

CITY OF MANASSAS PARK, VIRGINIA

Annual Comprehensive Financial Report



Year Ended June 30, 2021

CITY OF MANASSAS PARK, VIRGINIA

**Annual Comprehensive
Financial Report**

Year Ended June 30, 2021

PREPARED BY:

Pon Yusuf, Director of Finance

CITY OF MANASSAS PARK, VIRGINIA

Annual Comprehensive Financial Report
Year Ended June 30, 2021

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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:
Laura Hampton
Haseeb Javed
Darryl Moore
Alanna Mensing
Yesy Amaya

December 10, 2021

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

The Annual Comprehensive Financial Report (ACFR) of the City of Manassas Park for the year ended June 30, 2021 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Manassas Park issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audited this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly, the financial position and results of operations of the various funds and component units of the City of Manassas Park. All disclosures necessary for readers to understand the City of Manassas Park's activities have been included.

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

The City of Manassas Park is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1997) and the U.S. Office of Management and Budget's Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, the regulations, and a schedule of findings and questioned costs 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. A lot of information to follow includes the information on local economy, real estate assessment, change management, and awarded federal funds to facilitate the continuing provision of governmental services.

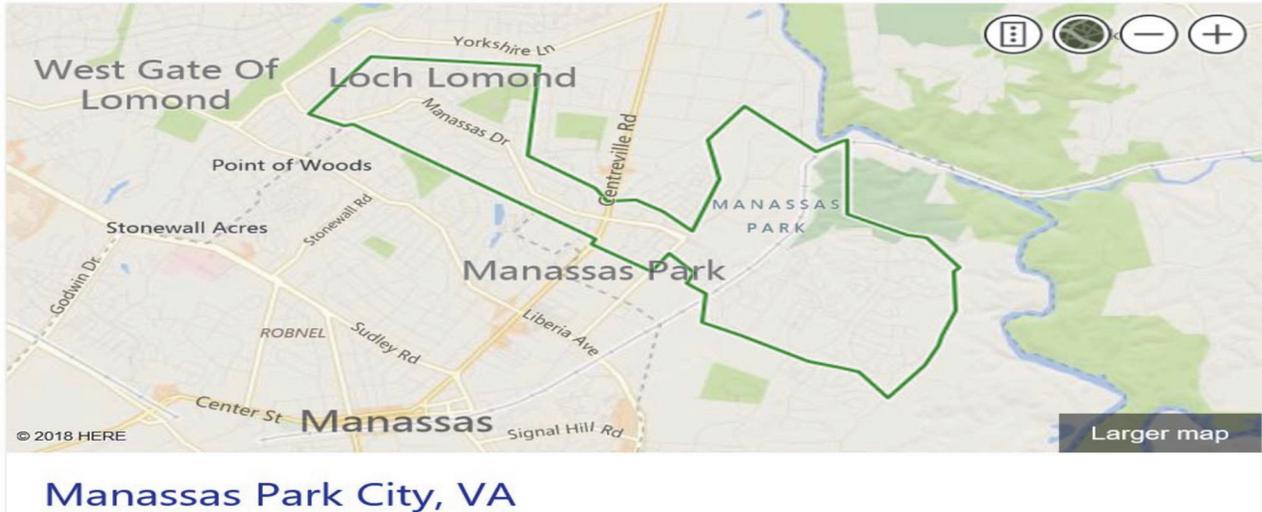
PROFILE OF THE GOVERNMENT

The City of Manassas Park (see the map below) is located within the Washington, D.C. Metropolitan area. The City is 2.53 square miles in size and has a 2021 population of about 17,219 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 1753rd largest city in the United States of America, was named as one of Virginia’s top 3 safest cities in 2020 and 2021.

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





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.

New to FY21, the City of Manassas Park created a Department of Community Services under the Office of the City Manager. This Department includes, an Economic Development Coordinator, Housing Support Coordinator and Public Health Administrator. All of these positions are fully funded via the U.S. Department of Treasury- American Rescue Plan Act in our nation's fight against the spread of COVID-19 and the many associated implications (i.e. increased unemployment rates, homelessness, and emergency management events). They are tasked with future economic development, providing housing, rent, utilities assistance, monitoring, responding, and coordinating public health.

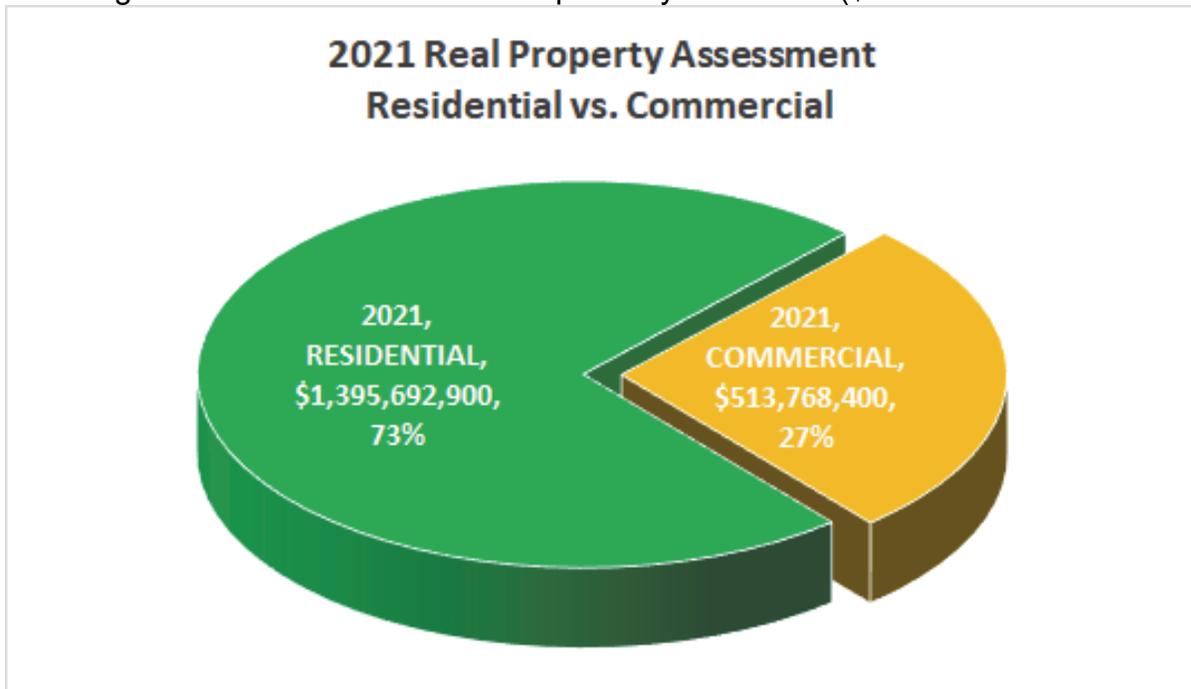
DEMOGRAPHICS

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

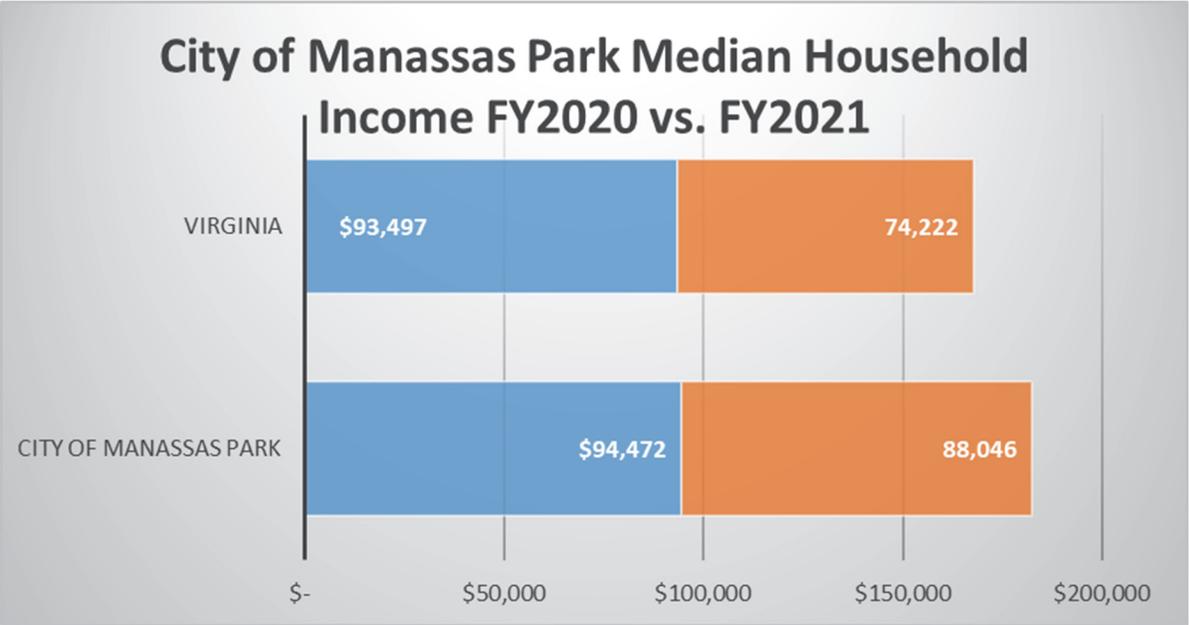
- Hispanic 39.7%
- White Alone, not Hispanic or Latino 33.1%
- Black or African American 15.3%
- Asian 11.1%
- Two or more races 3.9%
- Native American 0.1%
- Native Hawaiian or Pacific Islander 0.0%

LOCAL ECONOMY

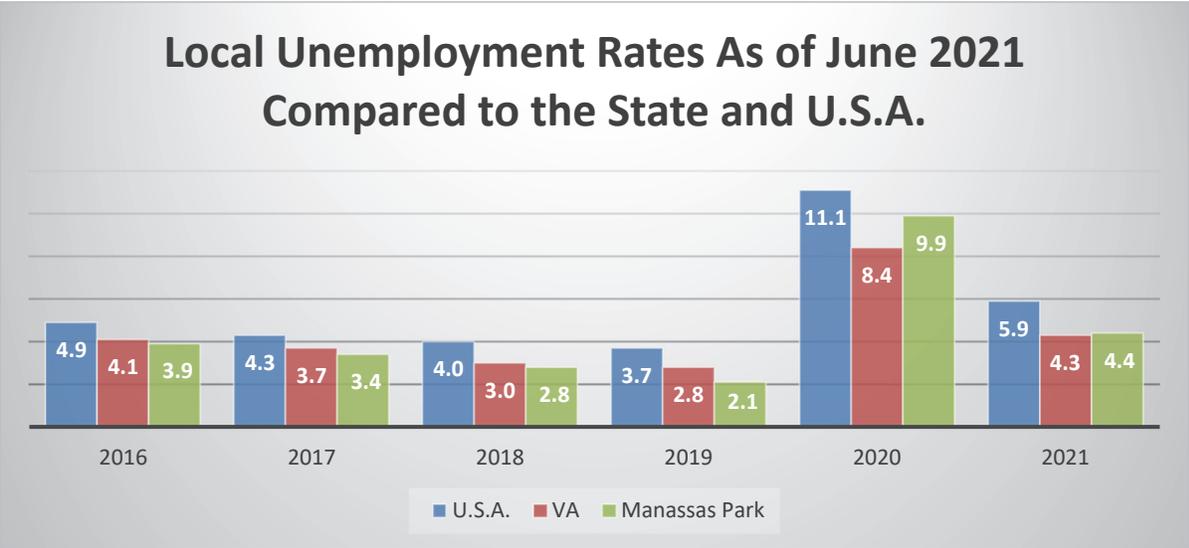
The City has built a viable community with a quarter of commercial tax base, a good quality educational system, and an attractive community that tens of thousands are choosing to call home. The tax base is primarily residential (\$1.3 billion or about 73%).



The recent US Census shows Manassas Park residents as of June 2021 with a median household income of \$88,046, down from \$94,472 (2020 dollars), but favorably compared to the latest available Virginia median house-hold income of \$74,222 and that of the latest available median household income for the United States of \$79,900 in 2021. See graphs below.

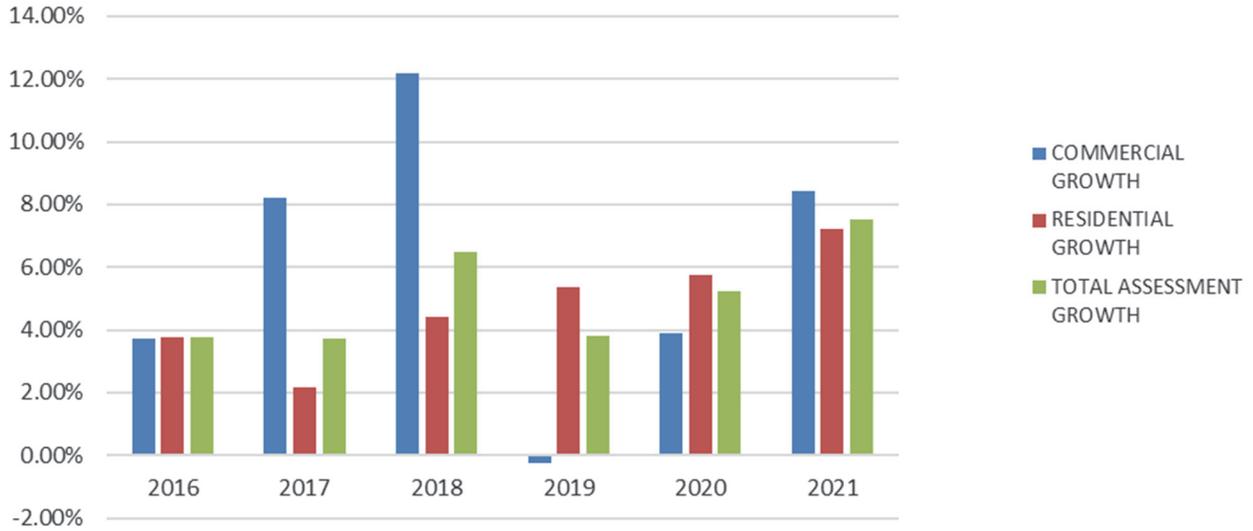


The City's unemployment rate was 4.4% as of June 2021, which was higher than the State's unemployment rate of 4.3% and less than the national unemployment rate of 5.9%.

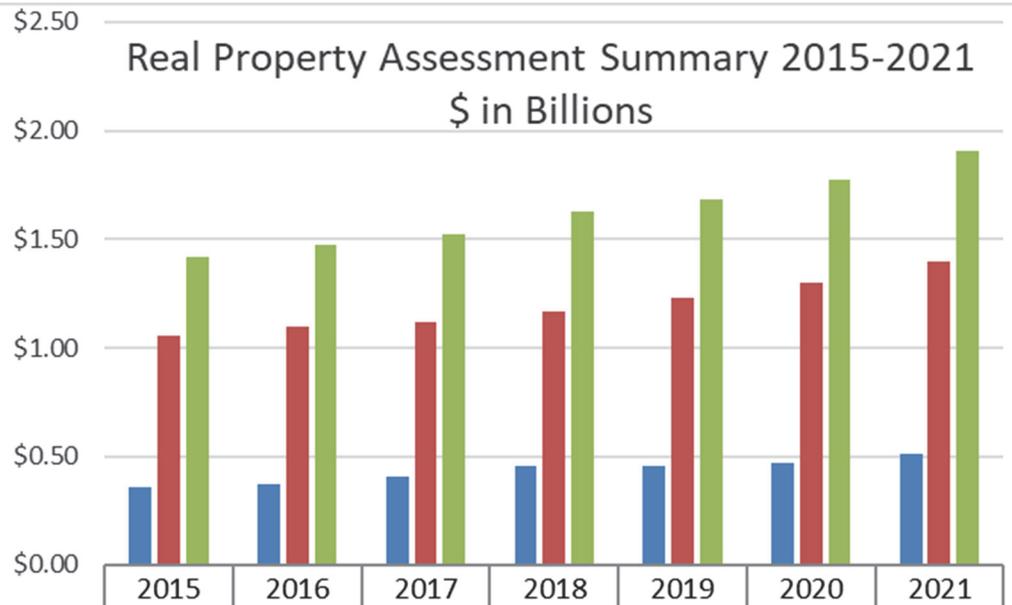


A comparative table of real estate assessment from 2016 to 2021 to shows a consistent upward change in residential values. The graphical presentation of historical treasury rates for both short- and long-term and their changes helped explain the directional change of the real estate assessment value and the City's financial performance and its local economy. Below are graphical presentations of the City real estate assessment values from 2015 to 2021 and their yearly growth by property types.

Real Property Assessment Growth Summary 2016-2021



Real Property Assessment Summary 2015-2021 \$ in Billions



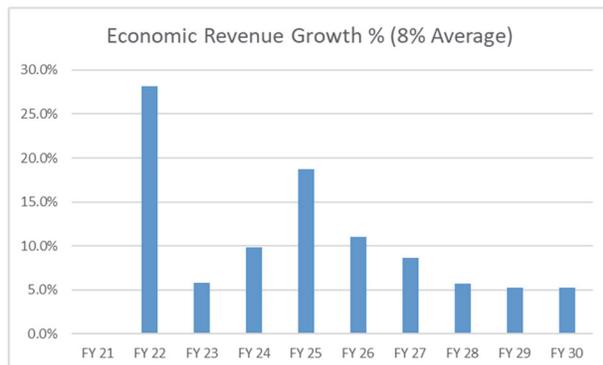
■ COMMERCIAL	\$0.36	\$0.38	\$0.41	\$0.46	\$0.46	\$0.47	\$0.51
■ RESIDENTIAL	\$1.06	\$1.10	\$1.12	\$1.17	\$1.23	\$1.30	\$1.40
■ TOTAL ASSESSMENTS	\$1.42	\$1.47	\$1.53	\$1.63	\$1.69	\$1.78	\$1.91

City of Manassas Park, Virginia Office of the City Assessor 2020 Real Property Assessment Summary as of March 21, 2021										
J:\Real Property Assessment Summary\2015-2021 Real Property Assessment Summary 10-07-2021.xls\Sheet 1										
Real Property Classification	2015 Assessments	2016 Assessments	2017 Assessments	2018 Assessments	2019 Assessments	2020 Assessments	2021 Assessments	\$ Amount of Change 2021 vs. 2020	Total % Change	2021% of Total
Locally-assessed Taxable Real Property										
Residential Real Property										
Single Family Detached Home (Class 10)	685,038,100	706,268,800	722,414,600	756,678,300	797,024,500	842,795,200	900,965,300	58,170,100	6.90%	47.2%
Single Family Townhouse (Class 20)	264,717,300	282,597,000	287,069,000	296,485,000	310,130,500	327,228,200	345,144,400	17,916,200	5.48%	18.1%
Residential Condominium (Class 30)	105,285,400	106,070,000	109,286,200	114,933,500	123,584,900	131,038,800	137,502,700	6,463,900	4.93%	7.2%
Subtotal Residential	1,055,040,800	1,094,935,800	1,118,769,800	1,168,096,800	1,230,739,900	1,301,062,200	1,383,612,400	82,550,200	6.34%	72.5%
Vacant Land - Residential (Class 60 & 69)	520,000	520,000	520,000	520,000	546,500	860,900	12,080,500	11,219,600	1303.24%	0.6%
Total Residential Real Property	1,055,560,800	1,095,455,800	1,119,289,800	1,168,616,800	1,231,286,400	1,301,923,100	1,395,692,900	93,769,800	7.20%	73.1%
Commercial/Industrial Real Property										
Commercial (Class 41, 43, 44, 47 & 48)	83,797,700	83,953,400	84,479,700	94,055,500	95,081,400	100,483,000	105,808,500	5,325,500	5.30%	5.5%
Multi-family Apartment (Class 42, 45 & Ne)	162,517,500	175,865,100	204,286,600	236,482,800	227,721,000	227,721,000	257,781,400	30,060,400	13.20%	13.5%
Industrial (Class 40, 50 & 52)	106,925,100	106,925,100	109,247,900	115,703,600	121,826,200	133,759,300	137,346,400	3,587,100	2.68%	7.2%
Vacant Land - Commercial (Class 63)	3,429,700	3,429,700	3,429,700	4,808,200	5,048,700	5,452,800	5,889,200	436,400	8.00%	0.3%
Vacant Land - Industrial (Class 65)	6,406,400	6,406,400	6,018,800	6,018,800	6,320,500	6,428,700	6,942,900	514,200	8.00%	0.4%
Total Commercial/Industrial Real Property	363,076,400	376,579,700	407,462,700	457,068,900	455,997,800	473,844,800	513,768,400	39,923,600	8.43%	26.9%
Total Locally-assessed Taxable Real Property	1,418,637,200	1,472,035,500	1,526,752,500	1,625,685,700	1,687,284,200	1,775,767,900	1,909,461,300	133,693,400	7.53%	100.0%

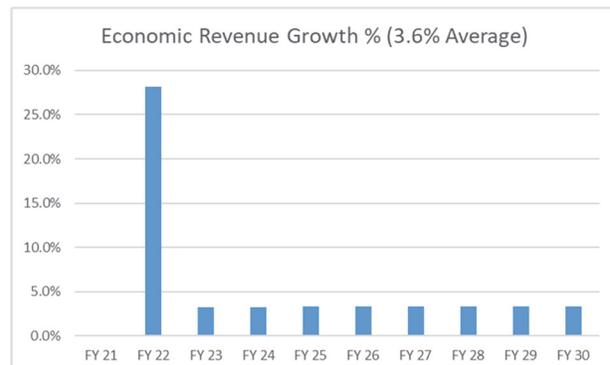
DOWNTOWN DEVELOPMENT ECONOMIC IMPACT

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

With Downtown



No Downtown



Below is the photo the future City village as approved by Governing Body:



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

FINANCIAL INFORMATION

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

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

(program #3), 3) public health expenses program (program #7), and 4) small business assistance program (program #2).

In addition, the City of Manassas Park was awarded federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds pursuant to the Appropriation Act mandated State Corporation Commission application process in the amount of \$156,172.64 to assist with municipal utility customer relief for all eligible customers of City of Manassas Park. Of this awarded amount the \$33,351.85 unspent fund was returned by December 1st of 2021 to the Virginia Department of Housing and Community Development (DHCD): Utility Assistance Program in which we helped over 250 residents with delinquency water bills. More recently, the City of Manassas Park was awarded collectively \$21 million in American Rescue Plan Act (ARPA) funds via the U.S. Department of Treasury from the county and non-entitlement shares. The first tranche of the ARPA funds was received in FY2022 and has not yet been spent.

The City of Manassas Park was also awarded another \$44k in ARPA funds for continuing Utility/Water assistance via the State of Virginia- Department of Housing and Community Development. These funds have been awarded, yet not received, program and more information are upcoming in January 2022.

With the passing of the Infrastructure Investment and Job Act (IIJA) bill, another large set of funding (tens of billions) will be given to the State and issued out to counties, cities, and towns via discretionary and formula grants. Similarly, in late Winter / early Spring, another large multi-billion dollars of grant funds will reach the State via the Build Back Better (BBB) bill. For both the IIJA and BBB, the City of Manassas Park is in good standing to help the City residents by providing more efficient public transportation, housing assistance, clean drinking water, electric vehicle charging stations, roads and bridge improvements, reliable broadband / high-speed internet, and improved infrastructure regarding extreme weather events and cyber-attacks.

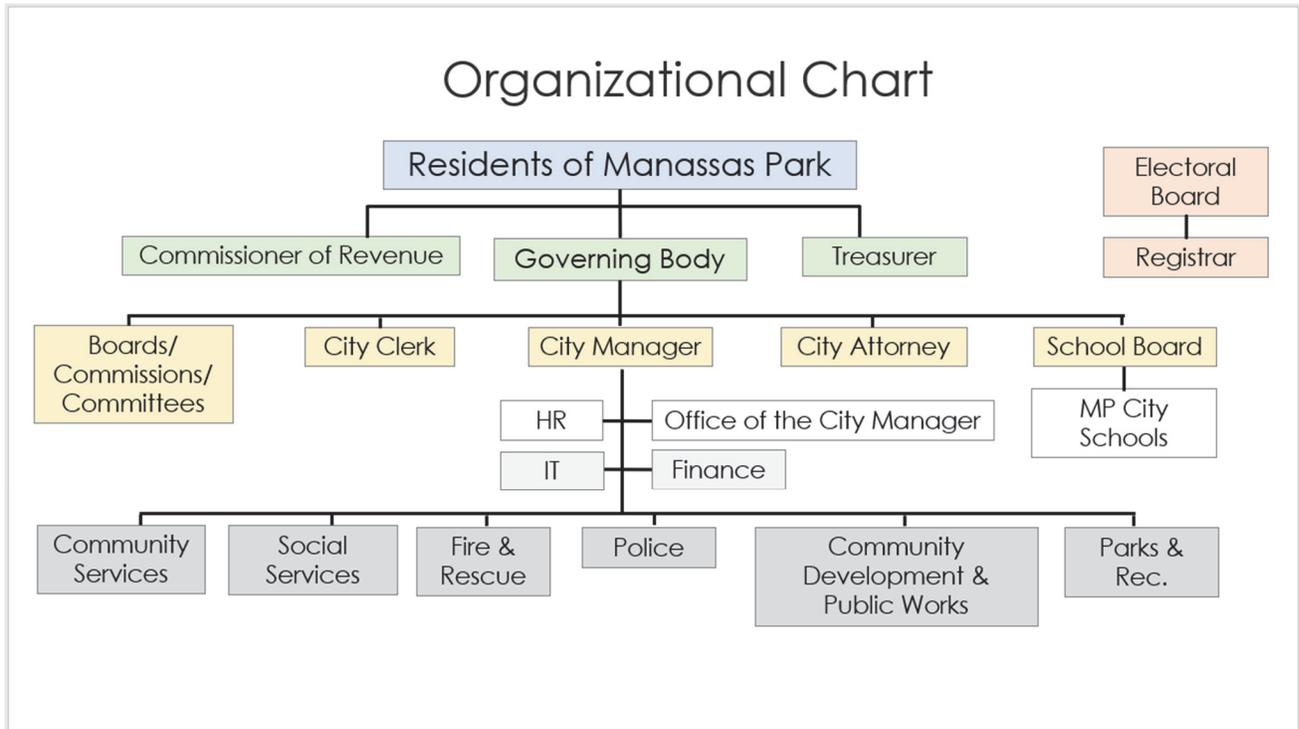
OTHER INFORMATION

Acknowledgements

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

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

Organizational Chart



Sincerely,

P. Yusuf

Pon Chen Yusuf, CPA

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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, 2020

Christopher P. Morill

Executive Director/CEO

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CITY OF MANASSAS PARK, VA

June 30, 2021

Governing Body

Jeannette Rishell, Mayor

Preston Banks, Vice-Mayor

Alanna Mensing

Laura Hampton

Yesy Amaya

Darryl Moore

Haseeb Javed

Other Officials

Laszlo Palko, City Manager

Lana A. Conner, City Clerk

Debra D. Wood, Commissioner of the Revenue

Patricia Trimble, Treasurer

Dr. Melissa Saunders, Superintendent of Schools

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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, 2021, 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, 2021, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021, the City restated beginning balances to reflect the requirements of GASB Statement No. 84 and to restate capital assets and accounts receivable. Our opinion is not modified with respect to this matter.

