991,217	(343,381)
Total	\$ 382,545,468	\$ (217,259,655)	\$ 165,285,813	\$ 162,256,446	\$ 3,029,367
TOTAL PRIMARY GOVERNMENT					
Land	\$ 138,471,206	\$ -	\$ 138,471,206	\$ 133,095,016	\$ 5,376,190
Construction in progress	32,682,144	-	32,682,144	58,629,533	(25,947,389)
Buildings and improvements	103,057,715	(35,548,701)	67,509,014	25,296,570	42,212,444
Investment in plant	285,263,757	(176,937,324)	108,326,433	107,495,248	831,185
Machinery and equipment	41,694,573	(24,233,638)	17,460,935	15,948,110	1,512,825
Leased capital assets	1,225,906	(710,273)	515,633	827,849	(312,216)
Subscription-based IT assets	977,321	(155,070)	822,251	200,699	621,552
Infrastructure	246,007,187	(125,686,129)	120,321,058	108,304,872	12,016,186
Purchased capacity	35,373,346	(21,725,510)	13,647,836	13,991,217	(343,381)
Total	\$ 884,753,155	\$ (384,996,645)	\$ 499,756,510	\$ 463,789,114	\$ 35,967,396
MCPS					
Land	\$ 2,336,649	\$ -	\$ 2,336,649	\$ 2,336,649	\$ -
Construction in progress	2,201,271	-	2,201,271	1,440,261	761,010
Buildings and improvements	200,415,915	(136,916,340)	63,499,575	64,147,953	(648,378)
Leased buildings and improvements	4,286,383	(969,585)	3,316,798	414,422	2,902,376
Leased machinery and equipment	371,684	(40,987)	330,697	21,497	309,200
Subscription-based IT assets	1,003,704	(185,719)	817,985	-	817,985
Machinery and equipment	11,813,725	(7,217,636)	4,596,089	4,914,411	(318,322)
Total	\$ 222,429,331	\$ (145,330,267)	\$ 77,099,064	\$ 73,275,193	\$ 3,823,871

Note: Beginning balances have been adjusted to reflect the implementation of GASB 96.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION: (CONTINUED)

Long-Term Obligations

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

	Governmental Activities		Business Activities		Total Primary Government	
	FY 2023	FY2022	FY 2023	FY2022	FY 2023	FY2022
General obligation bonds	\$ 98,296,460	\$ 106,507,350	\$ 58,638,540	\$ 62,002,650	\$ 156,935,000	\$ 168,510,000
Premium on bonds	10,339,776	11,304,697	5,815,409	6,273,862	16,155,185	17,578,559
Lease liabilities	518,036	819,227	29,543	38,831	547,579	858,058
SBITA liabilities (1)	778,408	-	-	-	778,408	-
Compensated absences	4,411,302	4,026,449	1,361,145	1,269,595	5,772,447	5,296,044
Arbitrage liability	376,239	-	-	-	376,239	-
Net OPEB liability	11,435,040	11,580,259	2,167,254	2,033,879	13,602,294	13,614,138
Net Pension liability	18,591,698	12,945,378	4,929,964	3,416,241	23,521,662	16,361,619
	<u>\$ 144,746,959</u>	<u>\$ 147,183,360</u>	<u>\$ 72,941,855</u>	<u>\$ 75,035,058</u>	<u>\$ 217,688,814</u>	<u>\$ 222,218,418</u>

	MCPS		Total Reporting Unit	
	FY 2023	FY2022	FY 2023	FY2022
General obligation bonds	\$ -	\$ -	\$ 156,935,000	\$ 168,510,000
Premium on bonds	-	-	16,155,185	17,578,559
Capital leases	4,060,987	4,347,723	4,060,987	4,347,723
Lease liabilities	3,704,296	443,194	4,251,875	1,301,252
SBITA liabilities (1)	253,258	-	1,031,666	-
Compensated absences	2,924,659	2,857,458	8,697,106	8,153,502
Arbitrage liability	-	-	376,239	-
Net OPEB liability	13,972,492	14,321,320	27,574,786	27,935,458
Net Pension liability	65,440,787	52,412,815	88,962,449	68,774,434
	<u>\$ 90,356,479</u>	<u>\$ 74,382,510</u>	<u>\$ 308,045,293</u>	<u>\$ 296,600,928</u>

(1) The prior year comparative information included in this discussion and analysis related to the implementation of GASB 96 (SBITA) has not been restated.

The City's long-term obligations of \$217.7 million include outstanding general obligation (GO) bonds of \$156.9 million and bond premiums of \$16.2 million. The total reflects a decrease of \$13 million of annual debt service payments and premium amortization. Based upon actuarial reports received from VRS, the City's net pension liability increased by \$7.1 million. With the implementation of GASB 87, Leases, in FY 2022, initial lease obligations of \$858,058 were recorded; there was a decrease of \$310,479 for lease obligations in FY 2023 primarily due to amortization. GASB 96, SBITA, was implemented in FY 2023, and an initial SBITA obligation of \$778,408 was recorded, which includes an initial balance of \$200,699 and additions of \$776,922, net of \$198,913 amortization. Arbitrage liability of \$376,239 was recorded in FY2023, due to interest earned on tax-exempt bonds creating a potential future rebate due to the IRS.

The net increase to the MCPS' total long-term obligations is \$16 million, primarily as a result of a \$13 million increase in net pension liability, and a \$3.2 million increase in GASB 87 lease obligations, mainly due to the renewal and expansion of the office lease.

In May 2021, Standard & Poor's affirmed the City's bond rating of AAA and assigned a stable outlook, and in June 2021 Moody's affirmed the City's Aa1 bond rating. This reflects the City's solid financial position and prudent fiscal management.

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis
(UNAUDITED)
For The Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION: (CONTINUED)

Long-Term Obligations (continued)

The Code of the Commonwealth of Virginia, as amended, (Virginia Code) limits the amount of general obligation debt the City may issue to 10% of the assessed valuation of the real estate subject to taxation. The assessed valuation of the real estate subject to taxation in the City as of January 1, 2022 was \$6,229,338,800, making the 2023 legal debt limitation of the City \$622,933,880. The City's general obligation debt applicable to the limit is \$156,935,000, leaving a legal debt margin for creation of additional debt of \$465,998,880.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for the City as of June 2023 was 2.5%, which is slightly lower than the state rate (2.8%) and below the national rate (3.8%). The City's rate is lower than the June 2022 rate of 2.7%, indicating a continued trend of economic growth and stability.
- Real property taxable assessed values increased 9.65% percent in January 2022 (used for fiscal year 2023 tax levies) to \$6,229,338,800 up by \$548,429,800 over the previous year. Real property taxable assessed values increased 10.79% percent in January 2023 (to be used for fiscal year 2024 tax levies) to \$6,901,711,800 up by \$672,373,000 over the previous year. The fiscal year 2023 total direct real property tax rate is decreasing 6.11% from \$1.342 per \$100 of value, to \$1.260 per \$100 of value in fiscal year 2024.
- The City is projecting assessed values to continue increasing marginally in 2024 and has taken this factor into consideration in the projection of the FY 2024 Budget and the development of the FY 2025 Budget which is currently underway.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 9800 Godwin Drive, Manassas, VA, 20110. General information relating to the City of Manassas is available on the City's website <http://www.manassasva.gov>.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2023

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	Total	Manassas City Public Schools	Economic Development Authority
ASSETS					
Cash and investments	\$ 202,619,309	\$ 93,863,590	\$ 296,482,899	\$ 39,995,095	\$ 351,427
Cash and investments - restricted	11,336,408	19,085,411	30,421,819	77,409	-
Receivables (net of allowance for uncollectibles):					
Taxes, including penalties	4,923,491	-	4,923,491	-	-
Accounts	1,009,277	12,136,549	13,145,826	166,700	-
Leases receivable	1,315,718	45,980,795	47,296,513	-	-
Due from other governments	5,037,748	436,599	5,474,347	3,943,212	-
Due from primary government	-	-	-	-	100,000
Prepaid items	1,320,649	-	1,320,649	-	-
Inventories	-	3,789,574	3,789,574	-	-
Pension asset	-	-	-	883,823	-
Capital assets:					
Nondepreciable	143,971,651	27,181,699	171,153,350	4,537,920	-
Depreciable, net	190,499,046	138,104,114	328,603,160	72,561,144	-
Total assets	\$ 562,033,297	\$ 340,578,331	\$ 902,611,628	\$ 122,165,303	\$ 451,427
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	\$ 149,546	\$ 385,043	\$ 534,589	\$ -	\$ -
OPEB related deferred outflows	1,946,930	197,143	2,144,073	2,876,413	-
Pension related deferred outflows	7,077,313	1,876,690	8,954,003	21,032,267	-
Total deferred outflows of resources	\$ 9,173,789	\$ 2,458,876	\$ 11,632,665	\$ 23,908,680	\$ -
LIABILITIES					
Accounts payable and other current liabilities	\$ 8,836,818	\$ 6,717,576	\$ 15,554,394	\$ 8,624,572	\$ 37,399
Deposits	2,869,608	1,087,052	3,956,660	-	-
Accrued interest payable	1,806,541	1,040,500	2,847,041	-	-
Due to other governments	514,031	-	514,031	-	-
Due to primary government	-	-	-	-	-
Due to component unit	100,000	-	100,000	-	-
Unearned revenue	40,536,390	48,244	40,584,634	41,624	-
Long-term liabilities:					
Net OPEB liability - due in more than one year	11,435,040	2,167,254	13,602,294	13,972,492	-
Net pension liability - due in more than one year	18,591,698	4,929,964	23,521,662	65,440,787	-
Arbitrage liability - due in more than one year	376,239	-	376,239	-	-
Due within one year	10,659,238	4,194,191	14,853,429	1,563,892	-
Due in more than one year	103,684,744	61,650,446	165,335,190	9,379,308	-
Total liabilities	\$ 199,410,347	\$ 81,835,227	\$ 281,245,574	\$ 99,022,675	\$ 37,399
DEFERRED INFLOWS OF RESOURCES					
Leases related	\$ 5,322,892	\$ 43,473,533	\$ 48,796,425	\$ -	\$ -
OPEB related deferred inflows	3,792,391	580,795	4,373,186	2,369,742	-
Pension related deferred inflows	5,431,315	1,440,222	6,871,537	16,536,718	-
Total deferred inflows of resources	\$ 14,546,598	\$ 45,494,550	\$ 60,041,148	\$ 18,906,460	\$ -
NET POSITION					
Net investment in capital assets	\$ 270,100,468	\$ 125,130,633	\$ 388,867,628	\$ 67,954,133	\$ -
Restricted for:					
Nonexpendable Cemetery principal	100,000	-	100,000	-	-
Expendable Cemetery principal	447,034	-	447,034	-	-
Future capital projects	-	16,400	16,400	2,805,613	-
Net pension asset	-	-	-	883,823	-
Opioid settlement	552,597	-	552,597	-	-
Unrestricted	86,050,042	90,560,397	182,973,912	(43,498,721)	414,028
Total net position	\$ 357,250,141	\$ 215,707,430	\$ 572,957,571	\$ 28,144,848	\$ 414,028

The sum of the primary government columns does not equal the Total column by a difference of \$6,363,473 because the bonds payable related to the Governmental Activities are reflected in the Business-type Activities column reducing unrestricted net position. The assets are reflected in the Governmental Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

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

Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 11,932,013	\$ 694,297	\$ 391,575	\$ 1,013,467
Public safety	39,982,094	3,605,245	965,372	-
Public works	15,652,690	570,640	4,816,756	9,550,950
Health and human services	10,748,291	-	4,553,970	-
Culture, recreation and community development	8,754,553	1,190,664	134,063	45,638
Education	57,165,053	-	-	-
Interest on long-term debt	3,445,895	-	-	-
Total government activities	<u>\$ 147,680,589</u>	<u>\$ 6,060,846</u>	<u>\$ 10,861,736</u>	<u>\$ 10,610,055</u>
Business-type activities:				
Electric	\$ 47,551,696	\$ 49,774,913	\$ 5,400	\$ -
Water	11,811,756	12,465,673	2,366	1,954,383
Sewer	15,063,501	16,994,028	884	268,230
Airport	4,917,691	3,627,393	52,782	1,048,775
Stormwater	2,191,713	2,776,230	259	170,973
Solid Waste	4,090,477	3,770,770	13,735	-
Total business-type activities	<u>\$ 85,626,834</u>	<u>\$ 89,409,007</u>	<u>\$ 75,426</u>	<u>\$ 3,442,361</u>
Total primary government	<u>\$ 233,307,423</u>	<u>\$ 95,469,853</u>	<u>\$ 10,937,162</u>	<u>\$ 14,052,416</u>
COMPONENT UNITS:				
Manassas City Public Schools	\$ 126,104,448	\$ 642,674	\$ 86,924,190	\$ -
Economic Development Authority	75,006	10,103	237,605	-
Total component units	<u>\$ 126,179,454</u>	<u>\$ 652,777</u>	<u>\$ 87,161,795</u>	<u>\$ -</u>

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

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Manassas City Public Schools	Economic Development Authority
PRIMARY GOVERNMENT:					
Governmental activities:					
General government	\$ (9,832,674)		\$ (9,832,674)		
Public safety	(35,411,477)		(35,411,477)		
Public works	(714,344)		(714,344)		
Health and human services	(6,194,321)		(6,194,321)		
Culture, recreation and community development	(7,384,188)		(7,384,188)		
Education	(57,165,053)		(57,165,053)		
Interest on long-term debt	(3,445,895)		(3,445,895)		
Total government activities	\$ (120,147,952)		\$ (120,147,952)		
Business-type activities:					
Electric		\$ 2,228,617	\$ 2,228,617		
Water		2,610,666	2,610,666		
Sewer		2,199,641	2,199,641		
Airport		(188,741)	(188,741)		
Stormwater		755,749	755,749		
Solid Waste		(305,972)	(305,972)		
Total business-type activities		\$ 7,299,960	\$ 7,299,960		
Total primary government			\$ (112,847,992)		
COMPONENT UNITS:					
Manassas City Public Schools				\$ (38,537,584)	\$ -
Economic Development Authority				-	172,702
Total component units				\$ (38,537,584)	\$ 172,702
General revenues:					
General property taxes	\$ 105,572,227	\$ -	\$ 105,572,227	\$ -	\$ -
Local sales and use taxes	12,637,152	-	12,637,152	-	-
Business licenses	5,122,784	-	5,122,784	-	-
Meals taxes	5,856,192	-	5,856,192	-	-
Other local taxes	4,358,841	-	4,358,841	-	-
Unrestricted grants	7,824,407	-	7,824,407	-	-
Unrestricted investment earnings	6,936,666	4,150,942	11,087,608	787,230	9,783
Other unrestricted revenues	3,505,832	136,967	3,642,799	890,931	-
Gain on disposal of capital assets	487,983	-	487,983	-	-
Payments from component unit	-	-	-	-	-
Payments from City	-	-	-	57,165,053	-
Transfers	746,351	(746,351)	-	-	-
Total general revenues and transfers	\$ 153,048,435	\$ 3,541,558	\$ 156,589,993	\$ 58,843,214	\$ 9,783
Change in net position	\$ 32,900,483	\$ 10,841,518	\$ 43,742,001	\$ 20,305,630	\$ 182,485
Net position - beginning	324,349,658	204,865,912	529,215,570	7,839,218	231,543
Net position - ending	\$ 357,250,141	\$ 215,707,430	\$ 572,957,571	\$ 28,144,848	\$ 414,028

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

Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2023

	General	General Capital Projects Fund	NVTA Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 146,632,357	\$ 8,087,568	\$ 12,738,810	\$ 27,592,420	\$ 195,051,155
Cash and investments - restricted	-	4,891,512	5,897,862	547,034	11,336,408
Receivables (net of allowance for uncollectibles):					
Taxes, including penalties	4,616,125	-	-	307,366	4,923,491
Accounts	998,198	-	-	-	998,198
Leases receivable	1,315,718	-	-	-	1,315,718
Prepaid items	5,067	-	-	977,057	982,124
Due from other governments	3,001,187	-	1,308,961	727,600	5,037,748
Due from other funds	473,756	-	-	-	473,756
Total assets	<u>\$ 157,042,408</u>	<u>\$ 12,979,080</u>	<u>\$ 19,945,633</u>	<u>\$ 30,151,477</u>	<u>\$ 220,118,598</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 4,725,864	\$ 1,364,783	\$ 884,439	\$ 555,673	\$ 7,530,759
Retainage payable	-	940,762	118,516	66,587	1,125,865
Deposits	2,869,608	-	-	-	2,869,608
Unearned revenue	40,536,390	-	-	-	40,536,390
Due to other governments	514,031	-	-	-	514,031
Due to other funds	-	-	-	473,756	473,756
Due to component unit	-	-	-	100,000	100,000
Total liabilities	<u>\$ 48,645,893</u>	<u>\$ 2,305,545</u>	<u>\$ 1,002,955</u>	<u>\$ 1,196,016</u>	<u>\$ 53,150,409</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ 3,956,154	\$ -	\$ -	\$ 216,253	\$ 4,172,407
Unavailable revenue - opioid settlements	417,862	-	-	-	417,862
Leases related	5,654,624	-	-	-	5,654,624
Total deferred inflows of resources	<u>\$ 10,028,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,253</u>	<u>\$ 10,244,893</u>
Fund balances:					
Nonspendable	\$ 478,823	\$ -	\$ -	\$ 1,077,057	\$ 1,555,880
Restricted	1,119,096	4,891,512	5,897,862	6,471,201	18,379,671
Committed	51,500,009	5,782,023	13,044,816	20,355,771	90,682,619
Assigned	15,393,775	-	-	835,179	16,228,954
Unassigned	29,876,172	-	-	-	29,876,172
Total fund balances	<u>\$ 98,367,875</u>	<u>\$ 10,673,535</u>	<u>\$ 18,942,678</u>	<u>\$ 28,739,208</u>	<u>\$ 156,723,296</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 157,042,408</u>	<u>\$ 12,979,080</u>	<u>\$ 19,945,633</u>	<u>\$ 30,151,477</u>	<u>\$ 220,118,598</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	156,723,296
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			326,152,917
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			4,922,001
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			12,785,560
Deferred outflows of resources are not available to pay for current period expenditures and therefore, are not reported in the funds.			
Deferred charge on refunding	\$	149,546	
Pension related items		6,535,116	
OPEB related items		<u>1,890,708</u>	8,575,370
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(98,296,460)	
Premium on bonds payable		(10,339,776)	
Accrued interest on debt		(1,806,541)	
Arbitrage liability		(376,239)	
Lease liabilities		(467,699)	
Net pension liability		(17,167,372)	
Net OPEB liability		<u>(10,816,964)</u>	(139,271,051)
Compensated absences are not reported as fund liabilities.			(3,995,982)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(5,015,217)	
OPEB related items		<u>(3,626,753)</u>	(8,641,970)
Net position of governmental activities		\$	<u><u>357,250,141</u></u>

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

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

	General	General Capital Projects Fund	NVT Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 91,732,400	\$ -	\$ -	\$ 12,962,234	\$ 104,694,634
Other local taxes	28,062,650	-	-	-	28,062,650
Permits, fees and licenses	977,946	-	-	139,563	1,117,509
Fines and forfeitures	1,558,444	-	-	-	1,558,444
Revenue from the use of money and property	6,780,555	-	2,850	150,371	6,933,776
Charges for services	974,651	-	-	835,122	1,809,773
Recovered costs	3,233,450	-	-	-	3,233,450
Miscellaneous	923,524	45,639	-	156,135	1,125,298
Intergovernmental	13,603,967	-	9,550,950	4,905,981	28,060,898
Total revenues	<u>\$ 147,847,587</u>	<u>\$ 45,639</u>	<u>\$ 9,553,800</u>	<u>\$ 19,149,406</u>	<u>\$ 176,596,432</u>
EXPENDITURES					
Current:					
General government administration	\$ 10,964,866	\$ -	\$ -	\$ -	\$ 10,964,866
Public safety	26,813,696	-	-	11,478,034	38,291,730
Public works	9,372,530	-	351,964	3,246	9,727,740
Health and human services	3,638,013	-	-	6,730,274	10,368,287
Culture, recreation, and community development	7,654,076	71,854	-	237,605	7,963,535
Education	57,165,053	-	-	-	57,165,053
Capital outlay	2,651,063	20,256,808	11,674,293	8,535,983	43,118,147
Debt service:					
Principal retirement	39,488	-	-	8,514,237	8,553,725
Interest and other fiscal charges	5,096	-	-	4,008,485	4,013,581
Total expenditures	<u>\$ 118,303,881</u>	<u>\$ 20,328,662</u>	<u>\$ 12,026,257</u>	<u>\$ 39,507,864</u>	<u>\$ 190,166,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,543,706</u>	<u>\$ (20,283,023)</u>	<u>\$ (2,472,457)</u>	<u>\$ (20,358,458)</u>	<u>\$ (13,570,232)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,243,815	\$ 5,733,647	\$ 811,000	\$ 16,023,803	\$ 24,812,265
Transfers out	(21,984,256)	(1,325,000)	-	(870,559)	(24,179,815)
Sale of capital assets	1,394,000	-	-	-	1,394,000
Total other financing sources (uses)	<u>\$ (18,346,441)</u>	<u>\$ 4,408,647</u>	<u>\$ 811,000</u>	<u>\$ 15,153,244</u>	<u>\$ 2,026,450</u>
Net change in fund balances	\$ 11,197,265	\$ (15,874,376)	\$ (1,661,457)	\$ (5,205,214)	\$ (11,543,782)
Fund balances - beginning	87,170,610	26,547,911	20,604,135	33,944,422	168,267,078
Fund balances - ending	<u>\$ 98,367,875</u>	<u>\$ 10,673,535</u>	<u>\$ 18,942,678</u>	<u>\$ 28,739,208</u>	<u>\$ 156,723,296</u>

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

**Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023**

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

Net change in fund balances - total governmental funds \$ (11,543,782)

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

Capital outlays	\$ 43,118,147	
Depreciation	<u>(10,239,018)</u>	32,879,129

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (532,931)

The transfer of capital assets from enterprise funds to governmental activities are reported as transfers in the government-wide statement of activities. 83,501

The transfer of capital assets from governmental activities to enterprise fund are reported as transfers out in the government-wide statement of activities. (430,951)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,460,735

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$ 8,553,725	
Amortization of bond premium	964,921	
Amortization of deferred charge on refunding	<u>(204,533)</u>	9,314,113

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

Compensated absences	\$ (354,323)	
OPEB expense	(21,458)	
Pension expense	779,166	
Arbitrage	(376,239)	
Accrued interest	<u>189,534</u>	216,680

Special contributions received from the Commonwealth for the pension and OPEB cost sharing pools are not reported in governmental funds. 34,849

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 1,419,140

Change in net position of governmental activities \$ 32,900,483

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 90,125,000	\$ 90,125,000	\$ 91,732,400	\$ 1,607,400
Other local taxes	24,500,000	24,500,000	28,062,650	3,562,650
Permits, fees, and licenses	500,000	500,000	977,946	477,946
Fines and forfeitures	810,000	810,000	1,558,444	748,444
Revenue from the use of money and property	577,000	577,000	6,780,555	6,203,555
Charges for services	500,000	500,000	974,651	474,651
Recovered costs	3,233,450	3,233,450	3,233,450	-
Proffers	-	13,500	408,393	394,893
Miscellaneous	176,620	292,564	515,131	222,567
Intergovernmental revenues:				
Commonwealth:				
PPTRA	3,786,000	3,786,000	3,786,634	634
Communications tax	2,000,000	2,000,000	2,015,542	15,542
Highway maintenance	4,048,000	4,048,000	4,812,834	764,834
Other	1,960,500	2,270,024	2,581,790	311,766
Federal	510,000	745,577	407,167	(338,410)
Total revenues	\$ 132,726,570	\$ 133,401,115	\$ 147,847,587	\$ 14,446,472
EXPENDITURES				
Departmental:				
City council	\$ 398,940	\$ 420,940	\$ 399,739	\$ 21,201
Clerk's office	349,320	349,320	329,809	19,511
City manager	1,623,230	1,601,230	1,397,298	203,932
City attorney	516,000	516,000	428,058	87,942
Electoral board	490,260	491,723	488,141	3,582
Treasurer	1,095,830	1,095,830	1,025,780	70,050
Commissioner of the revenue	1,612,690	1,613,090	1,601,535	11,555
Finance and administration	2,410,310	2,812,165	2,071,270	740,895
Human resources	2,258,450	2,847,144	2,026,516	820,628
Police	19,980,950	20,980,220	20,188,831	791,389
Engineering	1,509,180	1,527,858	1,160,084	367,774
Public works	9,303,360	9,846,082	9,517,713	328,369
Economic development	1,082,040	1,407,887	1,167,689	240,198
Community development	4,774,890	6,128,327	5,280,702	847,625
Contingency	300,000	300,000	-	300,000
Total departmental expenditures	\$ 47,705,450	\$ 51,937,816	\$ 47,083,165	\$ 4,854,651
Shared services	\$ 14,312,520	\$ 14,612,520	\$ 12,643,355	\$ 1,969,165
Contributions	150,000	150,000	150,000	-
Grants and donations	500,000	191,948	-	191,948
Community investment	350,000	2,284,971	171,719	2,113,252
Pandemic	-	1,090,132	1,090,589	(457)
Education	57,001,900	57,001,900	57,165,053	(163,153)
Total expenditures	\$ 120,019,870	\$ 127,269,287	\$ 118,303,881	\$ 8,965,406
Excess (deficiency) of revenues over (under) expenditures	\$ 12,706,700	\$ 6,131,828	\$ 29,543,706	\$ 23,411,878
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,351,450	\$ 2,468,815	\$ 2,243,815	\$ (225,000)
Transfers out	(15,058,150)	(21,958,618)	(21,984,256)	(25,638)
Sale of capital assets	-	1,351,745	1,394,000	42,255
Total other financing sources (uses)	\$ (12,706,700)	\$ (18,138,058)	\$ (18,346,441)	\$ (208,383)
Net change in fund balances	\$ -	\$ (12,006,230)	\$ 11,197,265	\$ 23,203,495
Fund balances - beginning			87,170,610	
Fund balances - ending			\$ 98,367,875	

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

Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Airport Fund
ASSETS				
Current assets:				
Cash and investments - unrestricted	\$ 27,198,848	\$ 23,072,797	\$ 21,752,881	\$ 12,516,027
Cash and investments - restricted	-	11,128,071	3,760,196	-
Accounts receivable, net	7,099,448	1,844,594	2,449,170	277,440
Leases receivable - current portion	-	59,967	-	758,092
Due from other governments	-	-	-	436,599
Prepaid items	-	-	-	-
Inventories	3,071,965	669,279	48,330	-
Total current assets	\$ 37,370,261	\$ 36,774,708	\$ 28,010,577	\$ 13,988,158
Noncurrent assets:				
Leases receivable - noncurrent portion	\$ -	\$ 100,265	\$ -	\$ 45,062,471
Capital assets:				
Nondepreciable	1,941,311	10,163,071	1,973,627	8,953,285
Depreciable, net	24,046,443	43,963,432	28,315,933	26,728,523
Total capital assets, net	\$ 25,987,754	\$ 54,126,503	\$ 30,289,560	\$ 35,681,808
Total noncurrent assets	\$ 25,987,754	\$ 54,226,768	\$ 30,289,560	\$ 80,744,279
Total assets	\$ 63,358,015	\$ 91,001,476	\$ 58,300,137	\$ 94,732,437
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	\$ -	\$ 26,294	\$ 328,933	\$ 29,816
OPEB related deferred outflows	109,993	48,195	18,008	12,779
Pension related deferred outflows	1,070,535	417,122	205,075	117,042
Total deferred outflows of resources	\$ 1,180,528	\$ 491,611	\$ 552,016	\$ 159,637
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 4,623,807	\$ 777,383	\$ 208,395	\$ 387,954
Retainage payable	-	260,172	-	-
Deposits	776,523	176,910	-	133,619
Accrued interest payable	24,463	594,886	317,850	8,854
Unearned revenue	-	3,317	8,050	36,877
Compensated absences - current portion	124,225	52,871	13,184	12,835
Subscription liabilities - current portion	-	-	-	-
Lease liabilities - current portion	9,563	-	-	-
Bonds payable and other obligations - current portion	244,516	1,715,046	1,526,922	195,000
Total current liabilities	\$ 5,803,097	\$ 3,580,585	\$ 2,074,401	\$ 775,139
Noncurrent liabilities:				
Bonds payable and other obligations - noncurrent portion	\$ 3,126,934	\$ 34,768,992	\$ 15,703,080	\$ 405,000
Compensated absences - noncurrent portion	703,943	299,605	74,709	72,730
Subscription liabilities - noncurrent portion	-	-	-	-
Lease liabilities - noncurrent portion	19,980	-	-	-
Net OPEB liability	1,209,182	529,821	197,962	140,476
Net pension liability	2,812,235	1,095,757	538,721	307,463
Total noncurrent liabilities	\$ 7,872,274	\$ 36,694,175	\$ 16,514,472	\$ 925,669
Total liabilities	\$ 13,675,371	\$ 40,274,760	\$ 18,588,873	\$ 1,700,808
DEFERRED INFLOWS OF RESOURCES				
Leases related	\$ -	\$ 152,150	\$ -	\$ 43,321,383
OPEB related deferred inflows	324,043	141,985	53,051	37,647
Pension related deferred inflows	821,556	320,111	157,380	89,821
Total deferred inflows of resources	\$ 1,145,599	\$ 614,246	\$ 210,431	\$ 43,448,851
NET POSITION				
Net investment in capital assets	\$ 22,498,234	\$ 34,425,114	\$ 16,987,271	\$ 34,768,405
Restricted for future capital projects	-	-	-	-
Unrestricted	27,219,339	16,178,967	23,065,578	14,974,010
Total net position	\$ 49,717,573	\$ 50,604,081	\$ 40,052,849	\$ 49,742,415

