

# **CITY OF MANASSAS PARK, VIRGINIA**

## **Comprehensive Annual Financial Report**



**Year Ended June 30, 2019**



# **CITY OF MANASSAS PARK, VIRGINIA**

## **Comprehensive Annual Financial Report**

**Year Ended June 30, 2019**

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**PREPARED BY:**

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Pon Yusuf, Director of Finance



**CITY OF MANASSAS PARK, VIRGINIA**

Comprehensive Annual Financial Report  
Year Ended June 30, 2019

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# INTRODUCTORY SECTION





## 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](http://www.cityofmanassaspark.us)

*Mayor:*  
*Jeanette Rishell*

*Vice Mayor:*  
*Preston Banks*

*City Manager:*  
*Laszlo A. Palko*

*Director of Finance:*  
*Pon Chen Yusuf*

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

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

The comprehensive annual financial report of the City of Manassas Park for the year ended June 30, 2019 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Manassas Park issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Manassas Park. All disclosures necessary to enable the reader to gain an understanding of the City of Manassas Park's activities have been included.

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

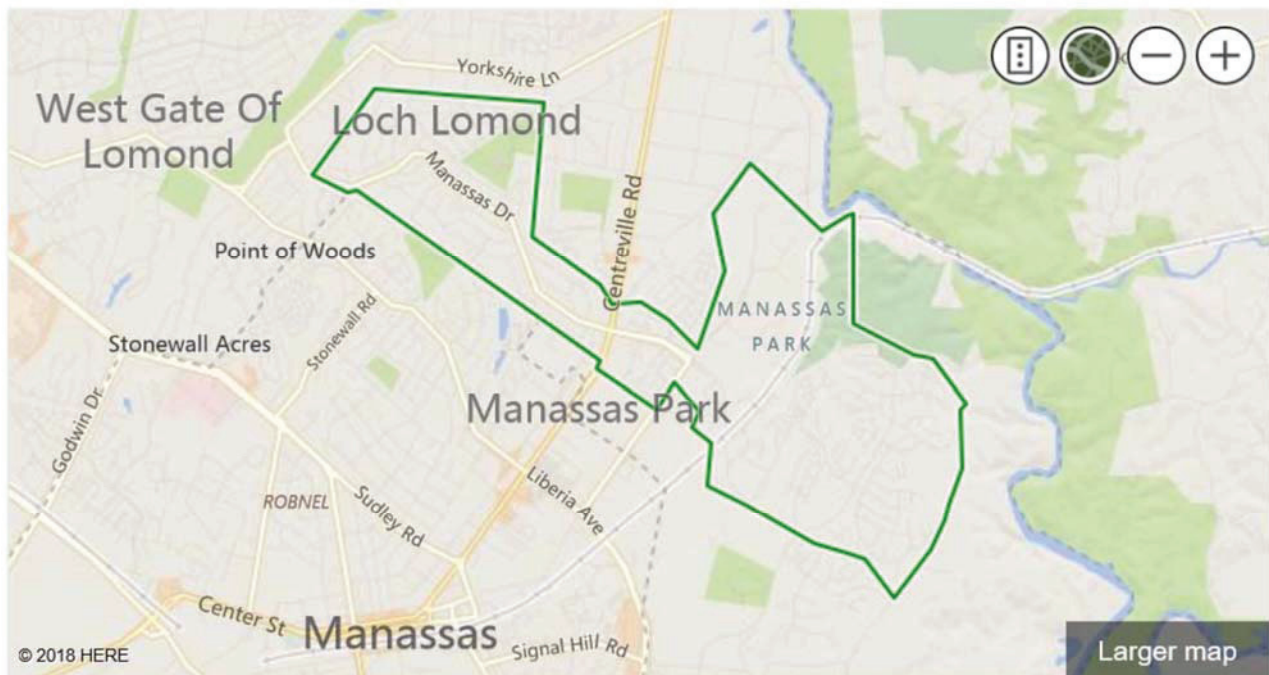
The City of Manassas Park is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1997) and the U.S. Office of Management and Budget's Uniform Guidance. Information related to this single audit, including a schedule of expenditures 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 audit the City's financial statements for the fiscal year ended FY2016, FY2017, FY2018, and FY2019. They have issued an unmodified opinion on the City of Manassas Park's financial statements for the year ended June 30, 2017 and those for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

The City of Manassas Park (see the map below) is located within the Washington, D.C. metropolitan area. The City is 2.53 square miles in size and has a population of about 17,000 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 contains 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 was recognized as one of Virginia's 20 safest cities (Safewise 2019).



## Manassas Park City, VA

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

Below is a photo of the seven-member Governing Body of the City of Manassas Park:



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**

In FY2016 and leading into FY2017, the City had a perfect storm. The City was subjected to several delays in completing recent audits and the related financial statements because of several unforeseen circumstances beyond the control of the City. In October of 2015, Bright, the formerly financial system, crashed. The City lost financial data and had to reconstruct the financial history. Then, due to construction related issues, City offices were evacuated and staff was relocated in the fall of 2015. Soon after the relocation, the City suffered a catastrophic failure of its accounting system. Following these circumstances, the City had significant changes in senior management and enlisted a new accounting firm to provide the City with audit services of the City's financial statements. The result of these circumstances had been that the preparation of the City's audit had been delayed. The City was diligently pursuing the completion of its audit and has completed its audit for FY2016-FY2017 in October of 2018, the FY2018 audit in February of 2019, and the FY2019 audit on schedule.

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 last year. Other good changes include the establishment of the new fiscal management and the release from the state fiscal distress declaration.

During the fiscal year, the City had many changes in staff and management. All changes were unavoidable but necessary. Laszlo Palko, the City Manager, joined the City in June of 2017. In November of 2016, Pon Chen Yusuf joined the City as Director of Finance.

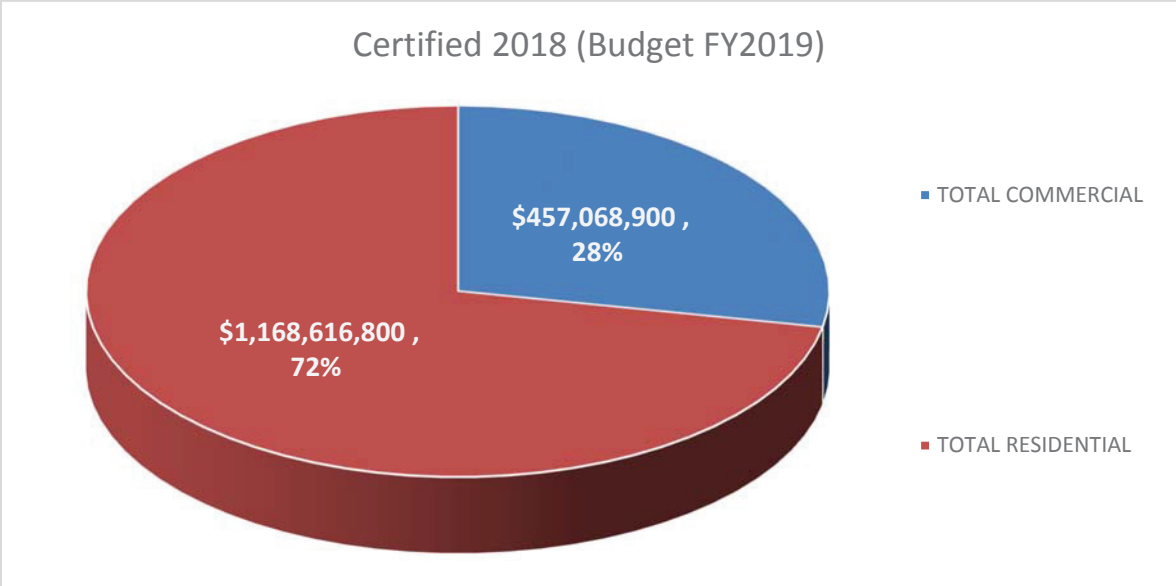
Mr. Palko came to City of Manassas Park from Lovettsville after serving two tours with the U.S. Army in Afghanistan. He has degrees in criminal justice, psychology, international relations and public policy, public administration and financial management, and has worked as a corporate analyst with IBM 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.

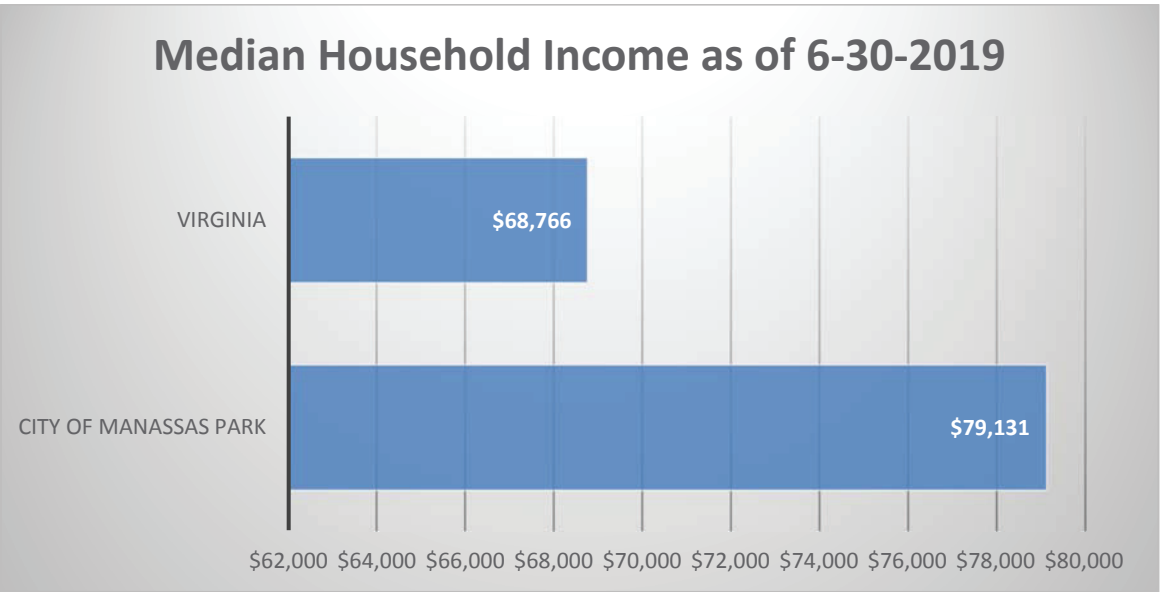
## **LOCAL ECONOMY**

The City has built a viable community with a strong tax base of small businesses, a good quality educational system, and an attractive community that thousands are choosing to call home. The tax base is primarily residential (\$1.1 billion or approximately 72%).



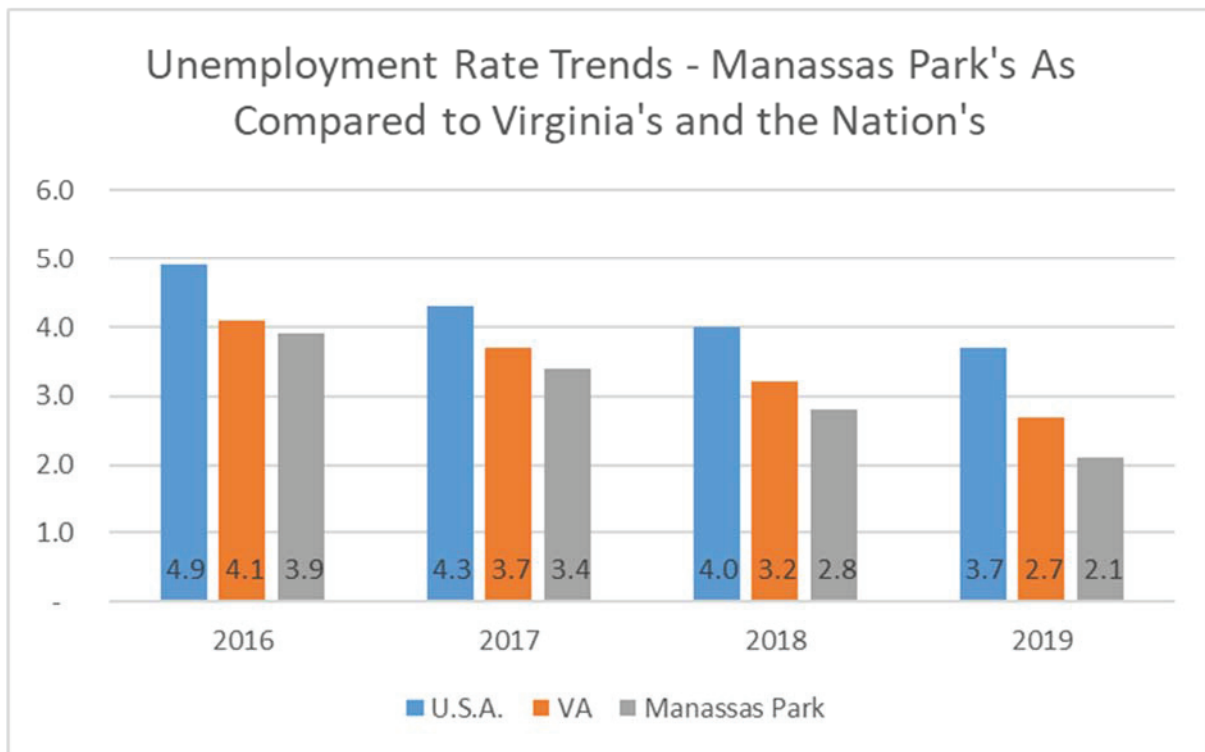


The recent US Census shows Manassas Park residents as of June 2019 with a median household income of \$79,131 (2017 dollars), favorably compared to the State of Virginia of \$68,766, up from \$66,149 the prior year. See the graph below.

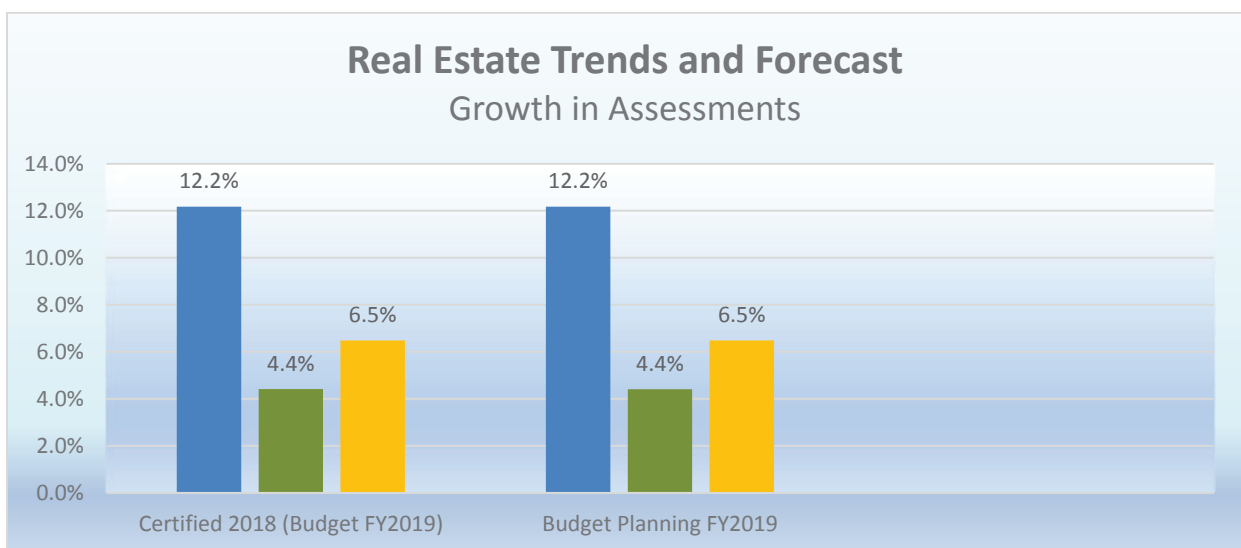


The City's unemployment rate was 2.1% as of June 2019, which was less than the State's unemployment rate of 2.7% and the national unemployment rate of 3.7%.





Below is a chart of historical treasury rates and a comparative table of real estate assessment for 2016 to 2019 to show an upward change in almost all classifications and that residential values represented about 72% of the total assessment value. 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. Included here also is a graphical presentation of real estate trends and forecast along with the 2019 real estate assessment growth consistent with the budget planning for the year.



	2017	2018	2019	% Change	2019	\$ Amount
Real Property Classification	Assessments	Assessments	Assessments	in FY 20	% of Total	Of Change in 2019
	2	3				4
<b>Locally-assessed Taxable Real Property</b>						
<b>Residential Real Property</b>						
Single Family Detached Home (Class 10)	\$722,414,600	\$756,457,200	\$797,024,500	5.36%	46.8%	\$40,567,300
Single Family Townhouse (Class 20)	287,069,000	296,485,000	310,130,500	4.60%	18.4%	\$13,645,500
Residential Condominium (Class 30)	109,286,200	114,933,500	123,584,900	7.53%	7.1%	\$8,651,400
<b>Subtotal Residential</b>	<b>1,118,769,800</b>	<b>1,167,875,700</b>	<b>1,230,739,900</b>	<b>5.38%</b>	<b>72.3%</b>	<b>62,864,200</b>
Vacant Land - Residential (Class 60 & 69)	520,000	520,000	546,500	5.10%	0.0%	\$26,500
<b>Total Residential Real Property</b>	<b>1,119,289,800</b>	<b>1,168,395,700</b>	<b>1,231,286,400</b>	<b>5.38%</b>	<b>72.3%</b>	<b>62,890,700</b>
<b>Commercial/Industrial Real Property</b>						
Commercial (Class 41, 43, 44, 47 & 48)	84,479,700	92,595,500	95,081,400	2.68%	5.7%	\$2,485,900
Multi-family Apartment (Class 42, 45 & Neigh. 2001)	204,286,600	228,161,100	227,721,000	-0.19%	14.1%	-\$440,100
Industrial (Class 40, 50 & 52)	109,247,900	115,703,600	121,826,200	5.29%	7.2%	\$6,122,600
Vacant Land - Commercial (Class 63)	3,429,700	4,808,200	5,048,700	5.00%	0.3%	\$240,500
Vacant Land - Industrial (Class 65)	6,018,800	6,018,800	6,320,500	5.01%	0.4%	\$301,700
<b>Total Commercial/Industrial Real Property</b>	<b>407,462,700</b>	<b>447,287,200</b>	<b>455,997,800</b>	<b>1.95%</b>	<b>27.7%</b>	<b>8,710,600</b>
		9.8%			0	
<b>Total Locally-assessed Taxable Real Property</b>	<b>1,526,752,500</b>	<b>1,615,682,900</b>	<b>1,687,284,200</b>	<b>4.43%</b>	<b>100.0%</b>	<b>88,930,400</b>

## FINANCIAL INFORMATION

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

## OTHER INFORMATION

### *Acknowledgements*

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

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



Updated June 2019

Sincerely,

Pon Chen Yusuf



## **CITY OF MANASSAS PARK, VIRGINIA**

June 30, 2019

### **Governing Body**

Jeanette Rishell, Mayor

Preston Banks, Vice-Mayor

Alanna Mensing

Hector Cendejas

Miriam Machado

Donald Shuemaker

Haseeb Javed

### **Other Officials**

Laszlo Palko, City Manager

Lana A. Conner, City Clerk

Debra D. Wood, Commissioner of the Revenue

Patricia Trimble, Treasurer

Dr. Bruce McDade, Superintendent of Schools



## FINANCIAL SECTION







ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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## **Independent Auditors' Report**

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**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, 2019, 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, 2019, 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 2019, the City adopted new accounting guidance, GASB Statement 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. 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 4-13, 111-115, and 116-135 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manassas Park, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedule and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

*Supplementary and Other Information: (Continued)*

The combining and individual fund financial statements and schedules, supporting schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supporting schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019, on our consideration of the City of Manassas Park, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Manassas Park, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manassas Park, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Fredericksburg, Virginia  
November 29, 2019

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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 that ended June 30, 2019. This information should be considered in conjunction with information provided in the letter of transmittal.

## FINANCIAL HIGHLIGHTS

The City's net position reported the excess of its assets over its liabilities at June 30, 2019 by \$1.6 million. This reflected the net position invested in capital assets of \$1.8 million, net of the deficit unrestricted amount of \$0.2 million. The negative unrestricted balance of \$(0.2) million may not be used. The School Board reported a net negative position of \$(5.6) million, the net effect of the \$30.7 million investment in capital assets and the \$(36.3) million deficit in unrestricted position (Exhibit 1).

- The Primary Government's net position increased by \$2.6 million and the School Board's net position increased by \$4.5 million. (See "Change in net position" on Exhibit 2)
- The unassigned balance of the General Fund increased to \$6.0 million, from \$5.6 million (See "Total fund balances less Non-spendable" on Exhibit 3). Additionally, the Fund had total revenues of \$43.1 million. (See Exhibit 4).
- Net position of governmental activities increased to \$1.6 million from \$(0.4) million while net position of business-type activities increased to \$17.3 million from \$16.8 million. (See Exhibit 2)
- For the fiscal year ended on June 30, the City's long-term obligation of governmental activities decreased by \$6.9 million in General Obligation Bonds, \$397,350 in Capital Leases and \$55,000 in State Literary Fund Loans. See Note 7 on Long-Term Obligations. Every year the Police Department budgets \$250k for a 5-year capital leasing vehicle that is on a five year asset management replacement plan.

## 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 \$100.1 million decreased by \$5.5 million with the capital assets down by about \$6.3 million. The disposition of \$6.3 million was driven mainly by the \$4.8 million reduction in the jointly owned assets.

<b>ASSETS:</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2018 vs. FY 2019</b>
<b><i>Current Assets</i></b>			
Cash and cash equivalents	4.0	4.5	-0.6
Investments	0.0	0.0	0.0
Internal balances			0.0
Receivables - property taxes	1.8	1.5	0.3
Receivables - accounts receivable	1.2	0.6	0.6
Due from other governments	1.2	1.5	-0.3
Due from School Board	0.7		0.7
Prepaid items	0.2	0.2	0.0
<b>Total Current Assets</b>	<b>9.0</b>	<b>8.3</b>	<b>0.7</b>
<b><i>Noncurrent Assets</i></b>			
Land	5.6	5.6	0.0
Intangibles	0.1	0.1	0.0
Infrastructure	9.9	10.7	-0.7
Utility plan and equipment			0.0
Buildings and improvements	30.8	31.7	-0.9
Equipment	2.6	2.7	-0.1
Jointly owned assets	41.6	46.4	-4.8
Construction in progress	0.4	0.2	0.3
<b>Total Capital Assets</b>	<b>91.1</b>	<b>97.4</b>	<b>-6.3</b>
<b>Total assets</b>	<b>100.1</b>	<b>105.7</b>	<b>-5.5</b>

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

### **Governmental Funds**

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

### **Proprietary Funds**

Proprietary funds are to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds are classified as either enterprise or internal service funds. Enterprise funds may be used to report activity for which a fee is charged to external users for goods or services. Internal service funds account for goods and services provided on a cost reimbursement basis for activities within the government.

The City maintains three proprietary funds, water and sewer, solid waste management, and storm water operations. The City does not maintain internal service funds. The basic Proprietary Funds financial statements can be found on the table of contents.