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 5-21, 127-130, and 131-154 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.

Other Matters: (Continued)

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 December 8, 2021, 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
December 8, 2021

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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, 2021. 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 FY2021 financial activities when compared to prior fiscal years given national economic challenges during the midst of the COVID-19 recession.

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, 2021 of \$34.6 million, comprised of \$17.4 million net investment in capital assets and \$17.3 million of unrestricted assets while the School Board reports a net negative position of \$0.5 million. Below are financial highlights of key changes by financial statement elements.

Assets:

- Cash and cash equivalents report an increase of \$12.9 million driven primarily from 1) the receipt of the first tranche of the American Rescue Plan award of about \$11 million, 2) the back tax collection of about \$0.5 million and 3) the increase in locally-assessed taxable real estate assessment value of 7.53% with the 95% collection.
- The Primary Government's net position and the School Board's net position both increased by \$10.8 million and 2.2 million, respectively (see "Change in net position" on Exhibit 2 on page 28-29). Same reasons as above.
- Net position of governmental activities increased to \$16.490 million from \$4.292 million while net position of business-type activities increased to \$18.131 million from \$17.877 million (see Exhibit 2 on page 28-29). The \$10.4 million change in the net position of governmental activities is primarily from the increase in capital assets.

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 1.92% from 2.45% and this resulted in the increase of deferred outflows or resources of \$81,147 (Note 21). This is the net effect of \$83,699 from differences between actual and expected experience and \$81,147 from changes of assumptions or other inputs.
- The Economic Development Authority of the City of Manassas Park issued \$27.1 million in revenue bonds in support of the City downtown development on March 23, 2021. Refer to the long-term debt section for more details.

Liabilities

Long-term obligations and capital leases, for the fiscal year ended on June 30 include but are not limited to the following City's governmental obligation activities. Note 6 on long-term obligations also report on these activities at a more summarized level.

- The City issued via EDA a lease revenue bond with a par amount of \$27,130,000 at a premium of \$4,157,258 in March of 2021 to fund the downtown development
- The Fire Department initiated the following lease for the Fire Medic unit with Republic First National Bank in the amount of \$306,238 for a five-year term with the interest rate of 2.793% on April 15, 2021.

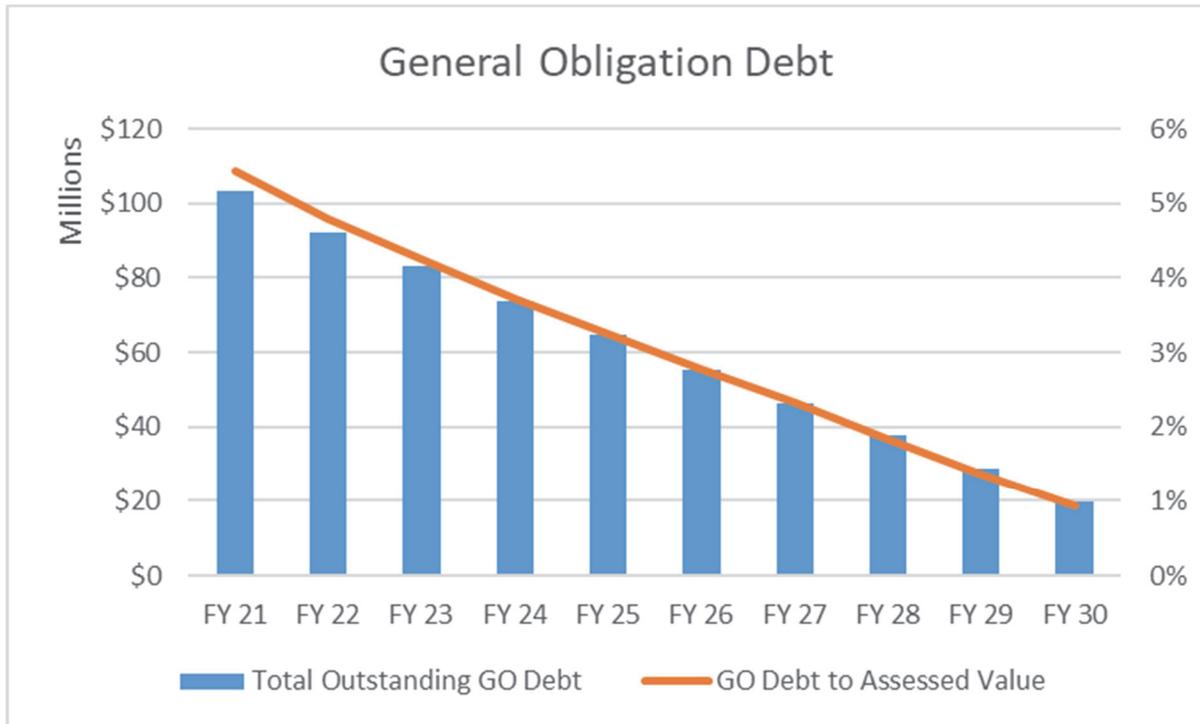
Lease Payment Schedule

Total Principal Amount: \$306,237.57

Payment No.	Due Date	Lease Payment	Principal Portion	Interest Portion	Termination Amount (After Making Payment for said Due Date)
1	15-Apr-2021	64,667.37	64,667.37	0.00	N/A
2	15-Apr-2022	64,667.37	57,920.56	6,746.81	N/A
3	15-Apr-2023	64,667.37	59,538.22	5,129.15	127,834.76
4	15-Apr-2024	64,667.37	61,201.07	3,466.30	64,797.66
5	15-Apr-2025	64,667.37	62,910.35	1,757.02	0.00
TOTAL		323,336.85	306,237.57	17,099.28	

Interest Rate: 2.793%

- Paid down about \$6.6 million in principal to include \$60,000 in State Literacy Fund Loans for Schools. For specific details refer to Note 6. The School’s state literacy loan was issued in the City name and this loan has been paid with the City government resources.
- Eligible callable securities are regularly reviewed with the City financial advisors and bond counsels for refunding.
- In FY2022 the City refunded VPPF 2015A taxable and tax-exempt securities with VRA in the public finance market.
- Below is a graphical presentation of the City general obligation det relative to the real estate assessment value over time. This graph excludes the EDA downtown lease revenue bonds. This will help put things in perspective for the long-term financial vision.



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

- The City's governmental funds reported a combined fund balance of \$43.6 million, up from \$7.9 million. This increase is comprised mainly of \$2.6 million from general fund, \$32.4 million from capital project fund, and \$0.9 million from non-major fund, net of \$0.3 million from proffer fund.
- On June 30, 2021 the General Fund, which accounts for the main operating activities of the City, reported an ending fund balance of \$11.0 million, an increase of \$2.6 million from June 30, 2020. The unassigned portion of the General Fund's fund balance was \$10.9 million, which is available for future spending at the City's discretion. (See "Total fund balances less Non-spendable" on Exhibit 3 on page 33). The General Fund had total revenues of \$48.0 million. (See Exhibit 4 on page 34).
- The Capital Projects Fund ended fiscal year 2021 with a fund balance of \$28.3 million, an increase of \$32.4 million over prior fiscal year. This is restricted for downtown construction projects in progress.

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 \$145.8 million increased by \$47.7 million with the current assets up by \$45.4 and capital assets up by about \$2.3 million. Downtown development transactions contributed to the increase of the current assets of \$30.4 million in investment and that of land by \$6.7 million. Refer to the downtown development section in the letter of transmittal and Note 6 on the long-term obligations for further details.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

Refer to the *Statement of Net Position* and the *Statement of Activities* as well as the condensed table below for the current and noncurrent assets information.

ASSETS:	FY 2021	FY 2020	FY 2021 vs. FY 2020
<i>Current Assets</i>			
Cash and cash equivalents	21.2	8.3	12.9
Investments	30.4	0.0	30.4
Internal balances			0.0
Receivables - property taxes	1.9	2.2	-0.2
Receivables - accounts receivable	3.5	1.2	2.3
Due from other governments	0.9	1.2	-0.3
Due from School Board	0.9	0.5	0.4
Prepaid items	0.1	0.2	-0.1
Total Current Assets	59.0	13.6	45.4
<i>Noncurrent Assets</i>			
Land	12.3	5.6	6.7
Intangibles	0.1	0.1	0.0
Infrastructure	8.8	9.5	-0.7
Utility plan and equipment			0.0
Buildings and improvements	29.4	29.9	-0.6
Equipment	2.2	2.4	-0.2
Jointly owned assets	31.9	36.3	-4.4
Construction in progress	2.0	0.6	1.4
Total Capital Assets	86.8	84.5	2.3
Total assets	145.8	98.1	47.7

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. There were no changes in service fee rates in FY2021.

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Proprietary Funds

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

Notes to the financial statements

The notes provide information that is essential to a full understanding of the data in the government-wide and fund financial statements and they can be found on pages 41-124.

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		
	2021	2020	Difference	2021	2020	Difference	2021	2020	Difference	2021	2020	Difference
ASSETS												
Current & other assets	\$ 59.0	\$ 13.6	45.4	\$ 12.7	\$ 12.7	0.0	\$ 71.7	\$ 26.3	45.4	\$ 7.8	\$ 7.7	0.1
Capital assets	86.8	84.5	2.3	15.8	16.4	-0.7	102.5	100.9	1.6	37.1	34.0	3.1
Total assets	\$ 145.8	\$ 98.1	47.7	\$ 28.5	\$ 29.1	-0.7	\$ 174.3	\$ 127.2	47.0	\$ 44.9	\$ 41.7	3.2
DEFERRED OUTFLOWS OF RESOURCES												
Total deferred outflows of resource	\$ 7.9	\$ 7.5	0.5	\$ 0.8	\$ 0.8	0.0	\$ 8.8	\$ 8.3	0.5	\$ 11.0	\$ 9.1	2.0
LIABILITIES												
Long-term debt outstanding	\$ 113.8	\$ 12.8	101.1	\$ 9.3	\$ 1.7	7.6	\$ 123.1	\$ 14.5	108.7	\$ 46.6	\$ 6.1	40.6
Other liabilities	22.9	87.9	-65.0	1.9	10.3	-8.4	24.8	98.2	-73.4	6.3	42.8	-36.5
Total liabilities	\$ 136.8	\$ 100.7	36.1	\$ 11.1	\$ 12.0	-0.8	\$ 147.9	\$ 112.7	35.2	\$ 52.9	\$ 48.9	4.0
DEFERRED INFLOWS OF RESOURCES												
Total deferred inflows of resources	\$ 0.5	\$ 0.6	-0.1	\$ 0.0	\$ 0.1	0.0	\$ 0.5	\$ 0.7	-0.2	\$ 3.5	\$ 4.9	-1.3
NET POSITION:												
Invested in capital assets	\$ 10.7	\$ 1.7	9.0	\$ 6.6	\$ 6.2	0.4	\$ 17.4	\$ 7.9	9.4	\$ 37.1	\$ 34.0	3.1
Unrestricted (deficit)	5.8	2.6	3.2	11.5	11.6	-0.1	17.3	14.2	3.0	-38.3	-37.0	-1.3
Total net position	\$ 16.5	\$ 4.3	12.2	\$ 18.1	\$ 17.9	0.3	\$ 34.6	\$ 22.2	12.5	\$ -1.2	\$ -3.0	1.8
Discussion reference #	#4	#5	#6 & 9	#7 & 8	#2	#1						#3

The City's combined net position for the primary government reflects primarily the downtown development transactions to include the \$27.1 million funding, the \$8.7 million disposition of the City land Lot 4A net with the acquisitions of land Lots 5A, 5B, 5C and 1A. Below is a detailed list of activities reflected in the City's net position:

1. Increase in the net position of the primary government from \$22.2 million at June 30, 2020 to
2. \$34.6 million at June 30, 2021. The City's net position of governmental activities invested in capital assets also includes 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. As explained in Exhibit 5, government funds report capital outlays as expenditures while the cost of these assets is allocated over their estimated useful lives and reported net of depreciation expense. For FY2021 there was a net capital outlay of \$5.25 million and a net sum of proceeds from issuance of long-term obligations of \$24.5 million.
3. The Component Unit School Board's net position improved by \$3.1 million, reflected the transfer of joint tenancy assets from Primary Government to the Component Unit School Board.
4. The net position of the City's governmental activities is \$16.5 million, collectively reflecting the net activities of the previously items as explained.

5. an increase of \$12.2 million from \$4.3 in FY2020.
6. while the net position of the City's business-type activities is \$18.1 million also reflects
7. an increase of \$0.3 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.
8. The unrestricted net position of the business-type activities decreased slightly by \$0.1 million to
9. \$11.5 million as of June 30, 2021.

Statement of Activities (Exhibit 2)- 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:

FY2021 governmental activities reported positive net changes in fund balance. General Fund reported a net positive change in fund balance of \$2.7 million. This was driven by a back tax collection of \$0.5 million, a 7.53% increase in tax revenues for the year primarily due to an increase of 7.53% in the taxable property values, driven by increased local real estate market values. Below is a quick snapshot of the increase in total revenues and expenses.

- Total revenues increased by \$2.7 million (\$2.2 million in operating grants and \$0.5 million in capital grants)
- Total expenses increased by \$2.5 million driven by \$2.2 million increase in general government
- A restatement of the beginning net position in the amount of \$1.8 million for governmental activities resulted from the implementation of GASB Statement No. 84 for both the City and School Board, land, and accounts receivable update for Solid Waste Fund (refer to Note 1.W)

Business-type Activities:

To help the City's residents cope with the COVID-19 recession there was no increase in any of the City's service fees in FY2021. Part of the water service fee was funded by the CARES ACT Municipal Utility Relief fund for customers with delinquent account balances. About 250 delinquent customers applied and received financial assistance with their delinquent water service accounts. Below is a high-level summary of total revenues and expenses for the year.

- Total revenues increased by \$155,579, including \$69,568 in charges for services and \$86,011 in operating grants
- Total Expenses went up by \$235,623, of which \$124,555 was in Water and Sewer.

Statement of Activities (Exhibit 2)
Changes in Net Position (000s omitted)
For Fiscal Years Ending June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program revenues:								
Charges for services	\$ 1,584	\$ 1,669	\$ 10,240	\$ 10,170	\$ 11,824	\$ 11,839	\$ 427	\$ 316
Operating grants and contributions	5,842	3,508	-	-	5,842	3,508	33,106	30,042
Capital grants and contributions	500	32	-	-	500	32	-	-
General revenues:								
Property taxes	32,022	31,453	-	-	32,022	31,453	-	-
Other taxes	6,561	6,140	-	-	6,561	6,140	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	15,078	16,026
Grants and contributions not restricted to specific programs	2,233	2,797	-	-	2,233	2,797	1	19
Gain on sale of capital assets	7,319	-	-	-	7,319	0	-	-
Other	798	1,007	63	126	861	1,133	542	391
Total Revenues	\$ 56,860	\$ 46,606	\$ 10,303	\$ 10,296	\$ 67,162	\$ 56,902	\$ 49,155	\$ 46,794
Expenses:								
General government	\$ 6,683	\$ 4,434	\$ -	\$ -	\$ 6,683	\$ 4,434	\$ -	\$ -
Judicial administration	582	555	-	-	582	555	-	-
Public safety	9,662	9,043	-	-	9,662	9,043	-	-
Public works	2,699	2,345	-	-	2,699	2,345	-	-
Health and welfare	4,147	3,994	-	-	4,147	3,994	-	-
Education	16,135	17,152	-	-	16,135	17,152	-	-
Parks recreation and cultural	3,565	4,238	-	-	3,565	4,238	-	-
Community development	614	533	-	-	614	533	-	-
Interest on long-term debt	3,755	3,049	-	-	3,755	3,049	-	-
Water and Sewer	-	-	8,564	8,328	8,564	8,328	-	-
School Board	-	-	-	-	-	-	46,547	44,143
Total Expenses	\$ 47,841	\$ 45,343	\$ 8,564	\$ 8,328	\$ 56,405	\$ 53,671	\$ 46,547	\$ 44,143
Increase in net position before Transfers								
Transfers	\$ 9,018	\$ 1,262	\$ 1,739	\$ 1,968	\$ 10,757	\$ 3,230	\$ 2,608	\$ 2,651
Transfers	1,378	1,438	(1,378)	(1,438)	-	-	-	-
Increase In net position	\$ 10,396	\$ 2,700	\$ 361	\$ 530	\$ 10,757	\$ 3,230	\$ 2,608	\$ 2,651
Net Position - beginning	6,094	1,593	17,877	17,347	23,971	18,940	(2,997)	(5,648)
Net Position - ending	\$ 16,490	\$ 4,293	\$ 18,239	\$ 17,877	\$ 34,728	\$ 22,170	\$ (389)	\$ (2,997)

Governmental Activities

Revenues – Governmental Activities

For FY 2021, revenues from governmental activities totaled \$56.9 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (about 56.3 percent). General Property Tax revenues were about \$32.0 million, including \$0.5 million in delinquent tax revenues with penalty and interest. Real Property Tax, the City's largest single source of revenue, accounted for \$28 million, which represents about half of total revenues.

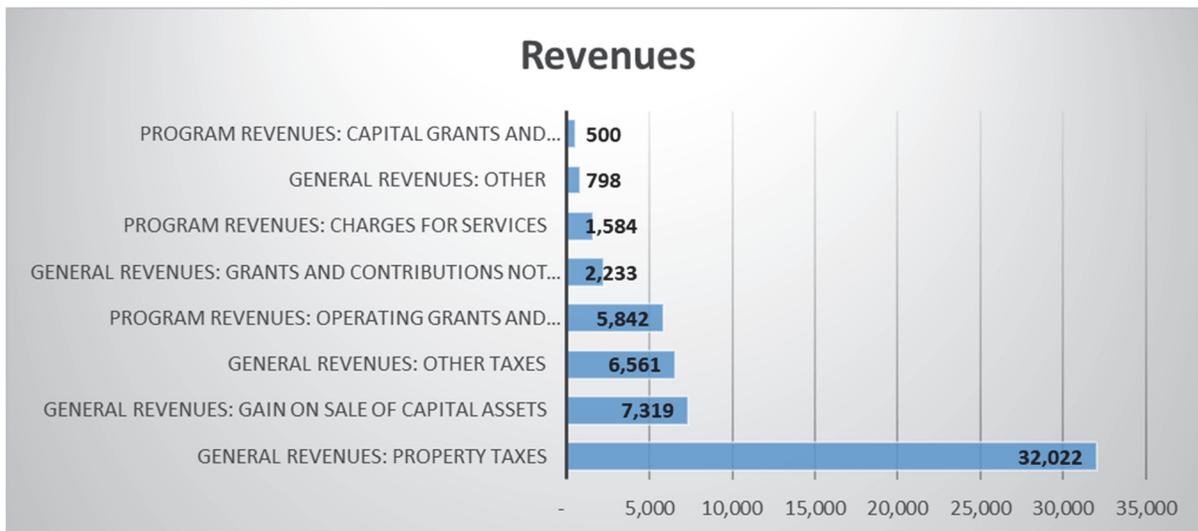
The City received a total \$5.5 million from Personal Property Taxes, which is comprised of taxes on individual automobiles, business personal property, and machinery and tools, the second largest revenue source. In addition to the \$4.5 million, the City received reimbursement from the Commonwealth 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 were about \$6.561 million. See below for the itemized list of taxes (presented in thousands) and how much they changed from the prior fiscal year. Local sales and use taxes, 40% of the total other taxes, had the most increase of \$395K in FY2021 when compared to FY2020.

<i>Itemized list of other taxes:</i>	FY2021	FY2020	FY21 vs. FY20
Local sales and use taxes	2,628	2,233	395
Consumer utility taxes	833	823	10
Business license taxes	1,005	1,232	(226)
Motor vehicle licenses	426	443	(17)
Recordation taxes	356	168	189
Meal tax	370	479	(110)
Cigarette taxes	215	180	35
Other taxes	728	1,060	(332)
	<u>6,561</u>	<u>6,618</u>	<u>(57)</u>

Revenue by Source - Governmental Activities

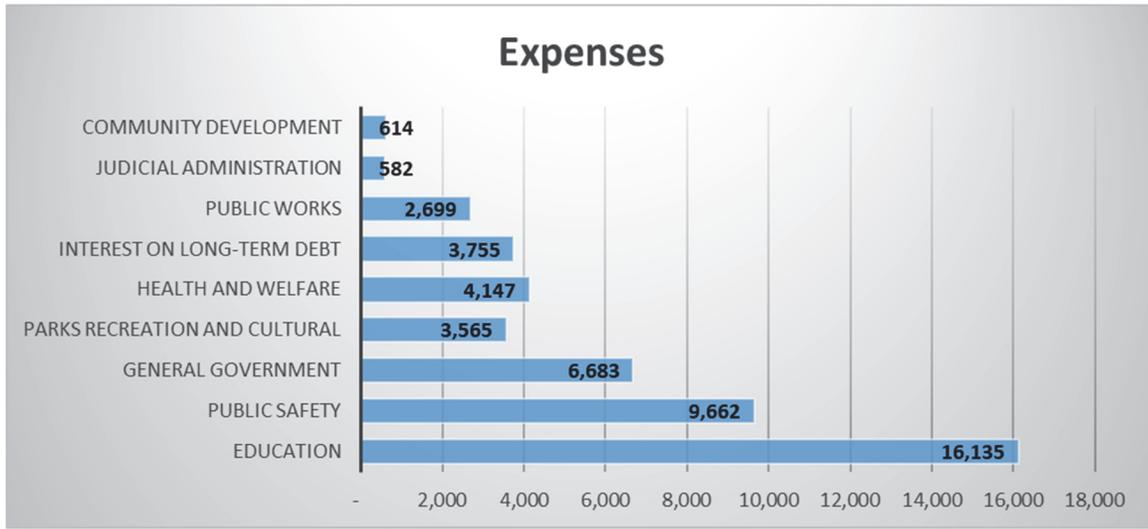
General property tax revenues continue to be the primary source of revenue for the City's day-to-day operation. This includes real and personal property taxes. Real estate tax rate remains at 1.55 per \$100 of the assessed home value. The personal property tax rate also remains unchanged in fiscal year 2021 at \$3.50 per \$100 of assessed personal property value. Total revenues went up \$10.254 million or 22.0% where the most increase of \$7.319 million is from the disposition gain of capital assets and \$0.990 million from general property tax and other taxes. This reflects an increase in the real estate assessment of \$133.3069 million with \$10.2752 million growth from new development and \$123.0317 million appreciation in existing stock. The housing market has been strong and is still growing. With the Governing Body approved long-term city downtown development, the City is hoping a continually improved real estate market. This improving trend when continued will allow for a tax cut for residents sooner than planned for. Increases in other local taxes include \$395K in local sales and use tax, \$189K in recordation taxes, \$35K in cigarette taxes and \$10K in consumer utility taxes while decreases happened with business licenses (\$226K) and meals tax (\$110K).