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

Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Stormwater Fund	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal
				Service Funds
ASSETS				
Current assets:				
Cash and investments - unrestricted	\$ 7,195,598	\$ 2,127,439	\$ 93,863,590	\$ 7,568,154
Cash and investments - restricted	4,197,144	-	19,085,411	-
Accounts receivable, net	168,506	297,391	12,136,549	11,079
Leases receivable - current portion	-	-	818,059	-
Due from other governments	-	-	436,599	-
Prepaid items	-	-	-	338,525
Inventories	-	-	3,789,574	-
Total current assets	\$ 11,561,248	\$ 2,424,830	\$ 130,129,782	\$ 7,917,758
Noncurrent assets:				
Leases receivable - noncurrent portion	\$ -	\$ -	\$ 45,162,736	\$ -
Capital assets:				
Nondepreciable	4,150,405	-	27,181,699	245,430
Depreciable, net	15,004,929	44,854	138,104,114	8,072,350
Total capital assets, net	\$ 19,155,334	\$ 44,854	\$ 165,285,813	\$ 8,317,780
Total noncurrent assets	\$ 19,155,334	\$ 44,854	\$ 210,448,549	\$ 8,317,780
Total assets	\$ 30,716,582	\$ 2,469,684	\$ 340,578,331	\$ 16,235,538
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	\$ -	\$ -	\$ 385,043	\$ -
OPEB related deferred outflows	5,273	2,895	197,143	56,222
Pension related deferred outflows	50,479	16,437	1,876,690	542,197
Total deferred outflows of resources	\$ 55,752	\$ 19,332	\$ 2,458,876	\$ 598,419
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 195,374	\$ 264,491	\$ 6,457,404	\$ 167,922
Retainage payable	-	-	260,172	12,272
Deposits	-	-	1,087,052	-
Accrued interest payable	94,447	-	1,040,500	-
Unearned revenue	-	-	48,244	-
Compensated absences - current portion	622	434	204,171	62,298
Subscription liabilities - current portion	-	-	-	262,771
Lease liabilities - current portion	-	-	9,563	9,610
Bonds payable and other obligations - current portion	298,973	-	3,980,457	-
Total current liabilities	\$ 589,416	\$ 264,925	\$ 13,087,563	\$ 514,873
Noncurrent liabilities:				
Bonds payable and other obligations - noncurrent portion	\$ 6,469,486	\$ -	\$ 60,473,492	\$ -
Compensated absences - noncurrent portion	3,528	2,459	1,156,974	353,022
Subscription liabilities - noncurrent portion	-	-	-	515,637
Lease liabilities - noncurrent portion	-	-	19,980	40,727
Net OPEB liability	57,983	31,830	2,167,254	618,076
Net pension liability	132,608	43,180	4,929,964	1,424,326
Total noncurrent liabilities	\$ 6,663,605	\$ 77,469	\$ 68,747,664	\$ 2,951,788
Total liabilities	\$ 7,253,021	\$ 342,394	\$ 81,835,227	\$ 3,466,661
DEFERRED INFLOWS OF RESOURCES				
Leases related	\$ -	\$ -	\$ 43,473,533	\$ -
OPEB related deferred inflows	15,538	8,531	580,795	165,638
Pension related deferred inflows	38,740	12,614	1,440,222	416,098
Total deferred inflows of resources	\$ 54,278	\$ 21,145	\$ 45,494,550	\$ 581,736
NET POSITION				
Net investment in capital assets	\$ 16,406,755	\$ 44,854	\$ 125,130,633	\$ 7,476,763
Restricted for future capital projects	16,400	-	16,400	-
Unrestricted	7,041,880	2,080,623	90,560,397	5,308,797
Total net position	\$ 23,465,035	\$ 2,125,477	\$ 215,707,430	\$ 12,785,560

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

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Airport Fund
OPERATING REVENUES				
Charges for services	\$ 45,669,077	\$ 12,245,458	\$ 16,614,690	\$ 3,627,393
Service reimbursements	3,919,961	-	-	-
Connection charges	185,875	220,215	379,338	-
Total operating revenues	\$ 49,774,913	\$ 12,465,673	\$ 16,994,028	\$ 3,627,393
OPERATING EXPENSES				
Personal services	\$ 6,243,906	\$ 3,239,782	\$ 1,035,335	\$ 665,897
Contractual services	1,207,132	927,835	497,731	614,983
Supplies	1,530,431	2,349,864	158,077	108,389
Internal and other services	1,871,374	2,296,219	1,200,426	598,814
Purchased power	34,457,564	-	-	-
Contract treatment charges	-	-	10,755,978	-
Depreciation and amortization	2,129,548	2,012,833	874,027	2,821,693
Total operating expenses	\$ 47,439,955	\$ 10,826,533	\$ 14,521,574	\$ 4,809,776
Operating income (loss)	\$ 2,334,958	\$ 1,639,140	\$ 2,472,454	\$ (1,182,383)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ 5,400	\$ 2,366	\$ 884	\$ 52,782
Investment earnings	777,865	724,974	696,409	1,699,043
Gain (loss) on sale of assets	(96,259)	(4,691)	(4,771)	(75,299)
Other/insurance recoveries	95,738	1,325	9,152	13,083
Interest expense and fiscal charges	(98,983)	(980,532)	(537,156)	(32,616)
Total nonoperating revenues (expenses)	\$ 683,761	\$ (256,558)	\$ 164,518	\$ 1,656,993
Income before contributions and transfers	\$ 3,018,719	\$ 1,382,582	\$ 2,636,972	\$ 474,610
Capital contributions	\$ 430,951	\$ 1,954,383	\$ 268,230	\$ 1,048,775
Transfers in	-	1,325,000	-	-
Transfers out	(1,348,824)	(805,997)	(763,980)	-
Change in net position	\$ 2,100,846	\$ 3,855,968	\$ 2,141,222	\$ 1,523,385
Total net position - beginning	47,616,727	46,748,113	37,911,627	48,219,030
Total net position - ending	\$ 49,717,573	\$ 50,604,081	\$ 40,052,849	\$ 49,742,415

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Stormwater Fund	Other	Total	Internal
		Nonmajor Enterprise Funds	Enterprise Funds	Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,769,023	\$ 3,770,770	\$ 84,696,411	\$ 11,354,001
Service reimbursements	-	-	3,919,961	-
Connection charges	7,207	-	792,635	-
Total operating revenues	<u>\$ 2,776,230</u>	<u>\$ 3,770,770</u>	<u>\$ 89,409,007</u>	<u>\$ 11,354,001</u>
OPERATING EXPENSES				
Personal services	\$ 338,884	\$ 152,036	\$ 11,675,840	\$ 3,512,179
Contractual services	396,199	3,539,936	7,183,816	2,246,049
Supplies	3,253	29,585	4,179,599	1,846,982
Internal and other services	597,063	360,060	6,923,956	1,491,032
Purchased power	-	-	34,457,564	-
Contract treatment charges	-	-	10,755,978	-
Depreciation and amortization	697,893	8,860	8,544,854	1,642,679
Total operating expenses	<u>\$ 2,033,292</u>	<u>\$ 4,090,477</u>	<u>\$ 83,721,607</u>	<u>\$ 10,738,921</u>
Operating income (loss)	<u>\$ 742,938</u>	<u>\$ (319,707)</u>	<u>\$ 5,687,400</u>	<u>\$ 615,080</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ 259	\$ 13,735	\$ 75,426	\$ 2,760
Investment earnings	187,403	65,248	4,150,942	215,423
Gain (loss) on sale of assets	-	-	(181,020)	107,448
Other/insurance recoveries	17,414	255	136,967	23,074
Interest expense and fiscal charges	(158,421)	-	(1,807,708)	(5,996)
Total nonoperating revenues (expenses)	<u>\$ 46,655</u>	<u>\$ 79,238</u>	<u>\$ 2,374,607</u>	<u>\$ 342,709</u>
Income before contributions and transfers	<u>\$ 789,593</u>	<u>\$ (240,469)</u>	<u>\$ 8,062,007</u>	<u>\$ 957,789</u>
Capital contributions	\$ 170,973	\$ -	\$ 3,873,312	\$ -
Transfers in	500,000	-	1,825,000	461,351
Transfers out	-	-	(2,918,801)	-
Change in net position	<u>\$ 1,460,566</u>	<u>\$ (240,469)</u>	<u>\$ 10,841,518</u>	<u>\$ 1,419,140</u>
Total net position - beginning	22,004,469	2,365,946	204,865,912	11,366,420
Total net position - ending	<u>\$ 23,465,035</u>	<u>\$ 2,125,477</u>	<u>\$ 215,707,430</u>	<u>\$ 12,785,560</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 50,726,378	\$ 12,038,489	\$ 16,843,578	\$ 2,469,829
Cash paid to suppliers	(36,704,402)	(3,512,986)	(11,411,219)	(717,346)
Cash paid to and for employees	(6,318,259)	(3,131,113)	(1,128,950)	(752,745)
Payments for interfund services used	(1,871,374)	(2,296,219)	(1,200,426)	(598,814)
Net cash provided by (used for) operating activities	\$ 5,832,343	\$ 3,098,171	\$ 3,102,983	\$ 400,924
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (1,348,824)	\$ (805,997)	\$ (763,980)	\$ -
Transfers from other funds	-	1,325,000	-	-
Nonoperating grants received	5,400	2,366	884	198,823
Net cash provided by (used for) noncapital financing activities	\$ (1,343,424)	\$ 521,369	\$ (763,096)	\$ 198,823
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (2,058,228)	\$ (6,913,590)	\$ (931,414)	\$ (902,771)
Capital grants and contributions received (issued)	(83,501)	1,954,383	268,230	1,163,652
Proceeds from issuance of debt	-	-	-	-
Principal paid on debt	(230,098)	(1,423,300)	(1,280,000)	(185,000)
Other/insurance recoveries	95,738	1,325	9,152	13,083
Interest paid on debt	(115,150)	(1,241,256)	(670,575)	(20,136)
Proceeds from sales of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	\$ (2,391,239)	\$ (7,622,438)	\$ (2,604,607)	\$ 68,828
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 777,865	\$ 724,974	\$ 696,409	\$ 1,699,043
Net cash provided by (used for) investing activities	\$ 777,865	\$ 724,974	\$ 696,409	\$ 1,699,043
Net increase (decrease) in cash and cash equivalents	\$ 2,875,545	\$ (3,277,924)	\$ 431,689	\$ 2,367,618
Cash and investments - beginning - including restricted	24,323,303	37,478,792	25,081,388	10,148,409
Cash and investments - ending - including restricted	\$ 27,198,848	\$ 34,200,868	\$ 25,513,077	\$ 12,516,027
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,334,958	\$ 1,639,140	\$ 2,472,454	\$ (1,182,383)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	2,129,548	2,012,833	874,027	2,821,693
Changes in assets and liabilities:				
Accounts receivable	950,351	(445,518)	(150,450)	99,606
Leases receivable	-	514,235	-	686,676
Prepaid items	-	-	-	-
Inventories	(649,421)	(222,950)	2,542	-
Deferred outflows of resources - pension related items	327,840	88,448	100,275	58,994
Deferred outflows of resources - OPEB related items	(4,120)	(4,688)	(939)	1,794
Accounts payable and accrued expenses	1,140,146	(12,337)	(1,975)	6,026
Deposits	1,114	(9,601)	-	7,651
Unearned revenue	-	1,667	-	(957)
Compensated absences	48,534	44,154	(3,779)	2,042
Net pension liability	867,354	392,602	114,036	62,630
Net OPEB liability	61,803	58,328	12,983	(17,449)
Deferred inflows of resources - leases related	-	(487,967)	-	(1,950,540)
Deferred inflows of resources - pension related items	(1,280,821)	(439,985)	(301,695)	(174,838)
Deferred inflows of resources - OPEB related items	(94,943)	(30,190)	(14,496)	(20,021)
Net cash provided by (used for) operating activities	\$ 5,832,343	\$ 3,098,171	\$ 3,102,983	\$ 400,924
Noncash investing, capital, and financing activities:				
Capital contributions	\$ 430,951	\$ -	\$ -	\$ -

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds			Internal Service Funds
	Stormwater Fund	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 2,717,603	\$ 3,674,192	\$ 88,470,069	\$ 11,347,411
Cash paid to suppliers	(436,744)	(3,513,620)	(56,296,317)	(3,992,565)
Cash paid to and for employees	(293,245)	(157,330)	(11,781,642)	(3,350,754)
Payments for interfund services used	(597,063)	(360,060)	(6,923,956)	(1,491,032)
Net cash provided by (used for) operating activities	\$ 1,390,551	\$ (356,818)	\$ 13,468,154	\$ 2,513,060
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ -	\$ -	\$ (2,918,801)	\$ -
Transfers from other funds	500,000	-	1,825,000	461,351
Nonoperating grants received	259	13,735	221,467	2,760
Net cash provided by (used for) noncapital financing activities	\$ 500,259	\$ 13,735	\$ (872,334)	\$ 464,111
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (542,941)	\$ -	\$ (11,348,944)	\$ (2,590,344)
Capital grants and contributions received (issued)	170,973	-	3,473,737	-
Proceeds from issuance of debt	-	-	-	828,630
Principal paid on debt	(255,000)	-	(3,373,398)	(209,277)
Other/insurance recoveries	17,414	255	136,967	23,074
Interest paid on debt	(198,769)	-	(2,245,886)	(5,996)
Proceeds from sales of capital assets	-	-	-	127,861
Net cash provided by (used for) capital and related financing activities	\$ (808,323)	\$ 255	\$ (13,357,524)	\$ (1,826,052)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 187,403	\$ 65,248	\$ 4,150,942	\$ 215,423
Net cash provided by (used for) investing activities	\$ 187,403	\$ 65,248	\$ 4,150,942	\$ 215,423
Net increase (decrease) in cash and cash equivalents	\$ 1,269,890	\$ (277,580)	\$ 3,389,238	\$ 1,366,542
Cash and investments - beginning - including restricted	10,122,852	2,405,019	109,559,763	6,201,612
Cash and investments - ending - including restricted	\$ 11,392,742	\$ 2,127,439	\$ 112,949,001	\$ 7,568,154
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 742,938	\$ (319,707)	\$ 5,687,400	\$ 615,080
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	697,893	8,860	8,544,854	1,642,679
Changes in assets and liabilities:				
Accounts receivable	(58,627)	(96,578)	298,784	(6,590)
Leases receivable	-	-	1,200,911	-
Prepaid items	-	-	-	94,551
Inventories	-	-	(869,829)	-
Deferred outflows of resources - pension related items	(2,371)	6,411	579,597	93,761
Deferred outflows of resources - OPEB related items	(1,451)	(65)	(9,469)	(6,190)
Accounts payable and accrued expenses	(37,292)	55,901	1,150,469	5,915
Deposits	-	-	(836)	-
Unearned revenue	-	-	710	-
Compensated absences	393	206	91,550	30,530
Net pension liability	65,698	11,403	1,513,723	539,828
Net OPEB liability	16,551	1,159	133,375	75,876
Deferred inflows of resources - leases related	-	-	(2,438,507)	-
Deferred inflows of resources - pension related items	(33,589)	(21,736)	(2,252,664)	(540,026)
Deferred inflows of resources - OPEB related items	408	(2,672)	(161,914)	(32,354)
Net cash provided by (used for) operating activities	\$ 1,390,551	\$ (356,818)	\$ 13,468,154	\$ 2,513,060
Noncash investing, capital, and financing activities:				
Capital contributions	\$ -	\$ -	\$ 430,951	\$ -

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

CITY OF MANASSAS, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1–Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

Government-Wide and Fund Financial Statements: (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscriptions assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Fair Value Measurements

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

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

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

Receivables and Payables

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

Inventories and Prepaid Items

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

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

Property Taxes

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

Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At year end, the allowance for doubtful accounts is \$498,454 in the general fund, \$11,467 in the fire rescue fund, \$53,648 in the electric fund, \$13,939 in the water fund, \$18,508 in the sewer fund, \$1,273 in the stormwater fund and \$2,247 in the nonmajor enterprise fund.

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

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

Capital Assets

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

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

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

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

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

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

Compensated Absences

It is the policy of the City and MCPS to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay benefits and the portion of sick pay benefits which are paid to employees when they separate from service with the City and MCPS are accrued when incurred in the government-wide and proprietary fund financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Fund Balances

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

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

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

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

Restricted Amounts

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

Minimum Fund Balance Policy

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30, 2023 include \$7,402,759 in the general capital project fund, and \$1,628,381 in the NVTA capital projects fund.

Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

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

Net Position (Continued)

- 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.

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

- Deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB; this will be applied to the net pension or net OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension and OPEB liability. These differences will be recognized in pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or deferred inflow as appropriate.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or deferred inflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- The governmental funds report unavailable revenue from property taxes and other receivables not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

Deferred Outflows and Inflows of Resources (Continued)

- The City reports deferred inflows of resources in the government-wide and governmental fund financial statements. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the City and MCPS' Plans and the additions to/deductions from the City and MCPS' Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MCPS Debt/Capital Asset Reporting

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

Leases and Subscription-Based IT Arrangements

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

Lessee

The City and MCPS recognize lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). 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.

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

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

Leases (Continued)

Lessor

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

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

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

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

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

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:

	Information Technology Fund
Subscription assets	\$ 200,699
Subscription liabilities	\$ 200,699

Note 2–Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Note 3—Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

Credit Risk - Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP), the State Non-Arbitrage Program (SNAP), and the Virginia Investment Pool (VIP). LGIP, SNAP, and VIP are pooled investment funds, and are not registered with the SEC. LGIP and SNAP are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the City’s position in the pools is the same as the value of the pool shares and is reported within the guidelines of GASB Statement 79. The City has no investment policy that would further limit its investment choices.

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

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 3–Deposits and Investments: (Continued)

Investments: (Continued)

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>S&P Credit Rating</u>	<u>Weighted Average Maturity*</u>
LGIP	\$ 121,158,961	AAAm	0.10
SNAP	32,896,055	AAAm	0.15
VIP	165,940,878	AAAm/AA+f	0.57
U.S. Treasury Securities	45,450	AA+	1.71
Money Market Funds	51,462	N/A	N/A
Corporate Notes	323,024	BBB to AA	5.27
Common Stocks	1,123,654	Various	N/A
Mutual Funds	28,930	Various	N/A
Total investments	<u>\$ 321,568,414</u>		

*Average maturity in years

Fair Value

The City and MCPS categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City and MCPS have the following recurring fair value measurements as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Common stocks/equity securities:			
Large Cap	\$ 1,001,450	\$ -	\$ 1,001,450
Mid Cap	100,006	-	100,006
International	22,198	-	22,198
Mutual funds	28,930	-	28,930
Debt securities:			
U.S. Treasury securities	45,450	-	45,450
Corporate Notes	323,024	-	323,024
Total	<u>\$ 1,521,058</u>	<u>\$ -</u>	<u>\$ 1,521,058</u>

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

Concentration of Credit Risk:

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 3–Deposits and Investments: (Continued)

Concentration of Credit Risk: (Continued)

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

	<u>Primary Government</u>	<u>MCPS</u>	<u>EDA</u>
Deposit and investments:			
Deposits	\$ 6,908,824	\$ 40,072,504	\$ 351,427
Investments	319,995,894	-	-
Investments held in trust	-	1,572,520	-
Total	<u>\$ 326,904,718</u>	<u>\$ 41,645,024</u>	<u>\$ 351,427</u>
Statement of Net Position:			
Cash and investments	\$ 296,482,899	\$ 39,995,095	\$ 351,427
Cash and investments - restricted	30,421,819	77,409	-
Fiduciary funds cash and investments	-	1,572,520	-
Total	<u>\$ 326,904,718</u>	<u>\$ 41,645,024</u>	<u>\$ 351,427</u>

Cash and Investments - Restricted:

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

Note 4–Due From Other Governments

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

	<u>Primary Government</u>	<u>MCPS</u>
State sales tax	\$ -	\$ 1,503,634
Title VI-B	-	271,180
Title I/IV	-	380,248
COVID grants	-	1,062,563
Northern Va. Special Education Regional Program	-	368,366
Other federal and state school funds	-	357,221
Local sales tax	2,203,749	-
Prince William County	205,712	-
Transportation capital grants	1,305,759	-
Welfare grants	476,880	-
Communication tax	318,025	-
Airport grants	436,599	-
Other federal, state and local funds	527,620	-
Total	<u>\$ 5,474,347</u>	<u>\$ 3,943,212</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

Note 5–Interfund Receivables, Payables, and Transfers:

Interfund balances at June 30, consisted of the following:

Primary Government

Due to general fund from:

Nonmajor governmental funds \$ 473,756

The balance above consists of interfund loans from the general fund to the social services fund, which are short term obligations at June 30, 2023.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,243,815	\$ 21,984,256
General Capital Projects fund	5,733,647	1,325,000
NVTA Capital Projects fund	811,000	-
Nonmajor governmental funds	16,023,803	870,559
Electric fund	-	1,348,824
Water fund	1,325,000	805,997
Sewer fund	-	763,980
Stormwater fund	500,000	-
Internal Service	461,351	-
	<u>\$ 27,098,616</u>	<u>\$ 27,098,616</u>

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 6–Capital Assets:

Primary Government

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

	Balance July 1, 2022	GASB 96 Implementation	Increases	Decreases	Balance June 30, 2023
<u>Governmental Activities</u>					
Capital asset, not being depreciated:					
Land and land rights	\$ 118,178,814	\$ -	\$ 6,935,033	\$ (1,483,544)	\$ 123,630,303
Construction in progress	49,693,836	-	40,774,322	(70,126,810)	20,341,348
Total capital assets not being depreciated	<u>\$ 167,872,650</u>	<u>\$ -</u>	<u>\$ 47,709,355</u>	<u>\$ (71,610,354)</u>	<u>\$ 143,971,651</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 59,722,915	\$ -	\$ 44,996,680	\$ (1,661,880)	\$ 103,057,715
Lease buildings and improvements	1,144,162	-	52,008	(18,117)	1,178,053
Subscription assets	-	200,699	776,622	-	977,321
Machinery, equipment and software	31,893,322	-	4,388,078	(724,124)	35,557,276
Infrastructure	199,819,444	-	18,590,603	(944,376)	217,465,671
Total capital assets being depreciated	<u>\$ 292,579,843</u>	<u>\$ 200,699</u>	<u>\$ 68,803,991</u>	<u>\$ (3,348,497)</u>	<u>\$ 358,236,036</u>
Accumulated depreciation:					
Buildings and improvements	\$ (34,426,345)	\$ -	\$ (2,741,288)	\$ 1,618,932	\$ (35,548,701)
Lease buildings and improvements	(355,849)	-	(355,907)	18,117	(693,639)
Subscription assets	-	-	(155,070)	-	(155,070)
Machinery, equipment and software	(17,173,004)	-	(2,767,615)	699,848	(19,240,771)
Infrastructure	(107,165,326)	-	(5,861,817)	928,334	(112,098,809)
Total accumulated depreciation	<u>\$ (159,120,524)</u>	<u>\$ -</u>	<u>\$ (11,881,697)</u>	<u>\$ 3,265,231</u>	<u>\$ (167,736,990)</u>
Total capital assets being depreciated, net	<u>\$ 133,459,319</u>	<u>\$ 200,699</u>	<u>\$ 56,922,294</u>	<u>\$ (83,266)</u>	<u>\$ 190,499,046</u>
Governmental activities capital assets, net	<u>\$ 301,331,969</u>	<u>\$ 200,699</u>	<u>\$ 104,631,649</u>	<u>\$ (71,693,620)</u>	<u>\$ 334,470,697</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 6–Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 510,343
Public safety	2,434,208
Public works	6,135,775
Health and human services	268,503
Culture and recreation	890,189
Internal services funds amounts charged to functions based on usage	1,642,679
Total depreciation expense - governmental activities	<u>\$ 11,881,697</u>

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Business-type Activities</u>				
Capital asset, not being depreciated:				
Land and land rights	\$ 14,916,202	\$ -	\$ (75,299)	\$ 14,840,903
Construction in progress	8,935,697	10,571,903	(7,166,804)	12,340,796
Total capital assets not being depreciated	<u>\$ 23,851,899</u>	<u>\$ 10,571,903</u>	<u>\$ (7,242,103)</u>	<u>\$ 27,181,699</u>
Capital assets, being depreciated:				
Investment in plant	\$ 277,567,118	\$ 8,058,514	\$ (361,875)	\$ 285,263,757
Infrastructure	28,541,516	-	-	28,541,516
Lease infrastructure	47,853	-	-	47,853
Machinery and equipment	5,947,640	208,127	(18,470)	6,137,297
Purchased capacity	35,373,346	-	-	35,373,346
Total capital assets being depreciated	<u>\$ 347,477,473</u>	<u>\$ 8,266,641</u>	<u>\$ (380,345)</u>	<u>\$ 355,363,769</u>
Accumulated depreciation:				
Investment in plant	\$ (170,071,870)	\$ (7,205,109)	\$ 339,655	\$ (176,937,324)
Infrastructure	(12,890,762)	(696,558)	-	(13,587,320)
Lease infrastructure	(8,317)	(8,317)	-	(16,634)
Machinery and equipment	(4,719,848)	(291,489)	18,470	(4,992,867)
Purchased capacity	(21,382,129)	(343,381)	-	(21,725,510)
Total accumulated depreciation	<u>\$ (209,072,926)</u>	<u>\$ (8,544,854)</u>	<u>\$ 358,125</u>	<u>\$ (217,259,655)</u>
Total capital assets being depreciated, net	<u>\$ 138,404,547</u>	<u>\$ (278,213)</u>	<u>\$ (22,220)</u>	<u>\$ 138,104,114</u>
Business-type activities capital assets, net	<u>\$ 162,256,446</u>	<u>\$ 10,293,690</u>	<u>\$ (7,264,323)</u>	<u>\$ 165,285,813</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 6–Capital Assets: (Continued)

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

Electric fund	\$	2,129,548
Water fund		2,012,833
Sewer fund		874,027
Airport fund		2,821,693
Stormwater fund		697,893
Nonmajor enterprise funds		8,860
Total	\$	<u>8,544,854</u>

Purchased Water Rights and Purchased Capacity:

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

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

Construction Commitments:

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

General capital projects	\$	8,542,938
Streets capital projects		1,721,091
Stormwater management		1,135,168
Sewer capital projects		204,704
Water capital projects		2,481,999
Electric capital projects		6,461
Airport capital projects		3,618,915
MCPS capital projects		4,342,351
Total	\$	<u>22,053,627</u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 6–Capital Assets: (Continued)

