

CITY OF MANASSAS PARK, VIRGINIA

Comprehensive Annual Financial Report



Year Ended June 30, 2020

CITY OF MANASSAS PARK, VIRGINIA

Comprehensive Annual Financial Report

Year Ended June 30, 2020

PREPARED BY:

Pon Yusuf, Director of Finance

CITY OF MANASSAS PARK, VIRGINIA

Comprehensive Annual Financial Report Year Ended June 30, 2020

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CITY OF MANASSAS PARK

City Hall • One Park Center Court • Manassas Park, Virginia 20111-2395
(703) 335-8800 • Fax (703) 335-0053
www.cityofmanassaspark.us

Mayor:
Jeanette Rishell

Vice Mayor:
Preston Banks

City Manager:
Laszlo A. Palko

Director of Finance / CFO:
Pon Chen Yusuf

Council Members:
Hector Cendejas
Haseeb Javed
Mariam Machado
Alanna Mensing
Donald Shuemaker

To the Honorable Governing Body of the City of Manassas Park, Virginia:

The Comprehensive Annual Financial Report (CAFR) of the City of Manassas Park for the year ended June 30, 2020 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Manassas Park issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Manassas Park. All disclosures necessary for readers to understand the City of Manassas Park's activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical and compliance. The introductory section, which is unaudited, includes this letter of transmittal; an organizational chart and a list of the City of Manassas's principal elected and appointed officials. The financial section includes Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and supporting schedules. The unaudited statistical section includes selected multi-year financial and demographic information.

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

Robinson, Farmer, and Cox Associates, Certified Public Accountants, were engaged to Perform an audit the City's financial statements since the fiscal year ended FY2016; and they have issued an unmodified opinion on the City of Manassas

Park's financial statements for each fiscal year since June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

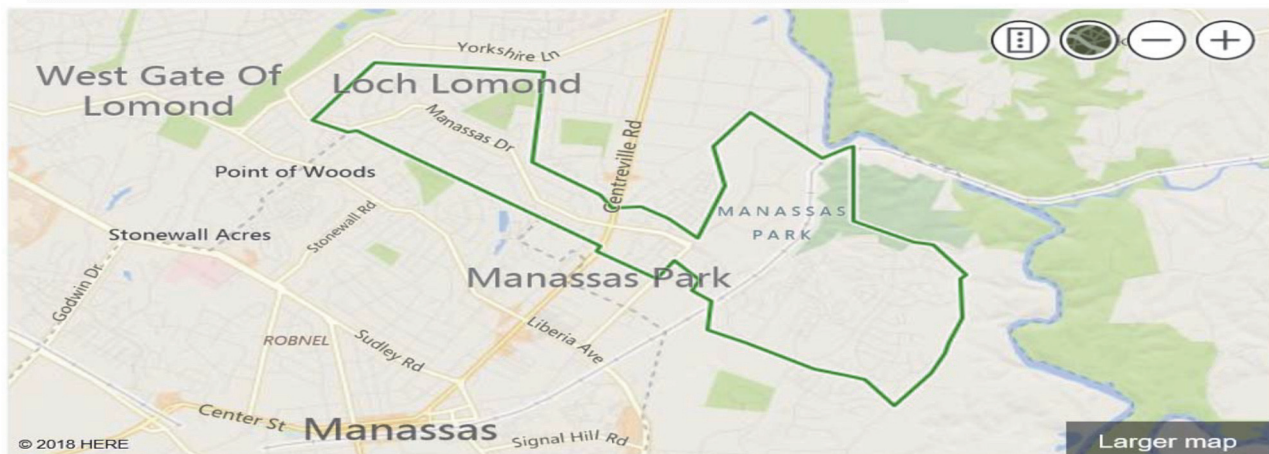
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Manassas Park (see the map below) is located within the Washington, D.C. Metropolitan area. The City is 2.53 square miles in size and has a 2020 population of about 18,393 people. Manassas Park was incorporated as an independent city in 1975, the last such incorporation to occur in Virginia. Previously, Manassas Park was a town within Prince William County. The City is primarily residential in nature, however comprised a mix of industrial, retail, and office properties in the city core, and in close proximity to interstate and railway transportation into the heart of the Greater Metropolitan DC area. The Manassas Park School System is comprised of: Cougar Elementary School, Manassas Park Middle School, Manassas Park Elementary School, and Manassas Park High School. The City, the 1973rd largest city in the United States of America, was named as one of Virginia's top 3 safest cities in 2020.

Virginia's Safest Cities

VA City	Population	Violent crime	Property crime	Law enforcement employees	Total crimes	Crime rate per 1,000	Violent crimes per 1,000	Property crimes per 1,000	Law enforcement per 1,000
1 Purcellville	10090	13	46	17	59	5.85	1.29	4.56	1.68
2 Hampton	133965	316	743	371	1059	7.91	2.36	5.55	2.77
3 Manassas Park	16882	25	111	38	136	8.06	1.48	6.58	2.25



Manassas Park City, VA

A seven-member Governing Body (see their photos presented below) governs the City. Six council members are elected to staggered, four-year terms. The Mayor is elected to a four-year term. The Governing Body is responsible for establishing tax rates, appropriating funds, and setting municipal policies and appointing certain City officials. The Governing Body appoints a City Clerk, City Attorney, City Assessor and City Manager. The City Manager serves at the pleasure of the Governing Body and is responsible for the execution of policies approved by the Governing Body, including making recommendation for changes to municipal policies, preparing proposed budgets, administrating City staff, and managing day-to-day operations.



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

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

CHANGE MANAGEMENT

Following a catastrophic failure of its financial System and records in 2015, the City had significant changes in Senior Management and engaged a new accounting firm to provide the City with its audit services of financial statements. The City managed to

come out of these circumstances and got back on track being current with each audit since FY2019 with a clean opinion.

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

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

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

Ms. Yusuf came to City of Manassas Park from Fairfax County Public Schools. She holds many professional certifications. Namely, she is a Certified Public Accountant (CPA), Master Government Treasurer (MGT), Chartered Global Management Accountant (CGMA), and Certified in Financial Forensics (CFF). She has a Master in Accounting / Taxation from the George Washington University School of Business. She also studied laws back in her home town.

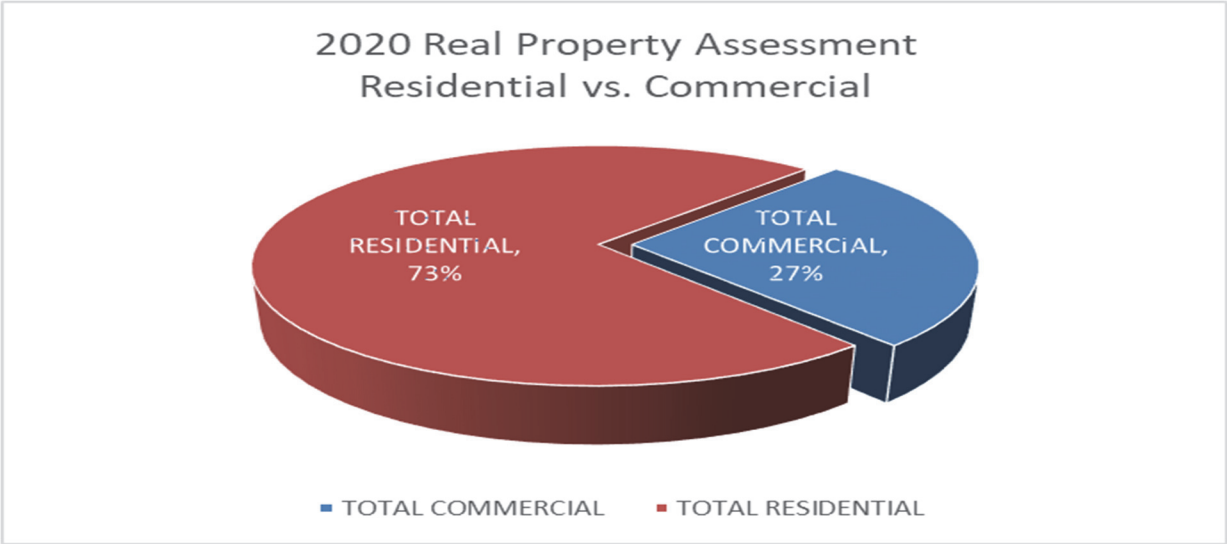
DEMOGRAPHICS

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

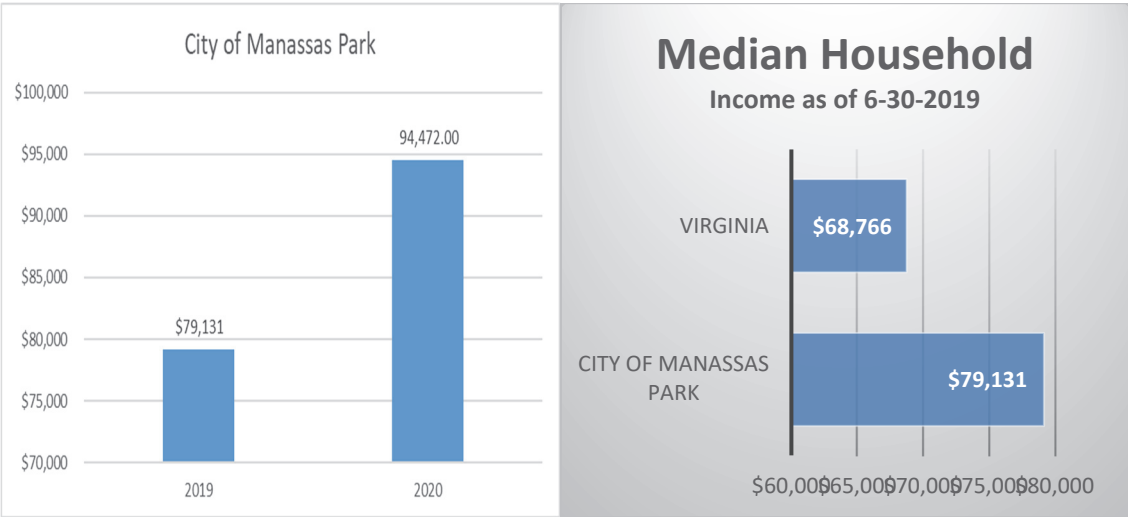
- White 63.30%
- Black or African American 15.20%
- Asian 10.83%
- Other race 6.47%
- Two or more races 3.53%
- Native American 0.29%
- Native Hawaiian or Pacific Islander 0.02%

LOCAL ECONOMY

The City has built a viable community with a quarter of commercial tax base, a good quality educational system, and an attractive community that thousands are choosing to call home. The tax base is primarily residential (\$1.3 billion or about 73%).



The recent US Census shows Manassas Park residents as of June 2020 with a median House-hold income of \$94,472, up from \$79,131 (2017 dollars), favorably compared to the latest available Virginia median house-hold income of \$72,577 and that of the latest available median household income for the United States of \$61,937 in 2018 (released yearly in September for the prior year survey). See graphs below.

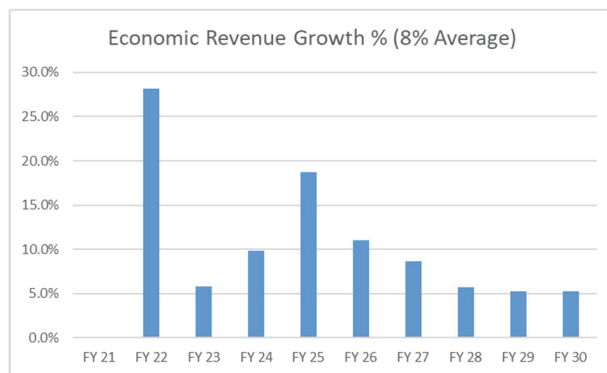


The City's unemployment rate was 9.9% as of June 2020, which was higher than the State's unemployment rate of 8.4% and less than the national unemployment rate of 11.1%.

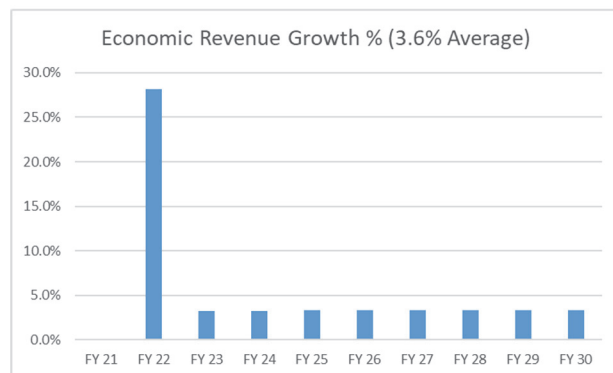
DOWNTOWN DEVELOPMENT ECONOMIC IMPACT

While economic revenues grew by nearly 10% in FY 19, largely fueled by an increase in Sales Tax Revenues from a continuously growing national GDP above 2.5% (while high, is still below historic national GDP growth from 1947-2015 of 3.2%), in FY 20-21 economic revenues are expected to decline due to the COVID-19 recession. While the economy is expected to rebound in FY 22, lingering revenue impacts from the Real Estate market may linger on. As presented in the City Manager's FY2021 Budget Overview, below are the tables showing the economic growth rates over the 10 years model with and without the downtown developments:

With Downtown



No Downtown



FINANCIAL INFORMATION

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

OTHER INFORMATION

Acknowledgements

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

Below is the Organizational Photo Chart of the City Administration Team:



Sincerely,

Pon Chen Yusuf, CPA



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Manassas Park
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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CITY OF MANASSAS PARK, VIRGINIA

June 30, 2020

Governing Body

Jeanette Rishell, Mayor

Preston Banks, Vice-Mayor

Alanna Mensing

Hector Cendejas

Miriam Machado

Donald Shuemaker

Haseeb Javed

Other Officials

Laszlo Palko, City Manager

Lana A. Conner, City Clerk

Debra D. Wood, Commissioner of the Revenue

Patricia Trimble, Treasurer

Dr. Bruce McDade, Superintendent of Schools

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-19, 121-125, and 126-146 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manassas Park, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedule and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information: (Continued)

The combining and individual fund financial statements and schedules, supporting schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, supporting schedule 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of the City of Manassas Park, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Manassas Park, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manassas Park, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 25, 2020

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CITY OF MANASSAS PARK Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers readers of the City of Manassas Park's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year June 30, 2020. This information should be considered in conjunction with information provided in the letter of transmittal and financial section.

FINANCIAL HIGHLIGHTS

Overall the City has great financial news to share with regards to the FY2020 financial activities when compared to prior fiscal years and also given national economic challenges during the midst of the COVID-19 pandemic starting in February of 2020.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Exhibit 1, first page under the financial section) report information about the City as a whole using the economic resources measurement focus and accrual basis of accounting. The total net position of the primary government reports the net asset position as of June 30, 2020 of \$22.2 million, comprised of \$7.9 million net investment in capital assets and \$14.2 million of unrestricted assets while the School Board reports a net negative position of \$3.0 million. Below are financial highlights of key changes by financial statement elements.

Assets:

- Cash and cash equivalents report an increase of \$3.9 million driven primarily from improved property tax collection, increased investment in Money Market, and \$1 million of unspent proceeds of the CARES ACT fund received on June 1, 2020. This reported increase is consistent for both general fund and government-wide statements.
- The Primary Government's net position and the School Board's net position both increased by \$3.229 million and 2.650 million, respectively (see "Change in net position" on Exhibit 2 on page 26-27). Same reason as above.
- Net position of governmental activities increased to \$4.292 million from \$1.593 million while net position of business-type activities increased to \$17.877 million from \$17.347 million (see Exhibit 2 on page 26-27). The \$2.7 million change in the net position of governmental activities (see details on Exhibit 5) is driven mainly from \$0.4 million increase in property tax revenues as reflected in the statement of activities plus \$2.4 million net changes in fund balances for total governmental funds. The main driver of the \$2.4 million increase for total governmental funds is also property tax revenues. For business activities, the net position increase is driven mainly from the net decrease in accounts receivable of \$110,590 and \$792,241 in operating income net with various deductions in liabilities.

Deferred Outflows of resources:

- With the interest rate hit the historical low, directional changes of both pension OPEB related items were expected from the net impact of the interest rate change. The discount rate decreased to 2.45% from 3.13% and this resulted in the increase of deferred outflows or resources from \$86,900 to \$174,873. This is the net effect of \$167,397 from differences between actual and expected experience and \$7,476 from changes of assumptions or other inputs.
- The City did a couple sets of refunding between September and December of 2019. Refer to the long-term debt section for more details. These refunding activities resulted in additional deferred items for the primary government.

Liabilities

See Note 6 on Long-Term Obligations. For the fiscal year ended on June 30, the City's long-term obligation of governmental activities decreased by the schedule principal payments as shown below:

- \$7.2 million in General Obligation Bonds (\$1.6 million for the City, \$1.0 million for Water and Sewer, and \$4.6 million for Schools);
- \$404,626 in Capital Leases (\$230,030 Police, \$160,828 Fire and \$13,767 Community Development); and
- \$60,000 in State Literary Fund Loans.
- Every year the Police Department budgets \$250k for a 5-year capital leasing vehicle that is on a five year asset management replacement plan.

Deferred Inflows of Resources:

- Changes in deferred inflows for both pension and OPEB were driven primarily by the change in interest rate.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the City's major funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The City's governmental funds reported a combined fund balance of \$7.9 million, representing an increase of \$2.4 million from the prior fiscal year, driven mainly by an increase in the general property tax revenue and other tax revenue.
- On June 30, 2020, the General Fund, which accounts for the main operating activities of the City, reported an ending fund balance of \$8.3 million, an increase of \$2.3 million from June 30, 2019. The unassigned portion of the General Fund's fund balance was \$8.2 million, which is available for future spending at the City's discretion. (See "Total fund balances less Non-spendable" on Exhibit 3 on page 30). The General Fund had total revenues of \$45.0 million. (See Exhibit 4 on page 31).
- The Capital Projects Fund ended fiscal year 2020 with a negative fund balance of \$4.1 million, an increase of \$2,171 over prior fiscal year. This is restricted for construction projects in progress or starting in the near future.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The City's total assets of about \$98.1 million decreased by \$2.0 million with the capital assets down by about \$6.6 million net with the \$4.6 increase in current assets, mostly from cash and cash equivalents. The disposition of \$6.6 million was driven mainly by the \$5.3 million reduction in the jointly owned assets.

ASSETS:	FY 2020	FY 2019	FY 2019 vs. FY 2020
<i>Current Assets</i>			
Cash and cash equivalents	8.3	4.0	4.3
Investments	0.0	0.0	0.0
Internal balances			0.0
Receivables - property taxes	2.2	1.8	0.4
Receivables - accounts receivable	1.2	1.2	0.1
Due from other governments	1.2	1.2	0.0
Due from School Board	0.5	0.7	-0.2
Prepaid items	0.2	0.2	0.0
Total Current Assets	13.6	9.0	4.6
<i>Noncurrent Assets</i>			
Land	5.6	5.6	0.0
Intangibles	0.1	0.1	0.0
Infrastructure	9.5	9.9	-0.4
Utility plan and equipment			0.0
Buildings and improvements	29.9	30.8	-0.9
Equipment	2.4	2.6	-0.2
Jointly owned assets	36.3	41.6	-5.3
Construction in progress	0.6	0.4	0.2
Total Capital Assets	84.5	91.1	-6.6
Total assets	98.1	100.1	-2.0

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

In the *Statement of Net Position* and the *Statement of Activities*, the City is divided into the following:

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

Business-type activities - The financial activities of the water and sewer, solid waste management, and storm water enterprises are reported here. The City charges a fee to customers to cover all or most of the cost of services it provides for these activities.

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

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

FUND FINANCIAL STATEMENTS

Traditional readers of government financial statements will find the fund financial statement presentation more familiar. The focus is on the City's chief operating fund and its major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to demonstrate and ensure fiscal accountability. This includes the fund accounting for governmental, proprietary, and fiduciary funds. For more detailed information about the City's most significant funds, refer to the basic financial statement section and the related note disclosure.

Governmental Funds

Governmental funds are to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements provide a short-term view of the City's finances that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance City programs. The basic Governmental Funds financial statements can be found on the table of contents.

Proprietary Funds

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

Notes to the financial statements

The notes provide information that is essential to a full understanding of the data in the government-wide and fund financial statements and they can be found on pages 37-118.

Other information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - The following table reflects condensed information on the City's net position:

Summary of Net Position (000,000s omitted)												
	Governmental Activities			Business-type Activities			Total Primary Government			Component Unit School Board		
	2020	2019	Difference	2020	2019	Difference	2020	2019	Difference	2020	2019	Difference
ASSETS												
Current & other assets	\$ 13.6	\$ 9.0	\$ 4.6	\$ 12.7	\$ 12.5	\$ 0.2	\$ 26.3	\$ 21.5	\$ 4.8	\$ 7.7	\$ 8.3	\$ -0.6
Capital assets	84.5	91.1	-6.6	16.4	17.2	-0.7	100.9	108.3	-7.3	34.0	30.7	3.3
Total assets	\$ 98.1	\$ 100.1	\$ -2.0	\$ 29.1	\$ 29.6	\$ -0.5	\$ 127.2	\$ 129.8	\$ -2.5	\$ 41.7	\$ 38.9	\$ 2.7
DEFERRED OUTFLOWS OF RESOURCES												
Total deferred outflows of resource	\$ 7.5	\$ 6.6	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.0	\$ 8.3	\$ 7.4	\$ 0.8	\$ 9.1	\$ 6.6	\$ 2.4
LIABILITIES												
Long-term debt outstanding	\$ 12.8	\$ 11.8	\$ 1.0	\$ 1.7	\$ 1.7	\$ 0.0	\$ 14.5	\$ 13.5	\$ 0.9	\$ 6.1	\$ 6.6	\$ -0.5
Other liabilities	87.9	92.5	-4.6	10.3	11.3	-1.1	98.2	103.8	-5.6	42.8	39.2	3.6
Total liabilities	\$ 100.7	\$ 104.3	\$ -3.6	\$ 12.0	\$ 13.1	\$ -1.1	\$ 112.7	\$ 117.4	\$ -4.7	\$ 48.9	\$ 45.7	\$ 3.1
DEFERRED INFLOWS OF RESOURCES												
Total deferred inflows of resources	\$ 0.6	\$ 0.8	\$ -0.2	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.7	\$ 0.8	\$ -0.2	\$ 4.9	\$ 5.5	\$ -0.6
NET POSITION:												
Invested in capital assets	\$ 1.7	\$ 1.8	\$ -0.1	\$ 6.2	\$ 5.9	\$ 0.3	\$ 7.9	\$ 7.7	\$ 0.2	\$ 34.0	\$ 30.7	\$ 3.3
Unrestricted (deficit)	2.6	-0.2	2.8	11.6	11.4	0.2	14.2	11.2	3.0	-37.0	-36.3	-0.7
Total net position	\$ 4.3	\$ 1.6	\$ 2.7	\$ 17.9	\$ 17.3	\$ 0.5	\$ 22.2	\$ 18.9	\$ 3.2	\$ -3.0	\$ -5.6	\$ 2.7

The City's combined net position for the primary government increased from \$18.9 million at June 30, 2019 to \$22.2 million at June 30, 2020. The City's net position of governmental activities invested in capital assets include streets, drainage, construction in progress, buildings, equipment, etc.. The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future expenditures since they will not be sold. The Component Unit School Board's net position improved by \$2.7 million.

The net position of the City's governmental activities is \$4.3 million, an increase of \$2.7 million while the net position of the City's business-type activities is \$17.9 million also reflects an increase of \$0.5 million. As with the governmental activities, most of the net position is invested in capital assets. The City uses these assets to provide services to its citizens. The unrestricted net position of the business-type activities went up slightly by \$0.2 million to \$11.6 million as of June 30, 2020.