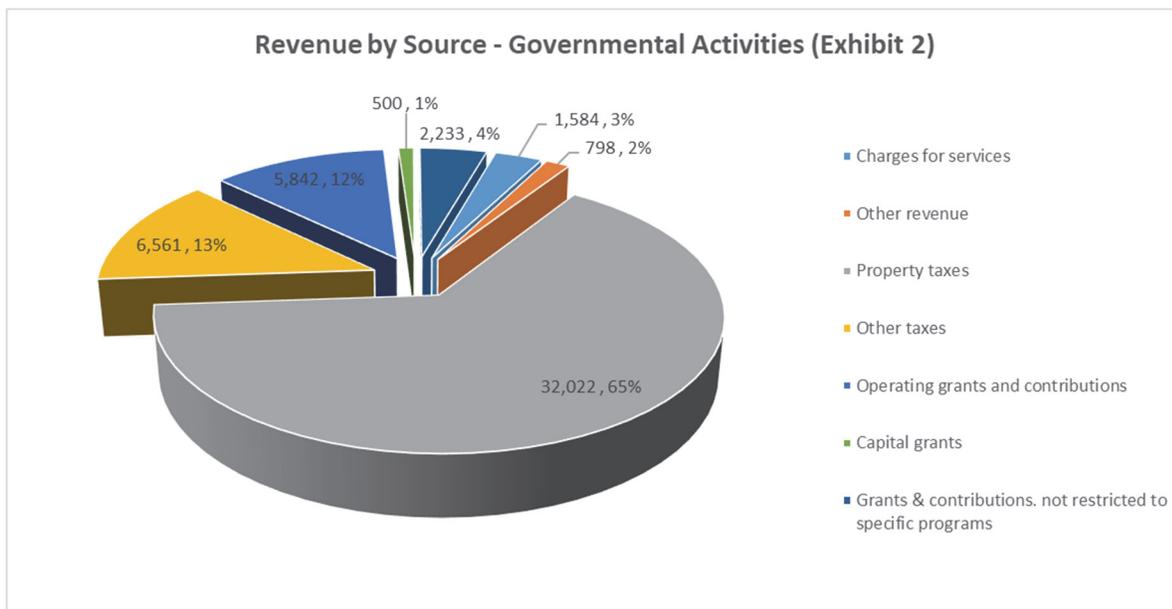
Expenses – Governmental Activities

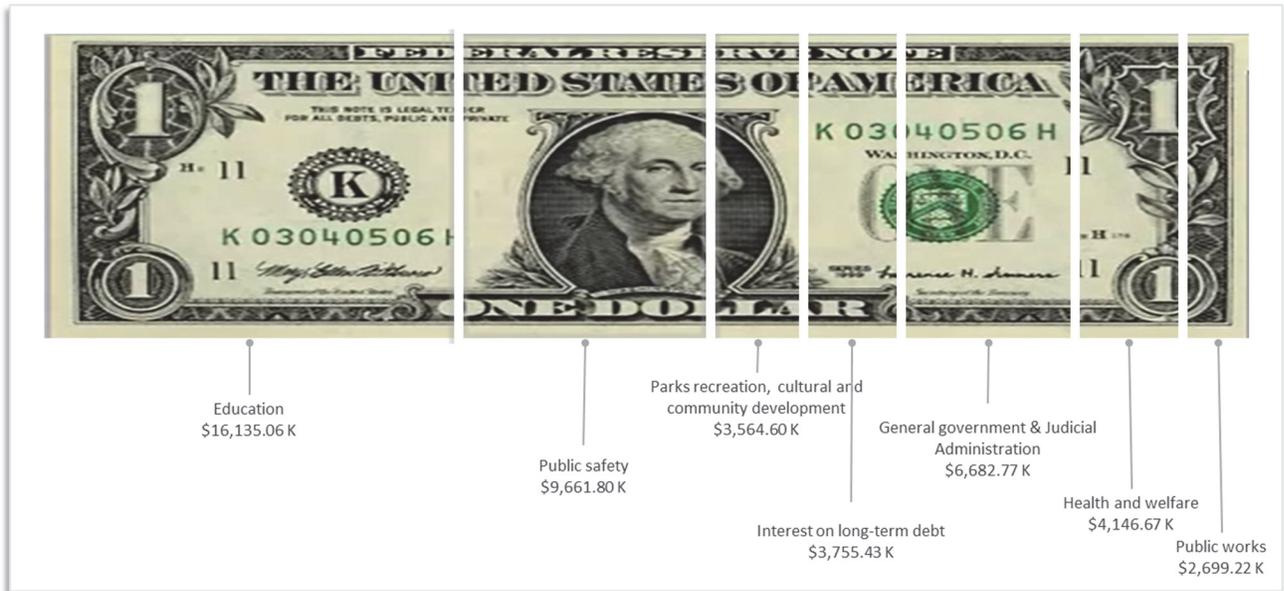
FY 2021 expenditures for governmental activities totaled \$47.841 million. The City's five largest funded programs are 1) Education, 2) Public safety, 3) General government, 4) Health and welfare, and 5) Parks and Recreation. Education and public safety continue to be one of the City's highest priorities. The City's education expenditures decreased from \$17.2 million to \$16.1 million when compared to the last fiscal year due to the return of \$0.9 million of fund balance to the City. Education, public safety, public health / welfare, general government and debt service payments made up

about eighty-four 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):



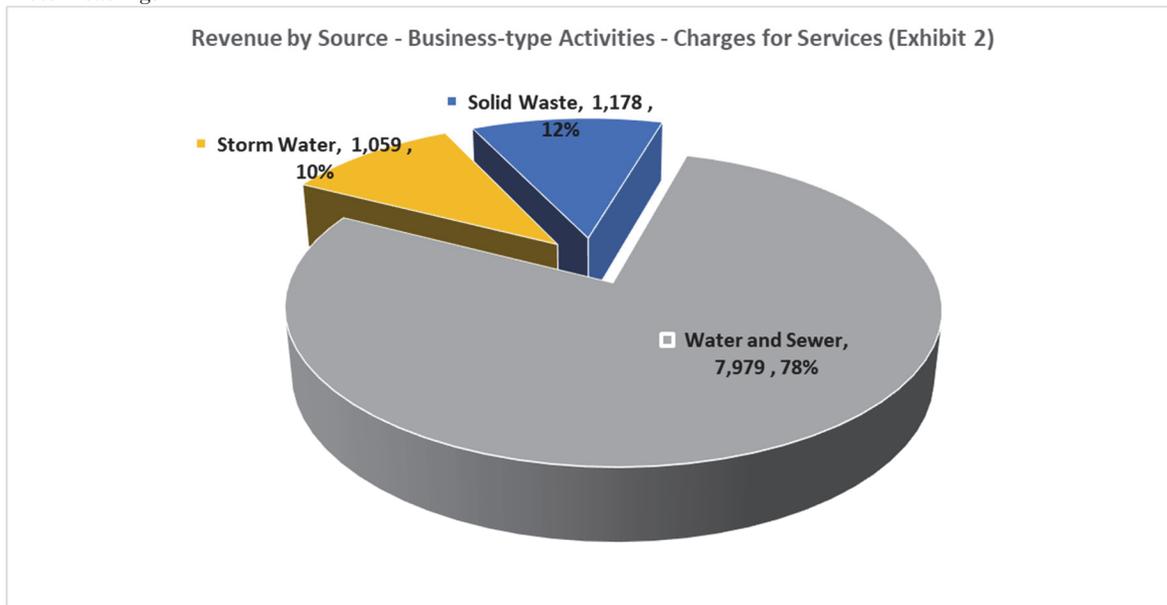


Business-Type Activities

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 \$0.4 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, 2021 total net position for business-type activities was \$18.1 million, of which \$6.6 million is invested in capital assets. The balance of \$11.5 million is unrestricted and available to provide funding for future operations (Exhibit 1, page 25).

Revenues – Business Activities

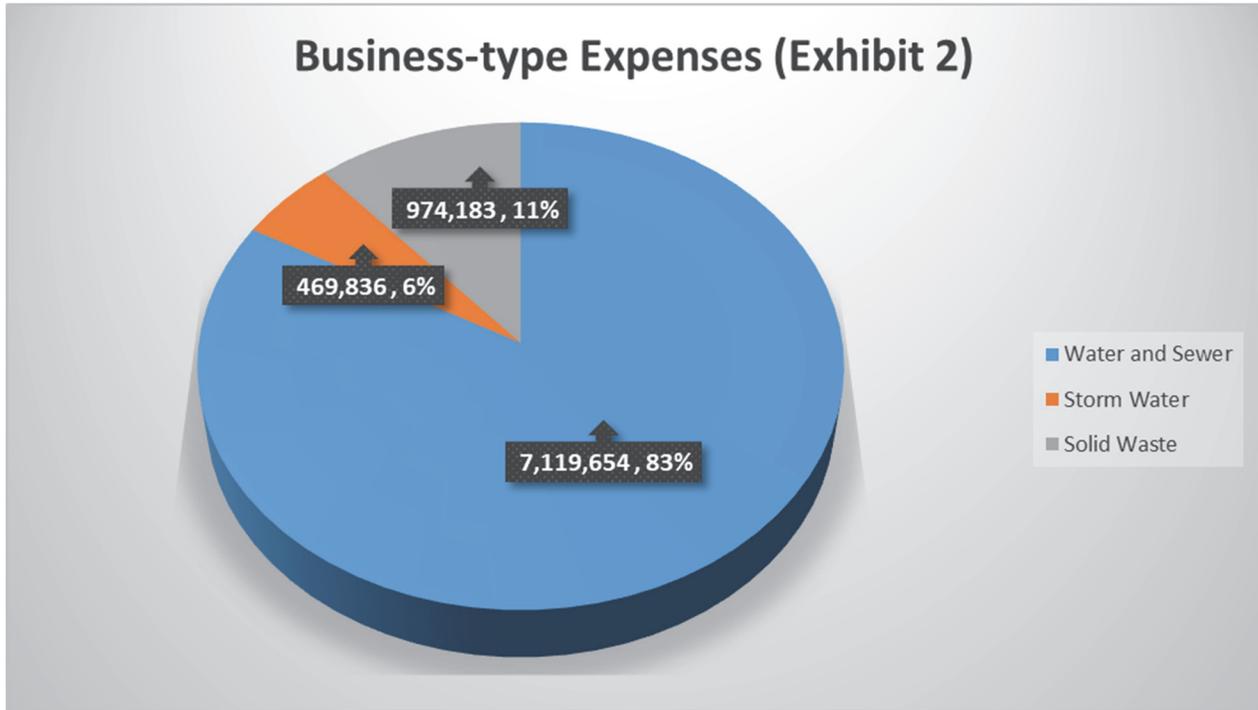
Revenues for business activities went up by \$69.568K from charges of services resulted from improved or replaced meter readings.



Expenses – Business Activities

Expenses, including interest expense, totaled \$8.563 million, up \$235,623 from the prior fiscal year. The increase was due in part to an increase of \$146K in operating expenses, of which \$49K is in personnel costs. 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 \$315,843 to \$427 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, Proffer 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 2021, the City's governmental funds reported an increase in all funds with a combined fund balance of \$43.6 million, up from \$7.9 million. Capital project fund had the most change in fund balance of \$32,425,589, driven mainly from the downtown transactions (funding and property transactions). In this fiscal year general fund had a net increase in fund balance of \$2,651,228 (driven mainly from the 7.53% increase in taxable real property assessment value) while non-major fund had a net increase of \$897,178 (including \$592,509 NVTA 30% Locality Revenue plus a \$304,668 transfer in from Proffer Fund). The City did not receive any additional proffer money in FY2021. See net changes in fund balances on Exhibit 4 (page 34).

General Fund

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

Revenues – General Fund

Total revenues went up \$3.1 million or 6.8% where the most increase of \$1.2 million or 2.7% is from the general property taxes. This reflects an increase in the real estate assessment of \$133.3 million with \$10.3 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 \$2.6 million of the federal revenues from the realization of the CARES ACT funding deferred revenue. Taxes represent the major source of revenues (roughly 80%). This is made up of 67% of general property taxes and 12% of other local taxes (namely meals tax and business licenses).

Year over year changes in other local taxes are detailed below where recordation and utility consumption taxes are the top two with the most increase from the prior fiscal year. These are expected local economy tax impact results from the pandemic.

Description		Change from FY2020
Recordation Taxes	↑	\$ 118,038
Utility Taxes - Consumption	↑	\$ 84,540
Local Sales Tax	→	\$ 44,693
Utility Taxes - Electric	→	\$ 29,035
Meals Tax	→	\$ 7,084
Bank Stock Taxes	→	\$ 5,389
Developer's Fee Revenue	↓	\$ (25,000)
Utility Taxes - Gas	↓	\$ (16,675)
Business Licenses	↓	\$ (18,519)
Motor Vehicle Licenses	↓	\$ (73,947)
Cigarette Tax	↓	\$ (24,676)

General Fund Revenue – Budget vs. Actual

The total actual revenues for general fund when compared to the budgeted revenues came down due to the COVID-19 post-pandemic effect and low interest rate. General property taxes and revenue from use of money and property are the two main areas where the actual revenues are below the budgeted amount by \$636,982 and \$37,945, respectively.

Expenditures – General Fund

Total general fund expenditures of \$36,124,359, not including transfers out can be found on Exhibit 4 (page 34). All items but education, parks, recreation, culture and debt issuance costs went up. Excluded are transfers out of \$10.6 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 FY2021.

Statement of Revenues, Expenditures and Changes in Fund Balance								
	FY2021				FY2021 vs. FY2020			
	General	Capital Projects Fund	Debt Service Fund	Total Governmental Funds	General	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures:								
Current								
General government administration	6,373,202.00	239,395.00		6,612,597.00	2,333,452.00	146,798.00	-	2,480,250.00
Judicial administration	582,085.00	-		582,085.00	27,572.00	-	-	27,572.00
Public safety	8,230,181.00	321,273.00		8,551,454.00	420,099.00	(148,776.00)	-	271,323.00
Public works	1,670,566.00	8,082,502.00		9,753,068.00	164,371.00	7,444,653.00	-	7,609,024.00
Health and welfare	4,043,752.00	-		4,043,752.00	130,548.00	-	-	130,548.00
Education	11,734,577.00	-		11,734,577.00	(128,564.00)	-	-	(128,564.00)
Parks, recreation, and cultural	2,906,885.00	138,666.00		3,045,551.00	(534,734.00)	(77,835.00)	-	(612,569.00)
Community development	583,111.00	-		583,111.00	61,962.00	-	-	61,962.00
Debt service:								
Principal retirement	-	459,766.00	6,189,644.00	6,649,410.00	-	107,934.00	(753,723.00)	(645,789.00)
Interest and other fiscal charges	-	281,283.00	3,279,910.00	3,561,193.00	-	249,964.00	21,419.00	271,383.00
Bond issuance costs	-	640,477.00	-	640,477.00	(429,035.00)	640,477.00	-	211,442.00
Total expenditures	36,124,359.00	10,163,362.00	9,469,554.00	55,757,275.00	2,045,671.00	8,363,215.00	(732,304.00)	9,676,582.00

Fund Balance – General Fund

The fund balance for General Fund increased by \$186K. Net changes in general fund balances by GASB Statement #54 classifications are highlighted below:

- Non-spendable fund balance decreases by \$95,789 from a net reduction in prepaid postage and membership; reduction in travel and education continued into the post-COVID-19 pandemic.
- Spendable fund balance increased by \$2,747,017, primarily from the \$1.5 million increase in general property tax revenues, other local taxes and fees. Half a million of which is from the back tax collection.

Fund Balance – Other Governmental Funds

- Capital Project Fund: only the capital project fund reports an unassigned fund balance of \$4.12 million resulted mainly from the disposition proceeds of land Lot 4-2 related to the downtown property transactions.
- Fund balance of the Proffer Fund decreased by \$304,668 due to transfers out of the fund.
- Other governmental funds report primarily a net change in committed fund balances. The \$28.3 million net change in committed fund balance for the capital project fund is from the downtown funding in March of 2021 via the Economic Development Authority of the City of Manassas Park.

Proprietary Funds

The City of Manassas Park's proprietary fund statements (Exhibits 6 and 7, pages 36-37) 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.

FY2021 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, 2021, the Water and Sewer, Storm Water, and Solid Waste Management Funds ended the fiscal year with a net position of \$16.1 million, \$2.1 million, and \$(0.1) million, respectively where both Water and Solid Waste Management Funds reported a net loss in their net position. There was no rate increase in FY2021 for both Storm Water and Solid Waste Management Funds to help residents during COVID-19 recession.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

CAPITAL ASSETS

As of June 30, 2021, the City’s investment in capital assets for governmental activities totaled \$86.754 million, net of accumulated depreciation and amortization. This represents a net increase in capital assets of \$2.289 million, or 2.7% percent over the prior year. The increase is due mainly to the net acquisition of downtown properties net of the disposition of jointly owned assets of \$4.400 million.

The following summarizes capital assets as of June 30, 2021:

	FY2021				FY2021 vs. FY2020			
	Governmental Activities	Business-type Activities	Total	School Board	Governmental Activities	Business-type Activities	Total	School Board
ASSETS								
Noncurrent Assets								
Capital assets (net of accumulated depreciation)								
Land	12,298,832		12,298,832	1,637,491	6,738,049	-	6,738,049	-
Intangibles	108,699		108,699		-	-	-	-
Infrastructure	8,833,812		8,833,812		(668,640)	-	(668,640)	-
Utility plant and equipment		15,761,701	15,761,701		-	(681,970)	(681,970)	-
Buildings and improvements	29,390,373		29,390,373	33,560,491	(551,066)	-	(551,066)	3,790,259
Equipment	2,202,358		2,202,358	1,905,846	(213,861)	-	(213,861)	142,235
Jointly owned assets	31,917,226		31,917,226		(4,400,481)	-	(4,400,481)	-
Construction in progress	2,002,241	-	2,002,241	-	1,384,936	-	1,384,936	(830,372)
Total capital assets	86,753,541	15,761,701	102,515,242	37,103,828	2,288,937	(681,970)	1,606,967	3,102,122
Total Assets	145,770,310	28,481,051	174,251,361	44,889,036	15,489,099	(838,508)	47,008,414	3,229,921

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.

The City sold Lot 4-2 land and acquired Lots 5A, 5B, 5C and 1A. More specific information on the downtown real property transactions are explained below.

Lot 4-2 was sold for \$8.7 million, which was deposited into two escrow accounts:

- 1) The Phase 1A Initial Deposit, in the amount of \$5 million, which was used to purchase three parcels across the street from City Hall (Lots 5A, 5B, and 5C) (the City referred to these lots as the Leatherbury tract). Since the City closed on the Leatherbury tract, no money remains in the Phase 1A Initial Deposit.
- 2) The Phase 1A Second Deposit, in the amount of \$3.7 million, was used primarily to acquire Lot 1A. These costs include the settlement price of \$1.8 million, plus the costs to relocate the tenant (Shippers’ Choice) and legal costs associated with eminent domain. So far, \$1,269,200 has been drawn from the Phase 1A Second Deposit; this was then deposited with Prince William Circuit Court along with the filing of the Certificate of Take for Lot 1A. The Escrow Agreement between the City, and the Village at Manassas Park, LLC, and Fidelity National Title Insurance Company (the “Escrow Agent”) requires the Escrow Agent to release the remainder of the Phase 1A Second Deposit (\$2,430,800) to the City once the City has approved the Phase 2 Rezoning (defined in the Comprehensive Development Agreement between the City and the Village at

Manassas park, LLC) and both the City and the Village at Manassas park, LLC have each provided written confirmation of such approval. Since the Phase 2 Rezoning has been approved, all that needs to be done is for both parties to provide written confirmation to the Escrow Agent. This remaining fund is expected to come in December of 2021.

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

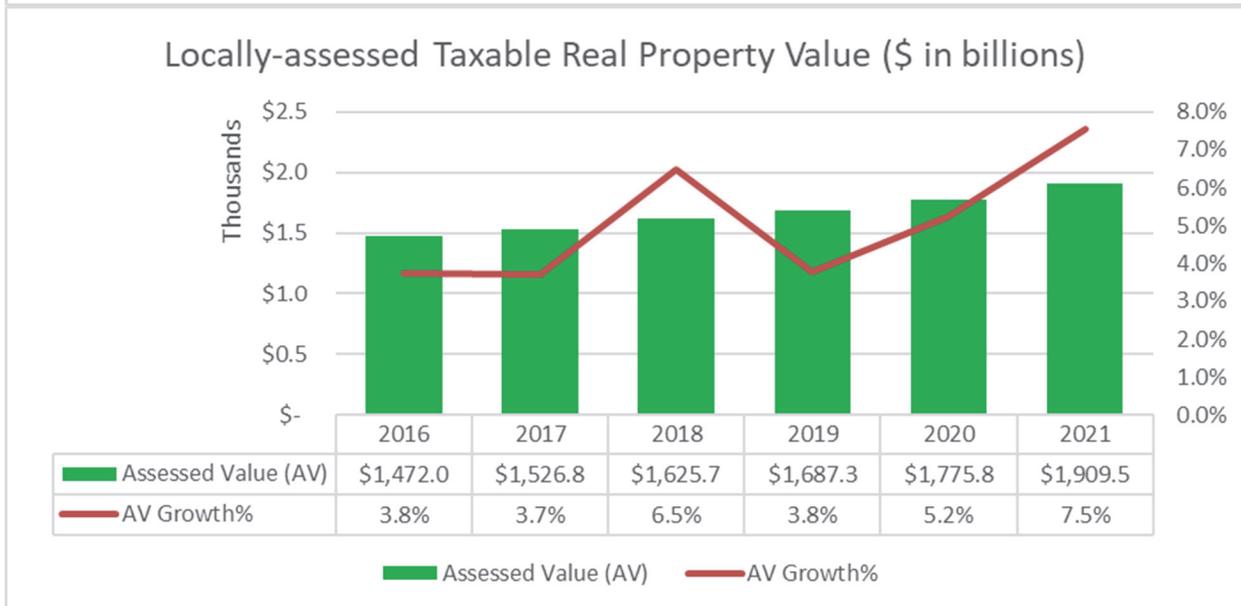
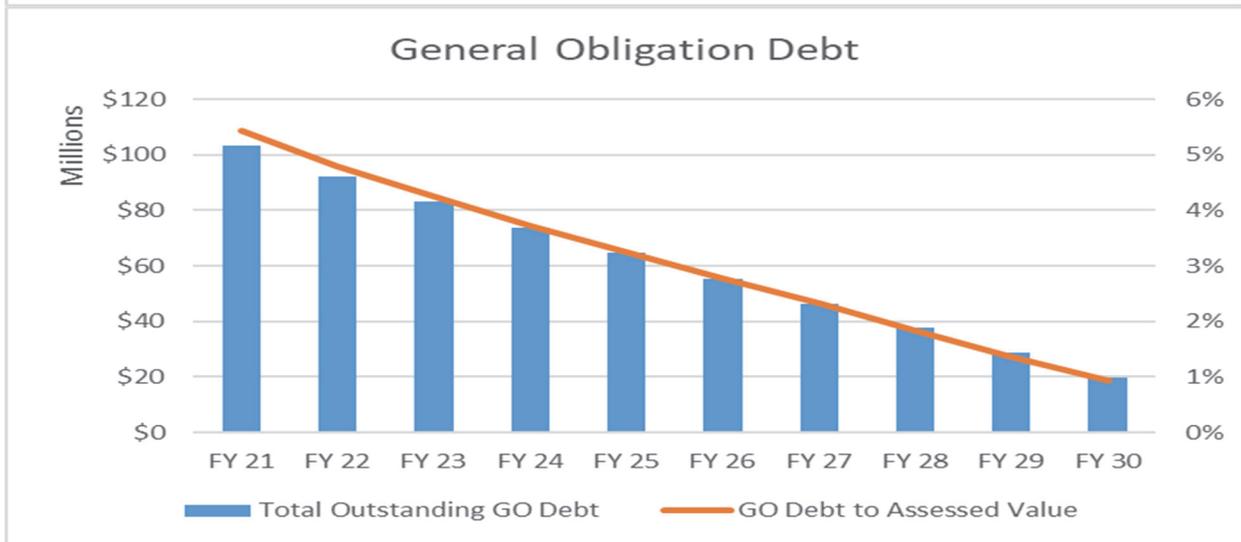
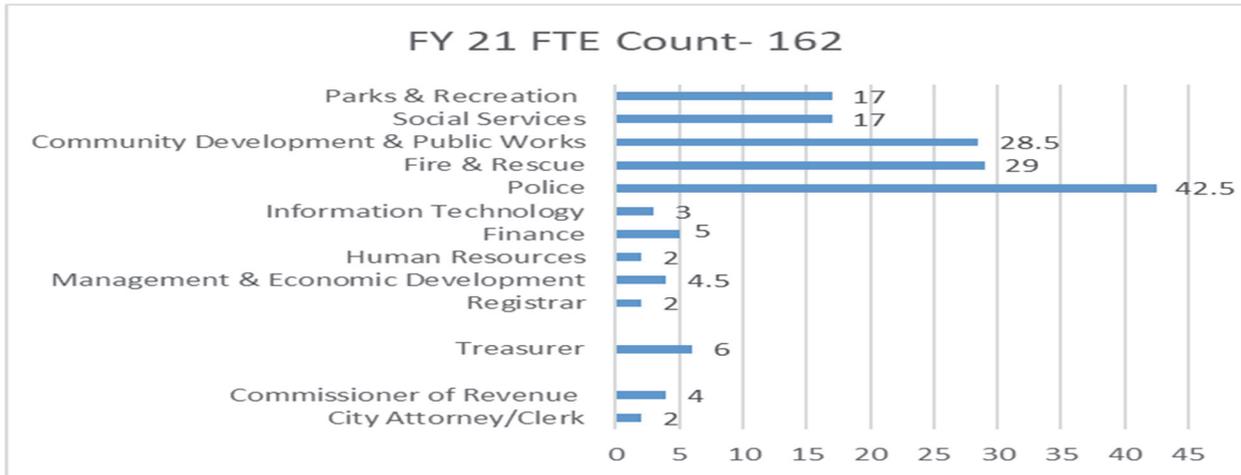
On March 23, 2021, the Economic Development Authority of the City of Manassas Park did a closing on the issuance of general long-term revenue bond obligations in support of the City downtown development as approved by the City Governing Body. Below is a statement of sources and uses of funds on this issuance:

Sources and Uses of Funds

Sources of Funds	Amount
Bond Proceeds:	
Par Amount	27,130,000.00
<u>Net Premium</u>	<u>4,157,257.95</u>
Total Bond Proceeds	31,287,257.95
Total Sources of Funds	\$31,287,257.95
Uses of Funds	Amount
Project Fund	27,702,469.34
Capitalized Interest Fund	2,921,313.61
Costs of Issuance	460,000.00
Underwriter's Discount	203,475.00
Total Uses of Funds	\$31,287,257.95

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 59).