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
MCPS				
Capital asset, not being depreciated:				
Land and land rights	\$ 2,336,649	\$ -	\$ -	\$ 2,336,649
Construction in progress	1,440,261	2,201,271	(1,440,261)	2,201,271
Total capital assets not being depreciated	<u>\$ 3,776,910</u>	<u>\$ 2,201,271</u>	<u>\$ (1,440,261)</u>	<u>\$ 4,537,920</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 195,056,505	\$ 5,652,410	\$ (293,000)	\$ 200,415,915
Lease buildings and improvements	817,792	3,468,591	-	4,286,383
Lease machinery and equipment	148,050	371,684	(148,050)	371,684
Subscription assets	-	1,003,704	-	1,003,704
Machinery and equipment	11,766,936	473,666	(426,877)	11,813,725
Total capital assets being depreciated	<u>\$ 207,789,283</u>	<u>\$ 10,970,055</u>	<u>\$ (867,927)</u>	<u>\$ 217,891,411</u>
Accumulated depreciation:				
Buildings and improvements	\$ (130,908,552)	\$ (6,242,188)	\$ 234,400	\$ (136,916,340)
Lease buildings and improvements	(403,370)	(566,215)	-	(969,585)
Lease machinery and equipment	(126,553)	(62,484)	148,050	(40,987)
Subscription assets	-	(185,719)	-	(185,719)
Machinery and equipment	(6,852,525)	(789,467)	424,356	(7,217,636)
Total accumulated depreciation	<u>\$ (138,291,000)</u>	<u>\$ (7,846,073)</u>	<u>\$ 806,806</u>	<u>\$ (145,330,267)</u>
Total capital assets being depreciated, net	<u>\$ 69,498,283</u>	<u>\$ 3,123,982</u>	<u>\$ (61,121)</u>	<u>\$ 72,561,144</u>
MCPS capital assets, net	<u>\$ 73,275,193</u>	<u>\$ 5,325,253</u>	<u>\$ (1,501,382)</u>	<u>\$ 77,099,064</u>

Depreciation expense of \$7,846,073 was charged to functions/programs of the respective Component Unit MCPS' governmental activities.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

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

	<u>Governmental Funds</u>
Unavailable property tax revenue, representing uncollected tax billings (General Fund)	\$ 3,299,625
Leases related	5,654,624
Opioid settlements	417,862
Unavailable vehicle license taxes, meal taxes and other items (General Fund)	<u>656,529</u>
Total deferred inflows of resources for the general fund	<u>\$ 10,028,640</u>
Unavailable property tax revenue, representing uncollected tax billings (Special Revenue Funds)	<u>216,253</u>
Total deferred inflows of resources	<u><u>\$ 10,244,893</u></u>

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

Unearned revenue in the enterprise funds represents water and sewer fund prepaid connection fees, prepaid rent and other receipts in advance of being earned. In addition, deferred inflows of resources related to leases total \$43,473,533 in the enterprise funds.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 8—Long-Term Debt:

Changes in Long-Term Debt

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

	Balance July 1, 2022	GASB 96 Implementation	Increases	Decreases	Balance June 30, 2023	Due Within One year
<u>Governmental Activities</u>						
General obligation bonds	\$ 106,507,350	\$ -	\$ -	\$ 8,210,890	\$ 98,296,460	\$ 8,387,995
Premium on bonds	11,304,697	-	-	964,921	10,339,776	964,923
Lease liabilities	819,227	-	52,008	353,199	518,036	381,854
Subscription liabilities	-	200,699	776,622	198,913	778,408	262,771
Compensated absences	4,026,449	-	3,944,125	3,559,272	4,411,302	661,695
Governmental activities long-term liabilities	<u>\$ 122,657,723</u>	<u>\$ 200,699</u>	<u>\$ 4,772,755</u>	<u>\$ 13,287,195</u>	<u>\$ 114,343,982</u>	<u>\$ 10,659,238</u>
<u>Business-type Activities</u>						
General obligation bonds	\$ 62,002,650	\$ -	\$ -	\$ 3,364,110	\$ 58,638,540	\$ 3,522,005
Premium on bonds	6,273,862	-	-	458,453	5,815,409	458,452
Lease liabilities	38,831	-	-	9,288	29,543	9,563
Compensated absences	1,269,595	-	1,144,817	1,053,267	1,361,145	204,171
Business-type activities long-term activities	<u>\$ 69,584,938</u>	<u>\$ -</u>	<u>\$ 1,144,817</u>	<u>\$ 4,885,118</u>	<u>\$ 65,844,637</u>	<u>\$ 4,194,191</u>
Total Primary Government	<u>\$ 192,242,661</u>	<u>\$ 200,699</u>	<u>\$ 5,917,572</u>	<u>\$ 18,172,313</u>	<u>\$ 180,188,619</u>	<u>\$ 14,853,429</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At June 30, \$415,320 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences, pension liabilities, and OPEB liabilities are generally liquidated by the general fund.

The Code of the Commonwealth of Virginia as amended, limits the amount of general obligation debt the City may issue to 10% of the assessed valuation of the real estate subject to taxation. Based upon the City's valuation of real estate subject to taxation, the 2023 legal debt limit is \$622,933,880. With general obligation debt applicable to the limit of \$156,935,000, the City has a legal debt margin of \$465,998,880.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 8—Long-Term Debt: (Continued)

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One year
MCPS					
Lease liabilities	\$ 443,194	\$ 3,840,275	\$ 579,173	\$ 3,704,296	\$ 691,858
Subscription liabilities	-	373,132	119,874	253,258	124,751
Energy performance contract	4,347,723	-	286,736	4,060,987	308,584
Compensated absences	2,857,458	1,715,729	1,648,528	2,924,659	438,699
Governmental activities long-term liabilities	<u>\$ 7,648,375</u>	<u>\$ 5,929,136</u>	<u>\$ 2,634,311</u>	<u>\$ 10,943,200</u>	<u>\$ 1,563,892</u>

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

Series	Maturity Date	Interest Rates	Governmental Activities	Business-Type Activities
General obligation bonds:				
Series 2010D	07/01/2024	2.00 - 5.00%	\$ 285,600	\$ 274,400
Series 2010 D Refunding	07/01/2024	2.00 - 5.00%	3,110,000	-
Series 2014A	05/01/2034	3.00 - 5.00%	6,181,710	2,488,290
Series 2014C Refunding	07/01/2030	2.00 - 5.00%	854,250	6,105,750
Series 2014C	07/01/2034	2.00 - 5.00%	23,715,000	-
Series 2014D Refunding	07/01/2025	0.50 - 3.00%	-	600,000
Series 2016	07/01/2036	2.00 - 5.00%	11,300,000	4,705,000
Series 2016 Refunding	07/01/2025	2.00 - 5.00%	3,760,000	-
Series 2019	07/01/2039	3.00 - 5.00%	22,560,000	21,335,000
Series 2021	01/01/2042	1.75 - 5.00%	25,700,000	22,030,000
Series 2021 Refunding	01/01/2030	5.00%	829,900	1,100,100
Total general obligation bonds			<u>\$ 98,296,460</u>	<u>\$ 58,638,540</u>
Description	Fiscal Year Lease Ends	Discount Rate	Governmental Activities	Business-Type Activities
Leases:				
9327 West Main Street Lease	2028	2.00%	\$ 50,337	\$ -
Piedmont Family Services Lease	2025	3.00%	353,688	-
Piedmont Fire and Rescue/Public Works Lease	2025	7.43%	114,011	-
NOVEC Fiber Lease	2026	2.95%	-	29,543
Total lease liabilities			<u>\$ 518,036</u>	<u>\$ 29,543</u>
Description	Fiscal Year Agreement Ends	Discount Rate	Governmental Activities	
Subscription liabilities:				
SHI - Microsoft	2024	2.64%	\$ 23,885	
Core BTS	2024	3.31%	40,391	
Axon Body Cameras	2027	3.31%	676,622	
ESRI Small Government Enterprise	2024	2.64%	37,510	
Total subscription liabilities			<u>\$ 778,408</u>	

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 8—Long-Term Debt: (Continued)

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

Fiscal Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 8,387,995	\$ 3,571,870	\$ 3,522,005	\$ 2,078,077
2025	8,570,835	3,148,596	3,689,165	1,903,323
2026	7,199,395	2,764,715	3,860,605	1,723,779
2027	6,013,670	2,445,191	3,826,330	1,539,278
2028	6,144,380	2,160,210	4,010,620	1,352,334
2029-2033	31,699,225	6,871,784	15,310,775	4,617,819
2034-2038	22,230,960	2,151,099	15,549,040	2,075,188
2039-2043	8,050,000	352,813	8,870,000	386,022
Total	\$ 98,296,460	\$ 23,466,278	\$ 58,638,540	\$ 15,675,820

Fiscal Year Ending June 30	Lease Liabilities			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 381,854	\$ 13,110	\$ 9,563	\$ 871
2025	105,471	1,376	9,845	589
2026	10,435	519	10,135	299
2027	10,866	306	-	-
2028	9,410	86	-	-
Total	\$ 518,036	\$ 15,397	\$ 29,543	\$ 1,759

Fiscal Year Ending June 30	Subscription Liabilities	
	Governmental Activities	
	Principal	Interest
2024	\$ 262,771	\$ 25,354
2025	166,313	17,068
2026	171,818	11,563
2027	177,506	5,875
Total	\$ 778,408	\$ 59,860

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 8—Long-Term Debt: (Continued)

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

Description	Fiscal Year Lease Ends	Discount Rate	MCPS
Leases:			
Central Office Lease - Extension	2028	3.00%	\$ 3,429,734
Security Cameras	2026	3.03%	274,562
Total lease liabilities			\$ 3,704,296

Description	Fiscal Year Agreement Ends	Discount Rate	MCPS
Subscription liabilities:			
Imagine Learning	2025	3.01%	\$ 253,258

Energy Performance Contract - MCPS

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

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

	MCPS					
	Energy Performance Contract		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 308,584	\$ 128,948	\$ 691,858	\$ 102,964	\$ 124,751	\$ 7,623
2025	331,508	119,150	734,112	81,641	128,507	3,868
2026	355,554	108,624	778,218	59,025	-	-
2027	380,769	97,334	727,391	35,056	-	-
2028	407,203	85,243	772,717	12,614	-	-
2029-2033	2,277,369	226,080	-	-	-	-
Total	\$ 4,060,987	\$ 765,379	\$ 3,704,296	\$ 291,300	\$ 253,258	\$ 11,491

Note 9–Contingent Liabilities and Commitments:

Federal programs in which the City participates were audited in accordance with provisions of the Uniform Guidance. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no matters of material noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

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

The City's agreement with Prince William Manassas Regional Adult Detention Center (PWMRADDC) requires periodic true-ups based on actual costs incurred for the City's prisoner day percentage, shared overhead costs and shared repairs. The final true-up for fiscal year 2022 was paid to the City in June 2023. The fiscal year 2023 amount has not been finalized as of the date of this report; however, an estimate was accrued and \$419,913 is included in due to other governments. Amounts are subject to change for the most recent year based on verification by PWMRADDC.

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, 2023 is 17.0172%.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 10–Joint Ventures: (Continued)

Upper Occoquan Sewage Authority (UOSA): (Continued)

UOSA’s current operating costs and annual debt service is funded by each of the participants based on their allocated capacity with certain modifications. UOSA currently has ten Sewage System Revenue Bond issues outstanding: one issued in 2010, two issued in 2011, two issued in 2013, two in 2016 and two in 2020. The sewer enterprise fund is funding 100 percent of the City’s share of the debt issues. As of June 30, 2023, the City’s committed share of UOSA’s remaining debt service (including interest) is as follows:

	<u>Principal</u>	<u>Interest</u>
2024 \$	2,024,838	\$ 1,455,526
2025	2,081,730	1,400,712
2026	2,742,504	1,342,379
2027	2,262,649	1,273,677
2028	2,316,042	1,218,396
2029-2033	11,698,217	5,245,766
2034-2038	12,403,878	3,665,015
2039-2043	10,572,865	1,597,531
2044-2048	3,277,213	556,130
2049-2053	1,702,606	129,571
	<u>51,082,542</u>	<u>17,884,703</u>
Total	\$ 51,082,542	\$ 17,884,703

In addition to the debt service above the City is responsible for total debt service of \$4,401,895 through 2043 related to the 2020 purchase of additional capacity.

The sewer fund made scheduled payments in fiscal year 2023 for its share of UOSA’s operating costs and debt service costs of \$7,016,141 and \$3,786,565, respectively.

The sewer fund capitalizes its share of UOSA’s construction costs. These costs are amortized over 20 years, the estimated useful life of the system constructed. No construction costs were paid or capitalized in 2023.

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

Potomac and Rappahannock Transportation Commission (PRTC)

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

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

Note 10–Joint Ventures: (Continued)

Potomac and Rappahannock Transportation Commission (PRTC) (Continued)

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

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

Note 11–Jointly Governed Organization:

Northern Virginia Transportation Authority (NVTA)

The NVTA was established under the provisions of the Code of Virginia, Title 15.2, Chapter 48.2 with the cities of Alexandria, Fairfax, Manassas, Manassas Park, and Falls Church and the counties of Arlington, Fairfax, Loudoun, and Prince William. The Authority is responsible for long-range transportation planning for regional transportation projects in Northern Virginia and sets regional transportation policies and priorities for regional transportation projects. While the jurisdictions have representatives as members of the governing body of the Authority, the jurisdictions do not have an explicit measurable equity interest in NVTA. Beginning in 2014, House Bill 2313 gave the Authority responsibility over the collection and distribution of certain dedicated taxes for transportation including 1% additional sales tax, 2% additional transient and occupancy tax and 1.5% additional grantor’s tax. In FY2019, the grantor’s tax was removed from NVTA collections and is now being sent directly to the localities. By law, 30% of these additional revenues are distributed to the jurisdictions provided they implement the commercial and industrial tax of 12.5 cents or dedicate some other funds towards transportation. The other 70% will be used towards regional transportation projects approved by the Authority and implemented by the jurisdictions. In 2023, the City received \$2,711,782 of these taxes, representing the 30% funds and \$190,020 representing the 70% funds.

Note 12–Pension Plans:

Plan Description

All full-time, salaried permanent employees of the City and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Note 12—Pension Plans: (Continued)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

Note 12–Pension Plans: (Continued)***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	308	96
Inactive members:		
Vested inactive members	94	30
Non-vested inactive members	140	34
Long-term disability (LTD)	-	-
Inactive members active elsewhere in VRS	147	49
Total inactive members	<u>381</u>	<u>113</u>
Active members	<u>461</u>	<u>104</u>
Total covered employees	<u><u>1,150</u></u>	<u><u>313</u></u>

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The City's contractually required employer contribution rate for the year ended June 30, 2023 was 14.06% 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 \$4,967,512 and \$4,130,443 for the years ended June 30, 2023 and June 30, 2022, respectively.

Note 12–Pension Plans: (Continued)

Employees Covered by Benefit Terms (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 4.59% 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 \$159,246 and \$163,471 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 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 and rolled forward to the measurement date of June 30, 2022.

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 expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 12–Pension Plans: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement:

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) - 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 expenses, including inflation

Note 12–Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	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, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City 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, 2022, 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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 177,462,667	\$ 161,101,048	\$ 16,361,619
Changes for the year:			
Service cost	\$ 3,843,118	\$ -	\$ 3,843,118
Interest	11,957,766	-	11,957,766
Differences between expected and actual experience	(3,181,011)	-	(3,181,011)
Assumption changes		-	-
Contributions - employer	-	4,123,336	(4,123,336)
Contributions - employee	-	1,597,919	(1,597,919)
Net investment income	-	(165,130)	165,130
Benefit payments, including refunds	(8,307,396)	(8,307,396)	-
Administrative expenses	-	(100,014)	100,014
Other changes	-	3,719	(3,719)
Net changes	\$ 4,312,477	\$ (2,847,566)	\$ 7,160,043
Balances at June 30, 2022	\$ 181,775,144	\$ 158,253,482	\$ 23,521,662

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability: (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 20,516,466	\$ 22,238,058	\$ (1,721,592)
Changes for the year:			
Service cost	\$ 316,746	\$ -	\$ 316,746
Interest	1,374,121	-	1,374,121
Differences between expected and actual experience	(537,124)	-	(537,124)
Assumption changes		-	-
Contributions - employer	-	163,370	(163,370)
Contributions - employee	-	182,296	(182,296)
Net investment income	-	(16,234)	16,234
Benefit payments, including refunds	(951,736)	(951,736)	-
Administrative expenses	-	(13,954)	13,954
Other changes	-	496	(496)
Net changes	\$ 202,007	\$ (635,762)	\$ 837,769
Balances at June 30, 2022	\$ 20,718,473	\$ 21,602,296	\$ (883,823)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government			
Net Pension Liability (Asset)	\$ 49,148,882	\$ 23,521,662	\$ 2,724,374
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,887,188	\$ (883,823)	\$ (3,135,782)

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 12–Pension Plans: (Continued)

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

For the year ended June 30, 2023, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$4,115,458 and (\$106,247), 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:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 653,884	\$ 2,307,107	\$ 14,496	\$ 312,386
Change in assumptions	3,332,607	-	126,308	-
Net difference between projected and actual earnings on pension plan investments	-	4,564,430	-	650,342
Employer contributions subsequent to the measurement date	4,967,512	-	159,246	-
Total	<u>\$ 8,954,003</u>	<u>\$ 6,871,537</u>	<u>\$ 300,050</u>	<u>\$ 962,728</u>

\$4,967,512 and \$159,246 reported as deferred outflows of resources related to pensions resulting from the City’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 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:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2024	\$ (215,428)	\$ (336,055)
2025	(1,200,413)	(350,302)
2026	(3,658,988)	(434,845)
2027	2,189,783	299,278

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also 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.

Note 12—Pension Plans: (Continued)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 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 \$10,789,176 and \$10,211,141 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 Manassas City Public Schools division reported a liability of \$65,440,787 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 Manassas City Public Schools proportion of the Net Pension Liability was based on the Manassas City Public School's actuarially determined employer contributions to the pension plan for the year ended June 30, 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 .68736% as compared to .69733% at June 30, 2021.

For the year ended June 30, 2023, the Manassas City Public Schools recognized pension expense of \$2,871,018. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional): (Continued)

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

At June 30, 2023, the Manassas City Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,512,401
Change in assumptions	6,169,748	-
Net difference between projected and actual earnings on pension plan investments	-	8,532,108
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,773,293	2,529,481
Employer contributions subsequent to the measurement date	<u>10,789,176</u>	<u>-</u>
Total	<u>\$ 20,732,217</u>	<u>\$ 15,573,990</u>

\$10,789,176 reported as deferred outflows of resources related to pensions resulting from the Manassas City Public School’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 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>	
2024	\$ (1,943,416)
2025	(2,412,494)
2026	(4,928,389)
2027	3,653,350
2028	-

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 expenses, including inflation

Note 12—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

Note 12—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	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.

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

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

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

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 116,882,255	\$ 65,440,787	\$ 23,556,120

Note 12–Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 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.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 8,954,003	\$ 6,871,537	\$ 23,521,662	\$ 4,115,458
Totals	<u>\$ 8,954,003</u>	<u>\$ 6,871,537</u>	<u>\$ 23,521,662</u>	<u>\$ 4,115,458</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 300,050	\$ 962,728	\$ (883,823)	\$ (106,247)
School Board Professional	20,732,217	15,573,990	65,440,787	2,871,018
Totals	<u>\$ 21,032,267</u>	<u>\$ 16,536,718</u>	<u>\$ 64,556,964</u>	<u>\$ 2,764,771</u>

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

Plan Description

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

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

Plan Description (Continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% 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 Group Life Insurance Plan from the Primary Government were \$201,348 and \$182,482 for the years ended June 30, 2022 and June 30, 2023, respectively. Contributions to the School Professional Plan were \$367,968 and \$346,369 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the School Nonprofessional Plan were \$23,239 and \$21,504 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

Contributions (Continued)

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 Plan OPEB

At June 30, 2023, the Primary Government, School Board (Professional), and School Board (Nonprofessional) reported liabilities of \$1,870,564, \$3,550,519, and \$220,470 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 Primary Government, School Board (Professional), and School Board (Nonprofessional)’s proportions were .1554%, .2949%, and .0183% respectively, as compared to .1602%, .2990%, and .0181% at June 30, 2021.

For the year ended June 30, 2023, the Primary Government, School Board (Professional), and School Board (Nonprofessional) recognized GLI OPEB expense of \$57,504, \$80,238, and (\$1,330), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 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	\$ 148,125	\$ 75,043	\$ 281,156	\$ 142,438	\$ 17,458	\$ 8,845
Net difference between projected and actual earnings on GLI OPEB plan investments	-	116,883	-	221,855	-	13,776
Change in assumptions	69,769	182,200	132,429	345,835	8,223	21,475
Changes in proportion	50,801	85,459	226,529	209,849	9,662	11,258
Employer contributions subsequent to the measurement date	201,348	-	367,968	-	23,239	-
Total	\$ 470,043	\$ 459,585	\$ 1,008,082	\$ 919,977	\$ 58,582	\$ 55,354

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

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

\$201,348, \$367,968, and \$23,239 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective Primary Government, School Board (Professional), and School Board (Nonprofessional)’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2024	\$ (37,489)	\$ (87,966)	\$ (8,280)
2025	(39,659)	(47,244)	(3,785)
2026	(100,884)	(162,517)	(10,271)
2027	12,397	54,006	3,602
2028	(25,255)	(36,142)	(1,277)
Thereafter	-	-	-

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 Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<u>GLI OPEB Plan</u>
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%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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%.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 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.

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
Primary Government	\$ 2,721,889	\$ 1,870,564	\$ 1,182,576
School Professional	5,166,421	3,550,519	2,244,649
School Nonprofessional	320,810	220,470	139,382

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

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 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.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

Benefit Amounts: (Continued)

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 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 \$99,549 and \$108,852 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 entity reported a liability of \$3,012,997 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 .7961% as compared to .81670% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$367,484. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 231,480	\$ 563,123
Net difference between projected and actual earnings on LODA OPEB program investments	-	12,885
Change in assumptions	840,241	743,145
Change in proportionate share	9,545	216,245
Employer contributions subsequent to the measurement date	<u>99,549</u>	<u>-</u>
Total	<u>\$ 1,180,815</u>	<u>\$ 1,535,398</u>

\$99,549 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:

<u>Year Ended June 30</u>	
2024	\$ (37,719)
2025	(37,444)
2026	(37,151)
2027	(19,726)
2028	(26,070)
Thereafter	(296,022)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 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.

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
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.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% 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.

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%)
Primary Government's proportionate share of the LODA Net OPEB Liability	\$ 3,439,308	\$ 3,012,997	\$ 2,664,225

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%)
Primary Government's proportionate share of the LODA Net OPEB Liability	\$ 2,539,105	\$ 3,012,997	\$ 3,607,805

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

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.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>School Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	146	36
Inactive members:		
Vested inactive members	8	3
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>154</u>	<u>39</u>
Active members	427	104
Total covered employees	<u><u>581</u></u>	<u><u>143</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Primary Government and School Board (Nonprofessional) contractually required employer contribution rates for the year ended June 30, 2023 were .19% and .49% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation

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

Contributions: (Continued)

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 Primary Government to the HIC Plan were \$65,565 and \$59,893 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board (Nonprofessional) to the HIC Plan were \$21,014 and \$9,956 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability 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 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.

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Actuarial Assumptions: (Continued)

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

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 Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	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, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 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 available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 1,114,778	\$ 689,733	\$ 425,045
Changes for the year:			
Service cost	\$ 21,202	\$ -	\$ 21,202
Interest	74,019	-	74,019
Differences between expected and actual experience	(41,037)	-	(41,037)
Assumption changes	56,513	-	56,513
Contributions - employer	-	59,894	(59,894)
Net investment income	-	1,137	(1,137)
Benefit payments	(78,810)	(78,810)	-
Administrative expenses	-	(1,164)	1,164
Other changes	-	8,795	(8,795)
Net changes	\$ 31,887	\$ (10,148)	\$ 42,035
Balances at June 30, 2022	\$ 1,146,665	\$ 679,585	\$ 467,080

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

Changes in Net HIC OPEB Liability: (Continued)

	School Nonprofessional		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 276,527	\$ 222,862	\$ 53,665
Changes for the year:			
Service cost	\$ 3,662	\$ -	\$ 3,662
Interest	18,014	-	18,014
Benefit changes	140,823	-	140,823
Differences between expected and actual experience	(57,588)	-	(57,588)
Assumption changes	78,400	-	78,400
Contributions - employer	-	16,725	(16,725)
Net investment income	-	478	(478)
Benefit payments	(26,623)	(26,623)	-
Administrative expenses	-	(385)	385
Other changes	-	11,888	(11,888)
Net changes	\$ 156,688	\$ 2,083	\$ 154,605
Balances at June 30, 2022	\$ 433,215	\$ 224,945	\$ 208,270

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Net HIC OPEB Liability:			
Primary Government	\$ 593,603	\$ 467,080	\$ 360,117
School Nonprofessional	259,802	208,270	164,679

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

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

For the year ended June 30, 2023, the Primary Government and School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$43,409 and \$140,175, respectively. At June 30, 2023, the Primary Government and School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Primary Government and School Board (Nonprofessional)’s HIC Plan from the following sources:

	Primary Government		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,418	\$ 39,435	\$ 6,176	\$ 47,740
Net difference between projected and actual earnings on HIC OPEB plan investments	-	17,798	-	5,739
Change in assumptions	71,412	4,196	66,667	23
Employer contributions subsequent to the measurement date	65,565	-	21,014	
Total	<u>\$ 156,395</u>	<u>\$ 61,429</u>	<u>\$ 93,857</u>	<u>\$ 53,502</u>

\$65,565 and \$21,014 reported as deferred outflows of resources related to the HIC OPEB resulting from the Primary Government and School Board (Nonprofessional)’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 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	Primary Government	School Nonprofessional
2024	\$ 2,170	\$ 4,954
2025	4,955	4,747
2026	(162)	1,649
2027	17,080	7,154
2028	3,700	837
Thereafter	1,658	-

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

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 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.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 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 \$823,212 and \$775,956 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.

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

At June 30, 2023, the Manassas City Public Schools reported a liability of \$8,594,190 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the Manassas City Public School’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Manassas City Public School’s proportion of the VRS Teacher Employee HIC was .68806% as compared to .69764% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$633,312. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

At June 30, 2023, the Manassas City Public Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 350,313
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	8,626
Change in assumptions	251,080	21,947
Change in proportionate share and differences between actual and expected contributions	454,964	481,431
Employer contributions subsequent to the measurement date	<u>823,212</u>	<u>-</u>
Total	<u>\$ 1,529,256</u>	<u>\$ 862,317</u>

\$823,212 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:

Year Ended June 30

2024	\$ (79,848)
2025	(66,084)
2026	(17,667)
2027	33,504
2028	12,553
Thereafter	(38,731)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)**Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 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
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

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

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	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 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

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

Discount Rate: (Continued)

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

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

	Rate		
	1% Decrease	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	\$ 9,685,750	\$ 8,594,190	\$ 7,668,901

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.

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

Plan Description and Benefits Provided

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

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

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

Plan Description and Benefits Provided: (Continued)

The City of Manassas Retiree Health Insurance Plan is a single-employer defined benefit postemployment healthcare plan for retired City employees. It is administered by the City and was approved by the City Council with policy P-2009-03. Any employee who retires from the City is allowed to remain on the City’s healthcare policy until the age of sixty-five (65) with the same medical coverage (including dependent coverage) as regular full-time employees. Retirees with less than fifteen (15) years of service are responsible for the full cost of the monthly premium. For retirees who were employed with the City on or before June 30, 2009 and who were vested with VRS on or before June 30, 2009, the City provides a monthly subsidy of \$100 to retirees with fifteen to nineteen (15-19) years of service or a \$200 monthly subsidy to retirees with more than twenty (20) years of service. There are no benefits after the retiree attains age sixty-five (65). There is no provision for deferral of benefits for employees who separate from City employment without retiring. Separate audited financial statements are not available for the plan.

Plan Membership

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

Total active employees	\$	459
Total retirees		22
Total spouses of retirees		<u>8</u>
Total	\$	<u><u>489</u></u>

Contributions

The City does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2023 was \$336,483.

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed July 1, 2021.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

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	Varies based on years of service
Discount Rate	3.65%

Mortality rates were based on the RP-2014 employee rates.

The most recent actuarial experience study for which significant assumptions were based was conducted for the four-year period ending June 30, 2016.