## Notes to the financial statements

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

## 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		
	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference
<b>ASSETS</b>												
Current & other assets	\$ 9.0	\$ 8.3	\$ 0.7	\$ 12.5	\$ 12.5	\$ 0.0	\$ 21.5	\$ 20.8	\$ 0.7	\$ 8.3	\$ 6.5	\$ 1.8
Capital assets	91.1	97.4	-6.3	17.2	17.8	-0.6	108.3	115.1	-6.9	30.7	27.3	3.4
Total assets	\$ 100.1	\$ 105.7	\$ -5.5	\$ 29.6	\$ 30.3	\$ -0.7	\$ 129.8	\$ 136.0	\$ -6.2	\$ 38.9	\$ 33.8	\$ 5.1
<b>DEFERRED OUTFLOWS OF RESOURCES</b>												
Total deferred outflows of resource	\$ 6.6	\$ 7.3	\$ -0.7	\$ 0.8	\$ 0.9	\$ -0.1	\$ 7.4	\$ 8.2	\$ -0.7	\$ 6.6	\$ 7.2	\$ -0.6
<b>LIABILITIES</b>												
Long-term debt outstanding	\$ 11.8	\$ 12.0	\$ -0.2	\$ 1.7	\$ 1.9	\$ -0.2	\$ 13.5	\$ 13.9	\$ -0.4	\$ 6.6	\$ 5.1	\$ 1.5
Other liabilities	92.5	100.1	-7.6	11.3	12.4	-1.1	103.8	112.6	-8.7	39.2	39.9	-0.7
Total liabilities	\$ 104.3	\$ 112.1	\$ -7.8	\$ 13.1	\$ 14.4	\$ -1.3	\$ 117.4	\$ 126.5	\$ -9.1	\$ 45.7	\$ 45.0	\$ 0.7
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Total deferred inflows of resources	\$ 0.8	\$ 1.2	\$ -0.4	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.8	\$ 1.3	\$ -0.4	\$ 5.5	\$ 6.1	\$ -0.7
<b>NET POSITION:</b>												
Invested in capital assets	\$ 1.8	\$ 1.3	\$ 0.6	\$ 5.9	\$ 5.5	\$ 0.4	\$ 7.7	\$ 6.8	\$ 1.0	\$ 30.7	\$ 27.2	\$ 3.4
Unrestricted (deficit)	-0.2	-1.7	1.4	11.4	11.2	0.2	11.2	9.6	1.6	-36.3	-37.3	1.0
Total net position	\$ 1.6	\$ -0.4	\$ 2.0	\$ 17.3	\$ 16.8	\$ 0.6	\$ 18.9	\$ 16.4	\$ 2.6	\$ -5.6	\$ -10.1	\$ 4.5

The City's combined net position for the primary government increased from \$16.4 million at June 30, 2018 to \$18.9 million at June 30, 2019. The City's net position of governmental activities invested in capital assets include streets, drainage, construction in progress, buildings, equipment, etc.. The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future expenditures since they will not be sold.

The Component Unit School Board's net position improved by \$4.5 million.

The net position of the City's governmental activities is \$1.6 million, an increase of \$2.0 million while the net position of the City's business-type activities is \$17.3 million also reflects an increase of \$0.6 million. As with the governmental activities, most of the net position is invested in capital assets. The City uses these assets to provide services to its citizens. The unrestricted net position of the business-type activities went up slightly by \$0.2 million to \$11.4 million as of June 30, 2019.

**Statement of Activities** - The City's total revenues and expenses for governmental, business-type and School Board activities are reflected in the following table:

### Itemized list of other taxes:

Local sales and use taxes	2,233	2,132	101
Consumer utility taxes	823	817	5
Business license taxes	1,232	943	288
Motor vehicle licenses	443	535	(92)
Recordation taxes	168	235	(67)
Meal tax	479	566	(87)
Cigarette taxes	180	233	(53)
Other taxes	1,060	2,283	(1,223)
	<u>6,618</u>	<u>7,746</u>	<u>(1,128)</u>

**Statement of Activities**  
**Changes in Net Position (000s omitted)**  
**For Fiscal Years Ending June 30, 2019 and 2018**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Component Unit School Board</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 1,930	\$ 2,021	\$ 9,740	\$ 10,402	\$ 11,669	\$ 12,423	\$ 423	\$ 422
Operating grants and contributions	3,183	3,082	-	-	3,183	3,082	30,035	28,345
Capital grants and contributions	177	271	-	-	177	271	-	-
General revenues:								
Property taxes	29,915	28,255	-	-	29,915	28,255	-	-
Other taxes	6,617	7,745	-	-	6,617	7,745	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	15,500	15,783
Grants and contributions not restricted to specific programs	2,307	2,257	-	-	2,307	2,257	22	14
Other	1,144	1,389	-	-	1,144	1,389	237	379
<b>Total Revenues</b>	<b>\$ 45,272</b>	<b>\$ 45,021</b>	<b>\$ 9,740</b>	<b>\$ 10,402</b>	<b>\$ 55,012</b>	<b>\$ 55,423</b>	<b>\$ 46,216</b>	<b>\$ 44,943</b>
<b>Expenses:</b>								
General government	\$ 3,376	\$ 3,394	\$ -	\$ -	\$ 3,376	\$ 3,394	\$ -	\$ -
Judicial administration	543	513	-	-	543	513	-	-
Public safety	8,375	8,335	-	-	8,375	8,335	-	-
Public works	2,480	2,323	-	-	2,480	2,323	-	-
Health and welfare	3,745	3,889	-	-	3,745	3,889	-	-
Education	16,698	17,047	-	-	16,698	17,047	-	-
Parks recreation and cultural	3,865	3,818	-	-	3,865	3,818	-	-
Community development	404	467	-	-	404	467	-	-
Interest on long-term debt	3,795	4,059	-	-	3,795	4,059	-	-
Water and Sewer	-	-	8,252	7,685	8,252	7,685	-	-
School Board	-	-	-	-	-	-	41,758	40,654
<b>Total Expenses</b>	<b>\$ 43,283</b>	<b>\$ 43,844</b>	<b>\$ 8,252</b>	<b>\$ 7,685</b>	<b>\$ 51,534</b>	<b>\$ 51,530</b>	<b>\$ 41,758</b>	<b>\$ 40,654</b>
Increase in net position before transfers	1,990							
Transfers	\$ 1,990	\$ 1,177	\$ 1,488	\$ 2,717	\$ 3,478	\$ 3,894	\$ 4,458	\$ 4,289
Increase in net position	\$ 1,990	\$ 1,177	\$ (891)	\$ (1,237)	\$ -	\$ -	\$ -	\$ -
Net Position - beginning	(397)	(1,574)	16,750	15,271	16,353	13,697	-10,106	-14,395
Net Position - ending	\$ 1,593	\$ (397)	\$ 17,347	\$ 16,750	\$ 18,940	\$ 16,353	\$ -5,648	\$ -10,106

## Governmental Activities

### Revenues

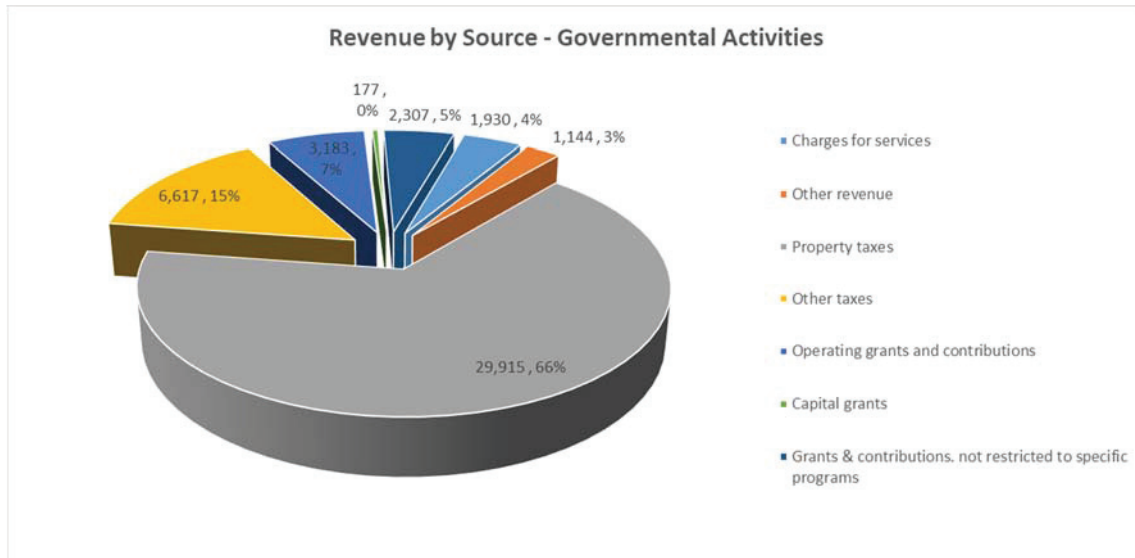
For FY 2019, revenues from governmental activities totaled \$45.3 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (about 81 percent). General Property Tax revenues were about \$29.9 million, including \$1.2 million in delinquent tax revenues with penalty and interest. Real Property Tax, the City's largest single source of revenue, accounted for \$25.6 million, which represents more than half of total revenues.

The City received a total \$5.2 million from Personal Property Taxes, which is comprised of taxes on individual automobiles, business personal property, and machinery and tools, the second largest revenue source. In addition to the \$5.2 million, the City received reimbursement from the Commonwealth of Virginia of about \$1.4 million for tax relief on individual automobiles or commonly known as PPTRA. This tax relief number is a fixed number year of year.

General revenues from other local taxes and other revenues represented about fifteen percent of total revenues of \$45.3 million for FY2019. They are comprised of many different types of taxes as detailed in the table below. For the year, these other tax revenues went up due the improved collection for the fiscal year.



## Revenue by Source - Governmental Activities



### Expenses

For FY 2019, expenses for governmental activities totaled \$43.2 million. Refer to the comparative table below for details. The City's five largest funded programs are 1) Education, 2) Public safety, 3) Public works, 4) Health and welfare, and 5) Parks and Recreation.

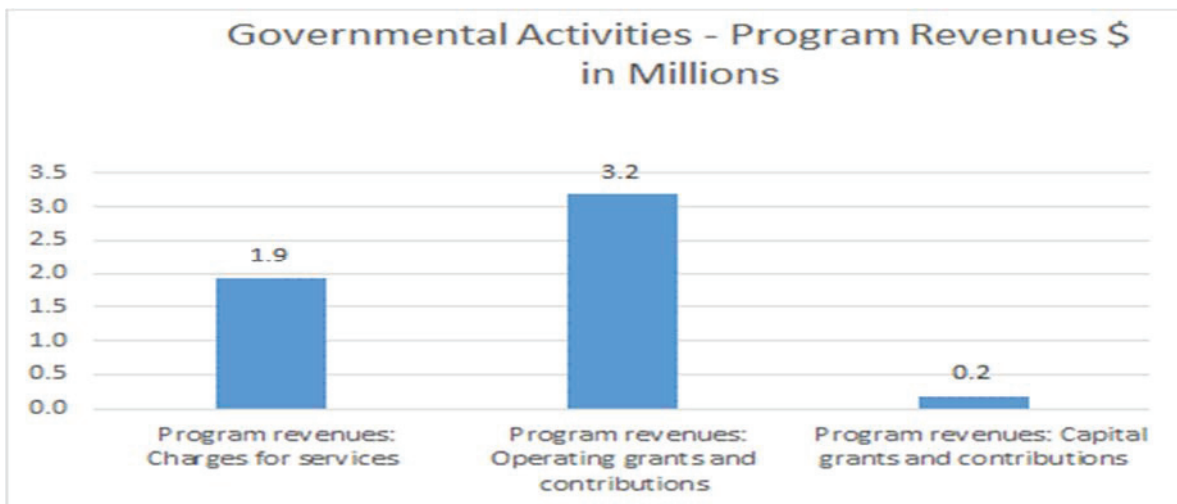
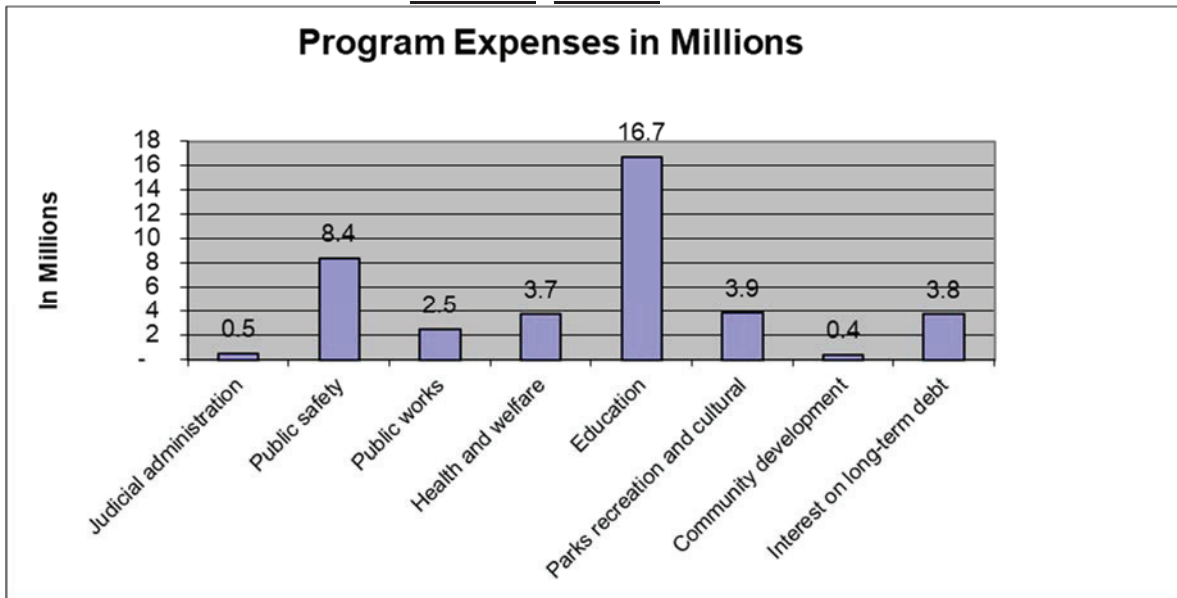
Education continues to be one of the City's highest priorities. The City's education expense totaled \$16.7 million, a decrease of about \$0.3 million from the previous year's amount.

	Governmental Activities		Governmental Activities	
	2019	2018	2019	2018
Revenues:				
Program revenues:				
Charges for services	\$ 1,930	\$ 2,021	4%	4%
Operating grants and contributions	3,183	3,082	0%	0%
Capital grants and contributions	177	271	7%	7%
General revenues:			0%	1%
Property taxes	29,915	28,255	0%	0%
Other taxes	6,617	7,745	66%	63%
Payment from City of Manassas Park	-	-	15%	17%
Grants and contributions not restricted to specific programs	2,307	2,257	0%	0%
Other	1,144	1,389	0%	0%
Total Revenues	\$ 45,272	\$ 45,021	0%	0%
			0%	0%
			5%	5%
			3%	3%
			100%	100%

The two graphs below show the program expenses in the first and then revenues in the second by governmental activities in millions:

**Statement of Activities**  
**Changes in Net Position (000s omitted)**  
**For Fiscal Years Ending June 30, 2019 and 2018**

	<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,740	\$ 10,402
contributions	-	-
Other		
Total Revenues	\$ 9,740	\$ 10,402



## **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 \$0.6 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, 2019 total net position for business-type activities was \$17.3 million, of which \$5.9 million is invested in capital assets. The balance of \$11.4 million is unrestricted and available to provide funding for future operations (Exhibit 1).

## **Revenues**

Total revenues for both fiscal years were primarily charges for services.

## **Expenses**

Expenses, including interest expense, totaled \$8.3 million. 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**

### **FUND FINANCIAL ANALYSIS:**

#### **Governmental Funds**

Governmental Funds comprise the General Fund and Other Governmental Funds, which includes the Debt Service Fund, Capital Projects Fund and School Building Fund.

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 2019, the City's governmental funds reported a combined fund balance of \$5.5 million.

#### **General Fund**

The General Fund is the chief operating fund of the City. At the end of FY 2019, this fund reported an increase from the \$5.6 million in the total fund balance. See the table below for major changes.

For explanations of year over year major changes in actual revenues and other financing sources, refer to the table below.

#### **Revenues:**

- Taxes - Improved tax base, collection of delinquent accounts, and strict compliance enforcement
- Intergovernmental - Drop mainly due to the \$1M receipt of the Palisade escrow in FY2018 and the over projected of court fines, EMS recovery collection, pool revenue and interest earned.
- Other revenues and transfers - Decrease in transfers from NVTa and Water & Sewer

#### **Expenditures:**

- Various increase in contribution to capital, employee awards, and fuels, etc.
- Transfers out - Increase in debt service payments

Total general fund assets increased \$0.2 million over last fiscal year. These increases resulted from:

- A net increase in accounts receivable from ASAP Bull Run and taxes of \$2.8 million, offset with
- A net decrease of \$2.6 million where \$0.9 million is in cash and cash equivalents, \$0.7 million in receivable from Commonwealth, and \$1 million in 60-day taxes receivable.

In FY2019 the City started enforcing the collection of Fire Marshal building permits. \$4095 was collected for the year.

**FY 2019 General Fund Budgetary Highlights**  
(000s omitted)

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Amended vs Actual</b>
Revenues, & Other Sources:				
Taxes	35,214	35,790	35,281	(509)
Intergovernmental	5,597	5,611	5,383	(228)
Other	2,420	2,586	2,427	(159)
Issuance of debt	-	-	-	-
Total	<u>43,231</u>	<u>43,987</u>	<u>43,091</u>	<u>(896)</u>
Expenditures, Transfers & Other Uses:				
Expenditures	34,210	34,815	32,777	2,037
Transfers	<u>9,521</u>	<u>9,882</u>	<u>9,903</u>	<u>(21)</u>
Total	<u>43,731</u>	<u>44,697</u>	<u>42,680</u>	<u>2,017</u>
Change in Fund Balance	<u>(500)</u>	<u>(710)</u>	411	<u>1,120</u>
Fund balances at beginning of year			5,631	
Fund balances at end of year			<u>6,041</u>	
Percent of ending fund balance over revenues			14.0%	

**Proprietary Funds**

The City of Manassas Park's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail. The City maintains three proprietary funds to include the water and sewer, solid waste management, and storm water enterprise activities.

Last year's total net position for the Water and Sewer, Storm Water, and Solid Waste Management Funds are presented below for easy reference. For FY 2019, the Water and Sewer, Storm Water, and Solid Waste Management Funds ended the fiscal year with an improved net position of \$16.5 million, \$1.1 million, and \$(0.2) million, respectively. All funds improved their net position as of the end of the year. This improved position reflects the controlled and better financial management with continuing review efforts in close partnerships with department heads and the departmental assistants. Factors improving the finances of these funds include the rate increase in the Solid Waste Management Fund, monthly review of billing data, and daily review of collection, including the frequent and timely review of the merchant credit card collection and reconciliation to the bank account. A comprehensive rate study for all enterprise funds will be done in the near future.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

Capital Assets (000s omitted) (net of depreciation) as of June 30, 2018				
	Govern- mental	Business- Type	Total	Component Unit
Land	\$ 5,561	\$ -	\$ 5,561	\$ 1,637
Intangibles	109	-	109	-
Infrastructure	8,336	-	8,336	-
Utility plant and equipment	-	17,778	17,778	-
Buildings and improvements	32,472	-	32,472	23,678
Machinery and equipment	2,992	-	2,992	1,963
Jointly owned assets	51,335	-	51,335	-
Construction in progress	2,906	-	2,906	-
Total	\$ 103,709	\$ 17,778	\$ 121,487	\$ 27,278

(net of depreciation) as of June 30, 2019				
	Govern- mental	Business- Type	Total	Component Unit
Land	\$ 5,561	\$ -	\$ 5,561	\$ 1,637
Intangibles	109	-	109	-
Infrastructure	9,949	-	9,949	-
Utility plant and equipment	-	17,167	17,167	-
Buildings and improvements	30,798	-	30,798	26,480
Machinery and equipment	2,623	-	2,623	2,037
Jointly owned assets	41,607	-	41,607	-
Construction in progress	438	-	438	501
Total	\$ 91,084	\$ 17,167	\$ 108,251	\$ 30,656

Investments in Capital Assets in FY 2019 include continuation of the street and sidewalk enhancements. Detailed information on the City's Capital Assets can be found in the related note disclosure of this report.

Total capital assets dropped from \$103,709 to \$91,084, driven primarily by the decrease in the jointly owned assets.

### LONG-TERM DEBT

At the end of FY 2019, the City's outstanding principal balance was \$82.5 million for general obligation bond, \$0.4 million capital lease principal payments, and \$7.3 million for Schools State Literary Fund Loans. Accrued compensated absences, bank loans and capital leases are not included in this debt balance.

In FY 2019 the City implemented a post-issuance compliance policy for tax-favored obligations. The Policy documents existing practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with requirements that must be satisfied subsequent to the issuance of Obligations in order that the interest on such Obligations be, or continue to be, or but for certain provisions of the Code would be, excludable from gross income for federal income tax purposes. The City recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the Obligations, and is an integral component of the City's debt management. Accordingly, the analysis of those facts and implementation of the Policy will require on-going monitoring, and may entail consultation by the City's Department of Finance staff with bond counsel beyond the scope of bond counsel's initial engagement with respect to the issuance of particular Obligations. With that said, the Finance departmental annual budget incorporates a sufficient fund request for these arbitrage professional services to facilitate on-going monitoring and compliance with the IRS rules and regulations.

<u>Year Ending</u> <u>June 30.</u>		<u>General Obligation Bonds</u> <u>Principal</u>		<u>Capital Leases</u> <u>Principal</u>		<u>State Literary Fund Loans</u> <u>Principal</u>
2020	\$	6,938,367	\$	259,141	\$	60,000
2021		7,194,645		268,535		60,000
2022		7,489,144		126,966		65,000
2023		5,527,635		87,274		65,000
2024		5,759,554				70,000
2025		6,005,499				70,000
2026		6,244,013				70,000
2027		6,167,186				75,000
2028		6,433,453				75,000
2029		6,688,269				80,000
2030		6,962,254				80,000
2031		5,577,690				1,035,000
2032		1,992,507				1,785,000
2033		2,066,492				1,835,000
2034		451,928				1,890,000
2035		473,843				
2036		496,999				
Total		<u>82,469,478</u>		<u>741,916</u>		<u>7,315,000</u>

From FY2016 to FY2018 due to the delay in completing the audits, the City's credit rating was withdrawn. In October 2019, the City of Manassas Park credit rating from both Standard & Poor's and that from Moody's for General Obligation debt was reinstated to where it was before it was withdrawn. During the same period the City completed successfully the refunding of its debt Series 2007B, 2008 2016, and 2013A VRA to take advantage of lower interest rates. This subsequent event of debt refunding resulted in the total savings of over \$2 million. This helped rebuild the fund balance and the 15% required reserve.