ADDITIONAL CHART INFORMATION



The above chart on FY21 FTE reports a total count of 162, up 3 from FY20 where 5 (down from 7) is in Finance. The two FTE from Finance went to Human Resources and City Management Office with one FTE increase in Parks & Recreation.

Locally-assessed taxable real property shows an upward trend between 5 to 7.5% increase facilitating the debt payment and improving local economy. As shown on the general obligation debt chart, the annual principal paydown is about one percent.

BUDGET TO ACTUAL VARIANCE ANALYSIS:

REVENUES – BUDGET VS. ACTUAL:

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 32,846,343	\$ 32,881,576	\$ 32,244,594	\$ (636,982) a
Other local taxes	4,787,955	5,462,148	5,922,293	460,145
Permits, privilege fees and regulatory licenses	257,672	287,467	301,300	13,833
Fines and forfeitures	235,650	337,949	420,958	83,009
Revenue from use of money and property	109,840	109,840	71,895	(37,945) b
Charges for services	1,621,451	766,266	861,607	95,341
Miscellaneous	326,069	414,467	205,800	(208,667) c
Intergovernmental:				
Commonwealth	4,555,969	4,719,984	4,534,655	(185,329) d
Federal	835,007	3,496,412	3,468,650	(27,762) e
Total revenues	\$ 45,575,956	\$ 48,476,109	\$ 48,031,752	\$ (444,357)

- a) General property taxes – Under budget \$636,982: mostly in personal property taxes due primarily to abatements
- b) Revenue from use of money and property – Under budget \$37,945: driven by a drop in interest rates
- c) Miscellaneous – Under budget \$208,667: mostly from \$220K prior period adjustments related to credit card receivable for Parks and Recreation activities not properly accounted for when merchant settlement from Rec1 was received
- d) Intergovernmental Commonwealth – Under budget \$185,329: due to much lower-than-expected activities from 855 State DSS - Laser Reimbursement and Comprehensive Service Act Reimbursement
- e) Intergovernmental Federal – Under \$27,762: same reason as above but related to the federal portion

EXPENDITURES – BUDGET VS. ACTUAL

Overall all departmental expenditures (Exhibit 11) came under budget. Some of these departments with under budget amounts include:

- Total general government administration - \$161,306
- CSA / Welfare expenditures - \$264,474
- Education - \$913,758 Schools surplus was reverted back to the City per the approved resolution.
- Parks & Recreation – mostly personnel costs \$103,404
- Public safety – \$396,286

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

Government-wide Financial Statements

Statement of Net Position
At June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 21,181,714	\$ 11,116,510	\$ 32,298,224	\$ 5,215,056
Investments	30,438,568	12,117	30,450,685	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,928,965	-	1,928,965	-
Accounts receivable	3,516,893	1,590,723	5,107,616	102,125
Due from other governments	948,513	-	948,513	1,786,746
Pension asset	-	-	-	603,817
Net OPEB asset	-	-	-	10,394
Inventory	-	-	-	20,481
Prepaid items	88,358	-	88,358	46,589
Due from component unit - School Board	913,758	-	913,758	-
Total Current Assets	\$ 59,016,769	\$ 12,719,350	\$ 71,736,119	\$ 7,785,208
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 12,298,832	\$ -	\$ 12,298,832	\$ 1,637,491
Intangibles	108,699	-	108,699	-
Infrastructure	8,833,812	-	8,833,812	-
Utility plant and equipment	-	15,761,701	15,761,701	-
Buildings and improvements	29,390,373	-	29,390,373	33,560,491
Equipment	2,202,358	-	2,202,358	1,905,846
Jointly owned assets	31,917,226	-	31,917,226	-
Construction in progress	2,002,241	-	2,002,241	-
Total capital assets	\$ 86,753,541	\$ 15,761,701	\$ 102,515,242	\$ 37,103,828
Total Assets	\$ 145,770,310	\$ 28,481,051	\$ 174,251,361	\$ 44,889,036
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,638,007	\$ 245,358	\$ 2,883,365	\$ 9,797,537
OPEB related items	849,040	27,712	876,752	1,220,359
Deferred charge on refunding	4,462,780	535,970	4,998,750	-
Total deferred outflows of resources	\$ 7,949,827	\$ 809,040	\$ 8,758,867	\$ 11,017,896
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 866,082	\$ 220,417	\$ 1,086,499	\$ 1,071,655
Customer deposits	-	125,784	125,784	-
Accrued liabilities	1,182,246	185,829	1,368,075	4,238,680
Due to primary government	-	-	-	913,758
Amounts held for others	436,191	-	436,191	-
Unearned revenue	11,347,824	70,162	11,417,986	18
Accrued interest payable	977,640	96,095	1,073,735	-
Long-term obligations -current portion	8,114,679	1,161,716	9,276,395	45,026
Total Current Liabilities	\$ 22,924,662	\$ 1,860,003	\$ 24,784,665	\$ 6,269,137
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	113,833,944	9,285,467	123,119,411	46,628,512
Total Liabilities	\$ 136,758,606	\$ 11,145,470	\$ 147,904,076	\$ 52,897,649
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 21,919	\$ 784	\$ 22,703	\$ 3,234,392
OPEB related items	449,853	12,431	462,284	310,997
Total deferred inflows of resources	\$ 471,772	\$ 13,215	\$ 484,987	\$ 3,545,389
NET POSITION				
Net investment in capital assets	\$ 10,730,463	\$ 6,639,399	\$ 17,369,862	\$ 37,103,828
Restricted:				
Net OPEB asset	-	-	-	10,394
Net pension asset	-	-	-	603,817
Unrestricted assets	5,759,296	11,492,007	17,251,303	(38,254,145)
Total Net Position	\$ 16,489,759	\$ 18,131,406	\$ 34,621,165	\$ (536,106)

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,682,773	\$ 15,182	\$ 2,288,571	\$ -
Judicial administration	582,085	421,335	-	-
Public safety	9,661,800	256,309	962,467	-
Public works	2,699,216	263,888	750,878	499,676
Health and welfare	4,146,666	-	1,598,838	-
Education	16,135,058	-	-	-
Parks, recreation, and cultural	3,564,600	505,739	241,409	-
Community development	613,754	121,412	-	-
Interest on long-term debt	3,755,429	-	-	-
Total governmental activities	<u>\$ 47,841,381</u>	<u>\$ 1,583,865</u>	<u>\$ 5,842,163</u>	<u>\$ 499,676</u>
Business-type activities:				
Water and sewer	\$ 7,119,654	\$ 8,003,128	\$ 86,011	\$ -
Storm Water	469,836	1,059,172	-	-
Solid Waste	974,183	1,177,720	-	-
Total business-type activities	<u>\$ 8,563,673</u>	<u>\$ 10,240,020</u>	<u>\$ 86,011</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 56,405,054</u>	<u>\$ 11,823,885</u>	<u>\$ 5,928,174</u>	<u>\$ 499,676</u>
COMPONENT UNITS:				
School Board	\$ 46,546,761	\$ 427	\$ 33,106,110	\$ -
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				
Gain on sale of capital assets				
County contribution to School Board				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
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
\$ (4,379,020)	\$ -	\$ (4,379,020)	\$ -
(160,750)	-	(160,750)	-
(8,443,024)	-	(8,443,024)	-
(1,184,774)	-	(1,184,774)	-
(2,547,828)	-	(2,547,828)	-
(16,135,058)	-	(16,135,058)	-
(2,817,452)	-	(2,817,452)	-
(492,342)	-	(492,342)	-
(3,755,429)	-	(3,755,429)	-
<u>\$ (39,915,677)</u>	<u>\$ -</u>	<u>\$ (39,915,677)</u>	<u>\$ -</u>
\$ -	\$ 969,485	\$ 969,485	\$ -
-	589,336	589,336	-
-	203,537	203,537	-
<u>\$ -</u>	<u>\$ 1,762,358</u>	<u>\$ 1,762,358</u>	<u>\$ -</u>
<u>\$ (39,915,677)</u>	<u>\$ 1,762,358</u>	<u>\$ (38,153,319)</u>	<u>\$ -</u>
			<u>\$ (13,440,224)</u>
\$ 32,022,263	\$ -	\$ 32,022,263	\$ -
2,627,568	-	2,627,568	-
833,175	-	833,175	-
1,005,126	-	1,005,126	-
426,190	-	426,190	-
356,433	-	356,433	-
369,703	-	369,703	-
214,635	-	214,635	-
728,229	-	728,229	-
2,161,142	-	2,161,142	-
72,321	22	72,343	1,499
7,318,765	-	7,318,765	-
-	-	-	15,078,345
798,332	40,824	839,156	541,833
1,377,837	(1,377,837)	-	-
<u>\$ 50,311,719</u>	<u>\$ (1,336,991)</u>	<u>\$ 48,974,728</u>	<u>\$ 15,621,677</u>
<u>\$ 10,396,042</u>	<u>\$ 425,367</u>	<u>\$ 10,821,409</u>	<u>\$ 2,181,453</u>
<u>6,093,717</u>	<u>17,706,039</u>	<u>23,799,756</u>	<u>(2,717,559)</u>
<u>\$ 16,489,759</u>	<u>\$ 18,131,406</u>	<u>\$ 34,621,165</u>	<u>\$ (536,106)</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2021

	Governmental Funds					Total Governmental Funds
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 21,056,419	\$ -	\$ 306,794	\$ 900,170	\$ 3,046,956	\$ 25,310,339
Investments	-	30,403,199	35,369	-	-	30,438,568
Receivables (Net of allowance for uncollectibles):						
Taxes, including penalties	1,928,965	-	-	-	-	1,928,965
Accounts	1,086,093	2,430,800	-	-	-	3,516,893
Due from component unit - School Board	913,758	-	-	-	-	913,758
Due from other governmental units	909,935	38,578	-	-	-	948,513
Prepaid items	78,390	9,968	-	-	-	88,358
Total assets	<u>\$ 25,973,560</u>	<u>\$ 32,882,545</u>	<u>\$ 342,163</u>	<u>\$ 900,170</u>	<u>\$ 3,046,956</u>	<u>\$ 63,145,394</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ 4,128,625	\$ -	\$ -	\$ -	\$ 4,128,625
Accounts payable	416,859	449,223	-	-	-	866,082
Accrued liabilities	1,182,246	-	-	-	-	1,182,246
Amounts held for others	436,191	-	-	-	-	436,191
Unearned revenue	11,347,824	-	-	-	-	11,347,824
Total liabilities	<u>\$ 13,383,120</u>	<u>\$ 4,577,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,960,968</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 1,600,113	\$ -	\$ -	\$ -	\$ -	\$ 1,600,113
FUND BALANCES						
Nonspendable	\$ 78,390	\$ 9,968	\$ -	\$ -	\$ -	\$ 88,358
Committed	-	28,294,729	342,163	900,170	3,046,956	32,584,018
Unassigned	10,911,937	-	-	-	-	10,911,937
Total fund balances	<u>\$ 10,990,327</u>	<u>\$ 28,304,697</u>	<u>\$ 342,163</u>	<u>\$ 900,170</u>	<u>\$ 3,046,956</u>	<u>\$ 43,584,313</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,973,560</u>	<u>\$ 32,882,545</u>	<u>\$ 342,163</u>	<u>\$ 900,170</u>	<u>\$ 3,046,956</u>	<u>\$ 63,145,394</u>

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

Total fund balances, balance sheet, governmental funds	\$ 43,584,313
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.	86,753,541
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	7,949,827
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.	1,600,113
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(471,772)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(977,640)
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.	<u>(121,948,623)</u>
Net position of governmental activities	<u>\$ 16,489,759</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, 2021

	Governmental Funds					
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 32,244,594	\$ -	\$ -	\$ -	\$ -	\$ 32,244,594
Other local taxes	5,922,293	638,766	-	-	-	6,561,059
Permits, privilege fees and regulatory licenses	301,300	-	-	-	-	301,300
Fines and forfeitures	420,958	-	-	-	-	420,958
Revenue from use of money and property	71,895	356	70	-	-	72,321
Charges for services	861,607	-	-	-	-	861,607
Miscellaneous	205,800	22	-	-	592,510	798,332
Intergovernmental:						
Commonwealth	4,534,655	499,676	-	-	-	5,034,331
Federal	3,468,650	-	-	-	-	3,468,650
Total revenues	\$ 48,031,752	\$ 1,138,820	\$ 70	\$ -	\$ 592,510	\$ 49,763,152
Expenditures:						
Current:						
General government administration	\$ 6,373,202	\$ 239,395	\$ -	\$ -	\$ -	\$ 6,612,597
Judicial administration	582,085	-	-	-	-	582,085
Public safety	8,230,181	321,273	-	-	-	8,551,454
Public works	1,670,566	8,082,502	-	-	-	9,753,068
Health and welfare	4,043,752	-	-	-	-	4,043,752
Education	11,734,577	-	-	-	-	11,734,577
Parks, recreation, and cultural	2,906,885	138,666	-	-	-	3,045,551
Community development	583,111	-	-	-	-	583,111
Debt service:						
Principal retirement	-	459,766	6,189,644	-	-	6,649,410
Interest and other fiscal charges	-	281,283	3,279,910	-	-	3,561,193
Bond issuance costs	-	640,477	-	-	-	640,477
Total expenditures	\$ 36,124,359	\$ 10,163,362	\$ 9,469,554	\$ -	\$ -	\$ 55,757,275
Excess (deficiency) of revenues over (under) expenditures	\$ 11,907,393	\$ (9,024,542)	\$ (9,469,484)	\$ -	\$ 592,510	\$ (5,994,123)
Other financing sources (uses):						
Transfers in	\$ 1,377,837	\$ 1,156,635	\$ 9,477,367	\$ -	\$ 304,668	\$ 12,316,507
Transfers out	(10,634,002)	-	-	(304,668)	-	(10,938,670)
Proceeds from the sale of capital assets	-	8,700,000	-	-	-	8,700,000
Issuance of capital leases	-	306,238	-	-	-	306,238
Issuance of bonds	-	27,130,000	-	-	-	27,130,000
Bond premium	-	4,157,258	-	-	-	4,157,258
Total other financing sources (uses)	\$ (9,256,165)	\$ 41,450,131	\$ 9,477,367	\$ (304,668)	\$ 304,668	\$ 41,671,333
Net changes in fund balances	\$ 2,651,228	\$ 32,425,589	\$ 7,883	\$ (304,668)	\$ 897,178	\$ 35,677,210
Fund balances at beginning of year	8,339,099	(4,120,892)	334,280	1,204,838	2,149,778	7,907,103
Fund balances at end of year	\$ 10,990,327	\$ 28,304,697	\$ 342,163	\$ 900,170	\$ 3,046,956	\$ 43,584,313

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, 2021

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	35,677,210
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	\$ 8,612,122	
Depreciation expense	<u>(3,360,218)</u>	5,251,904
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(3,382,599)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(1,381,235)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(222,331)
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	\$ (27,130,000)	
Capital lease proceeds	(306,238)	
Premium on bonds	(4,157,258)	
Amortization of bond premium	1,218,577	
Amortization of deferred amount on refunding	(810,514)	
Principal retired on general obligation bonds	6,189,644	
Principal retired on capital leases	<u>459,766</u>	(24,536,023)
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	\$ (188,169)	
Pension expense	(716,150)	
OPEB expense	(144,743)	
Change in accrued interest payable	<u>38,178</u>	(1,010,884)
Change in net position of governmental activities	\$	<u>10,396,042</u>

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

Statement of Net Position - Proprietary Funds
At June 30, 2021

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,129,085	\$ 2,117,014	\$ -	\$ 11,246,099
Investments	12,117	-	-	12,117
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,404,088	41,111	145,524	1,590,723
Total Current Assets	\$ 10,545,290	\$ 2,158,125	\$ 145,524	\$ 12,848,939
Noncurrent Assets				
Capital assets:				
Utility plant and equipment	\$ 28,996,922	\$ 313,163	\$ -	\$ 29,310,085
Accumulated depreciation	(13,379,747)	(168,637)	-	(13,548,384)
Total Capital Assets	\$ 15,617,175	\$ 144,526	\$ -	\$ 15,761,701
Total Assets	\$ 26,162,465	\$ 2,302,651	\$ 145,524	\$ 28,610,640
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related items	\$ 245,358	\$ -	\$ -	\$ 245,358
OPEB related items	27,712	-	-	27,712
Deferred charge on refunding	535,970	-	-	535,970
Total deferred outflows of resources	\$ 809,040	\$ -	\$ -	\$ 809,040
LIABILITIES				
Current Liabilities				
Reconciled overdraft	\$ -	\$ -	\$ 129,589	\$ 129,589
Accounts payable	59,132	7,873	153,412	220,417
Accrued liabilities	49,314	131,195	5,320	185,829
Customer deposits	125,784	-	-	125,784
Unearned revenue	70,162	-	-	70,162
Accrued interest payable	96,095	-	-	96,095
Long-term obligations - current portion	1,159,514	2,202	-	1,161,716
Total Current Liabilities	\$ 1,560,001	\$ 141,270	\$ 288,321	\$ 1,989,592
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	9,265,647	19,820	-	9,285,467
Total Liabilities	\$ 10,825,648	\$ 161,090	\$ 288,321	\$ 11,275,059
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 784	\$ -	\$ -	\$ 784
OPEB related items	12,431	-	-	12,431
Total deferred inflows of resources	\$ 13,215	\$ -	\$ -	\$ 13,215
NET POSITION				
Net Investment in capital assets	\$ 6,494,873	\$ 144,526	\$ -	\$ 6,639,399
Unrestricted	9,637,769	1,997,035	(142,797)	11,492,007
Total Net Position	\$ 16,132,642	\$ 2,141,561	\$ (142,797)	\$ 18,131,406

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

Proprietary Fund
Year Ended June 30, 2021

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Operating revenues:				
Charges for services	\$ 7,978,674	\$ 1,059,172	\$ 1,177,720	\$ 10,215,566
Other revenues	40,824	-	-	40,824
Total operating revenues	\$ 8,019,498	\$ 1,059,172	\$ 1,177,720	\$ 10,256,390
Operating expenses:				
Personnel services	\$ 498,687	\$ 276,920	\$ 19,294	\$ 794,901
Fringe benefits	197,909	82,673	5,413	285,995
Contractual services	95,209	30,110	949,455	1,074,774
Depreciation	751,793	45,885	-	797,678
Other operating expenses	3,332,879	33,530	21	3,366,430
Total operating expenses	\$ 4,876,477	\$ 469,118	\$ 974,183	\$ 6,319,778
Net income (loss) from operations	\$ 3,143,021	\$ 590,054	\$ 203,537	\$ 3,936,612
Nonoperating revenues (expenses):				
Interest income	\$ 22	\$ -	\$ -	\$ 22
Intergovernmental grants	86,011	-	-	86,011
Utility relief program	(86,011)	-	-	(86,011)
Availability/connection fees	24,454	-	-	24,454
UOSA debt service	(1,780,528)	-	-	(1,780,528)
Interest expense	(376,638)	(718)	-	(377,356)
Total nonoperating revenues (expenses)	\$ (2,132,690)	\$ (718)	\$ -	\$ (2,133,408)
Net income (loss) before transfers	\$ 1,010,331	\$ 589,336	\$ 203,537	\$ 1,803,204
Transfers:				
Transfers in	\$ -	\$ 441,785	\$ 7,500	\$ 449,285
Transfers out	(1,196,739)	(526,836)	(103,547)	(1,827,122)
Total transfers	\$ (1,196,739)	\$ (85,051)	\$ (96,047)	\$ (1,377,837)
Change in net position	\$ (186,408)	\$ 504,285	\$ 107,490	\$ 425,367
Net position, beginning of year, as restated	16,319,050	1,637,276	(250,287)	17,706,039
Net position, end of year	\$ 16,132,642	\$ 2,141,561	\$ (142,797)	\$ 18,131,406

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2021

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,729,591	\$ 1,059,252	\$ 1,140,588	\$ 9,929,431
Payments to and for employees	(735,294)	(316,880)	(24,433)	(1,076,607)
Payments to suppliers	(3,425,212)	(52,616)	(1,020,108)	(4,497,936)
Net cash provided by operating activities	\$ 3,569,085	\$ 689,756	\$ 96,047	\$ 4,354,888
Cash flows from non-capital financing activities:				
State, federal and local grant funds	\$ 70,162	\$ -	\$ -	\$ 70,162
Availability/connection fees	24,454	-	-	24,454
Transfers in (out)	(1,196,739)	(85,051)	(96,047)	(1,377,837)
Net cash provided by non-capital financing activities	\$ (1,102,123)	\$ (85,051)	\$ (96,047)	\$ (1,283,221)
Cash flows from capital and related financing activities:				
Construction and acquisition of capital assets	\$ (82,975)	\$ (32,733)	\$ -	\$ (115,708)
Retirement of indebtedness	(1,037,399)	(27,223)	-	(1,064,622)
UOSA debt service	(1,780,528)	-	-	(1,780,528)
Interest expense	(405,685)	(718)	-	(406,403)
Net cash provided by (used for) capital and related financing activities	\$ (3,306,587)	\$ (60,674)	\$ -	\$ (3,367,261)
Net increase (decrease) in cash and cash equivalents	\$ (839,625)	\$ 544,031	\$ -	\$ (295,594)
Cash and cash equivalents at beginning of year	9,968,710	1,572,983	-	11,541,693
Cash and cash equivalents at end of year	\$ 9,129,085	\$ 2,117,014	\$ -	\$ 11,246,099
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Cash flows from operations:				
Income (loss) from operations	\$ 3,143,021	\$ 590,054	\$ 203,537	\$ 3,936,612
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	751,793	45,885	-	797,678
Changes in operating items:				
(Increase) decrease in accounts receivable	(322,472)	80	(37,132)	(359,524)
(Increase) deferred outflows - pension related items	(109,564)	-	-	(109,564)
(Increase) decrease in deferred outflows - OPEB related items	(92)	-	-	(92)
(Increase) decrease in prepaid items	7,887	3,151	194	11,232
Increase (decrease) in reconciled overdraft	-	-	(150,288)	(150,288)
Increase (decrease) in accounts payable	(5,011)	7,873	79,462	82,324
Increase (decrease) in accrued liabilities	(49,525)	41,909	274	(7,342)
Increase (decrease) in customer deposits	32,565	-	-	32,565
Increase (decrease) in net pension liability	195,499	-	-	195,499
Increase (decrease) in net OPEB liability	(4,443)	-	-	(4,443)
Increase (decrease) in deferred inflows - pension related items	(50,660)	-	-	(50,660)
Increase (decrease) in deferred inflows - OPEB related items	6,147	-	-	6,147
Increase (decrease) in compensated absences	(26,060)	804	-	(25,256)
Net cash provided by operating activities	\$ 3,569,085	\$ 689,756	\$ 96,047	\$ 4,354,888

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

Statement of Fiduciary Net Position
At June 30, 2021

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

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

Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2021

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2021 (Continued)

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

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

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

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

A. Financial Reporting Entity:

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Manassas Park, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the 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, 2021.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

School Board

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

Other Related Organizations

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

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

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

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

The 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, 2021 (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, 2021 (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, 2021 (Continued)

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

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

2. Governmental Funds: (Continued)

The City reports the following major enterprise funds:

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

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

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

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

D. Budgets and Budgetary Accounting:

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021.
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, 2021 (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 \$788,634 at June 30, 2021 and is comprised of the following:

Property taxes	\$ 588,126
Water & sewer accounts	<u>200,508</u>
Total	<u>\$ 788,634</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, 2021 (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, 2021 (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, 2021 (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, 2021 (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, 2021 (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.

V. Adoption of Accounting Principles

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement 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.