Statement of Activities - The City's total revenues and expenses for governmental, business-type and School Board activities are highlighted below:

Below are highlights of key changes in the Statement of Activities:

Governmental Activities:

- Total revenues increased by \$2.8 million driven mainly by increases in taxes of about \$2 million and \$.8 million in grants and grants and contributions (including \$432k in the CARES ACT revenue)
- Total expenses increased by \$2.1 million driven by \$1.1 million increase in general government and public safety

Business-type Activities:

- Total revenues increased by \$431K in charges for services mostly during pandemic
- Total Expenses went up by \$76K in Water and Sewer

Statement of Activities (Exhibit 2)
Changes in Net Position (000s omitted)
For Fiscal Years Ending June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:								
Program revenues:								
Charges for services	\$ 1,669	\$ 1,930	\$ 10,170	\$ 9,740	\$ 11,839	\$ 11,669	\$ 316	\$ 423
Operating grants and contributions	3,508	3,183	-	-	3,508	3,183	30,042	30,035
Capital grants and contributions	32	177	-	-	32	177	-	-
General revenues:								
Property taxes	31,453	29,915	-	-	31,453	29,915	-	-
Other taxes	6,140	5,670	-	-	6,140	5,670	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	16,026	15,500
Grants and contributions not restricted to specific programs	2,797	2,307	-	-	2,797	2,307	19	22
Other	1,007	947	126	252	1,133	1,200	391	237
Total Revenues	\$ 46,606	\$ 44,129	\$ 10,296	\$ 9,992	\$ 56,902	\$ 54,121	\$ 46,794	\$ 46,216
		44,129						
Expenses:		(0)						
General government	\$ 4,434	\$ 3,376	\$ -	\$ -	\$ 4,434	\$ 3,376	\$ -	\$ -
Judicial administration	555	543	-	-	555	543	-	-
Public safety	9,043	8,375	-	-	9,043	8,375	-	-
Public works	2,345	2,480	-	-	2,345	2,480	-	-
Health and welfare	3,994	3,745	-	-	3,994	3,745	-	-
Education	17,152	16,698	-	-	17,152	16,698	-	-
Parks recreation and cultural	4,238	3,865	-	-	4,238	3,865	-	-
Community development	533	404	-	-	533	404	-	-
Interest on long-term debt	3,049	3,795	-	-	3,049	3,795	-	-
Water and Sewer	-	-	8,328	8,252	8,328	8,252	-	-
School Board	-	-	-	-	-	-	44,143	41,758
Total Expenses	\$ 45,343	\$ 43,283	\$ 8,328	\$ 8,252	\$ 53,671	\$ 51,534	\$ 44,143	\$ 41,758
Increase in net position before Transfers	\$ 1,262	\$ 846	\$ 1,968	\$ 1,741	\$ 3,230	\$ 2,587	\$ 2,651	\$ 4,458
Transfers	1,438	1,144	(1,438)	(1,144)	-	-	-	-
Increase In net position	\$ 2,700	\$ 1,990	\$ 530	\$ 597	\$ 3,230	\$ 2,587	\$ 2,651	\$ 4,458
Net Position - beginning	1,593	(397)	17,347	16,750	18,940	16,353	(5,648)	(10,106)
Net Position - ending	\$ 4,293	\$ 1,593	\$ 17,877	\$ 17,347	\$ 22,170	\$ 18,940	\$ (2,997)	\$ (5,648)

Governmental Activities

Revenues – Governmental Activities

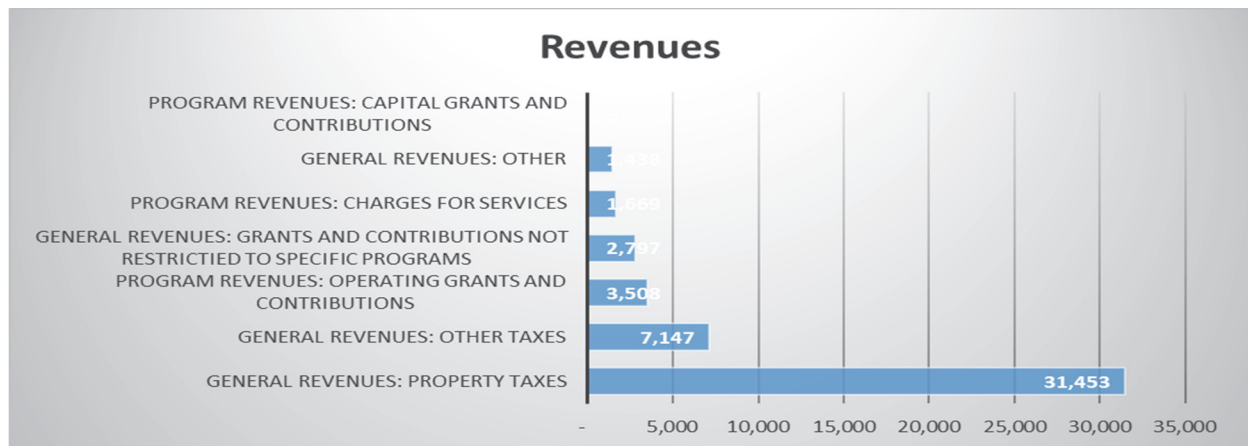
For FY 2020, revenues from governmental activities totaled \$46.0 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (about 82 percent). General Property Tax revenues were about \$31.0 million, including \$0.7 million in delinquent tax revenues with penalty and interest. Real Property Tax, the City's largest single source of revenue, accounted for \$31.1 million, which represents more than half of total revenues.

The City received a total \$5.4 million from Personal Property Taxes, which is comprised of taxes on individual automobiles, business personal property, and machinery and tools, the second largest revenue source. In addition to the \$5.4 million, the City received reimbursement from the Commonwealth of Virginia of about \$1.4 million for tax relief on individual automobiles or commonly known as PPTRA. This tax relief number is a fixed number year of year.

General revenues from other local taxes and other revenues represented about fifteen percent of total revenues of \$43.8 million for FY2020. They are comprised of many different types of taxes as detailed in the table below. For the year, these other tax revenues went up due the improved collection for the fiscal year.

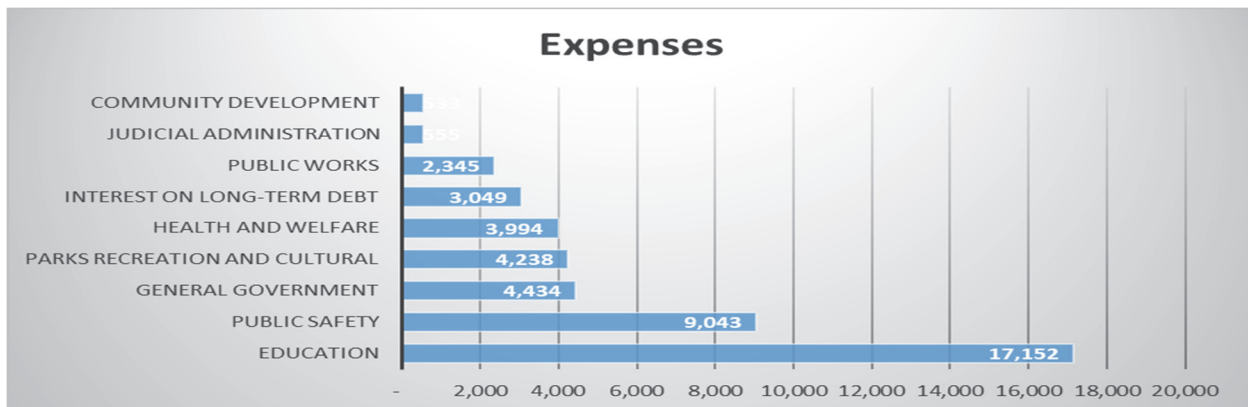
Revenue by Source - Governmental Activities

General property tax revenues continue to be the primary source of revenue for the City's day-to-day operation. This includes real and personal property taxes. Real estate tax rate remains at 1.55 per \$100 of the assessed home value. The personal property tax rate also remains unchanged in fiscal year 2020 at \$3.50 per \$100 of assessed personal property value. Total revenues went up \$2.182 million or 4.9% where the most increase of \$1.437 million is from the general property taxes. This reflects an increase in the real estate assessment of \$88.9 million with \$5.3 million growth from new development. The housing market has been strong and is still growing. With the Governing Body approved long-term city downtown development, the City is hoping a continually improved real estate market. This improving trend when continued will allow for a tax cut for residents sooner than planned for. Other local taxes also went up by about \$143,616 with the most increase of \$227,000 in local sales tax.



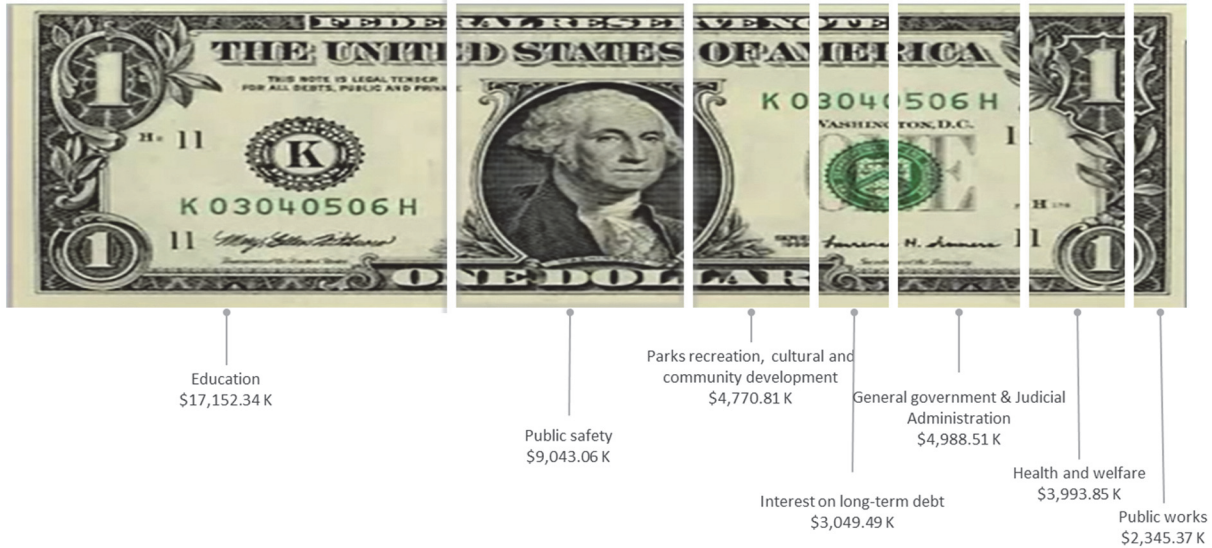
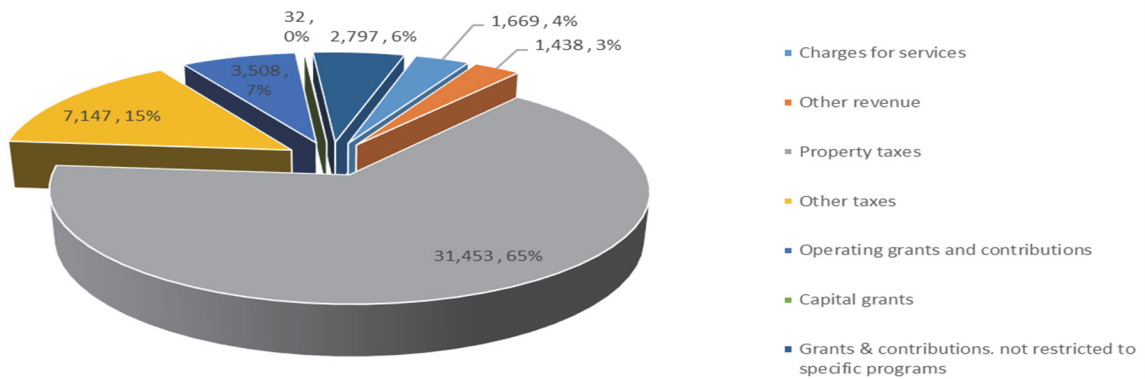
Expenses – Governmental Activities

FY 2020 expenditures for governmental activities totaled \$45.343 million. The City's five largest funded programs are 1) Education, 2) Public safety, 3) General government, 4) Parks and Recreation, and 5) Health and welfare. Education and public safety continue to be one of the City's highest priorities. The City's education expenditures increased from \$16.7 million to \$17.2 million when compared to the last fiscal year to keep up with increased student enrollment and school operations. Education, public safety, public health / welfare and debt service payments made up about eight percent of the total expenditures. Debt incurred primarily for building schools for our children. There are four schools in the City.



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

Revenue by Source - Governmental Activities (Exhibit 2)

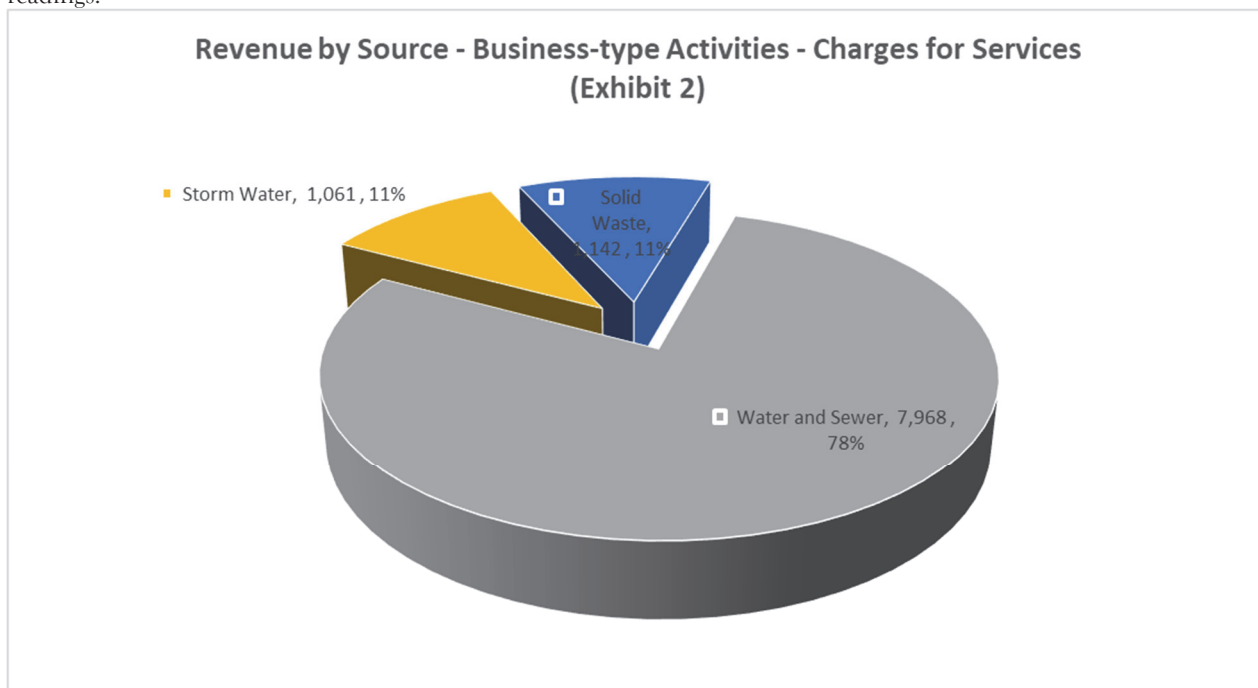


Business-Type Activities

The City's business-type activity is composed of enterprise funds for water and sewer, solid waste management, and storm water operations. Net position of business-type activity increased by \$0.5 million. The increase in net position is, in part, the result of a rise in charges for services from the previous year. At June 30, 2020 total net position for business-type activities was \$17.9 million, of which \$6.2 million is invested in capital assets. The balance of \$11.6 million is unrestricted and available to provide funding for future operations (Exhibit 1, page 25).

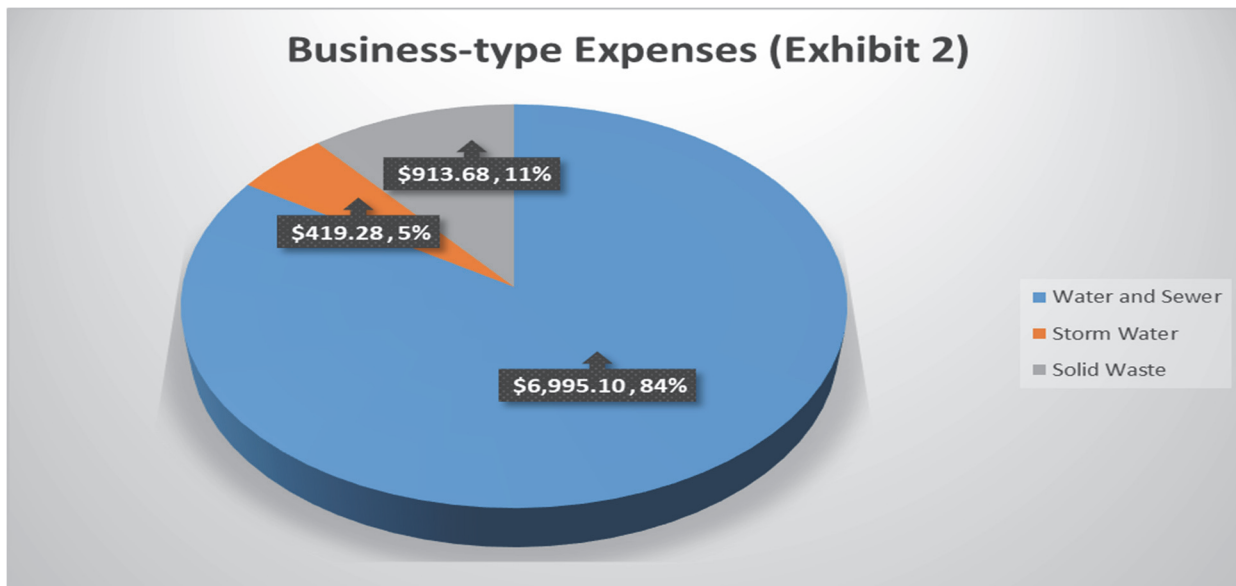
Revenues – Business Activities

Revenues for business activities went up by \$431K from charges of services resulted from improved or replaced meter readings.



Expenses – Business Activities

Expenses, including interest expense, totaled \$8.3 million, up \$76,350 from the prior fiscal year. The increase was primarily in personnel costs of the Storm Water and Solid Waste funds. The City's Proprietary Fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities but in more detail. Please refer to the applicable table of contents for more details.



Component Unit - School Board

Charges for services for Schools came down from \$422,538 to \$315,843 due primarily to schools closing.

FUND FINANCIAL ANALYSIS:

Governmental Funds

Governmental Funds are comprised of the General Fund and Other Governmental Funds. The other funds include the Debt Service Fund, Capital Projects Fund and non-major 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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of FY 2020, the City's governmental funds reported an increase in all funds with a combined fund balance of \$7.9 million, up from \$5.5 million. General fund had the most change in fund balance of \$2,297,673, driven mainly from the increase in general property tax revenues. See net changes in fund balances on Exhibit 4 (page 31).

General Fund

The General Fund reported a betterment in the total fund balance resulted from the increase in total revenues, mostly from the general property local tax revenues and state pass-through communication tax. However, when compared to the budgeted amount, the total revenue for general fund came under by a significant amount. Refer to the section below explaining a variance between budget and actual. Also, see the comparative table below for major changes and explanation.

Revenues – General Fund

Total revenues went up \$1.9 million or 4% where the most increase of \$1.4 million or 4.9% is from the general property taxes. This reflects an increase in the real estate assessment of \$88.9 million with \$5.3 million growth from new development. The housing market has been strong and is still growing. With the Governing Body approved long-term city downtown development, the City is hoping a continually improved real estate market. This improving trend when continued will allow for a tax cut for residents sooner than planned for.

The increase in other local taxes, intergovernmental revenues and general property taxes includes \$432,000 of the federal revenues from the realization of the CARES ACT funding deferred revenue of \$1.5 million. Taxes represent the major source of revenues (roughly 81%). This is made up of 69% of general property taxes and 12% of other local taxes (meals tax and business licenses).

Year over year changes in other local taxes are detailed below where most decreases are in meals tax and business licenses. These are not bad results given the pandemic with businesses closing for several months. In FY2020, developer's fee revenue of \$25,000 was collected. On a positive note bank stock taxes along with utility / recordation / cigarette / local sales taxes and motor vehicle license revenues also went up. This reflects improved local economy in sales, real estate and more deposits in bank.

General Fund Revenue – Budget vs. Actual

The total actual revenues for general fund when compared to the budgeted revenues came under for many revenue programs due to the COVID-19 pandemic closing for several months. Below are highlights of many key revenue programs with a significant loss in revenue:

- General property tax revenue – about \$500K not collected
- Utility taxes (consumption / electric / gas) – about \$100K
- Parks and Recreation revenue – about \$560K
- Social Services (CSA and Laser Reimbursement) – about \$330K

Expenditures – General Fund

Total general fund expenditures of \$44,541,423 can be found on Exhibit 4 (page 31). All items but public safety and debt service payments went up. Included are transfers out of \$10.5 million from general fund to debt service fund to cover debt service payments. The reduction in debt service payments reflects primarily the low interest rate savings from debt refunding in FY2020.

In FY2020 the City started enforcing parking violations and their collection. The revenue from these parking violations went up significantly over \$100K with a delinquent amount of about \$270K.

Fund Balance – General Fund

The fund balance for General Fund increased by \$186K. Increases and decreases of the fund balance by GASB Statement #54 classifications are highlighted below:

- Non-spendable fund balance decreases by \$28,367 from a net reduction in prepaid postage and membership;
- Spendable fund balance increased by \$2,297,673, primarily from the increase in general property tax revenues.

Fund Balance – Other Governmental Funds

- Debt Service Fund: The fund balance increased slightly by \$2,597 from the refunding net proceeds. Refer to the long-term debt for further details on refunding.
- Capital Project Fund: The negative fund balance remained flat at \$4.1 million
- Non-major Funds: Proffer fund is included in the non-major funds. The fund balance for non-major funds went up by \$314,769 due primarily to the receipt of more grantor's tax revenue, transportation funds and development fees.

Proprietary Funds

The City of Manassas Park's proprietary fund statements (Exhibits 6 and 7, pages 33-34) provide the same type of information found in the government-wide financial statements but in more details. The City maintains three proprietary funds, water and sewer, solid waste management, and storm water.

FY2020 total net position for the Water and Sewer, Storm Water, and Solid Waste Management Funds are presented below for easy reference. For the fiscal year ended June 30, 2020, the Water and Sewer, Storm Water, and Solid Waste Management Funds ended the fiscal year with a net position of \$16.3 million, \$1.6 million, and \$(0.8) million, respectively where both Storm Water and Solid Waste Management Funds reported improvement in their net position. All funds improved their net position as of the end of the year. This improved position reflects the controlled and better financial management with continuing review efforts in close partnerships with all related department heads and their assistants. Factors improving the financial position of these funds include the rate increase in the Storm Water Management Fee Fund, monthly review of billing data and collection. A comprehensive rate study for all enterprise funds will be done in the near future.

There are 4483 water accounts that are comprised of 3950 residential, 93 condos and 440 commercial accounts. Overall enterprise revenues went up from the prior fiscal year. Major line items with increases are highlighted below:

- Refuse & recycling fee (\$33,308) due the collection of delinquent accounts
- Water consumption (\$180,338) driven by increases in water consumption, and
- Storm Water Management Fee (\$218,496.88) resulted from an increase in rates with the adoption of Fiscal Year 2020 Budget and Tax/Fee Rates. The annual fee was increased by 25% from \$116.94 to \$146.18 per ERU. This is to help fund stream restoration. Public Service Utilities rates are in accordance with Title 58.1-2505 of Virginia state code, as amended.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

CAPITAL ASSETS

As of June 30, 2020, the City's investment in capital assets for governmental activities totaled \$84.464 million, net of accumulated depreciation of \$48.705 million and amortization of \$0.940 million. This represents a net decrease in capital assets of \$6.620 million, or 7.3 percent over the prior year. The reduction is due mainly to the disposition of jointly owned assets of \$5.302 million.

The following summarizes capital assets as of June 30, 2020:

Net additions to capital assets during fiscal year 2020 include the following:

- \$503,661 in construction in progress
- \$630,790 in equipment
- \$309,670 in infrastructure

Additions of primary government (governmental activities) capital assets not being depreciated (construction in progress) of \$503,661 as disclosed in Note 5 – Capital Assets are as follows:

- \$ 68,401.79 in Mosby Court Culvert replacement
- \$ 7,597.00 in Manassas / Euclid Intersection
- \$235,986.57 in additional Street Projects
- \$191,675.32 in Street Improvement Resealing

Additions of primary government (governmental activities) capital assets being depreciated (equipment) of \$630,790 as disclosed in Note 5 – Capital Assets are as follows:

- \$ 24,090.00 in Speed Alert Message Sign acquired on 5/12/2020 (5 years useful life)
- \$ 38,603.55 in Department of Public Works/Community Development Leaf Collection Equipment acquired on 6/30/2020 (5 years useful life)
- \$ 69,321.66 in Colonial Ford Truck / Equipment acquired on 6/30/2020 (7 years useful life)
- \$ 6,300.00 in Mathis Avenue Signal Battery Backup (PRTC) acquired on 6/30/2020 (5 years useful life)
- \$ 16,935.80 in Sign Installations (PRTC) acquired on 6/30/2020 (7 useful life)
- \$ 63,867.00 in Capital Lease – 2020 Dodge Durango – 192563) acquired on 06/30/2020 (7 years useful life)
- \$ 63,867.00 in Capital Lease – 2020 Dodge Durango – 192564) acquired on 06/30/2020 (7 years useful life)
- \$ 63,867.00 in Capital Lease – 2020 Dodge Durango – 192565) acquired on 06/30/2020 (7 years useful life)
- \$ 63,867.00 in Capital Lease – 2020 Dodge Durango – 192566) acquired on 06/30/2020 (7 years useful life)
- \$ 63,864.00 in Capital Lease – RAM Pro-master 2500 Police Van acquired on 06/30/2020 (7 years useful life)
- \$ 14,575.98 in Replace Radio Communications acquired on 6/30/2020 (5 years useful life)
- \$ 95,845.80 in Capital Lease – Honeywell Bunker Costs, Pants, Helmets, Pro-tech Gloves and Fire Hoods acquired on 12/1/2019 (5 years useful life)
- \$ 45,784.28 in Capital Lease – Dodge Durango – Fire Department acquired on 8/27/2019 (7 years useful life)

Additions of primary government (governmental activities) capital assets being depreciated (infrastructure) of \$309,670 as disclosed in Note 5 – Capital Assets are as follows:

- \$309,670.00 in Conner Drive acquired on 6/30/2020 (30 years useful life)

Additions of primary government business-type activities) capital assets being depreciated (utility plant and equipment) of \$69,321 as disclosed in Note 5 – Capital Assets are as follows:

- \$14,549.73 in 2020 ford F250 ¾ ton PU Truck – regular cab Ref# PR 8760119 acquired on 12/19/2019 (5 years useful life)
- \$24,374.82 in 2020 ford F550 to replace vehicle 143 acquired on 2/12/2020 (5 years useful life)
- \$14,088.25 in Outfitting Accessories for 2020 Ford-550 acquired on 3/12/2020 (5 years useful life)
- \$16,308.86 in 2020 4x4 4-door crew cab, short bed Ford F250 Ref# PR 8760150 acquired on 3/12/2020 (5 years useful life)

Deletions of primary government (governmental activities) capital assets being depreciated of \$231,432 as disclosed in Note 5 – Capital Assets are as follows:

- \$44,768.00 in GMC 30000 GVW truck acquired on 01/01/1999 with a useful life of 5 years (asset # 23)
- \$23,366.00 in 2005 Ford Explorer (White) VIN 1FMZU2K15UB44672 acquired on 07/01/05 with a useful life of 5 years (asset # 169)
- \$36,113.83 in 2006 Ford Explorer acquired on 06/30/07 with a useful life of 5 years (asset # 214)
- \$36,113.83 in 2006 Ford Crown Victoria acquired on 06/30/07 with a useful life of 5 years (asset # 216)
- \$45,535.00 in 2008 Ford Crown Victoria acquired on 06/30/08 with a useful life of 5 years (asset # 223)
- \$45,535.00 in 2008 Ford Crown Victoria acquired on 06/30/08 with a useful life of 5 years (asset # 224)

Additional detailed information regarding the City's capital assets, including the current year's activity, can be found in note 5 – Capital Assets in the section of notes to the financial statements.