#### 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](mailto:p.yusuf@manassasparkva.gov).

## **BASIC FINANCIAL STATEMENTS**





## **Government-wide Financial Statements**



Statement of Net Position  
At June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 3,954,356	\$ 10,938,568	\$ 14,892,924	\$ 5,389,199
Investments	40,342	11,893	52,235	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,809,539	-	1,809,539	-
Accounts receivable	1,152,380	1,512,934	2,665,314	1,179,383
Due from other governments	1,185,947	-	1,185,947	763,045
Pension asset	-	-	-	877,103
Net OPEB asset	-	-	-	21,395
Inventory	-	-	-	11,026
Prepaid items	202,546	14,860	217,406	27,137
Due from component unit - School Board	678,248	-	678,248	-
Total Current Assets	\$ 9,023,358	\$ 12,478,255	\$ 21,501,613	\$ 8,268,288
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 5,560,783	\$ -	\$ 5,560,783	\$ 1,637,491
Intangibles	108,699	-	108,699	-
Infrastructure	9,949,320	-	9,949,320	-
Utility plant and equipment	-	17,166,591	17,166,591	-
Buildings and improvements	30,797,949	-	30,797,949	26,480,373
Equipment	2,623,025	-	2,623,025	2,037,269
Jointly owned assets	41,606,909	-	41,606,909	-
Construction in progress	437,889	-	437,889	501,281
Total capital assets	\$ 91,084,574	\$ 17,166,591	\$ 108,251,165	\$ 30,656,414
Total Assets	\$ 100,107,932	\$ 29,644,846	\$ 129,752,778	\$ 38,924,702
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 730,599	\$ 100,122	\$ 830,721	\$ 5,936,260
OPEB related items	375,811	16,090	391,901	708,285
Deferred charge on refunding	5,491,162	718,122	6,209,284	-
Total deferred outflows of resources	\$ 6,597,572	\$ 834,334	\$ 7,431,906	\$ 6,644,545
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 540,208	\$ 287,879	\$ 828,087	\$ 1,391,869
Retainage payable	-	-	-	-
Customer deposits	-	80,832	80,832	-
Accrued liabilities	885,827	107,598	993,425	4,270,514
Amounts held for others	417,326	-	417,326	-
Unearned revenue	294,331	-	294,331	206,025
Accrued interest payable	1,624,347	113,348	1,737,695	-
Long-term obligations -current portion	8,037,194	1,159,702	9,196,896	36,883
Total Current Liabilities	\$ 11,799,233	\$ 1,749,359	\$ 13,548,592	\$ 6,583,539
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	92,523,865	11,322,997	103,846,862	39,155,268
Total Liabilities	\$ 104,323,098	\$ 13,072,356	\$ 117,395,454	\$ 45,738,807
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 607,860	\$ 54,201	\$ 662,061	\$ 5,001,244
OPEB related items	181,480	5,520	187,000	476,836
Total deferred inflows of resources	\$ 789,340	\$ 59,721	\$ 849,061	\$ 5,478,080
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,835,598	\$ 5,910,610	\$ 7,746,208	\$ 30,656,414
Unrestricted assets	(242,532)	11,436,493	11,193,961	(36,304,054)
Total Net Position	\$ 1,593,066	\$ 17,347,103	\$ 18,940,169	\$ (5,647,640)

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,376,110	\$ 14,616	\$ 194,223	\$ -
Judicial administration	543,362	184,953	-	-
Public safety	8,375,359	231,326	604,002	-
Public works	2,479,810	111,264	808,185	176,999
Health and welfare	3,744,925	-	1,576,834	-
Education	16,698,362	-	-	-
Parks, recreation, and cultural	3,865,018	1,277,332	-	-
Community development	404,487	110,124	-	-
Interest on long-term debt	3,795,080	-	-	-
Total governmental activities	<u>\$ 43,282,513</u>	<u>\$ 1,929,615</u>	<u>\$ 3,183,244</u>	<u>\$ 176,999</u>
Business-type activities:				
Water and sewer	\$ 7,030,609	\$ 7,830,190	\$ -	\$ -
Storm Water	339,417	784,020	-	-
Solid Waste	881,674	1,125,550	-	-
Total business-type activities	<u>\$ 8,251,700</u>	<u>\$ 9,739,760</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 51,534,213</u>	<u>\$ 11,669,375</u>	<u>\$ 3,183,244</u>	<u>\$ 176,999</u>
COMPONENT UNITS:				
School Board	<u>\$ 41,758,445</u>	<u>\$ 422,538</u>	<u>\$ 30,034,617</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle licenses				
Recordation taxes				
Meals tax				
Cigarette taxes				
Other local taxes				
Grants and contributions not restricted to specific programs				
Unrestricted revenues from use of money and property				
County contribution to School Board				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (3,167,271)	\$ -	\$ (3,167,271)	\$ -	-
(358,409)	-	(358,409)	-	-
(7,540,031)	-	(7,540,031)	-	-
(1,383,362)	-	(1,383,362)	-	-
(2,168,091)	-	(2,168,091)	-	-
(16,698,362)	-	(16,698,362)	-	-
(2,587,686)	-	(2,587,686)	-	-
(294,363)	-	(294,363)	-	-
(3,795,080)	-	(3,795,080)	-	-
<u>\$ (37,992,655)</u>	<u>\$ -</u>	<u>\$ (37,992,655)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ 799,581	\$ 799,581	\$ -	-
-	444,603	444,603	-	-
-	243,876	243,876	-	-
<u>\$ -</u>	<u>\$ 1,488,060</u>	<u>\$ 1,488,060</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (37,992,655)</u>	<u>\$ 1,488,060</u>	<u>\$ (36,504,595)</u>	<u>\$ -</u>	<u>-</u>
			\$ (11,301,290)	
\$ 29,914,550	\$ -	\$ 29,914,550	\$ -	-
2,232,707	-	2,232,707	-	-
822,879	-	822,879	-	-
1,231,582	-	1,231,582	-	-
486,556	-	486,556	-	-
167,889	-	167,889	-	-
479,379	-	479,379	-	-
179,952	-	179,952	-	-
68,916	-	68,916	-	-
2,199,435	-	2,199,435	-	-
107,715	288	108,003	22,180	-
-	-	-	15,500,054	-
947,236	252,211	1,199,447	236,965	-
1,143,618	(1,143,618)	-	-	-
<u>\$ 39,982,414</u>	<u>\$ (891,119)</u>	<u>\$ 39,091,295</u>	<u>\$ 15,759,199</u>	<u>-</u>
\$ 1,989,759	\$ 596,941	\$ 2,586,700	\$ 4,457,909	-
(396,693)	16,750,162	16,353,469	(10,105,549)	-
<u>\$ 1,593,066</u>	<u>\$ 17,347,103</u>	<u>\$ 18,940,169</u>	<u>\$ (5,647,640)</u>	<u>-</u>

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## **Fund Financial Statements**

Balance Sheet - Governmental Funds  
At June 30, 2019

	Governmental Funds						
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	Total Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 4,843,261	\$ -	\$ 291,341	\$ 1,380,684	\$ 1,835,009	\$ 8,350,295	
Investments	-	-	40,342	-	-	40,342	
Receivables (Net of allowance for uncollectibles):							
Taxes, including penalties	1,809,539	-	-	-	-	1,809,539	
Accounts	1,152,380	-	-	-	-	1,152,380	
Due from component unit - School Board	678,248	-	-	-	-	678,248	
Due from other governmental units	819,750	366,197	-	-	-	1,185,947	
Prepaid items	202,546	-	-	-	-	202,546	
Total assets	<u>\$ 9,505,724</u>	<u>\$ 366,197</u>	<u>\$ 331,683</u>	<u>\$ 1,380,684</u>	<u>\$ 1,835,009</u>	<u>\$ 13,419,297</u>	
LIABILITIES							
Reconciled overdraft	\$ -	\$ 4,395,939	\$ -	\$ -	\$ -	\$ 4,395,939	
Accounts payable	515,744	24,464	-	-	-	540,208	
Accrued liabilities	885,827	-	-	-	-	885,827	
Amounts held for others	417,326	-	-	-	-	417,326	
Unearned revenue	225,474	68,857	-	-	-	294,331	
Total liabilities	<u>\$ 2,044,371</u>	<u>\$ 4,489,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,533,631</u>	
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	<u>\$ 1,419,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,927</u>	
FUND BALANCES							
Nonspendable	\$ 202,546	\$ -	\$ -	\$ -	\$ -	\$ 202,546	
Committed	-	-	331,683	1,380,684	1,835,009	3,547,376	
Unassigned	5,838,880	(4,123,063)	-	-	-	1,715,817	
Total fund balances	<u>\$ 6,041,426</u>	<u>\$ (4,123,063)</u>	<u>\$ 331,683</u>	<u>\$ 1,380,684</u>	<u>\$ 1,835,009</u>	<u>\$ 5,465,739</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,505,724</u>	<u>\$ 366,197</u>	<u>\$ 331,683</u>	<u>\$ 1,380,684</u>	<u>\$ 1,835,009</u>	<u>\$ 13,419,297</u>	

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

Total fund balances, balance sheet, governmental funds	\$ 5,465,739
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.	91,084,574
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	6,597,572
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.	1,419,927
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(789,340)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,624,347)
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.	(100,561,059)
Net position of governmental activities	<u>\$ 1,593,066</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, 2019

	Governmental Funds					Total Governmental Funds
	General	Capital Projects Fund	Debt Service Fund	Proffer Fund	Nonmajor Governmental Funds	
Revenues:						
General property taxes	\$ 29,613,116	\$ -	\$ -	\$ -	\$ -	\$ 29,613,116
Other local taxes	5,667,660	2,200	-	-	-	5,669,860
Permits, privilege fees and regulatory licenses	146,130	-	-	-	-	146,130
Fines and forfeitures	184,569	-	-	-	-	184,569
Revenue from use of money and property	106,739	-	976	-	-	107,715
Charges for services	1,598,916	-	-	-	-	1,598,916
Miscellaneous	391,140	-	-	93,000	463,096	947,236
Intergovernmental:						
Commonwealth	4,496,626	53,744	-	-	-	4,550,370
Federal	886,053	123,255	-	-	-	1,009,308
Total revenues	\$ 43,090,949	\$ 179,199	\$ 976	\$ 93,000	\$ 463,096	\$ 43,827,220
Expenditures:						
Current:						
General government administration	\$ 3,327,738	\$ 14,757	\$ -	\$ -	\$ -	\$ 3,342,495
Judicial administration	543,362	-	-	-	-	543,362
Public safety	8,010,905	467,015	-	-	-	8,477,920
Public works	1,434,273	477,069	-	-	-	1,911,342
Health and welfare	3,789,662	38,350	-	-	-	3,828,012
Education	11,878,310	-	-	-	-	11,878,310
Parks, recreation, and cultural	3,370,727	-	-	-	-	3,370,727
Community development	422,119	-	-	-	-	422,119
Debt service:						
Principal retirement	-	397,350	6,984,254	-	-	7,381,604
Interest and other fiscal charges	-	33,400	3,773,144	-	-	3,806,544
Total expenditures	\$ 32,777,096	\$ 1,427,941	\$ 10,757,398	\$ -	\$ -	\$ 44,962,435
Excess (deficiency) of revenues over (under) expenditures	\$ 10,313,853	\$ (1,248,742)	\$ (10,756,422)	\$ 93,000	\$ 463,096	\$ (1,135,215)
Other financing sources (uses):						
Transfers in	\$ 1,227,668	\$ 1,017,065	\$ 10,745,989	\$ -	\$ 275,733	\$ 13,266,455
Transfers out	(11,130,714)	-	-	(275,733)	(716,390)	(12,122,837)
Issuance of capital leases	-	426,608	-	-	-	426,608
Total other financing sources (uses)	\$ (9,903,046)	\$ 1,443,673	\$ 10,745,989	\$ (275,733)	\$ (440,657)	\$ 1,570,226
Net changes in fund balances	\$ 410,807	\$ 194,931	\$ (10,433)	\$ (182,733)	\$ 22,439	\$ 435,011
Fund balances at beginning of year	5,630,619	(4,317,994)	342,116	1,563,417	1,812,570	5,030,728
Fund balances at end of year	\$ 6,041,426	\$ (4,123,063)	\$ 331,683	\$ 1,380,684	\$ 1,835,009	\$ 5,465,739

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, 2019

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	435,011
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	\$ 797,213	
Depreciation expense	<u>(3,417,174)</u>	(2,619,961)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(3,658,502)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		301,434
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:		
Capital lease proceeds	\$ (426,608)	
Amortization of bond premium	744,371	
Amortization of deferred amount on refunding	(842,759)	
Principal retired on general obligation bonds	6,984,254	
Principal retired on capital leases	<u>397,350</u>	6,856,608
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	\$ (68,012)	
Pension expense	691,839	
OPEB expense	(58,510)	
Change in accrued interest payable	<u>109,852</u>	675,169
Change in net position of governmental activities	\$	<u><u>1,989,759</u></u>

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

Statement of Net Position - Proprietary Funds  
At June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 10,292,119	\$ 944,892	\$ -	\$ 11,237,011
Investments	11,893	-	-	11,893
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,184,053	82,420	246,461	1,512,934
Prepaid items	10,752	3,936	172	14,860
Total Current Assets	\$ 11,498,817	\$ 1,031,248	\$ 246,633	\$ 12,776,698
Noncurrent Assets				
Capital assets:				
Utility plant and equipment	\$ 28,844,626	\$ 280,430	\$ -	\$ 29,125,056
Accumulated depreciation	(11,880,034)	(78,431)	-	(11,958,465)
Total Capital Assets	\$ 16,964,592	\$ 201,999	\$ -	\$ 17,166,591
Total Assets	\$ 28,463,409	\$ 1,233,247	\$ 246,633	\$ 29,943,289
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension related items	\$ 100,122	\$ -	\$ -	\$ 100,122
OPEB related items	16,090	-	-	16,090
Deferred charge on refunding	718,122	-	-	718,122
Total deferred outflows of resources	\$ 834,334	\$ -	\$ -	\$ 834,334
<b>LIABILITIES</b>				
Current Liabilities				
Reconciled overdraft	\$ -	\$ -	\$ 298,443	\$ 298,443
Accounts payable	130,817	1,451	155,611	287,879
Accrued liabilities	21,818	81,058	4,722	107,598
Customer deposits	80,832	-	-	80,832
Accrued interest payable	113,348	-	-	113,348
Long-term obligations - current portion	1,131,443	28,259	-	1,159,702
Total Current Liabilities	\$ 1,478,258	\$ 110,768	\$ 458,776	\$ 2,047,802
Noncurrent Liabilities				
Long-term obligations - noncurrent portion	11,280,131	42,866	-	11,322,997
Total Liabilities	\$ 12,758,389	\$ 153,634	\$ 458,776	\$ 13,370,799
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 54,201	\$ -	\$ -	\$ 54,201
OPEB related items	5,520	-	-	5,520
Total deferred inflows of resources	\$ 59,721	\$ -	\$ -	\$ 59,721
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 5,762,353	\$ 148,257	\$ -	\$ 5,910,610
Unrestricted	10,717,280	931,356	(212,143)	11,436,493
Total Net Position	\$ 16,479,633	\$ 1,079,613	\$ (212,143)	\$ 17,347,103

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

Statement of Revenues, Expenses and Change in Net Position -  
 Proprietary Fund  
 Year Ended June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Operating revenues:				
Charges for services	\$ 7,730,186	\$ 784,020	\$ 1,125,550	\$ 9,639,756
Other revenues	252,211	-	-	252,211
Total operating revenues	\$ 7,982,397	\$ 784,020	\$ 1,125,550	\$ 9,891,967
Operating expenses:				
Personnel services	\$ 715,031	\$ 194,338	\$ 14,511	\$ 923,880
Fringe benefits	154,400	55,359	3,799	213,558
Contractual services	143,702	22,279	863,364	1,029,345
Depreciation	739,540	44,323	-	783,863
Other operating expenses	3,092,500	21,017	-	3,113,517
Total operating expenses	\$ 4,845,173	\$ 337,316	\$ 881,674	\$ 6,064,163
Net income (loss) from operations	\$ 3,137,224	\$ 446,704	\$ 243,876	\$ 3,827,804
Nonoperating revenues (expenses):				
Interest income	\$ 288	\$ -	\$ -	\$ 288
Availability/connection fees	100,004	-	-	100,004
UOSA debt service	(1,734,429)	-	-	(1,734,429)
Interest expense	(451,007)	(2,101)	-	(453,108)
Total nonoperating revenues (expenses)	\$ (2,085,144)	\$ (2,101)	\$ -	\$ (2,087,245)
Net income (loss) before transfers	\$ 1,052,080	\$ 444,603	\$ 243,876	\$ 1,740,559
Transfers:				
Transfers in	\$ 99,972	\$ -	\$ 4,229	\$ 104,201
Transfers out	(1,083,590)	(78,601)	(85,628)	(1,247,819)
Total transfers	\$ (983,618)	\$ (78,601)	\$ (81,399)	\$ (1,143,618)
Change in net position	\$ 68,462	\$ 366,002	\$ 162,477	\$ 596,941
Net position, beginning of year	16,411,171	713,611	(374,620)	16,750,162
Net position, end of year	\$ 16,479,633	\$ 1,079,613	\$ (212,143)	\$ 17,347,103

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

Statement of Cash Flows - Proprietary Fund  
Year Ended June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,915,413	\$ 784,498	\$ 1,082,301	\$ 9,782,212
Payments to and for employees	(934,162)	(235,586)	(34,303)	(1,204,051)
Payments to suppliers	(3,442,283)	(52,473)	(966,599)	(4,461,355)
Net cash provided by operating activities	\$ 3,538,968	\$ 496,439	\$ 81,399	\$ 4,116,806
Cash flows from non-capital financing activities:				
Availability/connection fees	\$ 100,004	\$ -	\$ -	\$ 100,004
Transfers in (out)	(983,618)	(78,601)	(81,399)	(1,143,618)
Net cash provided by non-capital financing activities	\$ (883,614)	\$ (78,601)	\$ (81,399)	\$ (1,043,614)
Cash flows from capital and related financing activities:				
Construction and acquisition of capital assets	\$ (141,856)	\$ (30,637)	\$ -	\$ (172,493)
Retirement of indebtedness	(970,429)	(25,839)	-	(996,268)
UOSA debt service	(1,734,429)	-	-	(1,734,429)
Interest expense	(476,318)	(2,101)	-	(478,419)
Net cash provided by (used for) capital and related financing activities	\$ (3,323,032)	\$ (58,577)	\$ -	\$ (3,381,609)
Net increase (decrease) in cash and cash equivalents	\$ (667,678)	\$ 359,261	\$ -	\$ (308,417)
Cash and cash equivalents at beginning of year	10,959,797	585,631	-	11,545,428
Cash and cash equivalents at end of year	\$ 10,292,119	\$ 944,892	\$ -	\$ 11,237,011
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Cash flows from operations:				
Income (loss) from operations	\$ 3,137,224	\$ 446,704	\$ 243,876	\$ 3,827,804
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	739,540	44,323	-	783,863
Changes in operating items:				
(Increase) decrease in accounts receivable	(31,427)	478	(43,249)	(74,198)
(Increase) deferred outflows - pension related items	(17,865)	-	-	(17,865)
(Increase) decrease in deferred outflows - OPEB related items	(11,850)	-	-	(11,850)
(Increase) decrease in prepaid items	3,261	(20)	(172)	3,069
Increase (decrease) in reconciled overdraft	-	-	(190,587)	(190,587)
Increase (decrease) in accounts payable	(209,342)	(9,157)	87,524	(130,975)
Increase (decrease) in accrued liabilities	(36,262)	12,447	(15,993)	(39,808)
Increase (decrease) in customer deposits	(35,557)	-	-	(35,557)
Increase (decrease) in net pension liability	(9,866)	-	-	(9,866)
Increase (decrease) in net OPEB liability	33,494	-	-	33,494
Increase (decrease) in deferred inflows - pension related items	(36,330)	-	-	(36,330)
Increase (decrease) in deferred inflows - OPEB related items	(1,605)	-	-	(1,605)
Increase (decrease) in compensated absences	15,553	1,664	-	17,217
Net cash provided by operating activities	\$ 3,538,968	\$ 496,439	\$ 81,399	\$ 4,116,806

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

Statement of Fiduciary Net Position - Fiduciary Funds  
At June 30, 2019

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	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>15,990</u>
Total assets	\$ <u><u>15,990</u></u>
LIABILITIES	
Amounts held for others	\$ <u>15,990</u>
Total liabilities	\$ <u><u>15,990</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, 2019

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### **Note 1–Summary of Significant Accounting Policies:**

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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, 2019 (Continued)

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

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

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

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

#### **A. Financial Reporting Entity:**

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

#### **B. Individual Component Unit Disclosures:**

Blended Component Units – The City has no blended component units for the fiscal year ended June 30, 2019.



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **B. Individual Component Unit Disclosures: (Continued)**

##### *Discretely Presented Component Units*

##### School Board

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

##### Other Related Organizations

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

The City has organized the Industrial Development Authority of Manassas Park to promote and develop commercial and industrial enterprise within the City. The Authority issues bonds to enterprises who locate within the City as a means of attracting business. Although the Authority's members are appointed by City Council, the Authority is not a part of the City's reporting entity because the City has no accountability for fiscal matters. The bonds are not obligations of the City or the Commonwealth of Virginia, but are secured solely by revenues received from the businesses on whose behalf they are issued. The City had no revenue bonds outstanding at June 30, 2019.

#### **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, 2019 (Continued)

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

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#### **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, 2019 (Continued)

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

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#### **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, 2019 (Continued)

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

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

##### **2. Governmental Funds: (Continued)**

The City reports the following major enterprise funds:

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

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

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

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

#### **D. Budgets and Budgetary Accounting:**

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

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

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **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, 2019.
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:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **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.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

#### **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."

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 \$228,540 at June 30, 2019 and is comprised of the following:

Property taxes	\$ 178,265
Water & sewer accounts	<u>50,275</u>
Total	<u>\$ 228,540</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### G. Receivables and Payables: (Continued)

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, 2019 (Continued)

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

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#### **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, 2019 (Continued)

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

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#### **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**

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **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.