Discount Rate

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

Changes in Total OPEB Liability

Changes in Net OPEB Liability - Primary Government	
	Total OPEB Liability
Balances at June 30, 2022	\$ 7,722,206
Changes for the year:	
Service cost	354,861
Interest	280,024
Changes in assumptions	231,045
Benefit payments	(336,483)
Net changes	<u>529,447</u>
Balances at June 30, 2023	<u><u>\$ 8,251,653</u></u>

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

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

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	Rate		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 9,015,299	\$ 8,251,653	\$ 7,558,857

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 (7.30% decreasing to an ultimate rate of 2.90%) or one percentage point higher (9.30% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (7.30% decreasing to 2.90%)	Healthcare Cost Trend (8.30% decreasing to 3.90%)	1% Increase (9.30% decreasing to 4.90%)
Total OPEB liability	\$ 7,250,326	\$ 8,251,653	\$ 9,446,143

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 \$268,562. 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	\$ -	\$ 1,656,664
Changes in assumptions	336,820	660,110
Total	\$ 336,820	\$ 2,316,774

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (Continued)

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

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

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

<u>Year Ended June 30</u>	
2024	\$ (369,666)
2025	(377,624)
2026	(377,624)
2027	(357,079)
2028	(311,228)
Thereafter	(186,733)

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

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

Plan Description and Benefits Provided

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

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

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

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

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

Plan Membership

At March 1, 2022 (valuation date), the following employees were covered by the benefit terms:

Total active employees	\$	805
Total retirees		<u>19</u>
Total	\$	<u><u>824</u></u>

Contributions

MCPS does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by MCPS. The amount paid by MCPS for OPEB as the benefits came due during the year ended June 30, 2023 was \$150,273.

Total OPEB Liability

MCPS’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation Performed March 1, 2022.

Actuarial Assumptions

The total OPEB liability in the March 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies based on years of service
Discount Rate	3.69%

Mortality rates were based on the Pri-2012 total dataset employee headcount weighted mortality with MP-2021.

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

Discount Rate

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

Changes in Total OPEB Liability

Changes in Net OPEB Liability - MCPS		Total OPEB Liability
Balances at June 30, 2022	\$	1,620,244
Changes for the year:		
Service cost		54,993
Interest		30,023
Differences between expected and actual experience		37,137
Changes in assumptions		(193,081)
Benefit payments		(150,273)
Net changes		(221,201)
Balances at June 30, 2023	\$	1,399,043

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

The following amounts present the total OPEB liability of MCPS, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 1,506,075	\$ 1,399,043	\$ 1,298,477

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

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

The following presents the total OPEB liability of MCPS, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00% decreasing to an ultimate rate of 2.94%) or one percentage point higher (7.00% decreasing to an ultimate rate of 4.94%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.00% decreasing to 2.94%)	Healthcare Cost Trend (6.00% decreasing to 3.94%)	1% Increase (7.00% decreasing to 4.94%)
Total OPEB liability	\$ 1,262,061	\$ 1,399,043	\$ 1,560,698

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

For the year ended June 30, 2023, MCPS recognized OPEB expense in the amount of (\$76,950). At June 30, 2023, MCPS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,627	\$ 89,397
Changes in assumptions	63,475	389,195
Employer contributions subsequent to the measurement date	11,534	-
Total	<u>\$ 186,636</u>	<u>\$ 478,592</u>

\$11,534 reported as deferred outflows of resources related to OPEB resulting from MCPS's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024. 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	\$ (139,556)
2025	(147,347)
2026	(16,587)
2027	-
2028	-

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

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

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

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

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

	OPEB Plans:			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
GLI Plan (Note 13)	\$ 470,043	\$ 459,585	\$ 1,870,564	\$ 57,504
LODA Plan (Note 14)	1,180,815	1,535,398	3,012,997	367,484
HIC Plan (Note 15)	156,395	61,429	467,080	43,409
City Local Plan (Note 17)	336,820	2,316,774	8,251,653	268,562
Totals	<u>\$ 2,144,073</u>	<u>\$ 4,373,186</u>	<u>\$ 13,602,294</u>	<u>\$ 736,959</u>
Component Unit School Board				
VRS Pension Plans:				
GLI Plan - Professional (Note 13)	\$ 1,008,082	\$ 919,977	\$ 3,550,519	\$ 80,238
GLI Plan - Nonprofessional (Note 13)	58,582	55,354	220,470	(1,330)
HIC Plan - Nonprofessional (Note 15)	93,857	53,502	208,270	140,175
Teacher HIC Plan (Note 16)	1,529,256	862,317	8,594,190	633,312
MCPS Local Plan (Note 18)	186,636	478,592	1,399,043	(76,950)
Totals	<u>\$ 2,876,413</u>	<u>\$ 2,369,742</u>	<u>\$ 13,972,492</u>	<u>\$ 775,445</u>

Note 20–Risk Management:

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

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 21–Fund Balances:

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

	General Fund	General Capital Projects	NVTA Capital Projects	Other Governmental Funds
Nonspendable:				
Cemetery fund principal	\$ -	\$ -	\$ -	\$ 100,000
Prepays	5,067	-	-	977,057
Long-term advances due from other funds	473,756	-	-	-
Total nonspendable	<u>\$ 478,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,077,057</u>
Restricted for:				
Police E-Summons Program	\$ 312,948	\$ -	\$ -	\$ -
Proffers for development	671,413	-	-	-
Opioid abatement funds	134,735	-	-	-
Bond proceeds and escrows not yet spent	-	4,891,512	5,897,862	-
Communication systems	-	-	-	1,310,602
Fire and rescue system	-	-	-	4,522,552
Road maintenance	-	-	-	177,065
Museum system	-	-	-	13,948
Cemetery maintenance	-	-	-	447,034
Total restricted	<u>\$ 1,119,096</u>	<u>\$ 4,891,512</u>	<u>\$ 5,897,862</u>	<u>\$ 6,471,201</u>
Committed to:				
Capital reserve	\$ 27,000,000	\$ -	\$ -	\$ -
Employee benefits	14,500,000	-	-	-
Museum system	9	-	-	-
Council priorities	10,000,000	-	-	-
City Debt service	-	-	-	8,052,915
School Debt Service	-	-	-	7,307,358
Capital projects	-	5,782,023	13,044,816	4,995,498
Total committed	<u>\$ 51,500,009</u>	<u>\$ 5,782,023</u>	<u>\$ 13,044,816</u>	<u>\$ 20,355,771</u>
Assigned to:				
Transportation	\$ 9,264,654	\$ -	\$ -	\$ -
Subsequent year appropriation	4,842,600	-	-	-
Police department	1,286,521	-	-	-
Fire and rescue system	-	-	-	835,179
Total assigned	<u>\$ 15,393,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,179</u>
Unassigned	<u>\$ 29,876,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total fund balance	<u><u>\$ 98,367,875</u></u>	<u><u>\$ 10,673,535</u></u>	<u><u>\$ 18,942,678</u></u>	<u><u>\$ 28,739,208</u></u>

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 22—Major Customer:

The City has one major sewer and water customer. This customer accounted for approximately 19% of total sewer fund revenues and approximately 24% of total water fund revenues.

Note 23—Landing at Cannon Branch Project:

During 2017, the EDA finalized an agreement with the City and Buchanan Manassas, LLC regarding the sale of land. The City conveyed land to the EDA in November 2016 and subsequently the EDA sold this land for \$5,790,000. The EDA received \$2,894,202, net of expenses, from the sale which was then remitted to the City as a part of the agreement. The EDA also entered into a note receivable with Manassas Gateway LLC, a related company of Buchanan Manassas, LLC, for the remaining portion of the sale which amounted to \$2,895,000. The note bears interest at 4% with payment of principal and interest commencing in May 2017 for a period of eight quarterly installments. The note recorded with the EDA was paid off in FY2020.

In 2017, the City recorded the proceeds noted above as well as the first payment on the note receivable in the Gateway Capital Projects Fund in the amount of \$3,256,077. At June 30, 2020, the note was paid in full.

In a similar transaction, the City conveyed land to the EDA in September 2018 and subsequently the EDA sold this land for \$5,680,000. The EDA received \$3,565,204, net of expenses and including the 2017 note payoff of \$723,750 plus interest, from the sale which was then remitted to the City as a part of the agreement. The EDA also entered into a note receivable with Manassas Gateway, LLC, for the remaining portion of the sale which amounted to \$2,840,000. The note bears interest at 4% with payment of principal and interest commencing in March 2019 for a period of eight quarterly installments. The note was paid in full during FY2021.

In October 2019, the EDA finalized an agreement with Manassas Gateway Hotel, LLC regarding the sale of land. In June 2019, the City conveyed land to the EDA that was subsequently sold to Manassas Gateway Hotel, LLC, for \$1,176,000. The EDA received \$755,768, net of expenses and development fee, from the sale. These funds were remitted to the City as a part of the agreement, after retaining \$350,000 to fund an Economic Development Incentive Grant (EDIG) provided to the developer, per the First Amendment to Cooperation Agreement for Manassas Gateway, between the City and EDA. The EDA has recorded a payable to the City of \$350,000 related to the EDIG, until the developer payment requirements are met. No balance remains due on this as of June 30, 2023.

In October 2019 the City conveyed land to the EDA and subsequently the EDA sold this land to The Landing Office LLC for \$602,500. The EDA received \$395,548, net of expenses and development fee from the sale. These funds were remitted to the City as part of the agreement and were recorded in the Gateway Capital Projects Fund.

In June 2022, the City conveyed land to the EDA and subsequently the EDA sold this land for \$1,056,300 to Buchanan Landing LLC. The EDA received \$276,633, net of expenses and site work reimbursement, for the sale. These funds were remitted to the City per their agreement and were recorded in the Gateway Capital Projects Fund.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 24–Lease Receivable

The City leases property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2023:

Lease Description	Governmental Activities		
	Discount Rate	Lease Receivable June 30, 2023	Deferred Inflow of Resources June 30, 2023
USPS	1.92%	\$ 82,472	\$ 83,183
Amazon 3795 lf of 30 - 2" conduits	5.00%	-	1,555,539
Amazon 6088 lf of 18 - 2" conduits	5.00%	-	1,497,253
Fiberlight - ROW user fee	5.00%	669,783	607,566
Above Net Communications	5.00%	563,463	510,802
Metro Duct	5.00%	-	516,697
Metro Duct	5.00%	-	551,852
Total		\$ 1,315,718	\$ 5,322,892
Lease Description	Business-type Activities		
	Discount Rate	Lease Receivable June 30, 2023	Deferred Inflow of Resources June 30, 2023
T-Mobile Prince William Water Tank	4.00%	\$ 17,372	\$ 16,440
Verizon WTP Lease	3.00%	79,485	75,151
Lamar - site access	1.61%	63,375	60,559
Aerographics (Encompass Industries)	2.83%	262,413	248,969
Aerosolutions	2.90%	326,439	308,951
Manassas FBO, LLC (APP Jet Center) Area A	2.90%	6,173,469	5,842,749
Manassas FBO, LLC (APP Jet Center) Area D	2.90%	1,561,186	1,477,552
Manassas FBO, LLC (APP Jet Center) Areas B&C	3.77%	3,441,412	3,204,644
Manassas FBO, LLC (10520 Wakeman Drive)Pcl4	2.90%	6,174,344	5,843,366
Manassas FBO, LLC (old Colgan)(AviationLn-Pcl 5)	2.90%	1,048,348	992,190
Boeing 10447 Wakeman Drive	2.90%	1,707,925	1,616,448
Aurora Flight Sciences (E-7 Area 2 Land)	2.90%	1,762,486	1,668,325
Delta Fox - Parcel N-3	2.90%	1,628,071	1,540,856
Flightworks (Lot N-1)	2.90%	1,832,697	1,734,505
Manassas Condo Hangar 16A-1 (1.2520 ac)	2.84%	193,425	183,274
Manassas Condo Hangar 16A (1.4030 ac)	2.84%	226,606	215,170
Manassas Condo Hangar 16B -2	2.90%	585,319	554,049
MJ Colgan Associates (E-4-A) (Area 2)	2.90%	858,135	812,330
MJ Colgan Associates (E-4-A) (Area 1)	2.85%	851,415	806,508
Optical Air Data Systems (lot N-2)	2.90%	1,165,410	1,102,970
Manassas FBO, LLC (APP Jet)(Airport Dev.)(FrkMshLLn)	2.90%	1,017,129	962,315
Aurora - CNOVA 9950 Wakeman Drive LLC (E7 Area 1 Bldg)	2.90%	287,198	277,732
Aurora Flight Sciences - A Boeing Company (E7-Area 1 Land)	2.87%	631,847	598,823
Chantilly Air II (Parcels 5/6)	2.90%	2,607,152	2,467,620
Chantilly Air II (10660 Skyview)	2.90%	9,204,184	8,709,905
Chantilly Air II (N-4)	2.90%	2,273,953	2,152,132
Total		\$ 45,980,795	\$ 43,473,533

Lease revenue totaled \$379,150 and \$2,068,083 for the Governmental and Business-type Activities respectively for the year ended June 30, 2023. Lease interest revenue totaled \$64,097 and \$1,374,732 for the Governmental and Business-type Activities respectively for the year ended June 30, 2023.

CITY OF MANASSAS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

Note 24–Lease Receivable: (Continued)

Expected future payments, which are included in the measurement of the lease receivable at June 30, 2023 are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 77,877	\$ 62,129	\$ 818,059	\$ 1,350,762
2025	87,475	58,622	880,154	1,326,380
2026	97,857	54,636	935,182	1,299,647
2027	109,079	50,129	904,854	1,273,000
2028	116,649	45,067	984,239	1,245,367
2029-2033	377,543	151,987	5,663,045	5,747,977
2030-2038	285,423	86,927	8,031,104	4,753,523
2039-2043	163,815	12,491	11,397,429	3,307,091
2044-2048	-	-	6,587,243	1,773,433
2049-2053	-	-	4,254,794	1,112,606
2054-2058	-	-	4,979,934	456,010
2059-2063	-	-	544,758	9,980
Total	\$ 1,315,718	\$ 521,988	\$ 45,980,795	\$ 23,655,776

Note 25–New Accounting Standards:

The Governmental Accounting Standards Board has issued the following statement which are not yet effective.

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.

Implementation Guide No. 2021-1, *Implementation Guidance Update–2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Note 25–New Accounting Standards: (Continued)

Implementation Guide No. 2023-1, *Implementation Guidance Update–2023*, effective for fiscal years beginning after June 15, 2023.

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

Note 26–COVID-19:

CARES Act Funding

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

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

ARPA Funding

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

In June 2021, the City received its share of the first half of the CSLFRF funds. The City received an additional allotment in 2022 with the final payment received in July 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$40,436,390 are reported as unearned revenue as of June 30, 2023.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

Primary Government

Pension Plans

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

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 3,843,118	\$ 3,761,361	\$ 3,687,277	\$ 3,348,683	\$ 3,281,414
Interest	11,957,766	10,770,446	10,228,666	9,967,112	9,355,438
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(3,181,011)	389,503	2,056,312	(1,188,795)	3,307,708
Changes of assumptions	-	7,077,109	-	4,715,768	-
Benefit payments	(8,307,396)	(8,195,823)	(7,695,960)	(7,692,616)	(6,720,110)
Net change in total pension liability	\$ 4,312,477	\$ 13,802,596	\$ 8,276,295	\$ 9,150,152	\$ 9,224,450
Total pension liability - beginning	177,462,667	163,660,071	155,383,776	146,233,624	137,009,174
Total pension liability - ending (a)	\$ 181,775,144	\$ 177,462,667	\$ 163,660,071	\$ 155,383,776	\$ 146,233,624
Plan fiduciary net position					
Contributions - employer	\$ 4,123,336	\$ 4,038,225	\$ 3,496,335	\$ 3,397,643	\$ 3,374,925
Contributions - employee	1,597,919	1,624,425	1,595,404	1,541,055	1,476,196
Net investment income	(165,130)	35,044,511	2,448,747	8,153,026	8,606,814
Benefit payments	(8,307,396)	(8,195,823)	(7,695,960)	(7,692,616)	(6,720,110)
Administrator charges	(100,014)	(87,202)	(83,724)	(81,453)	(74,302)
Other	3,719	3,306	(2,901)	(5,149)	(7,672)
Net change in plan fiduciary net position	\$ (2,847,566)	\$ 32,427,442	\$ (242,099)	\$ 5,312,506	\$ 6,655,851
Plan fiduciary net position - beginning	161,101,048	128,673,606	128,915,705	123,603,199	116,947,348
Plan fiduciary net position - ending (b)	\$ 158,253,482	\$ 161,101,048	\$ 128,673,606	\$ 128,915,705	\$ 123,603,199
City of Manassas's net pension liability (asset) - ending (a) - (b)	\$ 23,521,662	\$ 16,361,619	\$ 34,986,465	\$ 26,468,071	\$ 22,630,425
Plan fiduciary net position as a percentage of the total pension liability	87.06%	90.78%	78.62%	82.97%	84.52%
Covered payroll	\$ 33,692,654	\$ 32,965,603	\$ 31,886,653	\$ 30,792,053	\$ 30,139,672
City of Manassas's net pension liability (asset) as a percentage of covered payroll	69.81%	49.63%	109.72%	85.96%	75.09%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 3,282,771	\$ 3,290,768	\$ 3,146,516	\$ 3,172,984
Interest	9,240,455	8,867,229	8,777,037	8,352,384
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(3,055,659)	(84,432)	(4,724,636)	-
Changes of assumptions	(906,327)	-	-	-
Benefit payments	(7,117,141)	(6,366,376)	(5,454,561)	(5,463,217)
Net change in total pension liability	<u>\$ 1,444,099</u>	<u>\$ 5,707,189</u>	<u>\$ 1,744,356</u>	<u>\$ 6,062,151</u>
Total pension liability - beginning	135,565,075	129,857,886	128,113,530	122,051,379
Total pension liability - ending (a)	<u>\$ 137,009,174</u>	<u>\$ 135,565,075</u>	<u>\$ 129,857,886</u>	<u>\$ 128,113,530</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,290,895	\$ 3,842,806	\$ 3,837,337	\$ 3,549,681
Contributions - employee	1,488,053	1,436,792	1,424,567	1,357,566
Net investment income	12,859,256	1,828,870	4,649,051	13,881,967
Benefit payments	(7,117,141)	(6,366,376)	(5,454,561)	(5,463,217)
Administrator charges	(74,990)	(65,416)	(62,878)	(74,624)
Other	(11,350)	(858)	(1,239)	985
Net change in plan fiduciary net position	<u>\$ 10,434,723</u>	<u>\$ 675,818</u>	<u>\$ 4,392,277</u>	<u>\$ 13,252,358</u>
Plan fiduciary net position - beginning	106,512,625	105,836,807	101,444,530	88,192,172
Plan fiduciary net position - ending (b)	<u>\$ 116,947,348</u>	<u>\$ 106,512,625</u>	<u>\$ 105,836,807</u>	<u>\$ 101,444,530</u>
City of Manassas's net pension liability (asset) - ending (a) - (b)	\$ 20,061,826	\$ 29,052,450	\$ 24,021,079	\$ 26,669,000
Plan fiduciary net position as a percentage of the total pension liability	85.36%	78.57%	81.50%	79.18%
Covered payroll	\$ 29,415,449	\$ 28,400,292	\$ 27,994,452	\$ 28,181,695
City of Manassas's net pension liability (asset) as a percentage of covered payroll	68.20%	102.30%	85.81%	94.63%

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	\$ 316,746	\$ 323,712	\$ 310,307	\$ 300,745	\$ 322,077
Interest	1,374,121	1,252,783	1,204,682	1,185,656	1,155,111
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(537,124)	83,528	38,963	(316,678)	(266,528)
Changes of assumptions	-	727,780	-	530,099	-
Benefit payments	(951,736)	(862,156)	(820,552)	(760,701)	(787,909)
Net change in total pension liability	<u>\$ 202,007</u>	<u>\$ 1,525,647</u>	<u>\$ 733,400</u>	<u>\$ 939,121</u>	<u>\$ 422,751</u>
Total pension liability - beginning	20,516,466	18,990,819	18,257,419	17,318,298	16,895,547
Total pension liability - ending (a)	<u><u>\$ 20,718,473</u></u>	<u><u>\$ 20,516,466</u></u>	<u><u>\$ 18,990,819</u></u>	<u><u>\$ 18,257,419</u></u>	<u><u>\$ 17,318,298</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 163,370	\$ 155,561	\$ 150,637	\$ 151,855	\$ 222,228
Contributions - employee	182,296	179,852	166,996	166,518	161,710
Net investment income	(16,234)	4,861,701	342,572	1,148,942	1,217,722
Benefit payments	(951,736)	(862,156)	(820,552)	(760,701)	(787,909)
Administrator charges	(13,954)	(12,286)	(11,909)	(11,549)	(10,647)
Other	496	456	(404)	(722)	(1,080)
Net change in plan fiduciary net position	<u>\$ (635,762)</u>	<u>\$ 4,323,128</u>	<u>\$ (172,660)</u>	<u>\$ 694,343</u>	<u>\$ 802,024</u>
Plan fiduciary net position - beginning	22,238,058	17,914,930	18,087,590	17,393,247	16,591,223
Plan fiduciary net position - ending (b)	<u><u>\$ 21,602,296</u></u>	<u><u>\$ 22,238,058</u></u>	<u><u>\$ 17,914,930</u></u>	<u><u>\$ 18,087,590</u></u>	<u><u>\$ 17,393,247</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	<u>\$ (883,823)</u>	<u>\$ (1,721,592)</u>	<u>\$ 1,075,889</u>	<u>\$ 169,829</u>	<u>\$ (74,949)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.27%	108.39%	94.33%	99.07%	100.43%
Covered payroll	<u>\$ 3,982,238</u>	<u>\$ 3,747,987</u>	<u>\$ 3,572,271</u>	<u>\$ 3,509,934</u>	<u>\$ 3,413,924</u>
School Division's net pension liability (asset) as a percentage of covered payroll	-22.19%	-45.93%	30.12%	4.84%	-2.20%

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	\$ 348,188	\$ 433,172	\$ 444,147	\$ 448,462
Interest	1,169,530	1,130,232	1,046,485	986,400
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(915,888)	(288,681)	348,312	-
Changes of assumptions	(29,443)	-	-	-
Benefit payments	(768,817)	(657,835)	(627,286)	(525,710)
Net change in total pension liability	\$ (196,430)	\$ 616,888	\$ 1,211,658	\$ 909,152
Total pension liability - beginning	17,091,977	16,475,089	15,263,431	14,354,279
Total pension liability - ending (a)	\$ 16,895,547	\$ 17,091,977	\$ 16,475,089	\$ 15,263,431
Plan fiduciary net position				
Contributions - employer	\$ 234,665	\$ 293,302	\$ 327,770	\$ 371,110
Contributions - employee	182,986	187,296	210,271	213,775
Net investment income	1,829,777	261,358	662,902	1,971,754
Benefit payments	(768,817)	(657,835)	(627,286)	(525,710)
Administrator charges	(10,701)	(9,371)	(9,037)	(10,484)
Other	(1,621)	(111)	244	(280)
Net change in plan fiduciary net position	\$ 1,466,289	\$ 74,639	\$ 564,864	\$ 2,020,165
Plan fiduciary net position - beginning	15,124,934	15,050,295	14,485,431	12,465,266
Plan fiduciary net position - ending (b)	\$ 16,591,223	\$ 15,124,934	\$ 15,050,295	\$ 14,485,431
School Division's net pension liability (asset) - ending (a) - (b)	\$ 304,324	\$ 1,967,043	\$ 1,424,794	\$ 778,000
Plan fiduciary net position as a percentage of the total pension liability	98.20%	88.49%	91.35%	94.90%
Covered payroll	\$ 3,453,646	\$ 3,782,730	\$ 4,211,076	\$ 4,279,686
School Division's net pension liability (asset) as a percentage of covered payroll	8.81%	52.00%	33.83%	18.18%

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

<u>Measurement Date</u>	<u>Employer's Proportionate of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2022	0.69%	\$ 65,440,787	64,128,603	102.05%	82.61%
2021	0.70%	54,134,407	61,698,503	87.74%	85.46%
2020	0.66%	95,652,956	57,828,741	165.41%	71.47%
2019	0.66%	89,016,768	57,015,810	156.13%	73.51%
2018	0.66%	77,572,000	53,634,976	144.63%	74.81%
2017	0.70%	86,057,000	55,574,821	154.85%	72.92%
2016	0.72%	100,786,000	54,849,789	183.75%	68.28%
2015	0.73%	91,429,000	52,454,673	174.30%	70.68%
2014	0.72%	86,628,000	50,935,105	170.08%	70.88%

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 Employer Contributions
Pension Plans

For the Years Ended June 30, 2015 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	\$ 4,967,512	\$ 4,967,512	\$ -	\$ 37,203,972	13.35%
2022	4,130,443	4,130,443	-	33,692,654	12.26%
2021	4,038,225	4,038,225	-	32,965,603	12.25%
2020	3,496,335	3,496,335	-	31,886,653	10.96%
2019	3,395,127	3,395,127	-	30,792,053	11.03%
2018	3,374,925	3,374,925	-	30,139,672	11.20%
2017	3,290,895	3,290,895	-	29,415,449	11.19%
2016	3,843,566	3,843,566	-	28,400,292	13.53%
2015	3,680,000	3,680,000	-	27,994,452	13.15%
Component Unit School Board (Nonprofessional)					
2023	\$ 159,246	\$ 159,246	\$ -	\$ 4,288,617	3.71%
2022	163,471	163,471	-	3,982,238	4.11%
2021	155,481	155,481	-	3,747,987	4.15%
2020	150,746	150,746	-	3,572,271	4.22%
2019	151,985	151,985	-	3,509,934	4.33%
2018	225,042	225,042	-	3,413,924	6.59%
2017	231,849	231,849	-	3,453,646	6.71%
2016	293,120	293,120	-	3,782,730	7.75%
2015	329,000	329,000	-	4,211,076	7.81%
Component Unit School Board (Professional)					
2023	\$ 10,789,176	\$ 10,789,176	\$ -	\$ 68,034,058	15.86%
2022	10,211,141	10,211,141	-	64,128,603	15.92%
2021	9,855,830	9,855,830	-	61,698,503	15.97%
2020	8,730,860	8,730,860	-	57,828,741	15.10%
2019	8,661,861	8,661,861	-	57,015,810	15.19%
2018	8,521,423	8,521,423	-	53,634,976	15.89%
2017	7,956,390	7,956,390	-	55,574,821	14.32%
2016	7,608,549	7,608,549	-	54,849,789	13.87%
2015	7,570,000	7,570,000	-	52,454,673	14.43%

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

Notes to Required Supplementary Information
 Pension Plans
 For the Year Ended June 30, 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, 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	0.1554%	\$ 1,870,564	\$ 33,792,972	5.54%	67.21%
2021	0.1602%	1,865,396	33,078,522	5.64%	67.45%
2020	0.1555%	2,595,040	32,001,776	8.11%	52.64%
2019	0.1576%	2,564,734	30,792,053	8.33%	52.00%
2018	0.1600%	2,423,000	30,335,422	7.99%	51.22%
2017	0.1600%	2,391,000	29,308,367	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.0183%	\$ 200,470	\$ 3,982,238	5.03%	67.21%
2021	0.0181%	211,315	3,747,987	5.64%	67.45%
2020	0.0174%	289,710	3,572,271	8.11%	52.64%
2019	0.0179%	291,281	3,509,934	8.30%	52.00%
2018	0.0200%	275,000	3,442,556	7.99%	51.22%
2017	0.0200%	283,000	3,471,158	8.15%	48.86%
Component Unit School Board (professional)					
2022	0.2949%	\$ 3,550,519	\$ 64,142,499	5.54%	67.21%
2021	0.2990%	3,481,404	61,737,314	5.64%	67.45%
2020	0.2811%	4,690,598	57,844,644	8.11%	52.64%
2019	0.2914%	4,741,203	57,115,351	8.30%	52.00%
2018	0.2300%	4,296,000	53,777,496	7.99%	51.22%
2017	0.3000%	4,562,000	55,909,265	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2018 through June 30, 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	\$ 201,348	\$ 201,348	\$ -	\$ 37,286,750	0.54%
2022	182,482	182,482	-	33,792,972	0.54%
2021	178,624	178,624	-	33,078,522	0.54%
2020	166,403	166,403	-	32,001,776	0.52%
2019	160,658	160,658	-	30,792,053	0.52%
2018	157,744	157,744	-	30,335,422	0.52%
Component Unit School Board (nonprofessional)					
2023	\$ 23,239	\$ 23,239	\$ -	\$ 4,303,562	0.54%
2022	21,504	21,504	-	3,982,238	0.54%
2021	20,239	20,239	-	3,747,987	0.54%
2020	18,576	18,576	-	3,572,271	0.52%
2019	18,253	18,253	-	3,509,934	0.52%
2018	17,901	17,901	-	3,442,556	0.52%
Component Unit School Board (professional)					
2023	\$ 367,968	\$ 367,968	\$ -	\$ 68,142,287	0.54%
2022	346,369	346,369	-	64,142,499	0.54%
2021	333,381	333,381	-	61,737,314	0.54%
2020	300,792	300,792	-	57,844,644	0.52%
2019	296,997	296,997	-	57,115,351	0.52%
2018	279,643	279,643	-	53,777,496	0.52%