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

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

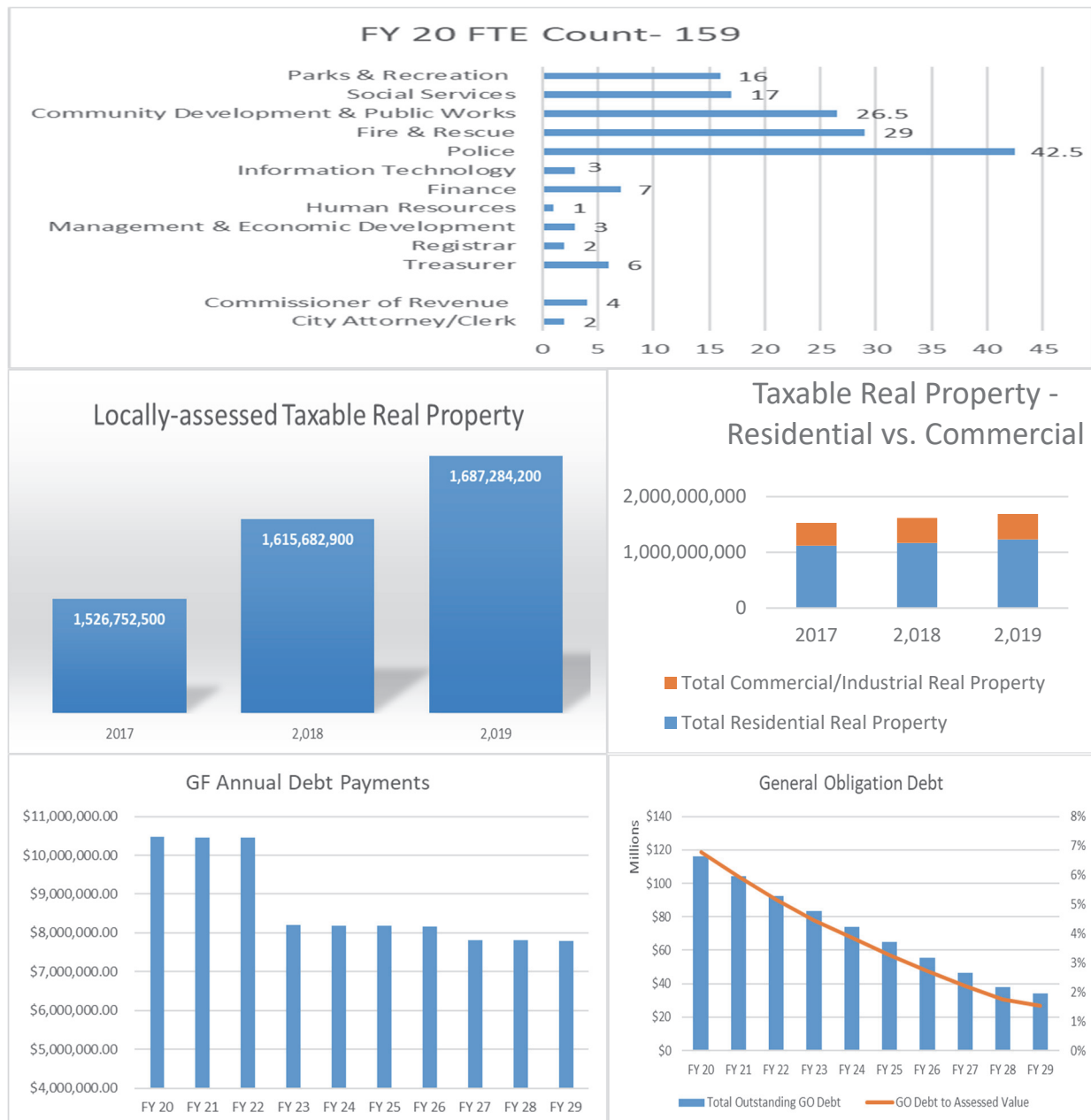
LONG-TERM OBLIGATIONS

At the end of FY 2020, the City's outstanding principal balance was \$25.055 million for direct placement general obligation bond, \$47.726 million for general obligation bonds, \$0.842 million capital lease principal payments, and \$7.255 million for Schools State Literary Fund Loans. Accrued compensated absences, bank loans and capital leases are not included in this debt balance. The City did not issue any new debt but did two refunding of general obligation bonds, one in September and another in November with a total savings over \$2 million. As a result of the refunding, there was a shift from general obligation bonds to direct placement general obligation bonds.

Between September and December of 2020, the City started and completed successfully the two sets of refunding of its debt Series 2007B, 2008 2016, 2013A VRA and several Schools general obligations to take advantage of lower interest rates. The refunding of 2007B, 2008 and 2016 bonds was officially closed on October 3rd, 2019 with a total par amount of \$26,680,000 and net premium of \$4,259,640.45. The total cost of issuance and underwriter's discount for this refunding was \$360,932.20. The savings from debt refunding helped rebuild the fund balance and the 15% required reserve.

Additional detailed information regarding long-term obligations, including the current year's activity, can be found in Note 6 on Long-Term Obligations in the notes to the financial statements (page 55).

ADDITIONAL CHART INFORMATION



The above chart on FY20 FTE reports a total count of 159 where 7 is in Finance. In FY2021, this will be reduced to 5 due to the reorganization of payroll and budget functions to be placed in Human Resources and Management Services, respectively.

Locally-assessed taxable real property shows an upward trend facilitating the debt payment and improving local economy.

BUDGET TO ACTUAL VARIANCE ANALYSIS:

REVENUES – BUDGET VS. ACTUAL:

Revenues:

General property taxes	\$ 31,836,370	\$ 31,501,232	\$ 31,050,759	\$ (450,473)
Other local taxes	5,592,790	5,743,412	5,811,276	67,864
Permits, privilege fees and regulatory licenses	212,753	219,553	221,882	2,329
Fines and forfeitures	287,150	297,150	344,323	47,173
Revenue from use of money and property	568,400	616,520	645,012	28,492
Charges for services	1,708,907	1,634,407	1,102,479	(531,928)
Miscellaneous	410,522	376,767	137,517	(239,250)
Intergovernmental:				
Commonwealth	5,468,610	5,494,723	4,390,239	(1,104,484)
Federal	40,177	1,663,641	1,268,708	(394,933)
Total revenues	\$ 46,125,679	\$ 47,547,405	\$ 44,972,195	\$ (2,575,210)

- General property taxes – Under budget \$450,473: \$273K is in real estate and the remaining difference in personal property taxes.
- Charges for services – Under budget \$531,928: Mostly from Parks & Recreation due to the COVID-19 pandemic closing from March to July of 2020.
- Miscellaneous – Under budget \$239,250: \$17K is in insurance claim, \$5K in NSF / returned check fees, \$10K in credit card fee revenue, and other miscellaneous items (sales of surplus items, cash over / under, etc.)
- Intergovernmental Commonwealth – Under budget \$1,104,484: due to much lower than expected activities from 855/858 State DSS - Laser Reimbursement and Comprehensive Service Act Reimbursement
- Intergovernmental Federal – Under \$394,933: same reason as above but related to the federal portion.

EXPENDITURES – BUDGET VS. ACTUAL

Overall all departmental expenditures came under budget. Some of these departments with under budget amounts include:

- Total general government administration - \$105,429
- CSA / Welfare expenditures - \$567,642
- Education - \$507,049 Schools surplus was reverted back to the City per the approved resolution.
- Parks & Recreation – mostly personnel costs \$283,678
- Public safety – \$1,019,129

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Manassas Park, City Hall, One Park Center, Manassas Park, VA 20111 or p.yusuf@manassasparkva.gov.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 8,302,440	\$ 11,261,816	\$ 19,564,256	\$ 4,921,908
Investments	41,027	12,095	53,122	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,163,006	-	2,163,006	-
Accounts receivable	1,176,170	1,402,344	2,578,514	661,102
Due from other governments	1,283,314	-	1,283,314	1,247,771
Pension asset	-	-	-	767,412
Net OPEB asset	-	-	-	14,035
Inventory	-	-	-	25,563
Prepaid items	174,179	11,232	185,411	19,618
Due from component unit - School Board	507,049	-	507,049	-
Total Current Assets	\$ 13,647,185	\$ 12,687,487	\$ 26,334,672	\$ 7,657,409
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 5,560,783	\$ -	\$ 5,560,783	\$ 1,637,491
Intangibles	108,699	-	108,699	-
Infrastructure	9,502,452	-	9,502,452	-
Utility plant and equipment	-	16,443,671	16,443,671	-
Buildings and improvements	29,941,439	-	29,941,439	29,770,232
Equipment	2,416,219	-	2,416,219	1,763,611
Jointly owned assets	36,317,707	-	36,317,707	-
Construction in progress	617,305	-	617,305	830,372
Total capital assets	\$ 84,464,604	\$ 16,443,671	\$ 100,908,275	\$ 34,001,706
Total Assets	\$ 98,111,789	\$ 29,131,158	\$ 127,242,947	\$ 41,659,115
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,619,165	\$ 135,794	\$ 1,754,959	\$ 8,055,791
OPEB related items	573,690	27,620	601,310	1,007,598
Deferred charge on refunding	5,273,294	621,758	5,895,052	-
Total deferred outflows of resources	\$ 7,466,149	\$ 785,172	\$ 8,251,321	\$ 9,063,389
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 783,617	\$ 138,093	\$ 921,710	\$ 1,405,305
Retainage payable	-	-	-	-
Customer deposits	-	93,219	93,219	-
Accrued liabilities	986,631	193,171	1,179,802	3,979,843
Due to primary government	-	-	-	507,049
Amounts held for others	456,787	-	456,787	-
Unearned revenue	1,690,603	-	1,690,603	127,069
Accrued interest payable	1,015,818	106,367	1,122,185	-
Long-term obligations -current portion	7,820,594	1,183,342	9,003,936	47,255
Total Current Liabilities	\$ 12,754,050	\$ 1,714,192	\$ 14,468,242	\$ 6,066,521
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	87,935,462	10,267,226	98,202,688	42,794,990
Total Liabilities	\$ 100,689,512	\$ 11,981,418	\$ 112,670,930	\$ 48,861,511
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 371,617	\$ 51,444	\$ 423,061	\$ 4,450,686
OPEB related items	223,959	6,284	230,243	407,316
Total deferred inflows of resources	\$ 595,576	\$ 57,728	\$ 653,304	\$ 4,858,002
NET POSITION				
Net investment in capital assets	\$ 1,690,291	\$ 6,237,972	\$ 7,928,263	\$ 34,001,706
Unrestricted assets	2,602,559	11,639,212	14,241,771	(36,998,715)
Total Net Position	\$ 4,292,850	\$ 17,877,184	\$ 22,170,034	\$ (2,997,009)

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

CITY OF MANASSAS PARK, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,433,992	\$ 15,056	\$ 300,646	\$ -
Judicial administration	554,513	344,696	-	-
Public safety	9,043,057	288,535	679,605	-
Public works	2,345,369	169,371	740,174	31,509
Health and welfare	3,993,852	-	1,453,083	-
Education	17,152,343	-	-	-
Parks, recreation, and cultural	4,237,785	735,395	334,396	-
Community development	533,027	115,631	-	-
Interest on long-term debt	3,049,485	-	-	-
Total governmental activities	<u>\$ 45,343,423</u>	<u>\$ 1,668,684</u>	<u>\$ 3,507,904</u>	<u>\$ 31,509</u>
Business-type activities:				
Water and sewer	\$ 6,995,099	\$ 7,967,535	\$ -	\$ -
Storm Water	419,275	1,060,923	-	-
Solid Waste	913,676	1,141,994	-	-
Total business-type activities	<u>\$ 8,328,050</u>	<u>\$ 10,170,452</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 53,671,473</u>	<u>\$ 11,839,136</u>	<u>\$ 3,507,904</u>	<u>\$ 31,509</u>
COMPONENT UNITS:				
School Board	<u>\$ 44,142,905</u>	<u>\$ 315,843</u>	<u>\$ 30,042,369</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle licenses				
Recordation taxes				
Meals tax				
Cigarette taxes				
Other local taxes				
Grants and contributions not restricted to specific programs				
Unrestricted revenues from use of money and property				
County contribution to School Board				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (4,118,290)	\$ -	\$ (4,118,290)	\$ -	-
(209,817)	-	(209,817)	-	-
(8,074,917)	-	(8,074,917)	-	-
(1,404,315)	-	(1,404,315)	-	-
(2,540,769)	-	(2,540,769)	-	-
(17,152,343)	-	(17,152,343)	-	-
(3,167,994)	-	(3,167,994)	-	-
(417,396)	-	(417,396)	-	-
(3,049,485)	-	(3,049,485)	-	-
<u>\$ (40,135,326)</u>	<u>\$ -</u>	<u>\$ (40,135,326)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ 972,436	\$ 972,436	\$ -	-
-	641,648	641,648	-	-
-	228,318	228,318	-	-
<u>\$ -</u>	<u>\$ 1,842,402</u>	<u>\$ 1,842,402</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (40,135,326)</u>	<u>\$ 1,842,402</u>	<u>\$ (38,292,924)</u>	<u>\$ -</u>	<u>-</u>
			\$ (13,784,693)	
\$ 31,453,276	\$ -	\$ 31,453,276	\$ -	-
2,582,875	-	2,582,875	-	-
736,275	-	736,275	-	-
1,023,645	-	1,023,645	-	-
517,394	-	517,394	-	-
238,395	-	238,395	-	-
362,620	-	362,620	-	-
239,310	-	239,310	-	-
439,736	-	439,736	-	-
2,151,043	-	2,151,043	-	-
645,697	202	645,899	18,711	-
-	-	-	16,025,859	-
1,006,978	125,343	1,132,321	390,754	-
1,437,866	(1,437,866)	-	-	-
<u>\$ 42,835,110</u>	<u>\$ (1,312,321)</u>	<u>\$ 41,522,789</u>	<u>\$ 16,435,324</u>	<u>-</u>
<u>\$ 2,699,784</u>	<u>\$ 530,081</u>	<u>\$ 3,229,865</u>	<u>\$ 2,650,631</u>	<u>-</u>
<u>1,593,066</u>	<u>17,347,103</u>	<u>18,940,169</u>	<u>(5,647,640)</u>	<u>-</u>
<u>\$ 4,292,850</u>	<u>\$ 17,877,184</u>	<u>\$ 22,170,034</u>	<u>\$ (2,997,009)</u>	<u>-</u>

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2020

	Governmental Funds					
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,740,891	\$ -	\$ 297,753	\$ 1,204,838	\$ 2,149,778	\$ 12,393,260
Investments	-	-	41,027	-	-	41,027
Receivables (Net of allowance for uncollectibles):						
Taxes, including penalties	2,163,006	-	-	-	-	2,163,006
Accounts	1,176,170	-	-	-	-	1,176,170
Due from component unit - School Board	507,049	-	-	-	-	507,049
Due from other governmental units	1,035,658	247,656	-	-	-	1,283,314
Prepaid items	174,179	-	-	-	-	174,179
Total assets	<u>\$ 13,796,953</u>	<u>\$ 247,656</u>	<u>\$ 338,780</u>	<u>\$ 1,204,838</u>	<u>\$ 2,149,778</u>	<u>\$ 17,738,005</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ 4,090,820	\$ -	\$ -	\$ -	\$ 4,090,820
Accounts payable	501,389	277,728	4,500	-	-	783,617
Accrued liabilities	986,631	-	-	-	-	986,631
Amounts held for others	456,787	-	-	-	-	456,787
Unearned revenue	1,690,603	-	-	-	-	1,690,603
Total liabilities	<u>\$ 3,635,410</u>	<u>\$ 4,368,548</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,008,458</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>\$ 1,822,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,822,444</u>
FUND BALANCES						
Nonspendable	\$ 174,179	\$ -	\$ -	\$ -	\$ -	\$ 174,179
Committed	-	-	334,280	1,204,838	2,149,778	3,688,896
Unassigned	8,164,920	(4,120,892)	-	-	-	4,044,028
Total fund balances	<u>\$ 8,339,099</u>	<u>\$ (4,120,892)</u>	<u>\$ 334,280</u>	<u>\$ 1,204,838</u>	<u>\$ 2,149,778</u>	<u>\$ 7,907,103</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,796,953</u>	<u>\$ 247,656</u>	<u>\$ 338,780</u>	<u>\$ 1,204,838</u>	<u>\$ 2,149,778</u>	<u>\$ 17,738,005</u>

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

Total fund balances, balance sheet, governmental funds	\$ 7,907,103
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the position of the City as a whole.	84,464,604
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	7,466,149
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	1,822,444
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(595,576)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,015,818)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(95,756,056)
Net position of governmental activities	<u>\$ 4,292,850</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2020

	Governmental Funds					
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 31,050,759	\$ -	\$ -	\$ -	\$ -	\$ 31,050,759
Other local taxes	5,811,276	328,974	-	-	-	6,140,250
Permits, privilege fees and regulatory licenses	221,882	-	-	-	-	221,882
Fines and forfeitures	344,323	-	-	-	-	344,323
Revenue from use of money and property	645,012	-	685	-	-	645,697
Charges for services	1,102,479	-	-	-	-	1,102,479
Miscellaneous	137,517	74,021	-	109,500	493,090	814,128
Intergovernmental:						
Commonwealth	4,390,239	31,509	-	-	-	4,421,748
Federal	1,268,708	-	-	-	-	1,268,708
Total revenues	\$ 44,972,195	\$ 434,504	\$ 685	\$ 109,500	\$ 493,090	\$ 46,009,974
Expenditures:						
Current:						
General government administration	\$ 4,039,750	\$ 92,597	\$ -	\$ -	\$ -	\$ 4,132,347
Judicial administration	554,513	-	-	-	-	554,513
Public safety	7,810,082	470,049	-	-	-	8,280,131
Public works	1,506,195	637,849	-	-	-	2,144,044
Health and welfare	3,913,204	-	-	-	-	3,913,204
Education	11,863,141	-	-	-	-	11,863,141
Parks, recreation, and cultural	3,441,619	216,501	-	-	-	3,658,120
Community development	521,149	-	-	-	-	521,149
Debt service:						
Principal retirement	-	351,832	6,943,367	-	-	7,295,199
Interest and other fiscal charges	-	31,319	3,258,491	-	-	3,289,810
Bond issuance costs	429,035	-	-	-	-	429,035
Total expenditures	\$ 34,078,688	\$ 1,800,147	\$ 10,201,858	\$ -	\$ -	\$ 46,080,693
Excess (deficiency) of revenues over (under) expenditures	\$ 10,893,507	\$ (1,365,643)	\$ (10,201,173)	\$ 109,500	\$ 493,090	\$ (70,719)
Other financing sources (uses):						
Transfers in	\$ 1,437,867	\$ 722,631	\$ 10,203,770	\$ -	\$ 285,346	\$ 12,649,614
Transfers out	(10,462,735)	-	-	(285,346)	(463,667)	(11,211,748)
Proceeds from the sale of capital assets	-	192,850	-	-	-	192,850
Payment to refunded bond escrow agent	(35,290,606)	-	-	-	-	(35,290,606)
Issuance of capital leases	-	452,333	-	-	-	452,333
Issuance of bonds	31,460,000	-	-	-	-	31,460,000
Bond premium	4,259,640	-	-	-	-	4,259,640
Total other financing sources (uses)	\$ (8,595,834)	\$ 1,367,814	\$ 10,203,770	\$ (285,346)	\$ (178,321)	\$ 2,512,083
Net changes in fund balances	\$ 2,297,673	\$ 2,171	\$ 2,597	\$ (175,846)	\$ 314,769	\$ 2,441,364
Fund balances at beginning of year	6,041,426	(4,123,063)	331,683	1,380,684	1,835,009	5,465,739
Fund balances at end of year	\$ 8,339,099	\$ (4,120,892)	\$ 334,280	\$ 1,204,838	\$ 2,149,778	\$ 7,907,103

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	2,441,364
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment:		
Capital outlay	\$ 1,119,876	
Depreciation expense	<u>(3,539,188)</u>	(2,419,312)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(4,200,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		402,517
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items. A summary of items supporting this adjustment is as follows:		
Proceeds from issuance of long-term obligations	\$ (31,460,000)	
Capital lease proceeds	(452,333)	
Premium on bonds	(4,259,640)	
Payment to refunded bond escrow agent	35,290,606	
Amortization of bond premium	841,132	
Amortization of deferred amount on refunding	(780,301)	
Principal retired on general obligation bonds	6,943,367	
Principal retired on capital leases	<u>351,832</u>	6,474,663
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (120,488)	
Pension expense	(265,307)	
OPEB expense	(221,524)	
Change in accrued interest payable	<u>608,529</u>	1,210
Change in net position of governmental activities	\$	<u><u>2,699,784</u></u>

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

Statement of Net Position - Proprietary Funds
At June 30, 2020

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,968,710	\$ 1,572,983	\$ -	\$ 11,541,693
Investments	12,095	-	-	12,095
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,081,616	41,191	279,537	1,402,344
Prepaid items	7,887	3,151	194	11,232
Total Current Assets	\$ 11,070,308	\$ 1,617,325	\$ 279,731	\$ 12,967,364
Noncurrent Assets				
Capital assets:				
Utility plant and equipment	\$ 28,913,947	\$ 280,430	\$ -	\$ 29,194,377
Accumulated depreciation	(12,627,953)	(122,753)	-	(12,750,706)
Total Capital Assets	\$ 16,285,994	\$ 157,677	\$ -	\$ 16,443,671
Total Assets	\$ 27,356,302	\$ 1,775,002	\$ 279,731	\$ 29,411,035
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related items	\$ 135,794	\$ -	\$ -	\$ 135,794
OPEB related items	27,620	-	-	27,620
Deferred charge on refunding	621,758	-	-	621,758
Total deferred outflows of resources	\$ 785,172	\$ -	\$ -	\$ 785,172
LIABILITIES				
Current Liabilities				
Reconciled overdraft	\$ -	\$ -	\$ 279,877	\$ 279,877
Accounts payable	64,143	-	73,950	138,093
Accrued liabilities	98,839	89,286	5,046	193,171
Customer deposits	93,219	-	-	93,219
Accrued interest payable	106,367	-	-	106,367
Long-term obligations - current portion	1,153,999	29,343	-	1,183,342
Total Current Liabilities	\$ 1,516,567	\$ 118,629	\$ 358,873	\$ 1,994,069
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	10,248,129	19,097	-	10,267,226
Total Liabilities	\$ 11,764,696	\$ 137,726	\$ 358,873	\$ 12,261,295
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 51,444	\$ -	\$ -	\$ 51,444
OPEB related items	6,284	-	-	6,284
Total deferred inflows of resources	\$ 57,728	\$ -	\$ -	\$ 57,728
NET POSITION				
Net Investment in capital assets	\$ 6,107,516	\$ 130,456	\$ -	\$ 6,237,972
Unrestricted	10,211,534	1,506,820	(79,142)	11,639,212
Total Net Position	\$ 16,319,050	\$ 1,637,276	\$ (79,142)	\$ 17,877,184

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

Statement of Revenues, Expenses and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2020