#### **R. Inventory**

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

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

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

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

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

#### **T. Fund Equity**

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

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **T. Fund Equity: (Continued)**

- 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/resolution. 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, 2019 (Continued)

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

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#### U. Adoption of Accounting Principles

The City implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The City early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

#### V. Other Postemployment Benefits (OPEB)

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

### Note 2–Deposits and Investments:

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#### Deposits

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

#### Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 2—Deposits and Investments: (Continued)**

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#### **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, 2019 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<b>City's Rated Debt Investments' Values</b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
State Non-Arbitrage Pool	\$ <u>52,235</u>
Total	\$ <u><u>52,235</u></u>

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#### **Interest Rate Risk**

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

<b><u>Investment</u></b>	<b><u>June 30, 2019</u></b>	<b><u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u></b>
State Non-Arbitrage Pool	\$ <u>52,235</u>	\$ <u>52,235</u>
Total	\$ <u><u>52,235</u></u>	\$ <u><u>52,235</u></u>

#### **External Investment Pools**

The fair value of the positions in the external investment pools (Local Government Investment 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, 2019 (Continued)

**Note 3—Due From Other Governments:**

At June 30, 2019, the City and School Board had receivables from other governments as follows:

	<b>Primary Government</b>	<b>Discretely Presented Component Unit School Board</b>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 396,010
Local sales taxes	403,725	-
Communications tax	99,010	-
Public assistance	43,061	-
Department of transportation	366,197	-
Shared expenses	13,784	-
CSA	96,423	-
Other	62,443	110,400
Federal Government:		
School funds	-	256,635
Public assistance	101,304	-
Totals	<u>\$ 1,185,947</u>	<u>\$ 763,045</u>

**Note 4—Interfund Transfers/Balances:**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Primary Government:		
General Fund	\$ 1,227,668	\$ 11,130,714
Debt Service Fund	10,745,989	-
Proffer Fund	-	275,733
Water and Sewer Fund	99,972	1,083,590
Storm Water Fund	-	78,601
Solid Waste Management Fund	4,229	85,628
Special Transportation Fund	275,733	716,390
Capital Projects Fund	1,017,065	-
Total	<u>\$ 13,370,656</u>	<u>\$ 13,370,656</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, 2019 (Continued)

## Note 4—Interfund Transfers/Balances: (Continued)

Due to/from balances for the year ended June 30, 2019 consisted of the following:

<u>Fund</u>	<u>Due From Component Unit</u>	<u>Due To Primary Government</u>
General	\$ 678,248	\$ -
School Board	-	678,248
Totals	<u>\$ 678,248</u>	<u>\$ 678,248</u>

## Note 5—Capital Assets:

The following is a summary of capital asset activity for the year ended June 30, 2019:

### Primary Government:

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2019</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 5,560,783	\$ -	\$ -	\$ 5,560,783
Intangibles	108,699	-	-	108,699
Construction in progress	182,616	255,273	-	437,889
Total capital assets not being depreciated	<u>\$ 5,852,098</u>	<u>\$ 255,273</u>	<u>\$ -</u>	<u>\$ 6,107,371</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 41,601,366	\$ -	\$ -	\$ 41,601,366
Equipment	11,449,149	541,940	-	11,991,089
Infrastructure	23,030,129	-	-	23,030,129
Jointly owned assets	59,613,593	-	4,760,528	54,853,065
Total capital assets being depreciated	<u>\$ 135,694,237</u>	<u>\$ 541,940</u>	<u>\$ 4,760,528</u>	<u>\$ 131,475,649</u>
Accumulated depreciation:				
Buildings and improvements	\$ 9,946,907	\$ 856,510	\$ -	\$ 10,803,417
Equipment	8,715,166	652,898	-	9,368,064
Infrastructure	12,334,593	746,216	-	13,080,809
Jointly owned assets	13,186,632	1,161,550	1,102,026	13,246,156
Total accumulated depreciation	<u>\$ 44,183,298</u>	<u>\$ 3,417,174</u>	<u>\$ 1,102,026</u>	<u>\$ 46,498,446</u>
Total capital assets being depreciated, net	<u>\$ 91,510,939</u>	<u>\$ (2,875,234)</u>	<u>\$ 3,658,502</u>	<u>\$ 84,977,203</u>
Governmental activities capital assets, net	<u>\$ 97,363,037</u>	<u>\$ (2,619,961)</u>	<u>\$ 3,658,502</u>	<u>\$ 91,084,574</u>

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 5—Capital Assets: (Continued)

### Primary Government: (Continued)

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Utility plant and equipment	\$ 28,952,563	\$ 172,493	\$ -	\$ 29,125,056
Accumulated depreciation:				
Utility plant and equipment	\$ 11,174,602	\$ 783,863	\$ -	\$ 11,958,465
Total capital assets being depreciated, net	\$ 17,777,961	\$ (611,370)	\$ -	\$ 17,166,591
Business-type activities capital assets, net	\$ 17,777,961	\$ (611,370)	\$ -	\$ 17,166,591

### Discretely Presented Component Unit—School Board:

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Construction in progress	-	501,281	-	501,281
Total capital assets not being depreciated	\$ 1,637,491	\$ 501,281	\$ -	\$ 2,138,772
Capital assets, being depreciated:				
Buildings and improvements	\$ 40,605,942	\$ 4,760,528	\$ -	\$ 45,366,470
Equipment	5,633,460	365,675	-	5,999,135
Total capital assets being depreciated	\$ 46,239,402	\$ 5,126,203	\$ -	\$ 51,365,605
Accumulated depreciation:				
Buildings and improvements	\$ 16,928,341	\$ 1,957,756	\$ -	\$ 18,886,097
Equipment	3,670,387	291,479	-	3,961,866
Total accumulated depreciation	\$ 20,598,728	\$ 2,249,235	\$ -	\$ 22,847,963
Total capital assets being depreciated, net	\$ 25,640,674	\$ 2,876,968	\$ -	\$ 28,517,642
School Board capital assets, net	\$ 27,278,165	\$ 3,378,249	\$ -	\$ 30,656,414

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 5—Capital Assets: (Continued)

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Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ <u>91,084,574</u>
Long-term debt applicable to capital assets at June 30, 2019	\$ 94,740,138
Deferred charge on refunding	<u>5,491,162</u>
Net investment in capital assets	\$ <u><u>1,835,598</u></u>

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

Governmental activities:	
General government	\$ 156,866
Public safety	712,667
Public works	843,014
Health and Welfare	6,792
Education	1,161,550
Parks, recreation and cultural	<u>536,285</u>
Total	\$ <u><u>3,417,174</u></u>
Component Unit-School Board	\$ <u><u>1,147,209</u></u> (1)
Water and Sewer	\$ 739,540
	<u>44,323</u>
Business-type	\$ <u><u>783,863</u></u>
(1) Depreciation expense	\$ 1,147,209
Accumulated depreciation on Joint tenancy asset transfer	<u>1,102,026</u>
Total increase in accumulated depreciation, page 40	\$ <u><u>2,249,235</u></u>



# CITY OF MANASSAS PARK, VIRGINIA

## Notes to Financial Statements As of June 30, 2019 (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, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
<u>Governmental Funds</u>					
General Obligation Bonds	\$ 9,650,000	\$ -	\$ 945,000	\$ 8,705,000	\$ 985,000
Capital leases	712,658	426,608	397,350	741,916	259,141
Direct Borrowings and Direct placements:					
General Obligation Bonds	79,748,732	-	5,984,254	73,764,478	5,953,367
State Literary Fund Loans	7,370,000	-	55,000	7,315,000	60,000
Other Liabilities:					
Compensated Absences	917,908	91,791	23,779	985,920	98,592
Net OPEB liability	2,813,728	680,289	346,268	3,147,749	-
Net Pension Liability	2,082,740	3,255,676	3,651,164	1,687,252	-
Premium on bonds	4,958,115	-	744,371	4,213,744	681,094
Total	<u>\$ 108,253,881</u>	<u>\$ 4,454,364</u>	<u>\$ 12,147,186</u>	<u>\$ 100,561,059</u>	<u>\$ 8,037,194</u>

The general fund revenues are used to liquidate compensated absences.

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

Year Ending June 30,	<u>Governmental Activities</u>							
	<u>Direct Borrowings and Direct Placements</u>							
	<u>General Obligation Bonds Principal</u>	<u>Interest</u>	<u>State Literary Fund Loans Principal</u>	<u>Interest</u>	<u>Capital Leases Principal</u>	<u>Interest</u>	<u>General Obligation Bonds Principal</u>	<u>Interest</u>
2020	\$ 985,000	\$ 399,900	\$ 60,000	\$ 219,450	\$ 259,141	\$ 28,943	\$ 5,953,367	\$ 2,863,591
2021	1,025,000	357,650	60,000	217,650	268,535	19,547	6,169,645	2,616,334
2022	1,080,000	312,700	65,000	215,850	126,966	9,776	6,409,144	2,361,670
2023	440,000	265,300	65,000	213,900	87,274	4,414	5,087,635	2,124,633
2024	460,000	244,400	70,000	211,950	-	-	5,299,554	1,901,487
2025	480,000	222,550	70,000	209,850	-	-	5,525,499	1,670,867
2026	505,000	198,550	70,000	207,750	-	-	5,739,013	1,432,558
2027	530,000	173,300	75,000	205,650	-	-	5,637,186	1,191,734
2028	560,000	146,800	75,000	203,400	-	-	5,873,453	948,459
2029	585,000	118,800	80,000	201,150	-	-	6,103,269	706,209
2030	610,000	92,475	80,000	198,750	-	-	6,352,254	470,956
2031	640,000	65,025	1,035,000	196,350	-	-	4,937,690	269,628
2032	395,000	36,225	1,785,000	165,300	-	-	1,597,507	153,647
2033	410,000	18,450	1,835,000	111,750	-	-	1,656,492	100,367
2034	-	-	1,890,000	56,700	-	-	451,928	54,196
2035	-	-	-	-	-	-	473,843	34,153
2036	-	-	-	-	-	-	496,999	11,559
Total	<u>\$ 8,705,000</u>	<u>\$ 2,652,125</u>	<u>\$ 7,315,000</u>	<u>\$ 2,835,450</u>	<u>\$ 741,916</u>	<u>\$ 62,680</u>	<u>\$ 73,764,478</u>	<u>\$ 18,912,048</u>

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 6—Long-Term Obligations: (Continued)

### Governmental Activities: (Continued)

Details of Long-Term Obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004, payable in various annual installments through July 15, 2029, interest payable semiannually at rates ranging from 4.10% to 5.60%	\$ 5,755,000	\$ 415,000
\$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%	2,310,163	312,675
\$32,240,000 General Obligation Bonds, dated May 8, 2008, payable in various installments beginning through January 1, 2033, interest payable semiannually at rates ranging from 3.00% to 5.00%	6,810,000	380,000
\$6,695,000 General Obligation Advance Refunding Bonds, dated June 6, 2007, payable in various installments beginning through April 15, 2022, interest payable semiannually at rates ranging from 4.00% to 5.50%	1,895,000	605,000
\$8,920,000, General Obligation Refunding Bonds, dated May 28, 2015, due in various annual installments through October 2035, interest payable semiannually at rates ranging from 3.0125% to 5.125%	4,965,365	525,285
\$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%	4,493,950	800,407
\$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%	9,235,000	600,000
\$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%	21,460,000	1,555,000
\$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%	1,040,000	340,000
\$23,840,000 General Obligation Refunding Bonds, dated December 22, 2016, due in various annual installments through January 1, 2033, interest payable semiannually at 2.94%	22,090,000	1,395,000
\$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%	2,415,000	10,000
Total General Obligation Bonds	\$ 82,469,478	\$ 6,938,367

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 6—Long-Term Obligations: (Continued)

### Governmental Activities: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>State Literary Fund Loans:</u>		
\$7,500,000, dated November 19, 2015, due in various annual installments through August 1, 2034, interest at 3%	\$ 7,315,000	\$ 60,000
<u>Capital Leases:</u>		
\$675,563 lease obligation due in annual installments of \$97,835 through June 23, 2021, interest payable at 2.64%, secured by equipment	\$ 188,184	\$ 92,866
\$345,561 lease obligation due in annual installments of \$72,760 through June 6, 2021, interest payable at 4.75%, secured by equipment (General Government portion)	29,390	14,504
\$174,567 lease obligation due in annual installments of \$38,226 through December 20, 2020, interest payable at 4.75%, secured by equipment	71,331	34,838
\$264,336 lease obligation due in annual installments of \$57,994 through January 25, 2023, interest payable annually at 4.75%, secured by equipment	206,341	47,977
\$35,497 lease obligation due in annual installments of \$6,864 through February 1, 2023, interest payable annually at 4.75%, secured by equipment	24,422	5,679
\$31,685 lease obligation due in annual installments of \$5,533 through February 6, 2023, interest payable annually at 4.75%, secured by equipment	19,685	4,577
\$95,090 lease obligation due in annual installments of \$21,298 through August 1, 2022, interest payable annually at 5.597%, secured by equipment	74,236	17,034
\$213,974 lease obligation due in annual installments of \$45,053 through July 5, 2021, interest payable annually at 2.64%, secured by equipment	128,327	41,666
Total Capital Leases	\$ 741,916	\$ 259,141
<u>Other Liabilities:</u>		
Compensated Absences	\$ 985,920	\$ 98,592
Premium on bonds	\$ 4,213,744	\$ 681,094
Net OPEB liability	\$ 3,147,749	\$ -
Net Pension Liability	\$ 1,687,252	\$ -
Total governmental activities long-term obligations	\$ 100,561,059	\$ 8,037,194

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (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, 2019:

<u>Proprietary Funds</u>	<u>Balance July 1, 2018</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements:					
General Obligation Bonds	\$ 12,093,792	\$ -	\$ 943,110	\$ 11,150,682	\$ 979,308
Net OPEB liability	173,802	68,400	34,906	207,296	-
Net pension liability	180,616	356,862	366,728	170,750	-
Capital Lease	163,722	-	53,158	110,564	54,561
Compensated Absences	113,333	28,550	11,333	130,550	13,055
Premium on bonds	834,050	-	121,193	712,857	112,778
Total	<u>\$ 13,559,315</u>	<u>\$ 453,812</u>	<u>\$ 1,530,428</u>	<u>\$ 12,482,699</u>	<u>\$ 1,159,702</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>			
	<u>General Obligation Bonds</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 979,308	\$ 439,430	\$ 54,561	\$ 2,919
2021	1,008,619	404,924	56,003	1,479
2022	1,055,001	364,800	-	-
2023	767,699	326,761	-	-
2024	801,432	291,507	-	-
2025	840,996	254,464	-	-
2026	883,250	212,928	-	-
2027	922,814	169,298	-	-
2028	961,547	125,799	-	-
2029	1,006,730	87,779	-	-
2030	1,042,745	54,172	-	-
2031	132,309	35,001	-	-
2032	137,493	30,039	-	-
2033	143,508	24,095	-	-
2034	148,071	17,830	-	-
2035	156,157	11,308	-	-
2036	163,003	3,821	-	-
Total	<u>\$ 11,150,682</u>	<u>\$ 2,853,956</u>	<u>\$ 110,564</u>	<u>\$ 4,398</u>

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (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	\$ 2,029,632	\$ 214,715
\$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%	896,050	159,593
\$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>8,225,000</u>	<u>605,000</u>
Total General Obligation Bonds	\$ <u>11,150,682</u>	\$ <u>979,308</u>
<u>Capital Leases:</u>		
\$345,561 lease obligation due in annual installments of \$72,760 through June 6, 2021, interest payable at 4.75%, secured by equipment (Proprietary portion)	\$ <u>110,564</u>	\$ <u>54,561</u>
<u>Other Liabilities:</u>		
Compensated absences	\$ <u>130,550</u>	\$ <u>13,055</u>
Premium on bonds	\$ <u>712,857</u>	\$ <u>112,778</u>
Net OPEB liability	\$ <u>207,296</u>	\$ -
Net Pension Liability	\$ <u>170,750</u>	\$ -
Total business-type long-term obligations	\$ <u>12,482,699</u>	\$ <u>1,159,702</u>

### Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Net OPEB liabilities	\$ 7,528,669	\$ 1,230,593	\$ 1,082,936	\$ 7,676,326	\$ -
Net pension liability	32,060,000	10,760,000	11,673,000	31,147,000	-
Capital leases	58,350	-	58,350	-	-
Compensated absences	350,199	53,646	35,020	368,825	36,883
Total	\$ <u>39,997,218</u>	\$ <u>12,044,239</u>	\$ <u>12,849,306</u>	\$ <u>39,192,151</u>	\$ <u>36,883</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 6—Long-Term Obligations: (Continued)**

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Details of long-term obligations are as follows:

	<b><u>Amount Outstanding</u></b>	<b><u>Due Within One Year</u></b>
Compensated Absences	\$ <u>368,825</u>	\$ <u>36,883</u>
Net OPEB liability	\$ <u>7,676,326</u>	\$ <u>-</u>
Net Pension Liability	\$ <u>31,147,000</u>	\$ <u>-</u>
Total	\$ <u><u>39,192,151</u></u>	\$ <u><u>36,883</u></u>

### **Note 7—Compensated Absences:**

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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><u>985,920</u></u>
Proprietary Funds	\$ <u><u>130,550</u></u>
Component Unit School Board	\$ <u><u>368,825</u></u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 8—Deferred/Unavailable/Unearned Revenue:**

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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:

	<b>Government-wide Statements</b>
	<b>Governmental Activities</b>
Unearned revenue - state and federal seizure funds not yet expended	\$ 225,474
Unearned revenue - amounts related to a land sale	68,857
Total	<u>\$ 294,331</u>
	<b>Balance Sheet</b>
	<b>Governmental Funds</b>
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.	\$ 1,419,927
Unearned revenue:	
Unearned revenue - amounts related to a land sale	68,857
Unearned revenue - state and federal seizure funds not yet expended	<u>225,474</u>
Total	<u>\$ 1,714,258</u>

### **Note 9—Litigation:**

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At June 30, 2019, 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, 2019 (Continued)

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### Note 10—Joint Ventures:

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#### 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, 2019 is 5.40%.

UOSA's financial condition as of June 30, 2018 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total Assets and Deferred Outflows	\$	581,989,193
Total Liabilities and Deferred Inflows		531,136,807
Net Equity	\$	<u>50,852,386</u>
Total Revenues	\$	49,939,588
Total Expenses		58,779,317
Net (Loss)	\$	<u>(8,839,729)</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 2019 as follows:

Operating and reserve maintenance cost	\$	1,554,497
Debt service		1,734,429
Total	\$	<u>3,288,926</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, 2019 (Continued)

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### **Note 10—Joint Ventures: (Continued)**

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#### **Upper Occoquan Sewage Authority (UOSA) (continued)**

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

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

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

#### **Potomac and Rappahannock Transportation Commission (PRTC)**

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

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

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

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

## **CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 11—Jointly Governed Organizations:**

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#### **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 2019, the City received \$463,096 of these taxes.

### **Note 12—Water and Water Treatment Agreements:**

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#### **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, 2019 (Continued)

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### Note 13–Pension Plan:

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#### ***Plan Description***

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

#### ***Benefit Structures***

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service 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 creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, 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 creditable service. 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, 2019 (Continued)

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### Note 13—Pension Plan: (Continued)

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#### ***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 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Primary Government</u></b>	<b><u>Component Unit School Board (Nonprofessional)</u></b>
Inactive members or their beneficiaries currently receiving benefits	100	31
Inactive members:		
Vested inactive members	38	9
Non-vested inactive members	63	25
Inactive members active elsewhere in VRS	<u>83</u>	<u>15</u>
Total inactive members	184	49
Active members	<u>155</u>	<u>66</u>
Total covered employees	<u><u>439</u></u>	<u><u>146</u></u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 13—Pension Plan: (Continued)**

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#### ***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, 2019 was 8.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$784,249 and \$848,922 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 1.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$1,347 and \$13,544 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, rolled forward to the measurement date of June 30, 2018.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Pension Plan: (Continued)

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#### **Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

#### Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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.

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, 2019 (Continued)

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### Note 13—Pension Plan: (Continued)

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#### **Actuarial Assumptions – General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 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:

Largest 10 – 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% to 20%

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% to 15%

#### **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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13–Pension Plan: (Continued)

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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.

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, 2017 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:

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%



# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 13–Pension Plan: (Continued)

### Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

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% to 45%

### 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>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 13—Pension Plan: (Continued)

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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, 2017	\$ 36,455,324	\$ 34,191,968	\$ 2,263,356
Changes for the year:			
Service cost	\$ 1,058,351	\$ -	\$ 1,058,351
Interest	2,503,017	-	2,503,017
Differences between expected and actual experience	(159,090)	-	(159,090)
Contributions - employer	-	850,234	(850,234)
Contributions - employee	-	450,450	(450,450)
Net investment income	-	2,530,731	(2,530,731)
Benefit payments, including refunds of employee contributions	(1,395,865)	(1,395,865)	-
Administrative expenses	-	(21,511)	21,511
Other changes	-	(2,272)	2,272
Net changes	\$ 2,006,413	\$ 2,411,767	\$ (405,354)
Balances at June 30, 2018	\$ 38,461,737	\$ 36,603,735	\$ 1,858,002

**CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 13—Pension Plan: (Continued)**

***Changes in Net Pension Liability***

	<b>Component School Board (nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Asset (a) - (b)</b>
Balances at June 30, 2017	\$ 3,231,970	\$ 4,045,191	\$ (813,221)
Changes for the year:			
Service cost	\$ 95,824	\$ -	\$ 95,824
Interest	219,224	-	219,224
Differences between expected and actual experience	(14,114)	-	(14,114)
Contributions - employer	-	14,610	(14,610)
Contributions - employee	-	57,601	(57,601)
Net investment income	-	295,471	(295,471)
Benefit payments, including refunds of employee contributions	(200,405)	(200,405)	-
Administrative expenses	-	(2,605)	2,605
Other changes	-	(261)	261
Net changes	\$ 100,529	\$ 164,411	\$ (63,882)
Balances at June 30, 2018	\$ 3,332,499	\$ 4,209,602	\$ (877,103)

***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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>Rate</b>		
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
City Net Pension Liability (Asset)	\$ 7,397,325	\$ 1,858,002	\$ (2,679,882)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (473,590)	\$ (877,103)	\$ (1,213,462)

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (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, 2019, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$29,661 and (\$176,786), respectively. At June 30, 2019, 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:

	<b>Primary Government</b>		<b>Component Unit School Board (Nonprofessional)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19,961	\$ 222,296	\$ -	\$ 73,574
Change in assumptions	-	102,082	-	2,484
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,511	26,511	-	-
Net difference between projected and actual earnings on pension plan investments	-	311,172	-	33,186
Employer contributions subsequent to the measurement date	784,249	-	1,347	-
Total	\$ 830,721	\$ 662,061	\$ 1,347	\$ 109,244

\$784,249 and \$1,347 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, 2020. 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:

<b>Year ended June 30</b>	<b>Primary Government</b>	<b>Component Unit School Board (Nonprofessional)</b>
2020	\$ (118,751)	\$ (55,694)
2021	(111,711)	(8,273)
2022	(356,834)	(41,898)
2023	(28,293)	(3,379)

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 13—Pension Plan: (Continued)**

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#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,355,913 and \$3,425,402 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$31,147,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .26485% as compared to .26070% at June 30, 2017.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 13—Pension Plan: (Continued)

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#### 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, 2019, the school division recognized pension expense of \$2,742,000. 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, 2019, 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	\$ -	\$ 2,663,000
Change in assumptions	372,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,207,000	1,568,000
Net difference between projected and actual earnings on pension plan investments	-	661,000
Employer contributions subsequent to the measurement date	<u>3,355,913</u>	<u>-</u>
Total	<u>\$ 5,934,913</u>	<u>\$ 4,892,000</u>

\$3,355,913 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, 2020. 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>	
2020	\$ 314,000
2021	(441,000)
2022	(1,571,000)
2023	(554,000)
2024	(61,000)

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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Note 13–Pension Plan: (Continued)

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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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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.

The actuarial assumptions used in the June 30, 2017 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:



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 13—Pension Plan: (Continued)**

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#### **Component Unit School Board (professional) (Continued)**

##### ***Actuarial Assumptions (continued)***

Mortality Rates: (continued)

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

##### ***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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>11,759,992</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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, 2019 (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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 47,577,000	\$ 31,147,000	\$ 17,547,000

### ***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018annual-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
<b>Primary Government</b>				
Primary Government	\$ 830,721	\$ 662,061	\$ 1,858,002	\$ 29,661
Totals	<u>\$ 830,721</u>	<u>\$ 662,061</u>	<u>\$ 1,858,002</u>	<u>\$ 29,661</u>
<b>Component Unit School Board</b>				
School Board Nonprofessional	\$ 1,347	\$ 109,244	\$ (877,103)	\$ (176,786)
School Board Professional	5,934,913	4,892,000	31,147,000	2,742,000
Totals	<u>\$ 5,936,260</u>	<u>\$ 5,001,244</u>	<u>\$ 30,269,897</u>	<u>\$ 2,565,214</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 14–Risk Management:**

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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:**

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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–Expenditures Over Appropriations:**

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At June 30, 2019 expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Fund	\$ 10,745,989	\$ 10,757,398	\$ (11,409)

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 17–Surety Bond:**

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	<b><u>Amount</u></b>
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

### **Note 18–Group Life Insurance (GLI) Program (OPEB Plan):**

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#### ***Plan Description***

The Group Life Insurance (GLI) Program 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 Group Life Insurance Program 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 Program. For members who elect the optional GLI 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 program, it is not included as part of the GLI Program OPEB.

#### ***Eligible Employees***

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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#### ***Benefit Amounts***

The GLI Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

#### ***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the City were \$49,000 and \$49,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to School Professional Plan were \$117,000 and \$114,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the School Nonprofessional Plan were \$7,000 and \$7,000 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the City, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$752,000, \$1,746,000, and \$105,000, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, City, School Board (Professional) and School Board (Nonprofessional)'s proportion were .04949%, .11494% and .00693% respectively, as compared to .04917% .11386% and .00689% at June 30, 2017.