W. Restatements

Beginning balances were restated as follows:

	<u>Governmental Activities Net Position</u>	<u>Solid Waste Fund Net Position</u>	<u>Component Unit School Board Net Position</u>	<u>School Board Fund Balance</u>
July 1, 2020, as previously reported	\$ 4,292,850	\$ (79,142)	\$ (2,997,009)	\$ 856,696
Restatement of Accounts Receivable	-	(171,145)	-	-
Restatement of Land	1,800,867			
Implementation of GASB 84	-	-	279,450	279,450
July 1, 2020, as restated	<u>\$ 6,093,717</u>	<u>\$ (250,287)</u>	<u>\$ (2,717,559)</u>	<u>\$ 1,136,146</u>

Note 2—Deposits and Investments:

Deposits

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

The City’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

<u>City’s Rated Debt Investments’ Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
State Non-Arbitrage Pool	\$ 47,486
Money Market Funds	30,403,199
Total	\$ <u>30,450,685</u>

Interest Rate Risk

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

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Within</u>
	<u>June 30, 2021</u>	<u>1 Year</u>
Money Market Funds	\$ 30,403,199	30,403,199
State Non-Arbitrage Pool	47,486	\$ 47,486
Total	\$ <u>30,450,685</u>	\$ <u>30,450,685</u>

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, 2021 (Continued)

Note 3—Due From Other Governments:

At June 30, 2021, 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	\$ -	\$ 315,366
Local sales taxes	503,983	-
Communications tax	83,980	-
Public assistance	37,731	-
Department of transportation	20,811	-
Shared expenses	13,645	-
CSA	137,067	-
Other	53,254	-
Federal Government:		
School funds	-	1,471,380
FEMA	8,644	-
Public safety	11,730	-
Public assistance	77,668	-
Totals	<u>\$ 948,513</u>	<u>\$ 1,786,746</u>

Note 4—Interfund Transfers/Balances:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,377,837	\$ 10,634,002
Debt Service Fund	9,477,367	-
Proffer Fund	-	304,668
Water and Sewer Fund	-	1,196,739
Storm Water Fund	441,785	526,836
Solid Waste Management Fund	7,500	103,547
Special Transportation Fund	304,668	-
Capital Projects Fund	1,156,635	-
Total	<u>\$ 12,765,792</u>	<u>\$ 12,765,792</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, 2021 (Continued)

Note 4–Interfund Transfers/Balances: (Continued)

Due to/from balances for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Due From Component Unit</u>	<u>Due to Primary Government</u>
General	\$ 913,758	\$ -
School Board	-	913,758
Totals	<u>\$ 913,758</u>	<u>\$ 913,758</u>

Note 5–Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2021:

Primary Government:

	Beginning Balance July 1, 2020		Ending Balance June 30, 2021
	<u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>
<u>Governmental Activities:</u>			
Capital assets not being depreciated:			
Land	\$ 7,361,650	\$ 6,318,417	\$ 1,381,235
Intangibles	108,699	-	-
Construction in progress	617,305	1,483,300	98,364
Total capital assets not being depreciated	<u>\$ 8,087,654</u>	<u>\$ 7,801,717</u>	<u>\$ 1,479,599</u>
Capital assets being depreciated:			
Buildings and improvements	\$ 41,601,366	\$ 321,575	\$ -
Equipment	12,390,447	488,830	-
Infrastructure	23,339,799	98,364	-
Jointly owned assets	49,550,838	-	4,587,469
Total capital assets being depreciated	<u>\$ 126,882,450</u>	<u>\$ 908,769</u>	<u>\$ 4,587,469</u>
Accumulated depreciation:			
Buildings and improvements	\$ 11,659,927	\$ 872,641	\$ -
Equipment	9,974,228	702,691	-
Infrastructure	13,837,347	767,004	-
Jointly owned assets	13,233,131	1,017,882	1,204,870
Total accumulated depreciation	<u>\$ 48,704,633</u>	<u>\$ 3,360,218</u>	<u>\$ 1,204,870</u>
Total capital assets being depreciated, net	<u>\$ 78,177,817</u>	<u>\$ (2,451,449)</u>	<u>\$ 3,382,599</u>
Governmental activities capital assets, net	<u>\$ 86,265,471</u>	<u>\$ 5,350,268</u>	<u>\$ 4,862,198</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Utility plant and equipment	\$ 29,194,377	\$ 115,708	\$ -	\$ 29,310,085
Accumulated depreciation:				
Utility plant and equipment	\$ 12,750,706	\$ 797,678	\$ -	\$ 13,548,384
Total capital assets being depreciated, net	\$ 16,443,671	\$ (681,970)	\$ -	\$ 15,761,701
Business-type activities capital assets, net	<u>\$ 16,443,671</u>	<u>\$ (681,970)</u>	<u>\$ -</u>	<u>\$ 15,761,701</u>

Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Construction in progress	830,372	-	830,372	-
Total capital assets not being depreciated	\$ 2,467,863	\$ -	\$ 830,372	\$ 1,637,491
Capital assets, being depreciated:				
Buildings and improvements	\$ 50,668,697	\$ 5,996,481	\$ -	\$ 56,665,178
Equipment	5,829,904	472,253	-	6,302,157
Total capital assets being depreciated	\$ 56,498,601	\$ 6,468,734	\$ -	\$ 62,967,335
Accumulated depreciation:				
Buildings and improvements	\$ 20,898,465	\$ 2,206,222	\$ -	\$ 23,104,687
Equipment	4,066,293	330,018	-	4,396,311
Total accumulated depreciation	\$ 24,964,758	\$ 2,536,240	\$ -	\$ 27,500,998
Total capital assets being depreciated, net	\$ 31,533,843	\$ 3,932,494	\$ -	\$ 35,466,337
School Board capital assets, net	<u>\$ 34,001,706</u>	<u>\$ 3,932,494</u>	<u>\$ 830,372</u>	<u>\$ 37,103,828</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ <u>86,753,541</u>
Long-term debt applicable to capital assets at June 30, 2021	\$ 80,485,858
Deferred charge on refunding	<u>4,462,780</u>
Net investment in capital assets	\$ <u><u>10,730,463</u></u>

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

Governmental activities:	
General government	\$ 136,178
Public safety	813,273
Public works	841,294
Health and Welfare	15,682
Education	1,017,882
Parks, recreation and cultural	<u>535,909</u>
Total	\$ <u><u>3,360,218</u></u>
Component Unit-School Board	\$ <u><u>1,331,370</u></u> (1)
Water and Sewer	\$ 751,793
Storm Water	<u>45,885</u>
Business-type	\$ <u><u>797,678</u></u>
(1) Depreciation expense	\$ 1,331,370
Accumulated depreciation on Joint tenancy asset transfer	<u>1,204,870</u>
Total increase in accumulated depreciation, page 57	\$ <u><u>2,536,240</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Funds</u>					
General Obligation Bonds	\$ 66,003,623	\$ -	\$ 5,811,380	\$ 60,192,243	\$ 6,069,999
Capital leases	842,417	306,238	459,766	688,889	227,500
Lease Revenue Bonds	-	27,130,000		27,130,000	-
Direct Borrowings and Direct placements:					
General Obligation Bonds	6,777,488	-	318,264	6,459,224	404,145
State Literary Fund Loans	7,255,000	-	60,000	7,195,000	65,000
Other Liabilities:					
Compensated Absences	1,106,408	298,810	110,641	1,294,577	129,458
Net OPEB liability	3,524,673	1,211,258	1,017,059	3,718,872	-
Net Pension Liability	3,077,368	3,989,827	1,905,137	5,162,058	-
Premium on bonds	7,169,079	4,157,258	1,218,577	10,107,760	1,218,577
Total	<u>\$ 95,756,056</u>	<u>\$ 37,093,391</u>	<u>\$ 10,900,824</u>	<u>\$ 121,948,623</u>	<u>\$ 8,114,679</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:

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		State Literary Fund Loans	
	Principal	Interest	Principal	Interest
2022	\$ 404,145	\$ 192,332	\$ 65,000	\$ 215,850
2023	425,335	173,898	65,000	213,900
2024	430,986	155,795	70,000	211,950
2025	956,495	132,034	70,000	209,850
2026	962,263	101,686	70,000	207,750
2027	635,000	78,621	75,000	205,650
2028	640,000	62,627	75,000	203,400
2029	655,000	45,692	80,000	201,150
2030	665,000	28,003	80,000	198,750
2031	685,000	9,504	1,035,000	196,350
2032	-	-	1,785,000	165,300
2033	-	-	1,835,000	111,750
2034	-	-	1,890,000	56,700
Total	<u>\$ 6,459,224</u>	<u>\$ 980,192</u>	<u>\$ 7,195,000</u>	<u>\$ 2,398,350</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

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

Year Ending June 30,	Lease Revenue Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ -	\$ 1,070,950	\$ 227,500	\$ 27,966	\$ 6,069,999	\$ 2,582,151
2023	-	1,070,950	237,339	18,126	4,847,300	2,332,284
2024	-	1,070,950	155,939	7,841	5,223,568	2,089,774
2025	-	1,070,950	68,111	1,831	4,959,004	1,843,846
2026	525,000	1,057,825	-	-	5,201,750	1,601,225
2027	550,000	1,030,950	-	-	5,467,186	1,345,781
2028	580,000	1,002,700	-	-	5,738,453	1,077,448
2029	610,000	972,950	-	-	5,993,270	807,418
2030	640,000	941,700	-	-	6,282,254	542,442
2031	670,000	912,300	-	-	4,902,691	308,545
2032	695,000	885,000	-	-	2,017,507	158,398
2033	725,000	856,600	-	-	2,066,492	108,104
2034	755,000	827,000	-	-	451,928	54,196
2035	785,000	796,200	-	-	473,843	34,153
2036	820,000	764,100	-	-	496,998	11,559
2037	850,000	730,700	-	-	-	-
2038	885,000	696,000	-	-	-	-
2039	920,000	659,900	-	-	-	-
2040	960,000	622,300	-	-	-	-
2041	1,000,000	583,100	-	-	-	-
2042	1,035,000	547,575	-	-	-	-
2043	1,065,000	516,075	-	-	-	-
2044	1,100,000	483,600	-	-	-	-
2045	1,130,000	450,150	-	-	-	-
2046	1,175,000	409,700	-	-	-	-
2047	1,220,000	361,800	-	-	-	-
2048	1,270,000	312,000	-	-	-	-
2049	1,320,000	260,200	-	-	-	-
2050	1,375,000	206,300	-	-	-	-
2051	1,430,000	150,200	-	-	-	-
2052	1,490,000	91,800	-	-	-	-
2053	1,550,000	31,000	-	-	-	-
Total	\$ 27,130,000	\$ 21,443,525	\$ 688,889	\$ 55,764	\$ 60,192,243	\$ 14,897,324

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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%	\$ 4,905,000	\$ 450,000
\$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%	1,679,224	324,145
\$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	80,000
\$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%	3,889,950	582,073
\$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%	2,872,293	837,926
\$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%	3,830,000	655,000
\$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%	18,280,000	1,715,000
\$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%	355,000	355,000
\$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%	23,665,000	1,465,000
\$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>2,395,000</u>	<u>10,000</u>
Total General Obligation Bonds	\$ <u>66,651,467</u>	\$ <u>6,474,144</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>7,195,000</u>	\$ <u>65,000</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 6—Long-Term Obligations: (Continued)

Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Lease Revenue Bonds:		
\$27,130,000 Lease Revenue Bonds issued march 23, 2021 payable in various principal annual installments from December 15, 2025 to December 15, 2052, interest ranging from 3.00% to 5.00%	\$ 27,130,000	\$ -
<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	\$ 58,680	\$ 17,165
\$319,333 lease obligation due in annual installments of \$69,973 through November 22, 2023, interest payable at 4.75%, secured by equipment	191,074	60,696
\$43,434 lease obligation due in annual installments of \$9,968 through August 27, 2019, interest payable annually at 4.75%, secured by equipment	27,219	8,647
\$264,336 lease obligation due in annual installments of \$57,994 through January 25, 2023, interest payable annually at 4.75%, secured by equipment	108,059	52,749
\$35,497 lease obligation due in annual installments of \$6,864 through February 1, 2023, interest payable annually at 4.75%, secured by equipment	12,789	6,243
\$31,685 lease obligation due in annual installments of \$5,533 through February 6, 2023, interest payable annually at 4.75%, secured by equipment	10,309	5,032
\$95,090 lease obligation due in annual installments of \$21,298 through August 1, 2022, interest payable annually at 5.597%, secured by equipment	39,189	19,047
\$306,238 lease obligation due in annual installments of \$64,667 through April 15, 2025, interest payable annually at 2.793%, secured by equipment	<u>241,570</u>	<u>57,921</u>
Total Capital Leases	<u>\$ 688,889</u>	<u>\$ 227,500</u>
<u>Other Liabilities:</u>		
Compensated Absences	\$ 1,294,577	\$ 129,458
Premium on bonds	\$ 10,107,760	\$ 1,218,577
Net OPEB liability	\$ 3,718,872	\$ -
Net Pension Liability	\$ 5,162,058	\$ -
Total governmental activities long-term obligations	<u>\$ 121,948,623</u>	<u>\$ 8,114,679</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021:

<u>Proprietary Funds</u>	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 10,171,374	-	\$ 1,008,619	\$ 9,162,755	\$ 1,055,001
Net OPEB liability	220,808	44,291	48,734	216,365	-
Net pension liability	260,703	362,953	167,454	456,202	-
Capital Lease	56,003	-	56,003	-	-
Compensated Absences	141,600	7,080	32,336	116,344	11,634
Premium on bonds	600,080	-	104,563	495,517	95,081
Total	<u>\$ 11,450,568</u>	<u>\$ 414,324</u>	<u>\$ 1,417,709</u>	<u>\$ 10,447,183</u>	<u>\$ 1,161,716</u>

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

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 9,162,755</u>	<u>\$ 2,009,602</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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%	\$ 1,590,047	\$ 237,927
\$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%	572,708	167,074
\$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>7,000,000</u>	<u>650,000</u>
Total General Obligation Bonds	\$ <u>9,162,755</u>	\$ <u>1,055,001</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>116,344</u>	\$ <u>11,634</u>
Premium on bonds	\$ <u>495,517</u>	\$ <u>95,081</u>
Net OPEB liability	\$ <u>216,365</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>456,202</u>	\$ <u>-</u>
Total business-type long-term obligations	\$ <u><u>10,447,183</u></u>	\$ <u><u>1,161,716</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Net OPEB liabilities	\$ 7,906,118	\$ 1,587,808	\$ 1,315,573	\$ 8,178,353	\$ -
Net pension liability	34,463,580	14,766,560	11,185,210	38,044,930	-
Compensated absences	<u>472,547</u>	<u>24,963</u>	<u>47,255</u>	<u>450,255</u>	<u>45,026</u>
Total	<u>\$ 42,842,245</u>	<u>\$ 16,379,331</u>	<u>\$ 12,548,038</u>	<u>\$ 46,673,538</u>	<u>\$ 45,026</u>

Details of long-term obligations are as follows:

	<u>Amount</u> <u>Outstanding</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ <u>450,255</u>	\$ <u>45,026</u>
Net OPEB liability	\$ <u>8,178,353</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>38,044,930</u>	\$ <u>-</u>
Total	<u>\$ 46,673,538</u>	<u>\$ 45,026</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>1,294,577</u>
Proprietary Funds	\$ <u>116,344</u>
Component Unit School Board	\$ <u>450,255</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 8—Deferred/Unavailable/Unearned Revenue:

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

	Government-wide Statements	
	Governmental Activities	Business-type Activities
Unearned revenue - state and federal funds not yet expended	\$ 11,054,860	\$ 70,162
Unearned revenue - other	292,964	-
Total	\$ <u>11,347,824</u>	\$ <u>70,162</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.	\$ 1,600,113	
Unearned revenue:		
Unearned revenue - other	292,964	
Unearned revenue - state and federal funds not yet expended	<u>11,054,860</u>	
Total	\$ <u>12,947,937</u>	

Note 9—Litigation:

At June 30, 2021, 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, 2021 (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, 2021 is 5.40%.

UOSA's financial condition as of June 30, 2020 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total Assets and Deferred Outflows	\$	597,528,990
Total Liabilities and Deferred Inflows		<u>556,461,291</u>
Net Equity	\$	<u><u>41,067,699</u></u>
Total Revenues	\$	54,496,980
Total Expenses		<u>60,279,520</u>
Net (Loss)	\$	<u><u>(5,782,540)</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 2021 as follows:

Operating and reserve maintenance costs	\$	1,350,308
Debt service		<u>1,780,528</u>
Total	\$	<u><u>3,130,836</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, 2021 (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%
2010B Revenue		85,180,000	July 1, 2043	3.50% to 6.00%
2013A Revenue		101,615,000	July 1, 2026	.35% to 2.90%
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%
2019 Revenue		52,440,000	July 1, 2052	3.00% to 5.00%

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, 2021 (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 2021, the City received \$592,510 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, 2021 (Continued)

Note 13—Pension Plan:

Plan Description

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

Benefit Structures

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

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019 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	116	31
Inactive members:		
Vested inactive members	35	11
Non-vested inactive members	71	38
Inactive members active elsewhere in VRS	88	14
Total inactive members	194	63
Active members	159	70
Total covered employees	469	164

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021 was 10.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$968,067 and \$814,574 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 1.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$0 and \$0 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019, 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, 2020.

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 fair 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, 2021 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2019, 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, 2020.

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 fair 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, 2021 (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, 2019 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 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, 2021 (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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Pension Plan: (Continued)

Discount Rate: (Continued)

employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, 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, 2020 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, 2019	\$ 41,684,825	\$ 38,346,754	\$ 3,338,071
Changes for the year:			
Service cost	\$ 1,144,175	\$ -	\$ 1,144,175
Interest	2,749,694	-	2,749,694
Differences between expected and actual experience	422,890	-	422,890
Contributions - employer	-	812,881	(812,881)
Contributions - employee	-	519,535	(519,535)
Net investment income	-	729,827	(729,827)
Benefit payments, including refunds of employee contributions	(1,897,221)	(1,897,221)	-
Administrative expenses	-	(24,805)	24,805
Other changes	-	(868)	868
Net changes	<u>\$ 2,419,538</u>	<u>\$ 139,349</u>	<u>\$ 2,280,189</u>
Balances at June 30, 2020	<u>\$ 44,104,363</u>	<u>\$ 38,486,103</u>	<u>\$ 5,618,260</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019	\$ 3,591,519	\$ 4,358,931	\$ (767,412)
Changes for the year:			
Service cost	\$ 104,187	\$ -	\$ 104,187
Interest	235,217	-	235,217
Differences between expected and actual experience	(30,644)	-	(30,644)
Contributions - employer	-	5,118	(5,118)
Contributions - employee	-	60,185	(60,185)
Net investment income	-	82,845	(82,845)
Benefit payments, including refunds of employee contributions	(213,639)	(213,639)	-
Administrative expenses	-	(2,886)	2,886
Other changes	-	(97)	97
Net changes	\$ 95,121	\$ (68,474)	\$ 163,595
Balances at June 30, 2020	\$ 3,686,640	\$ 4,290,457	\$ (603,817)

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)	\$ 11,742,987	\$ 5,618,260	\$ 590,156
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (187,309)	\$ (603,817)	\$ (952,199)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$1,717,799 and \$56,557, respectively. At June 30, 2021, 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	\$ 300,670	\$ 8,532	\$ 8,036	\$ 21,095
Change in assumptions	438,615	-	35,325	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,171	14,171	-	-
Net difference between projected and actual earnings on pension plan investments	1,161,842	-	128,226	-
Employer contributions subsequent to the measurement date	<u>968,067</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,883,365</u>	<u>\$ 22,703</u>	<u>\$ 171,587</u>	<u>\$ 21,095</u>

\$968,067 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, 2022. 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>
2022	\$ 636,502	\$ 29,851
2023	498,126	36,319
2024	390,237	43,066
2025	367,730	41,256

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$3,738,778 and \$3,474,004 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$38,044,930 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .26140% as compared to .26187% at June 30, 2019.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the school division recognized pension expense of \$4,471,433. 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, 2021, 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	\$ -	\$ 2,230,020
Change in assumptions	2,597,044	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	396,390	983,277
Net difference between projected and actual earnings on pension plan investments	2,893,738	-
Employer contributions subsequent to the measurement date	<u>3,738,778</u>	<u>-</u>
Total	<u>\$ 9,625,950</u>	<u>\$ 3,213,297</u>

\$3,738,778 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, 2022. 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>	
2022	\$ (241,745)
2023	764,262
2024	1,253,484
2025	944,905
2026	(47,031)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019, 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, 2020.

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 fair 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, 2021 (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, 2019 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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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, 2021 (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)	\$ 55,820,457	\$ 38,044,930	\$ 23,342,322

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020annual-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	\$ 2,883,365	\$ 22,703	\$ 5,618,260	\$ 1,717,799
Totals	<u>\$ 2,883,365</u>	<u>\$ 22,703</u>	<u>\$ 5,618,260</u>	<u>\$ 1,717,799</u>
Component Unit School Board				
School Board Nonprofessional	\$ 171,587	\$ 21,095	\$ (603,817)	\$ 56,557
School Board Professional	9,625,950	3,213,297	38,044,930	4,471,433
Totals	<u>\$ 9,797,537</u>	<u>\$ 3,234,392</u>	<u>\$ 37,441,113</u>	<u>\$ 4,527,990</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021 (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 \$8,616 as of June 30, 2021.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$55,547 and \$51,840 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to School Professional Plan were \$130,152 and \$122,631 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the School Nonprofessional Plan were \$7,672 and \$7,178 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the City, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$808,385, \$1,912,320, and \$111,979, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .04844%, .11459% and .00671% respectively, as compared to .04810% .11492% and .00698% at June 30, 2019.

For the year ended June 30, 2021, the City, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$30,625, \$64,270, and \$3,404 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, 2021 (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, 2021, 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	\$ 51,850	\$ 7,260	\$ 122,658	\$ 17,176	\$ 7,182	\$ 1,005
Net difference between projected and actual earnings on GLI OPEB plan investments	24,283	-	57,444	-	3,364	-
Change in assumptions	40,429	16,880	95,638	39,930	5,600	2,338
Changes in proportionate share	9,132	15,065	9,424	35,260	542	4,547
Employer contributions subsequent to the measurement date	<u>55,547</u>	<u>-</u>	<u>130,152</u>	<u>-</u>	<u>7,672</u>	<u>-</u>
Total	<u>\$ 181,241</u>	<u>\$ 39,205</u>	<u>\$ 415,316</u>	<u>\$ 92,366</u>	<u>\$ 24,360</u>	<u>\$ 7,890</u>

\$55,547, \$130,152, and \$7,672 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, 2022. 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
2022	\$ 11,974	\$ 20,149	\$ 821
2023	18,832	36,372	1,770
2024	24,721	58,098	2,882
2025	24,121	62,692	3,125
2026	6,194	14,585	285
Thereafter	647	902	(85)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019, 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, 2020. 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 fair 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, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2021 (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, 2019 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, 2020, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
		<u> </u>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u><u>1,668,835</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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, 2021 (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>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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, 2021 (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	\$ 1,062,684	\$ 808,385	\$ 601,870
School Professional	2,513,891	1,912,320	1,423,788
School Nonprofessional	147,205	111,979	83,372

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (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, 2021 was 1.21% 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, 2019. 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 \$291,637 and \$282,994 for the years ended June 30, 2021 and June 30, 2020, respectively.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the school division reported a liability of \$3,509,150 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, 2020 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division’s proportion of the VRS Teacher Employee HIC Plan was .2690% as compared to .26860% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$273,806. 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, 2021, 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	\$ -	\$ 46,864
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	15,551	-
Change in assumptions	69,371	19,173
Change in proportionate share	37,148	90,859
Employer contributions subsequent to the measurement date	<u>291,637</u>	<u>-</u>
Total	<u>\$ 413,707</u>	<u>\$ 156,896</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)

\$291,637 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, 2022. 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>	
2022	\$ (13,571)
2023	(12,029)
2024	(12,546)
2025	(3,058)
2026	7,426
Thereafter	(1,048)

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, 2019, 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, 2020.

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 fair 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, 2021 (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, 2019 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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2020, 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, 2020 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	\$ 3,928,127	\$ 3,509,150	\$ 3,153,049

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 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>School Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>4</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	70
Total covered employees	<u><u>74</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Nonprofessional contractually required employer contribution rate for the year ended June 30, 2021 was .12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$1,705 and \$828 for the years ended June 30, 2021 and June 30, 2020, respectively.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Net HIC OPEB Liability (Asset)

The School Nonprofessional Plan Net Health Insurance Credit OPEB asset was measured as of June 30, 2020. The total Health Insurance Credit OPEB asset was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB asset was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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 fair 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, 2021 (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, 2019 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, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate: (Continued)

rate. From July 1, 2020 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.

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, 2019	\$ 39,612	\$ 53,647	\$ (14,035)
Changes for the year:			
Service cost	\$ 2,034	\$ -	\$ 2,034
Interest	2,603	-	2,603
Benefit changes	416	-	416
Differences between expected and actual experience	385	-	385
Assumption changes	-	-	-
Contributions - employer	-	829	(829)
Net investment income	-	1,070	(1,070)
Benefit payments	(2,092)	(2,092)	-
Administrative expenses	-	(102)	102
Net changes	\$ 3,346	\$ -295	\$ 3,641
Balances at June 30, 2020	\$ 42,958	\$ 53,352	\$ (10,394)

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	\$ (4,673)	\$ (10,394)	\$ (15,201)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the School Nonprofessional plan recognized Health Insurance Credit Plan OPEB expense of \$1,138. At June 30, 2021, 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	\$ 4,731	\$ 5,802
Net difference between projected and actual earnings on HIC OPEB plan investments	1,758	-
Change in assumptions	812	181
Employer contributions subsequent to the measurement date	<u>1,705</u>	<u>-</u>
Total	<u>\$ 9,006</u>	<u>\$ 5,983</u>

\$1,705 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, 2022. 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
2022	\$ (444)
2023	(57)
2024	32
2025	1,028
2026	716
Thereafter	43

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (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, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$43,039 and \$40,229 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the City reported a liability of \$1,239,777 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was .29602% as compared to .29448% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$108,085. 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, 2021 (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, 2021, 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	\$ 131,605	\$ 169,022
Net difference between projected and actual earnings on LODA OPEB plan investments	-	1,763
Change in assumptions	331,898	77,257
Change in proportionate share	24,123	59,650
Employer contributions subsequent to the measurement date	<u>43,039</u>	<u>-</u>
Total	<u>\$ 530,665</u>	<u>\$ 307,692</u>

\$43,039 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, 2022. 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>	
2022	\$ 23,631
2023	23,957
2024	24,304
2025	24,406
2026	24,515
Thereafter	59,121

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019, 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, 2020. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2020 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, 2021 (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, 2020, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	<u>\$ 418,814</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.02%

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 2.21% 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 2.21% 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, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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, 2021 (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 2.21%, 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 (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,471,599	\$ 1,239,777	\$ 1,065,035

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,024,716	\$ 1,239,777	\$ 1,521,074

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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

Plan Description

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

Benefits Provided

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

Plan Membership

At July 1, 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, 2021 was \$102,625.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2021.