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Operating revenues:				
Charges for services	\$ 7,910,524	\$ 1,060,923	\$ 1,141,994	\$ 10,113,441
Other revenues	125,343	-	-	125,343
Total operating revenues	\$ 8,035,867	\$ 1,060,923	\$ 1,141,994	\$ 10,238,784
Operating expenses:				
Personnel services	\$ 486,407	\$ 250,485	\$ 16,279	\$ 753,171
Fringe benefits	197,915	76,171	4,400	278,486
Contractual services	89,244	34,073	892,997	1,016,314
Depreciation	747,918	44,323	-	792,241
Other operating expenses	3,320,746	12,803	-	3,333,549
Total operating expenses	\$ 4,842,230	\$ 417,855	\$ 913,676	\$ 6,173,761
Net income (loss) from operations	\$ 3,193,637	\$ 643,068	\$ 228,318	\$ 4,065,023
Nonoperating revenues (expenses):				
Interest income	\$ 202	\$ -	\$ -	\$ 202
Availability/connection fees	57,011	-	-	57,011
UOSA debt service	(1,735,334)	-	-	(1,735,334)
Interest expense	(417,535)	(1,420)	-	(418,955)
Total nonoperating revenues (expenses)	\$ (2,095,656)	\$ (1,420)	\$ -	\$ (2,097,076)
Net income (loss) before transfers	\$ 1,097,981	\$ 641,648	\$ 228,318	\$ 1,967,947
Transfers:				
Transfers in	\$ -	\$ 27,941	\$ 7,500	\$ 35,441
Transfers out	(1,258,564)	(111,926)	(102,817)	(1,473,307)
Total transfers	\$ (1,258,564)	\$ (83,985)	\$ (95,317)	\$ (1,437,866)
Change in net position	\$ (160,583)	\$ 557,663	\$ 133,001	\$ 530,081
Net position, beginning of year	16,479,633	1,079,613	(212,143)	17,347,103
Net position, end of year	\$ 16,319,050	\$ 1,637,276	\$ (79,142)	\$ 17,877,184

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2020

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,150,691	\$ 1,102,152	\$ 1,108,918	\$ 10,361,761
Payments to and for employees	(545,816)	(314,593)	(20,355)	(880,764)
Payments to suppliers	(3,473,799)	(47,542)	(993,246)	(4,514,587)
Net cash provided by operating activities	\$ 4,131,076	\$ 740,017	\$ 95,317	\$ 4,966,410
Cash flows from non-capital financing activities:				
Availability/connection fees	\$ 57,011	\$ -	\$ -	\$ 57,011
Transfers in (out)	(1,258,564)	(83,985)	(95,317)	(1,437,866)
Net cash provided by non-capital financing activities	\$ (1,201,553)	\$ (83,985)	\$ (95,317)	\$ (1,380,855)
Cash flows from capital and related financing activities:				
Construction and acquisition of capital assets	\$ (69,321)	\$ -	\$ -	\$ (69,321)
Retirement of indebtedness	(1,007,348)	(26,521)	-	(1,033,869)
UOSA debt service	(1,735,334)	-	-	(1,735,334)
Interest expense	(440,929)	(1,420)	-	(442,349)
Net cash provided by (used for) capital and related financing activities	\$ (3,252,932)	\$ (27,941)	\$ -	\$ (3,280,873)
Net increase (decrease) in cash and cash equivalents	\$ (323,409)	\$ 628,091	\$ -	\$ 304,682
Cash and cash equivalents at beginning of year	10,292,119	944,892	-	11,237,011
Cash and cash equivalents at end of year	\$ 9,968,710	\$ 1,572,983	\$ -	\$ 11,541,693
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Cash flows from operations:				
Income (loss) from operations	\$ 3,193,637	\$ 643,068	\$ 228,318	\$ 4,065,023
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	747,918	44,323	-	792,241
Changes in operating items:				
(Increase) decrease in accounts receivable	102,437	41,229	(33,076)	110,590
(Increase) deferred outflows - pension related items	(35,672)	-	-	(35,672)
(Increase) decrease in deferred outflows - OPEB related items	(11,530)	-	-	(11,530)
(Increase) decrease in prepaid items	2,865	785	(22)	3,628
Increase (decrease) in reconciled overdraft	-	-	(18,566)	(18,566)
Increase (decrease) in accounts payable	(66,674)	(1,451)	(81,661)	(149,786)
Increase (decrease) in accrued liabilities	77,021	8,228	324	85,573
Increase (decrease) in customer deposits	12,387	-	-	12,387
Increase (decrease) in net pension liability	89,953	-	-	89,953
Increase (decrease) in net OPEB liability	13,512	-	-	13,512
Increase (decrease) in deferred inflows - pension related items	(2,757)	-	-	(2,757)
Increase (decrease) in deferred inflows - OPEB related items	764	-	-	764
Increase (decrease) in compensated absences	7,215	3,835	-	11,050
Net cash provided by operating activities	\$ 4,131,076	\$ 740,017	\$ 95,317	\$ 4,966,410

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

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>16,290</u>
Total assets	\$ <u><u>16,290</u></u>
LIABILITIES	
Amounts held for others	\$ <u>16,290</u>
Total liabilities	\$ <u><u>16,290</u></u>

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements As of June 30, 2020

Note 1–Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

Blended Component Units – The City has no blended component units for the fiscal year ended June 30, 2020.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

School Board

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

Other Related Organizations

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

The City has organized the Industrial Development Authority of Manassas Park to promote and develop commercial and industrial enterprise within the City. The Authority issues bonds to enterprises who locate within the City as a means of attracting business. Although the Authority's members are appointed by City Council, the Authority is not a part of the City's reporting entity because the City has no accountability for fiscal matters. The bonds are not obligations of the City or the Commonwealth of Virginia but are secured solely by revenues received from the businesses on whose behalf they are issued. The City had no revenue bonds outstanding at June 30, 2020.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements; however, the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major sources of revenue susceptible to accrual include but are not limited to state and local sales tax, PPTRA, and other local taxes. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

1. Governmental Funds

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

a. General Fund

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

1. Governmental Funds: (Continued)

b. Capital Projects Funds

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

c. Debt Service Fund

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

d. Special Revenue Funds

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

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

Enterprise Funds

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

2. Governmental Funds: (Continued)

The City reports the following major enterprise funds:

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

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

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

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

D. Budgets and Budgetary Accounting:

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

7. Quarterly appropriations are made by City Council at the fund level. Appropriations can be revised only by City Council. Several supplemental appropriations were necessary during this fiscal year. All appropriations lapse at year-end except for capital projects funds where appropriations carry forward the duration of the project.
8. All budgetary data presented in the accompanying financial statements is the legally amended or revised budget for the year ended June 30, 2020.
9. The following funds have legally adopted budgets: General Fund, Debt Service Fund, Capital Projects Fund, School Operating Fund, and the School Cafeteria Fund. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the fund level.

E. Cash and Cash Equivalents:

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

F. Investments:

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

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

G. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

G. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$253,774 at June 30, 2020 and is comprised of the following:

Property taxes	\$ 199,073
Water & sewer accounts	<u>54,701</u>
Total	<u>\$ 253,774</u>

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

H. Capital Assets:

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant and equipment and infrastructure of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding 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. Another item is comprised of certain items related to the measurement of the net pension and OPEB assets or liabilities. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension and OPEB plan investments. Lastly the City reports contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB assets or liabilities measurement date, which will be recognized as a reduction of the net pension and OPEB assets or liabilities next fiscal year. For more detailed information on these items, reference the pension and OPEB notes.

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

J. Compensated Absences:

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

K. Pensions

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

L. Long-term Obligations:

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

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

M. Use of Estimates:

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

N. Prepaid Connection Fees:

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

O. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

O. Net Position: (Continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

P. Net Position Flow Assumption

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

Q. Prepaid Items

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

R. Inventory

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

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

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

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

T. Fund Equity

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

U. Other Postemployment Benefits (OPEB)

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

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

The City's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

City's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
State Non-Arbitrage Pool	\$ 53,122
Total	\$ 53,122

Interest Rate Risk

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

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u> <u>June 30, 2020</u>	<u>Within</u> <u>1 Year</u>
State Non-Arbitrage Pool	\$ 53,122	\$ 53,122
Total	\$ 53,122	\$ 53,122

External Investment Pools

The fair value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 3—Due From Other Governments:

At June 30, 2020, the City and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 259,066
Local sales taxes	420,928	-
Communications tax	99,460	-
Public assistance	1,020	-
Department of transportation	236,277	-
Shared expenses	13,738	-
CSA	210,469	-
Other	93,530	-
Federal Government:		
School funds	-	988,705
FEMA	33,431	-
Public safety	106,700	-
Public assistance	67,761	-
Totals	<u>\$ 1,283,314</u>	<u>\$ 1,247,771</u>

Note 4—Interfund Transfers/Balances:

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,437,867	\$ 10,462,735
Debt Service Fund	10,203,770	-
Proffer Fund	-	285,346
Water and Sewer Fund	-	1,258,564
Storm Water Fund	27,941	111,926
Solid Waste Management Fund	7,500	102,817
Special Transportation Fund	285,346	463,667
Capital Projects Fund	722,631	-
Total	<u>\$ 12,685,055</u>	<u>\$ 12,685,055</u>

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Interfund Transfers/Balances: (Continued)

Due to/from balances for the year ended June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Due From Component Unit</u>	<u>Due To Primary Government</u>
General	\$ 507,049	\$ -
School Board	-	507,049
Totals	<u>\$ 507,049</u>	<u>\$ 507,049</u>

Note 5—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2020:

Primary Government:

	<u>Beginning Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,560,783	\$ -	\$ -	\$ 5,560,783
Intangibles	108,699	-	-	108,699
Construction in progress	437,889	503,661	324,245	617,305
Total capital assets not being depreciated	<u>\$ 6,107,371</u>	<u>\$ 503,661</u>	<u>\$ 324,245</u>	<u>\$ 6,286,787</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 41,601,366	\$ -	\$ -	\$ 41,601,366
Equipment	11,991,089	630,790	231,432	12,390,447
Infrastructure	23,030,129	309,670	-	23,339,799
Jointly owned assets	54,853,065	-	5,302,227	49,550,838
Total capital assets being depreciated	<u>\$ 131,475,649</u>	<u>\$ 940,460</u>	<u>\$ 5,533,659</u>	<u>\$ 126,882,450</u>
Accumulated depreciation:				
Buildings and improvements	\$ 10,803,417	\$ 856,510	\$ -	\$ 11,659,927
Equipment	9,368,064	837,596	231,432	9,974,228
Infrastructure	13,080,809	756,538	-	13,837,347
Jointly owned assets	13,246,156	1,088,544	1,101,569	13,233,131
Total accumulated depreciation	<u>\$ 46,498,446</u>	<u>\$ 3,539,188</u>	<u>\$ 1,333,001</u>	<u>\$ 48,704,633</u>
Total capital assets being depreciated, net	<u>\$ 84,977,203</u>	<u>\$ (2,598,728)</u>	<u>\$ 4,200,658</u>	<u>\$ 78,177,817</u>
Governmental activities capital assets, net	<u>\$ 91,084,574</u>	<u>\$ (2,095,067)</u>	<u>\$ 4,524,903</u>	<u>\$ 84,464,604</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Utility plant and equipment	\$ 29,125,056	\$ 69,321	\$ -	\$ 29,194,377
Accumulated depreciation:				
Utility plant and equipment	\$ 11,958,465	\$ 792,241	\$ -	\$ 12,750,706
Total capital assets being depreciated, net	\$ 17,166,591	\$ (722,920)	\$ -	\$ 16,443,671
Business-type activities capital assets, net	\$ 17,166,591	\$ (722,920)	\$ -	\$ 16,443,671

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Construction in progress	501,281	329,091	-	830,372
Total capital assets not being depreciated	\$ 2,138,772	\$ 329,091	\$ -	\$ 2,467,863
Capital assets, being depreciated:				
Buildings and improvements	\$ 45,366,470	\$ 5,302,227	\$ -	\$ 50,668,697
Equipment	5,999,135	104,181	273,412	5,829,904
Total capital assets being depreciated	\$ 51,365,605	\$ 5,406,408	\$ 273,412	\$ 56,498,601
Accumulated depreciation:				
Buildings and improvements	\$ 18,886,097	\$ 2,012,368	\$ -	\$ 20,898,465
Equipment	3,961,866	377,839	273,412	4,066,293
Total accumulated depreciation	\$ 22,847,963	\$ 2,390,207	\$ 273,412	\$ 24,964,758
Total capital assets being depreciated, net	\$ 28,517,642	\$ 3,016,201	\$ -	\$ 31,533,843
School Board capital assets, net	\$ 30,656,414	\$ 3,345,292	\$ -	\$ 34,001,706

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Capital Assets: (Continued)

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ <u>84,464,604</u>
Long-term debt applicable to capital assets at June 30, 2020	\$ 88,047,607
Deferred charge on refunding	<u>5,273,294</u>
Net investment in capital assets	\$ <u><u>1,690,291</u></u>

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

Governmental activities:	
General government	\$ 148,172
Public safety	910,870
Public works	830,745
Health and Welfare	24,572
Education	1,088,544
Parks, recreation and cultural	<u>536,285</u>
Total	\$ <u><u>3,539,188</u></u>
Component Unit-School Board	\$ <u><u>1,288,638</u></u> (1)
Water and Sewer	\$ 747,918
Storm Water	<u>44,323</u>
Business-type	\$ <u><u>792,241</u></u>
(1) Depreciation expense	\$ 1,288,638
Accumulated depreciation on Joint tenancy asset transfer	<u>1,101,569</u>
Total increase in accumulated depreciation, page 53	\$ <u><u>2,390,207</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations:

Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the City for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<u>Governmental Funds</u>					
General Obligation Bonds	\$ 8,705,000	\$ 26,680,000	\$ 10,330,000	\$ 25,055,000	\$ 1,390,000
Capital leases	741,916	452,333	351,832	842,417	348,491
Direct Borrowings and Direct placements:					
General Obligation Bonds	73,764,478	4,780,000	30,818,367	47,726,111	4,739,645
State Literary Fund Loans	7,315,000	-	60,000	7,255,000	60,000
Other Liabilities:					
Compensated Absences	985,920	219,080	98,592	1,106,408	110,641
Net OPEB liability	3,147,749	952,856	575,932	3,524,673	-
Net Pension Liability	1,687,252	4,758,876	3,368,760	3,077,368	-
Premium on bonds	4,213,744	4,259,640	1,304,305	7,169,079	1,171,817
Total	<u>\$ 100,561,059</u>	<u>\$ 42,102,785</u>	<u>\$ 46,907,788</u>	<u>\$ 95,756,056</u>	<u>\$ 7,820,594</u>

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

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

<u>Governmental Activities</u>								
<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>							
	<u>General Obligation Bonds Principal</u>	<u>Interest</u>	<u>State Literary Fund Loans Principal</u>	<u>Interest</u>	<u>Capital Leases Principal</u>	<u>Interest</u>	<u>General Obligation Bonds Principal</u>	<u>Interest</u>
2021	\$ 1,390,000	\$ 1,132,237	\$ 60,000	\$ 217,650	\$ 348,491	\$ 35,507	\$ 4,739,645	\$ 1,924,790
2022	1,465,000	1,062,738	65,000	215,850	213,474	22,377	5,009,144	1,711,745
2023	1,610,000	989,487	65,000	213,900	177,801	12,997	3,662,635	1,516,695
2024	1,820,000	908,988	70,000	211,950	94,738	4,375	3,834,554	1,336,581
2025	1,910,000	817,987	70,000	209,850	7,913	74	4,005,499	1,157,893
2026	2,000,000	722,488	70,000	207,750	-	-	4,164,013	980,423
2027	2,110,000	622,487	75,000	205,650	-	-	3,992,186	801,915
2028	2,215,000	516,988	75,000	203,400	-	-	4,163,453	623,087
2029	2,310,000	406,237	80,000	201,150	-	-	4,338,270	446,873
2030	2,430,000	290,738	80,000	198,750	-	-	4,517,254	279,707
2031	2,565,000	169,237	1,035,000	196,350	-	-	3,022,691	148,812
2032	1,600,000	66,638	1,785,000	165,300	-	-	417,507	91,760
2033	1,630,000	34,637	1,835,000	111,750	-	-	436,492	73,467
2034	-	-	1,890,000	56,700	-	-	451,928	54,196
2035	-	-	-	-	-	-	473,843	34,153
2036	-	-	-	-	-	-	496,997	11,559
Total	<u>\$ 25,055,000</u>	<u>\$ 7,740,887</u>	<u>\$ 7,255,000</u>	<u>\$ 2,616,000</u>	<u>\$ 842,417</u>	<u>\$ 75,330</u>	<u>\$ 47,726,111</u>	<u>\$ 11,193,656</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004, payable in various annual installments through July 15, 2029, interest payable semiannually at rates ranging from 4.10% to 5.60%	\$ 5,340,000	\$ 435,000
\$6,134,536 VPSA General Obligation Bonds, dated November 10, 2005, payable in various annual installments through July 2026, interest payable semiannually at rates ranging from 4.60% to 5.10%	1,997,488	318,264
\$4,780,000 General Obligation Bonds, dated October 20, 2020, payable in various installments through October 1, 2030, interest payable semiannually at rates ranging from 1.975% to 2.775%	4,780,000	-
\$8,920,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from 3.0125% to 5.125%	4,440,080	550,130
\$8,955,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from .656% to 4.508%	3,693,543	821,251
\$11,385,000 General Obligation Refunding Bonds, dated April 4, 2013, due in various annual installments through October 1, 2030, interest payable semiannually at rates ranging from 2.46% to 4.83%	4,465,000	635,000
\$23,575,000 General Obligation Refunding Bonds, dated May 9, 2013, due in various annual installments through July 15, 2030, interest payable semiannually at rates ranging from 3.05% to 5.05%	19,905,000	1,625,000
\$3,320,000 General Obligation Refunding Bonds, dated May 15, 2014, due in various annual installments through July 15, 2021, interest payable semiannually at 5.05%	700,000	345,000
\$26,680,000 General Obligation Refunding Bonds, dated October 3, 2019, due in various annual installments through June 30, 2033, interest payable semiannually at rates ranging from 2.00% to 5.00%	25,055,000	1,390,000
\$3,275,000 VPSA General Obligation Refunding Bonds, dated November 19, 2015, payable in various installments through August 1, 2030, interest payable semiannually at rates ranging from 2.00% to 5.00%	<u>2,405,000</u>	<u>10,000</u>
Total General Obligation Bonds	\$ <u>72,781,111</u>	\$ <u>6,129,645</u>
<u>State Literary Fund Loans:</u>		
\$7,500,000, dated November 19, 2015, due in various annual installments through August 1, 2034, interest at 3%	\$ <u>7,255,000</u>	\$ <u>60,000</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Capital Leases:</u>		
\$87,566 lease obligation due in monthly installments of \$1,597 through November 1, 2024, interest payable at 3.74%, secured by equipment	\$ 75,216	\$ 13,823
\$319,333 lease obligation due in annual installments of \$69,973 through November 22, 2023, interest payable at 4.75%, secured by equipment	248,960	57,886
\$43,434 lease obligation due in annual installments of \$9,968 through August 27, 2019, interest payable annually at 4.75%, secured by equipment	35,465	8,246
\$675,563 lease obligation due in annual installments of \$97,835 through June 23, 2021, interest payable at 2.64%, secured by equipment	95,318	95,318
\$345,561 lease obligation due in annual installments of \$72,760 through June 6, 2021, interest payable at 4.75%, secured by equipment (General Government portion)	14,887	14,887
\$174,567 lease obligation due in annual installments of \$38,226 through December 20, 2020, interest payable at 4.75%, secured by equipment	36,493	36,493
\$264,336 lease obligation due in annual installments of \$57,994 through January 25, 2023, interest payable annually at 4.75%, secured by equipment	158,364	50,306
\$35,497 lease obligation due in annual installments of \$6,864 through February 1, 2023, interest payable annually at 4.75%, secured by equipment	18,743	5,954
\$31,685 lease obligation due in annual installments of \$5,533 through February 6, 2023, interest payable annually at 4.75%, secured by equipment	15,108	4,799
\$95,090 lease obligation due in annual installments of \$21,298 through August 1, 2022, interest payable annually at 5.597%, secured by equipment	57,202	18,013
\$213,974 lease obligation due in annual installments of \$45,053 through July 5, 2021, interest payable annually at 2.64%, secured by equipment	86,661	42,766
Total Capital Leases	\$ 842,417	\$ 348,491
<u>Other Liabilities:</u>		
Compensated Absences	\$ 1,106,408	\$ 110,641
Premium on bonds	\$ 7,169,079	\$ 1,171,817
Net OPEB liability	\$ 3,524,673	\$ -
Net Pension Liability	\$ 3,077,368	\$ -
Total governmental activities long-term obligations	\$ 95,756,056	\$ 7,820,594

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations: (Continued)

Business-type Activities:

The following is a summary of changes in long-term obligation of the Business-type Activities for the year ended June 30, 2020:

<u>Proprietary Funds</u>	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements:					
General Obligation Bonds	\$ 11,150,682	\$ -	\$ 979,308	\$ 10,171,374	\$ 1,008,619
Net OPEB liability	207,296	32,445	18,933	220,808	-
Net pension liability	170,750	400,982	311,029	260,703	-
Capital Lease	110,564	-	54,561	56,003	56,003
Compensated Absences	130,550	24,105	13,055	141,600	14,160
Premium on bonds	712,857	-	112,777	600,080	104,560
Total	<u>\$ 12,482,699</u>	<u>\$ 457,532</u>	<u>\$ 1,489,663</u>	<u>\$ 11,450,568</u>	<u>\$ 1,183,342</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>			
	<u>General Obligation Bonds</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,008,619	\$ 404,924	\$ 56,003	\$ 1,479
2022	1,055,001	364,800	-	-
2023	767,699	326,761	-	-
2024	801,432	291,507	-	-
2025	840,996	254,464	-	-
2026	883,250	212,928	-	-
2027	922,814	169,298	-	-
2028	961,547	125,799	-	-
2029	1,006,730	87,779	-	-
2030	1,042,745	54,172	-	-
2031	132,309	35,001	-	-
2032	137,493	30,039	-	-
2033	143,508	24,095	-	-
2034	148,071	17,830	-	-
2035	156,157	11,308	-	-
2036	163,003	3,821	-	-
Total	<u>\$ 10,171,374</u>	<u>\$ 2,414,526</u>	<u>\$ 56,003</u>	<u>\$ 1,479</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations: (Continued)

Business-Type Activities: (Continued)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$8,920,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from 3.0125% to 5.125%	\$ 1,814,917	\$ 224,870
\$8,955,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from .656% to 4.508%	736,457	163,749
\$10,400,000, General Obligation Refunding Bonds, dated April 3, 2014, payable in various principal annual installments through October 1, 2029, interest payable semiannually at rates ranging from 2.72% to 4.83%	<u>7,620,000</u>	<u>620,000</u>
Total General Obligation Bonds	\$ <u>10,171,374</u>	\$ <u>1,008,619</u>
<u>Capital Leases:</u>		
\$345,561 lease obligation due in annual installments of \$72,760 through June 6, 2021, interest payable at 4.75%, secured by equipment (Proprietary portion)	\$ <u>56,003</u>	\$ <u>56,003</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>141,600</u>	\$ <u>14,160</u>
Premium on bonds	\$ <u>600,080</u>	\$ <u>104,560</u>
Net OPEB liability	\$ <u>220,808</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>260,703</u>	\$ <u>-</u>
Total business-type long-term obligations	\$ <u><u>11,450,568</u></u>	\$ <u><u>1,183,342</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Net OPEB liabilities	\$ 7,676,326	\$ 1,361,223	\$ 1,131,431	\$ 7,906,118	\$ -
Net pension liability	31,147,000	13,658,619	10,342,039	34,463,580	-
Compensated absences	<u>368,825</u>	<u>140,605</u>	<u>36,883</u>	<u>472,547</u>	<u>47,255</u>
Total	<u>\$ 39,192,151</u>	<u>\$ 15,160,447</u>	<u>\$ 11,510,353</u>	<u>\$ 42,842,245</u>	<u>\$ 47,255</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Compensated Absences	\$ <u>472,547</u>	\$ <u>47,255</u>
Net OPEB liability	\$ <u>7,906,118</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>34,463,580</u>	\$ <u>-</u>
Total	<u>\$ 42,842,245</u>	<u>\$ 47,255</u>

Note 7—Compensated Absences:

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

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

Governmental Funds	\$ <u>1,106,408</u>
Proprietary Funds	\$ <u>141,600</u>
Component Unit School Board	\$ <u>472,547</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Deferred/Unavailable/Unearned Revenue:

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

	Government-wide Statements
	Governmental Activities
Unearned revenue - state and federal funds not yet expended	\$ 1,422,855
Unearned revenue - other	267,748
Total	<u>\$ 1,690,603</u>
	Balance Sheet
	Governmental Funds
Unavailable revenue - property tax revenue:	
Unavailable revenue representing uncollected property tax billings for which revenue recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 1,822,444
Unearned revenue:	
Unearned revenue - other	267,748
Unearned revenue - state and federal funds not yet expended	<u>1,422,855</u>
Total	<u>\$ 3,513,047</u>

Note 9—Litigation:

At June 30, 2020, there were no matters of litigation involving the City which would materially affect the City's position should any court decisions on pending matters not be favorable.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Joint Ventures:

Upper Occoquan Sewage Authority (UOSA)

The UOSA was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility. UOSA is a joint venture formed on March 3, 1971 by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-person Board of Directors consisting of two members appointed to four-year terms by the governing body of each participating jurisdiction. In turn, the UOSA Board adopts an annual operating budget based on projected sewage flows. Each jurisdiction has a percentage share of UOSA's capacity. The City does not recognize an investment in UOSA because the participants do not have an equity interest. The City's percentage share of UOSA's capacity as of June 30, 2020 is 5.40%.