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

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 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 Employer's Share of Net LODA OPEB Liability
 Line of Duty Act (LODA) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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

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

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

Schedule of Employer Contributions
 Line of Duty Act (LODA) Program
 For the Years Ended June 30, 2018 through June 30, 2023

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

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

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 For the Year Ended June 30, 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 the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) - Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 21,202	\$ 21,494	\$ 22,035	\$ 20,493	\$ 21,187	\$ 21,716
Interest	74,019	70,872	67,788	67,420	66,503	66,592
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(41,037)	(6,144)	32,959	2,062	(545)	-
Changes of assumptions	56,513	17,387	-	25,958	-	(27,092)
Benefit payments	(78,810)	(77,576)	(76,609)	(73,009)	(75,077)	(49,915)
Net change in total HIC OPEB liability	\$ 31,887	\$ 26,033	\$ 46,173	\$ 42,924	\$ 12,068	\$ 11,301
Total HIC OPEB Liability - beginning	1,114,778	1,088,745	1,042,572	999,648	987,580	976,279
Total HIC OPEB Liability - ending (a)	\$ 1,146,665	\$ 1,114,778	\$ 1,088,745	\$ 1,042,572	\$ 999,648	\$ 987,580
Plan fiduciary net position						
Contributions - employer	\$ 59,894	\$ 58,501	\$ 57,329	\$ 55,729	\$ 49,319	\$ 47,773
Net investment income	1,137	145,988	11,346	35,076	38,174	56,707
Benefit payments	(78,810)	(77,576)	(76,609)	(73,009)	(75,077)	(49,915)
Administrator charges	(1,164)	(1,682)	(1,071)	(756)	(873)	(915)
Other	8,795	-	(5)	(41)	(2,882)	2,882
Net change in plan fiduciary net position	\$ (10,148)	\$ 125,231	\$ (9,010)	\$ 16,999	\$ 8,661	\$ 56,532
Plan fiduciary net position - beginning	689,733	564,502	573,512	556,513	547,852	491,320
Plan fiduciary net position - ending (b)	\$ 679,585	\$ 689,733	\$ 564,502	\$ 573,512	\$ 556,513	\$ 547,852
City of Manassas's net HIC OPEB liability - ending (a) - (b)	\$ 467,080	\$ 425,045	\$ 524,243	\$ 469,060	\$ 443,135	\$ 439,728
Plan fiduciary net position as a percentage of the total HIC OPEB liability	59.27%	61.87%	51.85%	55.01%	55.67%	55.47%
Covered payroll	\$ 31,522,769	\$ 30,928,221	\$ 30,179,573	\$ 29,320,079	\$ 29,006,150	\$ 28,065,796
City of Manassas's net HIC OPEB liability as a percentage of covered payroll	1.48%	1.37%	1.74%	1.60%	1.53%	1.57%

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

Schedule of Changes in the City of Manassas, Virginia's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) - Component Unit School Board (Nonprofessional)
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 3,662	\$ 4,211	\$ 4,048	\$ 3,914	\$ 4,356	\$ 5,061
Interest	18,014	17,541	16,188	16,419	16,223	15,904
Changes in benefit terms	140,823	-	9,412	-	-	-
Differences between expected and actual experience	(57,588)	2,254	10,707	(3,647)	(2,030)	-
Changes of assumptions	78,400	2,847	-	6,062	-	(3,347)
Benefit payments	(26,623)	(20,378)	(20,243)	(14,734)	(16,752)	(9,367)
Net change in total HIC OPEB liability	\$ 156,688	\$ 6,475	\$ 20,112	\$ 8,014	\$ 1,797	\$ 8,251
Total HIC OPEB Liability - beginning	276,527	270,052	249,940	241,926	240,129	231,878
Total HIC OPEB Liability - ending (a)	\$ 433,215	\$ 276,527	\$ 270,052	\$ 249,940	\$ 241,926	\$ 240,129
Plan fiduciary net position						
Contributions - employer	\$ 16,725	\$ 9,376	\$ 7,859	\$ 7,721	\$ 8,790	\$ 9,073
Net investment income	478	47,602	3,848	12,003	13,103	19,367
Benefit payments	(26,623)	(20,378)	(20,243)	(14,734)	(16,752)	(9,367)
Administrator charges	(385)	(535)	(355)	(259)	(300)	(314)
Other	11,888	-	(2)	(14)	(982)	982
Net change in plan fiduciary net position	\$ 2,083	\$ 36,065	\$ (8,893)	\$ 4,717	\$ 3,859	\$ 19,741
Plan fiduciary net position - beginning	222,862	186,797	195,690	190,973	187,114	167,373
Plan fiduciary net position - ending (b)	\$ 224,945	\$ 222,862	\$ 186,797	\$ 195,690	\$ 190,973	\$ 187,114
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 208,270	\$ 53,665	\$ 83,255	\$ 54,250	\$ 50,953	\$ 53,015
Plan fiduciary net position as a percentage of the total HIC OPEB liability	51.92%	80.59%	69.17%	78.29%	78.94%	77.92%
Covered payroll	\$ 3,982,238	\$ 3,747,987	\$ 3,572,271	\$ 3,509,934	\$ 3,416,924	\$ 3,453,646
School Board's net HIC OPEB liability as a percentage of covered payroll	5.23%	1.43%	2.33%	1.55%	1.49%	1.54%

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)

For the Years Ended June 30, 2018 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2023	\$ 65,565	\$ 65,565	\$ -	\$ 34,507,765	0.1900%
2022	59,893	59,893	-	31,522,769	0.1900%
2021	58,764	58,764	-	30,928,221	0.1900%
2020	57,329	57,329	-	30,179,573	0.1900%
2019	55,729	55,729	-	29,320,079	0.1901%
2018	49,319	49,319	-	29,006,150	0.1700%
Component Unit School Board (nonprofessional)					
2023	\$ 21,014	\$ 21,014	\$ -	\$ 4,288,617	0.4900%
2022	9,956	9,956	-	3,982,238	0.2500%
2021	9,370	9,370	-	3,747,987	0.2500%
2020	7,859	7,859	-	3,572,271	0.2200%
2019	7,722	7,722	-	3,509,934	0.2200%
2018	8,794	8,794	-	3,416,924	0.2574%

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

Notes to Required Supplementary Information
 Health Insurance Credit (HIC)
 For the Year Ended June 30, 2022

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of City of Manassas School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC)
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC)
 For the Years Ended June 30, 2018 through June 30, 2023

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

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

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC)
 For the Year Ended June 30, 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 Total OPEB Liability (Asset) and Related Ratios
 Primary Government Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 354,861	\$ 455,637	\$ 478,651	\$ 383,403	\$ 368,592	\$ 383,873
Interest	280,024	222,241	219,344	351,232	359,308	323,594
Changes in assumptions	231,045	(888,140)	43,014	214,552	354,860	(347,338)
Differences between expected and actual experience	-	(1,743,241)	-	(774,515)	-	-
Benefit payments	(336,483)	(313,454)	(394,388)	(364,744)	(328,893)	(283,663)
Net change in total OPEB liability	<u>\$ 529,447</u>	<u>\$ (2,266,957)</u>	<u>\$ 346,621</u>	<u>\$ (190,072)</u>	<u>\$ 753,867</u>	<u>\$ 76,466</u>
Total OPEB liability - beginning	<u>7,722,206</u>	<u>9,989,163</u>	<u>9,642,542</u>	<u>9,832,614</u>	<u>9,078,747</u>	<u>9,002,281</u>
Total OPEB liability - ending	<u>\$ 8,251,653</u>	<u>\$ 7,722,206</u>	<u>\$ 9,989,163</u>	<u>\$ 9,642,542</u>	<u>\$ 9,832,614</u>	<u>\$ 9,078,747</u>
Covered-employee payroll	\$ 33,734,572	\$ 33,734,572	\$ 32,502,185	\$ 31,012,306	\$ 29,645,000	\$ 29,645,000
Primary Governments' total OPEB liability (asset) as a percentage of covered-employee payroll	24.46%	22.89%	30.73%	31.09%	33.17%	30.62%

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 Local OPEB Plan
 For the 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 level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.30% in 2021 and gradually decreases to 3.90% by the year 2073
Salary Increase Rates	Varies based on years of service
Retirement Age	Between 50 and 65 with a service requirement
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Local OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 54,993	\$ 108,220	\$ 90,807	\$ 85,738	\$ 83,229	\$ 93,415
Interest	30,023	51,864	62,778	70,559	71,604	63,823
Changes in assumptions	(193,081)	(421,119)	126,949	(97,977)	(7,003)	(134,493)
Differences between expected and actual experience	37,137	(178,793)	7,455	213,263	53,776	
Benefit payments	(150,273)	(135,289)	(189,146)	(223,520)	(252,776)	(325,000)
Net change in total OPEB liability	\$ (221,201)	\$ (575,117)	\$ 98,843	\$ 48,063	\$ (51,170)	\$ (302,255)
Total OPEB liability - beginning	1,620,244	2,195,361	2,096,518	2,048,455	2,099,625	2,401,880
Total OPEB liability - ending	\$ 1,399,043	\$ 1,620,244	\$ 2,195,361	\$ 2,096,518	\$ 2,048,455	\$ 2,099,625
 Covered-employee payroll	 \$ 72,322,675	 \$ 68,110,841	 \$ 65,446,490	 \$ 61,401,012	 \$ 63,886,718	 \$ 62,362,862
 Manassas City Public School's total OPEB liability (asset) as a percentage of covered-employee payroll	 1.93%	 2.38%	 3.35%	 3.41%	 3.21%	 3.37%

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 Local OPEB Plan
For the Year Ended June 30, 2023

Valuation Date: 3/1/2022

Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.00% in 2022 and gradually decreases to 3.94% by the year 2075
Salary Increase Rates	1.00% to 3.45% based on years of service
Retirement Age	Between 50 and 65 with a service requirement
Mortality Rates	The mortality rates for healthy pre-retirement employees was calculated using the Pri-2012 Total Dataset Employee Amount-Weighted Mortality with MP-2021, healthy post-retirement employees was calculated using the Pri-2012 Total Dataset Retiree Amount-Weighted Mortality with MP-2021 and the disabled was calculated using the Pri-2012 Total Dataset Disabled Amount-Weighted Mortality with MP-2021.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

Transportation Capital Projects Fund - to account for and report federal and state grants and bonds which are restricted and local funds which City Council has committed for expenditures to construct new streets and highways.

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

PERMANENT FUND

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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Cemetery Maintenance Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 6,943,666	\$ 5,288,481	\$ 15,360,273	\$ -	\$ 27,592,420
Cash and investments - restricted	-	-	-	547,034	547,034
Receivables (net of allowance for uncollectibles):					
Taxes	307,366	-	-	-	307,366
Prepaid items	977,057	-	-	-	977,057
Due from other governments	727,600	-	-	-	727,600
Total assets	<u>\$ 8,955,689</u>	<u>\$ 5,288,481</u>	<u>\$ 15,360,273</u>	<u>\$ 547,034</u>	<u>\$ 30,151,477</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 429,277	\$ 126,396	\$ -	\$ -	\$ 555,673
Retainage payable	-	66,587	-	-	66,587
Due to other funds	473,756	-	-	-	473,756
Due to component unit	-	100,000	-	-	100,000
Total liabilities	<u>\$ 903,033</u>	<u>\$ 292,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,196,016</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 216,253	-	-	-	\$ 216,253
FUND BALANCES					
Nonspendable	\$ 977,057	-	-	\$ 100,000	\$ 1,077,057
Restricted	6,024,167	-	-	447,034	6,471,201
Committed	-	4,995,498	15,360,273	-	20,355,771
Assigned	835,179	-	-	-	835,179
Total fund balances	<u>\$ 7,836,403</u>	<u>\$ 4,995,498</u>	<u>\$ 15,360,273</u>	<u>\$ 547,034</u>	<u>\$ 28,739,208</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,955,689</u>	<u>\$ 5,288,481</u>	<u>\$ 15,360,273</u>	<u>\$ 547,034</u>	<u>\$ 30,151,477</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Cemetery Maintenance Funds	Total Nonmajor Governmental Funds
REVENUES					
General property taxes	\$ 12,962,234	\$ -	\$ -	\$ -	\$ 12,962,234
Permits, fees, and licenses	139,563	-	-	-	139,563
Revenue from the use of money and property	135,674	-	-	14,697	150,371
Charges for services	772,122	-	-	63,000	835,122
Miscellaneous	156,135	-	-	-	156,135
Intergovernmental	4,905,981	-	-	-	4,905,981
Total revenues	<u>\$ 19,071,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,697</u>	<u>\$ 19,149,406</u>
EXPENDITURES					
Current:					
Public safety	\$ 11,478,034	\$ -	\$ -	\$ -	\$ 11,478,034
Public works	3,246	-	-	-	3,246
Health and human services	6,730,274	-	-	-	6,730,274
Cultural, recreation, and community development	-	237,605	-	-	237,605
Capital outlay	760,128	7,775,855	-	-	8,535,983
Debt service:					
Principal	303,347	-	8,210,890	-	8,514,237
Interest and fiscal charges	21,472	-	3,987,013	-	4,008,485
Total expenditures	<u>\$ 19,296,501</u>	<u>\$ 8,013,460</u>	<u>\$ 12,197,903</u>	<u>\$ -</u>	<u>\$ 39,507,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (224,792)</u>	<u>\$ (8,013,460)</u>	<u>\$ (12,197,903)</u>	<u>\$ 77,697</u>	<u>\$ (20,358,458)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,543,991	\$ 1,790,468	\$ 11,689,344	\$ -	\$ 16,023,803
Transfers out	(870,559)	-	-	-	(870,559)
Total other financing sources (uses)	<u>\$ 1,673,432</u>	<u>\$ 1,790,468</u>	<u>\$ 11,689,344</u>	<u>\$ -</u>	<u>\$ 15,153,244</u>
Net change in fund balances	\$ 1,448,640	\$ (6,222,992)	\$ (508,559)	\$ 77,697	\$ (5,205,214)
Fund balances - beginning	6,387,763	11,218,490	15,868,832	469,337	33,944,422
Fund balances - ending	<u>\$ 7,836,403</u>	<u>\$ 4,995,498</u>	<u>\$ 15,360,273</u>	<u>\$ 547,034</u>	<u>\$ 28,739,208</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	Social Services Fund	PEG Fund	Owens Brooke District Fund	Fire Rescue Fund	Merchant Museum Fund	Total
ASSETS						
Cash and investments	\$ -	\$ 1,310,602	\$ 177,358	\$ 5,441,758	\$ 13,948	\$ 6,943,666
Receivables (net of allowance for uncollectibles):						
Taxes receivable	-	-	476	306,890	-	307,366
Prepaid items	67,249	-	-	909,808	-	977,057
Due from other governments	629,714	-	-	97,886	-	727,600
Total assets	<u>\$ 696,963</u>	<u>\$ 1,310,602</u>	<u>\$ 177,834</u>	<u>\$ 6,756,342</u>	<u>\$ 13,948</u>	<u>\$ 8,955,689</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 155,958	\$ -	\$ 293	\$ 273,026	\$ -	\$ 429,277
Due to other funds	473,756	-	-	-	-	473,756
Total liabilities	<u>\$ 629,714</u>	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ 273,026</u>	<u>\$ -</u>	<u>\$ 903,033</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ -	\$ -	\$ 476	\$ 215,777	\$ -	\$ 216,253
FUND BALANCES						
Nonspendable	\$ 67,249	\$ -	\$ -	\$ 909,808	\$ -	\$ 977,057
Restricted	-	1,310,602	177,065	4,522,552	13,948	6,024,167
Assigned	-	-	-	835,179	-	835,179
Total fund balances	<u>\$ 67,249</u>	<u>\$ 1,310,602</u>	<u>\$ 177,065</u>	<u>\$ 6,267,539</u>	<u>\$ 13,948</u>	<u>\$ 7,836,403</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 696,963</u>	<u>\$ 1,310,602</u>	<u>\$ 177,834</u>	<u>\$ 6,756,342</u>	<u>\$ 13,948</u>	<u>\$ 8,955,689</u>

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

	Social Services Fund	PEG Fund	Owens Brooke District Fund	Fire Rescue Fund	Merchant Museum Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ 39,510	\$ 12,922,724	\$ -	\$ 12,962,234
Permits, fees and licenses	-	-	-	139,563	-	139,563
Revenue from the use of money and property	-	35,420	4,397	95,687	170	135,674
Charges for services	-	-	-	772,122	-	772,122
Miscellaneous	-	122,434	-	20,038	13,663	156,135
Intergovernmental	4,533,768	-	-	372,213	-	4,905,981
Total revenues	\$ 4,533,768	\$ 157,854	\$ 43,907	\$ 14,322,347	\$ 13,833	\$ 19,071,709
EXPENDITURES						
Current:						
Public safety	\$ -	\$ -	\$ -	\$ 11,478,034	\$ -	\$ 11,478,034
Public works	-	-	3,246	-	-	3,246
Health and human services	6,730,274	-	-	-	-	6,730,274
Capital outlay	-	-	-	760,128	-	760,128
Debt service:						
Principal retirement	265,295	-	-	38,052	-	303,347
Interest and other fiscal charges	14,941	-	-	6,531	-	21,472
Total expenditures	\$ 7,010,510	\$ -	\$ 3,246	\$ 12,282,745	\$ -	\$ 19,296,501
Excess (deficiency) of revenues over (under) expenditures	\$ (2,476,742)	\$ 157,854	\$ 40,661	\$ 2,039,602	\$ 13,833	\$ (224,792)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 2,543,991	\$ -	\$ -	\$ -	\$ -	\$ 2,543,991
Transfers out	-	-	-	(753,194)	(117,365)	(870,559)
Total other financing sources (uses)	\$ 2,543,991	\$ -	\$ -	\$ (753,194)	\$ (117,365)	\$ 1,673,432
Net change in fund balances	\$ 67,249	\$ 157,854	\$ 40,661	\$ 1,286,408	\$ (103,532)	\$ 1,448,640
Fund balances - beginning	-	1,152,748	136,404	4,981,131	117,480	6,387,763
Fund balances - ending	\$ 67,249	\$ 1,310,602	\$ 177,065	\$ 6,267,539	\$ 13,948	\$ 7,836,403

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

Social Services Fund

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	5,344,930	5,344,930	4,533,768	(811,162)
Total revenues	\$ 5,344,930	\$ 5,344,930	\$ 4,533,768	\$ (811,162)
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-
Health and human services	7,666,694	7,669,061	6,730,274	938,787
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	265,295	265,295	265,295	-
Interest and other fiscal charges	14,941	14,941	14,941	-
Total expenditures	\$ 7,946,930	\$ 7,949,297	\$ 7,010,510	\$ 938,787
Excess (deficiency) of revenues over (under) expenditures	\$ (2,602,000)	\$ (2,604,367)	\$ (2,476,742)	\$ 127,625
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,602,000	\$ 2,602,000	\$ 2,543,991	\$ (58,009)
Total other financing sources (uses)	\$ 2,602,000	\$ 2,602,000	\$ 2,543,991	\$ (58,009)
Net change in fund balances	\$ -	\$ (2,367)	\$ 67,249	\$ 69,616

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

	PEG Fund			Owens Brooke District Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)	
	Original	Final			Original	Final		Actual
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 40,200	\$ 40,200	\$ 39,510	\$ (690)
Revenue from the use of money and property	-	-	35,420	35,420	-	-	4,397	4,397
Miscellaneous	150,000	150,000	122,434	(27,566)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 157,854</u>	<u>\$ 7,854</u>	<u>\$ 40,200</u>	<u>\$ 40,200</u>	<u>\$ 43,907</u>	<u>\$ 3,707</u>
EXPENDITURES								
Current:								
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	40,200	40,200	3,246	36,954
Health and human services	-	-	-	-	-	-	-	-
Capital outlay	150,000	150,000	-	150,000	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 40,200</u>	<u>\$ 40,200</u>	<u>\$ 3,246</u>	<u>\$ 36,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,854</u>	<u>\$ 157,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,661</u>	<u>\$ 40,661</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,854</u>	<u>\$ 157,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,661</u>	<u>\$ 40,661</u>

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

	Fire Rescue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ 12,770,750	\$ 12,770,750	\$ 12,922,724	\$ 151,974
Permits, fees and licenses	90,000	90,000	139,563	49,563
Revenue from the use of money and property	15,000	15,000	95,687	80,687
Charges for services	688,000	688,000	772,122	84,122
Miscellaneous	-	-	20,038	20,038
Intergovernmental	400,000	492,061	372,213	(119,848)
Total revenues	<u>\$ 13,963,750</u>	<u>\$ 14,055,811</u>	<u>\$ 14,322,347</u>	<u>\$ 266,536</u>
EXPENDITURES				
Current:				
Public safety	\$ 12,472,167	\$ 12,714,155	\$ 11,478,034	\$ 1,236,121
Capital outlay	1,182,000	2,423,574	760,128	1,663,446
Debt service:				
Principal retirement	38,052	38,052	38,052	-
Interest and other fiscal charges	6,531	6,531	6,531	-
Total expenditures	<u>\$ 13,698,750</u>	<u>\$ 15,182,312</u>	<u>\$ 12,282,745</u>	<u>\$ 2,899,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 265,000</u>	<u>\$ (1,126,501)</u>	<u>\$ 2,039,602</u>	<u>\$ 3,166,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (770,000)</u>	<u>\$ (770,000)</u>	<u>\$ (753,194)</u>	<u>\$ 16,806</u>
Total other financing sources (uses)	<u>\$ (770,000)</u>	<u>\$ (770,000)</u>	<u>\$ (753,194)</u>	<u>\$ 16,806</u>
Net change in fund balances	<u>\$ (505,000)</u>	<u>\$ (1,896,501)</u>	<u>\$ 1,286,408</u>	<u>\$ 3,182,909</u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2023

	Gateway Capital Projects Fund	Transportation Capital Projects Fund	Total
ASSETS			
Cash and investments	\$ 5,272,515	\$ 15,966	\$ 5,288,481
Total assets	<u>\$ 5,272,515</u>	<u>\$ 15,966</u>	<u>\$ 5,288,481</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 126,396	\$ -	\$ 126,396
Retainage payable	66,587	-	66,587
Due to component unit	100,000	-	100,000
Total liabilities	<u>\$ 292,983</u>	<u>\$ -</u>	<u>\$ 292,983</u>
FUND BALANCES			
Committed	\$ 4,979,532	\$ 15,966	\$ 4,995,498
Total fund balances	<u>\$ 4,979,532</u>	<u>\$ 15,966</u>	<u>\$ 4,995,498</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,272,515</u>	<u>\$ 15,966</u>	<u>\$ 5,288,481</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2023

	Gateway Capital Projects Fund	Transportation Capital Projects Fund	Total
EXPENDITURES			
Current:			
Culture, recreation, and community development	\$ 237,605	\$ -	\$ 237,605
Capital outlay	7,775,855	-	7,775,855
Total expenditures	<u>\$ 8,013,460</u>	<u>\$ -</u>	<u>\$ 8,013,460</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (8,013,460)</u>	 <u>\$ -</u>	 <u>\$ (8,013,460)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,790,468	\$ -	\$ 1,790,468
Total other financing sources (uses)	<u>\$ 1,790,468</u>	<u>\$ -</u>	<u>\$ 1,790,468</u>
 Net change in fund balances	 \$ (6,222,992)	 \$ -	 \$ (6,222,992)
Fund balances - beginning	11,202,524	15,966	11,218,490
Fund balances - ending	<u><u>\$ 4,979,532</u></u>	<u><u>\$ 15,966</u></u>	<u><u>\$ 4,995,498</u></u>

NONMAJOR ENTERPRISE FUNDS

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

Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2023

	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash and investments	\$ 2,127,439
Accounts receivable, net	297,391
Total current assets	<u>\$ 2,424,830</u>
Noncurrent assets:	
Capital assets:	
Depreciable, net	\$ 44,854
Total capital assets, net	<u>\$ 44,854</u>
Total assets	<u>\$ 2,469,684</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related deferred outflows	\$ 2,895
Pension related deferred outflows	16,437
Total deferred outflows of resources	<u>\$ 19,332</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 264,491
Compensated absences - current portion	434
Total current liabilities	<u>\$ 264,925</u>
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 2,459
Net OPEB liability	31,830
Net pension liability	43,180
Total noncurrent liabilities	<u>\$ 77,469</u>
Total liabilities	<u>\$ 342,394</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related deferred inflows	\$ 8,531
Pension related deferred inflows	12,614
Total deferred inflows of resources	<u>\$ 21,145</u>
NET POSITION	
Net investment in capital assets	\$ 44,854
Unrestricted	2,080,623
Total net position	<u><u>\$ 2,125,477</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2023

	<u>Solid Waste Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,770,770
Total operating revenues	<u>\$ 3,770,770</u>
OPERATING EXPENSES	
Personal services	\$ 152,036
Contractual services	3,539,936
Supplies	29,585
Internal and other services	360,060
Depreciation and amortization	8,860
Total operating expenses	<u>\$ 4,090,477</u>
Operating income (loss)	<u>\$ (319,707)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental grants/revenue	\$ 13,735
Investment earnings	65,248
Other/insurance recoveries	255
Total nonoperating revenues (expenses)	<u>\$ 79,238</u>
Change in net position	\$ (240,469)
Total net position - beginning	<u>2,365,946</u>
Total net position - ending	<u><u>\$ 2,125,477</u></u>

Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2023

	<u>Solid Waste Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 3,674,192
Cash paid to suppliers	(3,513,620)
Cash paid to and for employees	(157,330)
Payments for interfund services used	(360,060)
Net cash provided by (used for) operating activities	<u>\$ (356,818)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	\$ 13,735
Net cash provided by (used for) noncapital financing activities	<u>\$ 13,735</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other/insurance recoveries	\$ 255
Net cash provided by (used for) capital and related financing activities	<u>\$ 255</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ 65,248
Net cash provided by (used for) investing activities	<u>\$ 65,248</u>
Net increase (decrease) in cash and cash equivalents	\$ (277,580)
Cash and investments - beginning	<u>2,405,019</u>
Cash and investments - ending	<u><u>\$ 2,127,439</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (319,707)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	8,860
Changes in assets and liabilities:	
Accounts receivable	(96,578)
Deferred outflows of resources - pension related items	6,411
Deferred outflows of resources - OPEB related items	(65)
Accounts payable and accrued expenses	55,901
Compensated absences	206
Net pension liability	11,403
Net OPEB liability	1,159
Deferred inflows of resources - pension related items	(21,736)
Deferred inflows of resources - OPEB related items	(2,672)
Total adjustments	<u>\$ (37,111)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (356,818)</u></u>