# CITY OF MANASSAS PARK, VIRGINIA

## Notes to Financial Statements As of June 30, 2019 (Continued)

### Note 18—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)*

For the year ended June 30, 2019, the City, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$7,000, \$2,000, and \$1,000 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Primary Government</b>		<b>School Professional</b>		<b>School Nonprofessional</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 37,000	\$ 14,000	\$ 85,000	\$ 31,000	\$ 5,000	\$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	24,000	-	57,000	-	3,000
Change in assumptions	-	31,000	-	73,000	-	4,000
Changes in proportion	8,000	-	15,000	56,000	-	2,000
Employer contributions subsequent to the measurement date	49,000	-	117,000	-	7,000	-
Total	<u>\$ 94,000</u>	<u>\$ 69,000</u>	<u>\$ 217,000</u>	<u>\$ 217,000</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>

\$49,000, \$117,000, and \$7,000 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, 2020. 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:

<b>Year Ended June 30</b>	<b>Primary Government</b>	<b>School Professional</b>	<b>School Nonprofessional</b>
2020	\$ (9,000)	\$ (36,000)	\$ (3,000)
2021	(9,000)	(36,000)	(3,000)
2022	(9,000)	(36,000)	(1,000)
2023	(3,000)	(20,000)	-
2024	3,000	4,000	-
Thereafter	3,000	7,000	-

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### **Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2019 (Continued)

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### Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### **Actuarial Assumptions: (Continued)**

The actuarial assumptions used in the June 30, 2017 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	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

#### **Mortality Rates – 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, 2019 (Continued)

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### **Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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#### ***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2017 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	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% to 20%

#### **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, 2019 (Continued)

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### Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### **Actuarial Assumptions: (Continued)**

The actuarial assumptions used in the June 30, 2017 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	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% to 15%

#### **Mortality Rates – 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, 2019 (Continued)

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### **Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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#### ***Actuarial Assumptions: (Continued)***

#### **Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

#### **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, 2019 (Continued)

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### Note 18—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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#### *Actuarial Assumptions: (Continued)*

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

The actuarial assumptions used in the June 30, 2017 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% to 45%

#### **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, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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, 2019 (Continued)

### Note 18—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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

#### *Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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, 2019 (Continued)

### Note 18—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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:				
Primary Government	\$	983,000	\$ 752,000	\$ 565,000
School Professional		2,281,000	1,746,000	1,311,000
School Nonprofessional		137,000	105,000	79,000

#### ***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### Note 19—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

#### ***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. 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, 2019 (Continued)

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### **Note 19—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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#### ***Plan Description: (Continued)***

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

#### ***Eligible Employees***

The Teacher Employee Retiree HIC Program 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 Program 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 Program 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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$270,000 and \$269,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 19—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

At June 30, 2019, the school division reported a liability of \$3,431,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .27024% as compared to .26603% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$266,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 17,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	30,000
Change in proportion	47,000	117,000
Employer contributions subsequent to the measurement date	270,000	-
Total	\$ <u>317,000</u>	\$ <u>167,000</u>



CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 19–Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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

\$270,000 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, 2020. 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>		
2020	\$	(23,000)
2021		(23,000)
2022		(23,000)
2023		(21,000)
2024		(22,000)
Thereafter		(8,000)

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 19—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### 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.

The actuarial assumptions used in the June 30, 2017 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	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

#### Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC 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, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>

Plan Fiduciary Net Position as a Percentage  
of the Total Teacher Employee HIC OPEB Liability 8.08%

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

## Note 19—Teacher Employee Health Insurance Credit (HIC) Program (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 19—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

#### **Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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 ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

#### **Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate**

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	3,832,000	\$ 3,431,000	\$ 3,090,000

#### **Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

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### **Note 20—Health Insurance Credit (HIC) Program (OPEB Plan):**

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#### ***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Program 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 Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

#### ***Eligible Employees***

The Political Subdivision Retiree HIC Program 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 Program 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 Program 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, 2019 (Continued)

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### Note 20—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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#### *Employees Covered by Benefit Terms*

As of the June 30, 2017 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>3</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>66</u>
Total covered employees	<u><u>69</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, 2019 was .06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board for the Nonprofessional plan were \$819 and \$1,826 for the years ended June 30, 2019 and June 30, 2018, respectively.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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**Note 20–Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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***Net HIC OPEB Liability (Asset)***

The School Nonprofessional Plan net Health Insurance Credit OPEB asset was measured as of June 30, 2018. The total Health Insurance Credit OPEB asset was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

***Actuarial Assumptions***

The total HIC OPEB asset was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 20—Health Insurance Credit (HIC) Program: (Continued)

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#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates – 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, 2017 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	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% to 20%

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 20—Health Insurance Credit (HIC) Program (OPEB Plan):

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#### *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, 2017 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	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% to 15%



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

### Note 20—Health Insurance Credit (HIC) Program: (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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

#### *Discount Rate*

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the HIC 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, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 20—Health Insurance Credit (HIC) Program: (Continued)**

***Changes in Net HIC OPEB Liability (Asset)***

	School Nonprofessional Plan		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 38,407	\$ 48,240	\$ (9,833)
Changes for the year:			
Service cost	\$ 1,682	\$ -	\$ 1,682
Interest	2,615	-	2,615
Benefit changes	-	-	-
Differences between expected and actual experience	(10,935)	-	(10,935)
Assumption changes	-	-	-
Contributions - employer	-	1,826	(1,826)
Net investment income	-	3,422	(3,422)
Benefit payments	(2,096)	(2,096)	-
Administrative expenses	-	(81)	81
Other changes	-	(243)	243
Net changes	\$ (8,734)	\$ 2,828	\$ (11,562)
Balances at June 30, 2018	\$ 29,673	\$ 51,068	\$ (21,395)

***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 Program net HIC OPEB liability (asset) using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School Nonprofessional's Net HIC OPEB Liability	\$ (17,280)	\$ (21,395)	\$ (24,838)

**CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 20—Health Insurance Credit (HIC) Program: (Continued)**

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

For the year ended June 30, 2019, the School Nonprofessional plan recognized Health Insurance Credit Program OPEB expense of (\$931). At June 30, 2019, the School Nonprofessional plan reported deferred outflows of resources and deferred inflows of resources related to their Health Insurance Credit Program from the following sources:

	<b>School Nonprofessional</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 9,224
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,213
Change in assumptions	-	353
Employer contributions subsequent to the measurement date	819	-
Total	<u>\$ 819</u>	<u>\$ 10,790</u>

\$819 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, 2020. 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:

<b>Year Ended June 30</b>	<b>School Nonprofessional</b>
2020	\$ (2,196)
2021	(2,196)
2022	(2,198)
2023	(1,811)
2024	(1,720)
Thereafter	(669)

## **CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 20—Health Insurance Credit (HIC) Program: (Continued)**

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#### ***Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### **Note 21—Line of Duty Act (LODA) Program:**

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#### ***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.

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, 2019 (Continued)

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### **Note 21—Line of Duty Act (LODA) Program: (Continued)**

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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, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$40,000 and \$34,000 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the City reported a liability of \$1,002,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was .31960% as compared to .31038% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$84,000. 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, 2019 (Continued)

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**Note 21—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, 2019, 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	\$ 144,000	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	3,000
Change in assumptions	-	115,000
Change in proportion	27,000	-
Employer contributions subsequent to the measurement date	<u>40,000</u>	<u>-</u>
Total	<u>\$ 211,000</u>	<u>\$ 118,000</u>

\$40,000 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, 2020. 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>	
2020	\$ 7,000
2021	7,000
2022	7,000
2023	6,000
2024	6,000
Thereafter	20,000

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 21—Line of Duty Act (LODA) Program: (Continued)

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#### *Actuarial Assumptions*

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 21—Line of Duty Act (LODA) Program: (Continued)

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#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates – 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, 2017 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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 21—Line of Duty Act (LODA) Program: (Continued)

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#### *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, 2017 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% to 45%

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### Note 21—Line of Duty Act (LODA) Program: (Continued)

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#### ***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, 2018, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u><b>LODA Program</b></u>
Total LODA OPEB Liability	\$ 315,395
Plan Fiduciary Net Position	1,889
Employers' Net OPEB Liability (Asset)	<u><u>\$ 313,506</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 0.60%

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

#### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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, 2018.

#### ***Discount Rate***

The discount rate used to measure the total LODA OPEB liability was 3.89%. 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, 2018, 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, 2019 (Continued)

### Note 21—Line of Duty Act (LODA) Program: (Continued)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

	Discount Rate		
	1% Decrease (2.89%)	Current (3.89%)	1% Increase (4.89%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 1,148,000	\$ 1,002,000	\$ 884,000

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 854,000	\$ 1,002,000	\$ 1,187,000

#### ***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (Continued)

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**Note 22–Health Insurance – Pay-As-You-Go (OPEB Plan):**

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***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, 2017 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	7
Active employees		<u>125</u>
Total	\$	<u><u>132</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, 2019 was \$88,127.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### **Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2019.

#### **Actuarial Assumptions**

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.13%
Investment Rate of Return	N/A

Mortality rates for pre-retirement employees were based on RP-2014 Employee Mortality Tables with projection scale MP-2018 while mortality rates for healthy retirees were based on RP-2014 Healthy Annuitant Mortality table, with projection scale MP-2018 and mortality rates for disabled retirees were based on RP-2014 Disabled mortality tables, with projection scale MP-2018.

#### **Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the June 30, 2019 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 3.13% 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, 2018	\$	1,432,530
Changes for the year:		
Service cost		38,146
Interest		44,696
Difference between expected and actual experience		67,193
Changes in assumptions		106,607
Benefit payments		(88,127)
Net changes		168,515
Balances at June 30, 2019	\$	1,601,045

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 1,766,946	\$ 1,601,045	\$ 1,454,258

### *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 (5.5% decreasing to an ultimate rate of 4.0%) or one percentage point higher (7.5% decreasing to an ultimate rate of 6%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 1,403,615	\$ 1,601,045	\$ 1,836,116

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

For the year ended June 30, 2019, the City recognized OPEB expense in the amount of \$162,677. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,597	\$ -
Changes in assumptions	53,304	
Total	\$ 86,901	\$ -

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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#### ***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>	
2020	\$ 86,901
2021	-
2022	-
2023	-
2024	-
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 23—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board:**

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#### ***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, 2019 (Continued)

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### Note 23—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)

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#### **Plan Membership**

At July 1, 2017 (valuation date), the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	\$	34
Active employees		<u>280</u>
Total	\$	<u><u>314</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, 2019 was \$210,378.

#### **Total OPEB Liability**

The School Board's total OPEB liability was measured as of June 30, 2019.

#### **Actuarial Assumptions**

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.13%
Investment Rate of Return	N/A

#### **Mortality Rates:**

- Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2017 for males or females, as appropriate.
- Mortality rates for retirees were based on the RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.
- Mortality rates for disabled retirees were based on the RPH-2014 Disabled Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

#### **Discount Rate**

The discount rate was based on the June 30, 2019 Fidelity General Obligation AA 20-Year Yield. The final equivalent single discount rate used for this year's valuation is 3.13% 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, 2019 (Continued)

## Note 23—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, 2018	\$	2,336,669
Changes for the year:		
Service cost		114,764
Interest		73,508
Difference between expected and actual experience		(87,558)
Changes in assumptions		167,321
Benefit payments		(210,378)
Net changes		57,657
Balances at June 30, 2019	\$	2,394,326

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 2,632,851	\$ 2,394,326	\$ 2,178,471

### 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 (2.90% increasing to an ultimate rate of 4.00%) or one percentage point higher (4.90% increasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 1,995,659	\$ 2,394,326	\$ 2,790,112

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 23—Health Insurance – Pay-As-You-Go (OPEB Plan) – School Board: (Continued)**

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$211,126. At June 30, 2019, 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	\$ 27,609	\$ 70,046
Changes in assumptions	133,857	-
Total	<u>\$ 161,466</u>	<u>\$ 70,046</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>	
2020	\$ 22,855
2021	22,855
2022	22,855
2023	22,855
2024	-
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, 2019 (Continued)

## Note 24—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:

	(Asset) Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
<b>Primary Government</b>				
City Pay-as-you-go (Note 22)	\$ 1,601,045	\$ 86,901	\$ -	\$ 162,677
City LODA (Note 21)	1,002,000	211,000	118,000	84,000
Group Life (Note 18)	752,000	94,000	69,000	7,000
Total	<u>\$ 3,355,045</u>	<u>\$ 391,901</u>	<u>\$ 187,000</u>	<u>\$ 253,677</u>
<b>Component Unit School Board</b>				
School Pay-as-you-go (Note 23)	\$ 2,394,326	\$ 161,466	\$ 70,046	\$ 211,126
Teacher Group Life (Note 18)	1,746,000	217,000	217,000	2,000
Nonprofessional Group Life (Note 18)	105,000	12,000	12,000	1,000
Nonprofessional HIC Program (Note 20)	(21,395)	819	10,790	-931
Teacher HIC Program (Note 19)	3,431,000	317,000	167,000	266,000
Total	<u>\$ 7,654,931</u>	<u>\$ 708,285</u>	<u>\$ 476,836</u>	<u>\$ 479,195</u>

## Note 25—Line of Credit:

On October 27, 2017 the City entered into an agreement on a line of credit (Taxable Revenue Anticipation Note, Series 2017). Advances of up to \$2,000,000 of principal may be taken on this Note. Interest on draws is payable at the Prime Rate (as published in *The Wall Street Journal* and rounded up to the nearest .125% minus 1% provided, however, that in no event shall the interest rate be less than 3.25% per annum. The note matured on October 27, 2018 at which time any balance drawn is due in full together with all unpaid accrued interest. One draw of \$2,000,000 was made on this line and was repaid during the year ended June 30, 2019 and there was no balance outstanding on the Note at June 30, 2019.

## Note 26—New Accounting Standards:

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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 December 15, 2019.

## **CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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### **Note 26—New Accounting Standards: (Continued)**

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Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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, 2020.

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

### **Note 27—Subsequent Events:**

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Subsequent to year end the City issued \$26,680,000 of General Obligation Refunding Bonds, Series 2019 to refund various outstanding bonds.

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2019

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 30,210,096	\$ 30,298,257	\$ 29,613,116	\$ (685,141)
Other local taxes	5,003,427	5,492,000	5,667,660	175,660
Permits, privilege fees and regulatory licenses	123,800	159,923	146,130	(13,793)
Fines and forfeitures	271,000	287,150	184,569	(102,581)
Revenue from use of money and property	112,400	135,400	106,739	(28,661)
Charges for services	1,724,365	1,706,775	1,598,916	(107,859)
Miscellaneous	188,699	297,000	391,140	94,140
Intergovernmental:				
Commonwealth	5,483,048	5,572,249	4,496,626	(1,075,623)
Federal	113,970	38,470	886,053	847,583
Total revenues	\$ 43,230,805	\$ 43,987,224	\$ 43,090,949	\$ (896,275)
Expenditures:				
General government administration:				
Legislative:				
City council	\$ 694,917	\$ 694,917	\$ 649,783	\$ 45,134
General and financial administration:				
Management services	\$ 259,884	\$ 270,484	\$ 310,495	\$ (40,011)
Legal services	81,500	76,500	43,920	32,580
Human resources	161,098	163,378	149,665	13,713
Commissioner of the Revenue	334,188	334,188	326,578	7,610
Treasurer	377,817	383,817	418,981	(35,164)
Information technology	729,422	733,980	678,176	55,804
Department of finance	823,880	720,829	624,418	96,411
Total general and financial administration	\$ 2,767,789	\$ 2,683,176	\$ 2,552,233	\$ 130,943
Board of Elections:				
Electoral board and officials	\$ 150,398	\$ 150,398	\$ 125,722	\$ 24,676
Total board of elections	\$ 150,398	\$ 150,398	\$ 125,722	\$ 24,676
Total general government administration	\$ 3,613,104	\$ 3,528,491	\$ 3,327,738	\$ 200,753

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Judicial administration:				
Courts:				
Courts	\$ 202,487	\$ 237,487	\$ 244,970	\$ (7,483)
Sheriff	298,387	298,387	298,392	(5)
Total courts	\$ 500,874	\$ 535,874	\$ 543,362	\$ (7,488)
Total judicial administration	\$ 500,874	\$ 535,874	\$ 543,362	\$ (7,488)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,528,221	\$ 3,581,718	\$ 3,270,885	\$ 310,833
E-911	942,017	667,017	602,327	64,690
Total law enforcement and traffic control	\$ 4,480,738	\$ 4,259,235	\$ 3,873,212	\$ 386,023
Fire and rescue services:				
Fire department	\$ 3,168,275	\$ 3,163,712	\$ 3,120,066	\$ 43,646
Total fire and rescue services	\$ 3,168,275	\$ 3,163,712	\$ 3,120,066	\$ 43,646
Correction and detention:				
Juvenile detention home	\$ 150,000	\$ 150,000	\$ 87,117	\$ 62,883
County jail	600,000	815,000	859,038	(44,038)
Total correction and detention	\$ 750,000	\$ 965,000	\$ 946,155	\$ 18,845

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Other protection:				
Animal control	\$ 66,000	\$ 69,000	\$ 71,472	\$ (2,472)
Total other protection	\$ 66,000	\$ 69,000	\$ 71,472	\$ (2,472)
Total public safety	\$ 8,465,013	\$ 8,456,947	\$ 8,010,905	\$ 446,042
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets	\$ 692,607	\$ 692,607	\$ 593,060	\$ 99,547
Maintenance of general buildings and grounds:				
General properties	\$ 471,341	\$ 473,491	\$ 438,652	\$ 34,839
Fleet	423,231	420,830	402,561	18,269
Total maintenance of general buildings and grounds	\$ 894,572	\$ 894,321	\$ 841,213	\$ 53,108
Total public works	\$ 1,587,179	\$ 1,586,928	\$ 1,434,273	\$ 152,655
Health and welfare:				
Health:				
Local health department	\$ 27,373	\$ 27,373	\$ 27,423	\$ (50)
Mental health and mental retardation:				
Community services board	\$ 826,339	\$ 826,339	\$ 826,344	\$ (5)
Welfare:				
Administration and public assistance	\$ 1,548,747	\$ 1,641,503	\$ 1,500,819	\$ 140,684
Agency on aging	114,916	114,916	114,912	4
Other social services programs	66,295	66,295	66,288	7
Tax relief for the elderly	-	359,984	359,984	-
Childrens services	1,117,080	1,117,080	893,892	223,188
Total welfare	\$ 2,847,038	\$ 3,299,778	\$ 2,935,895	\$ 363,883
Total health and welfare	\$ 3,700,750	\$ 4,153,490	\$ 3,789,662	\$ 363,828



Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Education:				
Contributions to community colleges	\$ 37,048	\$ 37,048	\$ 36,758	\$ 290
Contribution to Component Unit School Board	12,150,000	12,381,171	11,841,552	539,619
Total education	\$ 12,187,048	\$ 12,418,219	\$ 11,878,310	\$ 539,909
Parks, recreation and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 2,994,365	\$ 2,989,365	\$ 2,916,287	\$ 73,078
Total parks and recreation	\$ 2,994,365	\$ 2,989,365	\$ 2,916,287	\$ 73,078
Library:				
Library	\$ 454,441	\$ 454,441	\$ 454,440	\$ 1
Total parks, recreation and cultural	\$ 3,448,806	\$ 3,443,806	\$ 3,370,727	\$ 73,079
Community development:				
Planning and community development:				
Economic development	\$ 65,000	\$ 65,000	\$ 30,175	\$ 34,825
Planning and zoning	600,535	584,534	357,397	227,137
Community organizations	41,215	41,215	34,547	6,668
Total planning and community development	\$ 706,750	\$ 690,749	\$ 422,119	\$ 268,630

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures: (continued)				
Total community development	\$ 706,750	\$ 690,749	\$ 422,119	\$ 268,630
Total expenditures	\$ 34,209,524	\$ 34,814,504	\$ 32,777,096	\$ 2,037,408
Excess (deficiency) of revenues over (under) expenditures	\$ 9,021,281	\$ 9,172,720	\$ 10,313,853	\$ 1,141,133
Other financing sources (uses):				
Operating transfers in	\$ 1,224,708	\$ 1,224,707	\$ 1,227,668	\$ 2,961
Operating transfers (out)	(10,745,989)	(11,107,039)	(11,130,714)	(23,675)
Total other financing sources (uses)	\$ (9,521,281)	\$ (9,882,332)	\$ (9,903,046)	\$ (20,714)
Net changes in fund balance	\$ (500,000)	\$ (709,612)	\$ 410,807	\$ 1,120,419
Fund balance at beginning of year	500,000	709,612	5,630,619	4,921,007
Fund balance at end of year	\$ -	\$ -	\$ 6,041,426	\$ 6,041,426

Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.26485%	0.26070%	0.27855%	0.26507%	0.23397%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 31,147,000	\$ 32,060,000	\$ 39,036,000	\$ 33,363,000	\$ 29,448,000
Employer's Covered Payroll	21,907,252	20,995,217	21,238,250	19,707,662	17,820,060
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	142.18%	152.70%	183.80%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension  
For the Years Ended June 30, 2010 through June 30, 2019

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)
<b>Primary Government</b>					
2019	\$ 784,249	\$ 784,249	\$ -	\$ 9,428,847	8.32%
2018	848,922	848,922	-	9,410,600	9.02%
2017	848,530	848,530	-	9,065,489	9.36%
2016	1,005,726	1,005,726	-	8,783,631	11.45%
2015	1,024,554	1,024,554	-	8,948,073	11.45%
2014	995,359	995,359	-	8,246,555	12.07%
2013	1,004,562	1,004,562	-	8,322,803	12.07%
2012	756,732	756,732	-	7,932,203	9.54%
2011	759,678	759,678	-	7,963,077	9.54%
2010	665,255	665,255	-	8,507,099	7.82%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 1,347	\$ 1,347	\$ -	\$ 1,364,905	0.10%
2018	13,544	13,544	-	1,304,629	1.04%
2017	23,881	23,881	-	1,270,252	1.88%
2016	76,655	76,655	-	1,271,597	6.03%
2015	77,235	77,235	-	1,182,769	6.53%
2014	137,347	137,347	-	1,505,991	9.12%
2013	137,353	137,353	-	1,506,063	9.12%
2012	113,263	113,263	-	1,496,203	7.57%
2011	103,024	103,024	-	1,360,956	7.57%
2010	135,621	135,621	-	1,482,192	9.15%
<b>Component Unit School Board (professional) (1)</b>					
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  
For the Year Ended June 30, 2019

**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest 10 – 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% to 20%

**Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**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% to 15%

**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% to 45%

**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

Schedule of City of Manassas Park, Virginia's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Measurement Dates of June 30, 2018 and 2017

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)
<b>Primary Government</b>					
2018	0.04949% \$	752,000	\$ 9,410,600	7.99%	51.22%
2017	0.04917%	740,000	9,069,906	8.16%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2018	0.00693% \$	105,000	\$ 1,317,613	7.97%	51.22%
2017	0.00689%	104,000	1,270,252	8.19%	48.86%
<b>Component Unit School Board (professional)</b>					
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 Program