UOSA's financial condition as of June 30, 2019 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total Assets and Deferred Outflows	\$	560,544,185
Total Liabilities and Deferred Inflows		<u>513,693,946</u>
Net Equity	\$	<u><u>46,850,239</u></u>
Total Revenues	\$	53,833,296
Total Expenses		<u>57,835,443</u>
Net (Loss)	\$	<u><u>(4,002,147)</u></u>

The City is obligated under a cost sharing agreement with UOSA to fund the City's current allocated share of UOSA's annual operating costs and debt service. Accordingly, the City made payments to UOSA in fiscal year 2020 as follows:

Operating and reserve maintenance costs	\$	1,585,926
Debt service		<u>1,735,334</u>
Total	\$	<u><u>3,321,260</u></u>

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Joint Ventures: (Continued)

Upper Occoquan Sewage Authority (UOSA) (continued)

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

<u>Issue</u>		<u>Original Amount</u>	<u>Maturity</u>	<u>Interest</u>
1995A Revenue	\$	288,600,000	July 1, 2029	4.30% to 6.00%
2010 Revenue		85,180,000	July 1, 2043	3.50% to 6.00%
2013A Revenue		101,615,000	July 1, 2026	.35% to 2.90%
2014 Revenue		163,885,000	July 1, 2041	4.00% to 5.00%
2016A Revenue		20,915,000	July 1, 2048	3.00% to 5.00%
2016B Revenue		41,030,000	July 1, 2038	3.00% to 4.00%

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

Potomac and Rappahannock Transportation Commission (PRTC)

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

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has 16 members and one ex-officio representative from the Virginia Department of Rail and Public Transportation. The City's percentage membership is 6.67%.

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 11—Jointly Governed Organizations:

Northern Virginia Transportation Authority (NVTa)

The NVTa was established under the provisions of the Code of Virginia, Title 15.2, Chapter 48.2 with the cities of Alexandria, Fairfax, Manassas, Manassas Park, and Falls Church and the counties of Arlington, Fairfax, Loudoun, and Prince William. The Authority is responsible for long-range transportation planning for regional transportation projects in Northern Virginia and sets regional transportation policies and priorities for regional transportation projects. While the jurisdictions have representatives as members of the governing body of the Authority, the jurisdictions do not have an explicit measurable equity interest in NVTa. Beginning in 2014, House Bill 2313 gave the Authority responsibility over the collection and distribution of certain dedicated taxes for transportation including 1% additional sales tax, 2% additional transient and occupancy tax and 1.5% additional grantor's tax. By law, 30% of these additional revenues are distributed to the jurisdictions provided they implement the commercial and industrial tax of 12.5 cents or dedicate some other funds towards transportation. The other 70% will be used towards regional transportation projects approved by the Authority and implemented by the jurisdictions. In 2020, the City received \$493,090 of these taxes.

Note 12—Water and Water Treatment Agreements:

Water Treatment Capacity Purchase Agreement

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

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

Water Agreements

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

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan:

Plan Description

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

Benefit Structures

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

- a. Employees hired 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	104	31
Inactive members:		
Vested inactive members	34	8
Non-vested inactive members	68	31
Inactive members active elsewhere in VRS	89	15
Total inactive members	191	54
Active members	151	69
Total covered employees	446	154

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Contributions

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

The City's contractually required contribution rate for the year ended June 30, 2020 was 8.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$814,574 and \$784,249 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 1.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$0 and \$1,347 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position.

The City's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2019.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2018, 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, 2019.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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: (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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 County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Discount Rate: (Continued)

alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, 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, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 38,461,737	\$ 36,603,735	\$ 1,858,002
Changes for the year:			
Service cost	\$ 1,093,842	\$ -	\$ 1,093,842
Interest	2,626,325	-	2,626,325
Changes of assumptions	1,324,705	-	1,324,705
Differences between expected and actual experience	63,827	-	63,827
Contributions - employer	-	781,421	(781,421)
Contributions - employee	-	446,893	(446,893)
Net investment income	-	2,425,835	(2,425,835)
Benefit payments, including refunds of employee contributions	(1,885,611)	(1,885,611)	-
Administrative expenses	-	(23,988)	23,988
Other changes	-	(1,531)	1,531
Net changes	\$ 3,223,088	\$ 1,743,019	\$ 1,480,069
Balances at June 30, 2019	\$ 41,684,825	\$ 38,346,754	\$ 3,338,071

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Changes in Net Pension Liability: (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2018	\$ 3,332,499	\$ 4,209,602	\$ (877,103)
Changes for the year:			
Service cost	\$ 101,330	\$ -	\$ 101,330
Interest	226,702	-	226,702
Changes of assumptions	96,761	-	96,761
Differences between expected and actual experience	22,012	-	22,012
Contributions - employer	-	3,604	(3,604)
Contributions - employee	-	59,793	(59,793)
Net investment income	-	276,690	(276,690)
Benefit payments, including refunds of employee contributions	(187,785)	(187,785)	-
Administrative expenses	-	(2,799)	2,799
Other changes	-	(174)	174
Net changes	\$ 259,020	\$ 149,329	\$ 109,691
Balances at June 30, 2019	\$ 3,591,519	\$ 4,358,931	\$ (767,412)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
City Net Pension Liability (Asset)	\$ 9,384,637	\$ 3,338,071	\$ (1,438,853)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (345,072)	\$ (767,412)	\$ (1,104,150)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

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

For the year ended June 30, 2020, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$1,128,577 and (\$34,285), respectively. At June 30, 2020, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (Nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,480	\$ 72,643	\$ 15,024	\$ 5,529
Change in assumptions	881,660	12,537	66,043	119
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,245	16,245	-	-
Net difference between projected and actual earnings on pension plan investments	-	321,636	-	37,083
Employer contributions subsequent to the measurement date	814,574	-	-	-
Total	<u>\$ 1,754,959</u>	<u>\$ 423,061</u>	<u>\$ 81,067</u>	<u>\$ 42,731</u>

\$814,574 and \$0 reported as deferred outflows of resources related to pensions resulting from the City's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2021	\$ 375,186	\$ 32,138
2022	125,419	(1,487)
2023	(5,788)	4,981
2024	22,507	2,704

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$3,474,004 and \$3,335,913 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$34,463,580 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .26187% as compared to .26485% at June 30, 2018.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2020, the school division recognized pension expense of \$4,265,899. 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.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,206,849
Change in assumptions	3,412,702	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,088,018	1,444,368
Net difference between projected and actual earnings on pension plan investments	-	756,738
Employer contributions subsequent to the measurement date	<u>3,474,004</u>	<u>-</u>
Total	<u>\$ 7,974,724</u>	<u>\$ 4,407,955</u>

\$3,474,004 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. 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

2021	\$ 177,135
2022	(944,396)
2023	63,240
2024	552,930
2025	243,856

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (continued)

Mortality Rates: (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Pension Plan: (Continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 51,882,660	\$ 34,463,580	\$ 20,061,227

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

VRS Pension Plans:				
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,754,959	\$ 423,061	\$ 3,338,071	\$ 1,128,577
Totals	<u>\$ 1,754,959</u>	<u>\$ 423,061</u>	<u>\$ 3,338,071</u>	<u>\$ 1,128,577</u>
Component Unit School Board				
School Board Nonprofessional	\$ 81,067	\$ 42,731	\$ (767,412)	\$ (34,285)
School Board Professional	7,974,724	4,407,955	34,463,580	4,265,899
Totals	<u>\$ 8,055,791</u>	<u>\$ 4,450,686</u>	<u>\$ 33,696,168</u>	<u>\$ 4,231,614</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Risk Management:

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

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

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

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

Note 15–Commitments and Contingencies:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 16–Surety Bond:

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt 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 \$8,463 as of June 30, 2020.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the City were \$51,840 and \$49,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to School Professional Plan were \$122,631 and \$117,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the School Nonprofessional Plan were \$7,178 and \$7,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the City, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$782,715, \$1,870,054, and \$113,584, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .04810%, .11492% and .00698% respectively, as compared to .04949% .11494% and .00698% at June 30, 2018.

For the year ended June 30, 2020, the City, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$16,246, \$33,452, and \$2,306 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

At June 30, 2020, 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	\$ 52,055	\$ 10,152	\$ 124,370	\$ 24,257	\$ 7,554	\$ 1,474
Net difference between projected and actual earnings on GLI OPEB plan investments	-	16,078	-	38,412	-	2,333
Change in assumptions	49,416	23,602	118,064	56,390	7,171	3,425
Changes in proportion	6,397	18,544	12,212	43,683	667	1,551
Employer contributions subsequent to the measurement date	51,840	-	122,631	-	7,178	-
Total	<u>\$ 159,708</u>	<u>\$ 68,376</u>	<u>\$ 377,277</u>	<u>\$ 162,742</u>	<u>\$ 22,570</u>	<u>\$ 8,783</u>

\$51,840, \$122,631, and \$7,178 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective City, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	School Professional	School Nonprofessional
2021	\$ 928	\$ (3,147)	\$ 83
2022	929	(3,145)	83
2023	7,738	13,124	1,071
2024	13,583	34,892	2,218
2025	12,981	39,488	2,462
Thereafter	3,333	10,692	692

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. 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 CAFR.

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*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target 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%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strateg	6.00%	3.52%	0.21%
PIP - Private Investment Partner	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the Group			
Life Insurance Plan			
Net OPEB Liability:			
Primary Government	\$ 1,028,271	\$ 782,715	\$ 583,576
School Professional	2,456,733	1,870,054	1,394,273
School Nonprofessional	149,217	113,584	84,686

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$282,994 and \$270,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

At June 30, 2020, the school division reported a liability of \$3,516,235 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .26860% as compared to .27024% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$272,856. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,916
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	222	-
Change in assumptions	81,839	24,433
Change in proportion	39,835	114,491
Employer contributions subsequent to the measurement date	<u>282,994</u>	<u>-</u>
Total	\$ <u><u>404,890</u></u>	\$ <u><u>158,840</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

\$282,994 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2021	\$	(13,203)
2022		(13,206)
2023		(11,665)
2024		(12,181)
2025		(2,697)
Thereafter		16,008

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, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation:	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Discount Rate: (Continued)

member rate. Through the fiscal year ended June 30, 2019, 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, 2019 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 School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability		\$ 3,935,265	\$ 3,516,235	\$ 3,160,270

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	School Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	<u>4</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	69
Total covered employees	<u><u>73</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Nonprofessional contractually required employer contribution rate for the year ended June 30, 2020 was .06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board for the Nonprofessional plan were \$828 and \$819 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability (Asset)

The School Nonprofessional Plan net Health Insurance Credit OPEB asset was measured as of June 30, 2019. The total Health Insurance Credit OPEB asset was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC OPEB asset was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strateg	6.00%	3.52%	0.21%
PIP - Private Investment Partne	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Changes in Net HIC OPEB Liability (Asset)

	School Nonprofessional Plan		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 29,673	\$ 51,068	\$ (21,395)
Changes for the year:			
Service cost	\$ 1,853	\$ -	\$ 1,853
Interest	2,027	-	2,027
Benefit changes	-	-	-
Differences between expected and actual experience	6,327	-	6,327
Assumption changes	1,166	-	1,166
Contributions - employer	-	819	(819)
Net investment income	-	3,268	(3,268)
Benefit payments	(1,434)	(1,434)	-
Administrative expenses	-	(71)	71
Other changes	-	(3)	3
Net changes	\$ 9,939	\$ 2,579	\$ 7,360
Balances at June 30, 2019	\$ 39,612	\$ 53,647	\$ (14,035)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Nonprofessional's Net HIC OPEB Liability	\$ (8,815)	\$ (14,035)	\$ (18,402)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

For the year ended June 30, 2020, the School Nonprofessional plan recognized Health Insurance Credit Plan OPEB expense of (\$597). At June 30, 2020, the School Nonprofessional plan reported deferred outflows of resources and deferred inflows of resources related to their Health Insurance Credit Plan from the following sources:

	School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,365	\$ 7,513
Net difference between projected and actual earnings on HIC OPEB plan investments	-	588
Change in assumptions	989	267
Employer contributions subsequent to the measurement date	828	-
Total	<u>\$ 7,182</u>	<u>\$ 8,368</u>

\$828 reported by the School Nonprofessional plan as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	School Nonprofessional
2021	\$ (1,000)
2022	(1,002)
2023	(615)
2024	(526)
2025	470
Thereafter	659

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Health Insurance Credit Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). 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.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 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 \$40,229 and \$40,000 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the City reported a liability of \$1,056,553 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was .29448% as compared to .31960% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$82,237. 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 PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 20—Line of Duty Act (LODA) Program: (Continued)***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)***

At June 30, 2020, 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	\$ 153,570	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,092
Change in assumptions	49,574	91,591
Change in proportion	23,356	68,184
Employer contributions subsequent to the measurement date	<u>40,229</u>	<u>-</u>
Total	<u>\$ 266,729</u>	<u>\$ 161,867</u>

\$40,229 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, 2021. 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>	
2021	\$ 8,455
2022	8,458
2023	8,782
2024	9,126
2025	9,228
Thereafter	20,584

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. 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 CAFR.

Inflation	2.50%
Salary increases, including inflation: Locality employees	N/A
Medical cost trend rates assumption: Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2024
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	<u>2,839</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 358,787</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% 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 3.50% 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, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. 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, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, 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 (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,225,677	\$ 1,056,553	\$ 922,787

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 7.75% 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 (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 893,306	\$ 1,056,553	\$ 1,262,426

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description

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

Benefits Provided

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

Plan Membership

At July 1, 2019 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	7
Active employees		<u>126</u>
Total	\$	<u><u>133</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The City establishes employer contribution rates for plan participants as part of the budgetary process each year. The City also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2020 was \$63,123.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	2.45%
Investment Rate of Return	N/A

Mortality rates were based on the PubG.H-2010 tables for nonhazardous duty and PubS.H-2010 tables for hazardous duty, Generational with MP-2019 for males or females, as appropriate. Employee tables used for active employees, Retiree tables for retirees, and Disabled Retiree tables for disabled retirees.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the June 30, 2020 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year with the expectation that the City will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - City		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	1,601,045
Changes for the year:		
Service cost		43,473
Interest		50,719
Difference between expected and actual experience		251,096
Changes in assumptions		11,214
Benefit payments		(51,334)
Net changes		305,168
Balances at June 30, 2020	\$	1,906,213

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 1,620,381	\$ 1,906,213	\$ 1,306,782

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50% decreasing to an ultimate rate of 4.0%) or one percentage point higher (7.5% decreasing to an ultimate rate of 6.0%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 1,271,447	\$ 1,906,213	\$ 1,671,404

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

For the year ended June 30, 2020, the City recognized OPEB expense in the amount of \$268,529. At June 30, 2020, 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	\$ 167,397	\$ -
Changes in assumptions	7,476	-
Total	\$ 174,873	\$ -

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 21—Health Insurance – Pay-As-You-Go (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>		
2021	\$	87,437
2022		87,436
2023		-
2024		-
2025		-
Thereafter		-

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

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

Plan Description

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

Benefits Provided

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Membership

At July 1, 2019 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	35
Active employees		<u>303</u>
Total	\$	<u><u>338</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2020 was \$233,497.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	2.45%
Investment Rate of Return	N/A

Mortality Rates:

- Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubT.H-2010 (teachers) Employee Mortality Tables, Generational with Projection Scale MP-2019 for males or females.
- Mortality rates for retirees were based on the PubT.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2019 for males or females.
- Mortality rates for disabled retirees were based on the PubT.H-2010 Disabled Retiree Mortality Table, Generational with Projection Scale MP-2019 for males or females.

Discount Rate

The discount rate was based on the June 30, 2020 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 22—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)***Changes in Total OPEB Liability***

Changes in Net OPEB Liability - School Board		Total OPEB Liability
Balances at June 30, 2019	\$	2,394,326
Changes for the year:		
Service cost		116,525
Interest		58,655
Difference between expected and actual experience		(19,259)
Changes in assumptions		89,495
Benefit payments		(233,497)
Net changes		11,919
Balances at June 30, 2020	\$	2,406,245

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 2,668,875	\$ 2,406,245	\$ 2,168,879

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 2,064,268	\$ 2,406,245	\$ 2,832,055

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$209,740. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,707	\$ 68,583
Changes in assumptions	174,972	-
Total	<u>\$ 195,679</u>	<u>\$ 68,583</u>

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>	
2021	\$ (34,561)
2022	(34,561)
2023	(34,561)
2024	(11,706)
2025	(11,707)
Thereafter	-

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

	Net OPEB (Asset) Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Primary Government				
City Pay-as-you-go (Note 21)	\$ 1,906,213	\$ 174,873	\$ -	\$ 268,529
City LODA (Note 20)	1,056,553	266,729	161,867	82,237
Group Life (Note 17)	782,715	159,708	68,376	16,246
Total	<u>\$ 3,745,481</u>	<u>\$ 601,310</u>	<u>\$ 230,243</u>	<u>\$ 367,012</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 2,406,245	\$ 195,679	\$ 68,583	\$ 209,740
Teacher Group Life (Note 17)	1,870,054	377,277	162,742	33,452
Nonprofessional Group Life (Note 17)	113,584	22,570	8,783	2,306
Nonprofessional HIC Program (Note 19)	(14,035)	7,182	8,368	(597)
Teacher HIC Program (Note 18)	3,516,235	404,890	158,840	272,856
Total	<u>\$ 7,892,083</u>	<u>\$ 1,007,598</u>	<u>\$ 407,316</u>	<u>\$ 517,757</u>

Note 24—Line of Credit:

On October 27, 2017 the City entered into an agreement on a line of credit (Taxable Revenue Anticipation Note, Series 2017). Advances of up to \$2,000,000 of principal may be taken on this Note. Interest on draws is payable at the Prime Rate (as published in *The Wall Street Journal* and rounded up to the nearest .125% minus 1% provided, however, that in no event shall the interest rate be less than 3.25% per annum. No draws were made on this line during the year ended June 30, 2020 and there was no balance outstanding on the Note at June 30, 2020.

Note 25—Debt Refunding:

On October 3, 2019 the City of Manassas Park, Virginia issued \$26,680,000 in General Obligation Refunding Bonds with an effective interest rate of 1.87%. The bonds were issued to refund \$30,095,000 of Bonds. The bonds will be repaid in various installments from June 30, 2020 to June 30, 2033. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$479,492. The advance refunding reduced the total debt service payments over the next 14 years by \$2,209,886 and resulted in an economic gain of \$2,230,733. At June 30, 2020, the defeased bonds had no balance outstanding.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 25—Debt Refunding: (Continued)

On October 20, 2019 the City of Manassas Park, Virginia issued \$4,780,000 in VRARefunding Bonds with an effective interest rate of 2.52%. The bonds were issued to refund \$4,170,000 of Bonds. The bonds will be repaid in various installments from October 1, 2021 to October 1, 2030. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$546,114. The advance refunding reduced the total debt service payments over the next 11 years by \$184,999 and resulted in an economic gain of \$175,922. At June 30, 2020, the defeased bonds had balances outstanding of \$4,170,000.

Note 26—COVID-19 Pandemic Subsequent Event Note:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. City of Manassas Park, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

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. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. City of Manassas Park, Virginia, received the second round of CRF funds in the amount of \$1,524,888 on August 1, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 27—New Accounting Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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.

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 31,836,370	\$ 31,501,232	\$ 31,050,759	\$ (450,473)
Other local taxes	5,592,790	5,743,412	5,811,276	67,864
Permits, privilege fees and regulatory licenses	212,753	219,553	221,882	2,329
Fines and forfeitures	287,150	297,150	344,323	47,173
Revenue from use of money and property	568,400	616,520	645,012	28,492
Charges for services	1,708,907	1,634,407	1,102,479	(531,928)
Miscellaneous	410,522	376,767	137,517	(239,250)
Intergovernmental:				
Commonwealth	5,468,610	5,494,723	4,390,239	(1,104,484)
Federal	40,177	1,663,641	1,268,708	(394,933)
Total revenues	\$ 46,125,679	\$ 47,547,405	\$ 44,972,195	\$ (2,575,210)
Expenditures:				
General government administration:				
Legislative:				
City council	\$ 711,189	\$ 692,189	\$ 683,568	\$ 8,621
General and financial administration:				
Management services	\$ 385,360	\$ 527,449	\$ 482,265	\$ 45,184
Legal services	82,500	96,500	58,431	38,069
Human resources	167,039	197,327	201,180	(3,853)
Commissioner of the Revenue	347,951	347,951	322,281	25,670
Treasurer	560,881	545,881	617,223	(71,342)
Information technology	652,940	667,140	637,250	29,890
Department of finance	894,558	894,558	893,876	682
Total general and financial administration	\$ 3,091,229	\$ 3,276,806	\$ 3,212,506	\$ 64,300
Board of Elections:				
Electoral board and officials	\$ 171,413	\$ 176,184	\$ 143,676	\$ 32,508
Total board of elections	\$ 171,413	\$ 176,184	\$ 143,676	\$ 32,508
Total general government administration	\$ 3,973,831	\$ 4,145,179	\$ 4,039,750	\$ 105,429

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Courts	\$ 240,807	\$ 240,807	\$ 233,370	\$ 7,437
Sheriff	321,138	321,138	321,143	(5)
Total courts	\$ 561,945	\$ 561,945	\$ 554,513	\$ 7,432
Total judicial administration	\$ 561,945	\$ 561,945	\$ 554,513	\$ 7,432
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,619,728	\$ 3,695,104	\$ 3,401,230	\$ 293,874
E-911	661,265	661,265	576,368	84,897
Total law enforcement and traffic control	\$ 4,291,493	\$ 4,366,869	\$ 3,977,598	\$ 389,271
Fire and rescue services:				
Fire department	\$ 3,274,110	\$ 3,274,610	\$ 3,156,627	\$ 117,983
Total fire and rescue services	\$ 3,274,110	\$ 3,274,610	\$ 3,156,627	\$ 117,983
Correction and detention:				
Juvenile detention home	\$ 165,000	\$ 165,000	\$ 97,829	\$ 67,171
County jail	950,000	950,000	505,296	444,704
Total correction and detention	\$ 1,115,000	\$ 1,115,000	\$ 603,125	\$ 511,875

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 71,162	\$ 72,732	\$ 72,732	\$ -
Total other protection	\$ 71,162	\$ 72,732	\$ 72,732	\$ -
Total public safety	\$ 8,751,765	\$ 8,829,211	\$ 7,810,082	\$ 1,019,129
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 729,906	\$ 735,032	\$ 562,196	\$ 172,836
Maintenance of general buildings and grounds:				
General properties	\$ 636,064	\$ 682,394	\$ 545,524	\$ 136,870
Fleet	456,690	456,690	398,475	58,215
Total maintenance of general buildings and grounds	\$ 1,092,754	\$ 1,139,084	\$ 943,999	\$ 195,085
Total public works	\$ 1,822,660	\$ 1,874,116	\$ 1,506,195	\$ 367,921
Health and welfare:				
Health:				
Local health department	\$ 28,057	\$ 28,995	\$ 28,995	\$ -
Mental health and mental retardation:				
Community services board	\$ 932,436	\$ 932,436	\$ 932,436	\$ -
Welfare:				
Administration and public assistance	\$ 1,681,550	\$ 1,732,390	\$ 1,536,781	\$ 195,609
Agency on aging	126,900	126,900	126,900	-
Other social services programs	81,945	81,945	67,178	14,767
Tax relief for the elderly	450,000	450,100	457,221	(7,121)
Childrens services	1,128,080	1,128,080	763,693	364,387
Total welfare	\$ 3,468,475	\$ 3,519,415	\$ 2,951,773	\$ 567,642
Total health and welfare	\$ 4,428,968	\$ 4,480,846	\$ 3,913,204	\$ 567,642

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Education:				
Contributions to community colleges	\$ 37,940	\$ 37,940	\$ 37,940	\$ -
Contribution to Component Unit School Board	12,332,250	12,332,250	11,825,201	507,049
Total education	\$ 12,370,190	\$ 12,370,190	\$ 11,863,141	\$ 507,049
Parks, recreation and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 3,068,849	\$ 3,194,345	\$ 2,910,667	\$ 283,678
Total parks and recreation	\$ 3,068,849	\$ 3,194,345	\$ 2,910,667	\$ 283,678
Library:				
Library	\$ 530,952	\$ 530,952	\$ 530,952	\$ -
Total parks, recreation and cultural	\$ 3,599,801	\$ 3,725,297	\$ 3,441,619	\$ 283,678
Community development:				
Planning and community development:				
Economic development	\$ 30,000	\$ 30,000	\$ 15,203	\$ 14,797
Planning and zoning	534,973	546,973	470,466	76,507
Community organizations	39,356	39,356	35,480	3,876
Total planning and community development	\$ 604,329	\$ 616,329	\$ 521,149	\$ 95,180

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Total community development	\$ 604,329	\$ 616,329	\$ 521,149	\$ 95,180
Debt service:				
Bond issuance costs	\$ -	\$ -	\$ 429,035	\$ (429,035)
Total debt service	\$ -	\$ -	\$ 429,035	\$ (429,035)
Total expenditures	\$ 36,113,489	\$ 36,603,113	\$ 34,078,688	\$ 2,524,425
Excess (deficiency) of revenues over (under) expenditures	\$ 10,012,190	\$ 10,944,292	\$ 10,893,507	\$ (50,785)
Other financing sources (uses):				
Issuance of bonds	\$ -	\$ -	\$ 31,460,000	\$ 31,460,000
Bond premium	-	-	4,259,640	4,259,640
Payment to refunded bond escrow agent	-	-	(35,290,606)	(35,290,606)
Operating transfers in	1,437,867	1,437,867	1,437,867	-
Operating transfers (out)	(11,281,153)	(10,868,060)	(10,462,735)	405,325
Total other financing sources (uses)	\$ (9,843,286)	\$ (9,430,193)	\$ (8,595,834)	\$ 834,359
Net changes in fund balance	\$ 168,904	\$ 1,514,099	\$ 2,297,673	\$ 783,574
Fund balance at beginning of year	(168,904)	(1,514,099)	6,041,426	7,555,525
Fund balance at end of year	\$ -	\$ -	\$ 8,339,099	\$ 8,339,099