INTERNAL SERVICE FUNDS

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

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

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

Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,504,907	\$ 2,737,457	\$ 3,325,790	\$ 7,568,154
Accounts receivable, net	6,580	4,499	-	11,079
Prepaid items	-	-	338,525	338,525
Total current assets	<u>\$ 1,511,487</u>	<u>\$ 2,741,956</u>	<u>\$ 3,664,315</u>	<u>\$ 7,917,758</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	\$ 245,430	\$ -	\$ -	\$ 245,430
Depreciable, net	488,746	5,230,226	2,353,378	8,072,350
Total capital assets, net	<u>\$ 734,176</u>	<u>\$ 5,230,226</u>	<u>\$ 2,353,378</u>	<u>\$ 8,317,780</u>
Total assets	<u>\$ 2,245,663</u>	<u>\$ 7,972,182</u>	<u>\$ 6,017,693</u>	<u>\$ 16,235,538</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related deferred outflows	\$ 7,084	\$ 16,386	\$ 32,752	\$ 56,222
Pension related deferred outflows	66,125	169,762	306,310	542,197
Total deferred outflows of resources	<u>\$ 73,209</u>	<u>\$ 186,148</u>	<u>\$ 339,062</u>	<u>\$ 598,419</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 110,658	\$ 27,610	\$ 29,654	\$ 167,922
Retainage payable	12,272	-	-	12,272
Compensated absences - current portion	6,611	20,769	34,918	62,298
Subscription liabilities - current portion	-	-	262,771	262,771
Lease liabilities - current portion	9,610	-	-	9,610
Total current liabilities	<u>\$ 139,151</u>	<u>\$ 48,379</u>	<u>\$ 327,343</u>	<u>\$ 514,873</u>
Noncurrent liabilities:				
Compensated absences - noncurrent portion	\$ 37,464	\$ 117,688	\$ 197,870	\$ 353,022
Subscription liabilities - noncurrent portion	-	-	515,637	515,637
Lease liabilities - noncurrent portion	40,727	-	-	40,727
Net OPEB liability	77,879	180,130	360,067	618,076
Net pension liability	173,708	445,958	804,660	1,424,326
Total noncurrent liabilities	<u>\$ 329,778</u>	<u>\$ 743,776</u>	<u>\$ 1,878,234</u>	<u>\$ 2,951,788</u>
Total liabilities	<u>\$ 468,929</u>	<u>\$ 792,155</u>	<u>\$ 2,205,577</u>	<u>\$ 3,466,661</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related deferred inflows	\$ 20,872	\$ 48,273	\$ 96,493	\$ 165,638
Pension related deferred inflows	50,746	130,281	235,071	416,098
Total deferred inflows of resources	<u>\$ 71,618</u>	<u>\$ 178,554</u>	<u>\$ 331,564</u>	<u>\$ 581,736</u>
NET POSITION				
Net investment in capital assets	\$ 671,567	\$ 5,230,226	\$ 1,574,970	\$ 7,476,763
Unrestricted	1,106,758	1,957,395	2,244,644	5,308,797
Total net position	<u>\$ 1,778,325</u>	<u>\$ 7,187,621</u>	<u>\$ 3,819,614</u>	<u>\$ 12,785,560</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended June 30, 2023

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,059,570	\$ 4,438,670	\$ 4,855,761	\$ 11,354,001
Total operating revenues	<u>\$ 2,059,570</u>	<u>\$ 4,438,670</u>	<u>\$ 4,855,761</u>	<u>\$ 11,354,001</u>
OPERATING EXPENSES				
Personal services	\$ 541,655	\$ 982,963	\$ 1,987,561	\$ 3,512,179
Contractual services	579,194	140,201	1,526,654	2,246,049
Supplies	148,813	1,310,195	387,974	1,846,982
Internal and other services	741,158	418,015	331,859	1,491,032
Depreciation and amortization	68,750	1,236,721	337,208	1,642,679
Total operating expenses	<u>\$ 2,079,570</u>	<u>\$ 4,088,095</u>	<u>\$ 4,571,256</u>	<u>\$ 10,738,921</u>
Operating income (loss)	<u>\$ (20,000)</u>	<u>\$ 350,575</u>	<u>\$ 284,505</u>	<u>\$ 615,080</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental grants/revenue	\$ 348	\$ 804	\$ 1,608	\$ 2,760
Investment earnings	51,216	67,850	96,357	215,423
Gain (loss) on sale of capital assets	(3,843)	111,291	-	107,448
Other/insurance recoveries	-	15,720	7,354	23,074
Interest expense and fiscal charges	(165)	-	(5,831)	(5,996)
Total nonoperating revenues (expenses)	<u>\$ 47,556</u>	<u>\$ 195,665</u>	<u>\$ 99,488</u>	<u>\$ 342,709</u>
Income before transfers	<u>\$ 27,556</u>	<u>\$ 546,240</u>	<u>\$ 383,993</u>	<u>\$ 957,789</u>
Transfers in	\$ -	\$ 461,351	\$ -	\$ 461,351
Change in net position	<u>\$ 27,556</u>	<u>\$ 1,007,591</u>	<u>\$ 383,993</u>	<u>\$ 1,419,140</u>
Total net position - beginning	1,750,769	6,180,030	3,435,621	11,366,420
Total net position - ending	<u><u>\$ 1,778,325</u></u>	<u><u>\$ 7,187,621</u></u>	<u><u>\$ 3,819,614</u></u>	<u><u>\$ 12,785,560</u></u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance Fund	Vehicle Maintenance Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 2,052,990	\$ 4,438,660	\$ 4,855,761	\$ 11,347,411
Cash paid to suppliers	(685,023)	(1,461,770)	(1,845,772)	(3,992,565)
Cash paid to and for employees	(463,586)	(923,434)	(1,963,734)	(3,350,754)
Payments for interfund services used	(741,158)	(418,015)	(331,859)	(1,491,032)
Net cash provided by (used for) operating activities	<u>\$ 163,223</u>	<u>\$ 1,635,441</u>	<u>\$ 714,396</u>	<u>\$ 2,513,060</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ 461,351	\$ -	\$ 461,351
Nonoperating grants received	348	804	1,608	2,760
Net cash provided by (used for) noncapital financing activities	<u>\$ 348</u>	<u>\$ 462,155</u>	<u>\$ 1,608</u>	<u>\$ 464,111</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (358,830)	\$ (1,434,941)	\$ (796,573)	\$ (2,590,344)
Principal paid on debt	(10,364)	-	(198,913)	(209,277)
Interest paid on debt	(165)	-	(5,831)	(5,996)
Proceeds from issuance of debt	52,008	-	776,622	828,630
Other/insurance recoveries	-	15,720	7,354	23,074
Proceeds from sales of capital assets	-	127,861	-	127,861
Net cash provided by (used for) capital and related financing activities	<u>\$ (317,351)</u>	<u>\$ (1,291,360)</u>	<u>\$ (217,341)</u>	<u>\$ (1,826,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 51,216	\$ 67,850	\$ 96,357	\$ 215,423
Net cash provided by (used for) investing activities	<u>\$ 51,216</u>	<u>\$ 67,850</u>	<u>\$ 96,357</u>	<u>\$ 215,423</u>
Net increase (decrease) in cash and cash equivalents	\$ (102,564)	\$ 874,086	\$ 595,020	\$ 1,366,542
Cash and investments - beginning - including restricted	1,607,471	1,863,371	2,730,770	6,201,612
Cash and investments - ending - including restricted	<u>\$ 1,504,907</u>	<u>\$ 2,737,457</u>	<u>\$ 3,325,790</u>	<u>\$ 7,568,154</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (20,000)	\$ 350,575	\$ 284,505	\$ 615,080
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	\$ 68,750	\$ 1,236,721	\$ 337,208	\$ 1,642,679
Changes in assets and liabilities:				
Accounts receivable	(6,580)	(10)	-	(6,590)
Prepaid expenses	-	-	94,551	94,551
Deferred outflows of resources - pension related items	(8,126)	23,390	78,497	93,761
Deferred outflows of resources - OPEB related items	(2,002)	(2,265)	(1,923)	(6,190)
Accounts payable and accrued expenses	42,984	(11,374)	(25,695)	5,915
Compensated absences	8,044	1,693	20,793	30,530
Net pension liability	93,043	177,320	269,465	539,828
Net OPEB liability	22,801	27,108	25,967	75,876
Deferred inflows of resources - pension related items	(36,451)	(160,111)	(343,464)	(540,026)
Deferred inflows of resources - OPEB related items	760	(7,606)	(25,508)	(32,354)
Total adjustments	<u>183,223</u>	<u>1,284,866</u>	<u>429,891</u>	<u>1,897,980</u>
Net cash provided by (used for) operating activities	<u>\$ 163,223</u>	<u>\$ 1,635,441</u>	<u>\$ 714,396</u>	<u>\$ 2,513,060</u>

DISCRETELY PRESENTED COMPONENT UNIT - MANASSAS CITY PUBLIC SCHOOLS

MAJOR GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

	School Operating Fund	School Capital Projects Fund	School Food Service Fund	School Student Activity Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 25,025,207	\$ 12,694,753	\$ 1,750,876	\$ 524,259	\$ 39,995,095
Cash and cash equivalents - restricted	-	-	-	77,409	77,409
Receivables (net of allowance for uncollectibles):					
Accounts receivable	147,589	-	593	18,518	166,700
Due from other governmental units	3,926,369	-	16,843	-	3,943,212
Total assets	<u>\$ 29,099,165</u>	<u>\$ 12,694,753</u>	<u>\$ 1,768,312</u>	<u>\$ 620,186</u>	<u>\$ 44,182,416</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 7,142,777	\$ 1,126,390	\$ 355,405	\$ -	\$ 8,624,572
Unearned revenue	11,624	-	30,000	-	41,624
Total liabilities	<u>\$ 7,154,401</u>	<u>\$ 1,126,390</u>	<u>\$ 385,405</u>	<u>\$ -</u>	<u>\$ 8,666,196</u>
FUND BALANCES					
Restricted	\$ -	\$ 2,805,613	\$ -	\$ 620,186	\$ 3,425,799
Assigned	21,944,764	8,762,750	1,382,907	-	32,090,421
Total fund balances	<u>\$ 21,944,764</u>	<u>\$ 11,568,363</u>	<u>\$ 1,382,907</u>	<u>\$ 620,186</u>	<u>\$ 35,516,220</u>
Total liabilities and fund balances	<u>\$ 29,099,165</u>	<u>\$ 12,694,753</u>	<u>\$ 1,768,312</u>	<u>\$ 620,186</u>	<u>\$ 44,182,416</u>

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 Discretely Presented Component Unit School Board
 June 30, 2023

Total fund balances per Exhibit 46 - Balance Sheet - Governmental Funds		\$	35,516,220
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			77,099,064
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			883,823
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	21,032,267	
OPEB related items		<u>2,876,413</u>	23,908,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Energy performance contract	\$	(4,060,987)	
Lease liabilities		(3,704,296)	
Subscription IT liabilities		(253,258)	
Net pension liability		(65,440,787)	
Net OPEB liability		<u>(13,972,492)</u>	(87,431,820)
Compensated absences are not reported as fund liabilities.			(2,924,659)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(16,536,718)	
OPEB related items		<u>(2,369,742)</u>	<u>(18,906,460)</u>
Net position of governmental activities			\$ <u><u>28,144,848</u></u>

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

	School Operating Fund	School Capital Projects Fund	School Food Service Fund	School Student Activity Fund	Total Governmental Funds
REVENUES					
Fines and forfeitures	\$ 167,082	\$ -	\$ -	\$ -	\$ 167,082
Revenue from the use of money and property	787,230	-	-	30,944	818,174
Charges for services	437,350	-	205,324	-	642,674
Miscellaneous	-	-	-	692,905	692,905
Intergovernmental revenues:					
Local government	54,001,900	3,163,153	-	-	57,165,053
Commonwealth	65,832,406	2,805,613	107,542	-	68,745,561
Federal	10,830,549	-	4,129,414	-	14,959,963
Total revenues	<u>\$ 132,056,517</u>	<u>\$ 5,968,766</u>	<u>\$ 4,442,280</u>	<u>\$ 723,849</u>	<u>\$ 143,191,412</u>
EXPENDITURES					
Current:					
Education	\$ 122,486,216	\$ -	\$ 4,279,741	\$ 629,311	\$ 127,395,268
Capital outlay	10,809,084	98,610	192,799	-	11,100,493
Debt service:					
Principal retirement	985,783	-	-	-	985,783
Interest and other fiscal charges	162,400	-	-	-	162,400
Total expenditures	<u>\$ 134,443,483</u>	<u>\$ 98,610</u>	<u>\$ 4,472,540</u>	<u>\$ 629,311</u>	<u>\$ 139,643,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,386,966)</u>	<u>\$ 5,870,156</u>	<u>\$ (30,260)</u>	<u>\$ 94,538</u>	<u>\$ 3,547,468</u>
OTHER FINANCING SOURCES (USES)					
Issuance of lease	\$ 3,840,275	\$ -	\$ -	\$ -	\$ 3,840,275
Subscriptions	373,132	-	-	-	373,132
Total other financing sources and uses	<u>\$ 4,213,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,213,407</u>
Net change in fund balances	\$ 1,826,441	\$ 5,870,156	\$ (30,260)	\$ 94,538	\$ 7,760,875
Fund balances - beginning	20,118,323	5,698,207	1,413,167	525,648	27,755,345
Fund balances - ending	<u>\$ 21,944,764</u>	<u>\$ 11,568,363</u>	<u>\$ 1,382,907</u>	<u>\$ 620,186</u>	<u>\$ 35,516,220</u>

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

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

Net change in fund balances - total governmental funds \$ 7,760,875

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

Capital outlays	\$ 11,731,065	
Depreciation	<u>(7,846,073)</u>	3,884,992

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (61,121)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	985,783	
Issuance of lease	(3,840,275)	
Subscriptions	<u>(373,132)</u>	(3,227,624)

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

Compensated absences	\$ (67,201)	
OPEB expense	613,491	
Pension expense	<u>8,183,552</u>	8,729,842

Special contributions received from the Commonwealth for the pension and OPEB cost sharing pools are not reported in governmental funds. 3,218,666

Change in net position of governmental activities \$ 20,305,630

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 125,000	\$ 125,000	\$ 167,082	\$ 42,082
Revenue from the use of money and property	100,000	100,000	787,230	687,230
Charges for services	370,250	370,250	437,350	67,100
Local government	60,142,300	60,142,300	54,001,900	(6,140,400)
Commonwealth	70,884,245	70,884,245	65,832,406	(5,051,839)
Federal	3,996,965	3,996,965	10,830,549	6,833,584
Total revenues	<u>\$ 135,618,760</u>	<u>\$ 135,618,760</u>	<u>\$ 132,056,517</u>	<u>\$ (3,562,243)</u>
EXPENDITURES				
Current:				
Instruction	\$ 93,381,491	\$ 92,382,157	\$ 91,494,776	\$ 887,381
Administration, attendance, and health	8,563,649	8,825,545	8,548,084	277,461
Pupil Transportation	4,916,296	5,158,438	4,657,446	500,992
Operation and maintenance	9,099,082	13,230,008	12,076,873	1,153,135
Technology	8,302,346	8,966,491	8,657,464	309,027
Facilities	452,782	5,474,057	7,765,569	(2,291,512)
Food services	-	95,088	95,088	-
Payment in lieu of debt service	6,020,000	6,020,000	-	6,020,000
Contingency	840,999	469,889	-	469,889
Debt service:				
Principal retirement	557,700	557,700	985,783	(428,083)
Interest and other fiscal charges	-	-	162,400	(162,400)
Total expenditures	<u>\$ 132,134,345</u>	<u>\$ 141,179,373</u>	<u>\$ 134,443,483</u>	<u>\$ 6,735,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,484,415</u>	<u>\$ (5,560,613)</u>	<u>\$ (2,386,966)</u>	<u>\$ 3,173,647</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,300,000)	\$ (1,300,000)	\$ -	\$ 1,300,000
Issuance of lease	-	-	3,840,275	3,840,275
Subscriptions	-	-	373,132	373,132
Total other financing sources and uses	<u>\$ (1,300,000)</u>	<u>\$ (1,300,000)</u>	<u>\$ 4,213,407</u>	<u>\$ 5,513,407</u>
Net change in fund balances	<u>\$ 2,184,415</u>	<u>\$ (6,860,613)</u>	<u>\$ 1,826,441</u>	<u>\$ 8,687,054</u>
Fund balances - beginning			20,118,323	
Fund balances - ending			<u>\$ 21,944,764</u>	

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

	School Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	770,500	770,500	205,324	(565,176)
Local government	-	-	-	-
Commonwealth	105,437	105,437	107,542	2,105
Federal	3,223,838	3,223,838	4,129,414	905,576
Total revenues	<u>\$ 4,099,775</u>	<u>\$ 4,099,775</u>	<u>\$ 4,442,280</u>	<u>\$ 342,505</u>
EXPENDITURES				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Administration, attendance, and health	-	-	-	-
Pupil Transportation	-	-	-	-
Operation and maintenance	4,000	-	-	-
Technology	43,500	25,500	22,816	2,684
Facilities	-	-	-	-
Food services	3,927,275	4,284,594	4,449,724	(165,130)
Payment in lieu of debt service	-	-	-	-
Contingency	125,000	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 4,099,775</u>	<u>\$ 4,310,094</u>	<u>\$ 4,472,540</u>	<u>\$ (162,446)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (210,319)</u>	<u>\$ (30,260)</u>	<u>\$ 180,059</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Issuance of lease	-	-	-	-
Subscriptions	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (210,319)</u>	<u>\$ (30,260)</u>	<u>\$ 180,059</u>
Fund balances - beginning			1,413,167	
Fund balances - ending			<u>\$ 1,382,907</u>	

Statement of Fiduciary Net Position
 Discretely Presented Component Unit School Board
 June 30, 2023

	<u>Private-Purpose Trust Funds</u>		
	<u>Nancy Lyons Scholarship Fund</u>	<u>E. Shreve Brent Scholarship Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 51,664	\$ 1,520,856	\$ 1,572,520
	<u>51,664</u>	<u>1,520,856</u>	<u>1,572,520</u>
NET POSITION			
Restricted:			
Held in trust for scholarships	\$ 51,664	\$ 1,520,856	\$ 1,572,520
	<u>51,664</u>	<u>1,520,856</u>	<u>1,572,520</u>

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit School Board
For the Year Ended June 30, 2023

	Private-Purpose Trust Funds		Total
	Nancy Lyons Scholarship Fund	E. Shreve Brent Scholarship Fund	
ADDITIONS			
Investment earnings	\$ 4,370	\$ 157,886	\$ 162,256
Total additions	\$ 4,370	\$ 157,886	\$ 162,256
DEDUCTIONS			
Scholarships	\$ 8,000	\$ 7,500	\$ 15,500
Total deductions	\$ 8,000	\$ 7,500	\$ 15,500
Change in net position	\$ (3,630)	\$ 150,386	\$ 146,756
Net position - beginning	55,294	1,370,470	1,425,764
Net position - ending	\$ 51,664	\$ 1,520,856	\$ 1,572,520

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF MANASSAS, VIRGINIA**

ENTERPRISE FUND

EDA Fund - to account for and report activities of the Manassas Economic Development Authority.

Statement of Net Position
Economic Development Authority
June 30, 2023

ASSETS

Current assets:

Cash and investments	\$	351,427
Due from primary government		<u>100,000</u>
Total assets	\$	<u><u>451,427</u></u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	<u>37,399</u>
Total current liabilities	\$	<u><u>37,399</u></u>

NET POSITION

Unrestricted	\$	<u>414,028</u>
Total net position	\$	<u><u><u>414,028</u></u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Economic Development Authority
For the Year Ended June 30, 2023

OPERATING REVENUES

Charges for services	\$ 10,103
Contribution from primary government	237,605
Total operating revenues	<u>\$ 247,708</u>

OPERATING EXPENSES

Contractual services	\$ 73,053
Internal and other services	1,953
Total operating expenses	<u>\$ 75,006</u>

Operating income (loss)	<u>\$ 172,702</u>
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NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 9,783
Total nonoperating revenues (expenses)	<u>\$ 9,783</u>

Change in net position	\$ 182,485
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Total net position - beginning	231,543
Total net position - ending	<u><u>\$ 414,028</u></u>

Statement of Cash Flows
Economic Development Authority
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$ 10,103
Cash paid to suppliers	(38,547)
Other receipts (payments)	(100,000)
Net cash provided by (used for) operating activities	<u>\$ (128,444)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	\$ 9,783
Net cash provided by (used for) investing activities	<u>\$ 9,783</u>

Net increase (decrease) in cash and cash equivalents \$ (118,661)

Cash and investments - beginning - including restricted 470,088
Cash and investments - ending - including restricted \$ 351,427

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ 172,702
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Accounts payable	36,459
Increase (decrease) in due to/from primary government	(337,605)
Total adjustments	<u>\$ (301,146)</u>
Net cash provided by (used for) operating activities	<u>\$ (128,444)</u>

STATISTICAL SECTION

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

Contents

Financial Trends - Tables 1 - 5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity - Tables 6 - 10

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity - Tables 11 - 13

These schedules contain trend information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information - Tables 14 - 15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place

Operating Information - Tables 16 - 18

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018 (1)
Governmental activities					
Net Investment in capital assets	\$ 239,215,472	\$ 237,659,136	\$ 238,106,151	\$ 224,620,939	\$ 225,362,179
Restricted	100,000	961,775	321,190	253,104	244,257
Unrestricted	(2,607,237)	(59,515,691)	(44,183,664)	(27,689,919)	(21,326,052)
Total governmental activities net position	<u>\$ 236,708,235</u>	<u>\$ 179,105,220</u>	<u>\$ 194,243,677</u>	<u>\$ 197,184,124</u>	<u>\$ 204,280,384</u>
Business-type activities					
Net Investment in capital assets	\$ 86,301,566	\$ 91,747,931	\$ 90,521,955	\$ 100,501,797	\$ 105,057,529
Restricted	-	1,116,832	1,170,439	2,138,217	2,017,150
Unrestricted	44,362,216	41,056,499	42,640,924	49,382,877	56,076,216
Total business-type activities net position	<u>\$ 130,663,782</u>	<u>\$ 133,921,262</u>	<u>\$ 134,333,318</u>	<u>\$ 152,022,891</u>	<u>\$ 163,150,895</u>
Total primary government					
Net Investment in capital assets	\$ 325,517,038	\$ 329,407,067	\$ 328,628,106	\$ 325,122,736	\$ 330,419,708
Restricted	100,000	2,078,607	1,491,629	2,391,321	2,261,407
Unrestricted	41,754,979	(18,459,192)	(1,542,740)	21,692,958	34,750,164
Total primary government net position	<u>\$ 367,372,017</u>	<u>\$ 313,026,482</u>	<u>\$ 328,576,995</u>	<u>\$ 349,207,015</u>	<u>\$ 367,431,279</u>
Component unit - Manassas City Public Schools					
Net Investment in capital assets	\$ 46,519,834	\$ 50,714,094	\$ 74,381,016	\$ 79,206,749	\$ 78,653,662
Restricted	3,535,677	35,840,374	11,233,318	4,985,005	1,400,803
Unrestricted	5,504,087	(84,983,251)	(85,381,758)	(86,202,600)	(96,312,429)
Total component unit net position	<u>\$ 55,559,598</u>	<u>\$ 1,571,217</u>	<u>\$ 232,576</u>	<u>\$ (2,010,846)</u>	<u>\$ (16,257,964)</u>
Component unit - Manassas Economic Development Authority					
Unrestricted	\$ -	\$ -	\$ -	\$ 591,714	\$ 531,905
Total component unit net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,714</u>	<u>\$ 531,905</u>
Total reporting unit					
Net Investment in capital assets	\$ 340,042,372	\$ 347,183,884	\$ 353,220,439	\$ 347,433,079	\$ 352,238,218
Restricted	3,635,677	37,918,981	12,724,947	7,376,326	3,662,210
Unrestricted	79,253,566	(70,505,166)	(37,135,815)	(7,021,522)	(4,285,208)
Total reporting unit net position	<u>\$ 422,931,615</u>	<u>\$ 314,597,699</u>	<u>\$ 328,809,571</u>	<u>\$ 347,787,883</u>	<u>\$ 351,615,220</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: (1) GASB Statement No. 75 was adopted in fiscal year 2018.

Fiscal years 2014 through 2015 are presented as restated.

The sum of Net investment in capital assets of the primary government and the component unit does not equal Net investment in capital assets of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities reducing Unrestricted net position. The assets are reflected in the component unit as Net investment in capital assets. The total reporting unit matches the assets with the debt and reports the net amount of the Net investment in capital assets. The total adjustment was \$38,137,285 in FY23 \$42,304,389 in FY22, \$46,371,558 in FY21, \$50,361,107 in FY20, \$53,190,030 in FY19, \$56,745,152 in FY 2018, \$56,896,406 in FY 2017, \$49,788,683 in FY 2016, \$32,206,777 in FY 2015, and \$31,994,500 in FY 2014.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2019	2020	2021	2022	2023
Governmental activities					
Net Investment in capital assets	\$ 224,763,548	\$ 229,559,573	\$ 235,226,731	\$ 250,655,968	\$ 270,100,468
Restricted	252,492	313,230	378,547	469,337	1,099,631
Unrestricted	3,855,731	22,268,145	40,411,721	73,224,353	86,050,042
Total governmental activities net position	<u>\$ 228,871,771</u>	<u>\$ 252,140,948</u>	<u>\$ 276,016,999</u>	<u>\$ 324,349,658</u>	<u>\$ 357,250,141</u>
Business-type activities					
Net Investment in capital assets	\$ 107,578,521	\$ 112,827,298	\$ 120,740,539	\$ 123,711,751	\$ 125,130,633
Restricted	820,295	993,404	1,712,956	1,639,193	16,400
Unrestricted	64,449,485	76,653,958	78,002,790	79,514,968	90,560,397
Total business-type activities net position	<u>\$ 172,848,301</u>	<u>\$ 190,474,660</u>	<u>\$ 200,456,285</u>	<u>\$ 204,865,912</u>	<u>\$ 215,707,430</u>
Total primary government					
Net Investment in capital assets	\$ 332,342,069	\$ 342,386,871	\$ 355,967,270	\$ 367,773,733	\$ 388,867,628
Restricted	1,072,787	1,306,634	2,091,503	2,108,530	1,116,031
Unrestricted	68,305,216	98,922,103	118,414,511	159,333,307	182,973,912
Total primary government net position	<u>\$ 401,720,072</u>	<u>\$ 442,615,608</u>	<u>\$ 476,473,284</u>	<u>\$ 529,215,570</u>	<u>\$ 572,957,571</u>
Component unit - Manassas City Public Schools					
Net Investment in capital assets	\$ 74,572,858	\$ 71,568,424	\$ 69,796,038	\$ 68,091,997	\$ 67,954,133
Restricted	1,104,005	-	-	1,721,592	3,689,436
Unrestricted	(86,847,342)	(79,140,372)	(75,829,564)	(61,974,371)	(43,498,721)
Total component unit net position	<u>\$ (11,170,479)</u>	<u>\$ (7,571,948)</u>	<u>\$ (6,033,526)</u>	<u>\$ 7,839,218</u>	<u>\$ 28,144,848</u>
Component unit - Manassas Economic Development Authority					
Unrestricted	\$ 492,931	\$ 341,682	\$ 240,690	\$ 231,543	\$ 414,028
Total component unit net position	<u>\$ 492,931</u>	<u>\$ 341,682</u>	<u>\$ 240,690</u>	<u>\$ 231,543</u>	<u>\$ 414,028</u>
Total reporting unit					
Net Investment in capital assets	\$ 353,724,897	\$ 363,594,188	\$ 379,391,750	\$ 393,561,341	\$ 418,684,476
Restricted	2,176,792	1,306,634	2,091,503	3,830,122	4,805,467
Unrestricted	35,140,835	70,484,520	89,197,195	139,894,868	178,026,504
Total reporting unit net position	<u>\$ 391,042,524</u>	<u>\$ 435,385,342</u>	<u>\$ 470,680,448</u>	<u>\$ 537,286,331</u>	<u>\$ 601,516,447</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: (1) GASB Statement No. 75 was adopted in fiscal year 2018.

Fiscal years 2014 through 2015 are presented as restated.

The sum of Net investment in capital assets of the primary government and the component unit does not equal Net investment in capital assets of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities reducing Unrestricted net position. The assets are reflected in the component unit as Net investment in capital assets. The total reporting unit matches the assets with the debt and reports the net amount of the Net investment in capital assets. The total adjustment was \$38,137,285 in FY23 \$42,304,389 in FY22, \$46,371,558 in FY21, \$50,361,107 in FY20, \$53,190,030 in FY19, \$56,745,152 in FY 2018, \$56,896,406 in FY 2017, \$49,788,683 in FY 2016, \$32,206,777 in FY 2015, and \$31,994,500 in FY 2014.