For the Years Ended June 30, 2010 through June 30, 2019

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)
<b>Primary Government</b>					
2019	\$ 49,000	\$ 49,000	\$ -	\$ 9,428,847	0.52%
2018	48,935	48,935	-	9,410,600	0.52%
2017	47,164	47,164	-	9,069,906	0.52%
2016	42,161	42,161	-	8,783,631	0.48%
2015	42,951	42,951	-	8,948,073	0.48%
2014	39,661	39,661	-	8,262,605	0.48%
2013	40,060	40,060	-	8,345,900	0.48%
2012	22,210	22,210	-	7,932,203	0.28%
2011	22,307	22,307	-	7,966,760	0.28%
2010	17,577	17,577	-	8,519,684	0.21%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 7,000	\$ 7,000	\$ -	\$ 1,364,905	0.51%
2018	6,852	6,852	-	1,317,613	0.52%
2017	6,605	6,605	-	1,270,252	0.52%
2016	6,130	6,130	-	1,276,991	0.48%
2015	5,690	5,690	-	1,185,336	0.48%
2014	7,437	7,437	-	1,549,445	0.48%
2013	7,229	7,229	-	1,506,063	0.48%
2012	4,189	4,189	-	1,496,203	0.28%
2011	3,822	3,822	-	1,365,062	0.28%
2010	2,900	2,900	-	1,482,192	0.20%
<b>Component Unit School Board (professional)</b>					
2019	\$ 117,000	\$ 117,000	\$ -	\$ 22,529,313	0.52%
2018	113,649	113,649	-	21,855,662	0.52%
2017	109,207	109,207	-	21,001,265	0.52%
2016	102,260	102,260	-	21,304,163	0.48%
2015	95,043	95,043	-	19,800,640	0.48%
2014	85,775	85,775	-	17,869,876	0.48%
2013	80,385	80,385	-	16,746,965	0.48%
2012	44,227	44,227	-	15,795,461	0.28%
2011	43,768	43,768	-	15,631,545	0.28%
2010	30,585	30,585	-	15,965,141	0.19%

Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**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

**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% to 20%

**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% to 15%

**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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Schedule of Manassas Park School Board's Share of Net OPEB Liability  
Teacher Health Insurance Credit (HIC) Program  
For the Measurement Dates of June 30, 2018 and 2017

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)
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 Health Insurance Credit (HIC) Program  
For the Years Ended June 30, 2010 through June 30, 2019

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Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2019	\$ 270,000	\$ 270,000	\$ -	\$ 22,529,313		1.20%
2018	268,825	268,825	-	21,855,662		1.23%
2017	233,049	233,049	-	20,995,217		1.11%
2016	225,125	225,125	-	21,238,249		1.06%
2015	208,901	208,901	-	19,707,659		1.06%
2014	197,803	197,803	-	17,820,061		1.11%
2013	185,905	185,905	-	16,748,191		1.11%
2012	94,773	94,773	-	15,795,461		0.60%
2011	93,789	93,789	-	15,631,545		0.60%
2010	117,809	117,809	-	15,965,141		0.74%

Notes to Required Supplementary Information  
Teacher Health Insurance Credit (HIC) Program  
For the Year Ended June 30, 2019

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**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios  
Health Insurance Credit (HIC) Program  
For the Measurement Dates of June 30, 2018 and 2017

	School Nonprofessional 2018	School Nonprofessional 2017
<b>Total HIC OPEB Liability</b>		
Service cost	\$ 1,682	\$ 2,018
Interest	2,615	2,425
Differences between expected and actual experience	(10,935)	-
Changes in assumptions	-	(525)
Benefit payments	(2,096)	(318)
<b>Net change in total HIC OPEB liability</b>	<b>\$ (8,734)</b>	<b>\$ 3,600</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>38,407</b>	<b>34,807</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 29,673</b>	<b>\$ 38,407</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 1,826	\$ 1,788
Net investment income	3,422	4,908
Benefit payments	(2,096)	(318)
Administrative expense	(81)	(82)
Other	(243)	243
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,828</b>	<b>\$ 6,539</b>
<b>Plan fiduciary net position - beginning</b>	<b>48,240</b>	<b>41,701</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 51,068</b>	<b>\$ 48,240</b>
<b>Net HIC OPEB liability (asset) - ending (a) - (b)</b>	<b>\$ (21,395)</b>	<b>\$ (9,833)</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>172.10%</b>	<b>125.60%</b>
<b>Covered payroll</b>	<b>\$ 1,304,629</b>	<b>\$ 1,270,252</b>
<b>Net HIC OPEB liability as a percentage of covered payroll</b>	<b>-1.64%</b>	<b>-0.77%</b>

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) Program  
 For the Years Ended June 30, 2010 through June 30, 2019

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<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 819	\$ 819	\$ -	\$ 1,364,905	0.06%
2018	1,826	1,826	-	1,304,629	0.14%
2017	1,778	1,778	-	1,270,252	0.14%
2016	1,526	1,526	-	1,271,597	0.12%
2015	1,419	1,419	-	1,182,769	0.12%
2014	3,163	3,163	-	1,505,991	0.21%
2013	3,163	3,163	-	1,506,065	0.21%
2012	2,843	2,843	-	1,496,203	0.19%
2011	2,586	2,586	-	1,360,956	0.19%
2010	5,039	5,039	-	1,482,192	0.34%

Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Program  
For the Year Ended June 30, 2019

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**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**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% to 20%

**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% to 15%

**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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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



Schedule of Employer's Share of Net OPEB Liability - LODA  
Line of Duty Act (LODA) Program  
For the Measurement Dates of June 30, 2018 and 2017

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)
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

For the Years Ended June 30, 2017 through June 30, 2019

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Covered- Employee Payroll * (4)</b>	<b>Contributions as a % of Covered - Employee Payroll (5)</b>
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  
For the Year Ended June 30, 2019

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**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Employees in the 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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**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% to 45%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Pay-As-You-Go Plan  
For the Years Ended June 30, 2019 and 2018

	Primary Government 2019	Primary Government 2018
<b>Total OPEB liability</b>		
Service cost	\$ 38,146	\$ 37,035
Interest	44,696	51,643
Changes in assumptions	106,607	-
Differences between expected and actual experience	67,193	(14,131)
Benefit payments	(88,127)	(63,123)
<b>Net change in total OPEB liability</b>	\$ 168,515	\$ 11,424
<b>Total OPEB liability - beginning</b>	1,432,530	1,421,106
<b>Total OPEB liability - ending</b>	<u>\$ 1,601,045</u>	<u>\$ 1,432,530</u>
 <b>Covered payroll</b>	 \$ 8,091,178	 \$ 7,855,512
 <b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	 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  
For the Year Ended June 30, 2019

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Valuation Date: 7/1/2017  
Measurement Date: 6/30/2019

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Discount Rate	3.13%
Inflation	3.00%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2018 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 RP-2014 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Component Unit School Board Pay-As-You-Go Plan  
 For the Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 114,764	\$ 111,421
Interest	73,508	83,554
Changes in assumptions	167,321	-
Differences between expected and actual experience	(87,558)	41,414
Benefit payments	(210,378)	(192,887)
<b>Net change in total OPEB liability</b>	\$ 57,657	\$ 43,502
<b>Total OPEB liability - beginning</b>	2,336,669	2,293,167
<b>Total OPEB liability - ending</b>	<u>\$ 2,394,326</u>	<u>\$ 2,336,669</u>
 <b>Covered payroll</b>	 \$ 16,073,976	 \$ 15,605,802
 <b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	 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  
For the Year Ended June 30, 2019

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Valuation Date: 7/1/2017  
Measurement Date: 6/30/2019

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Discount Rate	3.13%
Inflation	3.00%
Healthcare Trend Rate	The healthcare trend rate assumptions start at 3.90% to 7.04% in 2018 based on the medical plan and gradually increases 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 RP-2014 Employee Mortality Tables.

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**OTHER SUPPLEMENTARY INFORMATION**

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## **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, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Other local taxes	\$ 100,000	\$ 100,000	\$ 2,200	\$ (97,800)
Revenue from use of money and property	-	1,500	-	(1,500)
Miscellaneous	284,896	294,347	-	(294,347)
Intergovernmental:				
Commonwealth	392,890	392,890	53,744	(339,146)
Federal	-	-	123,255	123,255
Total revenues	\$ 777,786	\$ 788,737	\$ 179,199	\$ (609,538)
Expenditures:				
Capital outlay:				
General government administration:				
Equipment additions	\$ 129,000	\$ 93,126	\$ 14,757	\$ 78,369
Total general government administration	\$ 129,000	\$ 93,126	\$ 14,757	\$ 78,369
Public safety:				
Vehicle and equipment additions	\$ 18,555	\$ 46,183	\$ 467,015	\$ (420,832)
Total public safety	\$ 18,555	\$ 46,183	\$ 467,015	\$ (420,832)
Public works:				
Miscellaneous capital outlays	\$ 10,000	\$ 10,000	\$ 2,500	\$ 7,500
Health and welfare:				
Equipment additions	\$ -	\$ -	\$ 38,350	\$ (38,350)
Capital projects:				
Public works:				
Road and traffic projects	\$ 1,189,000	\$ 1,189,000	\$ 474,569	\$ 714,431
Debt service:				
Principal retirement	\$ 152,621	\$ 396,089	\$ 397,350	\$ (1,261)
Interest and other fiscal charges	-	47,729	33,400	14,329
Total debt service	\$ 152,621	\$ 443,818	\$ 430,750	\$ 13,068
Total expenditures	\$ 1,499,176	\$ 1,782,127	\$ 1,427,941	\$ 354,186
Excess (deficiency) of revenues over (under) expenditures	\$ (721,390)	\$ (993,390)	\$ (1,248,742)	\$ (255,352)
Other financing sources (uses):				
Transfers in	\$ 721,390	\$ 993,390	\$ 1,017,065	\$ 23,675
Issuance of capital leases	-	-	426,608	426,608
Total other financing sources (uses):	\$ 721,390	\$ 993,390	\$ 1,443,673	\$ 450,283
Net changes in fund balance	\$ -	\$ -	\$ 194,931	\$ 194,931
Fund balance at beginning of year	-	-	(4,317,994)	(4,317,994)
Fund balance at end of year	\$ -	\$ -	\$ (4,123,063)	\$ (4,123,063)

## Proffer Fund

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

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ -	\$ 275,733	\$ 93,000	\$ (182,733)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ (275,733)	\$ (275,733)	\$ -
Total other financing sources (uses):	\$ -	\$ (275,733)	\$ (275,733)	\$ -
Net changes in fund balance	\$ -	\$ -	\$ (182,733)	\$ (182,733)
Fund balance at beginning of year	-	-	1,563,417	1,563,417
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,380,684</u>	<u>\$ 1,380,684</u>

## Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 976	\$ 976
Expenditures:				
Debt service:				
Principal retirement	\$ 6,984,254	\$ 6,984,254	\$ 6,984,254	\$ -
Interest and other fiscal charges	<u>3,761,735</u>	<u>3,761,735</u>	<u>3,773,144</u>	<u>(11,409)</u>
Total debt service	\$ <u>10,745,989</u>	\$ <u>10,745,989</u>	\$ <u>10,757,398</u>	\$ <u>(11,409)</u>
Total expenditures	\$ <u>10,745,989</u>	\$ <u>10,745,989</u>	\$ <u>10,757,398</u>	\$ <u>(11,409)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(10,745,989)</u>	\$ <u>(10,745,989)</u>	\$ <u>(10,756,422)</u>	\$ <u>(10,433)</u>
Other financing sources (uses):				
Transfers in	\$ <u>10,745,989</u>	\$ <u>10,745,989</u>	\$ <u>10,745,989</u>	\$ -
Net changes in fund balance	\$ -	\$ -	\$ (10,433)	\$ (10,433)
Fund balance at beginning of year	-	-	342,116	342,116
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,683</u>	<u>\$ 331,683</u>

Combing Balance Sheet  
 Nonmajor Special Revenue Funds  
 At June 30, 2019

	<b>Gang Task Force Fund</b>	<b>Special Transportation Fund</b>	<b>Total</b>
ASSETS			
Cash and cash equivalents	\$ <u>20</u>	\$ <u>1,834,989</u>	\$ <u>1,835,009</u>
Total assets	\$ <u><u>20</u></u>	\$ <u><u>1,834,989</u></u>	\$ <u><u>1,835,009</u></u>
FUND BALANCES			
Committed	\$ <u>20</u>	\$ <u>1,834,989</u>	\$ <u>1,835,009</u>
Total fund balances	\$ <u>20</u>	\$ <u>1,834,989</u>	\$ <u>1,835,009</u>
Total liabilities and fund balances	\$ <u><u>20</u></u>	\$ <u><u>1,834,989</u></u>	\$ <u><u>1,835,009</u></u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended June 30, 2019

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	<b>Gang Task Force Fund</b>	<b>Special Transportation Fund</b>	<b>Total</b>
Revenues:			
Miscellaneous	\$ -	\$ 463,096	\$ 463,096
Other financing sources (uses):			
Transfers in	\$ -	\$ 275,733	\$ 275,733
Transfers (out)	-	(716,390)	(716,390)
Total other financing sources (uses):	\$ -	\$ (440,657)	\$ (440,657)
Net changes in fund balance	\$ -	\$ 22,439	\$ 22,439
Fund balance at beginning of year	20	1,812,550	1,812,570
Fund balance at end of year	<u>20</u>	<u>1,834,989</u>	<u>1,835,009</u>



Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
 Nonmajor Special Revenue Funds  
 Year Ended June 30, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,733	\$ 463,096	\$ 187,363
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,733	\$ 275,733
Transfers (out)	-	-	-	-	-	-	(716,390)	(716,390)
Total other financing sources (uses):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (440,657)	\$ (440,657)
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,733	\$ 22,439	\$ (253,294)
Fund balance at beginning of year	-	-	20	20	-	(275,733)	1,812,550	2,088,283
Fund balance at end of year	\$ -	\$ -	\$ 20	\$ 20	\$ -	\$ -	\$ 1,834,989	\$ 1,834,989

Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2019

	Balance Beginning Of Year	Additions	Deletions	Balance End of Year
CDA Fund:				
Assets:				
Cash and cash equivalents	\$ 18,110	\$ 15,990	\$ 18,110	\$ 15,990
Liabilities:				
Accounts payable	\$ 2,100	\$ -	\$ 2,100	\$ -
Amounts held for others	16,010	15,990	16,010	15,990
Total liabilities	\$ 18,110	\$ 15,990	\$ 18,110	\$ 15,990

**Discretely Presented Component Unit-School Board**

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Balance Sheet - Discretely Presented Component Unit - School Board  
At June 30, 2019

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,834,624	\$ 554,575	\$ 5,389,199
Receivables (Net of allowance for uncollectibles):			
Accounts	1,179,156	227	1,179,383
Inventories	4,472	6,554	11,026
Prepaid items	26,768	369	27,137
Due from other governmental units	<u>694,920</u>	<u>68,125</u>	<u>763,045</u>
Total assets	<u>\$ 6,739,940</u>	<u>\$ 629,850</u>	<u>\$ 7,369,790</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,387,310	\$ 4,559	\$ 1,391,869
Accrued liabilities	4,226,210	44,304	4,270,514
Unearned revenue	206,025	-	206,025
Due to primary government	<u>678,248</u>	<u>-</u>	<u>678,248</u>
Total liabilities	<u>\$ 6,497,793</u>	<u>\$ 48,863</u>	<u>\$ 6,546,656</u>
<b>FUND BALANCES</b>			
Nonspendable - prepaid items and inventory	\$ 31,240	\$ 6,923	\$ 38,163
Committed - cafeteria	-	574,064	574,064
Committed - health insurance	242,147	-	242,147
Unassigned	<u>(31,240)</u>	<u>-</u>	<u>(31,240)</u>
Total fund balances	<u>\$ 242,147</u>	<u>\$ 580,987</u>	<u>\$ 823,134</u>
Total liabilities and fund balances	<u>\$ 6,739,940</u>	<u>\$ 629,850</u>	<u>\$ 7,369,790</u>

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

Total fund balances, balance sheet, governmental funds \$ 823,134

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.

30,656,414

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

898,498

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

6,644,545

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

(5,478,080)

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.

(39,192,151)

Net position of Governmental Activities

\$ (5,647,640)

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2019

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Revenue from use of money and property	\$ 11,581	\$ 10,599	\$ 22,180
Charges for services	-	422,538	422,538
Miscellaneous	205,926	31,039	236,965
Intergovernmental:			
County contribution to School Board	11,841,552	-	11,841,552
Commonwealth	27,384,166	59,744	27,443,910
Federal	<u>1,033,862</u>	<u>1,556,845</u>	<u>2,590,707</u>
Total revenues	<u>\$ 40,477,087</u>	<u>\$ 2,080,765</u>	<u>\$ 42,557,852</u>
Expenditures:			
Current:			
Education	\$ 40,408,316	\$ 1,965,013	\$ 42,373,329
Debt service:			
Principal retirement	58,350	-	58,350
Interest and fiscal charges	<u>1,035</u>	<u>-</u>	<u>1,035</u>
Total expenditures	<u>\$ 40,467,701</u>	<u>\$ 1,965,013</u>	<u>\$ 42,432,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,386</u>	<u>\$ 115,752</u>	<u>\$ 125,138</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ 9,386	\$ 9,386
Transfers (out)	<u>(9,386)</u>	<u>-</u>	<u>(9,386)</u>
Total other financing sources (uses)	<u>\$ (9,386)</u>	<u>\$ 9,386</u>	<u>\$ -</u>
Net changes in fund balances	\$ -	\$ 125,138	\$ 125,138
Fund balances at beginning of year	<u>242,147</u>	<u>455,849</u>	<u>697,996</u>
Fund balances at end of year	<u><u>\$ 242,147</u></u>	<u><u>\$ 580,987</u></u>	<u><u>\$ 823,134</u></u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities - Discretely Presented Component Unit - School Board  
Year Ended June 30, 2019

		<b>Component Unit School Board</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	\$	125,138
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	\$ 866,956	
Depreciation expense	<u>(1,147,209)</u>	(280,253)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items. A summary of items supporting this adjustment is as follows:		
Principal retired on capital lease obligations		58,350
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	\$ 789,710	
OPEB expense	125,002	
Change in accrued interest payable	86	
Change in compensated absences	<u>(18,626)</u>	896,172
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		<u>3,658,502</u>
Change in net position of governmental activities	\$	<u><u>4,457,909</u></u>

**CITY OF MANASSAS PARK, VIRGINIA**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
Governmental Funds  
Year Ended June 30, 2019

	<b>School Operating Fund</b>			<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues:				
Revenue from use of money and property	\$ 4,200	\$ 10,527	\$ 11,581	\$ 1,054
Charges for services	-	-	-	-
Miscellaneous	1,483,344	1,652,412	205,926	(1,446,486)
Intergovernmental:				
County contribution to School Board	12,150,000	12,365,800	11,841,552	(524,248)
Commonwealth	27,117,381	27,432,484	27,384,166	(48,318)
Federal	1,252,504	1,172,763	1,033,862	(138,901)
Total revenues	\$ 42,007,429	\$ 42,633,986	\$ 40,477,087	\$ (2,156,899)
Expenditures:				
Current:				
Instruction	\$ 31,468,449	\$ 31,633,213	\$ 29,075,871	\$ 2,557,342
Administration, attendance and health	2,789,173	2,691,593	2,508,993	182,600
Pupil transportation	2,045,572	2,081,871	2,269,211	(187,340)
Operation and maintenance	3,053,030	3,289,547	3,977,483	(687,936)
School food service costs	-	-	-	-
Facilities	170,000	171,249	157,098	14,151
Technology	2,590,957	2,660,638	2,419,660	240,978
Total education	\$ 42,117,181	\$ 42,528,111	\$ 40,408,316	\$ 2,119,795
Debt service:				
Principal retirement	\$ 58,350	\$ 58,350	\$ 58,350	\$ -
Interest and fiscal charges	82,177	82,177	1,035	81,142
Total debt service	\$ 140,527	\$ 140,527	\$ 59,385	\$ 81,142
Total expenditures	\$ 42,257,708	\$ 42,668,638	\$ 40,467,701	\$ 2,200,937
Excess (deficiency) of revenues over (under) expenditures	\$ (250,279)	\$ (34,652)	\$ 9,386	\$ 44,038
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	(2,677)	(9,386)	(6,709)
Total other financing sources (uses)	\$ -	\$ (2,677)	\$ (9,386)	\$ (6,709)
Net changes in fund balances	\$ (250,279)	\$ (37,329)	\$ -	\$ 37,329
Fund balances at beginning of year	\$ 250,279	\$ 37,329	\$ 242,147	\$ 204,818
Fund balances at end of year	\$ -	\$ -	\$ 242,147	\$ 242,147



Exhibit 42

School Cafeteria Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ 600	\$ 9,000	\$ 10,599	\$ 1,599
485,000	487,000	422,538	(64,462)
25,000	25,000	31,039	6,039
-	-	-	-
56,991	56,991	59,744	2,753
1,500,000	1,498,658	1,556,845	58,187
\$ 2,067,591	\$ 2,076,649	\$ 2,080,765	\$ 4,116
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
2,006,902	2,044,121	1,965,013	79,108
-	-	-	-
-	-	-	-
\$ 2,006,902	\$ 2,044,121	\$ 1,965,013	\$ 79,108
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ 2,006,902	\$ 2,044,121	\$ 1,965,013	\$ 79,108
\$ 60,689	\$ 32,528	\$ 115,752	\$ 83,224
\$ -	\$ 2,677	\$ 9,386	\$ (6,709)
-	-	-	-
\$ -	\$ 2,677	\$ 9,386	\$ (6,709)
\$ 60,689	\$ 35,205	\$ 125,138	\$ 76,515
\$ (60,689)	\$ (35,205)	\$ 455,849	\$ 491,054
\$ -	\$ -	\$ 580,987	\$ 567,569

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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, 2019

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,655,967	\$ 26,048,128	\$ 24,997,501	\$ (1,050,627)
Public service taxes	433,129	433,129	463,349	30,220
Personal property taxes	3,962,200	3,662,200	3,744,575	82,375
Machinery and tools taxes	37,800	37,800	35,064	(2,736)
Penalties	76,000	72,000	226,318	154,318
Interest	45,000	45,000	146,309	101,309
Total general property taxes	\$ 30,210,096	\$ 30,298,257	\$ 29,613,116	\$ (685,141)
Other local taxes:				
Local sales and use taxes	\$ 2,137,840	\$ 2,305,000	\$ 2,232,707	\$ (72,293)
Consumer utility taxes	820,000	820,000	822,879	2,879
Business license taxes	780,000	950,000	1,231,582	281,582
Motor vehicle licenses	450,000	450,000	486,556	36,556
Bank franchise taxes	39,000	39,000	43,978	4,978
Recordation taxes	63,587	75,000	167,889	92,889
Cigarette taxes	280,000	250,000	179,952	(70,048)
Meals tax	400,000	570,000	479,379	(90,621)
Cable TV franchise fees	33,000	33,000	22,738	(10,262)
Total other local taxes	\$ 5,003,427	\$ 5,492,000	\$ 5,667,660	\$ 175,660
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 200	\$ 2,500	\$ 2,565	\$ 65
Building and related permits	93,000	92,900	92,776	(124)
Cell tower fees	14,400	14,400	14,616	216
Fire and rescue permits	-	36,623	17,685	(18,938)
Other permits and licenses	16,200	13,500	18,488	4,988
Total permits, privilege fees and regulatory licenses	\$ 123,800	\$ 159,923	\$ 146,130	\$ (13,793)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 271,000	\$ 287,150	\$ 184,569	\$ (102,581)
Revenue from use of money and property:				
Revenue from use of money	\$ 47,000	\$ 70,000	\$ 33,748	\$ (36,252)
Revenue from use of property	65,400	65,400	72,991	7,591
Total revenue from use of money and property	\$ 112,400	\$ 135,400	\$ 106,739	\$ (28,661)