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,093,842	\$ 1,058,351	\$ 1,076,036	\$ 1,117,218	\$ 1,047,779	\$ 1,064,478
Interest	2,626,325	2,503,017	2,397,777	2,248,299	2,206,192	2,055,476
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	63,827	(159,090)	(312,326)	153,035	(1,460,317)	-
Changes of assumptions	1,324,705	-	(281,172)	-	-	-
Benefit payments	(1,885,611)	(1,395,865)	(1,357,907)	(1,408,375)	(975,881)	(957,870)
Net change in total pension liability	\$ 3,223,088	\$ 2,006,413	\$ 1,522,408	\$ 2,110,177	\$ 817,773	\$ 2,162,084
Total pension liability - beginning	38,461,737	36,455,324	34,932,916	32,822,739	32,004,966	29,842,882
Total pension liability - ending (a)	\$ 41,684,825	\$ 38,461,737	\$ 36,455,324	\$ 34,932,916	\$ 32,822,739	\$ 32,004,966
Plan fiduciary net position						
Contributions - employer	\$ 781,421	\$ 850,234	\$ 826,406	\$ 993,265	\$ 1,018,190	\$ 994,568
Contributions - employee	446,893	450,450	504,197	427,962	468,005	563,442
Net investment income	2,425,835	2,530,731	3,733,931	532,420	1,312,006	3,821,021
Benefit payments	(1,885,611)	(1,395,865)	(1,357,907)	(1,408,375)	(975,881)	(957,870)
Administrator charges	(23,988)	(21,511)	(21,163)	(18,428)	(17,208)	(19,878)
Other	(1,531)	(2,272)	(3,342)	(223)	(281)	201
Net change in plan fiduciary net position	\$ 1,743,019	\$ 2,411,767	\$ 3,682,122	\$ 526,621	\$ 1,804,831	\$ 4,401,484
Plan fiduciary net position - beginning	36,603,735	34,191,968	30,509,846	29,983,225	28,178,394	23,776,910
Plan fiduciary net position - ending (b)	\$ 38,346,754	\$ 36,603,735	\$ 34,191,968	\$ 30,509,846	\$ 29,983,225	\$ 28,178,394
County's net pension liability - ending (a) - (b)	\$ 3,338,071	\$ 1,858,002	\$ 2,263,356	\$ 4,423,070	\$ 2,839,514	\$ 3,826,572
Plan fiduciary net position as a percentage of the total pension liability	91.99%	95.17%	93.79%	87.34%	91.35%	88.04%
Covered payroll	\$ 9,428,847	\$ 9,410,600	\$ 9,065,489	\$ 8,783,631	\$ 8,948,073	\$ 8,246,555
County's net pension liability as a percentage of covered payroll	35.40%	19.74%	24.97%	50.36%	31.73%	46.40%

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, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 101,330	\$ 95,824	\$ 118,908	\$ 115,671	\$ 180,689	\$ 188,357
Interest	226,702	219,224	212,429	227,053	211,793	197,750
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	22,012	(14,114)	(35,247)	(376,333)	36,444	-
Changes of assumptions	96,761	-	(7,214)	-	-	-
Benefit payments	(187,785)	(200,405)	(183,217)	(167,380)	(254,481)	(116,497)
Net change in total pension liability	\$ 259,020	\$ 100,529	\$ 105,659	\$ (200,989)	\$ 174,445	\$ 269,610
Total pension liability - beginning	3,332,499	3,231,970	3,126,311	3,327,300	3,152,855	2,883,245
Total pension liability - ending (a)	<u>\$ 3,591,519</u>	<u>\$ 3,332,499</u>	<u>\$ 3,231,970</u>	<u>\$ 3,126,311</u>	<u>\$ 3,327,300</u>	<u>\$ 3,152,855</u>
Plan fiduciary net position						
Contributions - employer	\$ 3,604	\$ 14,610	\$ 15,831	\$ 76,655	\$ 72,948	\$ 136,003
Contributions - employee	59,793	57,601	56,932	57,741	54,851	74,450
Net investment income	276,690	295,471	446,619	63,921	162,457	491,115
Benefit payments	(187,785)	(200,405)	(183,217)	(167,380)	(254,481)	(116,497)
Administrator charges	(2,799)	(2,605)	(2,633)	(2,271)	(2,320)	(2,539)
Other	(174)	(261)	(395)	(27)	(33)	26
Net change in plan fiduciary net position	\$ 149,329	\$ 164,411	\$ 333,137	\$ 28,639	\$ 33,422	\$ 582,558
Plan fiduciary net position - beginning	4,209,602	4,045,191	3,712,054	3,683,415	3,649,993	3,067,435
Plan fiduciary net position - ending (b)	<u>\$ 4,358,931</u>	<u>\$ 4,209,602</u>	<u>\$ 4,045,191</u>	<u>\$ 3,712,054</u>	<u>\$ 3,683,415</u>	<u>\$ 3,649,993</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (767,412)	\$ (877,103)	\$ (813,221)	\$ (585,743)	\$ (356,115)	\$ (497,138)
Plan fiduciary net position as a percentage of the total pension liability	121.37%	126.32%	125.16%	118.74%	110.70%	115.77%
Covered payroll	\$ 1,364,905	\$ 1,304,629	\$ 1,270,252	\$ 1,271,597	\$ 1,182,769	\$ 1,505,991
School Division's net pension liability as a percentage of covered payroll	-56.22%	-67.23%	-64.02%	-46.06%	-30.11%	-33.01%

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's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.26187%	0.26485%	0.26070%	0.27855%	0.26507%	0.23397%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 34,463,580	\$ 31,147,000	\$ 32,060,000	\$ 39,036,000	\$ 33,363,000	\$ 29,448,000
Employer's Covered Payroll	22,529,313	21,907,252	20,995,217	21,238,250	19,707,662	17,820,060
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	152.97%	142.18%	152.70%	183.80%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	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
Pension Plans
Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 814,574	\$ 814,574	-	\$ 9,969,151	8.17%
2019	784,249	784,249	-	9,428,847	8.32%
2018	848,922	848,922	-	9,410,600	9.02%
2017	848,530	848,530	-	9,065,489	9.36%
2016	1,005,726	1,005,726	-	8,783,631	11.45%
2015	1,024,554	1,024,554	-	8,948,073	11.45%
2014	995,359	995,359	-	8,246,555	12.07%
2013	1,004,562	1,004,562	-	8,322,803	12.07%
2012	756,732	756,732	-	7,932,203	9.54%
2011	759,678	759,678	-	7,963,077	9.54%
Component Unit School Board (nonprofessional)					
2020	\$ -	\$ -	-	\$ 1,380,392	0.00%
2019	1,347	1,347	-	1,364,905	0.10%
2018	13,544	13,544	-	1,304,629	1.04%
2017	23,881	23,881	-	1,270,252	1.88%
2016	76,655	76,655	-	1,271,597	6.03%
2015	77,235	77,235	-	1,182,769	6.53%
2014	137,347	137,347	-	1,505,991	9.12%
2013	137,353	137,353	-	1,506,063	9.12%
2012	113,263	113,263	-	1,496,203	7.57%
2011	103,024	103,024	-	1,360,956	7.57%
Component Unit School Board (professional) (1)					
2020	\$ 3,474,004	\$ 3,474,004	-	\$ 23,582,831	14.73%
2019	3,355,913	3,355,913	-	22,529,313	14.90%
2018	3,425,402	3,425,402	-	21,907,252	15.64%
2017	2,966,471	2,966,471	-	20,995,217	14.13%
2016	2,986,098	2,986,098	-	21,238,250	14.06%
2015	2,857,611	2,857,611	-	19,707,662	14.50%

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

Notes to Required Supplementary Information - Pension
Pension Plans
Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of City of Manassas Park, Virginia's Share of Net OPEB Liability
Group Life Insurance GLI (Plan)
For the Measurement Dates of June 30, 2017 through June 30, 2019

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					
2019	0.04810% \$	782,715 \$	9,428,847	8.30%	52.00%
2018	0.04949%	752,000	9,410,600	7.99%	51.22%
2017	0.04917%	740,000	9,069,906	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.00698% \$	113,584 \$	1,364,905	8.32%	52.00%
2018	0.00693%	105,000	1,317,613	7.97%	51.22%
2017	0.00689%	104,000	1,270,252	8.19%	48.86%
Component Unit School Board (professional)					
2019	0.11492% \$	1,870,054 \$	22,529,313	8.30%	52.00%
2018	0.11494%	1,746,000	21,855,662	7.99%	51.22%
2017	0.11386%	1,713,000	21,001,265	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 51,840	\$ 51,840	-	\$ 9,969,151	0.52%
2019	49,000	49,000	-	9,428,847	0.52%
2018	48,935	48,935	-	9,410,600	0.52%
2017	47,164	47,164	-	9,069,906	0.52%
2016	42,161	42,161	-	8,783,631	0.48%
2015	42,951	42,951	-	8,948,073	0.48%
2014	39,661	39,661	-	8,262,605	0.48%
2013	40,060	40,060	-	8,345,900	0.48%
2012	22,210	22,210	-	7,932,203	0.28%
2011	22,307	22,307	-	7,966,760	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 7,178	\$ 7,178	-	\$ 1,380,392	0.52%
2019	7,000	7,000	-	1,364,905	0.51%
2018	6,852	6,852	-	1,317,613	0.52%
2017	6,605	6,605	-	1,270,252	0.52%
2016	6,130	6,130	-	1,276,991	0.48%
2015	5,690	5,690	-	1,185,336	0.48%
2014	7,437	7,437	-	1,549,445	0.48%
2013	7,229	7,229	-	1,506,063	0.48%
2012	4,189	4,189	-	1,496,203	0.28%
2011	3,822	3,822	-	1,365,062	0.28%
Component Unit School Board (professional)					
2020	\$ 122,631	\$ 122,631	-	\$ 23,582,831	0.52%
2019	117,000	117,000	-	22,529,313	0.52%
2018	113,649	113,649	-	21,855,662	0.52%
2017	109,207	109,207	-	21,001,265	0.52%
2016	102,260	102,260	-	21,304,163	0.48%
2015	95,043	95,043	-	19,800,640	0.48%
2014	85,775	85,775	-	17,869,876	0.48%
2013	80,385	80,385	-	16,746,965	0.48%
2012	44,227	44,227	-	15,795,461	0.28%
2011	43,768	43,768	-	15,631,545	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Manassas Park School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.26860% \$	3,516,235 \$	22,529,313	15.61%	8.97%
2018	0.27024%	3,431,000	21,855,662	15.70%	8.08%
2017	0.26603%	3,375,000	20,995,217	16.08%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2011 through June 30, 2020

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)
2020	\$ 282,994	\$ 282,994	\$ -	\$ 23,582,831	1.20%
2019	270,000	270,000	-	22,529,313	1.20%
2018	268,825	268,825	-	21,855,662	1.23%
2017	233,049	233,049	-	20,995,217	1.11%
2016	225,125	225,125	-	21,238,249	1.06%
2015	208,901	208,901	-	19,707,659	1.06%
2014	197,803	197,803	-	17,820,061	1.11%
2013	185,905	185,905	-	16,748,191	1.11%
2012	94,773	94,773	-	15,795,461	0.60%
2011	93,789	93,789	-	15,631,545	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

	School Nonprofessional 2019	School Nonprofessional 2018	School Nonprofessional 2017
Total HIC OPEB Liability			
Service cost	\$ 1,853	\$ 1,682	\$ 2,018
Interest	2,027	2,615	2,425
Differences between expected and actual experience	6,327	(10,935)	-
Changes of assumptions	1,166	-	(525)
Benefit payments	(1,434)	(2,096)	(318)
Net change in total HIC OPEB liability	\$ 9,939	\$ (8,734)	\$ 3,600
Total HIC OPEB Liability - beginning	29,673	38,407	34,807
Total HIC OPEB Liability - ending (a)	\$ 39,612	\$ 29,673	\$ 38,407
Plan fiduciary net position			
Contributions - employer	\$ 819	\$ 1,826	\$ 1,788
Net investment income	3,268	3,422	4,908
Benefit payments	(1,434)	(2,096)	(318)
Administrator charges	(71)	(81)	(82)
Other	(3)	(243)	243
Net change in plan fiduciary net position	\$ 2,579	\$ 2,828	\$ 6,539
Plan fiduciary net position - beginning	51,068	48,240	41,701
Plan fiduciary net position - ending (b)	\$ 53,647	\$ 51,068	\$ 48,240
Net HIC OPEB liability (asset) - ending (a) - (b)	\$ (14,035)	\$ (21,395)	\$ (9,833)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	135.43%	172.10%	125.60%
Covered payroll	\$ 1,364,905	\$ 1,304,629	\$ 1,270,252
Net HIC OPEB liability as a percentage of covered payroll	-1.03%	-1.64%	-0.77%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
	(1)	(2)	(3)	(4)	(5)
Component Unit School Board (nonprofessional)					
2020	\$ 828	\$ 828	\$ -	\$ 1,380,392	0.06%
2019	819	819	-	1,364,905	0.06%
2018	1,826	1,826	-	1,304,629	0.14%
2017	1,778	1,778	-	1,270,252	0.14%
2016	1,526	1,526	-	1,271,597	0.12%
2015	1,419	1,419	-	1,182,769	0.12%
2014	3,163	3,163	-	1,505,991	0.21%
2013	3,163	3,163	-	1,506,065	0.21%
2012	2,843	2,843	-	1,496,203	0.19%
2011	2,586	2,586	-	1,360,956	0.19%

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Year Ended June 30, 2020

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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net OPEB Liability - LODA
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.29448% \$	1,056,553 \$	Not Applicable	Not Applicable	0.79%
2018	0.31900%	1,002,000	Not Applicable	Not Applicable	0.60%
2017	0.31038%	815,000	Not Applicable	Not Applicable	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2020	\$ 40,229	\$ 40,229	-	\$ Not Applicable	Not Applicable
2019	40,000	40,000	-	Not Applicable	Not Applicable
2018	34,000	34,000	-	Not Applicable	Not Applicable
2017	35,000	35,000	-	Not Applicable	Not Applicable

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
Year Ended June 30, 2020

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, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Pay-As-You-Go Plan
 Years Ended June 30, 2018 through June 30, 2020

	Primary Government 2020	Primary Government 2019	Primary Government 2018
Total OPEB liability			
Service cost	\$ 43,473	\$ 38,146	\$ 37,035
Interest	50,719	44,696	51,643
Changes in assumptions	11,214	106,607	-
Differences between expected and actual experience	251,096	67,193	(14,131)
Benefit payments	(51,334)	(88,127)	(63,123)
Net change in total OPEB liability	\$ 305,168	\$ 168,515	\$ 11,424
Total OPEB liability - beginning	1,601,045	1,432,530	1,421,106
Total OPEB liability - ending	\$ 1,906,213	\$ 1,601,045	\$ 1,432,530
 Covered payroll	 \$ 7,671,862	 \$ 8,091,178	 \$ 7,855,512
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 24.85%	 19.79%	 18.24%

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

Notes to Required Supplementary Information - Pay-As-You Go OPEB Plan
 Year Ended June 30, 2020

Valuation Date: 7/1/2019
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.45%
Inflation	3.00%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2020 and gradually decreases to 5.0% after 5 years
Salary Increase Rates	3.00%
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the PibG.H.-2010 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Pay-As-You-Go Plan
 Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 116,525	\$ 114,764	\$ 111,421
Interest	58,655	73,508	83,554
Changes in assumptions	89,495	167,321	-
Differences between expected and actual experience	(19,259)	(87,558)	41,414
Benefit payments	(233,497)	(210,378)	(192,887)
Net change in total OPEB liability	\$ 11,919	\$ 57,657	\$ 43,502
Total OPEB liability - beginning	<u>2,394,326</u>	<u>2,336,669</u>	<u>2,293,167</u>
Total OPEB liability - ending	<u><u>\$ 2,406,245</u></u>	<u><u>\$ 2,394,326</u></u>	<u><u>\$ 2,336,669</u></u>
 Covered payroll	 \$ 16,825,724	 \$ 16,073,976	 \$ 15,605,802
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 14.30%	 14.90%	 14.97%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
 Year Ended June 30, 2020

Valuation Date: 7/1/2019
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions start at 8.24% to 8.57% in 2020 based on the medical plan and gradually decreases to 5.00% after 5 years
Salary Increase Rates	3.00%
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the PubT.H-2010 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

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

Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from local sources:				
Other local taxes	\$ 25,000	\$ 210,000	\$ 328,974	\$ 118,974
Miscellaneous	-	-	74,021	74,021
Intergovernmental:				
Commonwealth	1,147,310	1,668,559	31,509	(1,637,050)
Total revenues	<u>\$ 1,172,310</u>	<u>\$ 1,878,559</u>	<u>\$ 434,504</u>	<u>\$ (1,444,055)</u>
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ 145,174	\$ 145,174	\$ 92,597	\$ 52,577
Total general government administration	<u>\$ 145,174</u>	<u>\$ 145,174</u>	<u>\$ 92,597</u>	<u>\$ 52,577</u>
Public safety:				
Vehicle and equipment additions	\$ 17,445	\$ 45,073	\$ 470,049	\$ (424,976)
Total public safety	<u>\$ 17,445</u>	<u>\$ 45,073</u>	<u>\$ 470,049</u>	<u>\$ (424,976)</u>
Public works:				
Miscellaneous capital outlays	\$ 132,907	\$ 140,407	\$ 119,832	\$ 20,575
Parks, recreation and cultural:				
Equipment additions	\$ 100,000	\$ 100,000	\$ 85,812	\$ 14,188
Capital projects:				
Public works:				
Road, traffic and other projects	\$ 2,662,995	\$ 4,296,929	\$ 518,017	\$ 3,778,912
Parks and recreation:				
Parks and recreation projects	\$ -	\$ 325,000	\$ 130,689	\$ 194,311
Debt service:				
Principal retirement	\$ 360,663	\$ 350,035	\$ 351,832	\$ (1,797)
Interest and other fiscal charges	42,451	45,452	31,319	14,133
Total debt service	<u>\$ 403,114</u>	<u>\$ 395,487</u>	<u>\$ 383,151</u>	<u>\$ 12,336</u>
Total expenditures	<u>\$ 3,461,635</u>	<u>\$ 5,448,070</u>	<u>\$ 1,800,147</u>	<u>\$ 3,647,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,289,325)</u>	<u>\$ (3,569,511)</u>	<u>\$ (1,365,643)</u>	<u>\$ 2,203,868</u>
Other financing sources (uses):				
Transfers in	\$ 2,289,325	\$ 3,267,661	\$ 722,631	\$ (2,545,030)
Issuance of capital leases	-	-	452,333	452,333
Proceeds from the sale of capital assets	-	192,850	192,850	-
Total other financing sources (uses):	<u>\$ 2,289,325</u>	<u>\$ 3,460,511</u>	<u>\$ 1,367,814</u>	<u>\$ (2,092,697)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ (109,000)</u>	<u>\$ 2,171</u>	<u>\$ 111,171</u>
Fund balance at beginning of year	<u>-</u>	<u>109,000</u>	<u>(4,123,063)</u>	<u>(4,232,063)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,120,892)</u></u>	<u><u>\$ (4,120,892)</u></u>

Proffer Fund

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

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ -	\$ 405,407	\$ 109,500	\$ (295,907)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ (688,518)	\$ (285,346)	\$ 403,172
Total other financing sources (uses):	\$ -	\$ (688,518)	\$ (285,346)	\$ 403,172
Net changes in fund balance	\$ -	\$ (283,111)	\$ (175,846)	\$ 107,265
Fund balance at beginning of year	-	283,111	1,380,684	1,097,573
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,838</u>	<u>\$ 1,204,838</u>

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 685	\$ 685
Expenditures:				
Debt service:				
Principal retirement	\$ 6,943,367	\$ 6,943,367	\$ 6,943,367	\$ -
Interest and other fiscal charges	3,539,146	3,260,403	3,258,491	1,912
Total debt service	\$ 10,482,513	\$ 10,203,770	\$ 10,201,858	\$ 1,912
Total expenditures	\$ 10,482,513	\$ 10,203,770	\$ 10,201,858	\$ 1,912
Excess (deficiency) of revenues over (under) expenditures	\$ (10,482,513)	\$ (10,203,770)	\$ (10,201,173)	\$ 2,597
Other financing sources (uses):				
Transfers in	\$ 10,482,513	\$ 10,203,770	\$ 10,203,770	\$ -
Net changes in fund balance	\$ -	\$ -	\$ 2,597	\$ 2,597
Fund balance at beginning of year	-	-	331,683	331,683
Fund balance at end of year	\$ -	\$ -	\$ 334,280	\$ 334,280

Combing Balance Sheet
 Nonmajor Special Revenue Funds
 At June 30, 2020

	Gang Task Force Fund	Special Transportation Fund	Total
ASSETS			
Cash and cash equivalents	\$ 20	\$ 2,149,758	\$ 2,149,778
Total assets	<u>\$ 20</u>	<u>\$ 2,149,758</u>	<u>\$ 2,149,778</u>
FUND BALANCES			
Committed	\$ 20	\$ 2,149,758	\$ 2,149,778
Total fund balances	<u>\$ 20</u>	<u>\$ 2,149,758</u>	<u>\$ 2,149,778</u>
Total liabilities and fund balances	<u>\$ 20</u>	<u>\$ 2,149,758</u>	<u>\$ 2,149,778</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2020

	Gang Task Force Fund	Special Transportation Fund	Total
Revenues:			
Miscellaneous	\$ -	\$ 493,090	\$ 493,090
Other financing sources (uses):			
Transfers in	\$ -	\$ 285,346	\$ 285,346
Transfers (out)	-	(463,667)	(463,667)
Total other financing sources (uses):	\$ -	\$ (178,321)	\$ (178,321)
Net changes in fund balance	\$ -	\$ 314,769	\$ 314,769
Fund balance at beginning of year	20	1,834,989	1,835,009
Fund balance at end of year	\$ 20	\$ 2,149,758	\$ 2,149,778

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2020

	Gang Task Force Fund				Special Transportation Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from local sources:								
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 405,457	\$ 405,407	\$ 493,090	\$ 87,683
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 283,111	\$ 283,111	\$ 285,346	\$ 2,235
Transfers (out)	-	-	-	-	-	-	(463,667)	(463,667)
Total other financing sources (uses):	\$ -	\$ -	\$ -	\$ -	\$ 283,111	\$ 283,111	\$ (178,321)	\$ (461,432)
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	\$ 688,568	\$ 688,518	\$ 314,769	\$ (373,749)
Fund balance at beginning of year	-	-	20	20	(688,568)	(688,518)	1,834,989	2,523,507
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,149,758</u>	<u>\$ 2,149,758</u>

Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2020

	Balance Beginning Of Year	Additions	Deletions	Balance End of Year
CDA Fund:				
Assets:				
Cash and cash equivalents	\$ 15,990	\$ 300	\$ -	\$ 16,290
Liabilities:				
Amounts held for others	\$ 15,990	\$ 300	\$ -	\$ 16,290

Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2020

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,927,263	\$ 994,645	\$ 4,921,908
Receivables (Net of allowance for uncollectibles):			
Accounts	660,031	1,071	661,102
Inventories	3,253	22,310	25,563
Prepaid items	19,618	-	19,618
Due from other funds	428,562		428,562
Due from other governmental units	1,170,551	77,220	1,247,771
Total assets	<u>\$ 6,209,278</u>	<u>\$ 1,095,246</u>	<u>\$ 7,304,524</u>
LIABILITIES			
Accounts payable	\$ 1,399,225	\$ 6,080	\$ 1,405,305
Accrued liabilities	3,933,788	46,055	3,979,843
Unearned revenue	127,069	-	127,069
Due to other funds	-	428,562	428,562
Due to primary government	507,049	-	507,049
Total liabilities	<u>\$ 5,967,131</u>	<u>\$ 480,697</u>	<u>\$ 6,447,828</u>
FUND BALANCES			
Nonspendable - prepaid items and inventory	\$ 22,871	\$ 22,310	\$ 45,181
Committed - cafeteria	-	592,239	592,239
Committed - health insurance	242,147	-	242,147
Unassigned	(22,871)	-	(22,871)
Total fund balances	<u>\$ 242,147</u>	<u>\$ 614,549</u>	<u>\$ 856,696</u>
Total liabilities and fund balances	<u>\$ 6,209,278</u>	<u>\$ 1,095,246</u>	<u>\$ 7,304,524</u>

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

Total fund balances, balance sheet, governmental funds \$ 856,696

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

34,001,706

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

781,447

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

9,063,389

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

(4,858,002)

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

(42,842,245)

Net position of Governmental Activities

\$ (2,997,009)