The sum of the primary government columns do not equal the Total column by a difference of \$6,363,473 in FY23 and \$6,593,986 in FY22 because the bonds payable related to the Governmental Activities are reflected in the Business-type Activities column reducing unrestricted net position. The assets are reflected in the Governmental Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 8,889,060	\$ 9,713,211	\$ 9,416,657	\$ 9,317,421	\$ 9,113,451
Public safety	28,751,948	29,046,682	29,590,090	29,347,211	30,135,534
Public works	10,001,107	10,021,004	10,271,259	11,242,030	12,362,448
Health and human services	7,873,882	8,226,526	7,803,369	8,094,092	8,416,497
Culture, recreation, development	5,366,949	5,922,737	6,674,897	7,909,986	7,507,275
Education	57,448,414	90,297,919	53,559,758	57,870,687	56,477,145
Interest on long term debt	2,144,525	2,652,212	2,895,236	2,899,640	2,801,905
Bond issuance costs	-	456,903	-	393,281	-
Total governmental activities	\$ 120,475,885	\$ 156,337,194	\$ 120,211,266	\$ 127,074,348	\$ 126,814,255
Business-type activities:					
Electric	\$ 66,181,787	\$ 49,418,170	\$ 39,930,487	\$ 37,573,386	\$ 37,636,140
Water	7,745,000	6,530,807	7,963,709	7,870,578	8,031,152
Sewer	12,618,910	12,833,037	13,041,741	15,974,768	12,653,486
Airport	3,548,396	4,172,683	4,014,417	4,277,596	3,990,689
Solid Waste	3,191,138	3,400,730	3,346,175	2,769,954	2,879,907
City Square Pavilion	328,600	302,350	-	-	-
Candy Factory	198,763	198,763	-	-	-
Parking Garage	40,189	42,383	-	-	-
Stormwater	-	348,923	616,603	1,178,358	1,766,011
Total business-type activities	\$ 93,852,783	\$ 77,247,846	\$ 68,913,132	\$ 69,644,640	\$ 66,957,385
Total primary government	\$ 214,328,668	\$ 233,585,040	\$ 189,124,398	\$ 196,718,988	\$ 193,771,640
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 965,601	\$ 794,125	\$ 793,509	\$ 211,599	\$ 229,448
Public safety	1,835,901	2,038,460	1,850,687	1,682,680	1,915,546
Public works	965,091	632,645	502,017	427,517	1,374,423
Health and human services	37,549	35,950	35,946	35,946	35,946
Culture, recreation, development	602,636	621,092	312,517	1,313,428	1,050,364
Operating grants/contributions	7,568,603	7,659,004	7,619,603	8,003,903	8,797,776
Capital grants/contributions	46,562,063	2,338,510	3,516,026	2,636,725	2,159,714
Total governmental activities	\$ 58,537,444	\$ 14,119,786	\$ 14,630,305	\$ 14,311,798	\$ 15,563,217
Business-type activities:					
Charges for services:					
Electric	\$ 63,967,176	\$ 49,504,961	\$ 41,435,005	\$ 40,796,452	\$ 43,482,903
Water	9,680,679	9,145,951	9,763,189	10,139,090	10,692,383
Sewer	14,174,279	14,000,269	13,849,101	15,161,560	16,046,193
Airport	2,388,024	2,411,487	2,343,785	2,779,185	2,842,173
Solid Waste	3,164,902	3,297,110	3,399,806	3,409,022	3,426,120
City Square Pavilion	23,816	26,482	-	-	-
Candy Factory	27,984	27,984	-	-	-
Parking Garage	30,136	28,292	-	-	-
Stormwater	-	582,275	1,170,288	1,177,660	1,299,839
Operating grants/contributions	121,607	61,649	126,842	65,507	88,789
Capital grants/contributions	2,254,331	6,730,158	2,591,237	3,591,414	2,774,579
Total business-type activities	\$ 95,832,934	\$ 85,816,618	\$ 74,679,253	\$ 77,119,890	\$ 80,652,979
Total primary government	\$ 154,370,378	\$ 99,936,404	\$ 89,309,558	\$ 91,431,688	\$ 96,216,196

Source: City of Manassas Annual Comprehensive Financial Report

Note: Fiscal year 2014 is presented as restated.

Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to pensions, OPEB, leases, and SBITA has not been restated.

Prior to 2015, Bond issuance costs were combined with Interest on long term debt.

Stormwater utility enterprise fund commenced January 1, 2015.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 9,436,777	\$ 9,356,293	\$ 11,006,912	\$ 10,976,583	\$ 11,932,013
Public safety	31,294,979	33,193,071	34,099,231	35,766,225	39,982,094
Public works	12,544,115	12,766,927	13,639,534	13,974,928	15,652,690
Health and human services	8,504,736	8,950,995	9,914,759	9,296,420	10,748,291
Culture, recreation, development	7,335,760	7,831,470	8,937,553	7,434,504	8,754,553
Education	58,212,570	59,656,355	59,531,330	55,341,610	57,165,053
Interest on long term debt	2,637,240	3,240,926	2,989,404	3,403,424	3,445,895
Bond issuance costs	181,966	-	-	195,863	-
Total governmental activities	\$ 130,148,143	\$ 134,996,037	\$ 140,118,723	\$ 136,389,557	\$ 147,680,589
Business-type activities:					
Electric	\$ 38,196,702	\$ 38,159,210	\$ 36,408,785	\$ 39,445,854	\$ 47,551,696
Water	7,800,929	8,836,130	9,404,179	10,734,745	11,811,756
Sewer	13,125,506	14,331,358	14,399,612	15,085,095	15,063,501
Airport	4,240,422	4,154,611	4,613,173	4,789,597	4,917,691
Solid Waste	3,072,480	3,201,691	3,574,079	3,520,097	4,090,477
City Square Pavilion	-	-	-	-	-
Candy Factory	-	-	-	-	-
Parking Garage	-	-	-	-	-
Stormwater	1,603,506	1,552,999	1,628,618	2,130,035	2,191,713
Total business-type activities	\$ 68,039,545	\$ 70,235,999	\$ 70,028,446	\$ 75,705,423	\$ 85,626,834
Total primary government	\$ 198,187,688	\$ 205,232,036	\$ 210,147,169	\$ 212,094,980	\$ 233,307,423
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 145,676	\$ 205,226	\$ 182,706	\$ 520,147	\$ 694,297
Public safety	1,852,043	2,103,177	2,343,229	3,431,236	3,605,245
Public works	1,531,692	1,065,136	901,433	337,859	570,640
Health and human services	-	-	-	-	-
Culture, recreation, development	1,310,200	786,525	778,539	961,212	1,190,664
Operating grants/contributions	8,774,906	9,196,248	12,387,798	19,398,061	10,861,736
Capital grants/contributions	3,663,593	4,885,373	4,566,255	11,777,883	10,610,055
Total governmental activities	\$ 17,278,110	\$ 18,241,685	\$ 21,159,960	\$ 36,426,398	\$ 27,532,637
Business-type activities:					
Charges for services:					
Electric	\$ 43,560,183	\$ 40,548,844	\$ 38,674,579	\$ 44,406,871	\$ 49,774,913
Water	10,451,828	11,537,736	11,575,915	11,706,089	12,465,673
Sewer	15,153,685	16,439,217	16,090,178	16,815,785	16,994,028
Airport	3,198,829	3,303,853	3,420,116	3,680,614	3,627,393
Solid Waste	3,533,728	3,575,018	3,631,000	3,613,596	3,770,770
City Square Pavilion	-	-	-	-	-
Candy Factory	-	-	-	-	-
Parking Garage	-	-	-	-	-
Stormwater	1,421,254	1,843,621	2,562,397	2,206,915	2,776,230
Operating grants/contributions	94,763	268,525	309,691	562,185	75,426
Capital grants/contributions	2,241,678	9,083,333	7,092,161	2,582,449	3,442,361
Total business-type activities	\$ 79,655,948	\$ 86,600,147	\$ 83,356,037	\$ 85,574,504	\$ 92,926,794
Total primary government	\$ 96,934,058	\$ 104,841,832	\$ 104,515,997	\$ 122,000,902	\$ 120,459,431

Source: City of Manassas Annual Comprehensive Financial Report

Note: Fiscal year 2014 is presented as restated.

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Stormwater utility enterprise fund commenced January 1, 2015.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Net revenue (expenses)					
Governmental activities	\$ (61,938,441)	\$ (142,217,408)	\$ (105,580,961)	\$ (112,762,550)	\$ (111,251,038)
Business-type activities	1,980,151	8,568,772	5,766,121	7,475,250	13,695,594
Total primary government	<u>\$ (59,958,290)</u>	<u>\$ (133,648,636)</u>	<u>\$ (99,814,840)</u>	<u>\$ (105,287,300)</u>	<u>\$ (97,555,444)</u>
General revenues and other					
Governmental activities:					
Taxes	\$ 86,865,855	\$ 91,654,559	\$ 96,104,367	\$ 100,087,789	\$ 102,129,438
Unrestricted grants	8,159,679	8,090,939	8,104,957	8,032,305	7,980,187
Other	2,911,774	2,737,775	3,699,314	3,623,874	4,953,013
Payment from MCPS	4,792,911	5,000,876	7,341,400	7,255,184	7,357,675
Special Item	-	-	-	5,789,202	-
Transfers	4,679,697	493,575	5,469,380	(9,884,832)	4,351,560
Total governmental activities	<u>\$ 107,409,916</u>	<u>\$ 107,977,724</u>	<u>\$ 120,719,418</u>	<u>\$ 114,903,522</u>	<u>\$ 126,771,873</u>
Business-type activities:					
Unrestricted investment earnings	\$ 60,294	\$ 51,716	\$ 96,549	\$ 237,030	\$ 500,672
Other	194,033	1,955,666	18,766	92,461	76,194
Transfers	(4,679,697)	(493,575)	(5,469,380)	9,884,832	(4,351,560)
Total business-type activities	<u>\$ (4,425,370)</u>	<u>\$ 1,513,807</u>	<u>\$ (5,354,065)</u>	<u>\$ 10,214,323</u>	<u>\$ (3,774,694)</u>
Total primary government	<u>\$ 102,984,546</u>	<u>\$ 109,491,531</u>	<u>\$ 115,365,353</u>	<u>\$ 125,117,845</u>	<u>\$ 122,997,179</u>
Changes in Net Position					
Governmental activities	\$ 45,471,475	\$ (34,239,684)	\$ 15,138,457	\$ 2,140,972	\$ 15,520,835
Business-type activities	(2,445,219)	10,082,579	412,056	17,689,573	9,920,900
Total primary government	<u>\$ 43,026,256</u>	<u>\$ (24,157,105)</u>	<u>\$ 15,550,513</u>	<u>\$ 19,830,545</u>	<u>\$ 25,441,735</u>

Source: City of Manassas Annual Comprehensive Financial Report

Note: Fiscal year 2014 is presented as restated.

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Stormwater utility enterprise fund commenced January 1, 2015.

Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	2019	2020	2021	2022	2023
Net revenue (expenses)					
Governmental activities	\$ (112,870,033)	\$ (116,754,352)	\$ (118,958,763)	\$ (99,963,159)	\$ (120,147,952)
Business-type activities	11,616,403	16,364,148	13,327,591	9,869,081	7,299,960
Total primary government	<u>\$ (101,253,630)</u>	<u>\$ (100,390,204)</u>	<u>\$ (105,631,172)</u>	<u>\$ (90,094,078)</u>	<u>\$ (112,847,992)</u>
General revenues and other					
Governmental activities:					
Taxes	\$ 107,753,210	\$ 115,850,972	\$ 121,602,756	\$ 127,890,232	\$ 133,547,196
Unrestricted grants	7,837,841	11,408,455	7,789,313	7,635,256	7,824,407
Other	13,202,970	7,667,499	4,344,113	2,760,201	10,930,481
Payment from MCPS	5,752,841	5,679,809	5,593,671	3,000,000	-
Special Item	-	-	-	-	-
Transfers	2,914,558	16,206	3,504,961	7,010,129	746,351
Total governmental activities	<u>\$ 137,461,420</u>	<u>\$ 140,622,941</u>	<u>\$ 142,834,814</u>	<u>\$ 148,295,818</u>	<u>\$ 153,048,435</u>
Business-type activities:					
Unrestricted investment earnings	\$ 937,942	\$ 644,451	\$ 91,224	\$ 1,468,992	\$ 4,150,942
Other	57,619	34,554	67,771	81,683	136,967
Transfers	(2,914,558)	(16,206)	(3,504,961)	(7,010,129)	(746,351)
Total business-type activities	<u>\$ (1,918,997)</u>	<u>\$ 662,799</u>	<u>\$ (3,345,966)</u>	<u>\$ (5,459,454)</u>	<u>\$ 3,541,558</u>
Total primary government	<u>\$ 135,542,423</u>	<u>\$ 141,285,740</u>	<u>\$ 139,488,848</u>	<u>\$ 142,836,364</u>	<u>\$ 156,589,993</u>
Changes in Net Position					
Governmental activities	\$ 24,591,387	\$ 23,868,589	\$ 23,876,051	\$ 48,332,659	\$ 32,900,483
Business-type activities	9,697,406	17,026,947	9,981,625	4,409,627	10,841,518
Total primary government	<u>\$ 34,288,793</u>	<u>\$ 40,895,536</u>	<u>\$ 33,857,676</u>	<u>\$ 52,742,286</u>	<u>\$ 43,742,001</u>

Source: City of Manassas Annual Comprehensive Financial Report

Note: Fiscal year 2014 is presented as restated.

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Stormwater utility enterprise fund commenced January 1, 2015.

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Primary Government:					
Governmental activities:					
General government	\$ 1,249,770	\$ 1,109,629	\$ 1,094,316	\$ 480,971	\$ 513,881
Public safety	2,415,567	2,519,179	2,272,860	2,131,198	2,440,825
Public works	51,042,204	6,512,926	7,694,846	6,810,694	7,535,871
Health and human services	3,222,267	3,321,128	3,207,416	3,389,161	3,837,530
Culture, recreation, development	607,636	656,924	360,867	1,499,774	1,235,110
Total governmental activities	\$ 58,537,444	\$ 14,119,786	\$ 14,630,305	\$ 14,311,798	\$ 15,563,217
Business-type activities:					
Electric	\$ 63,967,176	\$ 49,191,776	\$ 41,435,005	\$ 40,797,765	\$ 43,482,903
Water	9,777,191	9,178,718	10,249,905	10,752,433	10,887,855
Sewer	14,194,383	14,050,269	14,191,079	15,406,686	16,511,344
Airport	4,639,027	8,694,904	4,205,969	3,689,615	5,013,953
Solid waste	3,173,221	3,305,418	3,408,207	3,417,116	3,434,013
Stormwater	-	582,275	1,189,088	3,056,275	1,322,911
Other business-type activities	81,936	82,758	-	-	-
Total business-type activities	\$ 95,832,934	\$ 85,086,118	\$ 74,679,253	\$ 77,119,890	\$ 80,652,979
Total primary government	\$ 154,370,378	\$ 99,205,904	\$ 89,309,558	\$ 91,431,688	\$ 96,216,196
Component unit:					
Manassas city public schools	\$ 49,444,533	\$ 52,919,173	\$ 54,042,434	\$ 56,485,887	\$ 57,456,694
Manassas economic development authority	-	-	-	184,312	6,624
Total component unit	\$ 49,444,533	\$ 52,919,173	\$ 54,042,434	\$ 56,670,199	\$ 57,463,318
Primary Government:					
Governmental activities:					
General government	\$ 431,433	\$ 525,470	\$ 599,299	\$ 881,105	\$ 2,099,339
Public safety	2,479,089	3,109,348	5,525,829	13,713,747	4,570,617
Public works	9,082,014	9,756,332	9,280,803	16,591,735	14,938,346
Health and human services	3,778,403	3,717,129	4,458,624	4,200,833	4,553,970
Culture, recreation, development	1,507,171	1,133,406	1,295,405	1,038,978	1,370,365
Total governmental activities	\$ 17,278,110	\$ 18,241,685	\$ 21,159,960	\$ 36,426,398	\$ 27,532,637
Business-type activities:					
Electric	\$ 43,560,183	\$ 40,548,844	\$ 38,812,159	\$ 45,638,048	\$ 49,780,313
Water	11,338,935	12,907,050	12,984,587	12,096,211	14,422,422
Sewer	15,516,785	22,338,710	16,324,211	16,946,011	17,263,142
Airport	4,273,682	5,352,117	9,033,638	5,062,386	4,728,950
Solid waste	3,545,109	1,863,404	2,562,397	3,624,933	3,784,505
Stormwater	1,421,254	3,590,022	3,639,045	2,206,915	2,947,462
Total business-type activities	\$ 79,655,948	\$ 86,600,147	\$ 83,356,037	\$ 85,574,504	\$ 92,926,794
Total primary government	\$ 96,934,058	\$ 104,841,832	\$ 104,515,997	\$ 122,000,902	\$ 120,459,431
Component unit:					
Manassas city public schools	\$ 58,983,452	\$ 60,989,925	\$ 67,544,775	\$ 76,101,215	\$ 87,566,864
Manassas economic development authority	278,623	78,183	505,026	103,696	247,708
Total component units	\$ 59,262,075	\$ 61,068,108	\$ 68,049,801	\$ 76,204,911	\$ 87,814,572

Source: City of Manassas Annual Comprehensive Financial Report

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ 395,877	\$ 574,599	\$ 1,421,998	\$ 89,610	\$ 203,183
Restricted	2,448,897	2,142,060	1,618,882	840,093	984,556
Committed	4,978,410	5,535,887	6,107,607	10,743,996	13,004,378
Assigned	-	109,024	1,582,285	2,644,758	2,545,999
Unassigned	12,665,075	13,145,824	15,842,498	16,768,856	17,211,952
Total general fund	\$ 20,488,259	\$ 21,507,394	\$ 26,573,270	\$ 31,087,313	\$ 33,950,068
All other governmental funds					
Nonspendable:					
Permanent fund principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Other	-	-	-	3,056	-
Restricted, reported in:					
Special revenue funds	4,042,312	4,777,208	5,522,790	5,740,288	5,126,749
Capital projects funds	2,769,038	2,231,656	360,254	10,402,581	7,837,968
Permanent fund	156,607	161,775	171,190	153,104	144,257
Committed, reported in:					
Special revenue funds	320,101	281,008	-	-	-
Capital projects funds	6,692,577	6,097,446	10,328,432	16,077,960	17,488,450
Debt service fund	-	-	68,051	674,932	3,155,030
Assigned, reported in:					
Special revenue funds	-	-	-	-	38,570
Capital projects funds	-	-	-	-	3,457,693
Unassigned	(4,482)	(3,632)	-	-	-
Total all other governmental funds	\$ 14,076,153	\$ 13,645,461	\$ 16,550,717	\$ 33,151,921	\$ 37,348,717
	Fiscal Year				
	2019	2020	2021	2022	2023
General fund					
Nonspendable	\$ 304,439	\$ 249,415	\$ 130,381	\$ 843,919	\$ 478,823
Restricted	710,692	776,207	822,784	916,691	1,119,096
Committed	14,872,919	17,486,364	26,627,497	42,514,091	51,500,009
Assigned	4,997,705	9,286,778	10,701,445	14,038,182	15,393,775
Unassigned	18,190,341	26,370,748	26,952,982	28,857,727	29,876,172
Total general fund	\$ 39,076,096	\$ 54,169,512	\$ 65,235,089	\$ 87,170,610	\$ 98,367,875
All other governmental funds					
Nonspendable:					
Permanent fund principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Other/Prepays	-	-	-	909,808	977,057
Restricted, reported in:					
Special revenue funds	5,636,050	4,677,488	4,011,106	5,336,856	6,024,167
Capital projects funds	36,155,953	30,557,056	15,502,024	30,509,445	10,789,374
Permanent fund	152,492	213,230	278,547	369,337	447,034
Committed, reported in:					
Capital projects funds	21,183,153	25,955,590	29,015,716	27,853,645	23,822,337
Debt service fund	6,091,342	8,171,140	11,853,578	9,290,288	7,307,358
Debt service fund-MCPS	-	-	-	6,578,544	8,052,915
Assigned, reported in:					
Special revenue funds	35,650	129,557	7,416	141,099	835,179
Capital projects funds	7,726,381	3,076,971	11,733	7,446	-
Unassigned	(36,229)	-	-	-	-
Total all other governmental funds	\$ 77,044,792	\$ 72,881,032	\$ 60,780,120	\$ 81,096,468	\$ 58,355,421

Source: City of Manassas Annual Comprehensive Financial Report

**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	\$ 69,152,354	\$ 73,313,910	\$ 76,770,693	\$ 78,422,645	\$ 83,648,432
Other local taxes	17,703,001	17,944,186	19,123,123	20,162,055	18,878,986
Permits, fees, licenses	796,896	944,973	654,822	1,154,234	877,351
Fines and forfeitures	637,403	668,975	751,006	713,756	713,993
Use of money and property	286,872	307,417	405,509	662,021	1,098,388
Charges for services	1,221,953	1,194,458	1,267,011	1,193,427	1,394,714
Payment in lieu of debt service	4,792,911	5,000,876	7,341,400	7,255,184	7,357,675
Recovered costs	1,951,150	2,101,870	2,230,720	2,451,271	3,419,610
Miscellaneous	2,304,867	1,601,879	1,534,506	1,212,603	2,203,690
Contribution from component unit	-	-	-	3,256,077	1,447,500
Intergovernmental	18,019,681	18,052,021	19,162,831	18,460,027	18,662,441
Total Revenues	\$ 116,867,088	\$ 121,130,565	\$ 129,241,621	\$ 134,943,300	\$ 139,702,780
Expenditures					
General government administration	\$ 8,668,542	\$ 9,041,926	\$ 9,039,441	\$ 8,924,147	\$ 8,964,728
Public safety	28,617,782	28,398,747	29,109,653	28,891,462	30,322,441
Public works	4,787,857	4,328,697	4,423,503	6,241,717	7,316,492
Health and human services	7,834,030	8,277,227	7,937,132	8,108,642	8,582,141
Culture, recreation, development	5,109,182	5,558,630	6,098,669	7,222,524	7,015,552
Education	51,334,432	90,297,919	53,559,758	57,870,687	56,477,145
Non Departmental					
Capital outlay	7,355,398	5,042,455	7,014,122	6,869,322	7,907,676
Debt service					
Principal retirement	4,946,984	5,123,293	6,073,653	6,286,702	6,827,540
Interest and fiscal charges	2,131,062	2,049,473	3,287,943	3,017,724	3,245,467
Bond Issuance costs	-	472,373	-	393,281	-
Total expenditures	\$ 120,785,269	\$ 158,590,740	\$ 126,543,874	\$ 133,826,208	\$ 136,659,182
Excess (deficiency) of revenues over (under) expenditures	\$ (3,918,181)	\$ (37,460,175)	\$ 2,697,747	\$ 1,117,092	\$ 3,043,598
Other financing sources (uses)					
Transfers in	8,370,750	6,776,635	11,361,929	9,936,264	13,703,998
Transfers out	(3,812,053)	(6,469,955)	(6,416,211)	(6,833,878)	(9,688,045)
Issuance of bonds	3,814,050	46,101,800	-	23,400,000	-
Premium on issuance on bonds	178,380	4,401,863	-	2,977,002	-
Payment to refunded bond escrow agent	-	(12,794,921)	-	(9,518,194)	-
Other	51,518	33,196	327,608	36,961	-
Total other financing sources (uses)	\$ 8,602,645	\$ 38,048,618	\$ 5,273,326	\$ 19,998,155	\$ 4,015,953
Net change in fund balance	\$ 4,684,464	\$ 588,443	\$ 7,971,073	\$ 21,115,247	\$ 7,059,551
Debt service as a percentage of noncapital expenditures	6.2%	4.7%	7.8%	7.3%	7.8%

Source: City of Manassas Annual Comprehensive Financial Report

Note: Prior to 2015, Bond issuance costs were combined with Interest and fiscal charges.

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues					
General property taxes	\$ 86,027,503	\$ 91,739,864	\$ 96,973,951	\$ 98,961,253	\$ 104,694,634
Other local taxes	21,768,072	23,885,186	25,280,495	28,391,669	28,062,650
Permits, fees, licenses	1,120,144	812,023	793,862	930,758	1,117,509
Fines and forfeitures	733,095	783,836	974,534	1,802,176	1,558,444
Use of money and property	2,739,637	3,744,079	660,771	(1,062,522)	6,933,776
Charges for services	1,237,790	1,403,655	1,421,085	1,775,528	1,809,773
Payment in lieu of debt service	5,752,841	5,679,809	5,593,671	3,000,000	-
Recovered costs	3,670,420	3,142,180	3,217,390	3,233,450	3,233,450
Miscellaneous	2,191,221	1,801,856	1,596,690	787,650	1,125,298
Contribution from component unit	5,390,595	1,815,548	669,479	204,759	-
Intergovernmental	20,056,734	24,868,452	24,467,335	38,521,049	28,060,898
Total Revenues	\$ 150,688,052	\$ 159,676,488	\$ 161,649,263	\$ 176,545,770	\$ 176,596,432
Expenditures					
General government administration	\$ 9,464,498	\$ 8,861,359	\$ 10,262,434	\$ 10,368,936	\$ 10,964,866
Public safety	31,396,131	32,426,545	32,230,985	33,954,634	38,291,730
Public works	7,053,705	7,301,787	8,271,016	8,422,880	9,727,740
Health and human services	8,673,595	8,915,127	9,615,441	9,297,314	10,368,287
Culture, recreation, development	6,764,268	6,854,163	7,981,159	6,966,564	7,963,535
Education	58,212,570	59,656,355	59,531,330	55,341,610	57,165,053
Non Departmental					
Capital outlay	9,050,382	18,456,821	28,141,946	38,384,658	43,118,147
Debt service					
Principal retirement	5,082,155	5,189,280	6,602,840	7,036,511	8,553,725
Interest and fiscal charges	2,955,145	3,524,684	3,686,657	3,848,993	4,013,581
Bond Issuance costs	181,966	-	-	195,863	-
Total expenditures	\$ 138,834,415	\$ 151,186,121	\$ 166,323,808	\$ 173,817,963	\$ 190,166,664
Excess (deficiency) of revenues over (under) expenditures	\$ 11,853,637	\$ 8,490,367	\$ (4,674,545)	\$ 2,727,807	\$ (13,570,232)
Other financing sources (uses)					
Transfers in	15,402,668	12,551,381	16,768,972	24,299,810	24,812,265
Transfers out	(12,116,168)	(10,112,092)	(13,129,762)	(15,470,740)	(24,179,815)
Issuance of bonds	26,550,000	-	-	28,104,200	-
Premium on issuance on bonds	3,131,966	-	-	3,550,473	-
Payment to refunded bond escrow agent	-	-	-	(1,254,581)	-
Other	-	-	-	294,900	1,394,000
Total other financing sources (uses)	\$ 32,968,466	\$ 2,439,289	\$ 3,639,210	\$ 39,524,062	\$ 2,026,450
Net change in fund balance	\$ 44,822,103	\$ 10,929,656	\$ (1,035,335)	\$ 42,251,869	\$ (11,543,782)
Debt service as a percentage of noncapital expenditures	6.2%	6.6%	7.4%	8.0%	8.5%

Source: City of Manassas Annual Comprehensive Financial Report

Note: Prior to 2015, Bond issuance costs were combined with Interest and fiscal charges.