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2019 (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	\$ 110,125	\$ 110,125	\$ 110,124	\$ (1)
Courthouse maintenance fees	400	400	384	(16)
Charges for EMS	275,000	275,000	211,076	(63,924)
Charges for parks and recreation	1,338,840	1,321,250	1,277,332	(43,918)
Total charges for services	\$ 1,724,365	\$ 1,706,775	\$ 1,598,916	\$ (107,859)
Miscellaneous:				
Miscellaneous	\$ 151,699	\$ 223,000	\$ 154,791	\$ (68,209)
Other refunds	37,000	37,000	45,568	8,568
Rebates and refunds from schools	-	37,000	190,781	153,781
Total miscellaneous	\$ 188,699	\$ 297,000	\$ 391,140	\$ 94,140
Total revenue from local sources	\$ 37,633,787	\$ 38,376,505	\$ 37,708,270	\$ (668,235)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,500	\$ 4,500	\$ 3,954	\$ (546)
Recordation tax	50,000	50,000	67,904	17,904
Auto rental tax	120,000	120,000	138,857	18,857
Communication tax	700,000	700,000	620,327	(79,673)
PPTRA	1,368,392	1,368,392	1,368,393	1
Total noncategorical aid	\$ 2,242,892	\$ 2,242,892	\$ 2,199,435	\$ (43,457)
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	\$ 82,062	\$ 82,062	\$ 81,076	\$ (986)
Treasurer	71,213	71,213	68,828	(2,385)
Registrar/electoral board	41,488	41,488	42,338	850
Total shared expenses	\$ 194,763	\$ 194,763	\$ 192,242	\$ (2,521)
Other categorical aid:				
Welfare administration and assistance	\$ 1,061,109	\$ 1,061,109	\$ 233,396	\$ (827,713)
Litter control	-	6,192	6,207	15
Aid to localities with police departments	440,000	440,000	449,376	9,376
Children's services	629,970	629,970	517,152	(112,818)
Street maintenance	750,000	714,000	735,287	21,287
Fire programs	49,149	49,403	49,403	-

## Governmental Funds and Discretely Presented Component Unit - School Board

## Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Other categorical aid	\$ 115,165	\$ 233,920	\$ 114,128	\$ (119,792)
Total other categorical aid	\$ 3,045,393	\$ 3,134,594	\$ 2,104,949	\$ (1,029,645)
Total categorical aid	\$ 3,240,156	\$ 3,329,357	\$ 2,297,191	\$ (1,032,166)
Total revenue from the Commonwealth	\$ 5,483,048	\$ 5,572,249	\$ 4,496,626	\$ (1,075,623)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ -	\$ -	\$ 826,286	\$ 826,286
Law enforcement grants	92,000	15,000	44,767	29,767
Other categorical aid	21,970	23,470	15,000	(8,470)
Total revenue from the federal government	\$ 113,970	\$ 38,470	\$ 886,053	\$ 847,583
Total General Fund	\$ 43,230,805	\$ 43,987,224	\$ 43,090,949	\$ (896,275)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Gasoline taxes	\$ 100,000	\$ 100,000	\$ 2,200	\$ (97,800)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ 1,500	\$ -	\$ (1,500)
Miscellaneous:				
Proffers	\$ 284,896	\$ 294,347	\$ -	\$ (294,347)
Total miscellaneous	\$ 284,896	\$ 294,347	\$ -	\$ (294,347)
Total revenue from local sources	\$ 384,896	\$ 395,847	\$ 2,200	\$ (393,647)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grants	\$ 392,890	\$ 392,890	\$ 53,744	\$ (339,146)
Total revenue from the Commonwealth	\$ 392,890	\$ 392,890	\$ 53,744	\$ (339,146)

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2019 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
Primary Government: (Continued)				
Capital Projects Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
VDOT grants	\$ -	\$ -	\$ 123,255	\$ 123,255
Total Capital Projects Fund	\$ 777,786	\$ 788,737	\$ 179,199	\$ (609,538)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 976	\$ 976
Proffer Fund:				
Revenue from local sources:				
Miscellaneous:				
Proffers	\$ -	\$ -	\$ 93,000	\$ 93,000
Special Transportation Fund:				
Miscellaneous:				
Northern Virginia Transportation Authority	\$ -	\$ 275,733	\$ 463,096	\$ 187,363
Grand Total Revenues -- Primary Government	\$ 44,008,591	\$ 45,051,694	\$ 43,827,220	\$ (1,224,474)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,200	\$ 1,527	\$ 788	\$ (739)
Revenue from use of property	3,000	9,000	10,793	1,793
Total revenue from use of money and property	\$ 4,200	\$ 10,527	\$ 11,581	\$ 1,054
Miscellaneous:				
Miscellaneous	\$ 78,475	\$ 225,683	\$ 177,536	\$ (48,147)
Other reimbursements and recoveries	1,404,869	1,426,729	28,390	(1,398,339)
Total miscellaneous	\$ 1,483,344	\$ 1,652,412	\$ 205,926	\$ (1,446,486)
Total revenue from local sources	\$ 1,487,544	\$ 1,662,939	\$ 217,507	\$ (1,445,432)
Intergovernmental:				
County contribution to School Board	\$ 12,150,000	\$ 12,365,800	\$ 11,841,552	\$ (524,248)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,216,701	\$ 3,216,701	\$ 3,260,832	\$ 44,131
Basic school aid	13,638,413	13,706,283	13,740,422	34,139
English as a second language	1,103,118	1,103,118	1,098,280	(4,838)
Textbook payments	260,725	261,832	262,780	948
Special education	1,077,185	1,081,756	1,085,675	3,919

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2019 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Fringe benefits	2,524,653	2,535,366	2,544,550	9,184
Lottery	-	906,590	950,357	43,767
K-3 primary class size reduction	634,824	634,824	610,861	(23,963)
Prevention, intervention, and remediation	688,777	691,700	694,205	2,505
At risk	85,399	-	750,692	750,692
Other state funds	3,887,586	3,294,314	2,385,512	(908,802)
Total categorical aid	\$ 27,117,381	\$ 27,432,484	\$ 27,384,166	\$ (48,318)
Total revenue from the Commonwealth	\$ 27,117,381	\$ 27,432,484	\$ 27,384,166	\$ (48,318)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 320,000	\$ 354,270	\$ 341,332	\$ (12,938)
Title VI - B	669,245	557,024	479,940	(77,084)
Title III	150,075	138,054	118,586	(19,468)
Title II - A	60,000	70,231	51,288	(18,943)
Other federal assistance	53,184	53,184	42,716	(10,468)
Total categorical aid	\$ 1,252,504	\$ 1,172,763	\$ 1,033,862	\$ (138,901)
Total revenue from the federal government	\$ 1,252,504	\$ 1,172,763	\$ 1,033,862	\$ (138,901)
Total School Operating Fund	\$ 42,007,429	\$ 42,633,986	\$ 40,477,087	\$ (2,156,899)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 600	\$ 9,000	\$ 10,599	\$ 1,599
Charges for services:				
Cafeteria sales	\$ 485,000	\$ 487,000	\$ 422,538	\$ (64,462)
Miscellaneous:				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 31,039	\$ 6,039
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 56,991	\$ 56,991	\$ 59,744	\$ 2,753
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,500,000	\$ 1,498,658	\$ 1,556,845	\$ 58,187
Total School Cafeteria Fund	\$ 2,067,591	\$ 2,076,649	\$ 2,080,765	\$ 4,116
Total Revenues--Component Unit-School Board	\$ 44,075,020	\$ 44,710,635	\$ 42,557,852	\$ (2,152,783)



## STATISTICAL SECTION



### **Other Statistical Information**

**CITY OF MANASSAS PARK, VIRGINIA**

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 10,158,642	\$ 10,192,577	\$ 8,733,283	\$ 1,628,248
Restricted				
Unrestricted	<u>1,822,217</u>	<u>754,330</u>	<u>80,071</u>	<u>8,164,504</u>
Total governmental activities net position	<u>\$ 11,980,859</u>	<u>\$ 10,946,907</u>	<u>\$ 8,813,354</u>	<u>\$ 9,792,752</u>
Business-type activities:				
Net investment in capital assets	\$ 5,538,509	\$ 6,374,387	\$ 5,864,609	\$ 5,530,973
Unrestricted	<u>7,706,159</u>	<u>4,826,068</u>	<u>3,788,753</u>	<u>5,562,921</u>
Total business-type net position	<u>\$ 13,244,668</u>	<u>\$ 11,200,455</u>	<u>\$ 9,653,362</u>	<u>\$ 11,093,894</u>
Primary government:				
Net investment in capital assets	\$ 15,697,151	\$ 16,566,964	\$ 14,597,892	\$ 7,159,221
Unrestricted	<u>9,528,376</u>	<u>5,580,398</u>	<u>3,868,823</u>	<u>13,727,425</u>
Total primary government net position	<u>\$ 25,225,527</u>	<u>\$ 22,147,362</u>	<u>\$ 22,147,361</u>	<u>\$ 20,886,646</u>

Table 1

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,092,294	\$ 1,377,597	\$ (659,469)	\$ 1,577,177	\$ 1,257,453	\$ 1,835,598
<u>14,051,662</u>	<u>(3,217,713)</u>	<u>(2,771,801)</u>	<u>(1,069,313)</u>	<u>(1,654,146)</u>	<u>(242,532)</u>
<u>\$ 15,143,956</u>	<u>\$ (1,840,116)</u>	<u>\$ (3,431,270)</u>	<u>\$ 507,864</u>	<u>\$ (396,693)</u>	<u>\$ 1,593,066</u>
\$ 5,562,531	\$ 5,080,344	\$ 4,425,297	\$ 4,757,274	\$ 5,510,752	\$ 5,910,610
<u>8,875,134</u>	<u>8,364,649</u>	<u>9,289,985</u>	<u>10,612,624</u>	<u>11,239,410</u>	<u>11,436,493</u>
<u>\$ 14,437,665</u>	<u>\$ 13,444,993</u>	<u>\$ 13,715,282</u>	<u>\$ 15,369,898</u>	<u>\$ 16,750,162</u>	<u>\$ 17,347,103</u>
\$ 6,654,825	\$ 6,457,941	\$ 3,765,828	\$ 6,334,451	\$ 6,768,205	\$ 7,746,208
<u>22,926,796</u>	<u>5,146,936</u>	<u>6,518,184</u>	<u>9,543,311</u>	<u>9,585,264</u>	<u>11,193,961</u>
<u>\$ 29,581,621</u>	<u>\$ 11,604,877</u>	<u>\$ 10,284,012</u>	<u>\$ 15,877,762</u>	<u>\$ 16,353,469</u>	<u>\$ 18,940,169</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental activities:										
General government administration	\$ 4,042,638	\$ 3,526,179	\$ 3,336,472	\$ 3,179,850	\$ 3,256,686	\$ 3,510,406	\$ 3,494,109	\$ 3,412,539	\$ 3,393,795	\$ 3,376,110
Judicial administration	559,672	490,668	294,830	432,654	440,062	424,601	418,957	477,386	513,265	543,362
Public safety	9,813,118	7,194,524	7,230,246	7,035,619	7,841,255	7,619,134	8,311,741	8,603,687	8,334,813	8,375,359
Public works	2,996,931	1,975,496	1,876,329	1,409,808	1,515,720	1,620,357	2,635,148	2,347,810	2,322,877	2,479,810
Health and welfare	4,057,559	2,966,358	2,559,741	2,602,329	2,845,422	2,760,795	3,509,747	3,835,012	3,888,770	3,744,925
Education	10,769,321	10,182,020	12,144,639	10,475,632	11,403,318	11,226,765	16,069,968	14,918,955	17,046,767	16,698,362
Parks, recreation, and cultural	2,657,667	3,576,168	3,310,150	2,838,718	3,406,151	3,691,420	3,918,221	4,122,190	3,818,159	3,865,018
Community development	119,764	128,613	118,463	126,305	149,703	1,769,014	254,517	532,461	467,237	404,487
Interest on long-term debt	5,095,520	4,246,782	5,364,219	5,842,574	3,892,389	7,503,698	4,744,844	4,014,767	4,058,604	3,795,080
Total governmental activities expenses	\$ 40,112,190	\$ 34,286,808	\$ 36,235,089	\$ 33,943,489	\$ 34,750,705	\$ 40,126,189	\$ 43,357,252	\$ 42,264,807	\$ 43,844,287	\$ 43,282,513
Business-type activities:										
Solid Waste Management	\$ -	\$ -	\$ 810,622	\$ 700,115	\$ 778,891	\$ 846,022	\$ 768,538	\$ 807,545	\$ 857,410	\$ 881,674
Storm Water	-	-	20,974	174,325	137,995	152,761	229,347	197,463	409,628	339,417
Water and sewer	7,541,752	6,779,429	5,295,066	6,081,746	6,370,507	6,418,896	6,635,548	6,894,305	6,418,196	7,030,609
Total business-type activities expenses	\$ 7,541,752	\$ 6,779,429	\$ 6,126,662	\$ 6,956,186	\$ 7,287,394	\$ 7,417,679	\$ 7,633,433	\$ 7,899,313	\$ 7,685,234	\$ 8,251,700
Total primary government expenses	\$ 47,653,942	\$ 41,066,237	\$ 42,361,749	\$ 40,899,674	\$ 42,038,099	\$ 47,543,867	\$ 50,990,685	\$ 50,164,120	\$ 51,529,521	\$ 51,534,213
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 103,718	\$ 114,232	\$ 198,343	\$ 182,473	\$ 193,446	\$ 346,570	\$ -	\$ -	\$ 50,800	\$ 14,616
Judicial administration	235,557	219,512	338,279	307,560	284,341	228,659	209,859	262,554	245,075	184,953
Public safety	299,932	295,965	314,561	272,597	267,502	293,905	247,265	232,007	265,599	231,326
Public works	69,907	-	-	-	-	-	357,787	278,451	107,796	111,264
Health and welfare	225,128	205,637	210,741	199,721	145,095	108,697	-	-	-	-
Parks, recreation, and cultural	397,330	1,107,280	1,143,816	849,185	1,031,779	1,041,027	1,119,794	1,314,845	1,246,552	1,277,332
Community development	-	96,531	109,064	167,332	14,970	44,400	96,152	99,886	104,880	110,124
Operating grants and contributions	4,975,818	2,312,612	2,055,170	1,944,670	1,552,698	1,925,199	2,775,829	3,169,565	3,081,815	3,183,244
Capital grants and contributions	10,128	761,210	653,848	669,533	94,835	704,787	644,168	2,895,472	271,459	176,999
Total governmental activities program revenues	\$ 6,317,518	\$ 5,112,979	\$ 5,023,822	\$ 4,593,069	\$ 3,584,666	\$ 4,693,243	\$ 5,450,854	\$ 8,252,780	\$ 5,373,976	\$ 5,289,858
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
Storm Water	-	-	222,309	232,162	229,933	233,221	238,569	237,270	862,123	784,020
Water and Sewer	5,622,665	5,719,818	5,564,405	8,448,695	10,129,798	9,231,577	7,895,844	9,872,102	8,548,073	7,830,190
Grants and contributions	192,982	-	-	-	-	-	22,000	-	-	-
Total business-type activities program revenues	\$ 5,815,647	\$ 5,719,818	\$ 6,442,538	\$ 9,394,515	\$ 11,148,662	\$ 10,217,370	\$ 8,842,570	\$ 10,912,368	\$ 10,401,972	\$ 9,739,760
Total primary government program revenues	\$ 12,133,165	\$ 10,832,797	\$ 11,466,360	\$ 13,987,584	\$ 14,733,328	\$ 14,910,613	\$ 14,293,424	\$ 19,165,148	\$ 15,775,948	\$ 15,029,618
Net (expense) / revenue										
Governmental activities	\$ (33,794,672)	\$ (29,173,829)	\$ (31,211,265)	\$ (29,350,420)	\$ (31,166,039)	\$ (35,432,946)	\$ (37,906,398)	\$ (34,012,027)	\$ (38,470,311)	\$ (37,992,655)
Business-type activities	(1,726,105)	(1,059,611)	315,876	2,438,330	3,861,268	2,799,691	1,209,137	3,013,055	2,716,738	1,488,060
Total primary government net expense	\$ (35,520,777)	\$ (30,233,440)	\$ (30,895,389)	\$ (26,912,090)	\$ (27,304,771)	\$ (32,633,254)	\$ (36,697,261)	\$ (30,998,972)	\$ (35,753,573)	\$ (36,504,595)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 20,352,144	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590	\$ 22,339,972	\$ 24,098,409	\$ 25,293,814	\$ 27,151,030	\$ 28,255,204	\$ 29,914,550
Other local taxes	3,634,698	4,136,296	4,028,247	4,223,238	4,478,885	4,752,567	4,851,707	5,543,183	5,542,658	5,669,860
Unrestricted grants and contributions	2,253,053	2,280,974	2,249,892	2,250,465	1,538,462	2,357,913	2,216,212	2,240,002	2,210,021	2,199,435
Unrestricted revenues from use of money and property	169,053	-	-	-	134,713	514,342	93,395	52,715	47,270	107,715
Miscellaneous	802,521	815,859	926,440	675,890	7,134,984	2,388,347	2,862,709	1,356,214	2,202,896	947,236
Transfers	821,625	984,604	994,143	1,002,633	890,228	1,141,487	997,407	1,608,017	1,389,308	1,143,618
Total governmental activities	\$ 28,033,094	\$ 27,924,171	\$ 29,293,420	\$ 30,329,816	\$ 36,517,244	\$ 35,253,065	\$ 36,315,244	\$ 37,951,161	\$ 39,647,357	\$ 39,982,414
Business-type activities:										
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,501	\$ 249,498	\$ 151,850	\$ 252,211
Unrestricted revenues from use of money and property	49,587	-	-	4,836	2,591	-	58	80	178	288
Transfers	(821,625)	(984,604)	(1,027,093)	(1,002,633)	(890,228)	(1,141,487)	(997,407)	(1,608,017)	(1,389,308)	(1,143,618)
Total business-type activities	\$ (772,038)	\$ (984,604)	\$ (1,027,093)	\$ (997,797)	\$ (887,637)	\$ (1,141,487)	\$ (938,848)	\$ (1,358,439)	\$ (1,237,280)	\$ (891,119)
Total primary government	\$ 27,261,056	\$ 26,939,567	\$ 28,266,327	\$ 29,332,020	\$ 35,629,608	\$ 34,111,578	\$ 35,376,396	\$ 36,592,722	\$ 38,410,077	\$ 39,091,295
<b>Change in Net Position</b>										
Governmental activities	\$ (5,761,578)	\$ (1,249,658)	\$ (1,917,846)	\$ 979,397	\$ 5,351,205	\$ (179,880)	\$ (1,591,154)	\$ 3,939,134	\$ 1,177,046	\$ 1,989,759
Business-type activities	(2,498,143)	(2,044,214)	(711,217)	1,440,533	2,973,632	1,658,204	270,289	1,654,616	1,479,458	596,941
Total primary government	\$ (8,259,721)	\$ (3,293,872)	\$ (2,629,063)	\$ 2,419,930	\$ 8,324,837	\$ 1,478,324	\$ (1,320,865)	\$ 5,593,750	\$ 2,656,504	\$ 2,586,700

**CITY OF MANASSAS PARK, VIRGINIA**

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	3,648,548	6,701,315	4,066,695	4,353,131
Unassigned	(2,662,325)	(2,105,265)	1,201,825	1,570,580
Total general fund	<u>\$ 986,223</u>	<u>\$ 4,596,050</u>	<u>\$ 5,268,520</u>	<u>\$ 5,923,711</u>
All other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	3,950,543	2,197,852	2,162,657	1,269,946
Committed	-	-	-	-
Unassigned, reported in:				
Capital projects funds	32,826	38,099	23,219	1,100,622
General Fund	-	-	-	86,917
Debt service funds	2,382,784	460	-	-
Total all other governmental funds	<u>\$ 6,366,153</u>	<u>\$ 2,236,411</u>	<u>\$ 2,185,876</u>	<u>\$ 2,457,485</u>



Table 3

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ 109,084	\$ 179,974	\$ 191,146	\$ 202,546
-	-	1,095,863	-	-	-
5,071,294	4,353,131	-	-	-	-
2,251,715	(239,548)	982,760	4,143,244	5,439,473	5,838,880
<u>\$ 7,323,009</u>	<u>\$ 4,113,583</u>	<u>\$ 2,187,707</u>	<u>\$ 4,323,218</u>	<u>\$ 5,630,619</u>	<u>\$ 6,041,426</u>
\$ -	\$ -	\$ 1,751	\$ 839,044	\$ 47,636	\$ 0
2,078,311	796,192	-	-	-	-
-	-	3,465,785	2,953,606	3,715,518	3,547,376
3,279,419	2,555,127	(2,139,769)	(3,742,190)	(4,363,045)	(4,123,063)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,357,730</u>	<u>\$ 3,351,319</u>	<u>\$ 1,327,767</u>	<u>\$ 50,460</u>	<u>\$ (599,891)</u>	<u>\$ (575,687)</u>

# CITY OF MANASSAS PARK, VIRGINIA

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

	2010	2011	2012	2013
Revenues:				
General property taxes	\$ 20,697,342	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590
Other local taxes	3,634,698	4,136,296	4,028,247	4,223,238
Permits, privilege fees and regulatory licenses	58,302	46,173	77,199	52,565
Fines and forfeitures	262,980	219,512	338,279	307,560
Revenue from use of money and property	169,053	48,366	108,961	112,400
Charges for services	1,010,290	1,726,410	1,790,366	1,506,341
Miscellaneous	802,521	768,956	926,440	794,179
Recovered costs	2,442	193,939	-	149,129
Intergovernmental:				
Commonwealth	4,685,241	4,461,030	4,150,742	4,329,217
Federal	2,553,758	2,099,279	1,724,222	1,308,163
Total revenues	\$ 33,876,627	\$ 33,406,399	\$ 34,239,154	\$ 34,960,384
Expenditures:				
General government administration	\$ 3,337,526	\$ 3,299,738	\$ 3,228,061	\$ 3,179,850
Judicial administration	500,014	481,512	294,830	432,654
Public safety	8,114,220	7,526,507	6,762,969	7,035,619
Public works	1,949,266	1,193,804	1,166,563	1,409,808
Health and welfare	3,610,447	2,909,297	2,558,003	2,602,329
Education	10,552,384	9,992,014	10,659,394	10,475,632
Parks, recreation, and cultural	2,213,340	2,761,682	2,762,256	2,838,718
Community development	118,991	126,213	118,463	126,305
Capital projects	12,255,215	1,214,462	550,032	455,720
Debt service:				
Principal	1,469,655	-	1,179,523	947,652
Interest and other fiscal charges	4,993,428	5,408,033	5,364,219	5,531,931
Total expenditures	\$ 49,114,486	\$ 34,913,262	\$ 34,644,313	\$ 35,036,217
Excess of revenues over (under) expenditures	\$ (15,237,859)	\$ (1,506,863)	\$ (405,159)	\$ (75,833)
Other financing sources (uses):				
Transfers in	\$ 7,315,156	\$ 9,697,818	\$ 7,833,158	\$ 7,636,155
Transfers (out)	(6,493,531)	(8,710,870)	(6,806,065)	(6,633,522)
Premium on bonds issued	-	-	-	-
Bond issue costs	(459,062)	-	-	-
Payment to refunded bond escrow agent	(11,932,538)	-	-	-
Issuance of long-term debt	13,640,000	-	-	-
Issuance of capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ 2,070,025	\$ 986,948	\$ 1,027,093	\$ 1,002,633
Net changes in fund balances	\$ (13,167,834)	\$ (519,915)	\$ 621,934	\$ 926,800
Debt service as a percentage of noncapital expenditures	17.42%	16.16%	18.94%	18.69%