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

	School Operating	School Cafeteria	Total
Revenues:			
Revenue from use of money and property	\$ 6,581	\$ 12,130	\$ 18,711
Charges for services	-	315,843	315,843
Miscellaneous	369,401	21,353	390,754
Intergovernmental:			
County contribution to School Board	11,825,201	-	11,825,201
Commonwealth	27,345,734	59,904	27,405,638
Federal	1,191,460	1,445,271	2,636,731
Total revenues	\$ 40,738,377	\$ 1,854,501	\$ 42,592,878
Expenditures:			
Current:			
Education	\$ 40,736,141	\$ 1,823,175	\$ 42,559,316
Total expenditures	\$ 40,736,141	\$ 1,823,175	\$ 42,559,316
Excess (deficiency) of revenues over (under) expenditures	\$ 2,236	\$ 31,326	\$ 33,562
Other financing sources (uses):			
Transfers in	\$ -	\$ 2,236	\$ 2,236
Transfers (out)	(2,236)	-	(2,236)
Total other financing sources (uses)	\$ (2,236)	\$ 2,236	\$ -
Net changes in fund balances	\$ -	\$ 33,562	\$ 33,562
Fund balances at beginning of year	242,147	580,987	823,134
Fund balances at end of year	\$ 242,147	\$ 614,549	\$ 856,696

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	33,562
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 433,272	
Depreciation expense	<u>(1,288,638)</u>	(855,366)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of the items supporting this adjustment:		
Pension expense	\$ (756,182)	
OPEB expense	131,681	
Change in compensated absences	<u>(103,722)</u>	(728,223)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>4,200,658</u>
Change in net position of governmental activities	\$	<u><u>2,650,631</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Governmental Funds
Year Ended June 30, 2020

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 19,900	\$ 15,900	\$ 6,581	\$ (9,319)
Charges for services	-	-	-	-
Miscellaneous	1,460,809	1,516,120	369,401	(1,146,719)
Intergovernmental:				
County contribution to School Board	12,332,250	12,332,250	11,825,201	(507,049)
Commonwealth	28,207,350	27,836,556	27,345,734	(490,822)
Federal	1,300,933	1,300,933	1,191,460	(109,473)
Total revenues	\$ 43,321,242	\$ 43,001,759	\$ 40,738,377	\$ (2,263,382)
Expenditures:				
Current:				
Instruction	\$ 32,637,973	\$ 32,404,623	\$ 30,340,645	\$ 2,063,978
Administration, attendance and health	2,772,212	2,771,979	2,842,957	(70,978)
Pupil transportation	2,287,485	2,287,485	2,044,260	243,225
Operation and maintenance	3,258,540	3,158,540	3,367,144	(208,604)
School food service costs	-	-	-	-
Technology	2,414,994	2,414,094	2,141,135	272,959
Total education	\$ 43,371,204	\$ 43,036,721	\$ 40,736,141	\$ 2,300,580
Excess (deficiency) of revenues over (under) expenditures	\$ (49,962)	\$ (34,962)	\$ 2,236	\$ 37,198
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	(2,236)	(2,236)
Total other financing sources (uses)	\$ -	\$ -	\$ (2,236)	\$ (2,236)
Net changes in fund balances	\$ (49,962)	\$ (34,962)	\$ -	\$ 34,962
Fund balances at beginning of year	\$ 49,962	\$ 34,962	\$ 242,147	\$ 207,185
Fund balances at end of year	\$ -	\$ -	\$ 242,147	\$ 242,147

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ 1,800	\$ 1,800	\$ 12,130	\$ 10,330
440,000	440,000	315,843	(124,157)
35,000	35,000	21,353	(13,647)
-	-	-	-
60,419	60,419	59,904	(515)
1,523,300	1,523,300	1,445,271	(78,029)
\$ 2,060,519	\$ 2,060,519	\$ 1,854,501	\$ (206,018)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,987,392	1,987,392	1,823,175	164,217
-	-	-	-
\$ 1,987,392	\$ 1,987,392	\$ 1,823,175	\$ 164,217
\$ 73,127	\$ 73,127	\$ 31,326	\$ (41,801)
\$ -	\$ -	\$ 2,236	\$ (2,236)
-	-	-	-
\$ -	\$ -	\$ 2,236	\$ (2,236)
\$ 73,127	\$ 73,127	\$ 33,562	\$ (44,037)
\$ (73,127)	\$ (73,127)	\$ 580,987	\$ 654,114
\$ -	\$ -	\$ 614,549	\$ 610,077

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Supporting Schedules

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 26,844,069	\$ 26,508,931	\$ 26,235,715	\$ (273,216)
Public service taxes	477,249	477,249	447,289	(29,960)
Personal property taxes	4,167,052	4,167,052	3,918,710	(248,342)
Machinery and tools taxes	28,000	28,000	44,283	16,283
Penalties	200,000	200,000	228,602	28,602
Interest	120,000	120,000	176,160	56,160
Total general property taxes	\$ 31,836,370	\$ 31,501,232	\$ 31,050,759	\$ (450,473)
Other local taxes:				
Local sales and use taxes	\$ 2,238,714	\$ 2,238,714	\$ 2,582,875	\$ 344,161
Consumer utility taxes	840,000	840,000	736,275	(103,725)
Business license taxes	1,116,920	1,120,000	1,023,645	(96,355)
Motor vehicle licenses	591,698	591,698	517,394	(74,304)
Bank franchise taxes	45,000	45,000	64,255	19,255
Recordation taxes	77,458	160,000	238,395	78,395
Cigarette taxes	230,000	230,000	239,310	9,310
Meals tax	420,000	460,000	362,620	(97,380)
Cable TV franchise fees	33,000	33,000	21,507	(11,493)
Other	-	25,000	25,000	-
Total other local taxes	\$ 5,592,790	\$ 5,743,412	\$ 5,811,276	\$ 67,864
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 200	\$ 2,000	\$ 1,405	\$ (595)
Building and related permits	115,750	115,750	157,613	41,863
Cell tower fees	12,000	17,000	15,056	(1,944)
Fire and rescue permits	73,978	73,978	36,050	(37,928)
Other permits and licenses	10,825	10,825	11,758	933
Total permits, privilege fees and regulatory licenses	\$ 212,753	\$ 219,553	\$ 221,882	\$ 2,329
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 287,150	\$ 297,150	\$ 344,323	\$ 47,173
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 102,280	\$ 32,280
Revenue from use of property	498,400	546,520	542,732	(3,788)
Total revenue from use of money and property	\$ 568,400	\$ 616,520	\$ 645,012	\$ 28,492

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Commuter rail parking fees	\$ 115,631	\$ 115,631	\$ 115,631	\$ -
Courthouse maintenance fees	400	400	373	(27)
Charges for EMS	285,000	230,000	251,080	21,080
Charges for parks and recreation	1,307,876	1,288,376	735,395	(552,981)
Total charges for services	\$ 1,708,907	\$ 1,634,407	\$ 1,102,479	\$ (531,928)
Miscellaneous:				
Miscellaneous	\$ 324,481	\$ 290,726	\$ 52,698	\$ (238,028)
Other refunds	37,000	37,000	22,415	(14,585)
Rebates and refunds from schools	49,041	49,041	62,404	13,363
Total miscellaneous	\$ 410,522	\$ 376,767	\$ 137,517	\$ (239,250)
Total revenue from local sources	\$ 40,616,892	\$ 40,389,041	\$ 39,313,248	\$ (1,075,793)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,500	\$ 4,500	\$ 3,850	\$ (650)
Recordation tax	55,000	55,000	56,092	1,092
Auto rental tax	110,000	110,000	116,526	6,526
Communication tax	650,000	650,000	606,182	(43,818)
PPTRA	1,368,393	1,368,393	1,368,393	-
Total noncategorical aid	\$ 2,187,893	\$ 2,187,893	\$ 2,151,043	\$ (36,850)
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	\$ 84,113	\$ 84,113	\$ 83,679	\$ (434)
Treasurer	72,994	72,994	70,930	(2,064)
Registrar/electoral board	41,488	41,488	54,953	13,465
Total shared expenses	\$ 198,595	\$ 198,595	\$ 209,562	\$ 10,967
Other categorical aid:				
Welfare administration and assistance	\$ 1,083,294	\$ 1,072,009	\$ 215,002	\$ (857,007)
Litter control	-	6,200	4,883	(1,317)
Aid to localities with police departments	440,000	440,000	466,900	26,900
Children's services	623,490	623,490	469,468	(154,022)
Street maintenance	735,000	735,000	735,291	291
Fire programs	50,391	50,391	51,985	1,594

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Other categorical aid	\$ 149,947	\$ 181,145	\$ 86,105	\$ (95,040)
Total other categorical aid	\$ 3,082,122	\$ 3,108,235	\$ 2,029,634	\$ (1,078,601)
Total categorical aid	\$ 3,280,717	\$ 3,306,830	\$ 2,239,196	\$ (1,067,634)
Total revenue from the Commonwealth	\$ 5,468,610	\$ 5,494,723	\$ 4,390,239	\$ (1,104,484)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 22,177	\$ 61,132	\$ 768,613	\$ 707,481
Law enforcement grants	18,000	60,500	34,663	(25,837)
Coronavirus Relief Fund	-	1,524,888	432,001	(1,092,887)
Other categorical aid	-	17,121	33,431	16,310
Total revenue from the federal government	\$ 40,177	\$ 1,663,641	\$ 1,268,708	\$ (394,933)
Total General Fund	\$ 46,125,679	\$ 47,547,405	\$ 44,972,195	\$ (2,575,210)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Grantors tax	\$	\$ 185,000	\$ 243,974	\$ 58,974
Gasoline taxes	25,000	25,000	85,000	60,000
Total other local taxes	\$ 25,000	\$ 210,000	\$ 328,974	\$ 118,974
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 74,021	\$ 74,021
Total miscellaneous	\$ -	\$ -	\$ 74,021	\$ 74,021
Total revenue from local sources	\$ 25,000	\$ 210,000	\$ 402,995	\$ 192,995
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grants	\$ 1,147,310	\$ 1,668,559	\$ 31,509	\$ (1,637,050)
Total revenue from the Commonwealth	\$ 1,147,310	\$ 1,668,559	\$ 31,509	\$ (1,637,050)
Total Capital Projects Fund	\$ 1,172,310	\$ 1,878,559	\$ 434,504	\$ (1,444,055)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 685	\$ 685
Proffer Fund:				
Revenue from local sources:				
Miscellaneous:				
Proffers	\$ -	\$ 109,000	\$ 109,500	\$ 500
Special Transportation Fund:				
Miscellaneous:				
Northern Virginia Transportation Authority	\$ 405,457	\$ 405,407	\$ 493,090	\$ 87,683
Grand Total Revenues -- Primary Government	\$ 47,703,446	\$ 49,940,371	\$ 46,009,974	\$ (3,930,397)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 9,900	\$ 9,900	\$ 627	\$ (9,273)
Revenue from use of property	10,000	6,000	5,954	(46)
Total revenue from use of money and property	\$ 19,900	\$ 15,900	\$ 6,581	\$ (9,319)
Miscellaneous:				
Miscellaneous	\$ 127,000	\$ 185,312	\$ 85,576	\$ (99,736)
Other reimbursements and recoveries	1,333,809	1,330,808	283,825	(1,046,983)
Total miscellaneous	\$ 1,460,809	\$ 1,516,120	\$ 369,401	\$ (1,146,719)
Total revenue from local sources	\$ 1,480,709	\$ 1,532,020	\$ 375,982	\$ (1,156,038)
Intergovernmental:				
County contribution to School Board	\$ 12,332,250	\$ 12,332,250	\$ 11,825,201	\$ (507,049)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,423,321	\$ 3,423,321	\$ 3,326,680	\$ (96,641)
Basic school aid	13,429,706	13,247,257	13,127,264	(119,993)
English as a second language	1,153,113	1,153,113	1,106,881	(46,232)
Textbook payments	259,777	256,816	255,742	(1,074)
Special education	1,099,067	1,086,541	1,081,994	(4,547)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Fringe benefits	2,518,225	2,489,351	2,478,935	(10,416)
Lottery	922,628	922,628	929,626	6,998
K-3 primary class size reduction	613,903	611,462	583,982	(27,480)
Prevention, intervention, and remediation	686,271	678,450	675,611	(2,839)
At risk	583,094	576,607	802,795	226,188
Other state funds	3,518,245	3,391,010	2,976,224	(414,786)
Total categorical aid	\$ 28,207,350	\$ 27,836,556	\$ 27,345,734	\$ (490,822)
Total revenue from the Commonwealth	\$ 28,207,350	\$ 27,836,556	\$ 27,345,734	\$ (490,822)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 360,000	\$ 360,000	\$ 359,206	\$ (794)
Title VI - B	626,921	626,921	533,356	(93,565)
Title III	187,412	187,412	212,830	25,418
Title II - A	70,000	70,000	58,402	(11,598)
Other federal assistance	56,600	56,600	27,666	(28,934)
Total categorical aid	\$ 1,300,933	\$ 1,300,933	\$ 1,191,460	\$ (109,473)
Total revenue from the federal government	\$ 1,300,933	\$ 1,300,933	\$ 1,191,460	\$ (109,473)
Total School Operating Fund	\$ 43,321,242	\$ 43,001,759	\$ 40,738,377	\$ (2,263,382)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,800	\$ 1,800	\$ 12,130	\$ 10,330
Charges for services:				
Cafeteria sales	\$ 440,000	\$ 440,000	\$ 315,843	\$ (124,157)
Miscellaneous:				
Miscellaneous	\$ 35,000	\$ 35,000	\$ 21,353	\$ (13,647)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 60,419	\$ 60,419	\$ 59,904	\$ (515)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,523,300	\$ 1,523,300	\$ 1,445,271	\$ (78,029)
Total School Cafeteria Fund	\$ 2,060,519	\$ 2,060,519	\$ 1,854,501	\$ (206,018)
Total Revenues--Component Unit-School Board	\$ 45,381,761	\$ 45,062,278	\$ 42,592,878	\$ (2,469,400)

CITY OF MANASSAS PARK, VIRGINIA

Statistical Table of Contents

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Operating Information	
These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	
Full-time Equivalent City Government Employees by Function	15
Capital Assets and Operating Indicators	16
Sources:	
Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.	

CITY OF MANASSAS PARK, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:				
Net investment in capital assets	\$ 10,192,577	\$ 8,733,283	\$ 1,628,248	\$ 1,092,294
Restricted				
Unrestricted	754,330	80,071	8,164,504	14,051,662
Total governmental activities net position	<u>\$ 10,946,907</u>	<u>\$ 8,813,354</u>	<u>\$ 9,792,752</u>	<u>\$ 15,143,956</u>
Business-type activities:				
Net investment in capital assets	\$ 6,374,387	\$ 5,864,609	\$ 5,530,973	\$ 5,562,531
Unrestricted	4,826,068	3,788,753	5,562,921	8,875,134
Total business-type net position	<u>\$ 11,200,455</u>	<u>\$ 9,653,362</u>	<u>\$ 11,093,894</u>	<u>\$ 14,437,665</u>
Primary government:				
Net investment in capital assets	\$ 16,566,964	\$ 14,597,892	\$ 7,159,221	\$ 6,654,825
Unrestricted	5,580,398	3,868,823	13,727,425	22,926,796
Total primary government net position	<u>\$ 22,147,362</u>	<u>\$ 22,147,361</u>	<u>\$ 20,886,646</u>	<u>\$ 29,581,621</u>

Table 1

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,377,597	\$ (659,469)	\$ 1,577,177	\$ 1,257,453	\$ 1,835,598	\$ 1,690,291
<u>(3,217,713)</u>	<u>(2,771,801)</u>	<u>(1,069,313)</u>	<u>(1,654,146)</u>	<u>(242,532)</u>	<u>2,602,559</u>
\$ <u><u>(1,840,116)</u></u>	\$ <u><u>(3,431,270)</u></u>	\$ <u><u>507,864</u></u>	\$ <u><u>(396,693)</u></u>	\$ <u><u>1,593,066</u></u>	\$ <u><u>4,292,850</u></u>
\$ 5,080,344	\$ 4,425,297	\$ 4,757,274	\$ 5,510,752	\$ 5,910,610	\$ 6,237,972
<u>8,364,649</u>	<u>9,289,985</u>	<u>10,612,624</u>	<u>11,239,410</u>	<u>11,436,493</u>	<u>11,639,212</u>
\$ <u><u>13,444,993</u></u>	\$ <u><u>13,715,282</u></u>	\$ <u><u>15,369,898</u></u>	\$ <u><u>16,750,162</u></u>	\$ <u><u>17,347,103</u></u>	\$ <u><u>17,877,184</u></u>
\$ 6,457,941	\$ 3,765,828	\$ 6,334,451	\$ 6,768,205	\$ 7,746,208	\$ 7,928,263
<u>5,146,936</u>	<u>6,518,184</u>	<u>9,543,311</u>	<u>9,585,264</u>	<u>11,193,961</u>	<u>14,241,771</u>
\$ <u><u>11,604,877</u></u>	\$ <u><u>10,284,012</u></u>	\$ <u><u>15,877,762</u></u>	\$ <u><u>16,353,469</u></u>	\$ <u><u>18,940,169</u></u>	\$ <u><u>22,170,034</u></u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government administration	\$ 3,526,179	\$ 3,336,472	\$ 3,179,850	\$ 3,256,686	\$ 3,510,406	\$ 3,494,109	\$ 3,412,539	\$ 3,393,795	\$ 3,376,110	\$ 4,433,992
Judicial administration	490,668	294,830	432,654	440,062	424,601	418,957	477,386	513,265	543,362	554,513
Public safety	7,194,524	7,230,246	7,035,619	7,841,255	7,619,134	8,311,741	8,603,687	8,334,813	8,375,359	9,043,057
Public works	1,975,496	1,876,329	1,409,808	1,515,720	1,620,357	2,635,148	2,347,810	2,322,877	2,479,810	2,345,369
Health and welfare	2,966,358	2,559,741	2,602,329	2,845,422	2,760,795	3,509,747	3,835,012	3,888,770	3,744,925	3,993,852
Education	10,182,020	12,144,639	10,475,632	11,403,318	11,226,765	16,069,968	14,918,955	17,046,767	16,698,362	17,152,343
Parks, recreation, and cultural	3,576,168	3,310,150	2,838,718	3,406,151	3,691,420	3,918,221	4,122,190	3,818,159	3,865,018	4,237,785
Community development	128,613	118,463	126,305	149,703	1,769,014	254,517	532,461	467,237	404,487	533,027
Interest on long-term debt	4,246,782	5,364,219	5,842,574	3,892,389	7,503,698	4,744,844	4,014,767	4,058,604	3,795,080	3,049,485
Total governmental activities expenses	\$ 34,286,808	\$ 36,235,089	\$ 33,943,489	\$ 34,750,705	\$ 40,126,189	\$ 43,357,252	\$ 42,264,807	\$ 43,844,287	\$ 43,282,513	\$ 45,343,423
Business-type activities:										
Solid Waste Management	\$ -	\$ 810,622	\$ 700,115	\$ 778,891	\$ 846,022	\$ 768,538	\$ 807,545	\$ 857,410	\$ 881,674	\$ 913,676
Storm Water	-	20,974	174,325	137,995	152,761	229,347	197,463	409,628	339,417	419,275
Water and sewer	6,779,429	5,295,066	6,081,746	6,370,507	6,418,896	6,635,548	6,894,305	6,418,196	7,030,609	6,995,099
Total business-type activities expenses	\$ 6,779,429	\$ 6,126,662	\$ 6,956,186	\$ 7,287,394	\$ 7,417,679	\$ 7,633,433	\$ 7,899,313	\$ 7,685,234	\$ 8,251,700	\$ 8,328,050
Total primary government expenses	\$ 41,066,237	\$ 42,361,749	\$ 40,899,674	\$ 42,038,099	\$ 47,543,867	\$ 50,990,685	\$ 50,164,120	\$ 51,529,521	\$ 51,534,213	\$ 53,671,473
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 114,232	\$ 198,343	\$ 182,473	\$ 193,446	\$ 346,570	\$ -	\$ -	\$ 50,800	\$ 14,616	\$ 15,056
Judicial administration	219,512	338,279	307,560	284,341	228,659	209,859	262,554	245,075	184,953	344,696
Public safety	295,965	314,561	272,597	267,502	293,905	247,265	232,007	265,599	231,326	288,535
Public works	-	-	-	-	-	357,787	278,451	107,796	111,264	169,371
Health and welfare	205,637	210,741	199,721	145,095	108,697	-	-	-	-	-
Parks, recreation, and cultural	1,107,280	1,143,816	849,185	1,031,779	1,041,027	1,119,794	1,314,845	1,246,552	1,277,332	735,395
Community development	96,531	109,064	167,332	14,970	44,400	96,152	99,886	104,880	110,124	115,631
Operating grants and contributions	2,312,612	2,055,170	1,944,670	1,552,698	1,925,199	2,775,829	3,169,565	3,081,815	3,183,244	3,507,904
Capital grants and contributions	761,210	653,848	669,533	94,835	704,787	644,168	2,895,472	271,459	176,999	31,509
Total governmental activities program revenues	\$ 5,112,979	\$ 5,023,822	\$ 4,593,069	\$ 3,584,666	\$ 4,693,243	\$ 5,450,854	\$ 8,252,780	\$ 5,373,976	\$ 5,289,858	\$ 5,208,097
Business-type activities:										
Charges for services:										
Solid Waste Management	\$ -	\$ 655,824	\$ 713,658	\$ 788,931	\$ 752,572	\$ 686,157	\$ 802,996	\$ 991,776	\$ 1,125,550	\$ 1,141,994
Storm Water	-	222,309	232,162	229,933	233,221	238,569	237,270	862,123	784,020	1,060,923
Water and Sewer	5,719,818	5,564,405	8,448,695	10,129,798	9,231,577	7,895,844	9,872,102	8,548,073	7,830,190	7,967,535
Grants and contributions	-	-	-	-	-	22,000	-	-	-	-
Total business-type activities program revenues	\$ 5,719,818	\$ 6,442,538	\$ 9,394,515	\$ 11,148,662	\$ 10,217,370	\$ 8,842,570	\$ 10,912,368	\$ 10,401,972	\$ 9,739,760	\$ 10,170,452
Total primary government program revenues	\$ 10,832,797	\$ 11,466,360	\$ 13,987,584	\$ 14,733,328	\$ 14,910,613	\$ 14,293,424	\$ 19,165,148	\$ 15,775,948	\$ 15,029,618	\$ 15,378,549
Net (expense) / revenue										
Governmental activities	\$ (29,173,829)	\$ (31,211,265)	\$ (29,350,420)	\$ (31,166,039)	\$ (35,432,946)	\$ (37,906,398)	\$ (34,012,027)	\$ (38,470,311)	\$ (37,992,655)	\$ (40,135,326)
Business-type activities	(1,059,611)	315,876	2,438,330	3,861,268	2,799,691	1,209,137	3,013,055	2,716,738	1,488,060	1,842,402
Total primary government net expense	\$ (30,233,440)	\$ (30,895,389)	\$ (26,912,090)	\$ (27,304,771)	\$ (32,633,254)	\$ (36,697,261)	\$ (30,998,972)	\$ (35,753,573)	\$ (36,504,595)	\$ (38,292,924)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590	\$ 22,339,972	\$ 24,098,409	\$ 25,293,814	\$ 27,151,030	\$ 28,255,204	\$ 29,914,550	\$ 31,453,276
Other local taxes	4,136,296	4,028,247	4,223,238	4,478,885	4,752,567	4,851,707	5,543,183	5,542,658	5,669,860	6,140,250
Unrestricted grants and contributions	2,280,974	2,249,892	2,250,465	1,538,462	2,357,913	2,216,212	2,240,002	2,210,021	2,199,435	2,151,043
Unrestricted revenues from use of money and property	-	-	-	134,713	514,342	93,395	52,715	47,270	107,715	645,697
Miscellaneous	815,859	926,440	675,890	7,134,984	2,388,347	2,862,709	1,356,214	2,202,896	947,236	1,006,978
Transfers	984,604	994,143	1,002,633	890,228	1,141,487	997,407	1,608,017	1,389,308	1,143,618	1,437,866
Total governmental activities	\$ 27,924,171	\$ 29,293,420	\$ 30,329,816	\$ 36,517,244	\$ 35,253,065	\$ 36,315,244	\$ 37,951,161	\$ 39,647,357	\$ 39,982,414	\$ 42,835,110
Business-type activities:										
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,501	\$ 249,498	\$ 151,850	\$ 252,211	\$ 125,343
Unrestricted revenues from use of money and property	-	-	4,836	2,591	-	58	80	178	288	202
Transfers	(984,604)	(1,027,093)	(1,002,633)	(890,228)	(1,141,487)	(997,407)	(1,608,017)	(1,389,308)	(1,143,618)	(1,437,866)
Total business-type activities	\$ (984,604)	\$ (1,027,093)	\$ (997,797)	\$ (887,637)	\$ (1,141,487)	\$ (938,848)	\$ (1,358,439)	\$ (1,237,280)	\$ (891,119)	\$ (1,312,321)
Total primary government	\$ 26,939,567	\$ 28,266,327	\$ 29,332,020	\$ 35,629,608	\$ 34,111,578	\$ 35,376,396	\$ 36,592,722	\$ 38,410,077	\$ 39,091,295	\$ 41,522,789
Change in Net Position										
Governmental activities	\$ (1,249,658)	\$ (1,917,846)	\$ 979,397	\$ 5,351,205	\$ (179,880)	\$ (1,591,154)	\$ 3,939,134	\$ 1,177,046	\$ 1,989,759	\$ 2,699,784
Business-type activities	(2,044,214)	(711,217)	1,440,533	2,973,632	1,658,204	270,289	1,654,616	1,479,458	596,941	530,081
Total primary government	\$ (3,293,872)	\$ (2,629,063)	\$ 2,419,930	\$ 8,324,837	\$ 1,478,324	\$ (1,320,865)	\$ 5,593,750	\$ 2,656,504	\$ 2,586,700	\$ 3,229,865