Governmental Fund Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Real property	\$ 56,668,858	\$ 59,628,262	\$ 62,822,691	\$ 64,772,066	\$ 67,854,301
Personal property	10,749,146	11,819,907	11,931,371	12,283,198	13,437,344
Other	1,734,350	1,865,741	2,016,631	1,367,381	2,356,787
Total property taxes	<u>\$ 69,152,354</u>	<u>\$ 73,313,910</u>	<u>\$ 76,770,693</u>	<u>\$ 78,422,645</u>	<u>\$ 83,648,432</u>
Sales	\$ 7,581,829	\$ 7,555,344	\$ 8,055,065	\$ 8,489,013	\$ 7,136,019
Business licenses	3,110,196	3,075,033	3,290,009	3,549,629	3,594,471
Meals	3,315,080	3,406,893	3,728,988	3,944,186	4,185,343
Other	3,695,896	3,906,916	4,049,061	4,179,227	3,963,153
Total other local taxes	<u>\$ 17,703,001</u>	<u>\$ 17,944,186</u>	<u>\$ 19,123,123</u>	<u>\$ 20,162,055</u>	<u>\$ 18,878,986</u>
Total tax revenues	<u><u>\$ 86,855,355</u></u>	<u><u>\$ 91,258,096</u></u>	<u><u>\$ 95,893,816</u></u>	<u><u>\$ 98,584,700</u></u>	<u><u>\$ 102,527,418</u></u>
	Fiscal Year				
	2019	2020	2021	2022	2023
Real property	\$ 70,202,780	\$ 73,986,067	\$ 77,958,354	\$ 79,379,599	\$ 81,855,659
Personal property	13,818,310	15,427,733	16,211,582	16,958,650	20,298,629
Other	2,006,413	2,326,064	2,804,015	2,623,004	2,540,346
Total property taxes	<u>\$ 86,027,503</u>	<u>\$ 91,739,864</u>	<u>\$ 96,973,951</u>	<u>\$ 98,961,253</u>	<u>\$ 104,694,634</u>
Sales	\$ 8,981,502	\$ 10,358,471	\$ 10,847,233	\$ 12,324,357	\$ 12,637,152
Business licenses	4,112,321	4,481,252	5,069,828	5,366,607	5,172,199
Meals	4,421,024	4,244,380	4,518,921	5,574,688	5,869,128
Other	4,253,225	4,801,083	4,844,513	5,126,017	4,384,171
Total other local taxes	<u>\$ 21,768,072</u>	<u>\$ 23,885,186</u>	<u>\$ 25,280,495</u>	<u>\$ 28,391,669</u>	<u>\$ 28,062,650</u>
Total tax revenues	<u><u>\$ 107,795,575</u></u>	<u><u>\$ 115,625,050</u></u>	<u><u>\$ 122,254,446</u></u>	<u><u>\$ 127,352,922</u></u>	<u><u>\$ 132,757,284</u></u>

Source: City of Manassas Annual Comprehensive Financial Report

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Tax Year	Real Property			Total Direct Tax Rate	Real & Personal Property Public Service	Personal Property		Total Assessed & Actual Value	Total Taxable Assessed & Actual Value
	Residential	Commercial	Tax Exempt			Tangible Personal Property	Machinery & Tools		
2014	\$ 2,653,025,300	\$ 1,533,191,100	\$ 680,361,100	1.393	\$ 73,142,019	\$ 320,210,094	\$ 759,133,720	\$ 6,019,063,333	\$ 5,338,702,233
2015	2,774,454,700	1,653,210,000	707,811,100	1.368	90,146,639	329,700,680	770,440,390	6,325,763,509	5,617,952,409
2016	2,915,314,100	1,698,553,200	750,641,100	1.388	104,485,326	343,870,765	709,057,065	6,521,921,556	5,771,280,456
2017	3,000,312,000	1,714,687,700	752,803,800	1.403	122,124,893	352,664,077	711,304,770	6,653,897,240	5,901,093,440
2018	3,074,547,700	1,733,207,300	801,341,500	1.440	130,530,000	362,010,910	708,224,590	6,809,862,000	6,008,520,500
2019	3,174,398,300	1,714,622,100	798,982,200	1.460	106,921,207	373,471,810	700,545,390	6,868,941,007	6,069,958,807
2020	3,340,809,700	1,722,936,300	805,217,200	1.480	107,612,030	394,334,890	528,424,390	6,899,334,510	6,094,117,310
2021	3,531,364,160	1,871,721,080	809,110,800	1.460	132,102,900	409,536,970	552,920,000	7,306,755,910	6,497,645,110
2022	3,783,990,400	1,896,918,600	809,577,300	1.429	136,088,900	448,123,170	587,487,910	7,662,186,280	6,852,608,980
2023	4,243,351,000	1,985,987,800	851,170,600	1.342	136,641,200	603,579,700	677,699,040	8,498,429,340	7,647,258,740

Source: City of Manassas Commissioner of the Revenue
Virginia Department of Taxation Annual Reports

Notes: Property is assessed at actual value; therefore, the assessed values are equal to actual values.

Property in the City is reassessed each year.

Tax rates are per \$100 of assessed value.

Real Property is assessed on January 1 preceeding the fiscal year which begins July 1.

Property Tax Rates
Last Ten Years

Tax Year	General	Fire Rescue Levy	Total Direct Real Property	Personal Property	Machinery and Tools
2014	1.211	0.182	1.393	3.250	2.100
2015	1.190	0.178	1.368	3.250	2.100
2016	1.210	0.178	1.388	3.250	2.100
2017	1.220	0.183	1.403	3.250	2.100
2018	1.253	0.187	1.440	3.600	2.100
2019	1.268	0.192	1.460	3.600	2.100
2020	1.283	0.197	1.480	3.600	2.100
2021	1.263	0.197	1.460	3.600	2.100
2022	1.222	0.207	1.429	3.600	2.100
2023	1.135	0.207	1.342	3.600	2.100

Source: City of Manassas Commissioner of the Revenue

Notes: Tax rates are per \$100 of assessed value.

Owens Brooke is a special taxing district in addition to the real property tax noted above.
Business computer equipment is taxed at different rate than the personal property rate noted above.

Semiconductor manufacturing machinery & tools is taxed at a different rate than that noted above.

Go to www.manassasva.gov for more detailed tax rate information

Principal Real Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Real Property Assessed	Rank	Percentage of Total Taxable Real Property Assessed Value	Taxable Real Property Assessed	Rank	Percentage of Total Taxable Real Property Assessed Value
	Value			Value		
Micron Technology Inc.	\$ 250,100,700	1	4.0%	\$ 93,340,500	2	2.2%
Lockheed Martin Federal System	86,416,800	2	1.4%	96,411,000	1	2.3%
UDR Wellington Place LLC	81,906,600	3	1.3%	60,421,400	3	1.4%
Battery Heights Associates	72,601,300	4	1.2%	51,181,900	4	1.2%
Fairfield Village Square LP	40,131,900	5	0.6%	25,757,900	8	0.6%
Davis Ford Crossings LLC	36,416,800	6	0.6%	26,499,800	7	0.6%
Liberia Development Corp.	34,649,000	7	0.6%	22,681,200	10	0.5%
Van Metre Barrington Park Apts	32,168,400	8	0.5%			
Tilden Manassas Courts Apts LLC	31,990,100	9	0.5%			
Prince William Hospital Corp.	30,881,300	10	0.5%	31,771,500	5	0.8%
Verizon South				28,610,756	6	0.7%
Wellington LLC/Edens & Avant				22,846,100	9	0.5%
Totals	\$ 697,262,900		11.2%	\$ 459,522,056		10.8%

Source: City of Manassas Commissioner of the Revenue

Notes: Total Taxable Real Property Assessed values were obtained from Table 7 (excludes tax exempt and public service):

\$4,186,216,400 - 2014

\$6,229,338,800 - 2023

Real Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Delinquent Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2014	\$ 56,428,143	\$ 55,060,273	97.58%	\$ 1,033,249	\$ 56,093,522	99.41%	\$ 1,367,870	2.42%
2015	59,630,272	58,540,515	98.17%	1,089,736	59,630,251	100.00%	1,089,757	1.83%
2016	62,924,270	61,837,236	98.27%	1,085,021	62,922,257	100.00%	1,087,034	1.73%
2017	64,894,082	63,227,350	97.43%	1,648,841	64,876,191	99.97%	1,666,732	2.57%
2018	69,576,985	68,393,375	98.30%	1,169,147	69,562,522	99.98%	1,183,610	1.70%
2019	71,545,244	70,483,643	98.52%	1,061,601	71,545,244	100.00%	1,061,601	1.48%
2020	75,128,654	73,742,376	98.15%	1,331,617	75,073,993	99.93%	1,386,278	1.85%
2021	79,647,969	78,111,978	98.07%	1,455,721	79,567,699	99.90%	1,535,991	1.93%
2022	81,658,740	80,264,304	98.29%	1,019,317	81,283,621	99.54%	1,394,436	1.71%
2023	83,918,539	82,380,341	98.17%	-	82,380,341	98.17%	1,538,198	1.83%

Source: City of Manassas Finance Department, Commissioner of the Revenue, and City Treasurer

Notes: Tax Levy reported is based on the original assessed value attained on fiscal year end of each year.

Delinquent taxes reflect the amount delinquent as of fiscal year end for the initial year levied.

The taxes are due December 5 and June 5.

The tax year is the same as the fiscal year, beginning on July 1 and ending on June 30.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	SBITA Liabilities	Lease Liabilities	Capital Leases	General Obligation Bonds	Lease Liabilities	Other Obligations		Personal Income	Per Capita
	2014	\$ 52,403,935	\$ -	\$ -	\$ 401,974	\$ 27,922,083	\$ -		\$ -	\$ 80,727,992
2015	88,280,016	-	-	156,427	27,963,701	-	1,568,000	117,968,144	5.61%	2,825
2016	81,871,780	-	-	78,953	25,776,513	-	1,568,000	109,295,246	5.13%	2,635
2017	91,902,652	-	-	149,686	32,005,136	-	-	124,057,474	5.65%	2,989
2018	84,473,285	-	-	100,024	29,468,358	-	-	114,041,667	5.01%	2,739
2019	108,445,333	-	-	50,561	51,685,507	-	-	160,181,401	6.92%	3,899
2020	102,475,769	-	-	-	49,510,553	-	-	151,986,322	5.94%	3,553
2021	95,092,647	-	-	-	46,543,985	-	-	141,636,632	5.28%	3,316
2022	117,812,047	-	819,227	-	68,276,512	38,831	-	186,946,617	6.88%	4,384
2023	108,636,236	778,408	518,036	-	64,453,949	29,543	-	174,416,172	n/a	n/a

Source: City of Manassas Annual Comprehensive Financial Report

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

Outstanding Bonds include bond premium.

Lease liabilities were included after the implementation of GASB 87, *Leases*. Prior years were not restated.

Subscription based information technology liabilities were included after the implementation of GASB 96, *SBITA*. Prior years were not restated.

Personal income and population data is found in Table 14.

n/a = not available

**Ratios of General Bonded Debt Outstanding Supported by Taxpayers
Last Ten Fiscal Years**

Fiscal Year	Outstanding General Obligation Bonds	Outstanding State Literary Loans	Total Outstanding Bonds Supported by Taxpayers	Percentage of Actual Value of Real Property	Outstanding Bonds Per Capita
2014	\$ 80,326,018	\$ -	\$ 80,326,018	1.92%	\$ 1,909
2015	116,243,717	-	116,243,717	2.63%	2,783
2016	107,648,293	-	107,648,293	2.33%	2,595
2017	123,907,788	-	123,907,788	2.63%	2,986
2018	113,941,643	-	113,941,643	2.37%	2,736
2019	160,130,840	-	160,130,840	3.28%	3,898
2020	151,986,322	-	151,986,322	3.00%	3,553
2021	141,636,632	-	141,636,632	2.62%	3,316
2022	186,088,559	-	186,088,559	3.28%	4,364
2023	173,090,185	-	173,090,185	2.78%	n/a

Source: City of Manassas Annual Comprehensive Financial Report

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

Taxable Assessed and Actual Value of Real Property is found in Table 7.

Calculation excludes tax exempt, public service and personal property.

Population data is found in Table 14.

n/a = not available

**Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 418,621,640	\$ 442,766,470	\$ 461,386,730	\$ 471,499,970	\$ 480,775,500
Total net debt applicable to limit	70,602,089	107,394,064	99,374,521	113,000,577	103,824,209
Legal debt margin	<u>\$ 348,019,551</u>	<u>\$ 335,372,406</u>	<u>\$ 362,012,209</u>	<u>\$ 358,499,393</u>	<u>\$ 376,951,291</u>
Total net debt applicable to limit as a percent of debt limit	16.87%	24.26%	21.54%	23.97%	21.60%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 488,902,040	\$ 506,374,600	\$ 540,308,524	\$ 568,090,900	\$ 622,933,880
Total net debt applicable to limit	145,202,358	138,146,973	128,886,415	168,510,000	156,934,999
Legal debt margin	<u>\$ 343,699,682</u>	<u>\$ 368,227,627</u>	<u>\$ 411,422,109</u>	<u>\$ 399,580,900</u>	<u>\$ 465,998,881</u>
Total net debt applicable to limit as a percent of debt limit	29.70%	27.28%	23.85%	29.66%	25.19%

Legal Debt Margin Calculation for Fiscal Year 2023

Real property assessed value January 1, 2022, used for FY2023 (7/1/2022 - 6/30/2023)	\$ 7,080,509,400
Less exempt real property assessed value	(851,170,600)
Total taxable real property assessed value	<u>6,229,338,800</u>
Debt limit (10% of taxable real property assessed value)	622,933,880
Total net debt applicable to limit June 30, 2023	156,934,999
Legal debt margin	<u>\$ 465,998,881</u>

Source: City of Manassas Annual Comprehensive Financial Report

Notes: The debt limit is ten percent of the total assessed real property value subject to taxation found in Table 7.

The calculation excludes public service and tax exempt property.

Under Virginia statute, the City's outstanding obligation debt may not exceed ten percent of the assessed valuation of the real estate in the city subject to taxation.

The debt applicable to the debt margin is the primary government's general obligation bonds and library literacy loans found in Table 11 (net of outstanding bond premiums included in Table 11).

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal		School	Unemployment
		Income (5)	Per Capita Personal Income (2)	Enrollment (3)	Rate (4)
2014	42,081	\$ 2,042,822,000	48,545	7,218	5.0%
2015	41,764	2,101,356,000	50,315	7,442	4.1%
2016	41,483	2,128,617,000	51,313	7,678	3.4%
2017	41,501	2,196,606,000	52,929	7,771	3.4%
2018	41,641	2,276,430,000	54,668	7,695	2.8%
2019	41,085	2,315,797,000	56,366	7,613	2.6%
2020	42,772	2,558,279,000	59,812	7,778	8.8%
2021	42,708	2,682,489,000	62,810	7,587	4.4%
2022	42,642	2,716,338,000	63,701	7,548	2.7%
2023	n/a	n/a	n/a	7,672	2.5%

Source: (1) U. S. Census Bureau
(2) U. S. Department of Commerce, Bureau of Economic Analysis for Prince William, Manassas and Manassas Park, VA
(3) Manassas City Public Schools
(4) U. S. Department of Labor, Bureau of Labor Statistics and Virginia Employment Commission
(5) Based on population and per capita income estimates

Note: n/a = not available

Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Micron Technology	1,649	1	7.7%	1,750	1	8.3%
UVA Health System (formerly Novant and Prince William Health System)	1,330	2	6.2%	1,202	2	5.7%
Manassas City Public Schools (FTE)	1,183	3	5.6%	1,025	4	4.9%
Lockheed Martin	1,150	4	5.4%	1,050	3	5.0%
City of Manassas (FTE)	479	5	2.2%	469	5	2.2%
Aurora Flight Sciences	451	6	2.1%	164	8	0.8%
American Disposal Service	401	7	1.9%	375	6	1.8%
S.W.I.F.T.	326	8	1.5%			
BAE Systems	310	9	1.5%	300	7	1.4%
ARS (American Residential Services)	172	10	0.8%			
Battlefield Ford				117	9	0.6%
CGI (Oberon Assoc)				103	10	0.5%
Totals	<u>7,451</u>		<u>34.98%</u>	<u>6,555</u>		<u>31.1%</u>
Total City Employment	21,299			21,071		

Sources: City of Manassas Economic Development Department and Community Development Department
 Virginia Employment Commission

Notes: Calendar year 2022 is the most current year available
 FTE - full time equivalents

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
City Manager / Communications	8.00	10.00	10.00	11.00	12.00	5.00	5.00	5.00	5.00	8.00
City Attorney (1)	-	-	-	-	-	1.00	2.00	3.00	3.00	3.00
Voter Registration	2.05	2.05	2.05	2.15	2.75	2.75	3.00	3.00	3.00	4.00
Treasurer	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Commissioner of the Revenue	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Finance and Administration	27.30	25.30	25.30	26.30	25.30	26.30	27.55	27.55	29.55	30.50
Human Resources (2)	-	-	-	-	-	7.00	7.00	7.00	7.00	8.00
Public Safety										
Police	127.25	127.25	126.50	127.00	129.25	130.25	130.25	131.75	136.75	138.75
Fire and Rescue	60.00	60.00	60.00	62.00	64.00	66.00	66.00	66.00	69.00	72.00
Public Works	50.50	50.50	51.50	53.00	46.00	46.00	46.00	47.00	47.00	47.00
Engineering (3)					14.00	14.00	9.00	11.00	10.00	11.00
Culture, Recreation, Development										
Museum System (4)	6.50	6.50	6.50	6.50	-	-	-	-	-	-
Community Development	27.25	27.25	27.25	27.25	33.75	34.25	35.25	35.25	35.25	35.30
Economic Development	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00
Health and Human Services										
Social Services	37.48	37.48	37.48	37.48	37.98	37.00	40.00	42.00	45.50	45.50
Utilities										
Sewer	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
Water	27.50	27.50	27.50	27.50	26.00	26.00	28.00	27.00	27.00	28.00
Electric	54.00	54.00	54.00	53.00	49.00	49.00	52.00	53.00	53.00	54.00
Airport	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	9.00
Solid Waste	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Vehicle Maintenance	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00
Total primary government	478.33	478.33	478.58	483.68	490.53	495.55	501.05	509.05	521.55	538.55

Source: City of Manassas Annual Operating Budget

(1) New City Attorney department was established in FY19

(2) Separate Human Resources department was established in FY19

(3) Separate Engineering department was established in FY18, with staff from Utilities and Public Works.

(4) Museum staff are included in Parks, Culture & Recreation department under Community Development starting FY18.

Operating Indicators by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General Government										
Business licenses issued	2,600	2,600	2,775	2,750	2,407	2,449	2,374	2,606	2,652	2,481
Property returns processed	35,000	34,000	37,081	37,343	39,676	36,776	44,157	43,469	43,508	41,442
Public Safety										
Traffic citations	8,500	8,400	6,000	7,000	7,000	6,340	5,993	5,691	7,827	8,709
Criminal arrests	2,775	3,000	2,000	2,100	2,150	2,310	2,014	1,598	2,126	2,977
Police calls for service	61,000	63,000	55,000	58,000	57,000	56,371	64,746	69,087	74,988	70,116
Engineering / Development Services										
Site plans reviewed	40	55	64	67	70	96	107	119	129	86
Public Works										
Building permits issued	500	570	476	537	1,288	1,040	457	383	535	442
Acres mowed	365	365	365	365	365	370	375	375	375	385
Health and Human Services										
Family services										
Customers served (3)	96,100	121,837	111,941	97,115	41,422	34,984	26,769	36,280	20,789	31,088
Section 8 vouchers/mo.	306	288	295	290	294	303	288	296	300	318
Sewer Utility										
Wastewater processed (1)	2.48	2.39	2.36	2.20	2.20	2.50	2.30	2.47	2.32	2.21
Water Utility										
Drinking water produced (1)	4.70	4.74	4.70	4.68	4.41	4.20	4.40	4.50	4.20	4.60
Electric Utility										
Load management savings	\$731K	\$871K	\$1.2M	\$1.8M	\$2.3M	\$2.6M	\$1.6M	\$1.4M	\$2.1M	\$1.9M
Airport										
Total operations (2)	79,616	79,550	83,815	89,654	80,714	83,130	75,316	92,784	107,270	106,919
Based aircraft	418	418	410	410	389	395	392	410	413	429
Information Technology										
Devices supported	1,340	1,340	1,330	1,461	1,461	1,461	1,453	1,317	1,467	1,496
Visitors to city website (4)	1,000,000	1,200,000	1,200,000	1,121,558	927,146	1,002,647	1,192,718	929,256	1,278,029	1,058,401

Source: City of Manassas Annual Operating Budget

Notes: n/a = not available

(1) Billions of gallons per year

(2) Take-offs and landings

(3) On-line applications decreased figures starting in FY18; decrease beginning FY20 due to offices closed during the pandemic.

(4) New web-hosting effective Feb 2021. Data for Feb-June has been annualized for FY 2021, as prior month info is unavailable.

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Town Hall	1	1	1	1	1	1	1	1	1	1
Community Srvc Ctr (1)	-	-	-	-	-	-	-	-	1	1
Parking lots (in spaces)	827	827	827	827	827	825	825	823	820	819
Vehicles in fleet	446	448	449	457	463	462	482	485	490	501
Public Safety (2)										
Police stations	1	1	1	1	1	1	1	1	1	2
Fire stations	1	1	1	1	1	1	1	2	2	2
Rescue stations	1	1	1	1	1	1	1	0	0	0
Public Works										
Streets (miles)	244	245	249	249	249	249	255	255	253	253
Street lights	3,062	2,719	3,045	3,045	3,065	2,901	2,903	2,929	2,964	2,962
Traffic signals (3)	62	62	62	62	62	62	63	63	63	63
Culture, Recreation, Development										
Museums	1	1	1	1	1	1	1	1	1	1
Restored historic buildings:										
Railroad Depot	1	1	1	1	1	1	1	1	1	1
Candy Factory	1	1	1	1	1	1	1	1	1	1
Parks (4)	12	12	12	17	17	17	18	18	18	18
Park acreage (4)	194	194	194	234	234	271	264	264	264	264
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts (4)	22	22	22	22	22	22	23	23	23	26
Skate parks	1	1	1	1	1	1	1	1	1	1
Outdoor pavilion	1	1	1	1	1	1	1	1	1	1
Sewer Utility										
Sewer main (miles)	115	115	142	142	142	142	142	142	142	142
Storm sewers (miles)	72	72	72	72	72	72	72	72	112	114.6
Treatment capacity (5)	8.69	8.69	8.69	8.69	8.69	8.69	9.19	9.19	9.19	9.19
Water Utility										
Water connections	11,104	11,178	11,200	11,242	11,272	11,385	11,437	11,466	11,466	11,475
Water mains (miles)	152	152	170	170	170	170	170	170	172	172
Water plant capacity (5)	14	14	14	14	14	14	14	14	14	14
Electric Utility										
Distribution stations	6	6	6	6	6	6	6	6	6	6
Peaking generators	20	20	20	20	20	17	17	17	17	15
Electric capacity (6)	40	40	40	40	40	34	36	36	36	28
Airport										
Airport acreage (7)	904	897	897	891	891	891	891	891	891	889
Number of runways	2	2	2	2	2	2	2	2	2	2

Source: City of Manassas Finance, Public Works, Utilities, Vehicle Maintenance, and Parks Culture Recreation Departments

Notes:

- (1) Community Service Center on Godwin Drive temporarily placed in service FY22 during City Hall renovation.
- (2) Fire station 21 was completed in FY21, and the GMVRS building was decommissioned. New public safety building opened FY23, with 911-Dispatch maintaining operations from the prior police station until FY24.
- (3) Prior year data for traffic signals was corrected in FY20.
- (4) FY17 parks assessment added historic sites to parks definition as passive recreation sites. Tennis courts include school sites, and racquetball or pickleball courts. FY21 data was corrected to exclude undeveloped parks.
- (5) Millions of gallons per day
- (6) Megawatts
- (7) Airport parcel map updated with FAA in FY19.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Manassas, Virginia's basic financial statements, and have issued our report thereon dated November 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manassas, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 21, 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 the City Council
City of Manassas, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Manassas, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Manassas, Virginia's major federal programs for the year ended June 30, 2023. City of Manassas, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Manassas, Virginia's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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, Virginia's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Manassas, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Manassas, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Manassas, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Manassas, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Manassas, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Manassas, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Manassas, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 21, 2023

CITY OF MANASSAS, 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
Primary Government:			
Department of the Treasury:			
Pass-through Payments:			
Virginia Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	21027-197-10	\$ 2,292,273
Virginia Department of Social Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	21027-765-10	1,975
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	VA0113	215,260
Total 21.027			<u>\$ 2,509,508</u>
Total Department of the Treasury			<u>\$ 2,509,508</u>
Department of Housing and Urban Development:			
Pass-through Payments:			
Virginia Housing Development Authority:			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	14195-165-10	\$ 235,787
Total Section 8 Project-Based Cluster			<u>\$ 235,787</u>
Total Department of Housing and Urban Development			<u>\$ 235,787</u>
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 8,965
State Criminal Alien Assistance Program	16.606	N/A	79,709
Public Safety Partnership and Community Policing Grants	16.710	N/A	128,509
Congressionally Recommended Awards	16.753	N/A	108,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	14,959
Total Department of Justice			<u>\$ 340,824</u>
Department of Transportation:			
Direct Payments: Federal Aviation Administration			
Airport Improvement Program	20.106	CF-0030-46/CF-0030-54 CF-0030-51/CF-0030-52	\$ 557,673
Pass-through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BSC-2023-53096-23096/ FSC-2022-52248-22248	12,866
Total Highway Safety Cluster			<u>\$ 12,866</u>
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	UPC-118700/UPC-109293 UPC-96721	\$ 4,465,078
Total Department of Transportation			<u>\$ 5,035,617</u>

CITY OF MANASSAS, 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
Primary Government: (Continued)			
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	22UASI596-01/ 21UASI596-01	\$ 149,736
Emergency Management Performance Grants	97.042	1203555	<u>7,458</u>
Total Department of Homeland Security			<u>\$ 157,194</u>
Department of Health and Human Services:			
Pass-through Payments:			
Virginia Department of Education:			
COVID-19 - Public Health Crisis Response	93.354	93354-197-10	<u>\$ 112,901</u>
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	93558-765-10	<u>\$ 272,893</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596-765-10	61,271
Total CCDF Cluster			<u>\$ 61,271</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	93778-765-10	<u>\$ 436,104</u>
Total Medicaid Cluster			<u>\$ 436,104</u>
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	93556-765-10	<u>\$ 14,717</u>
COVID-19 - Mary Lee Allen Promoting Safe and Stable Families Program	93.556	93556-765-10	<u>9,835</u>
Total 93.556			<u>\$ 24,552</u>
Guardianship assistance	93.090	93090-765-10	196
Title IV-E Prevention Program	93.472	93472-765-10	12,106
Refugee and Entrant Assistance State/Replacement Designee Administered Programs			
Low-Income Home Energy Assistance	93.568	93568-765-10	47,290
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93645-765-10	329
Foster Care - Title IV-E	93.658	93658-765-10	214,824
Adoption Assistance	93.659	93659-765-10	209,685
Social Services Block Grant	93.667	93667-765-10	210,947
John H. Chafee Foster Care Program for Successful Transition to Adulthood			
COVID-19 - Elder Abuse Prevention Interventions Program	93.674	93674-765-10	2,592
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	93747-765-10	3,670
Children's Health Insurance Program	93.767	93767-765-10	<u>3,879</u>
Total Department of Health and Human Services			<u>\$ 1,618,790</u>

CITY OF MANASSAS, 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 Agriculture:			
Pass-through Payments:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561-765-10	\$ <u>831,349</u>
Total SNAP Cluster			\$ <u>831,349</u>
Virginia Department of Education:			
Pandemic EBT Administrative Costs	10.649	10649-301-10	\$ <u>5,950</u>
Virginia Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program - Food Distribution Service	10.555	00-571	\$ 333,664
Virginia Department of Education:			
National School Lunch Program	10.555	10555-301-10	<u>2,970,500</u>
Total 10.555			\$ <u>3,304,164</u>
School Breakfast Program	10.553	10553-301-10	\$ <u>761,643</u>
Virginia Department of Agriculture:			
Summer Food Service Program for Children - Food Distribution Service			
	10.559	00-571	2,561
Virginia Department of Education:			
Summer Food Service Program for Children	10.559	10559-301-10	\$ <u>18,849</u>
Total 10.559			\$ <u>21,410</u>
Total Child Nutrition Cluster			\$ <u>4,087,217</u>
Child and Adult Care Food Program	10.558	10558-301-10	\$ <u>36,249</u>
Total Department of Agriculture			\$ <u>4,960,765</u>
Department of Education:			
Pass-through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	84010-197-10	\$ 1,415,096
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	84027-197-10	\$ 1,596,371
Special Education - Preschool Grants	84.173	84173-197-10	53,924
Total Special Education Cluster (IDEA)			\$ <u>1,650,295</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	84425-197-10	4,692,669
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	84334-197-10	34,220
English Language Acquisition State Grants	84.365	84365-197-10	261,783
Student Support and Academic Enrichment Program	84.424	84424-197-10	2,451
Career and Technical Education - Basic Grants to States	84.048	84048-197-10	134,597
Supporting Effective Instruction State Grants	84.367	84367-197-10	<u>234,262</u>
Total Department of Education			\$ <u>8,425,373</u>
Total Expenditures of Federal Awards			\$ <u><u>23,283,858</u></u>

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

CITY OF MANASSAS, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
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, 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, 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, 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 minimus 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 - Loan Balances

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 4 - Relationship to Financial Statements

Listed below is a reconciliation of federal revenue and the Schedule of Expenditures of Federal Awards:

Federal revenue	\$ 23,339,862
Less:	
Federal funds which are not subject to single audit (rental of building for post office, tower rentals at the airport, and interest subsidy)	<u>(56,004)</u>
Total Federal Expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 23,283,858</u>

CITY OF MANASSAS, 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 deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425D	COVID-19 Education Stabilization Fund - Elementary and Secondary Emergency Relief (ESSER) Fund
84.027/84.173	Special Education Cluster
10.553/10.555/10.559	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 and Questioned Costs

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

CITY OF MANASSAS, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

There were no prior year audit findings.