Table 4

<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>	
\$	22,339,972	\$	24,098,409	\$	25,056,546	\$	26,884,651	\$	28,202,325	\$	29,613,116
	4,478,885		4,752,567		4,851,707		5,543,183		5,542,658		5,669,860
	193,446		346,570		359,877		281,011		161,106		146,130
	284,341		228,659		209,522		262,165		244,775		184,569
	134,713		514,342		93,395		52,715		47,270		107,715
	1,459,346		1,488,028		1,461,458		1,644,567		1,614,821		1,598,916
	7,134,984		2,388,347		2,862,709		1,080,788		2,202,896		947,236
	19,643		-		-		-		-		-
	3,134,473		5,071,100		4,753,555		5,563,329		4,592,414		4,550,370
	752,956		29,584		882,654		2,741,710		970,881		1,009,308
\$	<u>39,932,760</u>	\$	<u>38,917,606</u>	\$	<u>40,531,423</u>	\$	<u>44,054,119</u>	\$	<u>43,579,146</u>	\$	<u>43,827,220</u>
\$	3,036,165	\$	3,106,395	\$	3,745,225	\$	3,355,199	\$	3,354,651	\$	3,342,495
	413,760		424,601		418,957		477,386		513,265		543,362
	7,485,424		7,619,134		8,793,006		9,138,160		8,451,367		8,477,920
	1,425,129		1,620,357		3,978,948		5,012,098		1,904,503		1,911,342
	2,675,359		2,760,795		3,479,493		4,034,451		3,989,987		3,828,012
	10,721,772		11,226,765		13,016,385		11,527,708		12,138,881		11,878,310
	3,202,575		3,691,420		3,555,956		3,675,348		3,360,738		3,370,727
	140,755		219,906		253,044		566,579		491,873		422,119
	1,515,845		1,769,014		-		-		-		-
	1,463,813		2,298,633		4,204,532		4,223,100		6,336,589		7,381,604
	4,172,838		5,205,065		4,759,334		4,250,359		4,064,682		3,806,544
\$	<u>36,253,435</u>	\$	<u>39,942,083</u>	\$	<u>46,204,880</u>	\$	<u>46,260,388</u>	\$	<u>44,606,536</u>	\$	<u>44,962,435</u>
\$	<u>3,679,325</u>	\$	<u>(1,024,477)</u>	\$	<u>(5,673,457)</u>	\$	<u>(2,206,269)</u>	\$	<u>(1,027,390)</u>	\$	<u>(1,135,215)</u>
\$	9,633,334	\$	15,852,887	\$	10,608,836	\$	10,588,062	\$	12,181,948	\$	13,266,455
	(8,993,962)		(14,711,400)		(9,611,429)		(8,980,045)		(10,792,640)		(12,122,837)
	-		-		264,671		-		-		-
	-		-		-		-		-		-
	-		-		(10,914,582)		(23,581,666)		-		-
	-		-		10,775,000		23,840,000		-		-
	-		-		292,783		922,696		213,974		426,608
	-		-		308,750		275,426		-		-
\$	<u>639,372</u>	\$	<u>1,141,487</u>	\$	<u>1,724,029</u>	\$	<u>3,064,473</u>	\$	<u>1,603,282</u>	\$	<u>1,570,226</u>
\$	<u>4,318,697</u>	\$	<u>117,010</u>	\$	<u>(3,949,428)</u>	\$	<u>858,204</u>	\$	<u>575,892</u>	\$	<u>435,011</u>
	<u>16.00%</u>		<u>19.17%</u>		<u>20.82%</u>		<u>20.48%</u>		<u>25.37%</u>		<u>25.33%</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 <sup>(1)</sup>	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2019	\$ 1,717,178	\$ 149,864	\$ 1,002	\$ 29,893	\$ 1,897,937	\$ 1,897,937	100%	1.71
2018	1,625,686	149,864	1,002	27,667	1,804,219	1,804,219	100%	1.72
2017	1,526,753	145,244	1,080	25,220	1,698,297	1,698,297	100%	1.72
2016	1,472,036	144,010	1,103	25,453	1,642,601	1,642,601	100%	1.72
2015	1,332,539	134,539	1,063	26,531	1,494,672	1,494,672	100%	1.73
2014	1,210,409	113,067	1,107	26,021	1,350,604	1,350,604	100%	1.81
2013	1,144,328	114,934	1,361	27,369	1,287,992	1,287,992	100%	1.82
2012	1,101,110	109,624	1,219	27,369	1,239,322	1,239,322	100%	1.82
2011	1,006,426	114,600	128	28,787	1,149,941	1,149,941	100%	1.83
2010	1,100,695	110,082	961	27,995	1,239,732	1,239,732	100%	1.82

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

2019	90.48%	7.90%	0.05%	1.58%	100.00%
2018	90.10%	8.31%	0.06%	1.53%	100.00%
2017	89.90%	8.55%	0.06%	1.49%	100.00%
2016	89.62%	8.77%	0.07%	1.55%	100.00%
2015	89.15%	9.00%	0.07%	1.78%	100.00%
2014	89.62%	8.37%	0.08%	1.93%	100.00%
2013	88.85%	8.92%	0.11%	2.12%	100.00%
2012	88.85%	8.85%	0.10%	2.21%	100.00%
2011	87.52%	9.97%	0.01%	2.50%	100.00%
2010	88.78%	8.88%	0.08%	2.26%	100.00%

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service
2019	\$ 1.55	\$ 3.50	\$ 3.50	1.55
2018	1.55	3.50	3.50	1.55
2017	1.55	3.50	3.50	1.55
2016	1.55	3.50	3.50	1.55
2015	1.55	3.50	3.50	1.55
2014	1.65	3.50	3.50	1.65
2013	1.65	3.50	3.50	1.65
2012	1.65	3.50	3.50	1.65
2011	1.65	3.50	3.50	1.65
2010	1.65	3.50	3.50	1.65

Property Tax Rates (1)  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>
2019	\$ 1.55	\$ 3.50	\$ 3.50	\$ 3.50
2018	1.55	3.50	3.50	3.50
2017	1.55	3.50	3.50	3.50
2016	1.55	3.50	3.50	3.50
2015	1.55	3.50	3.50	3.50
2014	1.65	3.50	3.50	3.50
2013	1.65	3.50	3.50	3.50
2012	1.65	3.50	3.50	3.50
2011	1.65	3.50	3.50	3.50
2010	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 2019	
	Assessed Valuation	% of Total Assessed Valuation
HAVERHILL INVESTORS LLC	\$ 62,500,000	3.64%
OXFORD PALISADES APARTMENTS LLC	57,456,000	3.35%
GH CITY CENTER LLC	52,000,000	3.03%
MANASSAS PARK VILLAGE LTD PTNRSHIP	22,491,600	1.31%
MANASSAS PARK APARTMENTS LLC	16,402,500	0.96%
CENTRUM-MANASSAS PARK LIMITED PARTN	15,985,000	0.93%
JERAX ENTERPRISES	11,393,500	0.66%
GPT MANASSAS WHSE OWNER LLC	7,417,900	0.43%
HILLBROOKE TOWERS ASSOC LLLP	6,156,200	0.36%
PS SOUTHEAST ONE INC	5,782,600	0.34%
Total	<u>\$ 257,585,300</u>	<u>15.00%</u>

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 26,616,254	\$ 24,898,567	93.55%	\$ 60,369	\$ 24,958,936	93.77%
2018	25,198,128	24,054,559	95.46%	151,635	24,206,194	96.06%
2017	23,664,664	22,421,679	94.75%	643,263	23,064,941	97.47%
2016	22,816,550	22,255,426	97.54%	561,125	22,816,551	100.00%
2015	23,468,509	22,997,577	97.99%	398,032	23,395,609	99.69%
2014	22,510,377	21,855,905	97.09%	456,338	22,312,243	99.12%
2013	21,259,845	20,667,022	97.21%	592,823	21,259,845	100.00%
2012	20,418,916	19,526,080	95.63%	838,027	20,364,107	99.73%
2011	19,946,043	18,665,377	93.58%	762,305	19,427,682	97.40%
2010	20,715,844	19,825,330	95.70%	826,988	20,652,318	99.69%

Source: Manassas Park Treasurer's Collection

**CITY OF MANASSAS PARK, VIRGINIA**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Bond Anticipation Note	Literary Fund Loans	Other Notes/ Bonds	Capital Leases
2019	\$ 86,683,222	\$ -	\$ 7,315,000	\$ -	\$ 741,916
2018	94,356,847	-	7,370,000	-	712,658
2017	101,117,151	-	7,400,000	-	844,868
2016	104,128,386	-	7,500,000	-	461,760
2015	107,165,329	-	625,000	-	357,721
2014	109,463,962	-	625,000	-	-
2013	107,014,175	-	4,875,000	-	-
2012	109,406,827	-	5,500,000	-	-
2011	109,961,350	-	6,125,000	-	-
2010	110,497,211	-	6,750,000	-	-

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

<b>Business-type Activities</b>					
	<b>General Obligations Bonds</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	11,863,539	\$ 110,564	\$ 106,714,241	21.78%	\$ 6,166
	12,927,842	163,722	115,531,069	23.58%	\$ 6,990
	13,965,824	215,513	123,543,356	25.81%	7,446
	14,944,488	-	127,034,634	27.82%	8,026
	14,040,000	-	122,188,050	17.40%	7,760
	14,040,000	-	124,128,962	17.88%	8,180
	14,800,000	-	126,689,175	30.23%	8,538
	14,800,000	-	129,706,827	30.95%	8,460
	14,800,000	-	130,886,350	28.73%	9,098
	14,800,000	-	132,047,211	33.70%	10,966

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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	Bond Anticipation Notes	Literary Fund Loans	Gross Bonded Debt	Less Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2019	86,683,222 \$	- \$	7,315,000 \$	93,998,222 \$	331,683	93,666,539	4.94%	\$ 5,412
2018	94,356,847	-	7,370,000	101,726,847	342,116	101,384,731	5.62%	\$ 6,134
2017	101,117,151	-	7,400,000	108,517,151	309,413	108,207,738	6.37%	6,522
2016	104,128,386	-	7,500,000	111,628,386	249,609	111,378,777	6.78%	7,037
2015	93,940,329	-	625,000	94,565,329	-	94,565,329	6.35%	6,023
2014	96,028,962	-	625,000	96,653,962	-	96,653,962	7.16%	6,370
2013	93,374,175	-	4,875,000	98,249,175	-	98,249,175	7.63%	6,621
2012	95,766,827	-	5,500,000	101,266,175	-	101,266,175	8.17%	6,605
2011	96,321,350	-	6,125,000	102,446,350	-	102,446,350	8.91%	7,121
2010	96,857,211	-	6,750,000	103,607,211	-	103,607,211	8.39%	8,604

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 and debt of the business-type activities.

**CITY OF MANASSAS PARK, VIRGINIA**Legal Debt Margin Information (in thousands)  
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 112,869	\$ 103,521	\$ 112,848	\$ 117,170
Total net debt applicable to limit	<u>103,607</u>	<u>102,446</u>	<u>101,267</u>	<u>98,249</u>
Legal debt margin	\$ <u>9,262</u>	\$ <u>1,075</u>	\$ <u>11,581</u>	\$ <u>18,921</u>
Total net debt applicable to the limit as a percentage of the debt limit	91.79%	98.96%	89.74%	83.85%

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

Table 11

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	123,643	\$ 135,907	\$ 164,260	\$ 169,830	\$ 180,422	\$ 189,794
	<u>96,654</u>	<u>94,565</u>	<u>111,379</u>	<u>108,208</u>	<u>101,385</u>	<u>101,385</u>
\$	<u><u>26,989</u></u>	<u><u>41,342</u></u>	<u><u>52,881</u></u>	<u><u>61,622</u></u>	<u><u>79,037</u></u>	<u><u>88,409</u></u>
	78.17%	69.58%	67.81%	63.72%	56.19%	53.42%
Assessed value						\$ 1,897,936
Debt limit (10% of total assessed value)						\$ 189,794
Net debt applicable to limit						<u>101,385</u>
Legal debt margin						<u><u>\$ 88,409</u></u>

Pledged-Revenue Coverage  
Last Ten Fiscal Years

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**Water & Sewer Bonds**

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Fiscal Year	Water & Sewer Activities			Debt Service		Total Debt Service	Debt Service Coverage
	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest		
2019	\$ 8,082,689	\$ 4,105,633	\$ 3,977,056	\$ 943,110	\$ 474,095	\$ 1,417,205	2.81
2018	8,700,101	3,499,036	5,201,065	906,911	513,565	1,420,476	3.66
2017	10,121,686	4,105,860	6,015,826	839,010	547,376	1,386,386	4.34
2016	7,954,359	3,874,001	4,080,358	637,178	552,026	1,189,204	3.43
2015	9,231,577	5,768,980	3,492,596	-	-	-	1.00
2014	10,129,798	564,199	4,465,599	-	170,976	170,976	26.12
2013	8,448,695	4,570,960	3,877,735	-	838,176	838,176	4.63
2012	6,442,538	4,881,944	1,560,594	-	669,828	669,828	2.33
2011	5,769,220	4,209,312	1,559,908	-	498,852	498,852	3.13
2010	5,865,234	6,046,963	(181,729)	95,000	864,304	959,304	(0.19)

N/M= Not meaningful

(1) Includes all revenues

(2) Total operating expenses exclusive of depreciation

Demographic and Economic Statistics  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Total Personal Income (1)</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2019	17,307	\$ 512,996,787	\$ 29,641	3,724	2.10%
2018	16,528	489,906,448	29,641	3,724	2.70%
2017	16,591	478,666,941	28,851	3,588	3.40%
2016	15,827	456,624,777	28,851	3,443	3.90%
2015	15,625	440,062,500	28,164	3,359	4.40%
2014	14,992	420,585,568	28,054	3,216	4.50%
2013	15,125	407,528,000	26,944	3,123	5.02%
2012	14,409	393,452,154	27,306	3,019	4.70%
2011	13,759	371,204,061	26,979	2,957	5.20%
2010	13,195	360,685,325	27,335	2,707	5.80%

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

Source for School Enrollment: Virginia Department of Education

[http://www.doe.virginia.gov/statistics\\_reports/enrollment/fall\\_membership/report\\_data.shtm](http://www.doe.virginia.gov/statistics_reports/enrollment/fall_membership/report_data.shtm)

June 30, 2019

Principal Employers

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Rank	Employer	Number of Employees	Rank
1	Manassas Park City School Board	477	1
2	City of Manassas Park	146	2
3	Atlas Plumbing LLC	100-249	3
4	C.W. Strittmatter Equipment LLC	100-249	4
5	Labor ReadyMid-Atlantic, Inc.	100-249	5
6	Titan Erosion Control, Inc	50-99	6
7	QMT Associates	50-99	7
8	Stafford Systems Inc	50-99	8
9	United Masonry Inc of VA	50-99	9
10	United Building Envelope Restoration LLC	50-99	10

Source: Bi.Virginialmi.com, Virginia Employment Commission  
Employees exclude part-timers



## COMPLIANCE SECTION





**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Manassas Park, Virginia's basic financial statements and have issued our report thereon dated November 29, 2019.

**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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2019-001).

## **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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-002 through 2019-003.

### **City of Manassas Park, Virginia's Response to Findings**

City of Manassas Park, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manassas Park, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*  
Fredericksburg, Virginia  
November 29, 2019



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

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**To the Honorable Members of the Board of Supervisors  
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, 2019. 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, 2019.

## Report on Internal Control over Compliance

Management of the City of Manassas Park, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Manassas Park, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas Park, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*  
Fredericksburg, Virginia  
November 29, 2019

**CITY OF MANASSAS PARK, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2019

<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738	CJS71100	3,600
Total Department of Justice			\$ 3,600
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway planning and construction	20.205	UPC113223/UPC102851/ UPC101302	\$ 123,255
Total Highway Planning and Construction Cluster			\$ 123,255
Virginia Department of Motor Vehicles:			
Alcohol open container requirements	20.607	154AL-19-59036	\$ 11,340
Highway Safety Cluster:			
National priority safety programs	20.616	M60T-18-58094	\$ 4,635
State and community highway safety	20.600	FSC-19-59032 / FSC-19-59038/ FSC-18-58100	22,590
Total Highway Safety Cluster			\$ 27,225
Total Department of Transportation			\$ 161,820
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Emergency Services:			
Emergency management performance grants	97.042	112485/114363	\$ 15,000
Total Department of Homeland Security			\$ 15,000
<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	0040118/0010119	\$ 232,666
Total SNAP Cluster			\$ 232,666
Total Department of Agriculture			\$ 232,666
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Virginia Department of Social Services:			
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760118/0760119	\$ 19,474
Total CCDF Cluster			\$ 19,474
TANF Cluster:			
Temporary assistance for needy families	93.558	0400118/0400119	\$ 102,020
Total TANF Cluster			\$ 102,020
Medicaid Cluster:			
Medical assistance program	93.778	1200118/1200119	258,096
Total Medicaid Cluster			\$ 258,096
Foster care-title IV-E	93.658	1100118/1100119	98,292
Adoption assistance	93.659	1120118/1120119	14,297
Promoting safe and stable families	93.556	0950117/0950118	10,432
Refugee and entrant assistance - state administered programs	93.566	0500118/0500119	53
Low-income home energy assistance	93.568	0600418/0600419	15,176
Social services block grant	93.667	1000118/1000119	69,619
Stephanie Tubbs Jones child welfare services program	93.645	900118	108
Chafee foster care independence program	93.674	9150118	899
Children's health insurance program	93.767	0540118/0540119	5,154
Total Department of Health and Human Services			\$ 593,620
<b>Total Primary Government</b>			<b>\$ 1,006,706</b>

**CITY OF MANASSAS PARK, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2019 (Continued)

<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>COMPONENT UNIT-SCHOOL BOARD:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food distribution - national school lunch program	10.555	201919N109941/ 201818N109941	\$ 76,763
Virginia Department of Education:			
National school lunch program	10.555	201919N109941/ 201818N109941	1,111,444
Total 10.555			\$ 1,188,207
Virginia Department of Agriculture and Consumer Services:			
Summer Food Service Program for Children	10.559	201818N109940	\$ 32,217
School breakfast program	10.553	201919N109941/ 201818N109941	336,421
Total Child Nutrition Cluster			\$ 1,556,845
Total Department of Agriculture			\$ 1,556,845
<u>DEPARTMENT OF EDUCATION:</u>			
Virginia Department of Education:			
Title I grants to local educational agencies	84.010	S010A170046/ S010A180046	\$ 316,591
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A170107/ H027A180107	479,940
Special education - preschool grants	84.173	H173A180112	11,250
Total Special Education Cluster (IDEA)			\$ 491,190
English language acquisition state grants	84.365	S365A160046/ S365A170046	118,586
Supporting Effective Instruction State Grants	84.367	S367A170043	42,976
Student support and academic enrichment program	84.424	S424A170048	33,053
Career and technical education - basic grants to states	84.048	V048A170046/ V048A180046	31,466
Total Department of Education			\$ 1,033,862
<b>Total Component Unit School Board</b>			\$ 2,590,707
<b>Total Expenditures of Federal Awards</b>			\$ 3,597,413

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, 2019

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#### 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, 2019. 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, 2019.

#### 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	\$	886,053
Capital Projects Fund		<u>123,255</u>

Total primary government	\$	<u>1,009,308</u>
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###### Component Unit School Board:

School Operating Fund	\$	1,033,862
School Cafeteria Fund		<u>1,556,845</u>
Total component unit school board	\$	<u>2,590,707</u>

Total federal expenditures per basic financial statements	\$	<u><u>3,600,015</u></u>
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###### Less items not subject to single audit:

ATF/FBI Overtime		<u>(2,602)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,597,413</u></u>
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## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? Yes

#### Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)? No

Identification of major .510 programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? No

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019 (Continued)

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### **SECTION II – FINANCIAL STATEMENT FINDINGS:**

#### **2019-001 Material Weakness- Material Audit Adjustments Proposed by the External Auditor**

**Criteria:** Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

**Condition:** The financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP). Material audit adjustments were proposed to receivables, due from other governments, and unearned revenue to be in accordance with Generally Accepted Accounting Principles.

**Cause:** The City's internal controls in place to capture and record all necessary balances in the automated accounting system were not adequate for the year ended June 30, 2019.

**Effect:** There a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

#### **Recommendation:**

We recommend that the City strengthen internal controls to capture and record all balances accurately in accordance with General Accepted Accounting Principles and eliminate the need for material audit adjustments. In addition, capturing and recording all necessary balances in the accounting system will assist Management and those charged with governance in their decision making for the City.

***Management Response:*** Agreed. While a significant number of adjustments has been reduced, we are working with auditors to seek further clarifications and understanding of the FY2019 audit adjustments as well as working with all department heads and the vendor of the current financial system to implement the most cost effective and controlled processes to address these recommended internal controls. We will continue reviewing and strengthening the established compensated internal controls to ensure timeliness, completeness, accuracy, and compliance with GAAP while working with the vendor of the current financial system to systematically and automatically implement the required general ledger interface to avoid labor intensive analytical processes, including review, research and recording. Significant research and analysis were performed by management to help provide financial information for audit adjustments.

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019 (Continued)

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### **SECTION II – FINANCIAL STATEMENT FINDINGS:**

#### **2019-002 Compliance Findings – Prompt Payment of Bills by Localities**

**Criteria:** In accordance with Virginia Code Section 2.2-4352 Prompt Payment of Bills by Localities, local governments that acquire goods or services, or conducts any other type of contractual business with a nongovernmental, privately owned enterprise, shall promptly pay for the completed delivered goods or services by the required payment date. The required payment date is either the due date of the invoice or, if no due date is noted, not more than forty-five days after goods or services are received or not more than forty-five days after this invoice is rendered.

**Condition:** There were instances in which the City was not remitting payment to vendors for goods and services in a timely manner.

**Cause:** Cash levels at certain times during the year did not allow for the prompt payment of City invoices.

**Effect:** Late payment to vendors can lead to payment of late fees, interest and the potential for litigation.

#### **Recommendation:**

We recommend the City pay its vendors in a timely manner.

***Management Response:*** Agreed. Management is aware of the low cash level that does not allow us to make timely payments. This cash issue is expected to improve by FY2023 when debt service payments will come down significantly. We are actively working on developing a policy to help manage cash and debt and will continue reviewing cash on an ongoing basis.

#### **2019-003 Compliance Finding- Social Services' Continuity of Operations Program (COOP)**

**Criteria:** Per Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, published by the Commonwealth of Virginia's Auditor of Public Accounts, cities are responsible for having a documented business continuity plan in which requirements are described on the Virginia Department of Emergency Management's website.

**Condition:** The City's Department of Social Services did not have a current documented Business Continuity Plan in place during the year ended June 30, 2019.

**Cause:** The City's Department of Social services had not implemented a current COOP.

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019 (Continued)

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### **SECTION II – FINANCIAL STATEMENT FINDINGS:**

#### **2019-003 Compliance Finding- Social Services' Continuity of Operations Program (COOP) (continued)**

Effect: Noncompliance may result in action by the Commonwealth.

#### **Recommendation:**

We recommend the Department of Social Services implement a current documented Business Continuity Plan.

***Management Response:*** Agreed. The City's Department of Social Services is currently working on developing and implementing a Business Continuity Plan as recommended.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

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

**CITY OF MANASSAS PARK, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019 (Continued)

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**SECTION IV – PRIOR AUDIT FINDINGS:**

**2018-001: Material Audit Adjustments Proposed by the External Auditor – Material Weakness in Internal Controls**

Status: A similar finding is repeated in the 2019 findings and questioned costs.

**2018-002: Reconciliation of Property Tax Delinquent Lists to General Ledger – Material Weakness in Internal Controls**

Status: This finding is not repeated in 2019.

**2018-003: Utility Billings and Receivable Reconciliation – Material Weakness in Internal Controls**

Status: This finding is not repeated in 2019.

**2018-004: Prompt Payment of Bills by Localities – Compliance Finding**

Status: A similar finding is repeated in the 2019 findings and questioned costs.

**2018-005: Social Services' Continuity of Operations Program (COOP) – Compliance Finding**

Status: A similar finding is repeated in the 2019 findings and questioned costs.

**2018-006: Unclaimed Property – Compliance Finding**

Status: This finding is not repeated in 2019.