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	1.92%
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-2020 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, 2021 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year’s valuation is 1.92% 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, 2020	\$ 1,906,213
Changes for the year:	
Service cost	92,737
Interest	47,717
Difference between expected and actual experience	(173,080)
Changes in assumptions	116,113
Benefit payments	(102,625)
Net changes	(19,138)
Balances at June 30, 2021	\$ 1,887,075

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (.92%) or one percentage point higher (2.92%) than the current discount rate:

		<u>Rate</u>			
<u>1% Decrease (.92%)</u>		<u>Current Discount Rate (1.92%)</u>		<u>1% Increase (2.92%)</u>	
\$	2,101,464	\$	1,887,075	\$	1,694,692

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:

		<u>Rates</u>			
<u>1% Decrease</u>		<u>Healthcare Cost Trend</u>		<u>1% Increase</u>	
\$	1,611,355	\$	1,887,075	\$	1,221,792

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

For the year ended June 30, 2021, the City recognized OPEB expense in the amount of \$208,903. At June 30, 2021, the City 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	\$ 83,699	\$ 115,387
Changes in assumptions	81,147	-
Total	<u>\$ 164,846</u>	<u>\$ 115,387</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

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

<u>Year Ended June 30</u>	
2022	\$ 68,447
2023	(18,989)
2024	-
2025	-
2026	-
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, 2021 (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, 2021 was \$253,382.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2021.

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	1.92%
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-2020 for males or females.
- Mortality rates for retirees were based on the PubT.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2020 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-2020 for males or females.

Discount Rate

The discount rate was based on the June 30, 2021 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 1.92% 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, 2021 (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, 2020	\$	2,406,245
Changes for the year:		
Service cost		170,916
Interest		60,036
Difference between expected and actual experience		123,471
Changes in assumptions		137,618
Benefit payments		(253,382)
Net changes		<u>238,659</u>
Balances at June 30, 2021	\$	<u><u>2,644,904</u></u>

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 (.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 2,933,956	\$ 2,644,904	\$ 2,382,074

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
\$ 2,233,296	\$ 2,644,904	\$ 3,162,691

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the School Board recognized OPEB expense in the amount of \$309,027. At June 30, 2021, 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	\$ 116,697	\$ 47,862
Changes in assumptions	241,273	-
Total	<u>\$ 357,970</u>	<u>\$ 47,862</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>	
2022	\$ (78,075)
2023	(78,076)
2024	(55,221)
2025	(55,221)
2026	(43,515)
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, 2021 (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)	\$ 1,887,075	\$ 164,846	\$ 115,387	\$ 208,903
City LODA (Note 20)	1,239,777	530,665	307,692	108,085
Group Life (Note 17)	808,385	181,241	39,205	30,625
Total	<u>\$ 3,935,237</u>	<u>\$ 876,752</u>	<u>\$ 462,284</u>	<u>\$ 347,613</u>
Component Unit School Board				
School Pay-as-you-go (Note 22)	\$ 2,644,904	\$ 357,970	\$ 47,862	\$ 309,027
Teacher Group Life (Note 17)	1,912,320	415,316	92,366	64,270
Nonprofessional Group Life (Note 17)	111,979	24,360	7,890	3,404
Nonprofessional HIC Program (Note 19)	(10,394)	9,006	5,983	1,138
Teacher HIC Program (Note 18)	3,509,150	413,707	156,896	273,806
Total	<u>\$ 8,167,959</u>	<u>\$ 1,220,359</u>	<u>\$ 310,997</u>	<u>\$ 651,645</u>

Note 24—Line of Credit:

The City entered into an agreement on a line of credit. Advances of up to \$4,000,000 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, 2021 and there was no balance outstanding on the Note at June 30, 2021.

Note 25—COVID-19 Pandemic:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the City, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the City is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 25—COVID-19 Pandemic: (Continued)

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. During fiscal year 2021 the City received total CRF funding of \$1,681,061. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$597,188. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$70,162 are reported as unearned revenue as of June 30.

ARPA Funding

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

In June 2021, the City received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$10,764,307 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

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

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 26—New Accounting Pronouncements

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.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 27—Subsequent Event:

Subsequent to year end the City issued VRA Refunding Bonds in the par amount of \$2,675,000.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2021

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 32,846,343	\$ 32,881,576	\$ 32,244,594	\$ (636,982)
Other local taxes	4,787,955	5,462,148	5,922,293	460,145
Permits, privilege fees and regulatory licenses	257,672	287,467	301,300	13,833
Fines and forfeitures	235,650	337,949	420,958	83,009
Revenue from use of money and property	109,840	109,840	71,895	(37,945)
Charges for services	1,621,451	766,266	861,607	95,341
Miscellaneous	326,069	414,467	205,800	(208,667)
Intergovernmental:				
Commonwealth	4,555,969	4,719,984	4,534,655	(185,329)
Federal	835,007	3,496,412	3,468,650	(27,762)
Total revenues	<u>\$ 45,575,956</u>	<u>\$ 48,476,109</u>	<u>\$ 48,031,752</u>	<u>\$ (444,357)</u>
Expenditures:				
General government administration:				
Legislative:				
City council	\$ 717,193	\$ 725,476	\$ 698,258	\$ 27,218
General and financial administration:				
Management services	\$ 1,084,227	\$ 1,626,770	\$ 1,671,432	\$ (44,662)
Legal services	96,500	96,500	45,472	51,028
Human resources	364,728	387,967	353,569	34,398
Commissioner of the Revenue	349,698	351,506	300,173	51,333
Treasurer	546,316	637,359	601,788	35,571
Information technology	866,095	1,777,486	1,752,904	24,582
Department of finance	743,895	746,506	737,450	9,056
Total general and financial administration	<u>\$ 4,051,459</u>	<u>\$ 5,624,094</u>	<u>\$ 5,462,788</u>	<u>\$ 161,306</u>
Board of Elections:				
Electoral board and officials	\$ 229,902	\$ 245,315	\$ 212,156	\$ 33,159
Total board of elections	<u>\$ 229,902</u>	<u>\$ 245,315</u>	<u>\$ 212,156</u>	<u>\$ 33,159</u>
Total general government administration	<u>\$ 4,998,554</u>	<u>\$ 6,594,885</u>	<u>\$ 6,373,202</u>	<u>\$ 221,683</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Courts	\$ 285,946	\$ 285,946	\$ 267,397	\$ 18,549
Sheriff	314,685	314,685	314,688	(3)
Total courts	\$ 600,631	\$ 600,631	\$ 582,085	\$ 18,546
Total judicial administration	\$ 600,631	\$ 600,631	\$ 582,085	\$ 18,546
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,730,458	\$ 3,849,260	\$ 3,544,928	\$ 304,332
E-911	637,447	654,361	562,407	91,954
Total law enforcement and traffic control	\$ 4,367,905	\$ 4,503,621	\$ 4,107,335	\$ 396,286
Fire and rescue services:				
Fire department	\$ 3,309,321	\$ 3,642,493	\$ 3,498,572	\$ 143,921
Total fire and rescue services	\$ 3,309,321	\$ 3,642,493	\$ 3,498,572	\$ 143,921
Correction and detention:				
Juvenile detention home	\$ 165,000	\$ 165,000	\$ 71,952	\$ 93,048
County jail	950,000	500,000	479,718	20,282
Total correction and detention	\$ 1,115,000	\$ 665,000	\$ 551,670	\$ 113,330

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (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	\$ 75,000	\$ 75,000	\$ 72,604	\$ 2,396
Total other protection	\$ 75,000	\$ 75,000	\$ 72,604	\$ 2,396
Total public safety	\$ 8,867,226	\$ 8,886,114	\$ 8,230,181	\$ 655,933
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 748,068	\$ 765,175	\$ 743,353	\$ 21,822
Maintenance of general buildings and grounds:				
General properties	\$ 678,279	\$ 700,915	\$ 546,463	\$ 154,452
Fleet	446,521	454,370	380,750	73,620
Total maintenance of general buildings and grounds	\$ 1,124,800	\$ 1,155,285	\$ 927,213	\$ 228,072
Total public works	\$ 1,872,868	\$ 1,920,460	\$ 1,670,566	\$ 249,894
Health and welfare:				
Health:				
Local health department	\$ 28,995	\$ 28,995	\$ 28,344	\$ 651
Mental health and mental retardation:				
Community services board	\$ 804,332	\$ 804,332	\$ 804,336	\$ (4)
Welfare:				
Administration and public assistance	\$ 1,971,033	\$ 1,811,013	\$ 1,692,885	\$ 118,128
Agency on aging	104,849	104,849	104,844	5
Other social services programs	50,847	50,847	50,844	3
Tax relief for the elderly	490,000	490,000	428,673	61,327
Childrens services	1,018,837	1,018,837	933,826	85,011
Total welfare	\$ 3,635,566	\$ 3,475,546	\$ 3,211,072	\$ 264,474
Total health and welfare	\$ 4,468,893	\$ 4,308,873	\$ 4,043,752	\$ 265,121

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (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	\$ 38,831	\$ 38,831	\$ 38,831	\$ -
Contribution to Component Unit School Board	12,499,371	12,641,622	11,695,746	945,876
Total education	\$ 12,538,202	\$ 12,680,453	\$ 11,734,577	\$ 945,876
Parks, recreation and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 3,526,116	\$ 3,010,289	\$ 2,906,885	\$ 103,404
Total parks and recreation	\$ 3,526,116	\$ 3,010,289	\$ 2,906,885	\$ 103,404
Community development:				
Planning and community development:				
Economic development	\$ 30,000	\$ 30,000	\$ 22,642	\$ 7,358
Planning and zoning	539,258	673,559	524,467	149,092
Community organizations	40,259	40,259	36,002	4,257
Total planning and community development	\$ 609,517	\$ 743,818	\$ 583,111	\$ 160,707
Total community development	\$ 609,517	\$ 743,818	\$ 583,111	\$ 160,707
Total expenditures	\$ 37,482,007	\$ 38,745,523	\$ 36,124,359	\$ 2,621,164
Excess (deficiency) of revenues over (under) expenditures	\$ 8,093,949	\$ 9,730,586	\$ 11,907,393	\$ 2,176,807
Other financing sources (uses):				
Operating transfers in	\$ 1,377,837	\$ 1,377,837	\$ 1,377,837	\$ -
Operating transfers (out)	(10,582,892)	(10,667,129)	(10,634,002)	33,127
Total other financing sources (uses)	\$ (9,205,055)	\$ (9,289,292)	\$ (9,256,165)	\$ 33,127
Net changes in fund balance	\$ (1,111,106)	\$ 441,294	\$ 2,651,228	\$ 2,209,934
Fund balance at beginning of year	1,111,106	(441,294)	8,339,099	8,780,393
Fund balance at end of year	\$ -	\$ -	\$ 10,990,327	\$ 10,990,327

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 1,144,175	\$ 1,093,842	\$ 1,058,351	\$ 1,076,036
Interest	2,749,694	2,626,325	2,503,017	2,397,777
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	422,890	63,827	(159,090)	(312,326)
Changes of assumptions	-	1,324,705	-	(281,172)
Benefit payments	(1,897,221)	(1,885,611)	(1,395,865)	(1,357,907)
Net change in total pension liability	<u>\$ 2,419,538</u>	<u>\$ 3,223,088</u>	<u>\$ 2,006,413</u>	<u>\$ 1,522,408</u>
Total pension liability - beginning	41,684,825	38,461,737	36,455,324	34,932,916
Total pension liability - ending (a)	<u>\$ 44,104,363</u>	<u>\$ 41,684,825</u>	<u>\$ 38,461,737</u>	<u>\$ 36,455,324</u>
Plan fiduciary net position				
Contributions - employer	\$ 812,881	\$ 781,421	\$ 850,234	\$ 826,406
Contributions - employee	519,535	446,893	450,450	504,197
Net investment income	729,827	2,425,835	2,530,731	3,733,931
Benefit payments	(1,897,221)	(1,885,611)	(1,395,865)	(1,357,907)
Administrator charges	(24,805)	(23,988)	(21,511)	(21,163)
Other	(868)	(1,531)	(2,272)	(3,342)
Net change in plan fiduciary net position	<u>\$ 139,349</u>	<u>\$ 1,743,019</u>	<u>\$ 2,411,767</u>	<u>\$ 3,682,122</u>
Plan fiduciary net position - beginning	38,346,754	36,603,735	34,191,968	30,509,846
Plan fiduciary net position - ending (b)	<u>\$ 38,486,103</u>	<u>\$ 38,346,754</u>	<u>\$ 36,603,735</u>	<u>\$ 34,191,968</u>
County's net pension liability - ending (a) - (b)	\$ 5,618,260	\$ 3,338,071	\$ 1,858,002	\$ 2,263,356
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.99%	95.17%	93.79%
Covered payroll	\$ 9,969,151	\$ 9,428,847	\$ 9,410,600	\$ 9,065,489
County's net pension liability as a percentage of covered payroll	56.36%	35.40%	19.74%	24.97%

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 and Related Ratios
 Primary Government
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 104,187	\$ 101,330	\$ 95,824	\$ 118,908
Interest	235,217	226,702	219,224	212,429
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(30,644)	22,012	(14,114)	(35,247)
Changes of assumptions	-	96,761	-	(7,214)
Benefit payments	(213,639)	(187,785)	(200,405)	(183,217)
Net change in total pension liability	<u>\$ 95,121</u>	<u>\$ 259,020</u>	<u>\$ 100,529</u>	<u>\$ 105,659</u>
Total pension liability - beginning	3,591,519	3,332,499	3,231,970	3,126,311
Total pension liability - ending (a)	<u>\$ 3,686,640</u>	<u>\$ 3,591,519</u>	<u>\$ 3,332,499</u>	<u>\$ 3,231,970</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,118	\$ 3,604	\$ 14,610	\$ 15,831
Contributions - employee	60,185	59,793	57,601	56,932
Net investment income	82,845	276,690	295,471	446,619
Benefit payments	(213,639)	(187,785)	(200,405)	(183,217)
Administrator charges	(2,886)	(2,799)	(2,605)	(2,633)
Other	(97)	(174)	(261)	(395)
Net change in plan fiduciary net position	<u>\$ (68,474)</u>	<u>\$ 149,329</u>	<u>\$ 164,411</u>	<u>\$ 333,137</u>
Plan fiduciary net position - beginning	4,358,931	4,209,602	4,045,191	3,712,054
Plan fiduciary net position - ending (b)	<u>\$ 4,290,457</u>	<u>\$ 4,358,931</u>	<u>\$ 4,209,602</u>	<u>\$ 4,045,191</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (603,817)	\$ (767,412)	\$ (877,103)	\$ (813,221)
Plan fiduciary net position as a percentage of the total pension liability	116.38%	121.37%	126.32%	125.16%
Covered payroll	\$ 1,380,392	\$ 1,364,905	\$ 1,304,629	\$ 1,270,252
School Division's net pension liability as a percentage of covered payroll	-43.74%	-56.22%	-67.23%	-64.02%

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, 2020

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.26140%	0.26187%	0.26485%	0.26070%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 38,044,930	\$ 34,463,580	\$ 31,147,000	\$ 32,060,000
Employer's Covered Payroll	23,582,831	22,529,313	21,907,252	20,995,217
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	161.32%	152.97%	142.18%	152.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%

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, 2020

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.27855%	0.26507%	0.23397%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 39,036,000	\$ 33,363,000	\$ 29,448,000
Employer's Covered Payroll	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	183.80%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension
Pension Plans
Years Ended June 30, 2012 through June 30, 2021

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					
2021	\$ 968,067	\$ 968,067	-	\$ 10,281,795	9.42%
2020	814,574	814,574	-	9,969,151	8.17%
2019	784,249	784,249	-	9,428,847	8.32%
2018	848,922	848,922	-	9,410,600	9.02%
2017	848,530	848,530	-	9,065,489	9.36%
2016	1,005,726	1,005,726	-	8,783,631	11.45%
2015	1,024,554	1,024,554	-	8,948,073	11.45%
2014	995,359	995,359	-	8,246,555	12.07%
2013	1,004,562	1,004,562	-	8,322,803	12.07%
2012	756,732	756,732	-	7,932,203	9.54%
Component Unit School Board (nonprofessional)					
2021	\$ -	\$ -	-	\$ 1,420,707	0.00%
2020	-	-	-	1,380,392	0.00%
2019	1,347	1,347	-	1,364,905	0.10%
2018	13,544	13,544	-	1,304,629	1.04%
2017	23,881	23,881	-	1,270,252	1.88%
2016	76,655	76,655	-	1,271,597	6.03%
2015	77,235	77,235	-	1,182,769	6.53%
2014	137,347	137,347	-	1,505,991	9.12%
2013	137,353	137,353	-	1,506,063	9.12%
2012	113,263	113,263	-	1,496,203	7.57%
Component Unit School Board (professional) (1)					
2021	\$ 3,738,778	\$ 3,738,778	-	\$ 24,102,201	15.51%
2020	3,474,004	3,474,004	-	23,582,831	14.73%
2019	3,355,913	3,355,913	-	22,529,313	14.90%
2018	3,425,402	3,425,402	-	21,907,252	15.64%
2017	2,966,471	2,966,471	-	20,995,217	14.13%
2016	2,986,098	2,986,098	-	21,238,250	14.06%
2015	2,857,611	2,857,611	-	19,707,662	14.50%

(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, 2021

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, 2019 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, 2020

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					
2020	0.04844% \$	808,385 \$	9,969,151	8.11%	52.64%
2019	0.04810%	782,715	9,428,847	8.30%	52.00%
2018	0.04949%	752,000	9,410,600	7.99%	51.22%
2017	0.04917%	740,000	9,069,906	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.00671% \$	111,979 \$	1,380,392	8.11%	52.64%
2019	0.00698%	113,584	1,364,905	8.32%	52.00%
2018	0.00693%	105,000	1,317,613	7.97%	51.22%
2017	0.00689%	104,000	1,270,252	8.19%	48.86%
Component Unit School Board (professional)					
2020	0.14590% \$	1,912,320 \$	23,582,831	8.11%	52.64%
2019	0.11492%	1,870,054	22,529,313	8.30%	52.00%
2018	0.11494%	1,746,000	21,855,662	7.99%	51.22%
2017	0.11386%	1,713,000	21,001,265	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2021	\$ 55,547	\$ 55,547	-	\$ 10,286,437	0.54%
2020	51,840	51,840	-	9,969,151	0.52%
2019	49,000	49,000	-	9,428,847	0.52%
2018	48,935	48,935	-	9,410,600	0.52%
2017	47,164	47,164	-	9,069,906	0.52%
2016	42,161	42,161	-	8,783,631	0.48%
2015	42,951	42,951	-	8,948,073	0.48%
2014	39,661	39,661	-	8,262,605	0.48%
2013	40,060	40,060	-	8,345,900	0.48%
2012	22,210	22,210	-	7,932,203	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 7,672	\$ 7,672	-	\$ 1,420,707	0.54%
2020	7,178	7,178	-	1,380,392	0.52%
2019	7,000	7,000	-	1,364,905	0.51%
2018	6,852	6,852	-	1,317,613	0.52%
2017	6,605	6,605	-	1,270,252	0.52%
2016	6,130	6,130	-	1,276,991	0.48%
2015	5,690	5,690	-	1,185,336	0.48%
2014	7,437	7,437	-	1,549,445	0.48%
2013	7,229	7,229	-	1,506,063	0.48%
2012	4,189	4,189	-	1,496,203	0.28%
Component Unit School Board (professional)					
2021	\$ 130,152	\$ 130,152	-	\$ 24,102,201	0.54%
2020	122,631	122,631	-	23,582,831	0.52%
2019	117,000	117,000	-	22,529,313	0.52%
2018	113,649	113,649	-	21,855,662	0.52%
2017	109,207	109,207	-	21,001,265	0.52%
2016	102,260	102,260	-	21,304,163	0.48%
2015	95,043	95,043	-	19,800,640	0.48%
2014	85,775	85,775	-	17,869,876	0.48%
2013	80,385	80,385	-	16,746,965	0.48%
2012	44,227	44,227	-	15,795,461	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2021

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, 2019 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, 2020

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)
2020	0.26900% \$	3,509,150 \$	23,582,831	14.88%	9.95%
2019	0.26860%	3,516,235	22,529,313	15.61%	8.97%
2018	0.27024%	3,431,000	21,855,662	15.70%	8.08%
2017	0.26603%	3,375,000	20,995,217	16.08%	7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2012 through June 30, 2021

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)
2021	\$ 291,637	\$ 291,637	-	\$ 24,102,201	1.21%
2020	282,994	282,994	-	23,582,831	1.20%
2019	270,000	270,000	-	22,529,313	1.20%
2018	268,825	268,825	-	21,855,662	1.23%
2017	233,049	233,049	-	20,995,217	1.11%
2016	225,125	225,125	-	21,238,249	1.06%
2015	208,901	208,901	-	19,707,659	1.06%
2014	197,803	197,803	-	17,820,061	1.11%
2013	185,905	185,905	-	16,748,191	1.11%
2012	94,773	94,773	-	15,795,461	0.60%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2021

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, 2019 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, 2020

	School Nonprofessional 2020	School Nonprofessional 2019	School Nonprofessional 2018	School Nonprofessional 2017
Total HIC OPEB Liability				
Service cost	\$ 2,034	\$ 1,853	\$ 1,682	\$ 2,018
Interest	2,603	2,027	2,615	2,425
Changes of benefit terms	416	-	-	-
Differences between expected and actual experience	385	6,327	(10,935)	-
Changes of assumptions	-	1,166	-	(525)
Benefit payments	(2,092)	(1,434)	(2,096)	(318)
Net change in total HIC OPEB liability	\$ 3,346	\$ 9,939	\$ (8,734)	\$ 3,600
Total HIC OPEB Liability - beginning	39,612	29,673	38,407	34,807
Total HIC OPEB Liability - ending (a)	\$ 42,958	\$ 39,612	\$ 29,673	\$ 38,407
Plan fiduciary net position				
Contributions - employer	\$ 829	\$ 819	\$ 1,826	\$ 1,788
Net investment income	1,070	3,268	3,422	4,908
Benefit payments	(2,092)	(1,434)	(2,096)	(318)
Administrator charges	(102)	(71)	(81)	(82)
Other	-	(3)	(243)	243
Net change in plan fiduciary net position	\$ (295)	\$ 2,579	\$ 2,828	\$ 6,539
Plan fiduciary net position - beginning	53,647	51,068	48,240	41,701
Plan fiduciary net position - ending (b)	\$ 53,352	\$ 53,647	\$ 51,068	\$ 48,240
Net HIC OPEB liability (asset) - ending (a) - (b)	\$ (10,394)	\$ (14,035)	\$ (21,395)	\$ (9,833)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	124.20%	135.43%	172.10%	125.60%
Covered payroll	\$ 1,380,392	\$ 1,364,905	\$ 1,304,629	\$ 1,270,252
Net HIC OPEB liability as a percentage of covered payroll	-0.75%	-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, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Component Unit School Board (nonprofessional)					
2021	\$ 1,705	\$ 1,705	\$ -	1,420,707	0.12%
2020	828	828	-	1,380,392	0.06%
2019	819	819	-	1,364,905	0.06%
2018	1,826	1,826	-	1,304,629	0.14%
2017	1,778	1,778	-	1,270,252	0.14%
2016	1,526	1,526	-	1,271,597	0.12%
2015	1,419	1,419	-	1,182,769	0.12%
2014	3,163	3,163	-	1,505,991	0.21%
2013	3,163	3,163	-	1,506,065	0.21%
2012	2,843	2,843	-	1,496,203	0.19%

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Year Ended June 30, 2021

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, 2019, 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 60.00% to 45.00%
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, 2020

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)
2020	0.29602% \$	1,239,777 \$	Not Applicable	Not Applicable	1.02%
2019	0.29448%	1,056,553	Not Applicable	Not Applicable	0.79%
2018	0.31900%	1,002,000	Not Applicable	Not Applicable	0.60%
2017	0.31038%	815,000	Not Applicable	Not Applicable	1.30%

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

Schedule is intended to show information for 10 years. 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, 2021

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)
2021	\$ 43,039	\$ 43,039	-	\$ Not Applicable	Not Applicable
2020	40,229	40,229	-	Not Applicable	Not Applicable
2019	40,000	40,000	-	Not Applicable	Not Applicable
2018	34,000	34,000	-	Not Applicable	Not Applicable
2017	35,000	35,000	-	Not Applicable	Not Applicable

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

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 Year Ended June 30, 2021

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, 2019 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, 2021

	Primary Government <u>2021</u>	Primary Government <u>2020</u>	Primary Government <u>2019</u>	Primary Government <u>2018</u>
Total OPEB liability				
Service cost	\$ 92,737	\$ 43,473	\$ 38,146	\$ 37,035
Interest	47,717	50,719	44,696	51,643
Changes in assumptions	116,113	11,214	106,607	-
Differences between expected and actual experience	(173,080)	251,096	67,193	(14,131)
Benefit payments	(102,625)	(51,334)	(88,127)	(63,123)
Net change in total OPEB liability	\$ (19,138)	\$ 305,168	\$ 168,515	\$ 11,424
Total OPEB liability - beginning	<u>1,906,213</u>	<u>1,601,045</u>	<u>1,432,530</u>	<u>1,421,106</u>
Total OPEB liability - ending	<u>\$ 1,887,075</u>	<u>\$ 1,906,213</u>	<u>\$ 1,601,045</u>	<u>\$ 1,432,530</u>
Covered-employee payroll	\$ 7,902,018	\$ 7,671,862	\$ 8,091,178	\$ 7,855,512
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	23.88%	24.85%	19.79%	18.24%

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

Notes to Required Supplementary Information - Pay-As-You Go OPEB Plan
 Year Ended June 30, 2021