CITY OF MANASSAS PARK, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	6,701,315	4,066,695	4,353,131	5,071,294
Unassigned	(2,105,265)	1,201,825	1,570,580	2,251,715
Total general fund	<u>\$ 4,596,050</u>	<u>\$ 5,268,520</u>	<u>\$ 5,923,711</u>	<u>\$ 7,323,009</u>
All other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	2,197,852	2,162,657	1,269,946	2,078,311
Committed	-	-	-	-
Unassigned, reported in:				
Capital projecteds funds	38,099	23,219	1,100,622	3,279,419
General Fund	-	-	86,917	-
Debt service funds	460	-	-	-
Total all other governmental funds	<u>\$ 2,236,411</u>	<u>\$ 2,185,876</u>	<u>\$ 2,457,485</u>	<u>\$ 5,357,730</u>

Table 3

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ 109,084	\$ 179,974	\$ 191,146	\$ 202,546	\$ 174,179
-	1,095,863	-	-	-	-
4,353,131	-	-	-	-	-
(239,548)	982,760	4,143,244	5,439,473	5,838,880	8,164,920
<u>\$ 4,113,583</u>	<u>\$ 2,187,707</u>	<u>\$ 4,323,218</u>	<u>\$ 5,630,619</u>	<u>\$ 6,041,426</u>	<u>\$ 8,339,099</u>
\$ -	\$ 1,751	\$ 839,044	\$ 47,636	\$ -	\$ -
796,192	-	-	-	-	-
-	3,465,785	2,953,606	3,715,518	3,547,376	3,688,896
2,555,127	(2,139,769)	(3,742,190)	(4,363,045)	(4,123,063)	(4,120,892)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,351,319</u>	<u>\$ 1,327,767</u>	<u>\$ 50,460</u>	<u>\$ (599,891)</u>	<u>\$ (575,687)</u>	<u>\$ (431,996)</u>

CITY OF MANASSAS PARK, VIRGINIA

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

	2011	2012	2013	2014
Revenues:				
General property taxes	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590	\$ 22,339,972
Other local taxes	4,136,296	4,028,247	4,223,238	4,478,885
Permits, privilege fees and regulatory licenses	46,173	77,199	52,565	193,446
Fines and forfeitures	219,512	338,279	307,560	284,341
Revenue from use of money and property	48,366	108,961	112,400	134,713
Charges for services	1,726,410	1,790,366	1,506,341	1,459,346
Miscellaneous	768,956	926,440	794,179	7,134,984
Recovered costs	193,939	-	149,129	19,643
Intergovernmental:				
Commonwealth	4,461,030	4,150,742	4,329,217	3,134,473
Federal	2,099,279	1,724,222	1,308,163	752,956
Total revenues	\$ 33,406,399	\$ 34,239,154	\$ 34,960,384	\$ 39,932,760
Expenditures:				
General government administration	\$ 3,299,738	\$ 3,228,061	\$ 3,179,850	\$ 3,036,165
Judicial administration	481,512	294,830	432,654	413,760
Public safety	7,526,507	6,762,969	7,035,619	7,485,424
Public works	1,193,804	1,166,563	1,409,808	1,425,129
Health and welfare	2,909,297	2,558,003	2,602,329	2,675,359
Education	9,992,014	10,659,394	10,475,632	10,721,772
Parks, recreation, and cultural	2,761,682	2,762,256	2,838,718	3,202,575
Community development	126,213	118,463	126,305	140,755
Capital projects	1,214,462	550,032	455,720	1,515,845
Debt service:				
Principal	-	1,179,523	947,652	1,463,813
Interest and other fiscal charges	5,408,033	5,364,219	5,531,931	4,172,838
Total expenditures	\$ 34,913,262	\$ 34,644,313	\$ 35,036,217	\$ 36,253,435
Excess of revenues over (under) expenditures	\$ (1,506,863)	\$ (405,159)	\$ (75,833)	\$ 3,679,325
Other financing sources (uses):				
Transfers in	\$ 9,697,818	\$ 7,833,158	\$ 7,636,155	\$ 9,633,334
Transfers (out)	(8,710,870)	(6,806,065)	(6,633,522)	(8,993,962)
Premium on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of long-term debt	-	-	-	-
Issuance of capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ 986,948	\$ 1,027,093	\$ 1,002,633	\$ 639,372
Net changes in fund balances	\$ (519,915)	\$ 621,934	\$ 926,800	\$ 4,318,697
Debt service as a percentage of noncapital expenditures	16.16%	18.94%	18.69%	16.00%

Table 4

2015	2016	2017	2018	2019	2020
\$ 24,098,409	\$ 25,056,546	\$ 26,884,651	\$ 28,202,325	\$ 29,613,116	\$ 31,050,759
4,752,567	4,851,707	5,543,183	5,542,658	5,669,860	6,140,250
346,570	359,877	281,011	161,106	146,130	221,882
228,659	209,522	262,165	244,775	184,569	344,323
514,342	93,395	52,715	47,270	107,715	645,697
1,488,028	1,461,458	1,644,567	1,614,821	1,598,916	1,102,479
2,388,347	2,862,709	1,080,788	2,202,896	947,236	814,128
-	-	-	-	-	-
5,071,100	4,753,555	5,563,329	4,592,414	4,550,370	4,421,748
29,584	882,654	2,741,710	970,881	1,009,308	1,268,708
\$ 38,917,606	\$ 40,531,423	\$ 44,054,119	\$ 43,579,146	\$ 43,827,220	\$ 46,009,974
\$ 3,106,395	\$ 3,745,225	\$ 3,355,199	\$ 3,354,651	\$ 3,342,495	\$ 4,132,347
424,601	418,957	477,386	513,265	543,362	554,513
7,619,134	8,793,006	9,138,160	8,451,367	8,477,920	8,280,131
1,620,357	3,978,948	5,012,098	1,904,503	1,911,342	2,144,044
2,760,795	3,479,493	4,034,451	3,989,987	3,828,012	3,913,204
11,226,765	13,016,385	11,527,708	12,138,881	11,878,310	11,863,141
3,691,420	3,555,956	3,675,348	3,360,738	3,370,727	3,658,120
219,906	253,044	566,579	491,873	422,119	521,149
1,769,014	-	-	-	-	-
2,298,633	4,204,532	4,223,100	6,336,589	7,381,604	7,295,199
5,205,065	4,759,334	4,250,359	4,064,682	3,806,544	3,718,845
\$ 39,942,083	\$ 46,204,880	\$ 46,260,388	\$ 44,606,536	\$ 44,962,435	\$ 46,080,693
\$ (1,024,477)	\$ (5,673,457)	\$ (2,206,269)	\$ (1,027,390)	\$ (1,135,215)	\$ (70,719)
\$ 15,852,887	\$ 10,608,836	\$ 10,588,062	\$ 12,181,948	\$ 13,266,455	\$ 12,649,614
(14,711,400)	(9,611,429)	(8,980,045)	(10,792,640)	(12,122,837)	(11,211,748)
-	264,671	-	-	-	4,259,640
-	(10,914,582)	(23,581,666)	-	-	(35,290,606)
-	10,775,000	23,840,000	-	-	31,460,000
-	292,783	922,696	213,974	426,608	452,333
-	308,750	275,426	-	-	192,850
\$ 1,141,487	\$ 1,724,029	\$ 3,064,473	\$ 1,603,282	\$ 1,570,226	\$ 2,512,083
\$ 117,010	\$ (3,949,428)	\$ 858,204	\$ 575,892	\$ 435,011	\$ 2,441,364
19.17%	20.82%	20.48%	25.37%	25.33%	24.50%

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service ⁽¹⁾	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2020	\$ 1,775,768	\$ 160,028	\$ 1,265	\$ 28,597	\$ 1,965,658	\$ 1,965,658	100%	1.71
2019	1,717,178	149,864	1,002	29,893	1,897,937	1,897,937	100%	1.71
2018	1,625,686	149,864	1,002	27,667	1,804,219	1,804,219	100%	1.72
2017	1,526,753	145,244	1,080	25,220	1,698,297	1,698,297	100%	1.72
2016	1,472,036	144,010	1,103	25,453	1,642,601	1,642,601	100%	1.72
2015	1,332,539	134,539	1,063	26,531	1,494,672	1,494,672	100%	1.73
2014	1,210,409	113,067	1,107	26,021	1,350,604	1,350,604	100%	1.81
2013	1,144,328	114,934	1,361	27,369	1,287,992	1,287,992	100%	1.82
2012	1,101,110	109,624	1,219	27,369	1,239,322	1,239,322	100%	1.82
2011	1,006,426	114,600	128	28,787	1,149,941	1,149,941	100%	1.83

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

2020	90.34%	8.14%	0.06%	1.45%	100.00%
2019	90.48%	7.90%	0.05%	1.58%	100.00%
2018	90.10%	8.31%	0.06%	1.53%	100.00%
2017	89.90%	8.55%	0.06%	1.49%	100.00%
2016	89.62%	8.77%	0.07%	1.55%	100.00%
2015	89.15%	9.00%	0.07%	1.78%	100.00%
2014	89.62%	8.37%	0.08%	1.93%	100.00%
2013	88.85%	8.92%	0.11%	2.12%	100.00%
2012	88.85%	8.85%	0.10%	2.21%	100.00%
2011	87.52%	9.97%	0.01%	2.50%	100.00%

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service
2020	\$ 1.55	\$ 3.50	\$ 3.50	1.55
2019	1.55	3.50	3.50	1.55
2018	1.55	3.50	3.50	1.55
2017	1.55	3.50	3.50	1.55
2016	1.55	3.50	3.50	1.55
2015	1.55	3.50	3.50	1.55
2014	1.65	3.50	3.50	1.65
2013	1.65	3.50	3.50	1.65
2012	1.65	3.50	3.50	1.65
2011	1.65	3.50	3.50	1.65

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2020	\$ 1.55	\$ 3.50	\$ 3.50	\$ 3.50
2019	1.55	3.50	3.50	3.50
2018	1.55	3.50	3.50	3.50
2017	1.55	3.50	3.50	3.50
2016	1.55	3.50	3.50	3.50
2015	1.55	3.50	3.50	3.50
2014	1.65	3.50	3.50	3.50
2013	1.65	3.50	3.50	3.50
2012	1.65	3.50	3.50	3.50
2011	1.65	3.50	3.50	3.50

(1) Per \$100 of assessed value

Source: Manassas Park Commissioner of Revenue

Principal Property Taxpayers

Taxpayer	Fiscal Year 2020	
	Assessed Valuation	% of Total Assessed Valuation
HAVERHILL INVESTORS LLC	\$ 62,500,000	3.64%
OXFORD PALISADES APARTMENTS LLC	57,456,000	3.35%
GH CITY CENTER LLC	52,000,000	3.03%
MANASSAS PARK VILLAGE LTD PTNRSHIP	22,491,600	1.31%
MANASSAS PARK APARTMENTS LLC	16,402,500	0.96%
CENTRUM-MANASSAS PARK LIMITED PARTN	15,985,000	0.93%
JERAX ENTERPRISES	11,393,500	0.66%
GPT MANASSAS WHSE OWNER LLC	7,417,900	0.43%
HILLBROOKE TOWERS ASSOC LLLP	6,156,200	0.36%
PS SOUTHEAST ONE INC	5,782,600	0.34%
Total	<u>\$ 257,585,300</u>	<u>15.00%</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 26,152,611	\$ 25,271,259	96.63%	\$ -	\$ 25,271,259	96.63%
2019	25,198,128	24,435,219	96.97%	130,560	24,565,779	97.49%
2018	25,471,926	24,054,559	94.44%	151,635	24,206,194	95.03%
2017	23,664,664	22,421,679	94.75%	643,263	23,064,941	97.47%
2016	22,816,550	22,255,426	97.54%	561,125	22,816,551	100.00%
2015	23,468,509	22,997,577	97.99%	398,032	23,395,609	99.69%
2014	22,510,377	21,855,905	97.09%	456,338	22,312,243	99.12%
2013	21,259,845	20,667,022	97.21%	592,823	21,259,845	100.00%
2012	20,418,916	19,526,080	95.63%	838,027	20,364,107	99.73%
2011	19,946,043	18,665,377	93.58%	762,305	19,427,682	97.40%

Source: Manassas Park Treasurer's Collection

CITY OF MANASSAS PARK, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Bond Anticipation Note	Literary Fund Loans	Other Notes/ Bonds	Capital Leases
2020	\$ 79,950,190	\$ -	\$ 7,255,000	\$ -	\$ 842,417
2019	86,683,222	-	7,315,000	-	741,916
2018	94,356,847	-	7,370,000	-	712,658
2017	101,117,151	-	7,400,000	-	844,868
2016	104,128,386	-	7,500,000	-	461,760
2015	107,165,329	-	625,000	-	357,721
2014	109,463,962	-	625,000	-	-
2013	107,014,175	-	4,875,000	-	-
2012	109,406,827	-	5,500,000	-	-
2011	109,961,350	-	6,125,000	-	-

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

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

Table 9

Business-type Activities					
	General Obligations Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	10,771,454	\$ 56,003	\$ 98,875,064	18.00%	\$ 5,657
	11,863,539	110,564	106,714,241	21.78%	6,166
	12,927,842	163,722	115,531,069	23.58%	6,990
	13,965,824	215,513	123,543,356	25.81%	7,446
	14,944,488	-	127,034,634	27.82%	8,026
	14,040,000	-	122,188,050	17.40%	7,760
	14,040,000	-	124,128,962	17.88%	8,180
	14,800,000	-	126,689,175	30.23%	8,538
	14,800,000	-	129,706,827	30.95%	8,460
	14,800,000	-	130,886,350	28.73%	9,098

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

Fiscal Year	General Obligation Bonds	Literary Fund Loans	Gross Bonded Debt	Less Amounts Reserved for Debt Service (4)	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2020	90,721,644	\$ 7,255,000	\$ 97,976,644	\$ 334,280	\$ 97,642,364	4.97%	\$ 5,587
2019	98,546,761	7,315,000	105,861,761	331,683	105,530,078	5.56%	6,098
2018	107,284,689	7,370,000	114,654,689	342,116	114,312,573	6.34%	6,916
2017	115,082,975	7,400,000	122,482,975	309,413	122,173,562	7.19%	7,364
2016	119,072,874	7,500,000	126,572,874	249,609	126,323,265	7.69%	7,982
2015	121,205,329	625,000	94,565,329	-	94,565,329	6.35%	6,023
2014	123,503,962	625,000	96,653,962	-	96,653,962	7.16%	6,370
2013	121,814,175	4,875,000	98,249,175	-	98,249,175	7.63%	6,621
2012	124,206,827	5,500,000	101,266,175	-	101,266,175	8.17%	6,605
2011	124,761,350	6,125,000	102,446,350	-	102,446,350	8.91%	7,121

Sources:

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

CITY OF MANASSAS PARK, VIRGINIALegal Debt Margin Information (in thousands)
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 103,521	\$ 112,848	\$ 117,170	\$ 123,643
Total net debt applicable to limit	<u>102,446</u>	<u>101,266</u>	<u>98,249</u>	<u>96,654</u>
Legal debt margin	<u>\$ 1,075</u>	<u>\$ 11,582</u>	<u>\$ 18,921</u>	<u>\$ 26,989</u>
Total net debt applicable to the limit as a percentage of the debt limit	98.96%	89.74%	83.85%	78.17%

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

Table 11

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	135,907	\$ 164,260	\$ 169,830	\$ 180,422	\$ 189,794	\$ 196,566
	<u>94,565</u>	<u>126,323</u>	<u>122,174</u>	<u>114,313</u>	<u>105,530</u>	<u>97,642</u>
\$	<u>41,342</u>	<u>\$ 37,937</u>	<u>\$ 47,656</u>	<u>\$ 66,109</u>	<u>\$ 84,264</u>	<u>\$ 98,924</u>
	69.58%	76.90%	71.94%	63.36%	55.60%	49.67%
Assessed value						\$ 1,965,659
Debt limit (10% of total assessed value)						\$ 196,566
Net debt applicable to limit						<u>97,642</u>
Legal debt margin						<u>\$ 98,924</u>

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Bonds							
Fiscal Year	Water & Sewer Activities			Debt Service		Total Debt Service	Debt Service Coverage
	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest		
2020	\$ 8,093,080	\$ 4,094,312	\$ 3,998,768	\$ 979,308	\$ 440,929	\$ 1,420,237	2.82
2019	8,082,689	4,105,633	3,977,056	943,110	474,095	1,417,205	2.81
2018	8,700,101	3,499,036	5,201,065	906,911	513,565	1,420,476	3.66
2017	10,121,686	4,105,860	6,015,826	839,010	547,376	1,386,386	4.34
2016	7,954,359	3,874,001	4,080,358	637,178	552,026	1,189,204	3.43
2015	9,231,577	5,768,980	3,492,596	-	-	-	1.00
2014	10,129,798	564,199	4,465,599	-	170,976	170,976	26.12
2013	8,448,695	4,570,960	3,877,735	-	838,176	838,176	4.63
2012	6,442,538	4,881,944	1,560,594	-	669,828	669,828	2.33
2011	5,769,220	4,209,312	1,559,908	-	498,852	498,852	3.13

N/M= Not meaningful

(1) Includes all revenues

(2) Total operating expenses exclusive of depreciation

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income (1)	Per Capita Personal	School Enrollment	Unemployment Rate
2020	17,478	\$ 549,158,760	\$ 31,420	3,641	9.90%
2019	17,307	512,996,787	29,641	3,724	2.10%
2018	16,528	489,906,448	29,641	3,724	2.70%
2017	16,591	478,666,941	28,851	3,588	3.40%
2016	15,827	456,624,777	28,851	3,443	3.90%
2015	15,625	440,062,500	28,164	3,359	4.40%
2014	14,992	420,585,568	28,054	3,216	4.50%
2013	15,125	407,528,000	26,944	3,123	5.02%
2012	14,409	393,452,154	27,306	3,019	4.70%
2011	13,759	371,204,061	26,979	2,957	5.20%

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

Source for School Enrollment: Virginia Department of Education

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

June 30, 2020
Principal Employers

Rank	Employer	Number of Employees	Rank
1	Atlas Plumbing	250-499	1
2	Atlas Home Svc	250-499	2
3	Manassas Park Community Ctr	100-249	3
4	Finley Asphalt-Sealing Real	100-249	4
5	Cougar Elementary School	100-249	5
6	Titan Erosion Control	50-99	6
7	City-Manassas Parks & Rec	50-99	7
8	Manassas Park Middle School	50-99	8
9	James River Equipment	50-99	9
10	Manassas Park Elementary Sch	50-99	10

Source: Bi.Virginialmi.com, Virginia Employment Commission
Employees exclude part-timers

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

Function/Program	2017	2018	2019	2020
City Attorney/Clerk	2	2	2	2
General overnment				
Management Services & Economic Development	3	3	3	3
Finance	7	7	7	7
Human Resources	1	1	1	1
Information Technology	3	3	3	3
Police				
Officers	42.5	42.5	42.5	42.5
Fire				
Firefighters and officers	29	29	29	29
Social Services	17	17	17	17
Community Development & Public Works	26.5	26.5	26.5	26.5
Engineering / staff				
Parks and recreation				
Staff	16	16	16	16
Treasurer's Office ^a	6	6	6	6
Registrar's Office	2	2	2	2
Commissioner of Revenue	4	4	4	4
Totals	<u>159</u>	<u>159</u>	<u>159</u>	<u>159</u>

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

Source: City Records

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

Capital Asset and Operating Indicators
Last Ten Fiscal Years

Function	2020
Number of Computers	
General government	10
Commissioner of Revenue	4
Finance Department	10
Registrar's Office	3
Treasurer's Office	7
Police department	95
Parks and recreation	41
Fire Department	17
Social Services	3
Public works	25
Information Technology	4
Emergency Operations Center	4
Spares	6
Total	229

Note: Information is only available for the current fiscal year.



**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 Park, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Manassas Park, Virginia's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Manassas Park, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manassas Park, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas Park, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manassas Park, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 25, 2020

**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 Park, Virginia**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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 25, 2020

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738	CJS81015	3,600
Total Department of Justice			\$ 3,600
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Alcohol open container requirements	20.607	154AL-19-59036/ 154AL-20-50118	\$ 11,138
Highway Safety Cluster:			
State and community highway safety	20.600	FSC-19-59032/ FSC-19-59038/ FSC-20-50119/ FOP-20-50120	18,653
Total Highway Safety Cluster			\$ 18,653
Total Department of Transportation			\$ 29,791
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Emergency Management:			
COVID-19 - Disaster grants - public assistance (presidentially declared disasters)	97.036	PA-03-VA-4512	\$ 25,931
Emergency management performance grants	97.042	116308	7,500
Total Department of Homeland Security			\$ 33,431
<u>DEPARTMENT OF THE TREASURY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	Not Available	\$ 432,001
Total Department of the Treasury			\$ 432,001
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass Through Payments:</u>			
Virginia Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010120/0040120	\$ 236,249
Total SNAP Cluster			\$ 236,249
Total Department of Agriculture			\$ 236,249
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Virginia Department of Social Services:			
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760120/0760119	\$ 17,262
Total CCDF Cluster			\$ 17,262
TANF Cluster:			
Temporary assistance for needy families	93.558	0400120/0400119	\$ 85,599
Total TANF Cluster			\$ 85,599
Medicaid Cluster:			
Medical assistance program	93.778	1200120/1200119	\$ 242,055
Total Medicaid Cluster			\$ 242,055
Foster care-title IV-E	93.658	110020/01100119	87,147
Adoption assistance	93.659	1120120/1120119	15,283
Mary Lee Allen safe and stable families program	93.556	0950119/0950118	7,743
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500120	91
Low-income home energy assistance	93.568	0600420/0600419	13,809
Adoption and legal guardianship incentive payments	93.603	1130117	200
Social services block grant	93.667	1000120/1000119	58,628
Stephanie Tubbs Jones child welfare services program	93.645	0900118/0900119	116
John H. Chafee foster care program for successful transition to adulthood	93.674	9150118/9150119	602
Children's health insurance program	93.767	0540120/0540119	3,829
Total Department of Health and Human Services			\$ 532,364
Total Primary Government			\$ 1,267,436

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services: Food distribution - national school lunch program	10.555	201919N109941/ 202020N109941	\$ 129,906
Virginia Department of Education: National school lunch program	10.555	201919N109941/ 202020N109941	787,815
Total 10.555			<u>\$ 917,721</u>
Virginia Department of Agriculture and Consumer Services: Summer Food Service Program for Children	10.559	201918N109941/ 202020N109941	\$ 18,825
COVID 19 - Summer Food Service Program for Children	10.559	202020N850341	276,087
Total 10.559			<u>294,912</u>
School breakfast program	10.553	201919N109941/ 202020N109941	<u>232,638</u>
Total Child Nutrition Cluster			<u>\$ 1,445,271</u>
Total Department of Agriculture			<u>\$ 1,445,271</u>
<u>DEPARTMENT OF EDUCATION:</u>			
Virginia Department of Education: Title I grants to local educational agencies	84.010	S010A180046/ S010A190046	\$ 359,206
Special Education Cluster (IDEA): Special education - grants to states	84.027	H027A190107/ H027A180107	533,356
Special education - preschool grants	84.173	H173A190112	11,670
Total Special Education Cluster (IDEA)			<u>\$ 545,026</u>
English language acquisition state grants	84.365	S365A180046/ S365A190046	\$ 212,830
Supporting Effective Instruction State Grants	84.367	S367A180043/ S367A190043	58,402
Career and technical education - basic grants to states	84.048	V048A190046/ V048A180046	15,996
Total Department of Education			<u>\$ 1,191,460</u>
Total Component Unit School Board			<u><u>\$ 2,636,731</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 3,904,167</u></u>

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Manassas Park, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Manassas Park, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Manassas Park, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The City did not elect to use the 10% de minimis indirect cost rate.

(4) The City did not pass any federal awards through to sub-recipients during the year ended June 30, 2020.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 1,268,708
Component Unit School Board:	
School Operating Fund	\$ 1,191,460
School Cafeteria Fund	1,445,271
Total component unit school board	\$ 2,636,731
Total federal expenditures per basic financial statements	\$ 3,905,439
Less items not subject to single audit:	
ATF/FBI Overtime	(1,272)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,904,167

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)? No

Identification of major .510 programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
10.561	SNAP Cluster

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

Auditee qualified as low-risk auditee? No

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020 (Continued)

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.

SECTION IV – PRIOR AUDIT FINDINGS:

2019-001: Material Audit Adjustments Proposed by the External Auditor – Material Weakness in Internal Controls

Status: This finding is not repeated in 2020.

2019-002: Prompt Payment of Bills by Localities – Compliance Finding

Status: This finding is not repeated in 2020.

2019-03: Social Services' Continuity of Operations Program (COOP) – Compliance Finding

Status: This finding is not repeated in 2020.

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