Valuation Date: 7/1/2019
 Measurement Date: 6/30/2021

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	1.92%
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 requirements
Mortality Rates	The mortality rates are based on the PibG.H.-2010 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board Pay-As-You-Go Plan
 Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 170,916	\$ 116,525	\$ 114,764	\$ 111,421
Interest	60,036	58,655	73,508	83,554
Changes in assumptions	137,618	89,495	167,321	-
Differences between expected and actual experience	123,471	(19,259)	(87,558)	41,414
Benefit payments	(253,382)	(233,497)	(210,378)	(192,887)
Net change in total OPEB liability	<u>\$ 238,659</u>	<u>\$ 11,919</u>	<u>\$ 57,657</u>	<u>\$ 43,502</u>
Total OPEB liability - beginning	<u>2,406,245</u>	<u>2,394,326</u>	<u>2,336,669</u>	<u>2,293,167</u>
Total OPEB liability - ending	<u><u>\$ 2,644,904</u></u>	<u><u>\$ 2,406,245</u></u>	<u><u>\$ 2,394,326</u></u>	<u><u>\$ 2,336,669</u></u>
Covered-employee payroll	\$ 17,330,496	\$ 16,825,724	\$ 16,073,976	\$ 15,605,802
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	15.26%	14.30%	14.90%	14.97%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
 Year Ended June 30, 2021

Valuation Date: 7/1/2019
 Measurement Date: 6/30/2021

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	1.92%
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

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Other local taxes	\$ 26,500	\$ 465,000	\$ 638,766	\$ 173,766
Revenue from use of money and property	-	-	356	356
Miscellaneous	20,000	1,289,200	22	(1,289,178)
Intergovernmental:				
Commonwealth	496,595	1,130,662	499,676	(630,986)
Total revenues	<u>\$ 543,095</u>	<u>\$ 2,884,862</u>	<u>\$ 1,138,820</u>	<u>\$ (1,746,042)</u>
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ 239,849	\$ 244,477	\$ 239,395	\$ 5,082
Total general government administration	<u>\$ 239,849</u>	<u>\$ 244,477</u>	<u>\$ 239,395</u>	<u>\$ 5,082</u>
Public safety:				
Vehicle and equipment additions	\$ 20,000	\$ 44,100	\$ 321,273	\$ (277,173)
Total public safety	<u>\$ 20,000</u>	<u>\$ 44,100</u>	<u>\$ 321,273</u>	<u>\$ (277,173)</u>
Public works:				
Miscellaneous capital outlays	\$ 166,750	\$ 187,750	\$ 149,960	\$ 37,790
Total public works	<u>\$ 166,750</u>	<u>\$ 187,750</u>	<u>\$ 149,960</u>	<u>\$ 37,790</u>
Capital projects:				
Public works:				
Road, traffic and other projects	\$ 2,136,595	\$ 5,280,451	\$ 1,614,125	\$ 3,666,326
Land acquisition	-	1,269,198	6,318,417	(5,049,219)
Total public works projects	<u>\$ 2,136,595</u>	<u>\$ 6,549,649</u>	<u>\$ 7,932,542</u>	<u>\$ (1,382,893)</u>
Parks and recreation:				
Parks and recreation projects	\$ 70,000	\$ 138,643	\$ 138,666	\$ (23)
Debt service:				
Principal retirement	\$ 394,968	\$ 418,766	\$ 459,766	\$ (41,000)
Interest and other fiscal charges	57,928	34,131	281,283	(247,152)
Bond issuance costs	-	-	640,477	(640,477)
Total debt service	<u>\$ 452,896</u>	<u>\$ 452,897</u>	<u>\$ 1,381,526</u>	<u>\$ (928,629)</u>
Total expenditures	<u>\$ 3,086,090</u>	<u>\$ 7,617,516</u>	<u>\$ 10,163,362</u>	<u>\$ (2,545,846)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,542,995)</u>	<u>\$ (4,732,654)</u>	<u>\$ (9,024,542)</u>	<u>\$ (4,291,888)</u>
Other financing sources (uses):				
Transfers in	\$ 2,542,025	\$ 3,320,938	\$ 1,156,635	\$ (2,164,303)
Issuance of bonds	-	-	27,130,000	27,130,000
Issuance of capital leases	-	-	306,238	306,238
Proceeds from the sale of capital assets	-	-	8,700,000	8,700,000
Bond premium	-	-	4,157,258	4,157,258
Total other financing sources (uses):	<u>\$ 2,542,025</u>	<u>\$ 3,320,938</u>	<u>\$ 41,450,131</u>	<u>\$ 38,129,193</u>
Net changes in fund balance	<u>\$ (970)</u>	<u>\$ (1,411,716)</u>	<u>\$ 32,425,589</u>	<u>\$ 33,837,305</u>
Fund balance at beginning of year	970	1,411,716	(4,120,892)	(5,532,608)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,304,697</u>	<u>\$ 28,304,697</u>

Proffer Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ (978,418)	\$ (304,668)	\$ 673,750
Total other financing sources (uses):	\$ -	\$ (978,418)	\$ (304,668)	\$ 673,750
Net changes in fund balance	\$ -	\$ (978,418)	\$ (304,668)	\$ 673,750
Fund balance at beginning of year	-	978,418	1,204,838	226,420
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,170</u>	<u>\$ 900,170</u>

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 70	\$ 70
Expenditures:				
Debt service:				
Principal retirement	\$ 6,189,644	\$ 6,189,644	\$ 6,189,644	\$ -
Interest and other fiscal charges	3,287,723	3,287,723	3,279,910	7,813
Total debt service	<u>\$ 9,477,367</u>	<u>\$ 9,477,367</u>	<u>\$ 9,469,554</u>	<u>\$ 7,813</u>
Total expenditures	<u>\$ 9,477,367</u>	<u>\$ 9,477,367</u>	<u>\$ 9,469,554</u>	<u>\$ 7,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,477,367)</u>	<u>\$ (9,477,367)</u>	<u>\$ (9,469,484)</u>	<u>\$ 7,883</u>
Other financing sources (uses):				
Transfers in	<u>\$ 9,477,367</u>	<u>\$ 9,477,367</u>	<u>\$ 9,477,367</u>	<u>\$ -</u>
Net changes in fund balance	\$ -	\$ -	\$ 7,883	\$ 7,883
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>334,280</u>	<u>334,280</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 342,163</u></u>	<u><u>\$ 342,163</u></u>

Combing Balance Sheet
 Nonmajor Special Revenue Funds
 At June 30, 2021

	<u>Gang Task Force Fund</u>	<u>Special Transportation Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 20	\$ 3,046,936	\$ 3,046,956
Total assets	<u>\$ 20</u>	<u>\$ 3,046,936</u>	<u>\$ 3,046,956</u>
FUND BALANCES			
Committed	\$ 20	\$ 3,046,936	\$ 3,046,956
Total fund balances	<u>\$ 20</u>	<u>\$ 3,046,936</u>	<u>\$ 3,046,956</u>
Total liabilities and fund balances	<u>\$ 20</u>	<u>\$ 3,046,936</u>	<u>\$ 3,046,956</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2021

	<u>Gang Task Force Fund</u>	<u>Special Transportation Fund</u>	<u>Total</u>
Revenues:			
Miscellaneous	\$ -	\$ 592,510	\$ 592,510
Other financing sources (uses):			
Transfers in	\$ -	\$ 304,668	\$ 304,668
Total other financing sources (uses):	\$ -	\$ 304,668	\$ 304,668
Net changes in fund balance	\$ -	\$ 897,178	\$ 897,178
Fund balance at beginning of year	<u>20</u>	<u>2,149,758</u>	<u>2,149,778</u>
Fund balance at end of year	<u>\$ 20</u>	<u>\$ 3,046,936</u>	<u>\$ 3,046,956</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 452,702	\$ 500,000	\$ 592,510	\$ 92,510
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 344,055	\$ 344,055	\$ 304,668	\$ (39,387)
Total other financing sources (uses):	\$ -	\$ -	\$ -	\$ -	\$ 344,055	\$ 344,055	\$ 304,668	\$ (39,387)
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	\$ 796,757	\$ 844,055	\$ 897,178	\$ 53,123
Fund balance at beginning of year	-	-	20	20	(796,757)	(844,055)	2,149,758	2,993,813
Fund balance at end of year	\$ -	\$ -	\$ 20	\$ 20	\$ -	\$ -	\$ 3,046,936	\$ 3,046,936

Balance Sheet - Discretely Presented Component Unit - School Board
 At June 30, 2021

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,556,555	\$ 379,632	\$ 278,869	\$ 5,215,056
Receivables (Net of allowance for uncollectibles):				
Accounts	101,889	236	-	102,125
Inventories	387	20,094	-	20,481
Prepaid items	46,589	-	-	46,589
Due from other governmental units	1,706,842	79,904	-	1,786,746
	<u>6,412,262</u>	<u>479,866</u>	<u>278,869</u>	<u>7,170,997</u>
LIABILITIES				
Accounts payable	\$ 1,060,840	\$ 10,815	\$ -	\$ 1,071,655
Accrued liabilities	4,196,321	42,359	-	4,238,680
Unearned revenue	-	18	-	18
Due to primary government	913,758	-	-	913,758
	<u>6,170,919</u>	<u>53,192</u>	<u>-</u>	<u>6,224,111</u>
FUND BALANCES				
Nonspendable - prepaid items and inventory	\$ 46,976	\$ 20,094	\$ -	\$ 67,070
Restricted	-	-	278,869	278,869
Committed - cafeteria	-	406,580	-	406,580
Committed - health insurance	241,343	-	-	241,343
Unassigned	(46,976)	-	-	(46,976)
	<u>241,343</u>	<u>426,674</u>	<u>278,869</u>	<u>946,886</u>
	<u>6,412,262</u>	<u>479,866</u>	<u>278,869</u>	<u>7,170,997</u>

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

Total fund balances, balance sheet, governmental funds	\$ 946,886
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.	37,103,828
The Net Pension and OPEB Assets are not an available resources and, therefore are not reported in the funds.	614,211
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	11,017,896
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(3,545,389)
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.	(46,673,538)
Net position of Governmental Activities	<u>\$ (536,106)</u>

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

	School Operating	School Cafeteria	School Activity Funds	Total
Revenues:				
Revenue from use of money and property	\$ 74	\$ 1,425	\$ -	\$ 1,499
Charges for services	-	427	-	427
Miscellaneous	429,663	4,363	107,807	541,833
Intergovernmental:				
County contribution to School Board	11,695,746	-	-	11,695,746
Commonwealth	29,332,225	41,073	-	29,373,298
Federal	2,375,521	1,357,291	-	3,732,812
Total revenues	\$ 43,833,229	\$ 1,404,579	\$ 107,807	\$ 45,345,615
Expenditures:				
Current:				
Education	\$ 43,831,461	\$ 1,595,026	\$ 108,388	\$ 45,534,875
Total expenditures	\$ 43,831,461	\$ 1,595,026	\$ 108,388	\$ 45,534,875
Excess (deficiency) of revenues over (under) expenditures	\$ 1,768	\$ (190,447)	\$ (581)	\$ (189,260)
Other financing sources (uses):				
Transfers in	\$ -	\$ 2,572	\$ -	\$ 2,572
Transfers (out)	(2,572)	-	-	(2,572)
Total other financing sources (uses)	\$ (2,572)	\$ 2,572	\$ -	\$ -
Net changes in fund balances	\$ (804)	\$ (187,875)	\$ (581)	\$ (189,260)
Fund balances at beginning of year, as restated	242,147	614,549	279,450	1,136,146
Fund balances at end of year	\$ 241,343	\$ 426,674	\$ 278,869	\$ 946,886

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, 2021

	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	\$ (189,260)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which the depreciation exceeded capital outlays in the current period is computed as follows:	
Capital additions	\$ 1,050,893
Depreciation expense	<u>(1,331,370)</u> (280,477)
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	\$ (786,905)
OPEB expense	33,204
Change in compensated absences	<u>22,292</u> (731,409)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	<u>3,382,599</u>
Change in net position of governmental activities	<u>\$ 2,181,453</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, 2021

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 7,100	\$ 7,100	\$ 74	\$ (7,026)
Charges for services	-	-	-	-
Miscellaneous	1,720,912	1,735,343	429,663	(1,305,680)
Intergovernmental:				
County contribution to School Board	12,499,371	12,641,622	11,695,746	(945,876)
Commonwealth	28,805,138	28,805,138	29,332,225	527,087
Federal	1,373,875	2,546,434	2,375,521	(170,913)
Total revenues	\$ 44,406,396	\$ 45,735,637	\$ 43,833,229	\$ (1,902,408)
Expenditures:				
Current:				
Instruction	\$ 33,152,304	\$ 33,239,343	\$ 32,224,301	\$ 1,015,042
Administration, attendance and health	2,979,030	2,978,872	2,790,701	188,171
Pupil transportation	2,129,589	2,104,009	1,722,306	381,703
Operation and maintenance	3,372,611	4,024,247	3,803,496	220,751
School food service costs	-	18,287	18,287	-
Technology	2,797,993	3,396,010	3,214,219	181,791
Total education	\$ 44,431,527	\$ 45,760,768	\$ 43,831,461	\$ 1,929,307
Excess (deficiency) of revenues over (under) expenditures	\$ (25,131)	\$ (25,131)	\$ 1,768	\$ 26,899
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	(2,572)	(2,572)
Total other financing sources (uses)	\$ -	\$ -	\$ (2,572)	\$ (2,572)
Net changes in fund balances	\$ (25,131)	\$ (25,131)	\$ (804)	\$ 24,327
Fund balances at beginning of year	\$ 25,131	\$ 25,131	\$ 242,147	\$ 217,016
Fund balances at end of year	\$ -	\$ -	\$ 241,343	\$ 241,343

Exhibit 42

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ 11,000	\$ 11,000	\$ 1,425	\$ (9,575)
410,000	410,000	427	(409,573)
24,500	24,500	4,363	(20,137)
-	-	-	-
52,295	52,295	41,073	(11,222)
1,550,000	1,550,000	1,357,291	(192,709)
<u>\$ 2,047,795</u>	<u>\$ 2,047,795</u>	<u>\$ 1,404,579</u>	<u>\$ (643,216)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
2,060,259	2,060,259	1,595,026	465,233
-	-	-	-
<u>\$ 2,060,259</u>	<u>\$ 2,060,259</u>	<u>\$ 1,595,026</u>	<u>\$ 465,233</u>
<u>\$ (12,464)</u>	<u>\$ (12,464)</u>	<u>\$ (190,447)</u>	<u>\$ (177,983)</u>
\$ -	\$ -	\$ 2,572	\$ (2,572)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,572</u>	<u>\$ (2,572)</u>
\$ (12,464)	\$ (12,464)	\$ (187,875)	\$ (180,555)
\$ 12,464	\$ 12,464	\$ 614,549	\$ 602,085
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,674</u>	<u>\$ 421,530</u>

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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, 2021

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	\$ 27,614,014	\$ 27,649,247	\$ 27,533,459	\$ (115,788)
Public service taxes	479,221	479,221	311,430	(167,791)
Personal property taxes	4,388,108	4,388,108	3,980,812	(407,296)
Machinery and tools taxes	45,000	45,000	34,354	(10,646)
Penalties	200,000	200,000	216,518	16,518
Interest	120,000	120,000	168,021	48,021
Total general property taxes	<u>\$ 32,846,343</u>	<u>\$ 32,881,576</u>	<u>\$ 32,244,594</u>	<u>\$ (636,982)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,840,000	\$ 2,384,193	\$ 2,627,568	\$ 243,375
Consumer utility taxes	785,600	810,600	833,175	22,575
Business license taxes	880,000	880,000	1,005,126	125,126
Motor vehicle licenses	510,100	510,100	426,190	(83,910)
Bank franchise taxes	64,255	64,255	69,644	5,389
Recordation taxes	85,000	250,000	356,433	106,433
Cigarette taxes	230,000	230,000	214,635	(15,365)
Meals tax	360,000	300,000	369,703	69,703
Cable TV franchise fees	33,000	33,000	19,819	(13,181)
Total other local taxes	<u>\$ 4,787,955</u>	<u>\$ 5,462,148</u>	<u>\$ 5,922,293</u>	<u>\$ 460,145</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 1,800	\$ 1,800	\$ 1,935	\$ 135
Building and related permits	160,805	220,250	239,787	19,537
Cell tower fees	15,092	15,092	15,182	90
Fire and rescue permits	55,000	25,000	20,295	(4,705)
Other permits and licenses	24,975	25,325	24,101	(1,224)
Total permits, privilege fees and regulatory licenses	<u>\$ 257,672</u>	<u>\$ 287,467</u>	<u>\$ 301,300</u>	<u>\$ 13,833</u>
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 235,650	\$ 337,949	\$ 420,958	\$ 83,009
Revenue from use of money and property:				
Revenue from use of money	\$ 55,000	\$ 55,000	\$ 16,931	\$ (38,069)
Revenue from use of property	54,840	54,840	54,964	124
Total revenue from use of money and property	<u>\$ 109,840</u>	<u>\$ 109,840</u>	<u>\$ 71,895</u>	<u>\$ (37,945)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (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	\$ 121,412	\$ 121,412	\$ 121,412	\$ -
Courthouse maintenance fees	400	400	377	(23)
Charges for EMS	215,000	240,000	234,079	(5,921)
Charges for parks and recreation	1,284,639	404,454	505,739	101,285
Total charges for services	<u>\$ 1,621,451</u>	<u>\$ 766,266</u>	<u>\$ 861,607</u>	<u>\$ 95,341</u>
Miscellaneous:				
Miscellaneous	\$ 237,047	\$ 325,445	\$ 91,422	\$ (234,023)
Other refunds	39,000	39,000	62,071	23,071
Rebates and refunds from schools	50,022	50,022	52,307	2,285
Total miscellaneous	<u>\$ 326,069</u>	<u>\$ 414,467</u>	<u>\$ 205,800</u>	<u>\$ (208,667)</u>
Total revenue from local sources	<u>\$ 40,184,980</u>	<u>\$ 40,259,713</u>	<u>\$ 40,028,447</u>	<u>\$ (231,266)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 3,792	\$ (208)
Recordation tax	40,000	40,000	77,812	37,812
Auto rental tax	130,000	130,000	102,590	(27,410)
Game of skill tax	-	53,000	70,128	17,128
Communication tax	611,300	600,000	538,427	(61,573)
PPTRA	1,368,393	1,368,393	1,368,393	-
Total noncategorical aid	<u>\$ 2,153,693</u>	<u>\$ 2,195,393</u>	<u>\$ 2,161,142</u>	<u>\$ (34,251)</u>
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	\$ 85,796	\$ 85,796	\$ 83,418	\$ (2,378)
Treasurer	74,454	74,454	69,920	(4,534)
Registrar/electoral board	41,488	46,056	44,484	(1,572)
Total shared expenses	<u>\$ 201,738</u>	<u>\$ 206,306</u>	<u>\$ 197,822</u>	<u>\$ (8,484)</u>
Other categorical aid:				
Welfare administration and assistance	\$ 337,272	\$ 320,528	\$ 262,003	\$ (58,525)
Aid to localities with police departments	440,000	466,900	485,728	18,828
Library grant	17,500	69,170	69,170	-
Children's services	563,486	563,486	498,389	(65,097)
Street maintenance	715,000	734,929	733,681	(1,248)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs	52,000	54,395	54,395	-
Other categorical aid	\$ 75,280	\$ 108,877	\$ 72,325	\$ (36,552)
Total other categorical aid	\$ 2,200,538	\$ 2,318,285	\$ 2,175,691	\$ (142,594)
Total categorical aid	\$ 2,402,276	\$ 2,524,591	\$ 2,373,513	\$ (151,078)
Total revenue from the Commonwealth	\$ 4,555,969	\$ 4,719,984	\$ 4,534,655	\$ (185,329)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 681,682	\$ 685,682	\$ 768,702	\$ 83,020
Law enforcement grants	55,500	49,100	19,999	(29,101)
Coronavirus Relief Fund	-	2,617,775	2,617,775	-
Other categorical aid	97,825	143,855	62,174	(81,681)
Total revenue from the federal government	\$ 835,007	\$ 3,496,412	\$ 3,468,650	\$ (27,762)
Total General Fund	\$ 45,575,956	\$ 48,476,109	\$ 48,031,752	\$ (444,357)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Grantors tax	\$ -	\$ 250,000	\$ 257,669	\$ 7,669
Gasoline taxes	26,500	215,000	381,097	166,097
Total other local taxes	\$ 26,500	\$ 465,000	\$ 638,766	\$ 173,766
Miscellaneous:				
Miscellaneous	\$ 20,000	\$ 1,289,200	\$ 22	\$ (1,289,178)
Total miscellaneous	\$ 20,000	\$ 1,289,200	\$ 22	\$ (1,289,178)
Total revenue from local sources	\$ 46,500	\$ 1,754,200	\$ 639,144	\$ (1,115,056)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grants	\$ 496,595	\$ 1,130,662	\$ 499,676	\$ (630,986)
Total revenue from the Commonwealth	\$ 496,595	\$ 1,130,662	\$ 499,676	\$ (630,986)
Total Capital Projects Fund	\$ 543,095	\$ 2,884,862	\$ 1,138,820	\$ (1,746,042)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (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	\$ -	\$ -	\$ 70	\$ 70
Special Transportation Fund:				
Miscellaneous:				
Northern Virginia Transportation Authority	\$ 452,702	\$ 500,000	\$ 592,510	\$ 92,510
Grand Total Revenues -- Primary Government	<u>\$ 46,571,753</u>	<u>\$ 51,860,971</u>	<u>\$ 49,763,152</u>	<u>\$ (2,097,819)</u>
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 600	\$ 600	\$ 74	\$ (526)
Revenue from use of property	6,500	6,500	-	(6,500)
Total revenue from use of money and property	<u>\$ 7,100</u>	<u>\$ 7,100</u>	<u>\$ 74</u>	<u>\$ (7,026)</u>
Miscellaneous:				
Miscellaneous	\$ 152,840	\$ 167,271	\$ 67,178	\$ (100,093)
Other reimbursements and recoveries	1,568,072	1,568,072	362,485	(1,205,587)
Total miscellaneous	<u>\$ 1,720,912</u>	<u>\$ 1,735,343</u>	<u>\$ 429,663</u>	<u>\$ (1,305,680)</u>
Total revenue from local sources	<u>\$ 1,728,012</u>	<u>\$ 1,742,443</u>	<u>\$ 429,737</u>	<u>\$ (1,312,706)</u>
Intergovernmental:				
County contribution to School Board	\$ 12,499,371	\$ 12,641,622	\$ 11,695,746	\$ (945,876)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,534,192	\$ 3,534,192	\$ 3,794,476	\$ 260,284
Basic school aid	14,065,766	14,065,766	13,818,320	(247,446)
English as a second language	1,279,868	1,279,868	1,197,077	(82,791)
Textbook payments	268,858	268,858	264,167	(4,691)
Special education	1,310,890	1,310,890	1,288,021	(22,869)
Fringe benefits	2,686,824	2,686,824	2,639,950	(46,874)
Lottery	933,186	933,186	1,025,054	91,868
K-3 primary class size reduction	730,913	730,913	728,221	(2,692)
Prevention, intervention, and remediation	690,469	690,469	678,423	(12,046)
At risk	395,576	395,576	599,965	204,389
No loss funding	-	-	431,356	431,356
Other state funds	2,908,596	2,908,596	2,867,195	(41,401)
Total categorical aid	<u>\$ 28,805,138</u>	<u>\$ 28,805,138</u>	<u>\$ 29,332,225</u>	<u>\$ 527,087</u>
Total revenue from the Commonwealth	<u>\$ 28,805,138</u>	<u>\$ 28,805,138</u>	<u>\$ 29,332,225</u>	<u>\$ 527,087</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 394,888	\$ 394,888	\$ 377,073	\$ (17,815)
Title VI - B	633,408	633,408	580,404	(53,004)
Title III	230,579	230,579	225,560	(5,019)
Coronavirus relief fund	-	597,188	597,188	-
Education stabilization funds	-	575,371	515,691	(59,680)
Title II - A	65,000	65,000	4,821	(60,179)
Other federal assistance	50,000	50,000	74,784	24,784
Total categorical aid	<u>\$ 1,373,875</u>	<u>\$ 2,546,434</u>	<u>\$ 2,375,521</u>	<u>\$ (170,913)</u>
Total revenue from the federal government	<u>\$ 1,373,875</u>	<u>\$ 2,546,434</u>	<u>\$ 2,375,521</u>	<u>\$ (170,913)</u>
Total School Operating Fund	<u>\$ 44,406,396</u>	<u>\$ 45,735,637</u>	<u>\$ 43,833,229</u>	<u>\$ (1,902,408)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 11,000	\$ 11,000	\$ 1,425	\$ (9,575)
Charges for services:				
Cafeteria sales	\$ 410,000	\$ 410,000	\$ 427	\$ (409,573)
Miscellaneous:				
Miscellaneous	\$ 24,500	\$ 24,500	\$ 4,363	\$ (20,137)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 52,295	\$ 52,295	\$ 41,073	\$ (11,222)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,550,000	\$ 1,550,000	\$ 1,357,291	\$ (192,709)
Total School Cafeteria Fund	<u>\$ 2,047,795</u>	<u>\$ 2,047,795</u>	<u>\$ 1,404,579</u>	<u>\$ (643,216)</u>

CITY OF MANASSAS PARK, VIRGINIA

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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.	
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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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 8,733,283	\$ 1,628,248	\$ 1,092,294	\$ 1,377,597
Unrestricted	<u>80,071</u>	<u>8,164,504</u>	<u>14,051,662</u>	<u>(3,217,713)</u>
Total governmental activities net position	<u>\$ 8,813,354</u>	<u>\$ 9,792,752</u>	<u>\$ 15,143,956</u>	<u>\$ (1,840,116)</u>
Business-type activities:				
Net investment in capital assets	\$ 5,864,609	\$ 5,530,973	\$ 5,562,531	\$ 5,080,344
Unrestricted	<u>3,788,753</u>	<u>5,562,921</u>	<u>8,875,134</u>	<u>8,364,649</u>
Total business-type net position	<u>\$ 9,653,362</u>	<u>\$ 11,093,894</u>	<u>\$ 14,437,665</u>	<u>\$ 13,444,993</u>
Primary government:				
Net investment in capital assets	\$ 14,597,892	\$ 7,159,221	\$ 6,654,825	\$ 6,457,941
Unrestricted	<u>3,868,823</u>	<u>13,727,425</u>	<u>22,926,796</u>	<u>5,146,936</u>
Total primary government net position	<u>\$ 22,147,361</u>	<u>\$ 20,886,646</u>	<u>\$ 29,581,621</u>	<u>\$ 11,604,877</u>

Table 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (659,469)	\$ 1,577,177	\$ 1,257,453	\$ 1,835,598	\$ 1,690,291	\$ 10,730,463
<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>5,759,296</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>	<u><u>\$ 16,489,759</u></u>
\$ 4,425,297	\$ 4,757,274	\$ 5,510,752	\$ 5,910,610	\$ 6,237,972	\$ 6,639,399
<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>11,492,007</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>	<u><u>\$ 18,131,406</u></u>
\$ 3,765,828	\$ 6,334,451	\$ 6,768,205	\$ 7,746,208	\$ 7,928,263	\$ 17,369,862
<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>17,251,303</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>	<u><u>\$ 34,621,165</u></u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government administration	\$ 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	\$ 6,682,773
Judicial administration	294,830	432,654	440,062	424,601	418,957	477,386	513,265	543,362	554,513	582,085
Public safety	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	9,661,800
Public works	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	2,699,216
Health and welfare	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	4,146,666
Education	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	16,135,058
Parks, recreation, and cultural	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	3,564,600
Community development	118,463	126,305	149,703	1,769,014	254,517	532,461	467,237	404,487	533,027	613,754
Interest on long-term debt	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	3,755,429
Total governmental activities expenses	\$ 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	\$ 47,841,381
Business-type activities:										
Solid Waste Management	\$ 810,622	\$ 700,115	\$ 778,891	\$ 846,022	\$ 768,538	\$ 807,545	\$ 857,410	\$ 881,674	\$ 913,676	\$ 974,183
Storm Water	20,974	174,325	137,995	152,761	229,347	197,463	409,628	339,417	419,275	469,836
Water and sewer	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	7,119,654
Total business-type activities expenses	\$ 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	\$ 8,563,673
Total primary government expenses	\$ 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	\$ 56,405,054
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 198,343	\$ 182,473	\$ 193,446	\$ 346,570	\$ -	\$ -	\$ 50,800	\$ 14,616	\$ 15,056	\$ 15,182
Judicial administration	338,279	307,560	284,341	228,659	209,859	262,554	245,075	184,953	344,696	421,335
Public safety	314,561	272,597	267,502	293,905	247,265	232,007	265,599	231,326	288,535	256,309
Public works	-	-	-	-	357,787	278,451	107,796	111,264	169,371	263,888
Health and welfare	210,741	199,721	145,095	108,697	-	-	-	-	-	-
Parks, recreation, and cultural	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	505,739
Community development	109,064	167,332	14,970	44,400	96,152	99,886	104,880	110,124	115,631	121,412
Operating grants and contributions	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	5,842,163
Capital grants and contributions	653,848	669,533	94,835	704,787	644,168	2,895,472	271,459	176,999	31,509	499,676
Total governmental activities program revenues	\$ 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	\$ 7,925,704
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	\$ 1,177,720
Storm Water	222,309	232,162	229,933	233,221	238,569	237,270	862,123	784,020	1,060,923	1,059,172
Water and Sewer	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	8,003,128
Grants and contributions	-	-	-	-	22,000	-	-	-	-	86,011
Total business-type activities program revenues	\$ 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	\$ 10,326,031
Total primary government program revenues	\$ 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	\$ 18,251,735
Net (expense) / revenue										
Governmental activities	\$ (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)	\$ (39,915,677)
Business-type activities	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	1,762,358
Total primary government net expense	\$ (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)	\$ (38,153,319)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 32,022,263
Other local taxes	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	6,561,059
Unrestricted grants and contributions	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	2,161,142
Unrestricted revenues from use of money and property	-	-	134,713	514,342	93,395	52,715	47,270	107,715	645,697	72,321
Miscellaneous	926,440	675,890	7,134,984	2,388,347	2,862,709	1,356,214	2,202,896	947,236	1,006,978	798,332
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	7,318,765
Transfers	994,143	1,002,633	890,228	1,141,487	997,407	1,608,017	1,389,308	1,143,618	1,437,866	1,377,837
Total governmental activities	\$ 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	\$ 50,311,719
Business-type activities:										
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 58,501	\$ 249,498	\$ 151,850	\$ 252,211	\$ 125,343	\$ 40,824
Unrestricted revenues from use of money and property	-	4,836	2,591	-	58	80	178	288	202	22
Transfers	(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)	(1,377,837)
Total business-type activities	\$ (1,027,093)	\$ (997,797)	\$ (887,637)	\$ (1,141,487)	\$ (938,848)	\$ (1,358,439)	\$ (1,237,280)	\$ (891,119)	\$ (1,312,321)	\$ (1,336,991)
Total primary government	\$ 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	\$ 48,974,728
Change in Net Position										
Governmental activities	\$ (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	\$ 10,396,042
Business-type activities	(711,217)	1,440,533	2,973,632	1,658,204	270,289	1,654,616	1,479,458	596,941	530,081	425,367
Total primary government	\$ (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	\$ 10,821,409

CITY OF MANASSAS PARK, VIRGINIA

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	4,066,695	4,353,131	5,071,294	4,353,131
Unassigned	1,201,825	1,570,580	2,251,715	(239,548)
Total general fund	<u>\$ 5,268,520</u>	<u>\$ 5,923,711</u>	<u>\$ 7,323,009</u>	<u>\$ 4,113,583</u>
All other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	2,162,657	1,269,946	2,078,311	796,192
Committed	-	-	-	-
Unassigned, reported in:				
Capital projects funds	23,219	1,100,622	3,279,419	2,555,127
General Fund	-	86,917	-	-
Total all other governmental funds	<u>\$ 2,185,876</u>	<u>\$ 2,457,485</u>	<u>\$ 5,357,730</u>	<u>\$ 3,351,319</u>

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 109,084	\$ 179,974	\$ 191,146	\$ 202,546	\$ 174,179	\$ 78,390
1,095,863	-	-	-	-	-
-	-	-	-	-	-
982,760	4,143,244	5,439,473	5,838,880	8,164,920	10,911,937
<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>	<u>\$ 10,990,327</u>
\$ 1,751	\$ 839,044	\$ 47,636	\$ -	\$ -	\$ 9,968
-	-	-	-	-	-
3,465,785	2,953,606	3,715,518	3,547,376	3,688,896	32,584,018
(2,139,769)	(3,742,190)	(4,363,045)	(4,123,063)	(4,120,892)	-
-	-	-	-	-	-
<u>\$ 1,327,767</u>	<u>\$ 50,460</u>	<u>\$ (599,891)</u>	<u>\$ (575,687)</u>	<u>\$ (431,996)</u>	<u>\$ 32,593,986</u>

CITY OF MANASSAS PARK, VIRGINIA

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:				
General property taxes	\$ 21,094,698	\$ 22,177,590	\$ 22,339,972	\$ 24,098,409
Other local taxes	4,028,247	4,223,238	4,478,885	4,752,567
Permits, privilege fees and regulatory licenses	77,199	52,565	193,446	346,570
Fines and forfeitures	338,279	307,560	284,341	228,659
Revenue from use of money and property	108,961	112,400	134,713	514,342
Charges for services	1,790,366	1,506,341	1,459,346	1,488,028
Miscellaneous	926,440	794,179	7,134,984	2,388,347
Recovered costs	-	149,129	19,643	-
Intergovernmental:				
Commonwealth	4,150,742	4,329,217	3,134,473	5,071,100
Federal	1,724,222	1,308,163	752,956	29,584
Total revenues	<u>\$ 34,239,154</u>	<u>\$ 34,960,384</u>	<u>\$ 39,932,760</u>	<u>\$ 38,917,606</u>
Expenditures:				
General government administration	\$ 3,228,061	\$ 3,179,850	\$ 3,036,165	\$ 3,106,395
Judicial administration	294,830	432,654	413,760	424,601
Public safety	6,762,969	7,035,619	7,485,424	7,619,134
Public works	1,166,563	1,409,808	1,425,129	1,620,357
Health and welfare	2,558,003	2,602,329	2,675,359	2,760,795
Education	10,659,394	10,475,632	10,721,772	11,226,765
Parks, recreation, and cultural	2,762,256	2,838,718	3,202,575	3,691,420
Community development	118,463	126,305	140,755	219,906
Capital projects	550,032	455,720	1,515,845	1,769,014
Debt service:				
Principal	1,179,523	947,652	1,463,813	2,298,633
Interest and other fiscal charges	5,364,219	5,531,931	4,172,838	5,205,065
Total expenditures	<u>\$ 34,644,313</u>	<u>\$ 35,036,217</u>	<u>\$ 36,253,435</u>	<u>\$ 39,942,083</u>
Excess of revenues over (under) expenditures	<u>\$ (405,159)</u>	<u>\$ (75,833)</u>	<u>\$ 3,679,325</u>	<u>\$ (1,024,477)</u>
Other financing sources (uses):				
Transfers in	\$ 7,833,158	\$ 7,636,155	\$ 9,633,334	\$ 15,852,887
Transfers (out)	(6,806,065)	(6,633,522)	(8,993,962)	(14,711,400)
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)	<u>\$ 1,027,093</u>	<u>\$ 1,002,633</u>	<u>\$ 639,372</u>	<u>\$ 1,141,487</u>
Net changes in fund balances	<u>\$ 621,934</u>	<u>\$ 926,800</u>	<u>\$ 4,318,697</u>	<u>\$ 117,010</u>
Debt service as a percentage of noncapital expenditures	<u>18.94%</u>	<u>18.69%</u>	<u>16.00%</u>	<u>19.17%</u>

Table 4

	2016	2017	2018	2019	2020	2021
\$	25,056,546	\$ 26,884,651	\$ 28,202,325	\$ 29,613,116	\$ 31,050,759	\$ 32,244,594
	4,851,707	5,543,183	5,542,658	5,669,860	6,140,250	6,561,059
	359,877	281,011	161,106	146,130	221,882	301,300
	209,522	262,165	244,775	184,569	344,323	420,958
	93,395	52,715	47,270	107,715	645,697	72,321
	1,461,458	1,644,567	1,614,821	1,598,916	1,102,479	861,607
	2,862,709	1,080,788	2,202,896	947,236	814,128	798,332
	-	-	-	-	-	-
	4,753,555	5,563,329	4,592,414	4,550,370	4,421,748	5,034,331
	882,654	2,741,710	970,881	1,009,308	1,268,708	3,468,650
\$	<u>40,531,423</u>	<u>44,054,119</u>	<u>43,579,146</u>	<u>43,827,220</u>	<u>46,009,974</u>	<u>49,763,152</u>
\$	3,745,225	\$ 3,355,199	\$ 3,354,651	\$ 3,342,495	\$ 4,132,347	\$ 6,612,597
	418,957	477,386	513,265	543,362	554,513	582,085
	8,793,006	9,138,160	8,451,367	8,477,920	8,280,131	8,551,454
	3,978,948	5,012,098	1,904,503	1,911,342	2,144,044	9,753,068
	3,479,493	4,034,451	3,989,987	3,828,012	3,913,204	4,043,752
	13,016,385	11,527,708	12,138,881	11,878,310	11,863,141	11,734,577
	3,555,956	3,675,348	3,360,738	3,370,727	3,658,120	3,045,551
	253,044	566,579	491,873	422,119	521,149	583,111
	-	-	-	-	-	-
	4,204,532	4,223,100	6,336,589	7,381,604	7,295,199	6,649,410
	4,759,334	4,250,359	4,064,682	3,806,544	3,718,845	4,201,670
\$	<u>46,204,880</u>	<u>46,260,388</u>	<u>44,606,536</u>	<u>44,962,435</u>	<u>46,080,693</u>	<u>55,757,275</u>
\$	<u>(5,673,457)</u>	<u>(2,206,269)</u>	<u>(1,027,390)</u>	<u>(1,135,215)</u>	<u>(70,719)</u>	<u>(5,994,123)</u>
\$	10,608,836	\$ 10,588,062	\$ 12,181,948	\$ 13,266,455	\$ 12,649,614	\$ 12,316,507
	(9,611,429)	(8,980,045)	(10,792,640)	(12,122,837)	(11,211,748)	(10,938,670)
	264,671	-	-	-	4,259,640	4,157,258
	(10,914,582)	(23,581,666)	-	-	(35,290,606)	-
	10,775,000	23,840,000	-	-	31,460,000	27,130,000
	292,783	922,696	213,974	426,608	452,333	306,238
	308,750	275,426	-	-	192,850	8,700,000
\$	<u>1,724,029</u>	<u>3,064,473</u>	<u>1,603,282</u>	<u>1,570,226</u>	<u>2,512,083</u>	<u>41,671,333</u>
\$	<u>(3,949,428)</u>	<u>858,204</u>	<u>575,892</u>	<u>435,011</u>	<u>2,441,364</u>	<u>35,677,210</u>
	<u>20.82%</u>	<u>20.48%</u>	<u>25.37%</u>	<u>25.33%</u>	<u>24.50%</u>	<u>23.02%</u>

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
2021	\$ 1,909,461	\$ 166,888	982	\$ 36,583	\$ 2,113,913	\$ 2,113,913	100%	1.70
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

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

2021	90.33%	7.89%	0.05%	1.73%	100.00%
2020	90.34%	8.14%	0.06%	1.45%	100.00%
2019	90.48%	7.90%	0.05%	1.58%	100.00%
2018	90.10%	8.31%	0.06%	1.53%	100.00%
2017	89.90%	8.55%	0.06%	1.49%	100.00%
2016	89.62%	8.77%	0.07%	1.55%	100.00%
2015	89.15%	9.00%	0.07%	1.78%	100.00%
2014	89.62%	8.37%	0.08%	1.93%	100.00%
2013	88.85%	8.92%	0.11%	2.12%	100.00%
2012	88.85%	8.85%	0.10%	2.21%	100.00%

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service
2021	\$ 1.55	\$ 3.50	\$ 3.50	\$ 1.55
2020	1.55	3.50	3.50	1.55
2019	1.55	3.50	3.50	1.55
2018	1.55	3.50	3.50	1.55
2017	1.55	3.50	3.50	1.55
2016	1.55	3.50	3.50	1.55
2015	1.55	3.50	3.50	1.55
2014	1.65	3.50	3.50	1.65
2013	1.65	3.50	3.50	1.65
2012	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
2021	\$ 1.55	\$ 3.50	\$ 3.50	\$ 3.50
2020	1.55	3.50	3.50	3.50
2019	1.55	3.50	3.50	3.50
2018	1.55	3.50	3.50	3.50
2017	1.55	3.50	3.50	3.50
2016	1.55	3.50	3.50	3.50
2015	1.55	3.50	3.50	3.50
2014	1.65	3.50	3.50	3.50
2013	1.65	3.50	3.50	3.50
2012	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 2021	
	Assessed Valuation	% of Total Assessed Valuation
HAVERHILL INVESTORS LLC	\$ 69,595,900	3.64%
PP PALISADES INVESTORS LLC	66,645,800	3.49%
GH CITY CENTER LLC	56,125,900	2.94%
MANASSAS PARK APARTMENTS LLC	19,050,600	1.00%
CENTRUM-MANASSAS PARK LIMITED PARTN	18,500,000	0.97%
JERAX ENTERPRISES	10,419,400	0.55%
VMP BAYS LLC	8,200,000	0.43%
HILLBROOKE TOWERS ASSOC LLLP	7,533,000	0.39%
PS SOUTHEAST ONE INC	6,947,300	0.36%
TWENTY-TWO SAC SELF STORAGE CORP	6,654,900	0.35%
Total	<u>\$ 269,672,800</u>	<u>14.12%</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
2021	\$ 27,085,883	\$ 26,625,956	98.30%	\$ 175,942	\$ 26,801,898	98.95%
2020	26,152,611	25,271,259	96.63%	337,536	25,608,794	97.92%
2019	25,198,128	24,435,219	96.97%	214,809	24,650,027	97.82%
2018	25,471,926	24,054,559	94.44%	178,451	24,233,010	95.14%
2017	23,664,664	22,421,679	94.75%	653,940	23,075,618	97.51%
2016	22,816,550	22,255,426	97.54%	562,590	22,818,016	100.01%
2015	23,468,509	22,997,577	97.99%	399,027	23,396,604	99.69%
2014	22,510,377	21,855,905	97.09%	456,338	22,312,243	99.12%
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%

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	Lease Revenue Bonds	Literary Fund Loans	Capital Leases
2021	\$ 72,648,729	\$ 31,240,498	\$ 7,195,000	\$ 688,889
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	-

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		Total	Percentage	
	Obligations	Capital	Primary	of Personal	Per
	Bonds	Leases	Government	Income (1)	Capita (1)
\$	9,658,272	\$ -	\$ 121,431,388	20.54%	\$ 7,052
	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

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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)
2021	\$ 82,307,001	\$ 7,195,000	\$ 89,502,001	\$ 342,163	\$ 89,159,838	4.22%	\$ 5,178
2020	90,721,644	7,255,000	97,976,644	334,280	97,642,364	4.97%	5,587
2019	98,546,761	7,315,000	105,861,761	331,683	105,530,078	5.56%	6,098
2018	107,284,689	7,370,000	114,654,689	342,116	114,312,573	6.34%	6,916
2017	115,082,975	7,400,000	122,482,975	309,413	122,173,562	7.19%	7,364
2016	119,072,874	7,500,000	126,572,874	249,609	126,323,265	7.69%	7,982
2015	121,205,329	625,000	94,565,329	-	94,565,329	6.35%	6,023
2014	123,503,962	625,000	96,653,962	-	96,653,962	7.16%	6,370
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

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, VIRGINIA

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 112,848	\$ 117,170	\$ 123,643	\$ 135,907	\$ 164,260
Total net debt applicable to limit	<u>101,266</u>	<u>98,249</u>	<u>96,654</u>	<u>94,565</u>	<u>126,323</u>
Legal debt margin	<u>\$ 11,582</u>	<u>\$ 18,921</u>	<u>\$ 26,989</u>	<u>\$ 41,342</u>	<u>\$ 37,937</u>
Total net debt applicable to the limit as a percentage of the debt limit	89.74%	83.85%	78.17%	69.58%	76.90%

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

Table 11

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 169,830	\$ 180,422	\$ 189,794	\$ 196,566	\$ 211,391
<u>122,174</u>	<u>114,313</u>	<u>105,530</u>	<u>97,642</u>	<u>89,160</u>
<u>\$ 47,656</u>	<u>\$ 66,109</u>	<u>\$ 84,264</u>	<u>\$ 98,924</u>	<u>\$ 122,231</u>
71.94%	63.36%	55.60%	49.67%	42.18%
Assessed value			\$	2,113,913
Debt limit (10% of total assessed value)			\$	211,391
Net debt applicable to limit				<u>89,160</u>
Legal debt margin			\$	<u><u>122,231</u></u>

Pledged-Revenue Coverage
Last Ten Fiscal Years

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

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
2021	17,219	\$ 591,059,394	34,326	3,421	4.30%
2020	17,478	549,158,760	31,420	3,641	9.90%
2019	17,307	512,996,787	29,641	3,724	2.10%
2018	16,528	489,906,448	29,641	3,724	2.70%
2017	16,591	478,666,941	28,851	3,588	3.40%
2016	15,827	456,624,777	28,851	3,443	3.90%
2015	15,625	440,062,500	28,164	3,359	4.40%
2014	14,992	420,585,568	28,054	3,216	4.50%
2013	15,125	407,528,000	26,944	3,123	5.02%
2012	14,409	393,452,154	27,306	3,019	4.70%

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

Source for School Enrollment: Virginia Department of Education

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

June 30, 2021
Principal Employers

Rank	Employer	Number of Employees	Rank
1	Realttime Peo II, LLC	250-499	1
2	QMT Associates	100-249	2
3	C.W. Strittmatter, Inc.	100-249	3
4	Atlas Plumbing LLC	100-249	4
5	Labor ReadyMid-Atlantic, Inc.	100-249	5
6	Titan Erosion Control	50-99	6
7	James River Equipment	50-99	7
8	Patriot Disposal Inc	50-99	8
9	Strittmatter Contrac LLC	20-49	9
10	Guapos of Manassas Inc	20-49	10

Source: infogroup

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

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

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

Source: City Records

Capital Asset and Operating Indicators
Last Ten Fiscal Years

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

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 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Manassas Park, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2021.

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
December 8, 2021



**Independent Auditors' Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

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, 2021. 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, 2021.

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
December 8, 2021

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2021

<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>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice Services:			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	118,072.000	\$ 24,629
Edward Byrne memorial justice assistance grant program	16.738	CJS7101601	<u>3,600</u>
Total Department of Justice			<u>\$ 28,229</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Alcohol open container requirements	20.607	154AL-21-51019/ 154AL-20-50118	\$ 1,980
Highway Safety Cluster:			
State and community highway safety	20.600	FSC-21-51020/ FSC-20-50119/ FOP-21-50121	14,419
Total Highway Safety Cluster			<u>\$ 14,419</u>
Total Department of Transportation			<u>\$ 16,399</u>
<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	116792	\$ 8,644
Emergency management performance grants	97.042	116308	<u>7,500</u>
Total Department of Homeland Security			<u>\$ 16,144</u>
<u>DEPARTMENT OF THE TREASURY:</u>			
<u>Pass through payments:</u>			
<u>Virginia Department of Accounts:</u>			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 2,703,786
Virginia Department of Education:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0218	<u>597,188</u>
Total 21.019			<u>\$ 3,300,974</u>
Total Department of the Treasury			<u>\$ 3,300,974</u>
<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	0010121/0040121	\$ 248,445
Total SNAP Cluster			<u>\$ 248,445</u>
Total Department of Agriculture			<u>\$ 248,445</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Virginia Department of Social Services:			
Temporary assistance for needy families	93.558	0400120/0400121	\$ 93,097
Virginia Department of Education:			
Temporary assistance for needy families	93.558	2101VATANF	<u>45,341</u>
Total 93.558			<u>\$ 138,438</u>
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760120/0760121	\$ 20,955
Total CCDF Cluster			<u>\$ 20,955</u>
Medicaid Cluster:			
Medical assistance program	93.778	1200120/1200121	\$ 185,082
Total Medicaid Cluster			<u>\$ 185,082</u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2021 (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>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
Foster care-title IV-E	93.658	110020/01100121	92,167
Adoption assistance	93.659	1120120/1120121	15,233
Chafee education and training vouchers program	93.599	9160120	4,377
Mary Lee Allen safe and stable families program	93.556	0950119/0950120	11,492
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500120/0500121	153
Low-income home energy assistance	93.568	0600420/0600421	13,301
Social services block grant	93.667	1000120/1000121	80,853
Stephanie Tubbs Jones child welfare services program	93.645	0900121/0900120	92
John H. Chafee foster care program for successful transition to adulthood	93.674	9150120/9150119	969
Children's health insurance program	93.767	0540120/0540121	2,486
Total Department of Health and Human Services			\$ 565,598
<u>ELECTION ASSISTANCE COMMISSION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Elections: COVID-19 HAVA Election Security Grants	90.404	116,912.000	\$ 21,401
Total Election Assistance Commission			\$ 21,401
<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	202020N109941	\$ 108,486
Virginia Department of Agriculture and Consumer Services: Summer Food Service Program for Children	10.559	202120N11994 1	\$ 1,039,311
COVID 19 - Summer Food Service Program for Children	10.559	202020N850341	209,494
Total Child Nutrition Cluster			\$ 1,357,291
Total Department of Agriculture			\$ 1,357,291
<u>DEPARTMENT OF EDUCATION:</u>			
Virginia Department of Education:			
Title I grants to local educational agencies	84.010	S010A200046/ S010A190046	\$ 377,073
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A190107/ H027A200107	580,404
Special education - preschool grants	84.173	H173A200112	11,783
Total Special Education Cluster (IDEA)			\$ 592,187
COVID-19 Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D200008	\$ 272,826
Governor's Emergency Education Relief Fund (GEER)	84.425C	S425C200042	242,865
Total Education Stabilization Fund			\$ 515,691
English language acquisition state grants	84.365	S365A200046/ S365A190046	\$ 225,560
Supporting Effective Instruction State Grants	84.367	S367A190043/ S367A200043	4,821
Career and technical education - basic grants to states	84.048	V048A200046	17,660
Total Department of Education			\$ 1,732,992
Total Expenditures of Federal Awards			\$ 7,287,473

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, 2021

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, 2021. 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, 2021.

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	\$	3,468,650
Proprietary Fund		<u>86,011</u>
Total primary government	\$	<u>3,554,661</u>
Component Unit School Board:		
School Operating Fund	\$	2,375,521
School Cafeteria Fund		<u>1,357,291</u>
Total component unit school board	\$	<u>3,732,812</u>
Total federal expenditures per basic financial statements	\$	<u><u>7,287,473</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>7,287,473</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

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
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.425D/84.425C	COVID-19 Education Stabilization Fund

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, 2021 (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:

There were no prior audit findings.

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